STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

TRANSCRIPT

PHASE IV

CONSOLIDATED RECORD

CASE NO. : ER-85-128
In the matter of KANSAS CITY POWER & LIGHT COMPANY of Kansas City, Missouri, for authority to file tariffs increasing rates for electric service provided to customers in the Missouri service area of the company.

CASE NO. : EO-85-185
In the matter of the determination of in-service criteria for the KANSAS CITY POWER & LIGHT COMPANY'S Wolf Creek Generating Station and Wolf Creek rate base and related issues.

CASE NO. : EO-85-224
In the matter of KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation, for determination of certain rates of depreciation.

DATE : SEPTEMBER 4, 1985

PAGES : 901 TO 1059e, INCLUSIVE (INDEX: 1059a-1059e)

VOLUME NO.: SIXTEEN

MR. MAHER: No questions.

EXAMINER HOGERTY: Thank you. You may be excused.

(Witness excused.)

MR. PHILLIPS: Your Honor, you passed over me but I have no questions.

EXAMINER HOGERTY: I'm sorry. I knew you'd speak up!

Mr. Dottheim.

MR. DOTTHEIM: Staff calls as its first witness Mr. William J. Cochran.

May we go off the record for a moment?

EXAMINER HOGERTY: Off the record.

(Off the record.)

WILLIAM J. COCHRAN, being sworn, testified as follows:

EXAMINER HOGERTY: Mr. Dottheim.

MR. DOTTHEIM: Thank you. At this time I would like to have marked for purposes of identification a one-page document, an errata sheet to Mr. Cochran's prepared rebuttal testimony, which is Exhibit No. 135.

EXAMINER HOGERTY: It will be marked Exhibit 142.

(EXHIBIT NO. 142 WAS MARKED FOR IDENTIFICATION BY THE REPORTER.)

EXAMINER HOGERTY: Mr. Dottheim.

MR. DOTTHEIM: Thank you.

DIRECT EXAMINATION BY MR. DOTTHEIM:

Q. Mr. Cochran, would you please state your full name and business address.

A. William J. Cochran, Box 36305, Truman Building, Jefferson City, Missouri.

Q. Mr. Cochran, are you the same William J. Cochran who has caused to be filed previously in this case testimony on electric jurisdictional allocations?

A. I am.

Q. Mr. Cochran, do you have a copy of what has been marked as Exhibit No. 135?

A. I do.

Q. Is that a copy of the rebuttal testimony that was caused to be filed on the issue of jurisdictional steam allocations, Grand Avenue?

A. Yes, it is.

Q. Mr. Cochran, do you have a copy of what has been marked as Exhibit No. 142, an errata sheet to your rebuttal testimony?

A. I do.

Q. Mr. Cochran, if I were to ask you the questions that are contained in your rebuttal testimony as corrected by the errata sheet, would your answers be the same as corrected by the errata sheet?

A. They would be the same.

Q. Mr. Cochran, is the information contained in your rebuttal testimony true and correct to the best of your knowledge and belief?

A. It is.

Q. Do you adopt Exhibit No. 135 as corrected by Exhibit No. 142 as your rebuttal testimony?

A. I do adopt it.

MR. DOTTHEIM: At this time I would like to tender Mr. Cochran for cross-examination.

EXAMINER HOGERTY: Mr. English.

MR. ENGLISH: No questions, your Honor.

EXAMINER HOGERTY: Mr. Phillips.

MR. PHILLIPS: No questions, your Honor.

EXAMINER HOGERTY: Mr. Claycomb.

MR. CLAYCOMB: Thank you, your Honor.

CROSS-EXAMINATION BY MR. CLAYCOMB:

Q. Mr. Cochran, your testimony, page 4, discusses two appendices: one is the letter of Mr. Rasmussen; one is the letter of Mr. Doyle. Do you have those letters in front of you?

A. I do.

Q. Your testimony on page 4 seems to indicate that you consider those letters to be inconsistent. Do you view those letters as being inconsistent?

A. I do view them as inconsistent. In the meetings

that we had with KCP&L, specifically Mr. Washburn and Mr. Rogers had with KCP&L, on the limited conversion, we had no knowledge--I had no knowledge--and I don't think Mr. Washburn and Mr. Rogers had knowledge, of the expanded horizon that we learned of, or that I learned of, on July, some time after July the 19th, 1985, at what these few limited conversions were really aiming toward.

So in that matter, I felt it was inconsistent in that we did not discuss the scope of the possible conversion when Mr. Rasmussen's letter was talked over with staff March the 28th or after March 28th with staff.

Q. What was your initial understanding when there was a discussion with staff concerning the scope of the project?

A. Well, I wasn't at the meetings, but before I wrote this testimony, I had indepth interviews with Mr. Washburn and with Mr. Rogers, and the scope of their discussions with the company were that there were going to be three or four, possibly as many as six, customers whose maintenance costs were so high because of rusted distribution lines, which are--they characterize as stub feeds which is a radio feed which is not integrated which is just a line that is going out off the integrated system.

And the major thrust of their argument was that we can cut the cost to everybody by replacing the boilers

or by installing boilers on these few customers--and that's a quote from Mr. Rasmussen's letter--thereby lowering the cost of service to all steam customers.

There was no statements made about a total conversion of the steam system to what I characterize as an all electric operations based on Mr. Doyle's letter, item no. 4.

Q. Is it now your understanding that they are proposing to extend this offer to main line customers?

A. That confuses me. Main line, to me, based on my review of Black and Veech's 1982 study, everybody is on the same pressure lines in the downtown district.

Q. Let me try to get to it another way. Maybe that is confusing. Is it your understanding that they're now offering this to customers that are not on these limited low pressure stub feeder distribution lines?

A. It's my impression that, yes, they are.

Q. In fact, were you present for Mr. Mandacina's testimony yesterday?

A. I was.

Q. Did you understand him to say that the Home Savings building was being offered this on-site boiler installation?

A. I did not hear him say that. I heard you ask him that question, but I could not tell from his answer that

they were being offered.

Q. Well, would you accept--I think the record will reflect that it has been offered to them.

Would you also accept, subject to check, that they are not on a lateral line as proposed in Mr. Rasmussen's letter?

A. I would accept that.

Q. And I take it implicit in what you've already testified to is that there is no advantage to the overall steam system from on-site boilers being offered to those customers that are not on laterals?

A. I don't know how you can imply that from my testimony.

Q. Well, let me ask--it was your understanding, was it not, that the reason for the on-site installation of these boilers at the initial meeting was given that it would save costs based on being able to seal certain lateral pipes; is that correct?

A. I agree with that, yes.

Q. And of course, installation as to other customers who are on lateral pipes won't have that same savings, will it?

A. That is subject, why I use the word possibly. I don't know at this time what kind of savings they could generate; and that's why one of my recommendations to the

Commission on, I think on page 5, I think we should, before we believe, staff believed that before the Commission authorized the installation of these electric boilers, they should have a documented cost comparison.

And secondly, this Commission should direct the Commission to show it would earn a required rate of return with existing steam rates using the embedded and newly installed capacity to convert electricity to steam.

So I can't not say--I could not come to a conclusion now that their proposals are not better and I'm telling--I'm essentially recommending to the Commission what information we'll be required before staff could make any kind of determination on that.

Q. To summarize, it's fair to say that the reasons given today for their action is different than the reason given in the original meeting with staff? Is that a fair statement?

A. Definitely, yes.

Q. You indicate on page 4 of your testimony there's a reference there to the Promotional Practices Rule.

A. Yes.

Q. And apparently it's unresolved in your mind as to whether or not this action undertaken by KCP&L violates that rule. Is that a fair statement of your opinion?

A. That's a fair statement. I've reviewed the

Chapter 14 Promotional Practices Rule, specifically under 24-014.020, Prohibited Promotional Practices. And in my mind it's unclear at this time whether Article 6 under that chapter I just cited, which states, the provision of free or loss, less of cost of service or value, installation, operation, repair, modification or maintenance of applicances, equipment or wiring or piping of any person is prohibited. To my mind at this point it's unclear whether that's what they're doing.

Q. Would it also be unclear in your opinion if KPL Gas Service were to install on-site gas boilers, own them, include them in gas plants and charge the customers the gas rate?

A. Since you are under the same promotional prohibited practices, it would be unclear to me.

Q. Would it also be unclear if gas service, KPL Gas Service--I'm sorry--were to install on-site gas air conditioning equipment and charge the gas rate used?

A. You said install. You didn't say free. Would you charge them for it?

Q. Let's say install free, not charge the customer for it.

A. That would be unclear also at this time.

MR. CLAYCOMB: Nothing further.

EXAMINER HOGERTY: Mr. Maher.

MR. KENNETT: Thank you very much.

EXAMINER HOGERTY: Mr. English.

RECROSS-EXAMINATION BY MR. ENGLISH:

Q. Mr. Cochran, do you know if KCP&L is including any amounts in its electric cost of service in this case for the electric boilers it's installing on service steam customers' premises?

A. I don't know.

Q. Mr. Cochran, how does KCP&L ordinarily meter its steam customers?

A. Two methods--well, there's one method where they use a condensate measure, and there's another method where you don't meter them, use an orifice to allow steam to leak into their building which is not metered; it's just an assumed amount will go in. So that's the two tariffs I saw in the steam tariff.

Q. Do you believe that the condensate metering method is error free?

A. Oh, no. I mean your studies say it is not error free.

Q. And do you recall why that is, Mr. Cochran?

A. Well, I think two reasons. Some people were stealing it, and another reason was it was leaking out of your rusted, your old steam lines.

Q. So if we were to go just on the basis of billed

steam heat to size electric boilers in a hypothetical, do you believe that there would be a possibility that we could undersize the electric boilers because of the steam losses or the steam that KCP&L may not have metered?

A. Yes, you could understate it.

Q. Mr. Cochran, do you know of any statement by the KCP&L personnel that would contradict the testimony of Mr. Mandacina yesterday that KCP&L intends to convert up to eight customers to electric boilers under the test program?

A. Do I know any testimony?

Q. Or any statement by KCP&L that would contradict Mr. Mandacina's testimony yesterday.

A. Yes. Mr. Doyle's letter indicates that the whole system may go that way.

Q. Doesn't Mr. Doyle's letter also state that this plan to be developed will be submitted to this Commission?

A. He does.

Q. Then indeed doesn't Mr. Rasmussen's letter, Appendix WJC-3, state in the second to the last paragraph, that the experience gained this year in working with these electric boiler conversions will provide KCP&L with the information necessary to determine how KCP&L will approach steam service?

A. To the other downtown customers?

Q. Yes.

A. It does say that, yes.

MR. ENGLISH: Thank you, Mr. Cochran.

EXAMINER HOGERTY: Mr. O'Donnell.

MR. O'DONNELL: No further questions.

EXAMINER HOGERTY: Mr. Phillips?

MR. PHILLIPS: No questions.

EXAMINER HOGERTY: Mr. Claycomb.

MR. CLAYCOMB: Thank you.

RECROSS-EXAMINATION BY MR. CLAYCOMB:

Q. Mr. Cochran, is there really anything to test in this test project in your opinion?

A. In my opinion, no.

MR. CLAYCOMB: Thank you.

EXAMINER HOGERTY: Mr. Maher.

MR. MAHER: No questions.

EXAMINER HOGERTY: Thank you, Mr. Cochran.

(Witness excused.)

EXAMINER HOGERTY: We'll be in recess for ten minutes.

(A break was taken.)