Exhibit No.:
Issue: Distribution
Witness: William P. Herdegen
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: EO-2005-0329
Date Testimony Prepared: April 7, 2005

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2005-0329

DIRECT TESTIMONY

OF

WILLIAM P. HERDEGEN

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
April 2005

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF WILLIAM P. HERDEGEN

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

William P. Herdegen, being first duly sworn on his oath, states:

1. My name is William P. Herdegen. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President, Distribution Operations.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of four (4) pages and Schedule WPH-1, all of which having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

William P. Herdegen

Subscribed and sworn before me this 7th day of April 2005.

Notary Public

My commission expires:

CAROL SIVILS
Notary Public - Notary Seal
STATE OF MISSOURI
Clay County
My Commission Expires: June 15, 2007

DIRECT TESTIMONY

OF

WILLIAM P. HERDEGEN

Case No. EO-2005-0329

Q: Please state your name and business address.

A: My name is William P. Herdegen. My business address is 1201 Walnut, Kansas City, Missouri 64106.

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

A: I am employed by Kansas City Power & Light Company ("KCPL") as Vice President, Distribution Operations.

Q. What are your responsibilities?

A. My responsibilities include the engineering, design, construction, maintenance, and operation of KCPL's distribution system.

Q. Please describe your education, experience and employment history.

A. I graduated from the University of Illinois, Champaign-Urbana in 1976 with a Bachelor of Science degree in Electrical Engineering, and in 1981, I received my M.B.A. from The University of Chicago. I was first employed at KCPL in 2001. I have nearly 30 years of experience in the electric utility industry. Prior to joining KCPL, I served as chief operating officer for Laramore, Douglass and Popham, a consulting firm providing engineering services to the electric utility industry. Additionally, I was vice president of Utility Practice at System Development Integration, an IT consulting firm focused on development and implementation of technology systems. I began my utility career at

Commonwealth Edison where I held various positions, including field engineer, district manager, business unit supply manager, operations manager and vice president - Engineering, Construction & Maintenance.

Q. Have you previously testified in a proceeding at the Missouri Public Service Commission or before any other utility regulatory agency?

A. I have previously testified before both the Missouri Public Service Commission ("MPSC") and the Kansas Corporation Commission ("KCC") on numerous issues regarding reliability reporting and the current strategic intent proposal, including asset management, demand response and energy efficiency/affordability programs.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss the goals and objectives of the Asset Management plan, including distribution & transmission investments and distribution automation projects. I will also discuss some of the specific elements of the plan, and the capital budget requirements to support those programs.

Q. What are the goals and objectives of the Asset Management Plan?

A. Asset Management at KCPL is the structured and disciplined process to develop the program of work for system expansion, system improvements, and maintenance (both corrective and preventive). Our objective is to provide a scope of work to achieve three key strategic goals at the most optimal cost: (i) Mitigate risks of major outage events to our customers; (ii) Minimize the System Average Interruption Duration Index ("SAIDI") as it relates to the duration and frequency of outages to our customers; and (iii) Minimize the number of customers with multiple interruptions.

Q. What are the specific elements of the Asset Management plan?

A. KCPL's current budget was developed to manage identified risks, maintain system capacity levels to meet forecasted growth, and repair facilities as they reach the end of their useful life. We have also included in this budget the implementation of technologies like Distribution Automation to help control costs and improve performance. The budget has certain inherent risk because the system is aging and we have known pockets of poor performing facilities. We expect from experiences of other utilities that failure rates of certain components will increase over time. The current budget does not address this issue, which will result in negative impacts on operations, including an aging infrastructure leading to more frequent component failures, higher operating and maintenance ("O&M") and unplanned capital costs, and reduced customer reliability.

As part of the Strategic Intent, we have developed plans to address this issue that require additional funds. This plan allocates resources to address known issues on the system that either present the highest risk of a major system outage or impact customers through multiple outages over relatively short spans of time.

The plan includes a number of projects and programs. We will conduct a system-wide condition assessment and inventory of the overhead distribution system. We will implement projects to address components that are nearing the end of their useful life and are experiencing high failure rates on both the transmission and distribution systems. Customer outage data will be used to develop programs targeted at improving reliability for the customers that experience the highest number of outages. We will utilize industry experience along with our inventory and performance data to conduct studies that will

lead to targeted asset renewal programs. Maintenance practices will be refined to extend the useful life of existing facilities while optimizing costs. Implementation of automation programs will enable automated fault detection, isolation, and reconfiguration of the distribution network to improve reliability and minimize outage duration. Additional automation programs will automate substation equipment to reduce momentary outages and monitor key components of our highly reliable but aging downtown and Plaza area underground secondary networks.

By implementing this plan, we can expect to manage asset replacement schedules and our aging infrastructure. We will also optimize system maintenance programs, improve system design for better long term performance, and optimize strategic capital and O&M investments while maintaining Tier 1 reliability performance. Tier 1 reliability performance is defined as SAIDI (the industry standard measure for overall system reliability) in the top 25% of utilities participating in benchmark studies.

Q. What are the capital investment requirements needed to support the Asset Management Plan?

A. The capital requirements for this plan are $42.3 million for the five-year period 2005 through 2009, as set forth in the attached schedule (Schedule WPH-1).

Q. Does that conclude your testimony?

A. Yes, it does.

Schedule WPH-1

Asset Management Plan Capital Expenditures

Proposed Capital Expenditure Level Increases

(in millions)	2005	2006	2007	2008	2009	Total
Plan Request *	$4.0	$5.7	$8.5	$11.3	$12.8	$42.3

* These multi-year expenditures are increases above the normal capital expenditures for the years stated