

Exhibit No.:
Issue: Normalized Maintenance
Witness: F. Dana Crawford
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2006-0314
Date Testimony Prepared: September 8, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2006-0314

REBUTTAL TESTIMONY

OF

F. DANA CRAWFORD

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
September 2006**

REBUTTAL TESTIMONY

OF

F. DANA CRAWFORD

Case No. ER-2006-0314

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

2 A: My name is F. Dana Crawford. My business address is 1201 Walnut, Kansas City,
3 Missouri 64106.

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

5 A: I am employed by Kansas City Power & Light Company ("KCPL" or "Company") as
6 Vice President, Plant Operations.

7 **Q: Are you the same F. Dana Crawford who pre-filed direct testimony in this case?**

8 A: Yes, I am.

9 **Q: What is the purpose of your testimony?**

10 A: In this testimony, I will rebut the testimony of Missouri Public Service Commission
11 ("MPSC") Staff witness V. William Harris concerning normalization of maintenance
12 adjustments. Specifically, I will address adjustments to the Hawthorn Unit 5 ("H5")
13 turbine overhaul costs. In addition, I will suggest the use of 2005 escalated dollars for
14 steam production verses a two-year average as applied by Mr. Harris in his updated
15 proposal..

16 **Q: Explain your exception to Mr. Harris' normalization of the H5 turbine overhaul**
17 **costs?**

1 A: This is in reference to Mr. Harris' adjustment S-17.4. KCPL assumed a six-year cycle
2 between turbine overhauls. As explained in my original testimony, H5 will be moving to
3 "sectionalized" turbine overhauls that will include three separate maintenance periods
4 over the six-year cycle; one every two years. The H5 turbine will be maintained in three
5 "sections," HP/IP section, LP sections, and generator. Each "sectional" overhaul varies
6 greatly in cost. KCPL's original adjustment was \$1,125,000 using two "sectionalized"
7 outages averaged over a four-year period with the first outage estimated at \$1.5 million
8 and the second at \$3.0 million. This adjustment looked at a four-year cycle including two
9 turbine overhauls through 2010. Mr. Harris applies a six-year turbine overhaul cycle to
10 the same costs. If a six-year cycle is utilized, Mr. Harris' calculations do not include the
11 cost of one "sectionalized" turbine overhaul. With a six-year cycle, including the cost for
12 only two of three sectional overhauls, Mr. Harris proposes an adjustment of \$750,000.

13 **Q: What do you mean when you refer to 2005 escalated dollars?**

14 A: Since the filing of his original testimony, Mr. Harris has proposed the use of a two-year
15 average for steam production maintenance normalization. These adjustments appear to
16 state actual non-labor operations and maintenance ("O&M") as "In-Year \$'s" and do not
17 express costs as a common value. 2004 costs should be escalated to like-year dollars to
18 match the test year and take into account the impacts of market inflation/escalation to
19 indicate all figures in "test-year dollars," in this case 2005 dollars. KCPL applied historic
20 cost escalations based on the Handy-Whitman Index, which is a nation-wide database,
21 recognized throughout the U.S. as an industry standard for documenting changes in
22 historic costs. Between 2004 and 2005, significant escalation was experienced for bulk
23 materials, labor and other costs associated with maintenance of industrial equipment.

1 These price increases remain today and are expected to continue over the foreseeable
2 future. According to the Handy-Whitman Index, these impacts increased non-labor
3 O&M costs by 5.08 percent between 2004 and 2005. Because KCPL sees this trend
4 continuing with no apparent reduction in demand over the foreseeable future, the
5 Company believes it is imperative to view historic costs on the basis of today's costs.
6 Using Mr. Harris' two-year average for steam production adjusted to 2005 dollars, results
7 in a positive adjustment of \$626,656.

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

9 **A: Yes, it does.**


In the Matter of the Application of Kansas City)
Power & Light Company to Modify Its Tariff to) Case No. ER-2006-0314
Begin the Implementation of Its Regulatory Plan)

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is F. Dana Crawford. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President, Plant Operations.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of three (3) 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.


F. Dana Crawford

Subscribed and sworn before me this 8th day of September 2006.

Nicole A. Coen
Notary Public

My commission expires: Feb. 4, 2007

