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Issues: Interim Energy Charge,  
Resource Planning  
Witness: Lena M. Mantle  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: ER-2012-0174  
Date Testimony Prepared: September 6, 2012

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**LENA M. MANTLE**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2012-0174**

*Jefferson City, Missouri  
September 2012*

**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-2012-0174

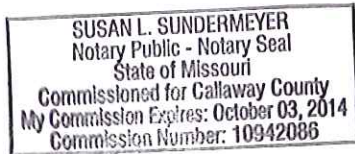
**AFFIDAVIT OF LENA M. MANTLE**

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE     )

Lena M. Mantle, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 16 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.

  
\_\_\_\_\_  
Lena M. Mantle

Subscribed and sworn to before me this 6<sup>th</sup> day of September, 2012.



  
\_\_\_\_\_  
Notary Public

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**OF**  
**LENA M. MANTLE**  
**KANSAS CITY POWER & LIGHT COMPANY**  
**CASE NO. ER-2012-0174**

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1  
2 **REBUTTAL TESTIMONY**

3 **OF**

4 **LENA M. MANTLE**

5 **KANSAS CITY POWER & LIGHT COMPANY**

6 **CASE NO. ER-2012-0174**

7  
8 Q. Would you state your name and your business address?

9 A. My name is Lena M. Mantle. My business address is P.O. Box 360, Jefferson  
10 City, Missouri 65102.

11 Q. What is your present position with the Missouri Public Service Commission  
12 (“Commission”)?

13 A. I am manager of the Energy Unit of the Tariff, Safety, Economic, and  
14 Engineering Analysis Department, Regulatory Review Division.

15 Q. Would you provide your educational background and work experience?

16 A. My educational background and work experience are found on Schedule  
17 LMM-R1.

18 Q. What is the purpose of your rebuttal testimony?

19 A. The purpose of my rebuttal testimony is to provide results of Staff’s review of  
20 the Interim Energy Charge (“IEC”) described on pages 10 through 16, of the direct testimony,  
21 of Kansas City Power & Light Company (“KCPL”) witness Tim M. Rush, the description of  
22 the IEC on page 1 of Mr. Rush’s Schedule TMR-1 and the specimen IEC tariff sheets found  
23 on Schedule TMR-4. I also provide rebuttal testimony to the resource planning testimony of  
24 Mr. Rush on pages 16 through 18 of his direct testimony.

1 Q. Do you have recommendations for the Commission?

2 A. Yes, I have two recommendations. First, Staff recommends that the  
3 Commission not adopt an IEC for KCPL. Second, Staff recommends that the Commission  
4 should not acknowledge that it is reasonable for KCPL and GMO to do joint planning in this  
5 rate case.

6 Q. Are there other Staff witnesses that are providing rebuttal testimony regarding  
7 KCPL's IEC proposal?

8 A. Yes. Cary G. Featherstone is providing rebuttal testimony on the history of  
9 IECs for electric utilities in Missouri.

10 **Rebuttal Regarding KCPL's Interim Energy Proposal**

11 Q. Have you examined KCPL's specimen IEC tariff sheets?

12 A. Yes, I have.

13 Q. Have you reviewed Tim Rush's Direct Testimony on KCPL's IEC request?

14 A. Yes, I have reviewed pages 10 through 16 of his testimony and the general  
15 description of the design and intended operation of the proposed IEC found on page 1 of  
16 Schedule TMR-1.

17 Q. Based on your examination of KCPL's specimen IEC tariff sheets, do you  
18 understand how KCPL's requested mechanism would operate?

19 A. No, I do not.

20 Q. Based on your review of Tim Rush's Direct Testimony on KCPL's IEC  
21 request and the specimen tariff sheets filed by KCPL, do you understand how KCPL's  
22 requested mechanism would operate?

1           A.     No.  Neither the description in Mr. Rush’s direct testimony nor the general  
2 description of the design and intended operation of the proposed IEC in Schedule TMR-1 are  
3 clear on how the IEC would operate, and these descriptions conflict with the tariff sheets.  For  
4 example, in his testimony on page 13, lines 18 through 21, Mr. Rush states:

5           At the end of the two years, if the amount in the deferred account were  
6 negative, then the company would refund that amount to customers.  If the  
7 amount were positive, then no refund would occur.

8           The specimen tariff sheet 24 states:

9           KCP&L shall refund the excess, if any, above the greater of the actual or the  
10 base, plus interest.  Any margin amount to be retained by the company will be  
11 posted to a regulatory asset for inclusion in the next general rate case.

12           In my reading, the quotes from Mr. Rush and the specimen tariff sheet 24 both  
13 indicate that there may be a refund to the customers.  However, the two quotes are vastly  
14 different regarding what would be done if the costs were greater than the customers’ share of  
15 the off-system sales margin.  Mr. Rush’s testimony makes no statement as to what would be  
16 done with a “positive amount.”  The tariff, on the other hand, explicitly states that the “margin  
17 amount to be retained by the company,” which I interpret to be the same as the “positive  
18 amount” mentioned by Mr. Rush in his testimony, would be put into a regulatory asset to be  
19 included for cost recovery in the next general rate case.

20           Q.     Do you understand what “the greater of the actual or the base” means on the  
21 specimen tariff language you quoted above?

22           A.     I read the tariff to say that if fuel and purchased power costs fall below what is  
23 set in this rate case (i.e. base), KCPL will not provide a refund to the customers.  It is only if  
24 the “customer’s share” of the off-system sales margin is above any increase in fuel and  
25 purchased power costs that any refund to customers will occur.

1 Q. Is there anything in Mr. Rush's testimony that explains what happens if fuel  
2 and purchased power costs fall below what is set in this rate case?

3 A. I could not find anything. In his testimony, Mr. Rush only gives an example  
4 where the fuel and purchased power costs were greater than the "base" set in the rate case.

5 Q. What happens if actual fuel and purchased power costs are greater than the  
6 "base" and are not offset by the off-system sales margin?

7 A. The testimony of Mr. Rush is silent as to what would happen.

8 Q. Are there other conflicts between the tariff sheets and the testimony?

9 A. Yes. Specimen tariff sheet 24 states that if the actual off-system sales margin  
10 falls between the 40<sup>th</sup> and 60<sup>th</sup> percentile of the estimated margin, the Company "absorbs"  
11 100% of the off-system sales margin. I interpret that to mean that between the 40<sup>th</sup> and 60<sup>th</sup>  
12 percentile the Company gets to keep all off system sales margin – none of it flows back to the  
13 customers. However, Mr. Rush testifies on page 12, lines 20 through 22, that the Company's  
14 proposal is to use 100% of the off-system sales margin to off-set fuel and purchased power  
15 costs when the off-system sales margin is between the 40<sup>th</sup> and 60<sup>th</sup> percentile. So, my  
16 interpretation of the tariff sheet is that the Company gets to keep all of the off-system sales  
17 margin between the 40<sup>th</sup> and 60<sup>th</sup> percentile—regardless of the fuel and purchased power  
18 costs—which conflicts with the testimony that between the 40<sup>th</sup> and 60<sup>th</sup> percentile the off-  
19 system sales margin will be used to offset fuel and purchased power costs. Mr. Rush's  
20 testimony is silent as to what happens if the off-system sales margin between the 40<sup>th</sup> and 60<sup>th</sup>  
21 percentile is greater than the difference between the actual and base fuel and purchased power  
22 costs.

1 Q. Have you made inquiries to KCPL to discuss the intended operation of  
2 KCPL's IEC request?

3 A. Staff had a telephone conference in July 2012 with KCPL to better understand  
4 its IEC request, and discussed the Company's proposal again at a technical conference August  
5 22, 2012.

6 Q. Based on the responses to those inquiries, or any other discussion, do you  
7 understand how KCPL's requested mechanism would operate?

8 A. Those two discussions left Staff even more confused about exactly what the  
9 Company is proposing with respect to the IEC.

10 Q. Has KCPL been consistent in its descriptions of how its requested mechanism  
11 would operate?

12 A. It may have been due to a communication difficulty, but it seemed to Staff that  
13 the proposal changed between when the Company testimony was filed on February 27, 2012,  
14 and its July 2012 conference call and then again between the conference call and the  
15 discussion at the August 22, 2012 technical conference.

16 Q. Is Mr. Rush correct when he states on page 10, line 7, that the Company agreed  
17 to not seek a FAC prior to June 1, 2015?

18 A. Not exactly. The words "fuel adjustment charge" are not in the Regulatory  
19 Plan, and KCPL never agreed "that it will not seek a FAC," as Mr. Rush states. KCPL  
20 entered into the Regulatory Plan in March 2005. At the time, Senate Bill 179<sup>1</sup> was not final.  
21 The parties did not know whether the legislation would pass and be signed by the Governor—  
22 the parties didn't even know what the final legislation would include. Therefore the

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<sup>1</sup> Section 386.266 RSMo 2012



1 agreement does not specifically refer to a FAC. The actual section of the Stipulation and  
2 Agreement, starting on page 7 of the Regulatory Plan states in part:

3 KCPL agrees, that prior to June 1, 2015, it will not seek to utilize any  
4 mechanism authorized in current legislation known as “SB 179” or other  
5 change in state law that would allow riders or surcharges or changes in rates  
6 outside of a general rate case based upon a consideration of less than all  
7 relevant factors. In exchange for this commitment, the Signatory Parties agree  
8 that if KCPL proposes an Interim Energy Charge (“IEC”) in a general rate case  
9 filed before June 1, 2015 in accordance with the following parameters, they  
10 will not assert that such proposal constitutes retroactive rate making or fails to  
11 consider all relevant factors:

- 12 (i) The rates and terms for such an IEC shall be established in a rate case  
13 along with a determination of the amount of fuel and purchased power  
14 costs to be included in the calculation of base rates.  
15  
16 (ii) The rate or terms for such an IEC shall not be subject to change outside  
17 of a general rate case where all relevant factors are considered.  
18  
19 (iii) The IEC rate “ceiling” may be based on both historical data and  
20 forecast data for fuel and purchased power costs, forecasted retail sales,  
21 mix of generating units, purchased power, and other factors including  
22 plant availability, anticipated outages, both planned and unplanned, and  
23 other factors affecting the costs of providing energy to retail customers.  
24  
25 (iv) The duration of any such IEC shall be established for a specified period  
26 of time, not to exceed two years.  
27  
28 (v) A refund mechanism shall be established which will allow any over-  
29 collections of fuel and purchased power amounts to be returned to  
30 ratepayers with interest following a review and true-up of variable fuel  
31 and purchased power costs at the conclusion of each IEC. Any  
32 uncontested amount of over-collection shall be refunded to ratepayers  
33 no later than 60 days following the filing of the IEC true-up  
34 recommendation of the Staff.  
35  
36 (vi) During any IEC period, KCPL shall provide to the Staff, Public  
37 Counsel and other interested Signatory Parties monthly reports that  
38 include any requested energy and fuel and purchase power cost data.

39 Q. Does the IEC proposed by KCPL meet these parameters?

40 A. No, it does not.

41 Q. Would you explain which parameters it does not meet?

1           A.     The second parameter requires that rates or terms of the IEC cannot change  
2 outside a general rate case where all relevant factors are considered. Mr. Rush ends the  
3 section of his testimony on KCPL's IEC proposal on page 16 by stating: "If changes are  
4 necessitated by these new market conditions, *the Company may need to adjust the IEC to*  
5 *account for these changes.*" (Emphasis added).

6           The third parameter describes what the IEC ceiling may be based on. The IEC  
7 proposed by KCPL does not include a ceiling.

8           Q.     What is a "ceiling" with respect to an IEC?

9           A.     A ceiling in an IEC is a rate collected on an interim basis, subject to refund  
10 based on actual or forecasted costs.

11          Q.     Did Mr. Rush in his testimony establish a ceiling?

12          A.     No. There is no "ceiling" in KCPL's IEC proposal as described in Mr. Rush's  
13 direct testimony or in the specimen tariff sheets.

14          Q.     How does an IEC function if it does not include a ceiling?

15          A.     An IEC that does not include a ceiling is really a FAC that has been labeled an  
16 IEC. In all other IECs approved in Missouri, the Commission set a rate to be collected on an  
17 interim basis, subject to refund. This is the most that the electric utility can charge for fuel  
18 and purchased power. This interim charge is a protection to the customers that its energy  
19 costs will not be above the interim amount, i.e. the ceiling, set in the IEC.

20          Q.     If an IEC must have a ceiling, should it also have a floor?

21          A.     Yes. The ceiling is a protection for the customer in the event of rising fuel and  
22 purchased power costs. A floor is a reward for the utility for keeping fuel and purchased  
23 power costs low or in the event of falling fuel and purchased power costs. If the fuel and

1 purchased power costs fall below the floor, the utility refunds the total amount subject to  
2 refund to its customers but retains the fuel and purchased power savings below the floor.

3 Q. Does KCPL's proposed IEC contain any mechanism to protect customers from  
4 rising fuel costs?

5 A. No. The specimen tariff sheet indicates that all of KCPL's variable fuel and  
6 purchased power costs, offset by some percentage of off-system sales margins, will be  
7 recovered from the customer in a future rate case. KCPL's shareholders do not appear to bear  
8 any risk of rising fuel costs.

9 Q. Does KCPL's proposed IEC contain any mechanism to reward the utility for  
10 keeping its fuel and purchased power costs as low as possible?

11 A. Yes. Because there does not appear to be any refund to the customers if fuel  
12 and purchased power costs fall below the "base," there is an incentive for KCPL to find ways  
13 to reduce its costs for fuel and purchased power. Therefore, KCPL's proposed IEC would  
14 protect shareholders from the risk of increasing fuel and purchased power costs and give  
15 shareholders the opportunity to collect an incentive if fuel and purchased power costs fall  
16 below the "base."

17 Q. Are there other parameters in the Regulatory Plan Stipulation and Agreement  
18 that KCPL's proposed IEC fails to meet?

19 A. No, there are not. However, KCPL has not defined what happens if it has not  
20 filed for another rate case after the end of the two-year time period that it specified for its  
21 proposed IEC in meeting parameter 4.

22 Q. How do the Commission's rules define an IEC?

1 A. Rules 4 CSR 240-20.090(1)(F) and 4 CSR 240-3.161(1)(D) define an IEC to  
2 be

3 ... a refundable fixed charge, established in a general rate proceeding, that  
4 permits an electric utility to recover some or all of its fuel and purchased power  
5 costs separate from its base rates. An IEC may or may not include off-system  
6 sales and revenues and associated costs. The commission shall determine  
7 whether or not to reflect off-system sales revenues and associated costs in an  
8 IEC in the general rate proceeding that establishes, continues or modifies the  
9 IEC.

10 Q. Does KCPL's proposal meet the definition of IEC in 4 CSR 240-20.090(1)(F)  
11 and 4 CSR 240-3.161(1)(D)?

12 A. No, it does not. It does not include a refundable fixed charge.

13 Q. In any of the discussions with KCPL or in its direct testimony, did KCPL  
14 identify any cost recovery as being "refundable?"

15 A. No it has not. The IEC specimen tariff sheet states that the "rate" that would  
16 be charged to customers would be set at \$0 so there is nothing to refund. The only reference  
17 that KCPL has made to refunding indicates that any customer refund would be based on the  
18 amount of off-system sales margin that KCPL might achieve in the future, and that refund  
19 amount would first off-set any increase in fuel and purchased power costs over a certain  
20 period of time.

21 Q. How does an IEC function if it does not include an amount that is identified as  
22 subject to refund?

23 A. It does not function because it is not an "IEC" if there is no amount that is  
24 identified as "subject to refund." A proposed mechanism regarding fuel and purchased power  
25 costs and off-system sales margins that does not have an amount subject to refund is more  
26 accurately described as a FAC.

27 Q. Why is KCPL requesting an IEC?

1           A.     Although Mr. Rush never directly states the reason KCPL is requesting an  
2 IEC, the majority of Mr. Rush’s testimony regarding the IEC centers around off-system sales  
3 margin—not volatility or changes in fuel and purchased power costs. Mr. Rush goes into  
4 great length describing how off-system sales margins would be treated in KCPL’s proposal  
5 with little or no description of fuel and purchased power costs or measures that ensure that  
6 KCPL would work to reduce its fuel and purchased expenditures.

7           Q.     Does KCPL face fuel and purchased power volatility?

8           A.     KCPL states in the summary of its resource plan filing<sup>2</sup> that it estimates that  
9 19% of its 2012 energy needs will be provided by the Wolf Creek Nuclear power plant and  
10 73% will be met with its coal power plants. The other 8% will be met with natural gas and  
11 wind generation. While coal and nuclear fuel costs are increasing, I would not say that coal or  
12 nuclear fuel costs are volatile. The majority of KCPL’s nuclear fuel, coal, and freight costs  
13 are under contract. In KCPL’s last rate case (Case No. ER-2010-0355) and the current case,  
14 Staff has included the latest contract prices for fuel and freight costs. Very little volatility  
15 exists for either of these costs as they are updated each rate case and this is the fifth rate case  
16 KCPL has filed since January 1, 2006.<sup>3</sup>

17          Q.     Does KCPL face purchased power cost volatility?

18          A.     No, it does not. If KCPL purchases power for its retail customers, it is because  
19 the price of the energy is less than its own power plants. Both purchased power and natural  
20 gas costs have declined significantly over past the two to three years.

21          Q.     Does KCPL face off-system sales margin volatility?

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<sup>2</sup> Case No. EO-2012-0323, Volume 1: Executive Summary, page 6, Table 2

<sup>3</sup> Case Nos. ER-2006-0314, ER-2007-0291, ER-2009-0089, ER-2010-0355 and ER-2012-0174

1           A.     Yes, it does. In evaluating whether or not to build Iatan 2, KCPL included its  
2 estimate of the off-system sales margin that it would be able to achieve. However, the spot  
3 market price for energy has dropped considerably since construction began on Iatan 2 in 2005.  
4 As a result, KCPL has not been achieved the off-system sales margins that have been included  
5 in its revenue requirement. However, it should also be noted that the level of off-system sales  
6 margin included in its revenue requirement has been adjusted with each rate case so much of  
7 the volatility for off-system sales margin has been absorbed by ratepayers.

8           Q.     Is Staff proposing an IEC for KCPL?

9           A.     No. Staff's position is that setting in KCPL's revenue requirement an amount  
10 of off-system sales margin gives KCPL great incentive to make as much off-system sales as it  
11 economically can. Likewise, setting an amount for fuel and purchased power gives KCPL  
12 great incentive to reduce its fuel and purchased power costs below that amount.

13          Q.     You previously stated that Mr. Rush's direct testimony is inconsistent with  
14 KCPL's specimen IEC tariff sheets. Is there any other part of Mr. Rush's testimony that you  
15 would like to address?

16          A.     Yes, there is. On page 12, lines 13 through 15, Mr. Rush states that KCPL's  
17 "proposed IEC would be consistent with the fuel adjustment clause at KCP&L's sister  
18 company, KPC&L Greater Missouri Operations Company." However, there are many  
19 differences between KCPL's proposed IEC and KCP&L Greater Missouri Operations  
20 Company ("GMO's") FAC. One of the biggest differences between KCPL's proposed IEC  
21 and GMO's FAC is that GMO has a sharing percentage that applies to *both* the off-system  
22 sales margin and the fuel and purchased power costs, whereas it is not clear exactly how  
23 KCPL would treat fuel and purchased power costs in its proposed IEC. Nowhere, either in

1 testimony or in the specimen tariff sheets, is there any mention that KCPL's proposed IEC  
2 would share the increases and decreases in fuel and purchased power costs the way that  
3 GMO's FAC does.

4 GMO's sharing mechanism is 95%/5% of the net of fuel, purchased power and off-  
5 system sales. The IEC proposed by KCPL includes sharing 75%/25% of *only* off-system  
6 sales margin on the ends of a range, and in that range KCPL may get to keep 100%.<sup>4</sup> In  
7 addition, GMO's FAC tariff sheets explicitly set out what costs and revenues are included in  
8 the FAC. KCPL's specimen tariff sheets do not include this information which could lead to  
9 numerous disagreements on what costs or revenues should be included at the time of any  
10 prudence audit. GMO's FAC tariff sheets explicitly state when true-up changes will be filed  
11 and how these changes are to be returned or billed to the customers. KCPL's specimen tariff  
12 merely states that a true-up will occur at the conclusion of "each IEC" and uncontested  
13 amounts of over-collection will be refunded to ratepayers no later than 60 days following the  
14 filing of IEC true-up recommendation of the Staff.

15 Q. Would you summarize why Staff is opposed to KCPL's IEC mechanism  
16 proposal?

17 A. Staff is opposed to KCPL's proposed IEC mechanism because:

- 18 1) It is inadequately described in testimony;
- 19 2) The specimen tariff conflicts with the supporting testimony;
- 20 3) The specimen tariff is confusing;
- 21 4) It is not clear enough that it has an amount subject to refund;
- 22 5) It does not have a "ceiling" to protect customers from unwise decisions  
23 regarding fuel and purchased power costs and off-system sales margins;
- 24 6) It does not have a "floor" to reward KCPL for achieving savings in fuel  
25 and purchased power costs or greater off-system sales margins; and

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<sup>4</sup> This depends, however, upon which interpretation is used – what is described in Mr. Rush's testimony, or what is described on the specimen tariff sheets.

1           7)     Staff’s recommended treatment of off-system sales margins and fuel and  
2                    purchased power costs provides incentive for KCPL to make off-system  
3                    sales and keep fuel and purchased power costs low.

4     **Rebuttal Regarding KPCL’s Resource Planning**

5           Q.     Would you provide an overview of KPCL’s request with respect to resource  
6     planning in this case?

7           A.     KCPL filed its direct case in this general rate case on February 27, 2012.  
8     KCPL was required by Chapter 22 Electric Utility Resource Planning (“Chapter 22”) to file  
9     by April 1, 2012, a little over a month later, documentation of its resource planning process  
10    and its preferred plan for KCPL and GMO as two separate companies. Mr. Rush states on  
11    page 17, lines 3 through 9, of his direct testimony that KCP&L was also conducting a  
12    resource planning analysis on the two companies combined as one. Although Mr. Rush does  
13    not explicitly ask the Commission to acknowledge the combined resource plan, he does  
14    discuss what acknowledgement of the plan would mean and states on page 18, lines 1 through  
15    4, that “[i]n the companies’ view an acknowledgement by the Commission of a combined  
16    resource plan for KCP&L and GMO gives us some level of assurance that even absent a  
17    merger of the two utilities, it makes sense to plan as one entity.”

18          Q.     Did KCPL make its Chapter 22 filing in April 2012?

19          A.     Yes. KCPL made its filing in File No. EO-2012-0323 on April 9, 2012.

20          Q.     Is KCPL’s preferred resource plan based on KCPL’s analysis of a combined  
21    utility?

22          A.     According to page 10 of *Volume 1: Executive Summary* filed by KCPL, its  
23    preferred resource plan is based upon resource planning in-tandem with GMO.

24          Q.     Did KCPL ask for Commission acknowledgment of this preferred resource  
25    plan in File No. EO-2012-0323?



1           A.     KCPL did not use the word “acknowledgment” specifically respecting its  
2 preferred resource plan. In *Volume 8: Filing Schedule, Filing Requirements, and Stakeholder*  
3 *Process*, page 25, KCPL requests Commission acknowledgment “that it is reasonable for  
4 KCP&L and GMO to perform resource planning on a joint company basis as evidenced by the  
5 significant savings to retail customers from such planning.”<sup>5</sup> In *Volume 8: Filing Schedule,*  
6 *Filing Requirements, and Stakeholder Process*, page 25, KCPL does request that the  
7 Commission “find that KCP&L’s Preferred Resource Plan is reasonable as of its filing.”

8           Q.     Did the joint company analysis show significant savings to KCPL?

9           A.     No, it did not, although KCPL seemed to indicate that the \$8 million savings  
10 would be significant, an \$8 million savings amount on a \$20,830 million 20-year net present  
11 value revenue requirement (“NPVRR”) is well within the margin of error for a 20-year  
12 analysis. KCPL indicated that “[t]his savings is due to increased capacity sales and the  
13 opportunity to share with GMO a smaller portion of a new combined cycle facility that would  
14 be built in 2021 under a combined-company scenario.”<sup>6</sup>

15          Q.     Should the Commission acknowledge in this rate case that it is reasonable for  
16 KCPL and GMO to do joint planning?

17          A.     The Commission should not acknowledge that it is reasonable for KCPL and  
18 GMO to do joint planning in this rate case or in the resource planning case.

19          Q.     Why not?

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<sup>5</sup> Also, KCPL stated in its April 9, 2012 Chapter 22 transmittal filing letter: “KCP&L requests Commission acknowledgement, under 4 CSR 22.080(17), that it is reasonable for KCP&L to plan on a joint company basis (KCP&L and KCP&L Greater Missouri Operations Company) as evidenced by the significant savings to retail customers from joint planning.” KCPL did not ask in the transmittal filing letter for the Commission to find KCPL’s preferred resource plan reasonable.

<sup>6</sup> *Volume 8: Filing Schedule, Filing Requirements, and Stakeholder Process*, page 25

1           A.       Staff realizes that there are some benefits of combining the two companies for  
2 sharing capacity and capacity planning and it makes some sense when looking at the high  
3 level such as what is done for resource planning. However, there are at least three reasons  
4 why it is not reasonable for KCPL and GMO to do joint planning.

5           First, as will be outlined in Staff's Report of its review of KCPL's resource plan filing  
6 to be filed on September 6, 2012, in File No. EO-2012-0323, KCPL did not meet all of the  
7 Chapter 22 filing requirements for the KCPL-GMO combined resource plan.

8           Secondly, they are currently two legally separate companies with different needs and  
9 capabilities. When Great Plains Energy, Inc. acquired GMO it chose not to merge KCPL and  
10 GMO. KCPL and GMO have many factors to weigh in their decision of whether to merge,  
11 but they cannot act as though they are one company when convenient. If the joint planning  
12 benefits are so great, then the legal issues of the two companies being separate entities need to  
13 be addressed.

14           Finally, KCPL and GMO failed to provide any guidance as to the appropriate  
15 apportionment of rate base and operating expense in a rate case where capacity is needed for  
16 KCPL and GMO - such as when the Commission had to determine the allocation of Iatan 2  
17 between MPS and L&P rate districts in the last GMO rate case, Case No. ER-2010-0356.  
18 KCPL and GMO have neither developed nor proposed any processes for allocating energy  
19 and capacity between KCPL and GMO and then between the MPS and L&P rate districts.  
20 Before the Commission allows KCPL and GMO to share capacity resources or engage in  
21 resource planning as one company, it should require KCPL and GMO to file: 1) a detailed  
22 process for the allocation of capacity and energy between KCPL and GMO and, if applicable

1 at that time, between GMO's MPS and L&P rate districts; and 2) a plan for the eventual  
2 merger of the two companies.

3 An alternative available to KCPL and GMO may involve KCPL and GMO entering  
4 into a long-term contract for KCPL to supply capacity and energy to GMO after GMO issues  
5 a Request for Proposals ("RFP") for a long-term PPA and evaluates the responses it receives.  
6 If KCPL's bid were the low cost and best bid solution, a contract between KCPL and GMO  
7 would have to meet the requirements of 4 CSR 240-20.015 Affiliate Transactions rule. A  
8 long-term PPA between KPCL and GMO would ensure that KCPL would be able to sell some  
9 of its excess capacity and energy and end GMO's reliance on short-term PPAs to meet its  
10 needs.

11 The Staff and other parties' reports regarding compliance and concerns with these  
12 resource plan filings will be made September 6, 2012. The Commission should not make any  
13 determinations regarding the acknowledgment of a resource planning process in this rate case.  
14 The resource planning cases are the correct cases for the Commission to make such  
15 determinations.

16 Q. Did you make a similar recommendation in the GMO rate case, Case No. ER-  
17 2012-0175?

18 A. Yes, I did.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes, it does.

**Education and Work Experience Background for**  
**Lena M. Mantle, P.E.**

Energy Unit Manager  
Tariff, Safety, Economic and Engineering Analysis Department  
Regulatory Review Division

I received a Bachelor of Science Degree in Industrial Engineering from the University of Missouri, at Columbia, in May, 1983. I joined the Research and Planning Department of the Missouri Public Service Commission in August, 1983. I became the Supervisor of the Engineering Analysis Section of the Energy Department in August, 2001. In July, 2005, I was named the Manager of the Energy Department. The Energy Department was renamed the Energy Unit in August, 2011. I am a registered Professional Engineer in the State of Missouri.

In my work at the Commission from May 1983 through August 2001 I worked in many areas of electric utility regulation. Initially I worked on electric utility class cost-of-service analysis. As a member of the Research and Planning Department, I participated in the development of a leading-edge methodology for weather normalizing hourly class energy for rate design cases. I applied this methodology to weather normalize energy in numerous rate increase cases.

My responsibilities as the Supervisor of the Engineering Analysis section considerably broadened my work scope. This section of the Commission Staff is responsible for a wide variety of engineering analysis including electric utility fuel and purchased power expense estimation for rate cases, generation plant construction audits, review of territorial agreements, and resolution of customer complaints. As the Manager of the Energy Unit, I oversee the activities of the Engineering Analysis section, the electric and natural gas utility tariff filings, the Commission's natural gas safety staff, fuel adjustment clause filings, resource planning compliance review and the class cost-of-service and rate design for natural gas and electric utilities.

In my work at the Commission I have participated in the development or revision of the following Commission rules:

- 4 CSR 240-3.130 Filing Requirements and Schedule of Fees for Applications for Approval of Electric Service Territorial Agreements and Petitions for Designation of Electric Service Areas
- 4 CSR 240-3.135 Filing Requirements and Schedule of Fees Applicable to Applications for Post-Annexation Assignment of Exclusive Service Territories and Determination of Compensation
- 4 CSR 240-3.161 Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements
- 4 CSR 240-3.162 Electric Utility Environmental Cost Recovery Mechanisms Filing and Submission Requirements
- 4 CSR 240-3.190 Reporting Requirements for Electric Utilities and Rural Electric Cooperatives
- 4 CSR 240-14 Utility Promotional Practices
- 4 CSR 240-18 Safety Standards
- 4 CSR 240-20.015 Affiliate Transactions
- 4 CSR 240-20.090 Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms
- 4 CSR 240-20.091 Electric Utility Environmental Cost Recovery Mechanisms
- 4 CSR 240-22 Electric Utility Resource Planning

I have testified before the Commission in the following cases:

<b><u>CASE NUMBER</u></b>	<b><u>TYPE OF FILING</u></b>	<b><u>ISSUE</u></b>
ER-84-105	Direct	Demand-Side Update
ER-85-128, et. al	Direct	Demand-Side Update
EO-90-101	Direct, Rebuttal & Surrebuttal	Weather Normalization of Sales; Normalization of Net System
ER-90-138	Direct	Normalization of Net System

EO-90-251	Rebuttal	Promotional Practice Variance
EO-91-74, et. al.	Direct	Weather Normalization of Class Sales; Normalization of Net System
ER-93-37	Direct	Weather Normalization of Class Sales; Normalization of Net System
ER-94-163	Direct	Normalization of Net System
ER-94-174	Direct	Weather Normalization of Class Sales; Normalization of Net System
EO-94-199	Direct	Normalization of Net System
ET-95-209	Rebuttal & Surrebuttal	New Construction Pilot Program
ER-95-279	Direct	Normalization of Net System
ER-97-81	Direct	Weather Normalization of Class Sales; Normalization of Net System; TES Tariff
EO-97-144	Direct	Weather Normalization of Class Sales; Normalization of Net System;
ER-97-394, et. al.	Direct, Rebuttal & Surrebuttal	Weather Normalization of Class Sales; Normalization of Net System; Energy Audit Tariff
EM-97-575	Direct	Normalization of Net System
EM-2000-292	Direct	Normalization of Net System; Load Research;
ER-2001-299	Direct	Weather Normalization of Class Sales; Normalization of Net System;
EM-2000-369	Direct	Load Research
ER-2001-672	Direct & Rebuttal	Weather Normalization of Class Sales; Normalization of Net System;
ER-2002-1	Direct & Rebuttal	Weather Normalization of Class Sales; Normalization of Net System;
ER-2002-424	Direct	Derivation of Normal Weather
EF-2003-465	Rebuttal	Resource Planning
ER-2004-0570	Direct	Reliability Indices

ER-2004-0570	Rebuttal & Surrebuttal	Energy Efficiency Programs and Wind Research Program
EO-2005-0263	Spontaneous	DSM Programs; Integrated Resource Planning
EO-2005-0329	Spontaneous	DSM Programs; Integrated Resource Planning
ER-2005-0436	Direct	Resource Planning
ER-2005-0436	Rebuttal	Low-Income Weatherization; Energy Efficiency Programs
ER-2005-0436	Surrebuttal	Low-Income Weatherization; Energy Efficiency Programs; Resource Planning
EA-2006-0309	Rebuttal, Surrebuttal	Resource Planning
EA-2006-0314	Rebuttal	Jurisdictional Allocation Factor
ER-2006-0315	Supplemental Direct	Energy Forecast
ER-2006-0315	Rebuttal	DSM; Low-Income Programs
ER-2007-0002	Direct	DSM Cost Recovery
GR-2007-0003	Direct	DSM Cost Recovery
ER-2007-0004	Direct	Resource Planning
ER-2008-0093	Rebuttal	Fuel Adjustment Clause, Low-Income Program
ER-2008-0318	Surrebuttal	Fuel Adjustment Clause
ER-2009-0090	Surrebuttal	Capacity Requirements
ER-2010-0036	Supplemental Direct, Surrebuttal	Fuel Adjustment Clause
EO-2010-0255	Direct/Rebuttal	Fuel Adjustment Clause Prudence
ER-2010-0356	Rebuttal, Surrebuttal	Resource Planning Issues
ER-2011-0028	Rebuttal, Surrebuttal	Fuel Adjustment Clause
EU-2011-0027	Rebuttal	Fuel Adjustment Clause
EO-2011-0390	Rebuttal	Resource Planning; Fuel Adjustment Clause Prudence
EO-2012-0074	Direct/Rebuttal	Fuel Adjustment Clause Prudence

Contributed to Staff Direct Testimony Report

ER-2007-0291	DSM Cost recovery
ER-2008-0093	Fuel Adjustment Clause, Experimental Low-Income Program
ER-2008-0318	Fuel Adjustment Clause
ER-2009-0090	Fuel Adjustment Clause, Capacity Requirements
HR-2009-0092	Fuel Adjustment Rider
ER-2010-0036	Environmental Cost Recovery Mechanism
ER-2010-0356	Resource Planning Issues
ER-2011-0028	Fuel Adjustment Clause
ER-2012-0166	Fuel Adjustment Clause