

Exhibit No.:
Issue: Jeffrey Energy Center
Witness: Terry S. Hedrick
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2010-0356
Date Testimony Prepared: December 15, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-0356

REBUTTAL TESTIMONY

OF

TERRY S. HEDRICK

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
December 2010**

*** [REDACTED] *** Designates "Highly Confidential" Information
Has Been Removed
Pursuant To 4 CSR 240-2.135.

REBUTTAL TESTIMONY

OF

TERRY S. HEDRICK

Case No. ER-2010-0356

1 **Q: Please state your name and business address.**

2 A: My name is Terry S. Hedrick. My business address is 1200 Main Street, Kansas City,
3 Missouri, 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or the “Company”)
6 as Director of Supply Engineering.

7 **Q: What are your responsibilities?**

8 A: My responsibilities include the direct supervision of; central engineering managers and
9 supervising engineers at the facilities of KCP&L and KCP&L Greater Missouri
10 Operations Company (“GMO”). These central engineering mangers address key
11 programs and projects and the supervising engineers work directly with the plant
12 managers on the development of capital budgets and the actual implementation
13 (development/design/procurement/construction/commissioning) of capital projects.
14 Previously with Aquila, Inc. my role, as Director of Generation Services, held similar
15 responsibilities which included the direct supervision of engineers that implemented
16 capital budget projects. As part of the Jeffrey Energy Center ownership component, I
17 have participated on the Operating Committee for both Aquila and GMO.

18 **Q: Please describe your education, experience and employment history.**

1 A: In 1985, I received a Bachelor of Science Degree in Mechanical Engineering from the
2 University of Missouri – Columbia. After receiving my degree, I joined the Missouri
3 Public Service Company, which later became UtiliCorp and ultimately Aquila, as Staff
4 Engineer at the Sibley Generating Station. From that time until 1998, I held positions of
5 Maintenance Engineer and Assistant Station Superintendent – Maintenance. In 1998, I
6 began working in the corporate Production department in the capacity of Senior
7 Production Engineer. From that time until the integration with KCP&L, I have held the
8 positions of Generation Services Manager and Director of Generation. As stated
9 previously, I am now employed with KCP&L as Director of Supply Engineering.

10 **Q: Have you previously testified in proceedings before the Missouri Public Service**
11 **Commission or before any other utility regulatory agency?**

12 A: Yes, I have provided testimony before the Missouri Public Service Commission
13 (“MPSC”) while at KCP&L and Aquila.

14 **Q: What is the purpose of your testimony?**

15 A: The purpose of my testimony is to rebut the direct testimony of MPSC Staff witness
16 Keith Majors concerning Jeffrey Energy Center FGD Rebuild Project adjustment (Staff
17 Adjustment P-21.1).

18 **Q: Can you summarize Mr. Majors’ testimony on the Jeffrey Energy Center FGD**
19 **rebuild project?**

20 A: Yes. Mr. Majors is sponsoring a proposed adjustment to the Jeffrey Energy Center FGD
21 Rebuild Project (Staff Adjustment P-21.1). GMO owns 8% of the JEC facility with
22 Westar owning the remaining 92% and also operating the facility. ** [REDACTED]

23 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]**

8 Q: ** [REDACTED]

9 [REDACTED]**

10 A: ** [REDACTED]

11 [REDACTED]

12 [REDACTED]**

13 Q: Can you explain the purpose of a performance bond on a construction project and
14 whether there were any basis in June of 2008 to make a claim on a bond if it had
15 been provided by PMSI?

16 A: Yes. The purpose of a performance bond is to guarantee that a contractor meets its
17 obligations under a contract. However, the bonding company's liability to the owner is
18 conditioned on the owner meeting its obligations under the bond. This would include the
19 owner's obligation to demonstrate that the contractor had breached the contract and was
20 given an opportunity to cure the breach and that the owner had made all payments and
21 granted all time extensions due the contractor. See also testimony by Company witness
22 Leonard Ruzicka for further detail concerning performance bonds and whether a demand
23 could have been made on such a bond if it had been provided.

1 Q: ** [REDACTED]

2 [REDACTED] **

3 A: ** [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED] **

16 Q: **Has GMO filled previous testimony with the MPSC on the Jeffrey Energy Center**
17 **AQC project?**

18 A: Yes. In case number ER-2009-0090 starting on page 10 of F. Dana Crawford's direct
19 testimony the company gives an update of the project. ** [REDACTED]

20 [REDACTED]

21 [REDACTED] **

22 Q: **Can you describe how Westar communicated with the Kansas Corporation**
23 **Commission ("KCC") with respect to the Jeffrey Energy Center AQC project?**

1 A: Westar communicated with the KCC in the following fashions: 1. Gave notice to the
2 KCC of the project in accordance with the requirements of the Environmental Cost
3 Recovery Rider (ECRR). 2. Westar updated the KCC on average about 2 - 3 times per
4 year on the project and its progress through face-to-face meetings with various KCC
5 Staff. 3. Westar made filings annually under the ECRR for the KCC's review and
6 approval of the previous year's calendar year costs for inclusion in rates.

7 **Q: Did the KCC recommend any disallowances to the Jeffrey Energy Center AQC**
8 **project?**

9 A: No. The KCC reviewed the project and allowed 100% of the cost into Westar's rates.

10 **Q: Given the facts and circumstances at the time does GMO support Westar's cost**
11 **management decisions regarding the Jeffrey Energy Center AQC rebuild project?**

12 A: Yes it does.

13 **Q: Has Staff performed an engineering review and in-service determination on the**
14 **Jeffrey Energy Center FGD rebuild project?**

15 A: Yes. Staff witnesses Dave Elliott and Shawn Lange have evaluated all three units (unit 2
16 in this case, units 1 and 3 in previous cases) and found no engineering concerns with any
17 of the Jeffrey Energy Center FGD project change orders. Staff concluded that the
18 scrubbers have successfully met all of the in-service criteria and are "fully operational
19 and used for service."

20 **Q: Does that conclude your testimony?**

21 A: Yes, it does.