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BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

HEARING

June 27, 2005

Jefferson City, Missouri

Volume 7

FILED

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Missouri Public
Service Commission

In the Matter of a Proposed)
Experimental Regulatory Plan of) Case No. EO-2005-0329
Kansas City Power & Light Company)

RONALD D. PRIDGIN,
REGULATORY LAW JUDGE.
JEFF DAVIS, Chairman
STEVE GAW
ROBERT M. CLAYTON, III
LINWARD "LIN" APPLING,
COMMISSIONERS.

REPORTED BY:
TRACY L. THORPE, CSR, CCR
PAMELA FICK, CSR, CCR
MIDWEST LITIGATION SERVICES

KCP&L Exhibit No. 154
Date 6/29/15 Reporter Jenni
File No. ER-2014-0370

1 thank you very much for your testimony.

2 Let me go back and try to pick up from where we
3 left off in the schedule. And I believe where we were was we
4 had Mr. Trippensee, who had testified and had been
5 cross-examined by Department of Energy and was going to stand
6 cross-examination from other parties.

7 Mr. Trippensee, if you want to come back to the
8 stand. You are still under oath.

9 Mr. Dandino, if I remember correctly you had
10 tendered him for cross-examination and Mr. Phillips had
11 cross-examined; is that correct?

12 MR. DANDINO: That's correct, your Honor.

13 JUDGE PRIDGIN: Any other parties wish to
14 cross-examine?

15 All right. Whenever you're ready, ma'am.

16 RUSSELL TRIPPENSEE testified as follows:

17 CROSS-EXAMINATION BY MS. HENRY:

18 Q. I had a question about your testimony on
19 page 23 where you talked about leaving the -- asking the
20 Commission to leave the case open to incorporate conditions
21 approved by the Kansas Corporate Commission.

22 A. Yes, ma'am.

23 Q. Let me see which line I was talking about -- or
24 have you found it?

25 A. Line 16 on page 23 is the beginning of my

1 Q. Is there any reference at all in this agreement
2 to the issue of net salvage or costs of removal issue that's
3 come up in many of our rate-making cases? Are there any
4 provisions in this agreement which address that issue?

5 A. I would have to -- I do not believe -- not
6 specifically addressed. I think the depreciation rates set
7 out in the agreement, I don't believe it addresses those.

8 Q. Okay. There are a number of provisions within
9 the agreement --

10 A. Commissioner, if I may, Appendix G shows the
11 average service life, the net salvage and then the resulting
12 depreciation rates. So to that extent, net salvage is built
13 into the depreciation rates on Appendix G. I believe it's
14 consistent with recent Commission ruling, but there might be a
15 Staff witness that could address that a little better, but
16 that's my understanding.

17 Q. Okay. Can you identify any other depreciation
18 issues not to discuss in depth, but --

19 A. The rates, the wind and Wolf Creek and the
20 additional amortization are the four that I'm familiar with
21 right now.

22 Q. Okay. Did Office of Public Counsel participate
23 in the negotiation of the provisions which relate to other
24 provisions of state law for extraordinary rate-making
25 provisions? And I use that term just in the sense that

1 they're outside of rate case. For example, I think Senate
2 Bill 179 is included within this agreement?

3 A. Yes, it --

4 Q. Are you familiar with Senate Bill 179?

5 A. Yes, I am.

6 Q. Okay. Could you explain what Senate Bill 179
7 is and how that issue is treated in this agreement?

8 A. Senate Bill 179 provides, I believe, for three
9 separate provisions, two of which are what would be referred
10 to as single-issue rate-making mechanisms dealing with
11 environmental investments with fuel. And the third provision
12 I believe deals with gas companies and the affect of weather
13 on their revenues and a mechanism for mitigating the alleged
14 effect of that.

15 This agreement provides that Kansas City Power
16 & Light nor the parties will avail themselves of any
17 single-issue mechanism for a period of approximately 10 years.

18 Q. Did the Office of Public Counsel participate in
19 the negotiation of that provision?

20 A. Yes, they did.

21 Q. Why is that important? Or is it important? Do
22 you believe it's important?

23 A. A lot of this agreement is structured around
24 the concept of surety, surety for the financial market, surety
25 for the customers, known factors. Single-issue mechanisms, in

1 Public Counsel's viewpoint, do not provide that surety because
2 it's not known a quantity at the time we were making this
3 agreement. So it was -- it was an important consideration.
4 We provided for a way to address fuel concerns in the
5 agreement with -- with an IEC.

6 Q. Are fuel concerns for this type of facility
7 that much of a concern in terms of a surcharge or in terms of
8 volatility or changes in the cost of fuel?

9 A. Well, if you're saying this type of facility,
10 I'm assuming you're referring to Iatan 2. This agreement and
11 the IEC would -- would be system-wide. So the company does
12 have exposure -- or they do have a gas load that they utilize.
13 And to the extent volatile fuel prices occur, it would be a
14 consideration.

15 But, again, the entire doc-- a lot of this is
16 very interrelated so we're able to present the Commission to
17 look at all relevant factors. The parties are able to have
18 some surety in the negotiations of how all relevant factors
19 would be reviewed and not have any surprises, for lack --

20 Q. So there's an agreement that changes in fuel
21 costs, regardless of the type of fuel mix, would be dealt with
22 through an IEC or an interim energy charge rather than the
23 fuel adjustment clause provision through Senate Bill 179?

24 A. The company has the opportunity to bring that
25 in. Whether -- and request an IEC. Whether or not they will

1 or not would be up to them. We just make certain agreements
2 with respect to we would not question whether the Commission's
3 authorization of an IEC is within your authority.

4 Q. Okay. And I believe there's -- isn't there an
5 environmental provision within Senate Bill 179?

6 A. Yes, there is an environmental provision.

7 Q. As part of this agreement, does the company
8 agree to waive any type of use of that type of surcharge?

9 A. Yes, they do.

10 Q. Okay.

11 A. Again, the -- I would assume from the company's
12 standpoint, that is a surety with how those envi-- significant
13 portion of environmental expenditures will be dealt with.
14 Because that's a significant portion of --

15 Q. They'll be dealt with in the overall rate case
16 and rate-making process rather than deal with it as a single
17 issue?

18 A. And the timing of the rate cases and the timing
19 of the construction of those projects are all, again,
20 interrelated.

21 Q. How about is the concept of an ISRS, or
22 infrastructure system replacement surcharge, dealt with in
23 this case?

24 A. I believe that applies with water and I don't
25 think --