Exhibit No.:	
Issue:	Transmission Costs and FAC
Witness:	James R. Dauphinais
Type of Exhibit:	Rebuttal Testimony
Sponsoring Parties:	Missouri Industrial Energy Consumers and Public Counsel
Case No.:	ER-2014-0370
Date Testimony Prepared:	May 7, 2015

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service) **Case No. ER-2014-0370**

Rebuttal Testimony of

James R. Dauphinais

On behalf of

Missouri Industrial Energy Consumers
and
Office of the Public Counsel

NON-PROPRIETARY VERSION

May 7, 2015

BRUBAKER & ASSOCIATES, INC.

Project 9979.1

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

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	**Case No. ER-2014-0370**

STATE OF MISSOURI)
) SS
COUNTY OF ST. LOUIS)

Affidavit of James R. Dauphinais

James R. Dauphinais, being first duly sworn, on his oath states:

1. My name is James R. Dauphinais. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Missouri Industrial Energy Consumers and Office of the Public Counsel in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in the Missouri Public Service Commission, Case No. ER-2014-0370.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

James R. Dauphinais

Subscribed and sworn to before me this 6th day of May, 2015.

MARIA E. DECKER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis City
My Commission Expires: May 5, 2017
Commission # 13706793

Maria E. Decker
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
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Table of Contents to the
Rebuttal Testimony of James R. Dauphinais

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Rebuttal Testimony of James R. Dauphinais

I. INTRODUCTION

Q **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A James R. Dauphinais. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q **WHAT IS YOUR OCCUPATION?**

A I am a consultant in the field of public utility regulation and a Managing Principal of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Q **PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

A This information is included in Appendix A to my testimony.

Q **HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION ("COMMISSION" OR "MOPSC")?**

A Yes. I have previously testified before the Commission on several occasions. The subject matter of that testimony included, but was not limited to, avoided and incremental cost, electric utility fuel and purchased power costs, off-system sales revenues and margins, transmission expenses, transmission revenues, fuel adjustment clauses and Regional Transmission Organization ("RTO") participation. Of particular relevance in this proceeding, I testified before the Commission in KCPL's last base rate proceeding (Case No. ER-2012-0174) and in Ameren Missouri's very recent base rate proceeding (Case No. ER-2014-0258) with respect to the treatment of wholesale transmission expenses and revenues in retail rates in Missouri.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A This testimony is presented on behalf of the Missouri Industrial Energy Consumers ("MIEC") and Office of the Public Counsel ("OPC").

Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A My rebuttal testimony responds to the direct testimony and schedules of Kansas City Power & Light Company ("KCPL" or "Company") witnesses Darrin Ives, Tim Rush, Burton Crawford and Ronald Klote with respect to the following issues:

- KCPL's proposal to include wholesale transmission expenses and revenues not associated with the transportation of fuel and purchased power should the Commission grant KCPL a Fuel Adjustment Clause ("FAC") in this proceeding;

- KCPL's proposal to include NERC, FERC and Southwest Power Pool ("SPP") administration charges should the Commission grant KCPL a Fuel Adjustment Clause ("FAC") in this proceeding;

- KCPL's proposal to make extremely large pro forma adjustments to its test year off-system sales revenues and purchased power expenses in order to reflect the gross clearing of its generation and load in the day-ahead and real-time energy markets of the SPP Integrated Marketplace (KCPL Adjustments R-35 Normalize Bulk Power Sales and CS-24 Normalize fuel and purchase power energy (on system));

- KCPL's proposal to reduce its transmission revenues down by the difference between its Federal Energy Regulatory Commission ("FERC") authorized Return on Equity ("ROE") of 11.1% for transmission service rates and the ROE of 10.3%

that KCPL has proposed for its retail rates in Missouri in this proceeding (KCPL Adjustment R-80 Transmission Revenues - ROE).

- KCPL's proposal to eliminate 100% of net plant, transmission revenues and transmission O&M expenses associated with its SPP Regional Transmission Projects from its retail rates in Missouri (KCPL Adjustments RB-81 Transmission Plant – Region wide projects, R-81 Transmission Revenues – Region wide projects and CS-81 Transmission O&M – Region wide projects).

The fact that I do not address any other particular issues in my testimony or am silent with respect to any portion of the direct testimony of Messrs. Ives, Rush, Crawford and Klote should not be interpreted as an approval of any position taken by KCPL or any other party in direct testimony.

Finally, I would note that my recommendations with respect to KCPL's proposed FAC in this testimony are separate and apart from those made in the direct testimony of OPC witness Lena Mantle and apply whether or not any of her recommendations with respect to KCPL's FAC proposal are adopted by the Commission in this proceeding.

Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.

A My conclusions and recommendations are as follows:

- If the Commission grants KCPL a FAC, consistent with its recent May 29, 2015 Order in Ameren Missouri Case No. ER-2014-0258, all of KCPL's wholesale transmission expenses and revenues not associated with the transportation of fuel or purchased power should be removed from that FAC since Section 386.266.1, RSMo (Supp. 2011) only permits the inclusion of the cost of transportation for fuel and purchased power in an FAC – not the cost of transportation of power that is not purchased power. This will remove approximately 92.7% of KCPL's wholesale transmission expenses and all of its wholesale transmission revenues from its proposed FAC. This adjustment will not affect KCPL's base rate revenue requirement. However, it will decrease the portion of KCPL's total Company base rate revenue requirement that is included in the proposed Base Factor for KCPL's proposed FAC by approximately $36.5 million based on the adjusted test year wholesale transmission expense and revenue data included in KCPL's direct case.[1] This lowers the proposed Base Factor by $0.00228 per kWh. This Base Factor adjustment will need to be recalculated during the true-up phase of this proceeding.

- If the Commission grants KCPL a FAC, all of KCPL's SPP Administration Charges as well as NERC and FERC fees (Accounts 561, 565, 575 and 928) should be removed from that FAC as these are neither fuel and purchased power expenses nor transportation expenses incurred to deliver fuel or purchased power. This adjustment will not affect KCPL's base rate revenue requirement. However, it will decrease the portion of KCPL's total Company base rate revenue requirement that is included in the proposed Base Factor for KCPL's proposed FAC by approximately $13.9 million based on the adjusted test year SPP Administration Charge data included in KCPL's direct case.[2] This lowers the proposed Base Factor by $0.00087 per kWh. This Base Factor adjustment will need to be recalculated during the true-up phase of this proceeding.

- The Commission should deny KCPL's proposal to incorporate extremely large pro forma adjustments to its test year off-system sales revenues and purchased power expenses to reflect the gross clearing of its generation and load in the day-ahead and real-time energy markets of the SPP Integrated Marketplace (KCPL Adjustments R-35 and CS-24). These proposed adjustments misrepresent how KCPL utilizes the SPP Integrated Marketplace to help serve its native load customers and are counter to FERC's accounting requirements for off-system sales (Account 447) and purchased power (Account 555) under Order No. 668. The proposed pro forma adjustment should be modified to be consistent with the MWh of off-system energy sales and purchased energy reported on KCPL witness Crawford's Schedule BLC-4. This recommendation does <u>not</u> affect either KCPL's proposed base rate revenue requirement or its proposed Base Factor for its proposed FAC. It simply avoids misrepresenting how KCPL utilizes the SPP market to help serve its native load customers and assures conformance to FERC Order No. 668 with respect to the accounting of sales to and purchases from RTO markets.

- The Commission should deny KCPL's proposed pro forma adjustment to lower its wholesale transmission revenues by the difference between its FERC-authorized ROE for transmission service and the lower authorized ROE KCPL has proposed in this proceeding for its retail rates in Missouri (KCPL Adjustment R-80). KCPL receives these revenues as a result of the transmission facilities it has constructed for its native load customers that are ultimately paid for by those customers. As a result, native load customers should be entitled to 100% of these revenues. KCPL should not be permitted to "skim off" and retain the difference between its FERC-authorized ROE and Missouri-authorized ROE. This will lower KCPL's proposed Missouri-jurisdictional base rate revenue requirement

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[1] 92.7% of $47.7 million in total Company Account 565 wholesale transmission expenses less 100.0% of $7.7 million in total Company Account 456.1 wholesale transmission revenues (KCPL Workpaper "KCPL MO FAC Base Rate Calc.xlsx" at Base Calc).

[2] Total Company sum of Account 561.4 and 561.8 costs of approximately $7.8 million, Account 575 costs of approximately $5.2 million and Account 928 Dept 415 FERC Assessment costs of approximately $1.0 million (KCPL Workpaper "KCPL MO FAC Base Rate Calc.xlsx" at Base Calc).

by approximately $0.1 million. While this is a small dollar issue at this time, it is an issue of important precedent with respect to the Commission potentially allowing jurisdictional electric utilities to "skim off" and retain the difference between the return earned from non-requirements wholesale sales of power and wholesale transmission service and the return authorized under retail electric rates in Missouri.

- The Commission should deny KCPL's proposed pro forma adjustment to remove 100% of its net plant, transmission revenues and transmission O&M expenses associated with its SPP Regional Transmission Projects from its retail rates in Missouri (KCPL Adjustments RB-81, R-81 and CS-81). KCPL's proposal would allow KCPL to conduct an "end run" around the Commission's ratemaking by allowing KCPL to charge its Missouri retail customers for their share of these projects constructed and owned by KCPL based on FERC's authorized revenue requirement for the projects rather than a revenue requirement set by this Commission. The Commission should only allow KCPL to make pro forma rate base, revenue and O&M expense adjustments to remove the 92.4% of these projects that is not allocated to KCPL under the SPP Open Access Transmission Tariff ("OATT"). Because this currently only affects one very small transmission project (the Swissvale Tap Project), this recommendation will reduce KCPL's proposed Missouri-jurisdictional base rate revenue requirement by only a negligible amount (approximately $2,000). However, this is an issue of important precedent with respect to the Commission potentially allowing jurisdictional electric utilities to earn a FERC-authorized return from their Missouri retail customers for transmission facilities owned and operated by those jurisdictional electric utilities.

II. PROPOSED INCLUSION OF TRANSMISSION EXPENSES AND TRANSMISSION REVENUES IN THE FAC

Q PLEASE DESCRIBE KCPL'S WHOLESALE TRANSMISSION EXPENSES AND REVENUES.

A KCPL's wholesale transmission expenses are the transmission service charges reflected in FERC Account 565 that KCPL incurs under the SPP OATT and the OATTs of other transmission providers. KCPL incurs these expenses for three reasons:

- To transmit electric power from its own generation facilities to its own load;
- To transmit electric power it has purchased from SPP or other third-parties ("Purchased Power") to its own load; and

- To transmit electric power it is selling to third-parties ("Off-System Sales") to locations outside of SPP.[3]

KCPL's wholesale transmission revenues are the transmission service revenues reflected in FERC Account 456.1 that KCPL earns via the SPP OATT and other FERC-jurisdictional transmission rates. These revenues are paid to KCPL for use of its transmission system by third-parties.

Q WHY IS THE QUESTION OF WHETHER SOME OR ALL OF THESE EXPENSES AND REVENUES SHOULD BE INCLUDABLE IN A FAC IF ONE IS GRANTED TO KCPL A SIGNIFICANT ISSUE IN THIS PROCEEDING?

A KCPL's wholesale transmission expenses have risen and are expected to continue to rise by a large amount over the next few years (KCPL witness Ives at 24 and KCPL witness Rush Direct at 18-20). This is primarily due to a forecasted increase in SPP Region-wide Transmission Project charges (Rush Direct at 20). KCPL's share of the annual revenue requirement of SPP Region-wide Transmission Projects and zonally allocated transmission projects for the adjusted test year amounts to just under $48 million (total Company). SPP projects the KCPL share of the annual revenue requirement will grow to approximately $55 million in 2017 and peak out at $65 million in 2022 (Rush Direct at 20 and Rush Schedule TMR-5). Allowing KCPL to flow increases of these wholesale transmission expenses through an FAC would allow KCPL to recover the Missouri jurisdictional portion of these increases between base rate proceedings without considering whether KCPL has any offsetting changes in its non-transmission and non-fuel revenues and expenses. This could allow KCPL to over-recover its total costs. Therefore, these wholesale transmission expenses should

[3] Under the terms and conditions of the SPP transmission tariff, KCPL is generally not subject to any wholesale transmission charges for its off-system sales to SPP or to third-parties located inside the footprint of SPP.

not be allowed to be recovered through any FAC granted to KCPL except to the extent: (i) it is permitted by Section 386.266 and (ii) the expenses meet the standard the Commission has applied when determining the eligibility for costs to be recovered in an FAC.

Q WHICH WHOLESALE TRANSMISSION EXPENSES AND REVENUES MAY THE COMMISSION ALLOW TO BE INCLUDED IN AN FAC?

A The Missouri statute that authorizes the establishment of FACs, Section 386.266.1, RSMo (Supp. 2011), allows an electric utility to make periodic rate adjustments only to "reflect increases and decreases in its prudently incurred fuel and purchased power costs, including transportation." This means that the only transportation costs that can be included in an FAC are: (i) transportation costs for fuel and (ii) transportation costs for purchased power. For each wholesale transmission expense or revenue that KCPL proposes to include in its FAC, the Commission must find that it is either a transportation cost for fuel or a transportation cost for purchased power in order to be included in KCPL's FAC. However, since fuel cannot be physically transported using the electric transmission system, the only wholesale transmission expenses and revenues that can be included in the FAC are wholesale transmission expenses incurred to transport purchased power.

Q IS KCPL PROPOSING TO ONLY INCLUDE IN ITS FAC WHOLESALE TRANSMISSION EXPENSES AND REVENUES THAT ARE FOR THE TRANSPORTATION OF PURCHASED POWER?

A No. KCPL is proposing to place all of its wholesale transmission expenses and revenues into its FAC, not just those that are for the transportation of purchased power. Only KCPL's wholesale transmission expenses that are incurred to transmit electric power it has purchased from SPP or other third-parties (i.e., Purchased Power) should be includable in a FAC as they are the only transportation costs for purchased power that KCPL incurs. KCPL's wholesale transmission expenses incurred to transmit power from its own generation resources to its own load should be excluded from a FAC because these expenses are not incurred for transportation of fuel or purchased power. For the same reason, KCPL's wholesale transmission expenses incurred to transmit the electric power it is selling to third-parties (i.e., Off-System Sales) to locations outside of SPP should be excluded from a FAC along with all of its wholesale transmission revenues.[4]

Q **HAVE YOU BEEN ABLE TO CLASSIFY KCPL'S WHOLESALE TRANSMISSION EXPENSES INTO THOSE TO: (I) TRANSMIT POWER FROM ITS OWN GENERATION TO ITS OWN LOAD, (II) TRANSMIT PURCHASED POWER TO ITS LOAD AND (III) TRANSMIT OFF-SYSTEM SALES?**

A Yes. Table JRD-1 breaks all of KCPL's wholesale transmission expenses into each of the aforementioned categories.

[4]This said, this assumes that it is KCPL that is proposing to recover wholesale transmission expenses for the delivery of off-system sales and wholesale transmission revenues through an FAC. The matter changes when the Commission chooses to condition the granting of an FAC on the inclusion of: (i) off-system sales margins in the FAC and/or (ii) transmission revenues in the FAC. For example, the current Ameren Missouri and KCPL-GMO FACs effectively include off-system sales margins as a condition of those FACs being granted. Off-system sales margins are calculated as off-system sales revenues less the incremental costs to incur those sales. Incremental wholesale transmission expenses incurred to deliver such off-system sales are one of the incremental costs incurred to make those sales and, as a result, the Commission has allowed incremental wholesale transmission expenses incurred to make off-system sales to be included in the Ameren Missouri and KCPL-GMO FACs.

TABLE JRD-1 KCPL Wholesale Transmission Expenses Classified by Function	
Function	**Wholesale Transmission Expenses**
Transmission of Power from KCPL's Generation to KCPL's Load	Nearly all of the SPP Schedule 11 charges incurred by KCPL for the Network Integration Transmission Service ("NITS") it takes from SPP for its load, as well as nearly all of the point-to-point transmission service related charges it incurs for its load.
Transmission of Purchased Power	All non-SPP wholesale transmission charges incurred by KCPL to transmit purchased power to the boundary of the SPP transmission system for ultimate delivery to KCPL's load. A very small portion of the SPP Schedule 11 charges incurred by KCPL for the Network Integration Transmission Service ("NITS") it takes from SPP for its load as well as a very small portion of the point-to-point transmission service related charges it incurs for its load.
Transmission of Off-System Sales	All SPP Schedule 7, 8 and 11 charges incurred by KCPL for point-to-point transmission service to transmit off-system sales out of SPP to third-party buyers located outside of SPP. All non-SPP wholesale transmission charges incurred by KCPL to transmit Off-System Sales from the boundary of the SPP transmission system to third-party buyers located outside of SPP.

In Table JRD-1, it is important to note that KCPL generally does not incur wholesale transmission expenses to make off-system sales to SPP or to any third-party located within SPP. Pursuant to the SPP tariff, KCPL generally only incurs wholesale transmission expenses for Off-System Sales when those sales are to third-parties located outside of SPP.

Q **IN TABLE JRD-1, YOU INDICATE THAT NEARLY ALL OF KCPL'S SPP SCHEDULE 11 WHOLESALE TRANSMISSION EXPENSES ASSOCIATED WITH THE NETWORK INTEGRATION TRANSMISSION SERVICE ("NITS") IT TAKES FROM SPP TO SERVE ITS LOAD ARE FOR THE TRANSMISSION OF POWER FROM ITS OWN GENERATORS TO ITS OWN LOAD, RATHER THAN TO TRANSMIT PURCHASED POWER TO ITS OWN LOAD. PLEASE EXPLAIN HOW THE NITS KCPL TAKES FROM SPP PROVIDES BOTH FUNCTIONS AND WHY NEARLY ALL OF IT IS FOR TRANSMITTING POWER FROM KCPL'S OWN GENERATION TO ITS OWN LOAD.**

A The NITS obtained by KCPL from SPP allows delivery of power to KCPL's load from either KCPL's own generation facilities or from third-party sources. In each operating hour, KCPL offers energy production from all of its generation facilities into the SPP market and clears all of its load in the SPP market. In an hour in which KCPL's cleared generation MWh equals its cleared load MWh, KCPL has neither any power purchases from SPP nor any off-system sales to SPP. As a result, in such hours the wholesale transmission expense for its NITS is entirely associated with the transmission of power from KCPL's own generation to its own load.

In an hour when KCPL clears more generation MWh than load MWh in the SPP market, it has an Off-System Sale to SPP for the MWh difference. However, that power sale is not transmitted pursuant to KCPL's NITS. As a result, in these hours, the wholesale transmission expense for its NITS is also entirely for the transmission of power from its own generation facilities to its own load.

Only in an hour when KCPL clears less generation MWh than load MWh does KCPL purchase any power from SPP such that a portion of its NITS expenses is incurred for the transmission of purchased power to its load. However, the SPP power purchase in these hours is limited to the difference between KCPL's cleared load MWh and its cleared generation MWh. In addition, because KCPL is generally self-sufficient for generation, during these hours, the total SPP purchased power MWh that are being transmitted to KCPL's load is much smaller than the total KCPL generation MWh that are being transmitted to KCPL's load.

Because far more often than not KCPL has an Off-System Sale to SPP rather than a power purchase from SPP, and its transmitted Power Purchase MWh is typically much smaller than its transmitted Generation MWh when KCPL does have a power purchase, only a very small portion of KCPL's SPP NITS transmission expenses can reasonably be considered to be incurred for the transmission (i.e., transportation) of Purchased Power. Nearly all of them are for the transportation of power from KCPL's own generation facilities to its own load and, thus, should not be recoverable in a FAC.

Q **HAVE YOU BEEN ABLE TO QUANTIFY THE VERY SMALL PORTION OF KCPL'S SPP WHOLESALE TRANSMISSION EXPENSES FOR NITS THAT REASONABLY CAN BE CONSIDERED TRANSPORTATION OF PURCHASED POWER?**

A Yes. KCPL witness Crawford identifies KCPL's normalized level of purchased power MWh and load MWh in his Schedule BLC-4. KCPL's total load for which NITS service is being taken is equal to approximately **__________** MWh. However, only approximately **________** MWh (or approximately 7.3%) of that **________** MWh of load was supplied from purchased power obtained under KCPL's purchased power agreements and from SPP (Schedule BLC-4). The remaining **________** MWh (or 92.7%) of load are being served by KCPL's own generation facilities. Thus, only a very small portion, approximately 7.3% of KCPL's total SPP wholesale transmission expenses incurred for NITS can be reasonably classified as being for transportation of fuel or purchased power. The other 92.7% of KCPL's total SPP wholesale transmission expenses incurred for NITS should be classified as being for the transportation of power from KCPL's own generation to its own load and excluded from the FAC and the NBEC portion of KCPL's base rate revenue requirement.

Q **ARE ANY OTHER PORTIONS OF KCPL'S SPP WHOLESALE TRANSMISSION EXPENSES RELATED TO THE TRANSPORTATION OF PURCHASED POWER TO ITS LOAD?**

A To the extent KCPL is receiving point-to-point transmission service from SPP to serve a portion of its total load rather than NITS service, only 7.3% of that service, like with NITS service, is related to the delivery of purchased power. All of KCPL's remaining non-NITS related SPP wholesale transmission expenses are incurred to transmit (i.e., transport) power from its generation to third-parties (i.e., to transmit off-system sales). These latter costs should be excluded in their entirety from KCPL's FAC and the FAC Base Factor portion of its base rate revenue requirement unless the Commission chooses to condition any granting of a FAC to KCPL on including its off-system sales margins within that FAC. As I noted earlier, off-system sales margins are equal to off-system sales revenues less the incremental costs incurred to make those off-system sales. One of those incremental costs is the cost of transmission service charges that would not be incurred but for the off-system sales.

Based on my review of KCPL's workpapers, it does not appear it is readily possible to split SPP wholesale transmission expenses between KCPL's SPP point-to-point transmission service for off-system sales and KCPL's SPP NITS (and point-to-point) service for its load. Furthermore, KCPL's 2014 FERC Form 1 filing shows that only a very small portion of its off-system sales are to entities located outside of the SPP and, thus, subject to transmission service charges (KCPL 2014 FERC Form 1 Filing at pages 310 through 311.2). Therefore, MIEC and OPC are willing to agree, for purposes of this proceeding only, to forgo trying to split them and instead propose to estimate KCPL's total wholesale transmission expenses for the transmission of purchased power as 7.3% of all of KCPL's SPP wholesale transmission expenses rather than just 7.3% of KCPL's SPP NITS wholesale transmission expenses. However, MIEC and OPC reserve the right in future base rate proceedings to seek to split KCPL's total SPP wholesale transmission expenses between point-to-point and NITS service.

Q **HAVE YOU BEEN ABLE TO IDENTIFY WHICH OF KCPL'S <u>NON-SPP</u> WHOLESALE TRANSMISSION EXPENSES ARE FOR TRANSMISSION OF PURCHASED POWER TO THE SPP BORDER FOR ULTIMATE DELIVERY TO KCPL'S LOAD, VERSUS TRANSMISSION OF OFF-SYSTEM SALES FROM THE SPP BORDER TO THIRD-PARTIES LOCATED OUTSIDE OF SPP?**

A No, I have not been able to do so. However, based on KCPL's FERC Form 1 filing for calendar year 2014, in total, non-SPP wholesale transmission expenses amount to only \$0.4 million (approximately 0.1%) of KCPL's total calendar year 2014 wholesale transmission expenses of \$47.2 million (KCPL 2014 FERC Form 1 at page 332). As a result, MIEC and OPC are willing to agree, for purposes of this proceeding only, to forgo trying to split them and instead propose to simply classify 7.3% of all of KCPL's wholesale transmission expenses as wholesale transmission expenses incurred to deliver purchased power to KCPL's customers. If KCPL is granted a FAC by the Commission, this small portion of KCPL's wholesale transmission expenses would be recoverable in the FAC. The remaining 92.7% of KCPL's wholesale transmission expenses and none of KCPL's wholesale transmission revenues would be recoverable in the FAC. However, they would still be recoverable in KCPL's base rates.

Q **WHAT IS THE IMPACT OF YOUR RECOMMENDATION ON KCPL'S PROPOSED MISSOURI JURISDICTIONAL BASE RATE REVENUE REQUIREMENT AND THE PORTION OF THAT REVENUE REQUIREMENT INCLUDED IN THE BASE FACTOR OF ITS PROPOSED FAC?**

A KCPL's Missouri-jurisdictional base rate revenue requirement will not be affected. However, the portion of that revenue requirement that would be included in the Base Factor for the FAC would be reduced by approximately \$36.5 million based on the adjusted test year wholesale transmission expense and revenue data included in KCPL's direct case.[5] This will lower the proposed Base Factor by \$0.00228 per kWh. This Base Factor adjustment will need to be recalculated during the true-up phase of this proceeding.

[5]92.7% of \$47.7 million in total Company Account 565 wholesale transmission expenses less 100.0% of \$7.7 million in total Company Account 456.1 wholesale transmission revenues (KCPL Workpaper "KCPL MO FAC Base Rate Calc.xlsx" at Base Calc).

Q IS YOUR RECOMMENDATION CONSISTENT WITH PAST COMMISSION PRECEDENT?

A Yes. In Case No. ER-2010-0356, KCPL's sister company, Kansas City Power and Light Company – Greater Missouri Operation ("KCPL-GMO") proposed to include all of its wholesale transmission expenses in its proposed FAC. The Commission ruled:

> "76. The Commission concludes that all transmission costs should not be included in GMO's adjustment clause because they are not included in section 386.266, RSMo. Supp. 2010, as a type of cost to be recovered through a fuel adjustment clause, they are inconsistent with the definitions of fuel and purchased power cost in 4 CSR 240-20.090(1)(B), and elsewhere, and they do not vary in a direct relationship with fuel or purchased power. With regard to the transmission costs specifically related to [off-system sales], however, those costs shall be allowed[.]"
>
> (Report and Order in Case No. ER-2010-0356 at pages 218 – 219).

More recently, in Case No. ER-2014-0258, Ameren Missouri also attempted to include all of its wholesale transmission expenses in its FAC and went as far as to argue that since it has to clear all of its generation and all of its load in the Midcontinent Independent System Operators, Inc. ("MISO") day-ahead and real-time energy markets, energy markets very similar to the day-ahead and real-time energy markets of the SPP, Integrated Marketplace, all of the power for its customers is purchased power. In its April 29, 2015 Report and Order, the Commission rejected Ameren Missouri's proposal. In its decision, it noted:

> "The evidence demonstrated that for purposes of operation of the MISO tariff, Ameren Missouri sells all the power it generates into the MISO market and buys back whatever power its needs to serve its native load. From that fact, Ameren Missouri leaps to its conclusion that since it sells all its power to MISO and buys all that power back, all such transactions are off-system sales and purchased power within the meaning of the FAC statute. The Commission does not accept this point of view.
>
> The drafters of the FAC statute likely did not envision a situation where a utility would consider all its generation purchased power or off-system sales. In fact, the policy underlying the FAC statute is clear

> on its face. The statute is meant to insulate the utility from unexpected and uncontrollable fluctuations in transportation costs of purchased power. At the time the statute was drafted, and even in our more complex present-day system, the costs of transporting energy in addition to the energy generated by the utility or energy in excess of what the utility needs to serve it load are the costs that are unexpected and out of the utility's control to such an extent that a deviation from traditional rate making is justified.
>
> Therefore, of the three reasons Ameren Missouri incurs transmission costs cited earlier, the costs that should be included in the FAC are 1) costs to transmit electric power it did not generate to its own load (true purchased power) and 2) costs to transmit excess electric power it is selling to third parties to locations outside of MISO (off-system sales). Any other interpretation would expand the reach of the FAC beyond its intent."
>
> (Case No. ER-2014-0258, Report and Order at pages 115 - 116)

KCPL in this proceeding is attempting to repeat what its sister company tried several years ago outside of the context of Regional Transmission Organization ("RTO") day-ahead and real-time energy markets and, more specifically, Ameren Missouri just attempted in the context of Regional Transmission Organization day-ahead and real-time energy markets in Case No. ER-2014-0258. In both prior cases the Commission said no. It should say no again.

III. PROPOSED INCLUSION OF NERC, FERC AND SPP ADMINISTRATION CHARGES IN THE FAC

Q PLEASE DESCRIBE THE NERC, FERC AND SPP ADMINISTRATION CHARGES THAT KCPL PROPOSED TO INCLUDE ITS PROPOSED FAC IF IT IS GRANTED BY THE COMMISSION.

A KCPL is proposing to include certain SPP, FERC and NERC fees included in the following accounts:

- Account 561.4 - Scheduling, System Control and Dispatch Service
- Account 561.8 - Reliability Planning and Standards Development Services

- Account 575.5 - Market Administration, Monitoring and Compliance Services
- Account 928 - Regulatory commission expenses (FERC Assessments)

Q HAS KCPL REASONABLY JUSTIFIED THE INCLUSION OF THESE CHARGES IN IT PROPOSED FAC?

A No. KCPL has not reasonably demonstrated that these are fuel and purchased power costs or costs incurred for the transportation of fuel or purchased power.[6] Failing to do so, KCPL is not permitted under Section 386.266.1, RSMo (Supp. 2011) to recover them in a FAC. Assuming some of these charges are incurred under the SPP OATT, in order for them to be recoverable through an FAC, KCPL would have to demonstrate that the portion of these charges it wishes to include in an FAC would not be incurred but for the transmission service it takes for the delivery of purchased power. KCPL has not done so. Therefore, while these costs are still recoverable in base rates, if the Commission grants KCPL a FAC, these costs should not be recoverable through that FAC. I estimate this will decrease the portion of KCPL's total Company base rate revenue requirement that is included in the proposed Base Factor for KCPL's proposed FAC by approximately $13.9 million based on the adjusted test year SPP Administration Charge data included in KCPL's direct case.[7] This lowers the proposed Base Factor by $0.00087 per kWh. This Base Factor adjustment will need to be recalculated during the true-up phase of this proceeding.

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[6]As an aside, I would note that Ameren Missouri's FAC has excluded, and in Case No. ER-2015-0258 Ameren Missouri proposed to continue to exclude, FERC assessment charges and MISO Administration charges, which are similar to the FERC assessment charges and SPP Administration charges that KCPL is proposing to include in its proposed FAC in this proceeding.

[7]The total Company sum of Account 561.4 and 561.8 costs of approximately $7.8 million, Account 575 costs of approximately $5.2 million and Account 928 Dept 415 FERC Assessment costs of approximately $1.0 million (KCPL Workpaper "KCPL MO FAC Base Rate Calc.xlsx" at Base Calc).

IV. PROPOSED ADJUSTMENT TO REFLECT THE GROSS CLEARING OF KCPL GENERATION AND LOAD IN THE SPP ENERGY MARKET

Q PLEASE EXPLAIN KCPL'S PROPOSAL TO APPLY EXTREMELY LARGE ADJUSTMENTS TO ITS ACCOUNT 447 OFF-SYSTEM SALES REVENUES AND 555 PURCHASED POWER EXPENSES (KCPL ADJUSTMENTS CS-34 AND R-35) TO REFLECT THE CLEARING OF ALL OF ITS GENERATION AND LOAD IN THE SPP DAY-AHEAD AND REAL-TIME ENERGY MARKETS.

A KCPL proposes to adjust up both its test year Purchase Power-Energy expenses in Account 555 and Off-System Energy and Ancillary sales revenues in Account 447 by over $450 million to reflect that it clears all of its generation and all of its load in the SPP day-ahead and real-time energy markets of the SPP Integrated Marketplace. These extremely large simultaneous adjustments have absolutely no effect on KCPL's proposed revenue requirement as the equal and opposite part of these adjustments cancel each other out. The only purpose the large equal and opposite part of these adjustments could serve is to attempt to bolster KCPL's proposal to recover all of its wholesale transmission expenses through its proposed FAC by trying to convince the Commission, just like Ameren Missouri just attempted in Case No. ER-2014-0258, that KCPL purchases all of the power for its retail customers from SPP energy markets. The proposed adjustments misrepresent KCPL's use of the SPP energy markets, are inconsistent with the requirements of FERC Order No. 668 and inconsistent with KCPL's own 2014 FERC Form 1 filing that was made with FERC after KCPL filed its application and direct testimony in this proceeding.

I recommend the Commission require KCPL to remove the equal and opposite portions of these proposed adjustments such that they are consistent with the MWh of Non-Firm Wholesale Market Purchased Power and Non-Firm Sales (i.e., non-firm off-system energy sales) reported on Mr. Crawford's Schedule BLC-4. This change will not change KCPL's proposed revenue requirement or the Base Factor for its proposed FAC. It will simply avoid misrepresenting KCPL's true purchased power energy expense and true off-system energy sales revenue.

Q PLEASE EXPLAIN WHY KCPL'S PROPOSED ADJUSTMENT MISREPRESENTS ITS USE OF THE SPP ENERGY MARKETS.

A While it is true that on an hourly basis KCPL clears all of its generation and all of its load in the SPP energy market, this does not mean KCPL purchases all of its power for its customers. If it did, it would mean:

- The fuel and purchased power cost for power paid by customers would be equal to the wholesale market price for power -- not KCPL's cost to produce power in its own generating units supplemented by occasional wholesale market purchases; and

- The entire output of KCPL's generation facilities would be dedicated to the production of off-system sales -- not to serving KCPL's customers.

Under this absurd scenario, no fuel costs would be assigned to KCPL's customers -- only purchased power costs would be assigned to customers. In addition, there would be grounds for the Commission to remove from KCPL's rate base the entire net plant of KCPL's generation facilities since those facilities would no longer be serving the Company's customers.[8]

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[8]Obviously, if this was done, the fuel expenses, O&M expenses and off-system sales revenues associated with KCPL's generation facilities would also be removed from rates.

Q **DOES FERC SPECIFY HOW GENERATION AND LOAD THAT IS CLEARED ON AN HOURLY BASIS IN RTO MARKETS SUCH AS THAT OF SPP SHOULD BE CLASSIFIED?**

A Yes. In Order No. 668, FERC specified how the hourly clearing in RTO markets of load and generation should be addressed under the uniform system of accounts by public utilities such as the Company. Under Order No. 668, public utilities must net their SPP-cleared load and generation in each hour and report that net amount as either: (i) a sale for resale (i.e., off-system sale) under Account 447 when the utility's cleared generation exceeds the cleared load or (ii) a power purchase under Account 555 when the utility's cleared load exceeds its cleared generation. Thus, under FERC's accounting rules, in each hour, a public utility has either an off-system sale to SPP or a power purchase from SPP -- not both. As FERC indicated in Order No. 668:

> "Recording RTO energy market transactions on a net basis is appropriate as purchase and sale transactions taking place in the same reporting period to serve native load are done in contemplation of each other and should be combined. Netting accurately reflects what participants would be recording on their books and records in the absence of the use of an RTO market to serve their native load. Recording these transactions on a gross basis, in contrast, would give an inaccurate picture of a participant's size and revenue producing potential." (FERC Order No. 668 at paragraph 80)

The reality is that that KCPL offers all of its generation and bids all of its load into the SPP energy market in contemplation of each other on behalf of native load customers in order to supplement the energy available from its own generation facilities with power purchases and to engage in economy sales of excess energy from its own generation facilities. FERC accounting requirements under Order No. 668 reflect this fact.

Q **DOES KCPL'S OWN SCHEDULES IN THIS PROCEEDING SUPPORT ITS PROPOSED ADJUSTMENTS?**

A No. On an annualized basis, Mr. Crawford's Schedule BLC-4 provides MWh and dollar information on KCPL's fuel and purchased power costs. The MWh values on the schedule properly indicate that KCPL only purchases a very small portion of non-firm energy from the wholesale market (**__________**) to meet its total firm native load energy need of **__________** and only sells a portion (**______________**) of its total energy production from its generators of **____________** as non-firm wholesale market sales. This does not show that KCPL purchases all of its energy for its native load customers from the SPP energy market or that it sells the entire output from its generators into the SPP energy market. Yet, on the dollar portion of this same schedule, KCPL attempts to claim it has total non-firm purchased energy costs of **________** and total non-firm off-system energy sales revenues of **____________**. Taking the entire single page schedule together suggests that KCPL is indicating non-firm energy purchase costs of $8,737 per MWh and non-firm off-system energy sales revenues of approximately $95 per MWh. Both implied prices are grossly incorrect because Schedule BLC-4 misrepresents KCPL's true non-firm purchased energy costs and true non-firm off-system energy sales revenues by presenting them based on the gross hourly clearing of KCPL generation and load in the SPP energy market.

Q **WHAT DOES KCPL'S OWN 2014 FERC FORM 1 FILING OF APRIL 20, 2015 SHOW?**

A It shows total energy purchases from the SPP energy market in 2014 of 1,243,020 MWh at a price of $57.2 million or approximately $46 per MWh (KCPL 2014 FERC

Form 1 Filing at pages 326.2 and 327.2). It also shows total off-system energy sales to the SPP energy market of 6,175,961 MWh at a price of $167.7 million or approximately $27 per MWh (KCPL 2014 FERC Form 1 Filing at pages 310.2 and 311.2). These values properly reflect either just a purchase or just a sale by KCPL in each hour of the SPP day-ahead and real-time energy markets. This filing was made well after KCPL filed its direct testimony and exhibits in this proceeding and reflects ten full months of operation within the energy markets of the SPP Integrated Marketplace.[9]

Q **WHILE FERC UNDER ITS ORDER NO. 668 REQUIRES THAT UTILITIES EITHER JUST BOOK A SALE OR A PURCHASE IN EACH HOUR FROM THE SPP ENERGY MARKET, DOES FERC ALSO REQUIRE THAT INFORMATION ON THE GROSS CLEARING OF GENERATION AND LOAD BY EACH UTILITY BE MAINTAINED?**

A Yes, it does so for the limited purposes of auditing and monitoring the market for improper conduct. Specifically, in Order No. 668, FERC indicated:

> "The Commission does expect public utilities, however, to maintain detailed records for auditing purposes of the gross sale and purchase transactions that support the net energy market amounts recorded on their books."
>
> (FERC Order No. 668 at paragraph 80)
>
> "Finally, one purpose of this rule is to establish uniform accounting requirements for the purchase and sale of energy in RTO markets. The purpose of reporting of gross information in EQRs, in contrast, is to provide the Commission and the public with a more complete picture of wholesale market activities which affect jurisdictional services and rates, thereby helping to monitor for any market power and to ensure that customers are protected from improper conduct. These are not necessarily the same criteria and principles that should be used in establishing uniform accounting requirements."

[9]The SPP Integrated Marketplace began operation March 1, 2014.

(FERC Order No. 668 at paragraph 84)

V. PROPOSED ADJUSTMENT TO LOWER TRANSMISSION REVENUES FROM THE FERC ROE TO THE MISSOURI ROE

Q PLEASE EXPLAIN KCPL'S R-80 TRANSMISSION REVENUE ADJUSTMENT.

A According to the testimony of KCPL witness Klote, the R-80 transmission revenue adjustment is necessary to ensure the ROE included in retail rates in Missouri is not less than authorized by this Commission (Klote Direct at 33). Essentially, KCPL proposes to "skim off" from its wholesale transmission revenues the difference between its FERC-authorized ROE of 11.1% for transmission service and its proposed Missouri-authorized ROE of 10.3%

Q HOW DO YOU RESPOND TO KCPL'S PROPOSAL?

A KCPL's proposal should be denied because its retail customers are ultimately responsible for supporting the revenue requirement of the Company's transmission facilities and, as such, should be entitled to all FERC-jurisdictional transmission revenues the Company is able to earn as an offset against the Company's transmission revenue requirement. The Company's proposal would be akin to allowing the Company to retain the difference between its non-firm off-system energy revenues received at market prices and the Company's fuel cost to produce that energy. This denial will only lower KCPL's proposed Missouri-jurisdictional revenue requirement in this proceeding by a small amount (approximately $0.1 million), but it is an issue of important precedent with respect to the Commission potentially allowing jurisdictional electric utilities to "skim off" and retain the difference between the return earned from non-requirements wholesale sales of power and wholesale transmission service and the return authorized under retail electric rates in Missouri.

VI. PROPOSED ADJUSTMENT TO REMOVE ALL SPP REGION-WIDE TRANSMISSION PROJECT NET PLANT, TRANSMISSION REVENUES AND TRANSMISSION O&M EXPENSES FROM MISSOURI RETAIL RATES

Q PLEASE EXPLAIN KCPL'S PROPOSAL TO REMOVE ALL SPP REGION-WIDE TRANSMISSION PROJECT NET PLANT, TRANSMISSION REVENUES AND TRANSMISSION O&M EXPENSES FROM MISSOURI RETAIL RATES (KCPL ADJUSTMENT RB-81, R-81 AND CS-81).

A KCPL proposes to remove all of the net plant, transmission revenues and transmission O&M expenses associated with its only SPP Region-wide transmission project, the Swissvale Tap Project, from its retail rates in Missouri. KCPL proposes to do this because the project was constructed to literally serve all customers in all states in the SPP region (Klote Direct at 23 through 26).

Q HOW DO YOU RESPOND TO KCPL'S PROPOSAL?

A I recommend the Commission reject it. While it is true that SPP only assigns 7.6% of the cost of this project to KCPL's native load customers, under KCPL's proposal its Missouri retail customers will have to pay for that 7.6% share based on FERC ratemaking and not ratemaking set by this Commission (Klote Direct at 25, lines 11-13).

KCPL's proposal acts as an end-run around the Commission's ratemaking by allowing KCPL to charge its Missouri retail customers for their share of these projects constructed and owned by KCPL based on FERC's authorized revenue requirement for the projects rather than a revenue requirement set by this Commission. The

Commission should only allow KCPL to make pro forma rate base, revenue and O&M expense adjustments to remove the 92.4% of these projects that is not allocated to KCPL under the SPP Open Access Transmission Tariff ("OATT").

Because this currently only affects one very small transmission project (the Swissvale Tap Project), this recommendation will reduce KCPL's proposed Missouri-jurisdictional base rate revenue requirement by only a negligible amount (approximately $2,000). However, this is an issue of important precedent with respect to the Commission potentially allowing jurisdictional electric utilities to earn a FERC-authorized return from their Missouri retail customers for transmission facilities owned and operated by those jurisdictional electric utilities.

VII. CONCLUSIONS AND RECOMMENDATIONS

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS WITH RESPECT TO THE ISSUE OF WHICH WHOLESALE TRANSMISSION EXPENSES AND REVENUES SHOULD BE INCLUDABLE FOR RECOVERY IN ANY FAC GRANTED TO KCPL.

A My conclusions and recommendations are as follows:

- If the Commission grants KCPL a FAC, consistent with its recent May 29, 2015 Order in Ameren Missouri Case No. ER-2014-0258, all of KCPL's wholesale transmission expenses and revenues not associated with the transportation of fuel or purchased power should be removed from that FAC since Section 386.266.1, RSMo (Supp. 2011) only permits the inclusion of the cost of transportation for fuel and purchased power in an FAC – not the cost of transportation of power that is not purchased power. This will remove approximately 92.7% of KCPL's wholesale transmission expenses and all of its wholesale transmission revenues from its proposed FAC. This adjustment will not affect KCPL's base rate revenue requirement. However, it will decrease the portion of KCPL's total Company base rate revenue requirement that is included in the proposed Base Factor for KCPL's proposed FAC by approximately $36.5 million based on the adjusted test year wholesale transmission expense and revenue data included in KCPL's direct case. This lowers the proposed Base Factor by $0.00228 per kWh. This Base Factor adjustment will need to be recalculated during the true-up phase of this proceeding.

- If the Commission grants KCPL a FAC, all of KCPL's SPP Administration Charges as well as NERC and FERC fees (Accounts 561, 565, 575 and 928) should be removed from that FAC as these are neither fuel and purchased power expenses nor transportation expenses incurred to deliver fuel or purchased power. This adjustment will not affect KCPL's base rate revenue requirement. However, it will decrease the portion of KCPL's total Company base rate revenue requirement that is included in the proposed Base Factor for KCPL's proposed FAC by approximately $13.9 million based on the adjusted test year SPP Administration Charge data included in KCPL's direct case. This lowers the proposed Base Factor by $0.00087 per kWh. This Base Factor adjustment will need to be recalculated during the true-up phase of this proceeding.

- The Commission should deny KCPL's proposal to incorporate extremely large pro forma adjustments to its test year off-system sales revenues and purchased power expenses to reflect the gross clearing of its generation and load in the day-ahead and real-time energy markets of the SPP Integrated Marketplace (KCPL Adjustments R-35 and CS-24). These proposed adjustments misrepresent how KCPL utilizes the SPP Integrated Marketplace to help serve its native load customers and are counter to FERC's accounting requirements for off-system sales (Account 447) and purchased power (Account 555) under Order No. 668. The proposed pro forma adjustment should be modified to be consistent with the MWh of off-system energy sales and purchased energy reported on KCPL witness Crawford's Schedule BLC-4. This recommendation does <u>not</u> affect either KCPL's proposed base rate revenue requirement or its proposed Base Factor for its proposed FAC. It simply avoids misrepresenting how KCPL utilizes the SPP market to help serve its native load customers and assures conformance to FERC Order No. 668 with respect to the accounting of sales to and purchases from RTO markets.

- The Commission should deny KCPL's proposed pro forma adjustment to lower its wholesale transmission revenues by the difference between its FERC-authorized ROE for transmission service and the lower authorized ROE KCPL has proposed in this proceeding for its retail rates in Missouri (KCPL Adjustment R-80). KCPL receives these revenues as a result of the transmission facilities it has constructed for its native load customers that are ultimately paid for by those customers. As a result, native load customers should be entitled to 100% of these revenues. KCPL should not be permitted to "skim off" and retain the difference between its FERC-authorized ROE and Missouri-authorized ROE. This will lower KCPL's proposed Missouri-jurisdictional base rate revenue requirement by approximately $0.1 million. While this is a small dollar issue at this time, it is an issue of important precedent with respect to the Commission potentially allowing jurisdictional electric utilities to "skim off" and retain the difference between the return earned from non-requirements wholesale sales of power and wholesale transmission service and the return authorized under retail electric rates in Missouri.

- The Commission should deny KCPL's proposed pro forma adjustment to remove 100% of its net plant, transmission revenues and transmission O&M expenses associated with its SPP Regional Transmission Projects from its retail rates in

Missouri (KCPL Adjustments RB-81, R-81 and CS-81). KCPL's proposal would allow KCPL to conduct an "end run" around the Commission's ratemaking by allowing KCPL to charge its Missouri retail customers for their share of these projects constructed and owned by KCPL based on FERC's authorized revenue requirement for the projects rather than a revenue requirement set by this Commission. The Commission should only allow KCPL to make pro forma rate base, revenue and O&M expense adjustments to remove the 92.4% of these projects that is not allocated to KCPL under the SPP Open Access Transmission Tariff ("OATT"). Because this currently only affects one very small transmission project (the Swissvale Tap Project), this recommendation will reduce KCPL's proposed Missouri-jurisdictional base rate revenue requirement by only a negligible amount (approximately $2,000). However, this is an issue of important precedent with respect to the Commission potentially allowing jurisdictional electric utilities to earn a FERC-authorized return from their Missouri retail customers for transmission facilities owned and operated by those jurisdictional electric utilities.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes, it does.

Qualifications of James R. Dauphinais

Q **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A James R. Dauphinais. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017, USA.

Q **PLEASE STATE YOUR OCCUPATION.**

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q **PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

A I graduated from Hartford State Technical College in 1983 with an Associate's Degree in Electrical Engineering Technology. Subsequent to graduation I was employed by the Transmission Planning Department of the Northeast Utilities Service Company[10] as an Engineering Technician.

While employed as an Engineering Technician, I completed undergraduate studies at the University of Hartford. I graduated in 1990 with a Bachelor's Degree in Electrical Engineering. Subsequent to graduation, I was promoted to the position of Associate Engineer. Between 1993 and 1994, I completed graduate level courses in the study of power system transients and power system protection through the Engineering Outreach Program of the University of Idaho. By 1996 I had been promoted to the position of Senior Engineer.

In the employment of the Northeast Utilities Service Company, I was

[10] In 2015, Northeast Utilities changed its name to Eversource Energy.

responsible for conducting thermal, voltage and stability analyses of the Northeast Utilities' transmission system to support planning and operating decisions. This involved the use of load flow, power system stability and production cost computer simulations. It also involved examination of potential solutions to operational and planning problems including, but not limited to, transmission line solutions and the routes that might be utilized by such transmission line solutions. Among the most notable achievements I had in this area include the solution of a transient stability problem near Millstone Nuclear Power Station, and the solution of a small signal (or dynamic) stability problem near Seabrook Nuclear Power Station. In 1993 I was awarded the Chairman's Award, Northeast Utilities' highest employee award, for my work involving stability analysis in the vicinity of Millstone Nuclear Power Station.

From 1990 to 1996, I represented Northeast Utilities on the New England Power Pool Stability Task Force. I also represented Northeast Utilities on several other technical working groups within the New England Power Pool ("NEPOOL") and the Northeast Power Coordinating Council ("NPCC"), including the 1992-1996 New York-New England Transmission Working Group, the Southeastern Massachusetts/Rhode Island Transmission Working Group, the NPCC CPSS-2 Working Group on Extreme Disturbances and the NPCC SS-38 Working Group on Interarea Dynamic Analysis. This latter working group also included participation from a number of ECAR, PJM and VACAR utilities.

From 1990 to 1995, I also acted as an internal consultant to the Nuclear Electrical Engineering Department of Northeast Utilities. This included interactions with the electrical engineering personnel of the Connecticut Yankee, Millstone and Seabrook nuclear generation stations and inspectors from the Nuclear Regulatory Commission ("NRC").

In addition to my technical responsibilities, from 1995 to 1997, I was also responsible for oversight of the day-to-day administration of Northeast Utilities' Open Access Transmission Tariff. This included the creation of Northeast Utilities' pre-FERC Order No. 889 transmission electronic bulletin board and the coordination of Northeast Utilities' transmission tariff filings prior to and after the issuance of Federal Energy Regulatory Commission ("FERC" or "Commission") FERC Order No. 888. I was also responsible for spearheading the implementation of Northeast Utilities' Open Access Same-Time Information System and Northeast Utilities' Standard of Conduct under FERC Order No. 889. During this time I represented Northeast Utilities on the Federal Energy Regulatory Commission's "What" Working Group on Real-Time Information Networks. Later I served as Vice Chairman of the NEPOOL OASIS Working Group and Co-Chair of the Joint Transmission Services Information Network Functional Process Committee. I also served for a brief time on the Electric Power Research Institute facilitated "How" Working Group on OASIS and the North American Electric Reliability Council facilitated Commercial Practices Working Group.

In 1997 I joined the firm of Brubaker & Associates, Inc. The firm includes consultants with backgrounds in accounting, engineering, economics, mathematics, computer science and business. Since my employment with the firm, I have filed or presented testimony before the Federal Energy Regulatory Commission in Consumers Energy Company, Docket No. OA96-77-000, Midwest Independent Transmission System Operator, Inc., Docket No. ER98-1438-000, Montana Power Company, Docket No. ER98-2382-000, Inquiry Concerning the Commission's Policy on Independent System Operators, Docket No. PL98-5-003, SkyGen Energy LLC v. Southern Company Services, Inc., Docket No. EL00-77-000, Alliance Companies, et al., Docket No. EL02-65-000, et al., Entergy Services, Inc., Docket No.

ER01-2201-000, and Remedying Undue Discrimination through Open Access Transmission Service, Standard Electricity Market Design, Docket No. RM01-12-000, Midwest Independent Transmission System Operator, Inc., Docket No. ER10-1791-000 and NorthWestern Corporation, Docket No. ER10-1138-001, et al. I have also filed or presented testimony before the Alberta Utilities Commission, Colorado Public Utilities Commission, Connecticut Department of Public Utility Control, Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Iowa Utilities Board, the Kentucky Public Service Commission, the Louisiana Public Service Commission, the Michigan Public Service Commission, the Missouri Public Service Commission, the Montana Public Service Commission, the New Mexico Public Regulation Commission, the Council of the City of New Orleans, the Public Utility Commission of Texas, the Wisconsin Public Service Commission and various committees of the Missouri State Legislature. This testimony has been given regarding a wide variety of issues including, but not limited to, ancillary service rates, avoided cost calculations, certification of public convenience and necessity, cost allocation, fuel adjustment clauses, fuel costs, generation interconnection, interruptible rates, market power, market structure, off-system sales, prudency, purchased power costs, resource planning, rate design, retail open access, standby rates, transmission losses, transmission planning and transmission line routing.

I have also participated on behalf of clients in the Southwest Power Pool Congestion Management System Working Group, the Alliance Market Development Advisory Group and several working groups of the Midcontinent Independent System Operator, Inc. ("SPP"), including the Congestion Management Working Group and Supply Adequacy Working Group. I am currently a member of the SPP Advisory Committee in the end-use customer sector on behalf of a group of industrial end-use customers in Illinois and a group of industrial end-use customers in Texas. I am also the past Chairman of the Issues/Solutions Subgroup of the SPP Revenue Sufficiency Guarantee ("RSG") Task Force.

In 2009, I completed the University of Wisconsin-Madison High Voltage Direct Current ("HVDC") Transmission course for Planners that was sponsored by SPP. I am a member of the Power and Energy Society ("PES") of the Institute of Electrical and Electronics Engineers ("IEEE").

In addition to our main office in St. Louis, the firm also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

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