

Exhibit No.:  
Issues: Rate Base  
Construction Audit  
Witness: David W. Elliott  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: True-Up Direct Testimony  
Case No.: ER-2006-0314  
Date Testimony Prepared: November 7, 2006

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**TRUE-UP DIRECT TESTIMONY**

**OF**

**DAVID W. ELLIOTT**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2006-0314**

**Jefferson City, Missouri  
November 2006**

**\*\*Denotes Highly Confidential Information\*\***

**NP**

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

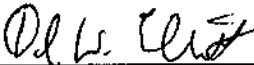
In the Matter of the Application of Kansas )  
City Power & Light Company for )  
Approval to Make Certain Changes in its )  
Charges for Electric Service to Begin the )  
Implementation of Its Regulatory Plan )

Case No. ER-2006-0314

**AFFIDAVIT OF DAVID W. ELLIOTT**

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE     )

David W. Elliott, of lawful age, on his oath states: that he has participated in the preparation of the following True-Up Direct Testimony in question and answer form, consisting of 3 pages of True-Up Direct Testimony to be presented in the above case, that the answers in the following True-Up Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

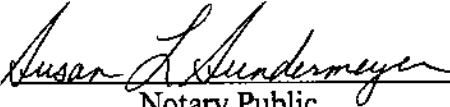


David W. Elliott

Subscribed and sworn to before me this 6<sup>th</sup> day of November, 2006.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
Notary Public

My commission expires 9-21-10

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**Table of Contents**

**TRUE-UP DIRECT TESTIMONY**

**OF**

**DAVID W. ELLIOTT**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2006-0314**

**RATE BASE ..... 2**

**CONSTRUCTION COST CHANGES ..... 2**

**TRUE-UP DIRECT TESTIMONY**  
**OF**  
**DAVID W. ELLIOTT**  
**KANSAS CITY POWER & LIGHT COMPANY**  
**CASE NO. ER-2006-0314**

Q. Please state your name and business address.

A. David W. Elliott, P.O. Box 360, Jefferson City, Missouri, 65102.

Q. Are you the same David W. Elliott who has previously filed direct testimony in this case?

A. Yes I am.

Q. What is the purpose of your true-up direct testimony?

A. The purpose of my true-up direct testimony is to address the Staff's construction audit of Kansas City Power & Light Company's (KCPL's) Spearville wind project completed since this current rate case was filed.

Q. Please describe the Spearville wind project.

A. This project consists of 67 wind turbine generators each rated at 1.5 MW, which are located near Spearville, Kansas.

Q. Which Staff personnel performed the construction audit of KCPL Spearville wind project for this case?

A. Staff witnesses Cary Featherstone and I conducted the construction audit.

Q. Did you visit the wind project site?

A. Yes. On September 27, and 28, 2006, I visited the site with Michael E. Taylor of the Energy Department Staff.

1 Q. What was your responsibility on the construction audit?

2 A. I reviewed the changes to the construction costs associated with the project to  
3 determine if the changes were prudent actions in regards to the engineering aspects of the  
4 project. I also reviewed the invoices as of the end of the true-up period, September 30, 2006,  
5 to determine the rate base amount for the project.

6 **RATE BASE**

7 Q. What does Staff believe should be the amount included in rate base for the  
8 Spearville wind project?

9 A. I reviewed the project invoiced costs as of September 30, 2006, and discussed  
10 these invoices with KCPL on November 2, 2006. Based on my review and discussions with  
11 KCPL the amount that should be in rate base is \*\* \_\_\_\_\_ \*\*.

12 Q. Based on this amount, does there need to be an adjustment made to KCPL's  
13 booked value of the project in this case?

14 A. Yes, this requires an adjustment of \*\* \_\_\_\_\_ \*\* made to KCPL rate base  
15 for this case. I provided this number to Staff auditors for inclusion into Staff's EMS run for  
16 this case.

17 Q. Why does Staff believe this adjustment should be made?

18 A. KCPL included the \*\* \_\_\_\_\_ \*\* in its booked costs, but has not received an  
19 invoice from the wind farm construction contractor for this amount as of November 2, which  
20 is 33 days past the true-up period. Staff believes that only charges based on invoiced amounts  
21 received and approved by KCPL should be allowed into rate base.

22 **CONSTRUCTION COST CHANGES**

23 Q. Did you review the construction costs for the Spearville Wind project?

1           A.     Yes. I reviewed the breakdown of the changes from the original construction  
2 cost for the project and discussed the reasons for these changes with the KCPL project  
3 engineer. In addition, KCPL provided further information to me to adequately explain and  
4 justify any additional costs incurred for this project.

5           Q.     For the Spearville wind project, what was the total amount of changes in  
6 construction costs incurred by the Company that the Staff reviewed for its construction audit?

7           A.     The changes made to the project resulted in an increase in costs of  
8 \*\* \_\_\_\_\_ \*\*. These costs are included in Staff's rate base amount for this case.

9           Q.     Can you summarize what type of major costs increases or decreases there were  
10 in Spearville wind project?

11          A.     Yes. The largest increase \*\* \_\_\_\_\_ \*\* was due to a Federal Energy  
12 Regulatory Commission (FERC) requirement for low voltage operation of the wind turbine  
13 generators while connected to the transmission grid. This included software and hardware  
14 installed on each of the 67 wind turbine generators. Other increases in costs were due to  
15 additional spare equipment and/or changes in the scope of work. The largest decrease in  
16 project cost \*\* \_\_\_\_\_ \*\* was due to the operation and maintenance building purchase  
17 and erection work being moved from the scope of one contractor to the scope of another  
18 contractor. Schedule 1 summarizes change order costs for the project.

19          Q.     Has the Staff identified any engineering or construction concerns with these  
20 cost changes for this project?

21          A.     No. Staff recommends that the \*\* \_\_\_\_\_ \*\* be included in the total cost of  
22 the project.

23          Q.     Does this conclude your true-up direct testimony?

24          A.     Yes, it does.

**Schedule 1**

**Is Deemed**

**Highly Confidential**

**In Its Entirety**