

1 for identification.)

2 (Wherein; Department of Natural Resources  
3 Exhibit No. KCPL 602, KCPL 603, KCPL 604, KCPL 605, GMO  
4 601, GMO 602 and GMO 603 were marked for identification.)

5 JUDGE PRIDGIN: Good afternoon. We are back  
6 on the record. On my schedule, it says that we will begin  
7 with overview and policy witnesses.

8 So is it Mr. Blanc or Mr. Blanc, I can't  
9 recall?

10 MR. BLANC: Blanc.

11 JUDGE PRIDGIN: Mr. Blanc and then  
12 Mr. Featherstone from Staff.

13 Is there anything from counsel before  
14 Mr. Blanc takes the stand?

15 All right. Mr. Blanc, come forward to be  
16 sworn, please.

17 (Witness sworn.)

18 JUDGE PRIDGIN: Thank you, sir. And the  
19 direct and cross at your convenience, either from the  
20 podium or from where you're sitting as long as you're near  
21 a microphone.

22 MR. FISCHER: Thank you, Judge.

23 CURTIS BLANC testifies as follows:

24 DIRECT EXAMINATION BY MR. FISCHER:

25 Q. Please state your name and address for the

Appendix  
PP

1 record.

2 A. Sure. My name is Curtis Blanc, spelled  
3 B-L-A-N-C. My business address is KCP&L 1200 Main, Kansas  
4 City, Missouri.

5 Q. Are you the same Curtis Blanc who caused to  
6 be filed in this proceeding prefiled direct, rebuttal and  
7 surrebuttal testimony?

8 A. I am.

9 Q. And for your purpose, I think we've marked  
10 the direct as KCPL No. 7 HC and KCP&L 7 NP and then also  
11 the rebuttal is KCPL 8 and your surrebuttal is KCPL 9.

12 (Wherein; Kansas City Power & Light's  
13 Exhibit No. KCPL 7 HC, KCPL 7 NP, KCPL 8 and KCPL 9 were  
14 marked for identification.)

15 BY MR. FISCHER:

16 Q. Mr. Blanc, do you have any corrections or  
17 perhaps updates that you need to make to your testimony or  
18 exhibits?

19 A. No corrections, but two updates just based  
20 on the timing of when the direct testimony was filed. As  
21 was pointed out in opening statements, the Company has  
22 revised its ROE request in response to financial market  
23 conditions. Dr. Hadaway's the expert on that, but my  
24 direct reflects the request is 11 percent.

25 And as done in Dr. Hadaway's surrebuttal,

1 that's been reduced to 10.75 percent.

2 Q. Was there any other updates that you needed  
3 to make?

4 A. Sure. At the timing of my direct testimony,  
5 we had won the PA Reliability award three consecutive years  
6 and since that time we won it for a fourth time. So it's  
7 now four consecutive years.

8 Q. With those comments, if I were to ask you  
9 the questions contained in your testimony today, would your  
10 answers be the same?

11 A. Yes, they would.

12 Q. And are those answers true and correct to  
13 the best of your knowledge and belief?

14 A. Yes, they are.

15 Q. And do the schedules or attached exhibits  
16 accurately depict what you're trying to show in those?

17 A. Yes, they do.

18 MR. FISCHER: Your Honor, with that, I would  
19 move for the admission of KCP&L Exhibit 7, 8, and 9, both  
20 the HC and NP versions. And I tender the witness for  
21 cross-examination.

22 JUDGE PRIDGIN: Mr. Fischer, I thank you.  
23 Any objection to those exhibits?

24 MR. WOODSMALL: Your Honor, typically we  
25 withhold admission of those until we've gone through

1 SPP priority projects and balance portfolio projects are in  
2 place.

3 Q. There were some questions about Shiff  
4 Hardin. What -- who is Shiff Hardin? Can you explain what  
5 they do?

6 A. Sure. Shiff Hardin is a law firm and  
7 basically they provided support since -- I'd say since  
8 before the beginning of the Iatan projects. They came in  
9 and advised us on contracting structure and helped us  
10 negotiate the contracts.

11 They've provided a broad array of services  
12 over the life of the contract; contract negotiation,  
13 administration, dealing with the disputes with vendors that  
14 inevitably come up.

15 And as I mentioned before in response to  
16 Commissioner Kenney's questions that they also have a  
17 project control team and they're non-lawyers. They're J  
18 Wilson and Dan Meyer, who are widely respected schedule and  
19 cost experts. And so they provided those services to the  
20 Company.

21 Q. You mentioned that -- I believe in one of  
22 your answers -- that the team was already in place and you  
23 were talking to Shiff Hardin. What were some of the other  
24 advantages to Shiff Hardin?

25 A. Sure. First was just that, that they

1 already the team in place. We knew up front that we would  
2 be getting -- I would call it one-stop shopping -- with  
3 them and we wouldn't have to piece together a team and hope  
4 they share and coordinate information as well as they would  
5 be expected to.

6           This was a team that came to us together and  
7 had all the expertise we needed both in the construction  
8 area and the law area. But the other and maybe even more  
9 important than that, is they shared our philosophy for the  
10 project.

11           The Company wanted to make sure it wasn't in  
12 a position to respond to bad things after they occurred.  
13 We wanted to make sure we were in a position to see the  
14 train wreck coming and stop it as opposed to waiting for  
15 the train wreck to occur and then clean up the damage.

16           So those two things; one whole team, the  
17 one-stop shopping, and then wanting to avoid problems  
18 before they arose.

19           Q.     You mentioned Mr. Dan Meyer. What was his  
20 role at Shiff Hardin?

21           A.     Dan Meyer is a -- I'd say a cost expert.  
22 He's prefiled testimony with his resume attached, but he  
23 basically made sure that we had the information we needed  
24 to know where the cost of the project was going on a pretty  
25 regular basis.

1                   And as evidence of, I believe, how well that  
2 system worked, when we redid -- when we had our first  
3 reforecast back in 2008, we reforecast the cost at \$1.901  
4 billion for Iatan 2 and ultimately a couple years later we  
5 landed within 2 percent of that. And I think that's a  
6 benefit of Dan Meyer's expertise.

7                   Q.     Is he one of your cost control witnesses in  
8 this case?

9                   A.     He is indeed.

10                  Q.     You were asked some questions about whether  
11 the Company may seek to merge at some point, KCPL and the  
12 GMO operations. Do you recall that?

13                  A.     I do.

14                  Q.     And I believe that you mentioned that you  
15 thought there were ways that you could streamline or be  
16 more efficient if you did that. Short of a merger, are  
17 there things the Company can do perhaps in the planning  
18 area that would streamline the costs to the customers?

19                  A.     Sure. The way we've always looked at it is  
20 they're kind of three areas of merger, savings we can go  
21 after. Some are just business practices, things we can  
22 just do better on a consolidated basis. And that's what  
23 we've been focused on very hard since the merger.

24                             A second category would be tariff changes,  
25 basically coming in and consolidating our rules and

1 regulations. And that would be a more extensive effort and  
2 we've only begun to embark on that. But then the third  
3 category are things that we would have to be legally merged  
4 to reap those benefits.

5 Q. Could you streamline the IRP planning  
6 process?

7 A. Absolutely. It would be obviously more  
8 efficient to only have to do it once every three years on a  
9 consolidated basis, than have two companies do it  
10 independently every three years.

11 Q. Have you received some opposition or  
12 pushback on that topic?

13 A. Yes, we have.

14 Q. And where is that coming from?

15 A. Basically in our talks with staff we are  
16 basically trying to get an understanding up front that we  
17 could file our next IRP on a consolidated basis. And the  
18 response has largely been that's not how you structured the  
19 merger, so you can't do it that way.

20 Q. Commissioner Jarrett asked you about some  
21 belt-tightening measures that the Company has taken. Do  
22 you recall that?

23 A. I do.

24 Q. How would cutting the dividend be considered  
25 belt-tightening?