

Exhibit No.:  
Issue: Customer Communication  
Witness: Joseph G. Fangman  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: KCP&L Greater Missouri Operations Company  
Case No.: HC-2012-0259  
Date Testimony Prepared: July 2, 2012

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: HC-2012-0259**

**REBUTTAL TESTIMONY**

**OF**

**JOSEPH G. FANGMAN**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
July 2012**

**Certain Schedules Attached To This Testimony Designated “Highly Confidential”  
Have Been Removed  
Pursuant To 4 CSR 240-2.135.**

**REBUTTAL TESTIMONY**

**OF**

**JOSEPH G. FANGMAN**

**Case No. HC-2012-0259**

1   **Q:   Please state your name and business address.**

2   A:   My name is Joseph G. Fangman. My business address is 1200 Main Street, Kansas City,  
3       Missouri 64105.

4   **Q:   By whom and in what capacity are you employed?**

5   A:   I am employed by Kansas City Power & Light Company (“KCP&L”) as Manager of  
6       Customer Solutions.

7   **Q:   On whose behalf are you testifying?**

8   A:   I am testifying on behalf of KCP&L Greater Missouri Operations Company (“GMO” or  
9       the “Company”).

10  **Q:   What are your responsibilities?**

11  A:   I manage KCP&L’s and GMO’s relationships with its customers to make sure the  
12       customers’ and the utilities’ needs are met.

13  **Q:   What is your education, experience, and employment history?**

14  A:   I was awarded a Bachelor’s degree in Electrical Engineering from Kansas State  
15       University in 1987. I was awarded a Master’s of Business Administration from  
16       Rockhurst University in 1991. I was also awarded a Professional Engineer’s License in  
17       the State of Missouri in 1992. In 1987, I started work with St. Joseph Light & Power  
18       Company (“SJLP”) as a Planning Engineer. I moved to a customer relations role with  
19       SJLP when I was promoted to Industrial Power Engineer in 1989. In 1994, I was

1 promoted to Key Account representative within SJLP. With the sale of SJLP to  
2 UtiliCorp United Inc. (UtiliCorp United Inc. was later renamed Aquila, Inc.) in 2000, I  
3 started my position as a Principal Account Executive. In 2004, I was promoted to  
4 Manager External Affairs. In 2007, I was promoted to Manager Transmission Services.  
5 Later in 2007, I was promoted to Director of Economic Development and Customer  
6 Relations. When Great Plains Energy Incorporated acquired Aquila, Inc. in 2008, I took  
7 the position of Senior Energy Consultant at KCP&L. In 2012, I was promoted to  
8 Manager Customer Solutions, and currently manage our energy consultants and our  
9 products and services groups.

10 **Q: Have you ever worked for Aquila, Inc. (“Aquila”), now known as GMO?**

11 A: Yes. The majority of my work at Aquila involved working with large industrial and  
12 commercial customers. I acted as a customer liaison between Aquila and its customers,  
13 managing Aquila’s relationship with its customers to make sure the customers’ and  
14 Aquila’s needs were met.

15 **Q: Have you previously testified in a proceeding at the Missouri Public Service**  
16 **Commission or before any other utility regulatory body?**

17 A: Yes. I testified in *Ag Processing Inc. v. KCP&L Greater Missouri Operations Company*,  
18 Case No. HC-2010-0235.

19 **Q: What is the purpose of your Rebuttal Testimony?**

20 A: The purpose of my testimony is to describe customer interactions used in preparing  
21 forecasts and annual sales budgets for steam operations at the St. Joseph Lake Road  
22 Generating Station (“Lake Road Plant”) and to describe my contact with Aquila’s steam  
23 customers at the Lake Road Plant. I also rebut certain points made by Ag Processing Inc.

1 (“AGP”) witness Donald E. Johnstone in his Direct Testimony in this case, filed June 1,  
2 2012.

3 **Q: What was your role in preparing Aquila’s forecasts and annual budget for the**  
4 **steam system?**

5 A: Tim Nelson, Supply Resources Operations Analyst, prepared Aquila’s forecasts and  
6 budgets for its steam operations. Mr. Nelson describes the forecasting and budgeting  
7 process in detail in his Rebuttal Testimony in this case. See Nelson Rebuttal at 3-7. I  
8 provided Mr. Nelson with information I received from steam customers regarding  
9 expected load requirements. Based on input from me and from Mike Smith, who was the  
10 Plant Manager of the Lake Road Plant, Mr. Nelson would adjust budgeted sales and  
11 budgeted fuel mix. Mr. Nelson periodically updated the budget based on updated  
12 customer information regarding anticipated load. Mr. Nelson would send forecasts,  
13 budgets, and updates to me for review.

14 **Q: How were the steam customers’ projections of their load requirements incorporated**  
15 **into the annual steam forecast and budget?**

16 A: Both historical sales and customer projected load needs were the starting point for the  
17 steam forecasts and budget. I maintained regular contact with the steam customers to  
18 monitor their activities that could affect load. I would provide to Mr. Nelson the  
19 information regarding anticipated load requirements provided to me by steam customers.

20 **Q: What would Mr. Nelson do with the steam customer information that you provided**  
21 **to him?**

22 A: He used the information that I received from steam customers to develop the annual  
23 forecast and budget, to revise the forecast based on new information from customers, and

1 to update the annual budget based on new information from customers. See Nelson  
2 Rebuttal at 3-8.

## 3 **II. CUSTOMER CONTACT**

4 **Q: Please describe your duties and responsibilities with regard to Aquila's customers at**  
5 **the Lake Road Plant, in particular the steam customers.**

6 A: I was responsible for managing Aquila's relationship with its steam customers. I acted as  
7 a liaison, presenting the customers' needs to Aquila and Aquila's needs to the customers.  
8 I was responsible for negotiating settlements for billing disputes and energy service  
9 issues. When a customer had energy needs, I was the conduit to ensure that Aquila met  
10 these needs for construction of new services and delivery of energy. I maintained  
11 customer contacts throughout the year to keep informed of customer activities and issues,  
12 then forwarded those needs to others at Aquila to resolve their issues.

13 **Q: How often did you have contact with Aquila's steam customers at the Lake Road**  
14 **Plant?**

15 A: I had frequent contact with these steam customers. My contact with these customers was  
16 on a monthly basis, if not more frequent.

17 **Q: Who were the steam customers with whom you had regular communications?**

18 A: Aquila's steam customers at the St. Joseph Lake Road Plant, with whom I had regular  
19 communications, were: AGP, specifically Gary Oetken; Albaugh Chemical, Inc.,  
20 specifically Ron Collins; Triumph Foods, LLC, specifically Mark Campbell;  
21 Nestlé/Purina PetCare, specifically Warren Rogers; and Land O'Lakes, Omnium  
22 Division, specifically Jay Shewmaker.

1   **Q:   Who would initiate these contacts with steam customers?**

2   A:   Steam customers would often contact me.  However, if Aquila needed something from a  
3       customer, I would contact the customer.

4   **Q:   How would these contacts occur?**

5   A:   Much of my communication with Aquila's steam customers was verbal.  Either a steam  
6       customer would call me on the telephone or I would call a steam customer on the  
7       telephone.  However, I would occasionally exchange emails with customers regarding the  
8       customers' anticipated load to form our budget.  Schedule JGF-1 is an email I sent to  
9       Davis Rooney and Tim Nelson at Aquila explaining my contacts with customers.  
10      Attached to this email are examples of emails and their attachments regarding my  
11      communications with customers to form Aquila's annual budget.  See Schedule JGF-1.  I  
12      understand that examples of my emails with steam customers were produced to Staff of  
13      the Missouri Public Service Commission as part of a response to a data request in Case  
14      No. HR-2007-0028 asking for documentation of steam customer projections of steam  
15      volume usage in 2005, 2006, 2007, and 2008.  See Schedule JGF-2.

16   **Q:   What was the purpose of these communications with steam customers?**

17   A:   One purpose of my regular communications was to assure that an adequate and reliable  
18       supply of steam was delivered to those customers to enable them to carry on their  
19       business.  As the Lake Road Plant steam customers are in the best position to determine  
20       their needs, those customers provided me with the information necessary for Aquila to  
21       ensure that it was reliably meeting those needs.

22               Another purpose of my regular communications was to obtain information to pass  
23       to others at Aquila.  Because the forecast, budget, and any updates thereto were based on

1 information provided by customers, I was in contact with customers to obtain information  
2 on their anticipated load requirements. I was the steam customers' primary contact at  
3 Aquila if any steam customer had a change in needs. The information I received from  
4 steam customers was the information that I passed along to Mr. Nelson to develop and  
5 update the annual budget and any forecast revisions.

6 **Q: Did Aquila's steam customers know to contact you if there was going to be a**  
7 **substantial deviation from the load estimates they had provided to you?**

8 A: Yes. Because I was the primary contact person at Aquila for steam customers regarding  
9 supply needs, customers knew that if there was a substantial deviation in the estimates  
10 they had provided to me, they should advise me of new facts. Because customers are in  
11 the best position to determine their needs, I maintained regular communications with  
12 customers to obtain the best possible information with regard to customers' supply needs.

13 **Q: Mr. Johnstone alleges that GMO failed to recognize that its forecasts were**  
14 **"immediately out of kilter with reality" as early as February 2006. Do you agree?**

15 A: No. Again, customers knew to contact me if they perceived any change in their  
16 forecasted steam requirements that they had communicated to me. I was in regular  
17 communication with customers to gather information on their needs. The reality was that  
18 the Lake Road Plant industrial steam customers continued to assure me throughout 2006  
19 to 2010 that they would require the steam volumes that they communicated to me.

1   **Q:   Were updates to the budget based on information that you received from steam**  
2       **customers?**

3   A:   Yes. As customers informed me of customer load changes, I forwarded that information  
4       to Mr. Nelson. Some of those information exchanges were through verbal conversations;  
5       not all communications between Mr. Nelson and me were documented by email.

6           In 2005, Mr. Nelson updated the 2006–2008 steam budget based on information I  
7       obtained from steam customers in March and April of 2005. See Schedule JGF-3.

8           I was in contact with officials at Triumph Foods shortly after the October 12,  
9       2005 fire at its facility regarding updates on its anticipated startup schedule. See  
10      Schedule JGF-4. In October 2005, I provided Mr. Nelson with an update on steam load  
11      projections for Triumph Foods, Albaugh Chemicals, and Nestlé/Purina PetCare. In  
12      December 2005 and January 2006, AGP informed me that it was looking into the  
13      possibility of expanding its St. Joseph facility, and that this expansion would require  
14      additional steam service from Aquila. See Schedule JGF-5.

15          On February 6, 2006 John Modlin, who was an engineer at the Lake Road Plant,  
16      asked me if I could obtain an updated load forecast from our steam customers for 2006.  
17      That same day I initiated conversations with all Lake Road steam customers regarding  
18      their plans for the next few years. See Schedule JGF-6. On February 7, 2006 and  
19      February 15, 2006, I sent updates regarding the Lake Road steam customers' expected  
20      steam load increases to John Modlin, Mike Smith, and Tim Nelson, as well as other  
21      Aquila employees. See Schedule JGF-7. These updates provided more detail regarding  
22      AGP's and Albaugh's expansion plans. Id. Gary Gottsch explains in his Rebuttal  
23      Testimony that he received these updated volumes from the Resource Planning Group on



1 February 15, 2006 and adjusted volumes and plans accordingly. See Gottsch Rebuttal at  
2 14.

3 In June 2006, I provided Mr. Nelson with an update on the steam load projections  
4 for three Lake Road steam customers: Triumph Foods, Albaugh, and Silgan Containers.  
5 See Schedule JGF-8. Triumph Foods and Albaugh informed me of their growth plans  
6 and Silgan Containers planned to leave the steam system. In August 2006, I informed  
7 Mr. Nelson that Silgan Containers had been removed from the steam system. See  
8 Schedule JGF-9.

9 As reflected in the meeting minutes of a November 2006 meeting Mike Smith and  
10 I had with AGP representatives, Aquila requested construction project updates relating to  
11 steam needs from AGP and requested that AGP notify it of any large changes in steam  
12 requirements. See Schedule JGF-10. In December 2006, I received an update from AGP  
13 regarding its expansion and expected need for additional steam in 2007 and 2008. See  
14 Schedule JGF-11. As reflected in the meeting minutes of a May 2007 meeting that other  
15 Aquila representatives and I had with AGP representatives, AGP updated us on its  
16 anticipated steam load increases due to expansion. See Schedule JGF-12. Those notes,  
17 prepared by Gary Oetken, state that “[c]ommunications are good” between Aquila and  
18 AGP. Id. at 4. In June 2007, I provided Tim Nelson with an update on the steam load  
19 projections of AGP. See Schedule JGF-13. When the budget was updated, the  
20 projections of all steam customers were updated.

21 After 2008, steam load growth subsided as plant expansions and new construction  
22 projects have been minimal since that time. Steam load growth was limited to growth

1 due to increases in the steam customers' business for their existing products. However,  
2 GMO continues to perform annual load forecasts.

3 **Q: Are customer load estimates always perfect?**

4 A: No, but customers are in the best position to determine their needs and GMO properly  
5 relies on its customers to provide the best information available regarding those needs.  
6 This is particularly true when customers are engaging in expansions and new construction  
7 projects, as GMO has no historical data in such situations upon which to forecast  
8 customers' needs. It is in both GMO's and its customers' interest to assure that new  
9 loads can be served reliably, safely, timely, and cost effectively. GMO has to be  
10 prepared to provide energy when customers need it at the volumes needed.

11 Customer expansion and construction projects can be complex and may change.  
12 However, it is the customers who have the detailed information on these projects, which  
13 allows them to determine their monthly load projections and in-service dates.

14 **Q: Mr. Johnstone asserts at page 3 of his Direct Testimony that customer forecasts of**  
15 **their load "suffer from known problems" and that GMO ignored the alleged**  
16 **limitations of the customer-provided information. Do you agree?**

17 A: No. While customer forecasts of their own loads are not always perfect, the industrial  
18 Lake Road Plant customers are the experts regarding their steam needs. Steam utilities  
19 such as GMO are not. GMO's steam customers are familiar with their own operations  
20 and either have the expertise in house or hire expert contractors to determine their steam  
21 needs. GMO relies on that expertise regarding the activities on the customer side of the  
22 meter.

1    **Q:**    **Does that conclude your testimony?**

2    **A:**    Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

Ag Processing, Inc.,  
Complainant,

v.

KCP&L Greater Missouri Operations Company,  
Respondent.

Case No. HC-2012-0259

**AFFIDAVIT OF JOSEPH G. FANGMAN**


STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF JACKSON    )

Joseph G. Fangman, being first duly sworn on his oath, states:

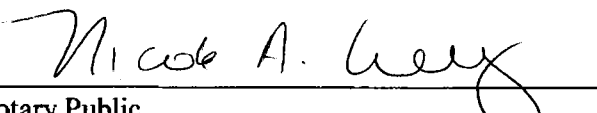
1. My name is Joseph G. Fangman. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager of Customer Solutions.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of KC&PL Greater Missouri Operations Company consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

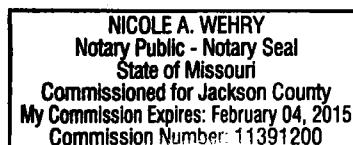
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Joseph G. Fangman

Subscribed and sworn before me this 2nd day of July, 2012.

  
\_\_\_\_\_  
Notary Public

My commission expires: Feb. 4, 2015



# **SCHEDULE JGF-1**

## **SCHEDULE JGF-1**

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**SCHEDULE JGF-6**

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