



**Comments of Paul Snider  
Before the Senate Utilities Committee  
Regarding All-Electric Heat Rates  
January 30, 2012**

Chairman Apple, members of the committee, thank you for the opportunity to provide some context around changes to KCP&L's electric heat rates. KCP&L has residential electric rates and four commercial rate classes, with multiple rates under each class.

For this discussion, we'll focus on residential rates. KCP&L has a general use residential rate that applies to the majority of our customers. There are also four other residential rates available to customers with electric water heaters and customers with electric heat, as well as customers that separately meter an electric water heater or space heater. For each of these rates, there are "summer" rates and "winter" rates. In some instances, there are also block rates that apply in the winter whereby usage up to 1,000 kWh is charged a different rate than usage above 1,000 kWh. All rate categories pay the same summer rates. Winter rates for electric water and space heat are lower.

The attached chart illustrates the different rate options along with rate changes that occurred December 1, 2010. It also shows the approximate number of residential customers in each rate category.

KCP&L has had some form of an electric space heating rate dating back more than 50 years. Starting in 1989, KCP&L offered customer rate options similar in structure to what we have today.

In general, the lower winter space heating rate reflects the lower cost to serve those customers. Encouraging demand in the winter allows for better utilization of base load generation plants, benefiting all customers.

The most commonly used electric space heating device is a heat pump. Most HVAC dealers have marketed heat pumps, and customers purchased them, on the expectation of a lower electric rate during the winter.

KCP&L has regularly communicated the benefits of the electric space heating rate various ways, including bill inserts, partnerships with HVAC dealers and information on our website. Some examples are attached.

Over the last several years, KCP&L has gone through a number of rate cases to incorporate the various investments under the Comprehensive Energy Plan (CEP) into rates. The CEP included new coal generation, renewable generation, environmental upgrades, investment in transmission and delivery infrastructure, and investments in energy efficiency.

As part of each of the rate cases, KCP&L proposed equal percentage increases be applied to each customer class.

As part of each of the four rate cases, a class cost of service study was conducted. These class cost of service studies allocate costs across rate classes based on the underlying principle of cost causation and are used as an input to the broader rate design effort. The studies indicated lower winter rates for electric heating customers should be retained, but increased over their current amount. KCP&L acknowledged this but proposed, as mentioned previously, that all increases be spread evenly.

A variety of parties -- including KCC Staff, CURB, Kansas Gas Service and Atmos Energy -- didn't agree with this position. Their proposals suggested a much higher percentage increase for electric-heat pump customers, and some suggested we eliminate the lower rate altogether. KCP&L didn't agree with these more aggressive proposals, and recommended a compromise. The compromise retained a differential in winter rates for electric heat customers; however, we were unfortunately not able to obtain an equal percentage increase for all our customers, which was our original position.

Today, the rate for electric space heating customers remains less than our general use residential rate because our cost to serve these customers is less.

The Commission's Order in the most recent rate case requires KCP&L file a rate design case following conclusion of two threshold items which are still outstanding as of this hearing. Under the rate design case, rate structure issues will be addressed in more detail. KCP&L expects the referenced "rate design" case to occur sometime this year.

We believe the heat pump rate provides value to our customers and will work to keep it in place and to restore as much of the discount as practical. We appreciate the committee's interest in this issue.

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<b>KCP&amp;L KS Residential Rates -- January 2012</b>			
	<b>Old Rate</b>	<b>New Rate</b>	<b>Increase %</b>
<b>CUSTOMER CHARGE</b>			
One Meter	9.07	9.82	8.27%
Two Meters	11.27	9.82	-12.87%
<b>ENERGY CHARGE</b>			
<b>Summer Rate</b>			
0-1000	0.08899	0.09469	6.41%
1000+	0.08899	0.09469	6.41%
<b>Winter Rates</b>			
<u>General Use -- 149,100 customers</u>			
0-1000	0.08037	0.07312	-9.02%
1000+	0.08003	0.07312	-8.63%
<u>Elec Water Heater (WH) -- 3,710 customers</u>			
0-1000	0.05177	0.06581	27.12%
1000+	0.07910	0.07312	-7.56%
<u>Elec Space Heater (SH) -- 46,900 customers</u>			
0-1000	0.05211	0.06581	26.29%
1000+	0.03908	0.05746	47.03%
<u>SH, separate meter -- 1,400 customers*</u>			
0-1000	0.07774	0.07312	-5.94%
1000+	0.07694	0.07312	-4.96%
<u>SH+WH, separate meter -- 11,350 customers*</u>			
0-1000	0.04903	0.06581	34.22%
1000+	0.07351	0.07312	-0.53%

\*rate frozen to new customers effective 1/7/07



**KANSAS**

## Residential electric space heat rate

At KCP&L, we know you expect electricity to always be there. That is why we've worked hard to build one of the best reliability records in the industry. We also want you to feel comfortable while saving energy and dollars. To help you save, we offer a reduced, eight-month winter electric space heating rate that is ideally suited for energy-efficient heat pumps and electric resistance heating.

**As the chart below illustrates, residential consumers save with KCP&L's eight-month winter electric space heat rate.**

*KCP&L Residential Electric Rate Comparison	Standard Rate 2RS1A	Electric Space Heat Rate 2RS6A
Monthly Customer Charge	\$9.82/mo.	\$9.82/mo.
<b>Summer (May 16 - Sept. 15)</b>		
All Customer kWh/mo.	\$0.09469/kWh	\$0.09469/kWh
<b>Winter (Sept. 16 - May 15)</b>		
First 1,000 kWh/mo.	\$0.07312/kWh	\$0.06581/kWh
Over 1,000 kWh/mo.	\$0.07312/kWh	\$0.05746/kWh

**\*Notes:** The prices do not include taxes, the Energy Cost Adjustment (ECA) or the Energy Efficiency Rider (EER). 1) The ECA is a method of billing costs incurred by KCP&L in producing and purchasing electricity to meet customer demand. ECA amount are calculated by multiplying the monthly ECA factor by the kWh used during the month. The ECA factors are published quarterly and can be found at [www.kcpl.com/about/ratesrules.html](http://www.kcpl.com/about/ratesrules.html). 2) The monthly EER charge recovers costs incurred by KCP&L in developing energy-efficiency programs on behalf of Kansas customers. For more information about the EER, visit [www.kcpl.com/about/KSRateSched.html](http://www.kcpl.com/about/KSRateSched.html).

### Register your heat pump or electric resistance furnace

Whether you are building a new home or replacing equipment in your existing home, you will need to register your electric heating equipment with KCP&L. We'll apply the reduced electric space heat rate to your account upon receipt of your proof of installation. There are two ways to register:

- Ask your dealer to complete the **KCP&L Dealer Heat Pump Notification Form** located on our Web site at [www.kcpl.com/apps/heatpump/hpform.cfm](http://www.kcpl.com/apps/heatpump/hpform.cfm), or
- Send us a copy of your heat pump or electric resistance furnace invoice. Make sure it includes your name, address, date installed, your dealer's name and address, and the make, model and serial number. Mail to **KCP&L Billing Services, P.O. Box 418679, Kansas City, MO 64141-9679** or fax to **(816) 654-1391**.

To qualify for KCP&L's eight-month winter electric space heat rate, the electric heating equipment, such as a heat pump or electric resistance furnace, must be permanently installed and used throughout to heat your home. For more information about heat pumps, our complete rate schedules and other KCP&L energy-efficient residential products, visit [www.kcpl.com](http://www.kcpl.com).

# Lower heat rate for Kansas heat pumps

ENERGY EFFICIENCIES

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## ENERGIZING LIFE: A COMMITMENT THAT GOES BEYOND RELIABILITY

At Kansas City Power & Light, we know you expect electricity to always be there. And you should. So we've worked hard to build one of the best reliability records in the industry. We also want you to feel comfortable while saving energy. That's why we offer low, eight-month winter space heating rates that are ideally suited for heat pumps.

## SAVE WITH KCP&L'S ELECTRIC HEAT RATE AND HEAT PUMPS

### STANDARD ELECTRIC RATE

Winter Season Rate (8 months) 6.51¢/kWh	Plus monthly service charge \$5.78
Summer Season Rate (4 months) 7.36¢/kWh for all kWh	

### ONE-METER SPACE HEAT RATE

Lower Winter Season Rate (8 months) 4.30¢/kWh for the first 1,000 kWh per month, 3.39¢/kWh for all kWh over 1,000 kWh per month	Plus monthly service charge \$5.78
Summer Season Rate (4 months) 7.40¢/kWh for all kWh	

The above prices do not include taxes. The 8-month winter season begins September 16 and ends May 15. Complete rate schedules are available at [kcpl.com](http://kcpl.com)

## REGISTER YOUR HEAT PUMP

Whether you're building a new home or replacing equipment in your existing home, you will need to register your heat pump with KCP&L. We'll apply your lower winter pricing effective upon receipt of your proof of installation. There are two ways to register:

- Ask your contractor to submit a **Dealer Heat Pump Notification Form** or
- Send a copy of your heat pump invoice. Make sure it includes your name, address, installation date, dealer name and address, and the brand, model and serial number of your new heat pump. Mail to: **KCP&L Billing Services**, P.O. Box 418679, Kansas City, MO 64141-9679 Or fax to (816) 654-1304