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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS
Stipulation Hearing
June 8 2009
Jefferson City, Missouri
Volume 13

In the Matter of the Application)
of Kansas City Power and Light)
Company For Approval to Make)
Certain Changes in its Charges for) Case No. ER-2009-0089
Electric Service to Continue the)
Implementation of Its Regulatory)
Plan)

HAROLD STEARLEY, Presiding,
SENIOR REGULATORY LAW JUDGE

ROBERT M. CLAYTON III, Chairman,
KEVIN GUNN,
COMMISSIONERS.

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR, CCR
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1 P R O C E E D I N G S

2 JUDGE STEARLEY: Good afternoon. It is
3 Monday, June 8, 2009, and the Commission has set this time
4 for a stipulation hearing regarding two Nonunanimous
5 Stipulations & Agreements that were filed in Case No.
6 ER-2009-0089, in the matter of the application of Kansas
7 City Power & Light Company for approval to make certain
8 changes in its charges for electric service to continue
9 the implementation of its regulatory plan.

10 My name is Harold Stearley, and I'm the
11 Regulatory Law Judge presiding over this proceeding. The
12 court reporter this afternoon is Kellene Feddersen.

13 Let's begin by taking entries of
14 appearance, starting with Kansas City Power & Light.

15 MR. FISCHER: Let the record reflect the
16 appearance of James M. Fischer and Curtis Blanc on behalf
17 of Kansas City Power & Light Company. Our addresses and
18 phone numbers are on our written entries of appearance.

19 JUDGE STEARLEY: Thank you, Mr. Fischer.
20 City of Kansas City, Missouri.

21 MR. COMLEY: Thank you, Judge Stearley. On
22 behalf of the City of Kansas City, let the record reflect
23 the appearance of Mark W. Comley, Newman, Comley & Ruth,
24 PC, 601 Monroe Street, Suite 301, Jefferson City,
25 Missouri.

1 JUDGE STEARLEY: Thank you, Mr. Comley.
2 The Empire District Electric Company.

3 MS. CARTER: Diana Carter, Brydon,
4 Swearngen & England. The address is on the written
5 entry. Appearing for the Empire District Electric Company
6 and Missouri Gas Energy.

7 JUDGE STEARLEY: Thank you, Ms. Carter.
8 Trigen Kansas City Energy Corporation?

9 (No response.)

10 JUDGE STEARLEY: Midwest Energy Users
11 Association.

12 MR. WOODSMALL: Thank you, your Honor. Let
13 the record reflect the appearance of Stuart W. Conrad and
14 David Woodsmall on behalf of Midwest Energy Users
15 Association and Praxair, Inc.

16 JUDGE STEARLEY: Thank you, Mr. Woodsmall.
17 Missouri Industrial Energy Consumers.

18 (No response.)

19 JUDGE STEARLEY: And Ford Motor Company.

20 (No response.)

21 JUDGE STEARLEY: Union Electric Company,
22 doing business as AmerenUE.

23 MR. LOWERY: Thank you, your Honor. On
24 behalf of AmerenUE, Jim Lowery, Smith Lewis, LLP,
25 111 South Ninth Street, Columbia, Missouri 65201.

1 JUDGE STEARLEY: Thank you, Mr. Lowery.
2 Our hospital intervenors.

3 (No response.)

4 JUDGE STEARLEY: Missouri Department of
5 Natural Resources.

6 MS. WOODS: Shelley Ann Woods, Assistant
7 Attorney General, Post Office Box 899, Jefferson City,
8 Missouri 65102, appearing on behalf of the Missouri
9 Department of Natural Resources.

10 JUDGE STEARLEY: Thank you, Ms. Woods. The
11 U.S. Department of Energy, National Nuclear Security
12 Administration and Federal Executive Agencies.

13 (No response.)

14 JUDGE STEARLEY: We had established a phone
15 bridge. Mr. Bruder, did you make contact with us?
16 Mr. Campbell, are you on the line?

17 MR. CAMPBELL: Yes, I am.

18 JUDGE STEARLEY: All right. Thank you,
19 Mr. Campbell. Would you like to enter your appearance?
20 Mr. Campbell, can you hear me all right?

21 Mr. Mills, since you're sitting close
22 there, would you mind stepping up to our phone and
23 speaking up just so we can test our phone connection here?

24 MR. MILLS: Lew, can you hear me? Lew
25 Campbell? Perry Bruder? Anyone? Anyone? Buehler?

1 MR. CAMPBELL: Excuse me. I just put my
2 phone on mute. This is Lewis Campbell.

3 JUDGE STEARLEY: Mr. Campbell, would you
4 like to enter your appearance?

5 MR. CAMPBELL: Yes. Louis Campbell for
6 National Nuclear Security Administration.

7 JUDGE STEARLEY. Did Mr. Bruder join us on
8 the line?

9 MR. CAMPBELL: He should be on just any
10 time.

11 JUDGE STEARLEY: All right. We'll listen
12 for when he should connect and we'll continue on here.
13 Did I miss any of our other parties? I certainly did.
14 The Office of Public Counsel.

15 MR. MILLS: On behalf of the Office of the
16 Public Counsel and the public, my name is Lewis Mills. My
17 address is Post Office Box 2230, Jefferson City, Missouri
18 65102.

19 JUDGE STEARLEY: Thank you, Mr. Mills. And
20 the Staff of the Missouri Public Service Commission.

21 MR. WILLIAMS: Nathan Williams and Steven
22 Dottheim, P.O. Box 360, Jefferson City, Missouri 65102.

23 JUDGE STEARLEY: Thank you, Mr. Williams.
24 Now hopefully I've captured everyone. I've got the
25 municipals, Mr. Healy.

1 MR. HEALY: Doug Healy, Healy & Healy, 939
2 Boonville, Suite A, Springfield, Missouri 65802, appearing
3 for MJMEUC.

4 JUDGE STEARLEY: Thank you, Mr. Healy.
5 We'll try and pick up Mr. Bruder if we will hear him call
6 in.

7 As per usual, I must advise you-all to
8 please turn off all your cell phones, Blackberries and
9 other electrical devices that might interfere with our
10 webcasting or recording.

11 Similar to the last stipulation hearing,
12 we'll be following those procedural guidelines. I know
13 there's a pending joint motion regarding the deadline for
14 Staff to file its prudence review and construction audits.
15 That motion will be taken up when the Commission issues
16 its Order regarding the stipulations in this case.

17 Are there any other preliminary matters we
18 need to take up? Are there any parties that would wish to
19 make an opening statement?

20 MR. WILLIAMS: Judge, as in the last
21 proceeding regarding GMO, there's a contingency in this
22 agreement, and if you'd like to take evidence from
23 Mr. Taylor regarding that contingency having been met,
24 which is the in-service criteria of Staff for Iatan 1, we
25 might start there.

1 JUDGE STEARLEY: Very well. If no party
2 wishes to make an opening statement, you may proceed and
3 call your witness, Mr. Williams.

4 MR. WILLIAMS: Staff calls Michael Taylor.
5 (Witness sworn.)

6 JUDGE STEARLEY: Thank you, Mr. Taylor.
7 You may be seated. Mr. Williams, you may proceed.

8 MICHAEL E. TAYLOR testified as follows:

9 DIRECT EXAMINATION BY MR. WILLIAMS:

10 Q. Please state your name.

11 A. Michael E. Taylor.

12 Q. And Mr. Taylor, by whom are you employed
13 and in what capacity?

14 A. Missouri Public Service Commission Staff,
15 Utility Engineering Specialist III.

16 Q. And in connection with your duties as an
17 employee of the Commission, did you evaluate Iatan 1 for
18 meeting in-service criteria the Staff established?

19 A. Yes, I did.

20 Q. And if the Commission were to look for the
21 in-service criteria for Iatan 1, would that be found as
22 Schedule BCD-2 to the testimony of Brent Davis in this
23 case?

24 A. I believe that's correct, yes, sir.

25 Q. And did you evaluate Iatan 1 for meeting

1 the in-service criteria set out in Schedule BCD-2?

2 A. Yes, I did.

3 Q. And did Iatan 1 meet that criteria on or
4 before May 30th of 2009?

5 A. Yes.

6 MR. WILLIAMS: I believe I have no further
7 questions of this witness at this time.

8 JUDGE STEARLEY: Thank you, Mr. Williams.
9 Are there any questions from the Commissioners for this
10 witness? Commissioner Gunn?

11 COMMISSIONER GUNN: I have some general
12 questions. I don't think I have anything specifically for
13 this witness.

14 JUDGE STEARLEY: All right. Thank you,
15 Commissioner. Mr. Chairman?

16 CHAIRMAN CLAYTON: I have no questions for
17 Mr. Taylor. Thank you.

18 JUDGE STEARLEY: Does any other party wish
19 to cross-examine this witness?

20 (No response.)

21 JUDGE STEARLEY: Seeing none. Mr. Taylor,
22 I thank you for your testimony, and you may be excused.

23 (Witness excused.)

24 JUDGE STEARLEY: Is there any other
25 testimony the parties wish to elicit before the

1 Commissioners direct general questioning to counsel?
2 Mr. Bruder, did you just join us? I was anticipating
3 Mr. Bruder would join us. Perhaps Mr. Campbell exited
4 instead.

5 We will continue, then. General questions
6 for counsel from the Commissioners, starting with
7 Commissioner Gunn.

8 COMMISSIONER GUNN: I'm going to ask the
9 same question I asked in the other. I see that the
10 general increase is, well, 95.

11 MR. FISCHER: Yes, sir.

12 COMMISSIONER GUNN: So can we do the same
13 for the residential, both the percentage and dollar
14 amounts if you have it?

15 MR. FISCHER: Yes, sir. For the Kansas
16 City Power & Light Company Missouri area, the typical
17 impact on residential customer as a result of the
18 settlement would be 16.14 percent on a percentage basis,
19 and for a typical residential customer on a dollar basis,
20 it would be \$12.82 per month.

21 MR. WILLIAMS: And Commissioner Gunn, as in
22 the last case, Staff agrees with those numbers and that
23 it's based on a usage of 700 kilowatt hours per month in
24 the winter and 1200 kilowatt hours per month in the
25 summer.

1 out implementation somewhere down the road?

2 MS. WOODS: Yes.

3 COMMISSIONER GUNN: I think that's all the
4 questions I have. I don't have anything else.

5 JUDGE STEARLEY: Thank you, Commissioner
6 Gunn. Mr. Chairman?

7 CHAIRMAN CLAYTON: I have questions of the
8 Department of Natural Resources. Thought you were going
9 to get away --

10 MS. WOODS: I did.

11 CHAIRMAN CLAYTON: -- scot-free here today.

12 MS. WOODS: You fooled me.

13 CHAIRMAN CLAYTON: I just want to ask DNR a
14 little bit about DNR's priorities in this case and what it
15 sees are priorities on energy efficiency and demand side
16 management programs associated with all three of the
17 territories under Great Plains' control.

18 MS. WOODS: Well, for this case, I think
19 probably our No. 1 priority was under paragraph or
20 Section No. 18, and it talks about the 1 percent projected
21 retail energy requirement savings was probably the
22 department's No. 1 goal in this case.

23 CHAIRMAN CLAYTON: Okay. And exactly what
24 does that mean?

25 MS. WOODS: I was afraid you were going to

1 ask me that. I think it would be better if Laura Wolfe
2 that we have --

3 CHAIRMAN CLAYTON: Look who's back. Judge,
4 could we swear Ms. Wolfe in?

5 JUDGE STEARLEY: Certainly.

6 CHAIRMAN CLAYTON: And she can just stand
7 up here at the front. I don't know that you need to get
8 on the hot seat.

9 (Witness sworn.)

10 JUDGE STEARLEY: You may proceed.

11 LAURA WOLFE testified as follows:

12 QUESTIONS BY CHAIRMAN CLAYTON:

13 Q. Why don't you go ahead and state your name,
14 your position and why you're here?

15 A. My name is Laura Wolfe. I'm an Energy
16 Specialist III with the Department of Natural Resources.

17 Q. And were you a witness scheduled to
18 participate in this case?

19 A. Yes, I was.

20 Q. Did you file direct testimony --

21 A. Yes, I did.

22 Q. -- or any testimony?

23 A. Direct and surrebuttal.

24 Q. Okay. Can you -- you heard the question
25 that I asked earlier. Can you give me an overview of

1 DNR's case with regard to these issues and also explain
2 this 1 percent issue that was mentioned, I think, for
3 paragraph 18?

4 A. Okay. We had three primary issues. One
5 was really more of a statement of clarification. Kansas
6 City Power & Light had introduced the economic -- the Help
7 Pay program is basically how I look at it. The name of
8 it --

9 MS. WOODS: Economic Relief Program.

10 MS. WOLFE: That's it. Our only concern
11 was that it appeared in Allen Dennis' direct testimony to
12 be listed as a demand side management program. That's not
13 a demand side management program. That's not to say we
14 don't support that. We just don't want it characterized
15 as a demand side management program.

16 Our second issue was the minor home repair
17 program having to do with the low income weatherization
18 program, and we do support the concept on that program
19 that was presented by Allen Dennis in his testimony.

20 One of the issues that we often encounter
21 doing low income weatherization is there is a requirement
22 by the Department of Energy that should a home have need
23 of repairs that, if not done, would jeopardize the value
24 of the weatherization measures and are beyond the very low
25 limit that an agency is allowed to spend on repairs, the

1 direction is to walk away from the home, and so that home
2 never gets weatherized, however stays on the grid and
3 continues to use more energy than really is advisable or
4 really desirable. So we do support that program as well.

5 And my understanding is from also being
6 members on the collaborative program with Kansas City
7 Power & Light, they are working on that program, designing
8 that program.

9 Our third issue, the one that you had a
10 question about, had to do with -- it kind of ties the
11 integrated resource planning with rate case issues.
12 Kansas City Power & Light, in the course of preparing
13 their integrated resource plan, we felt like they were not
14 even beginning an examination of enough DSM measures
15 before starting the analysis.

16 And that is what this 1 percent target is,
17 to ask Kansas City Power & Light to begin by identifying
18 enough demand side management measures that could actually
19 reduce the annual energy usage by 1 percent and then
20 analyze those for cost effectiveness.

21 BY CHAIRMAN CLAYTON:

22 Q. Is it reduce the growth or reduce the
23 actual usage?

24 A. Reduce usage.

25 Q. So it's 1 percent of the total usage?

1 A. Correct.

2 Q. And how was that 1 percent chosen?

3 A. It was our suggestion.

4 Q. And how did you-all arrive at that
5 position?

6 A. We've analyzed some of the things that are
7 going on in various states. There are some that are
8 seeking more than that, but that seems to be a standard
9 number we see pop up is to try to reduce by at least
10 1 percent.

11 Q. Is that a 1 percent annual number or is
12 that 1 percent by a certain date?

13 A. 1 percent annual.

14 Q. And for how long is that reduction?

15 A. We are -- our -- this particular
16 recommendation in this Stipulation & Agreement is at the
17 start of an IRP, which is usually around a 20-year
18 timeline. So this is identify at least that much
19 reductions through demand side management measures to plug
20 in to the analysis that then goes into the IRP.

21 Q. So basically you have a measurable
22 statistic to review every year to determine whether or not
23 they may reach that goal or that mandate, however you want
24 to characterize it; is that correct?

25 A. Right. At least start with this when you

1 start your IRP analysis.

2 Q. Okay. Now, does that differ from how other
3 utilities address load control or demand side management?
4 Does any other utility have such a stipulation right now?

5 A. We do. Ameren does.

6 Q. And is that 1 percent?

7 A. Yes, it is.

8 Q. It is. Okay. Today, prior to the tariffs
9 being approved, how would you rate Great Plains' efforts
10 at energy efficiency and demand side management programs?

11 A. Of course, DNR would always like there to
12 be more.

13 Q. I understand.

14 A. I think they do make serious efforts to
15 reduce energy usage through demand side management, both
16 energy efficiency programs as well as demand response
17 programs.

18 Q. Could you give me a short listing of the
19 types of programs that they are funding or using at this
20 time?

21 A. Boy, they all get mixed up in my head right
22 now. One of my -- one that I really appreciate that
23 Kansas City Power & Light has is MPower, which I believe,
24 and hopefully somebody from KCP&L will correct me, is not
25 so much a residential program as it is commercial, and it

1 is actually demand response.

2 Q. Right. That's the demand respond program.

3 A. Uh-huh. Exactly. As far as energy
4 efficiency programs, there have been involved in the Cool
5 Homes program, getting kicked off into the Home
6 Performance with Energy Star program, and they have a
7 laundry list of several others.

8 Q. Okay. Those programs you mentioned, does
9 DNR like those programs?

10 A. Yes, we do.

11 Q. And has Great Plains or KCPL had success in
12 implementing these programs?

13 A. They've had some extraordinary success in
14 some of their programs. One of them that I did not
15 mention is actually an online system where a homeowner can
16 gauge their energy usage and see ways that they might
17 improve their efficiency, and the numbers of hits on that
18 program has been two or three times the number they
19 expected to have people hit.

20 Q. Now, how do you measure -- how do you
21 measure the success of a program? Just by -- just by
22 awareness --

23 A. Yes.

24 Q. -- by expenditure of dollars, by actual
25 load reduction? How do you measure success?

1 A. At this point, with the new program we
2 measure that through just participation level, are
3 customers coming in, are they are signing up, are they
4 taking advantage of these programs? Each program will be
5 subjected to an evaluation by a contractor consultant who
6 is expert in that area, and they will get more into that
7 area in terms of are we really seeing energy savings and
8 what impact are we having.

9 Q. Okay. How about the Stay Cool program,
10 what was the name of the program?

11 A. Cool Homes program.

12 Q. And could you describe that for me, if you
13 can? Maybe you --

14 A. I can't, not off the top of my head. I'm
15 sorry. It is in the -- well, all of their programs are
16 listed in their tariff.

17 Q. Okay. Do you believe that Great Plains is
18 doing an effective job at energy efficiency, demand
19 response, all the demand side programs?

20 A. I think what they've chosen to implement
21 they're doing an effective job. Of course, our concerns
22 with the IRP is I think that drives what programs
23 companies choose to implement or seek out to implement,
24 and the goal of this 1 percent target is to put more
25 measures into the consideration mode in the course of an

1 IRP so that there's more opportunity to implement more
2 programs or different measures.

3 I think once Kansas City Power & Light
4 takes that step to implement, they take it very seriously,
5 and they do a pretty good job of doing that.

6 Q. How does DNR compare all of the IOU
7 electric utilities in terms of programs, goals,
8 expenditures? Are they all consistently addressed? Do
9 you do the same thing in each of the cases, or are there
10 unique factors for each service territory and loads?

11 A. There are some measures that are universal.
12 Low income weatherization, for example, that can be done
13 anywhere across the state. But we encourage the utilities
14 to look specifically at their territory as well and to
15 look at best practices, you know, what are some of the
16 other utilities around the nation doing, what have they
17 implemented that would work in their territories.

18 It's kind of a mix, do what we know is
19 going to work and is universal but also focus on what's
20 going to work for their territory, what makes sense for
21 their customers.

22 Q. DNR is involved in directing stimulus funds
23 from Washington to various places. I know weatherization
24 is one. There may be energy efficiency monies. How is
25 DNR approaching the application of stimulus monies which

1 are applied outside of Public Service Commission
2 jurisdiction, but how does it see the coordination between
3 those efforts and the efforts that are even being done
4 right now by the utilities or by the PSC Staff? How do
5 you see that coordination working on a going-forward
6 basis?

7 A. We're seeing some of that happening already
8 primarily in the low income weatherization program.
9 Although there's an extraordinary amount of funds coming
10 from the Federal Government to bolster that program and
11 some things have changed, some -- in terms of
12 requirements, you know, the average per home expenditures,
13 those kinds of things have changed, but some things
14 didn't.

15 And several of the utilities, Kansas City
16 Power & Light was one of those, that has stepped up and
17 made some changes in their tariffs to assist those
18 non-for-profit organizations that do those programs to
19 help get them prepared to be able to spend those funds.
20 So we already see some coordination effort going on there.

21 Our other buckets of funds from the
22 stimulus package, we're still very much in the process of
23 designing what's going to happen with those, but I know
24 that it would make sense, a lot of sense, and we're aware
25 of it and we'll pursue that our partners need to be the

1 various utilities as well as the Commission and its staff.

2 Q. Okay. Do you believe that there's anything
3 else that the Commission can be doing in helping foster
4 better or improved dialog among state agencies, both
5 federal and state, to achieve the maximum energy
6 efficiency or other demand side management program
7 successes? Is there anything else we can do?

8 A. Off the top of my head, in terms of
9 specific action items, no, but that's not to say there's
10 not going to be. As we develop our plans and put into
11 motion how the Energy Center is going to manage this, we
12 will definitely need to engage the PSC and their Staff in
13 order to be successful.

14 CHAIRMAN CLAYTON: Okay. Thank very much.

15 MS. WOLFE: Thank you.

16 CHAIRMAN CLAYTON: Good to see you.

17 JUDGE STEARLEY: Ms. Wolfe, if you'll hold
18 on just one moment. Let me be sure, does any party wish
19 to cross-examine Ms. Wolfe?

20 Ms. Woods, did you have any follow-up
21 questions after the Chairman's questions?

22 MS. WOODS: I do not. Thank you.

23 JUDGE STEARLEY: Thank you, Ms. Wolfe. You
24 may be seated, and you are excused as a witness.

25 Mr. Chairman, do you have any other witness

1 you would like to call?

2 CHAIRMAN CLAYTON: I wanted to offer Great
3 Plains an opportunity, either Mr. Rush or Mr. Giles, I
4 don't know who's in charge of that, if they want to
5 comment on any of these things associated with demand side
6 management, or Mr. Fischer. I didn't mean to --

7 MR. FISCHER: I'm not the expert on that.

8 CHAIRMAN CLAYTON: -- take away your piece
9 of the action here.

10 JUDGE STEARLEY: Did you want this
11 testimony sworn?

12 CHAIRMAN CLAYTON: I want him sworn.

13 (Witness sworn.)

14 JUDGE STEARLEY: You may proceed.

15 TIM RUSH testified as follows:

16 QUESTIONS BY CHAIRMAN CLAYTON:

17 Q. Hello, and thanks for being available here
18 today. You've been in the hearing room for the discussion
19 that I had with Ms. Wolfe. I wanted to ask you whether
20 there's anything that is not accurate or anything that
21 you'd like to add to the record regarding KCP&L's plans?

22 A. I think her comments are very accurate.
23 One of KCPL's goals is obviously to make sure that energy
24 efficiency demand side response are very instrumental in
25 all planning aspects, and so we try to make sure that

1 that's a very integrated part of all supply and demand
2 activities that we do.

3 Q. Okay.

4 A. So I think her responses were very
5 accurate. We do have a lot of programs, and I think our
6 CPEG program, which is our advisory program that we use,
7 is very instrumental in trying to help formulate all the
8 programs that we have.

9 Q. How do you measure success of a program?

10 A. Well, currently what we've been doing is
11 hiring outside evaluators to make sure that the programs
12 are meeting success standards that are pretty much
13 industry standards. So we really go out to the outside to
14 make sure that we're first of all meeting the customers'
15 needs, that we're having adequate penetration, that the
16 costs are effective and those types of aspects to make
17 sure that we are truly achieving what we need to achieve.

18 Q. Well, let me ask the question in a -- as an
19 example more specifically. The MPower program is KCPL's
20 demand response program; is that correct?

21 A. Yes.

22 Q. And we had a conversation at one of our
23 agenda meetings a couple of years ago where we talked
24 about the goals associated with MPower to reduce peak load
25 demand by a certain amount.

1 A. That's right.

2 Q. And has KCPL been able to successfully
3 reach that peak load reduction? Has it been consistent?
4 How has the program worked? Is it cost effective, in your
5 opinion?

6 A. When we initially set it out, it was not
7 achieving the level that we were hopeful of. We went back
8 and modified the program by actually talking to customers.
9 We had a number of focus groups that evaluated where we
10 were and why things weren't happening, what we thought we
11 were -- we modified the tariff. We actually changed the
12 pricing and we changed the way that it operates to try to
13 meet both the customers' needs as well as achieving the
14 reduction in demand.

15 As a result of that, we actually have an
16 oversubscription. So we're trying to figure out how to
17 address all the aspects of this because it is being very
18 successful right now.

19 Q. Can a demand responsive -- a demand
20 response program be too successful to the utility?

21 A. It can be in aspects of how your generation
22 portfolio sits and how the effects it has on rates. So
23 you've got to make sure you're always balancing all your
24 aspects of both the demand response as well as your own
25 generation mix as well as the customers' current usage

1 levels and demands. We've seen obviously a decline in the
2 economy in recent months that does have an impact on our
3 demand and how we operate.

4 Q. As I recall, you also have a demand
5 response type of program on the residential side; is that
6 correct?

7 A. Yeah. It's called the energy optimizer.
8 It's a thermostatic -- thermostat that's installed on a
9 home in which we provide a free thermostat to customers,
10 which is a programmable thermostat that can operate from
11 Internet or other aspects.

12 And with that we have the ability to send a
13 signal that will actually interrupt their air conditioning
14 facility for a short period of time, I think it's a
15 15-minute increment, and they sign up and are willing to
16 be able to allow us to influence their demand consumption
17 over short periods of time. They have the ability to
18 override it and other things if it's not convenient at
19 that time, but it works out very well for us on a total
20 basis, and we have -- again, we're somewhat
21 oversubscribed. We have an awful lot of interest in that
22 program at KCPL.

23 Q. That was a pilot program at one time. Is
24 it a full-blown deal now?

25 A. Well, I would say it's still a pilot

1 program in the aspects of how it fit into the
2 comprehensive energy plan, but it will most likely be a
3 permanent program. We're still going through evaluations.
4 I believe we've done a couple of evaluations of it so far
5 and presented it to our CPEG group, our advisory group.

6 Q. How about incorporation of these programs
7 across the board on the other Great Plains subsidiaries?

8 A. I believe we've now implemented most all
9 programs across the board. I believe the energy optimizer
10 is now operating in the GMO facility. I believe MPower is
11 in that, and a number of other programs have developed
12 into the GMO operations.

13 So yes, I mean, everything's trying to be
14 integrated so that customers from all -- all utility
15 divisions can call in and have the same services.

16 Q. So there is a desire to move to a
17 consistent approach among each of the territories?

18 A. Absolutely.

19 Q. As I recall, the optimizer was brought up
20 at a couple of local public hearings.

21 A. Yes.

22 Q. People were upset they couldn't get access
23 to it.

24 A. Now they can.

25 Q. They can. What are Great Plains' plans

1 associated with technologies that support programs such as
2 that? An umbrella term is smart grid, but really you need
3 to have communicating meters, you need to have other
4 potential infrastructure in place to enable these
5 programs.

6 Does KCPL/Great Plains feel that you have
7 enough of that technology in place right now on a
8 going-forward basis? Are there plans for additional
9 investment to enable other programs?

10 A. We have a fairly large team of people that
11 are working on a smart grid project essentially to try to
12 evaluate the possibilities throughout our service
13 territories and to either do demonstration projects that
14 would have an integration of multiple aspects of a smart
15 grid system where you would have, oh, for example, beyond
16 time of use metering. You'd have interruptible. You
17 might have even some types of solar applications. You
18 might have some integrated generating facilities.

19 And there's actually a team of people that
20 have been spending a lot of time on that to try to see how
21 that can integrate. There are some demonstration projects
22 that are available if we can do the -- set it up
23 correctly, that we're looking at.

24 Q. How do you --

25 A. We --

1 Q. I'm sorry. Excuse me.

2 A. The only thing I was going to say is we're
3 kind of in an envious position. We have an automated
4 meter reading system that can be expanded to throughout
5 our service territory at Kansas City Power & Light that
6 can allow us to utilize some technologies that are fairly
7 advanced. We'd have to change it into single -- it only
8 goes one way communication, but you can move it into
9 bidirectional distribution type applications that help
10 also. So we've done a lot of work in that area.

11 Q. How did this group identify goals for
12 different programs? Are you looking at load growth? Are
13 you looking at just what consumers are seeking? Are you
14 looking for reliability improvements? For example, does
15 Great Plains foresee a future of real time pricing or more
16 dynamic pricing and that is -- that is a reason why you
17 need to have smart grid technology, or is it looking at
18 pricing issues, demand? How do you evaluate those
19 different goals?

20 A. I would say -- I hate to this say. I would
21 say it's all, and that's, I mean, often a problem. If you
22 have -- you're trying to be all things to all people, it's
23 sometimes a very difficult situation. But we do have real
24 time pricing today for certain customers that are
25 interested in that, but I think it's just a step. We have

1 interruptible rates, but it's just a step. And so I think
2 what we have to go through is evaluation of how does that
3 all fit together.

4 You have the technical problems of, you
5 know, with time of uses, do you force it on customers? Do
6 you allow it to happen voluntarily? How do you actually
7 make impact? So there are a lot of aspects that really
8 have been fleshed out before certain things can happen.

9 Q. There have been -- there's been a lot of
10 talk, I mean, since I've been on the Commission, even
11 years before, on potential legislation on climate change,
12 on curbing carbon emissions, whether it be a cap and trade
13 system or carbon tax. Has thinking at Great Plains
14 changed at all with the recent introduction of the
15 Waxman-Markey Bill on climate change, or has it changed
16 the way you're reviewing programs, and how does the smart
17 grid issue play into that?

18 A. I don't think --

19 Q. You're not the guy to ask?

20 A. I'm not the guy to answer that.

21 MR. FISCHER: Mr. Chairman, Mr. Giles I
22 think can address that perhaps.

23 CHAIRMAN CLAYTON: I don't think I have any
24 other questions. Mr. Giles, we can't let him get away
25 without being available.

1 JUDGE STEARLEY: Hold on one moment,
2 Mr. Rush. Let me be sure, does any party wish to
3 cross-examine this witness?

4 (No response.)

5 JUDGE STEARLEY: Mr. Fischer, do you have
6 any follow-up questions?

7 MR. FISCHER: No, sir.

8 JUDGE STEARLEY: Thank you, Mr. Rush. You
9 may be seated.

10 CHAIRMAN CLAYTON: Thank you.

11 JUDGE STEARLEY: And Mr. Giles, if you'd
12 pleas raise your right hand.

13 (Witness sworn.)

14 JUDGE STEARLEY: Thank you.

15 CHRIS GILES testified as follows:

16 QUESTIONS BY COMMISSIONER CLAYTON:

17 Q. Mr. Giles, why don't you state your
18 position, your name and position and why you're here?

19 A. Chris Giles, Vice President of Regulatory
20 Affairs, Kansas City Power & Light.

21 Q. The question that I posed to Mr. Rush, and
22 he astutely said I'm not the guy to answer that and
23 deferred to you, relates to the Waxman-Markey Bill that's
24 currently pending I think in the U.S. House of
25 Representatives. Are you familiar with that legislation?

1 A. I'm not familiar with that piece of
2 legislation, but I can speak in general about carbon and
3 what we're -- what we're doing in terms of looking at
4 different resources. Our IRP plan that we submitted even
5 a year ago was primarily focused on energy efficiency,
6 wind, and now we have expanded that somewhat to include
7 solar. It's not a part of our IRP, but we're looking at
8 demonstration projects for solar.

9 I think as we continue to evaluate what is
10 going to occur with carbon, we are taking a very diligent
11 and hard look even more aggressively for wind projects,
12 energy efficiency projects, even to the extent that we may
13 have to retire older coal plants and make that difference
14 up with energy efficiency, wind resources, because of the
15 carbon situation, that it may not -- and this is all in a
16 very preliminary stage.

17 It may not be advisable to retrofit some of
18 our existing coal plants with the equipment that we just
19 placed on the Iatan 1 in the future because the cost of
20 those facilities is increasing every day. Our very rough
21 estimate to retrofit the remainder of Lacine 1, which is
22 our coal plant in Kansas, we own half of that, and
23 Lacine 2 -- we've already installed the SCR on Lacine 1.
24 We've got to complete the retrofit there with a baghouse
25 and a scrubber, add the same equipment on Lacine 2, and

1 never going to be successful unless you're doing something
2 the customer wants and needs. And similar to what
3 Mr. Rush said, I'm not convinced the majority of
4 customers, residential in particular, are going to be
5 responsive to time of use prices. I'm just not convinced
6 that if you were to do this technology for that reason
7 alone, I don't think it would be cost effective. But
8 there's a lot of other automation, switching, things you
9 can do that may make that economical.

10 Q. Are you able to estimate or have you had
11 material made available to you to estimate what impact the
12 Waxman-Markey Bill would cause to the rates of Kansas City
13 Power & Light?

14 A. I have not.

15 Q. Have no idea?

16 A. Not at this point.

17 CHAIRMAN CLAYTON: Okay. I don't think I
18 have any other questions. Thank you for coming today.

19 MR. GILES: Thank you.

20 JUDGE STEARLEY: Any party wish to
21 cross-examine Mr. Giles?

22 (No response.)

23 JUDGE STEARLEY: Thank you for your
24 testimony.

25 MR. GILES: Thank you.

1 JUDGE STEARLEY: Mr. Chairman, did you have
2 any other witnesses?

3 CHAIRMAN CLAYTON: No, thank you.

4 JUDGE STEARLEY: Any other general
5 questions for counsel? Commissioner Gunn?

6 MS. WOODS: I'm sorry, Judge. Chairman
7 Clayton, I need to make a correction to one of Ms. Wolfe's
8 statements. AmerenUE does have a savings goal, but it's
9 not 1 percent of total savings. Its much smaller. It's
10 more like 10 to 25 percent of total growth. But they do
11 have a goal. Thank you.

12 JUDGE STEARLEY: Very well. Did any of the
13 parties wish to make any closing remarks? Are there any
14 other matters we need to take up at this time?

15 (No response.)

16 JUDGE STEARLEY: Hearing none. Our plan is
17 to have the transcripts of this proceeding expedited and
18 filed tomorrow.

19 MR. FISCHER: Judge, I would bring your
20 attention to the last hearing, the judge asked for a copy
21 of the stipulation. I don't know if you'd like to have
22 those entered into the record. I have two of those if
23 you'd like that.

24 JUDGE STEARLEY: Since they're already on
25 file, Mr. Fischer, I think we're fine.

1 MR. FISCHER: Thank you.

2 JUDGE STEARLEY: If there's nothing else to
3 take up, the stipulation hearing in Case No. ER-2009-0089
4 is hereby adjourned.

5 WHEREUPON, the hearing of this case was
6 concluded.

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STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Kellene K. Feddersen, Certified
Shorthand Reporter with the firm of Midwest Litigation
Services, do hereby certify that I was personally present
at the proceedings had in the above-entitled cause at the
time and place set forth in the caption sheet thereof;
that I then and there took down in Stenotype the
proceedings had; and that the foregoing is a full, true
and correct transcript of such Stenotype notes so made at
such time and place.

Given at my office in the City of
Jefferson, County of Cole, State of Missouri.

Kellene K. Feddersen, RPR, CSR, CCR