

Exhibit No.:

Issues: Community Relations

Witness: Norma F. Dunn

Sponsoring Party: Aquila Networks-MPS

Case No.: EA-

Before the Public Service Commission
of the State of Missouri

Direct Testimony

of

Norma F. Dunn

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF NORMA F. DUNN
ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS
CASE NO. EA-_____**

1 Q. Please state your name and business address.

2 A. My name is Norma Dunn. My business address is 20 W. 9th Street, Kansas City,
3 Missouri.

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

5 A. I am employed by Aquila, Inc. (“Aquila” or “Company”) as a Senior Vice President,
6 Communications and Stakeholder Outreach.

7 Q. Please briefly describe your education and work experience.

8 A. I have an Accounting degree from the University of Texas at El Paso and am a CPA.
9 I worked for El Paso Corporation for 18 years in various degrees of increasing
10 responsibility and was Senior Vice President, Communications and Government
11 Affairs when I left to join Aquila.

12 **Testimony Purpose and Executive Summary**

13 Q. What is the purpose of your testimony?

14 A. The process to site, permit and build the South Harper Peaking Facility has been one
15 marked by conflict and litigation brought on by numerous parties and has been a difficult
16 one for the company. The purpose of my testimony is to describe the efforts of Aquila
17 over the past year to work with the local agencies and citizens to resolve any remaining
18 problems resulting from those impacted by the plant’s physical presence. I will describe
19 the numerous programs we have implemented, ranging from the efforts to reduce the

1 levels of noise and emissions emanating from the plant, to improving the plant's physical
2 appearance through landscaping and by taking other view enhancing actions. I will
3 further describe our efforts to meet individually with the neighbors most directly
4 impacted by the plant, to hear their concerns, and in some cases to buy their homes if no
5 other solution is workable. Many of the programs I will describe were pursued only after
6 being agreed to in meetings between the Aquila personnel, including myself, and
7 numerous local officials and neighborhood representatives.

8 The Company has made a monumental effort to demonstrate that it remains a
9 good corporate citizen in Cass County. In addition to providing a reliable source of
10 power to Cass County citizens, the South Harper Plant will be a source of employment
11 for its local citizens and source of tax revenue, enhanced by efforts to obtain Chapter 100
12 financing.

13 **Prior to Plant Completion Improvements**

14 Q. What specific improvements to the plant can you cite that were made prior to its
15 completion?

16 A. During construction, the workers were housed in temporary buildings. As construction
17 was completed, these buildings were removed and the ground was landscaped with
18 berms built to reduce the visibility from the neighborhood's vantage point. Trees and
19 shrubs were planted at the entrance of the facility and around its perimeter. In
20 recognition of the facility's needs and to support community development efforts, Aquila
21 agreed to install, in partnership with local agencies, a water loop to increase the
22 reliability of the local rural system and install twenty-one (21) new fire hydrants on

1 streets in close proximity to the plant. Also, upon completion of plant construction,
2 Aquila and the Cass County Roads Department paved the main thoroughfare that leads
3 to the neighborhood where the plant is located.

4 Q. What additional efforts were made to reduce the level of noise coming from the plant?

5 A. Although the plant met the Cass County residential noise regulations with its configuration
6 upon completion, Aquila acknowledged that several of the nearby neighbors could still hear
7 pieces of equipment during the plant's operation. To reduce the level of noise, the
8 following sound attenuation activities have been completed:

- 9 • Turbine Units – acoustic insulation has been added to the exterior of the air inlet
10 ducting
- 11 • Turbine Unit Fuel Gas Vents – individual silencers have been installed
- 12 • Turbine Unit Gas Yard Vents – individual silencers have been installed
- 13 • Turbine Unit Compressed Air Vents – individual silencers have been installed
- 14 • Fire Alarm System - relocated to inside of building from outside location
- 15 • Starting Motor Package – acoustic skirting and ventilation silencers installed

16 In addition to taking these specific actions, we are also building sound walls to
17 reduce transformer sound noise and taking an additional series of measures to further
18 reduce the level of noise emanating from the plant. Aquila witness Block Andrews also
19 addresses these activities in his testimony and can respond to technical issues.

20 **Post Plant Completion Actions**

21 Q. What have you done since the plant was completed to reach out to the local community?

1 A. First and foremost, we have made a concerted effort to meet with the neighbors in close
2 proximity to the plant. Families with a direct view of the plant were contacted and
3 participated in a meeting and tour of the peaking facility. They indicated that short of the
4 plant being removed, they wanted Aquila to address several issues: 1.) Noise 2.)
5 Emissions - the group wanted to better understand the pollutants associated with the plant
6 and what assurances it would operate within required environmental permits. 3.) Visual -
7 the neighbors conveyed that the plant site is not what they had in mind when they moved to
8 this rural setting.

9 Secondly, Aquila has been meeting with a broader group of neighbors approximately once
10 a month to hear their concerns and suggestions. During these meetings we have updated
11 the group on tests related to emissions and noise levels, and have explored possible
12 community projects that could be pursued.

13 Q. Since you have met with the local citizens, what specific actions have you taken to
14 address their concerns regarding the plant?

15 A. Upon completion of the plant's construction and after meeting with the neighborhood
16 groups, we have taken additional measures to minimize the impact of the plant on the
17 community. Aquila's original land purchase included 35 acres north of the plant in excess
18 of what was needed for the site. Aquila has committed to leave this land as grazing land or
19 as walking trails so it will serve as an additional "buffer zone" between the plant and the
20 residential area.

1 Aquila continues to work with individual neighbors who have a direct view of the plant to
2 minimize the impact they may have felt since the plant was completed. The following
3 actions were taken in the neighborhood directly adjacent to the facility:

- 4 • Homes and vacant residential development property closest to the plant site
5 were purchased from those who wished to relocate. Sale premiums, closing
6 costs and other expenses were negotiated and moving expenses have been
7 reimbursed.
- 8 • Landscaping was added to privately owned acreages that are in near
9 proximity to the facility with the design input of the individual family.
10 Approximately 400 trees and 300 shrubs were planted off the Aquila site.
- 11 • Relocation agreements were negotiated with the affected neighbors that allow
12 them time to evaluate the issues pertinent to the plant. These agreements give
13 them the ability to leave the area within a certain time period with costs
14 covered by Aquila.
- 15 • Legal fees and costs for web sites incurred by local neighbors were
16 covered by Aquila.

17 **Plant Emissions**

18 Q. Where do you stand on emissions testing for the plant?

19 A. Aquila has completed all emissions testing required by state and federal agencies and is
20 in compliance according to the regulations that govern power plants. While I understand
21 this may not alleviate the concern of some neighbors close to the facility, testimony
22 sponsored by Aquila's Director of Environmental Services, Block Andrews, discusses

1 additional tests reviewed by several expert toxicologists which support the lack of any
2 adverse impact on anyone near the plant.

3 **Chapter 100 Financing**

4 Q. Could you please discuss the benefits of the Chapter 100 property tax abatement
5 alternative for the plant?

6 A. Yes. First, I am advised that the Chapter 100 mechanism is a property tax abatement and
7 not a source of external financing. Aquila incurred approximately \$1 million of up-front
8 bond issuance fees and legal costs to implement a financing structure known as Chapter
9 100. The Chapter 100 transaction will result in a tax abatement of about \$18 million
10 over the 30 year life of the property, if the courts allow the transaction to remain. Instead
11 of distributing taxes assessed on the plant across all the Aquila service territory, the
12 Chapter 100 mechanism requires all of the Payments in Lieu of Taxes (“PILOT”) to be
13 distributed within Cass County, particularly benefiting the Raymore-Peculiar School
14 District and other local taxing authorities. These savings will contribute to reducing the
15 cost of the plant and other infrastructure (Notably the Peculiar 345 kV substation that is
16 part of the transaction) and help to allow the South Harper Plant to provide affordable
17 and reliable electric power to the citizens of the service area.

18 **Additional Actions**

19 Q. Is Aquila taking any additional actions with regard to the Peculiar/Cass County
20 community?

1 A. Yes. As I mentioned in my opening paragraph, Aquila is striving to demonstrate that it is
2 a good corporate citizen in this community. In addition to the actions it has taken related
3 to the peaking plant, the Company:

4 • Provided funding for five new tornado sirens for the area to the local emergency
5 management district. This raises the total number of sirens in this district
6 to nine and should provide complete siren coverage for the area. This
7 item was voted a high priority by residents attending one of our
8 community meetings at the plant.

9 • Will install poles and lights for the Cass County Junior Athletic
10 Association football field in Peculiar.

11 • Is part of a community team working on the design of a lighting project
12 for three Athletic Association of Peculiar baseball fields in Raisebeck
13 Park.

14 • Requested that two additional fire hydrants be installed on Lucille Lane.
15 These fire hydrants, the 21 installed previously, and the associated water
16 loop installed, all in cooperation with the local public water supply
17 district and local fire protection district, has allowed the fire protection
18 district to significantly improve its ISO fire protection ratings in this area.

19 We believe this will result in lower fire insurance costs for neighbors
20 located within 1000 feet of the new hydrants.

1 • Paid for confined space equipment to the local fire protection district, and
2 provided associated training to fire district personnel to meet power plant
3 requirements.

4 • Paid Cass County for the Road Department to pave 243rd Street from
5 Highway C to Harper Road, Harper Road from the south property
6 boundary of the plant to 241st Street, 241st Street from Harper Road to
7 Overfelt and Overfelt from 241st Street south to a point level with the
8 south boundary of the power plant property.

9 • Offered energy efficiency audits to neighbors attending our community
10 meetings at the plant, regardless of whether or not they were customers of
11 Aquila, and distributed energy conservation materials for their use.

12 Q. Does this conclude your testimony?

13 A. Yes it does.

