Exhibit No.:

Issue: Iatan Project History and Prudence

Witness: Chris B. Giles

Type of Exhibit: Rebuttal Testimony

Sponsoring Party: The Empire District Electric Company

Case No.: ER-2011-0004

Date Testimony Prepared: April, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2011-0004

REBUTTAL TESTIMONY

OF

CHRIS B. GILES

ON BEHALF OF

THE EMPIRE DISTRICT ELECTRIC COMPANY

"**____**" Designates "Highly Confidential" Information.
All Such Information Should be Treated Confidentially Pursuant to 4 CSR 240-2.135.

1		REBUTTAL TESTIMONY
2		\mathbf{OF}
3		CHRIS B. GILES
4		Case No. ER-2011-0004
5	Q.	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
6	A.	Chris B. Giles; 1200 Main Street, Kansas City, MO, 64105.
7	Q.	BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?
8	A.	I am currently a regulatory consultant to Kansas City Power & Light Company
9		("KCPL"). I have been a consultant to KCPL since my retirement in July of 2009 from
10		my position as KCPL's Vice President, Regulatory Affairs.
11	Q.	ARE YOU THE SAME CHRIS GILES WHO FILED DIRECT, REBUTTAL, AND
12		TRUE-UP REBUTTAL TESTIMONY IN MISSOURI PUBLIC SERVICE
13		COMMISSION ("COMMISSION") CASE NO. ER-2010-0355 ON BEHALF OF
14		KCPL?
15	A.	Yes. The testimony attached hereto as Appendix A (direct testimony), Appendix B
16		(rebuttal testimony), and Appendix C (true-up rebuttal testimony) was filed on behalf of
17		KCPL in Case No. ER-2010-0355 in relation to the Commission Staff ("Staff") Report
18		regarding the Construction and Prudence Review, Iatan Construction Project for Costs
19		Reported as of June 30, 2010 ("Staff Report") and Staff's allegations of imprudence on
20		the part of KCPL pertaining to Iatan 1, 2, and common plant. The pre-filed testimony
21		attached hereto as Appendices A-C was admitted into evidence in said Case No. ER-
22		2010-0355

- 1 Q. ARE THE QUESTIONS AND ANSWERS ATTACHED HERETO AS APPENDICES
- 2 A-C ALSO RESPONSIVE TO THE CONSTRUCTION AUDIT AND PRUDENCE
- 3 REVIEW IATAN CONSTRUCTION PROJECT COSTS REPORTED AS OF
- 4 OCTOBER 31, 2010, FILED BY STAFF IN THIS EMPIRE CASE ON FEBRUARY 24,
- 5 2011 ("STAFF EMPIRE REPORT")?
- 6 A. Yes.
- 7 Q. IF I ASKED YOU THESE SAME QUESTIONS TODAY, WOULD YOUR ANSWERS
- 8 BE THE SAME?
- 9 A. Yes, and I hereby incorporate the attached pre-filed testimony into this rebuttal testimony
- being filed herein on behalf of The Empire District Electric Company ("Empire") as if
- fully set forth below.
- 12 Q. DO YOU HAVE ANY OTHER TESTIMONY TO SPONSOR IN THIS PROCEEDING
- ON BEHALF OF EMPIRE?
- 14 A. Yes. The testimony attached hereto as Appendix D (direct testimony) and Appendix E
- 15 (rebuttal testimony) was filed by Bill Downey on behalf of KCPL in Case No. ER-2010-
- 16 0355 in relation to the Staff Report and Staff's allegations of imprudence on the part of
- 17 KCPL pertaining to Iatan 1, 2, and common plant. The pre-filed testimony attached
- hereto as Appendices D and E was admitted into evidence in said Case No. ER-2010-
- 19 0355, and I believe this testimony is also responsive to the Staff Empire Report. The
- 20 testimony attached hereto as Appendix F (rebuttal testimony) and Appendix G
- 21 (surrebuttal testimony) was filed by Curtis Blanc on behalf of KCPL in Case No. ER-
- 22 2010-0355 in relation to the Staff Report and Staff's allegations of imprudence on the
- part of KCPL pertaining to Iatan 1, 2, and common plant. The pre-filed testimony

1		attached hereto as Appendices F and G was admitted into evidence in said Case No. ER-		
2		2010-0355, and I believe this testimony is also responsive to the Staff Empire Report. I		
3		have knowledge of the facts and opinions set forth in the pre-filed testimony attached		
4		hereto as Appendices D-G, and I hereby sponsor said testimony and incorporated the		
5		same herein as if fully set forth below.		
6	Q.	IS THE STAFF REPORT FROM CASE NO. ER-2010-0355 SIMILAR TO THE STAFF		
7		EMPIRE REPORT?		
8	A.	Yes, but there are some differences. In addition to formatting differences, it is my		
9		understanding that Staff introduced additional information in this Empire case about a		
10		few items that they recommended for disallowance. In fact, Empire issued Data Requests		
11		237 and 238 in which Empire asked Staff to clarify what differences existed between the		
12		reports.		
13	Q.	HOW DID STAFF RESPOND?		
14	A.	Both Data Request responses state that the following additional information was included		
15		in the Staff Empire Report:		
16 17 18 19 20		 Page 16 – reference to Enerfab and Bonus Adjustment; Page 20-21 – these inappropriate charges were not specifically included and described in the Staff's KCPL filings; Pages 58-61 – Pullman adjustment description; Page 103 – 108 Enerfab adjustment; Page 109 – Jatan 2 Bonus Adjustment. 		

- 22 23 Q. PLEASE IDENTIFY THE ADDITIONAL ENERFAB AND BONUS ADJUSTMENT
- 24 ITEMS REFERENCED ON PAGE 16 OF THE STAFF EMPIRE REPORT.
- A. The first two line items in the report are "Enerfab Start-up Trailer Cleaning Change Order Adjustment (7/09 through 8/10)" and "latan 2 Bonus Adjustment." These two items are

- discussed in greater detail on pages 103 109 of the report and will be addressed later in
- 2 my testimony.
- 3 Q. PLEASE IDENTIFY THE ADDITIONAL "INAPPROPRIATE CHARGES"
- 4 REFERENCED ON PAGES 20-21 OF THE STAFF EMPIRE REPORT.
- 5 A. On pages 20-21, Staff identifies 13 items associated with executive management expense
- reports that they allege are imprudent. These 13 items total approximately \$10,000 in
- 7 expenses; based on these approximately \$10,000 worth of expenses, Staff proposes a
- generic \$100,000 adjustment to the Iatan 1 and Iatan 2 projects.
- 9 Q. PLEASE IDENTIFY THE ADDITIONAL "PULLMAN ADJUSTMENT"
- 10 REFERENCED ON PAGES 58-61 OF THE STAFF EMPIRE REPORT.
- 11 A. Staff recommends disallowance of two change orders signed with Pullman. The first
- 12 change order is associated with expenses that resulted from Pullman procuring a
- performance bond for the work they performed. The second change order is associated
- with labor expenses incurred by Pullman to add a second shift in order to complete their
- work in a timely manner.
- 16 Q. PLEASE IDENTIFY THE ADDITIONAL "ENERFAB ADJUSTMENT"
- 17 REFERENCED ON PAGES 103-108 OF THE STAFF EMPIRE REPORT.
- 18 A. Staff alleges that change orders with Enerfab should be disallowed. They purport that the
- first set of change orders were not properly documented prior to execution and that the
- 20 cost "appears excessive and unreasonable." Once again they arbitrarily choose to
- 21 disallow a portion of these change orders based on their allegation that the costs appear
- 22 excessive. The other change order they describe, even though they don't specifically

- propose disallowance from my understanding of the testimony, is questioned because
- 2 they allege it was not properly executed.
- 3 Q. PLEASE IDENTIFY THE ADDITIONAL "IATAN 2 BONUS ADJUSTMENT"
- 4 REFERENCED ON PAGE 109 OF THE STAFF EMPIRE REPORT.
- 5 A. Staff alleges that a bonus paid to a KCPL executive who was hired to oversee "day-to-
- day operations of the Iatan Construction Project" should be disallowed.
- 7 Q. HOW DOES KCPL RESPOND TO STAFF'S NEW ALLEGATIONS AND
- 8 PROPOSED DISALLOWANCES?
- 9 A. Each of these additional adjustments proposed by Staff relate to the same period of time
- 10 covered by Staff's Construction Audit and Prudence Review in KCPL's Case No. ER-
- 2010-355. In other words, they relate to events that occurred prior to June 30, 2010, and
- payments that were made prior to October 31, 2010. With its Report and Order issued on
- April 12, 2011 in Case No. ER-2010-0355, the Commission found that all of the costs
- incurred for the Iatan 1 and 2 projects, with the exception of those items specifically
- noted in said Report and Order, were prudently incurred.
- 16 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY AT THIS TIME?
- 17 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of The Empire Company of Joplin, Missouri to File Tariffs Increasing Rat Service Provided to Custome Missouri Service Area of the	i for Authority es for Electric ers in the))))	Case No. ER-2011-0004					
AFFIDAVIT OF CHRIS B. GILES								
STATE OF MISSOURI)) SS							
COUNTY OF JACKSON)							
Chris B. Giles, being first duly sworn on his oath, states:								
1. My name is C	Chris B. Giles. I v	vork in Kansas	City, Missouri, and I am currently a					
regulatory consultant to Kansas City Power & Light Company.								
Attached here	to and made a par	rt hereof for al	l purposes is my Rebuttal Testimony					
being filed in this matter on behalf of The Empire District Electric Company consisting of 5								
pages, plus attachments, having been prepared in written form for introduction into evidence in								
the above-captioned docket.								
3. I have knowle	edge of the matte	ers set forth he	erein, and 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. Chris B. Giles								
Subscribed and sworn before me this 15th day of April, 2011. Nick H. Wey								
My commission expires: Fub. 4 2015 Notary Public NICOLE A. WEHRY Notary Public - Notary Seai State of Missouri Commission Expires: February 04, 2015 Commission Number: 11391200								