

Exhibit No. :
Witness : Michael K. Park
Type of Exhibit : Direct Testimony
Party : City of Lee's Summit, Missouri
Case No. : ER-2010-0356
Issue: : Rate Design --- Effect of proposed rate increase on traffic signals, city street lights, leased and otherwise, and current negotiations for leased street lighting system.

CITY OF LEE'S SUMMIT, MISSOURI

Case No. ER-2010-0356

DIRECT TESTIMONY

OF

MICHAEL K. PARK

City of Lee's Summit, Missouri
December 1, 2010

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

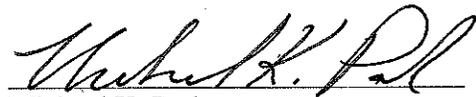
In the Matter of the Application of KCP&L Greater)
Missouri Operations Company for Approval to Make) Case No. ER-2010-0356
Certain Changes in its Charges for Electric Service)

Affidavit of Michael K. Park

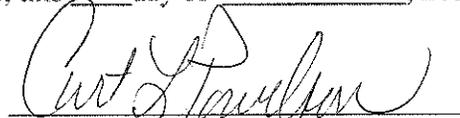
STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

I, Michael K. Park, of lawful age, being duly sworn, do hereby depose and state:

1. My name is Michael K. Park. I am City Traffic Engineer for the City of Lee's Summit. The City of Lee's Summit, Missouri is an intervenor herein.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my personal knowledge, information and belief.

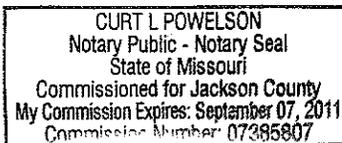

Michael K. Park

Subscribed and sworn to before me, a Notary Public, this 30 day of November, 2010.


Notary Public

My Commission expires:

Sept. 7, 2011



DIRECT TESTIMONY OF MICHAEL K. PARK

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Michael K. Park. I am the City Traffic Engineer for the City of Lee's Summit, Missouri. My business address is: 220 SE Green Street, Lee's Summit, Missouri 64063.

Q. FOR WHOM DO YOU APPEAR IN THIS PROCEEDING?

A. This testimony is on behalf of the City of Lee's Summit, Missouri (the "City").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND HISTORY OF EMPLOYMENT AND PROFESSIONAL EXPERIENCE.

A. I have attached MKP Schedule 1 which sets out my education background and history of employment and professional experience.

Q. IN GENERAL, WHAT ARE YOUR PRESENT DUTIES?

A. I am responsible for the general operation and management of all traffic control (e.g. signs, pavement marking, traffic signals), transit and street lighting within the control and ownership of the City. I report directly to the City Engineer/Deputy Director of Public Works, Dena Mezger, for the City.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. There are essentially three topics discussed in my testimony. The first is a description of the City Public Works Department's present reliance on energy supplied by KCP&L Greater Missouri Operations Company (GMO) and services contracted from GMO for street lights, subject to cost by established tariffs. The second topic is the fiscal impact of GMO's proposed rate increase on the Public Works budget and the last matter I address is the ongoing pursuit by

the City to purchase leased street lights from GMO.

GMO Services to the Public Works Department

Q. WHAT SERVICE DOES GMO PROVIDE TO THE CITY THROUGH ITS PUBLIC WORKS DEPARTMENT?

A. GMO provides energy to the City through its Public Works Department (the “Department”) for the operation of electronically controlled traffic signals and electrically powered street lights that are owned by the City. GMO also provides, by lease agreement administered by the Department, a system of approximately four thousand (4,000) street lights located throughout the City. The Department also has an operations and maintenance facility that requires energy use provided by GMO.

Q. HOW MUCH DID THE CITY PAY TO GMO DURING THE CITY'S PREVIOUS FISCAL YEAR FOR ENERGY TO DEPARTMENT USES?

A. For Public Works, the City, out of the Department budget, paid GMO a total of \$1,004,560 for electrical usage and street lights leased by agreement from GMO during the fiscal year that ended June 30, 2010. The Public Works electrical budget for traffic signals, a metered component, was approximately \$43,000 in the previous fiscal year. The Public Works electrical budget for City owned and operated street lights, a metered component, was approximately \$152,000 in the previous fiscal year. The Public Works electrical budget for the operation and maintenance facility, a metered component, was approximately \$46,000 in the previous fiscal year. The Public Works budget for leased street lighting from GMO, a component based on

established tariffs that include material, maintenance, and energy use for each type of installed fixture (Municipal Street Lighting Service), was approximately \$763,000 in the previous fiscal year.

Impact of Proposed Rate Increase

Q. HAVE YOU REVIEWED THE INCREASE IN RATES PROPOSED BY GMO IN THIS MATTER AS IT PERTAINS TO THE DEPARTMENT?

A. Yes, I have. Based upon my review of the revised tariffs proposed by the Company in this case, it appears that GMO is proposing to increase the rates for service applicable to the City's metered energy use and tariffs for unmetered street lights (Municipal Street Lighting Service) leased from GMO, by fifteen and two-tenths percent (15.2%).

Q. PLEASE DESCRIBE THE EFFECT YOU EXPECT SUCH AN INCREASE WILL HAVE ON THE CITY AND THE DEPARTMENT.

A. In general, it is my opinion the increase will have a negative impact on the City and the Department. Since the proposed rate increase will apply to all accounts related to GMO for energy use and leased street lighting, such budgets will incur additional expenditures that reduce the amount of available funds for other operations and public services provided by Public Works. Assuming the City's traffic signal and street light inventory remain the same and the energy demand for these services remains substantially the same as last year, the expected financial impact to the total Public Works electrical budget of the next fiscal year would be approximately \$153,000. Considering planned expansion to and improvement of the City's

traffic signal, street light and leased street light inventory, the projected financial impact to the total Public Works electrical budget of the next fiscal year as a direct result of the rate increase would be approximately \$162,000.

Q. HOW WILL THE INCREASE IN RATES BE APPLIED AGAINST THE CITY TRAFFIC SIGNALS AND STREET LIGHTS, MAINTENANCE FACILITY, AND LEASED STREET LIGHTS?

A. Assuming the City's inventory and demand remain substantially the same as last year, the increased cost would be associated with \$7,000 for traffic signal energy use, \$23,000 for street light energy use, \$7,000 for energy use at the operation and maintenance facility, and \$116,000 for energy use, material, installation, and maintenance related to the leased street light system. As the City continues to improve and expand its inventory of traffic signals, owned street lights, and leased street lights, the impact of such rate increase also increases. Approximately two-thirds of the expected total fiscal impact on the Public Works budget related to such rate increase is associated with the leased street lights from GMO.

Q. HAVE YOU ANALYZED THE COMPONENTS OF THE INCREASE PROPOSED FOR THE LEASED STREET LIGHTS?

A. Yes, I have. Of the approximate \$116,000 increase associated with the leased street lights from GMO, I estimate, based on rates established for unmetered service, the energy cost for the leased street light system is less than twenty-five percent (25%) of the total cost to lease the street lights; over seventy-five percent (75%) being material, installation, and maintenance costs incorporated in the tariff. The material, installation, and maintenance cost for street lights will

vary by fixture type and age, but generally the City's experience related to such cost as it relates to similar street lights owned by the City **has been steady, or declining, for several years (except for minimal adjustments, as required, in prevailing wage established by the State of Missouri)**. The aforementioned numbers and assumptions were derived from the City's budget, planned improvements, street light maintenance contract, and a recent system inventory and comprehensive cost evaluation of the system in consideration of the City's earnest inquiry to purchase the leased street light system from GMO.

Q. SHOULD THE PROPOSED 15.2% INCREASE IN GMO'S RATES FOR SERVICE BE APPLIED TO ALL ELEMENTS INVOLVED IN THE LEASED STREET LIGHT SYSTEM?

A. No, it should not. I recommend that if an increase in rates is approved by the Commission, that increase should not be applied to the material, installation, and maintenance aspects of the leased street light tariffs (tariffs for Municipal Street Lighting Service). Costs for those items have not increased, rather, as I just mentioned, costs have more likely decreased. If the Commission were to accept this recommendation, the fiscal impact of rate increase on the Department would be reduced **by fifty percent (50%) or more**. GMO should not be allowed through a general rate increase of this nature to collect from the City charges designed to cover costs that do not exist.

Effect on Ongoing Negotiations for the Purchase of Leased Street Lighting System

Q. WOULD THE RATE INCREASE AFFECT NEGOTIATIONS BETWEEN THE CITY AND GMO FOR PURCHASE OF THE LEASED STREET LIGHT SYSTEM?

A. I believe it will. Over the last several years, the City has completed an evaluation and benefit/cost study of the leased street light system in consideration of purchase from GMO. Requests by the City to GMO for investigation, negotiation and purchase of the leased street light system began in earnest about twelve (12) months ago. I believe the rate increase would negatively impact the City of Lee's Summit's negotiations with GMO in this matter. A rate increase would cause a higher lease cost. The lease cost primarily covers material, installation, and maintenance of the street light fixture, not energy use. The City can provide material and perform installation and maintenance of the street light fixture over the life of the asset for less expense than the cost of these activities through the lease street light tariff (Municipal Street Lighting Service). As the cost of these activities to the City increases through the lease street light tariff, the benefit of ownership by the City also increases. However, as the lease cost increases, the cost to purchase the system from GMO will also likely increase because the system will likely have a higher valuation by GMO. Again, and this serves to emphasize my earlier point, if the Commission approves GMO's rate increase, it should not be applied to the material, installation, and maintenance aspect of the leased street light tariffs. An increase in energy cost, without increase to material, installation, and maintenance cost of the leased street light system would minimize the adverse impact to negotiations since the energy cost would be applicable whether the City owned the street lights or continued its lease of street lights from GMO.

Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A. Yes, it does.

SCHEDULE 1

EDUCATION AND EXPERIENCE OF

Michael K. Park, PE, PTOE

EDUCATION/LICENSES/CERTIFICATIONS

BS Civil Engineering, University of Missouri at Kansas City, 2001

Registered Professional Engineer by the Kansas State Board of Technical Professions. – 2005 (Expired 2007)

Registered Professional Engineer by the Missouri Board for Architects, Professional Engineers, Professional Land Surveyors and Landscape Architects. - 2006

Registered Professional Traffic Operations Engineer (PTOE) by the Transportation Professional Certification Board Inc. - 2006

TECHNICAL TRAINING

Geometric Design of Streets and Highways, Northwestern University - 2002

Traffic Modeling using CORSIM, University of Florida - 2003

Traffic Modeling using VISSIM, North Dakota State University - 2004

Roundabout Design, Kansas State University - 2004

Traffic Signal Inspector Certification, International Municipal Signal Association – 2005

Transportation Planning Models using TransCAD, Caliper Corporation, Boston, MA – 2007

National Institute of Transportation Engineers Technical Conference, Miami, FL - 2008

Crime Prevention Through Environmental Design (CPTED), National Crime Prevention Council – 2008

National Institute of Transportation Engineers Technical Conference, Phoenix, AZ - 2009

National Institute of Transportation Engineers Technical Conference, Savannah, GA - 2010

EXPERIENCE

2007 – Current: City Traffic Engineer, City of Lee’s Summit, Missouri

2006 – 2007: Senior Staff Engineer, City of Lee’s Summit, Missouri

2001 – 2006: Traffic and Transportation Engineer, Bucher, Willis & Ratliff Corporation

1999 – 2001: Engineering Technician (Intern Engineer), Bucher, Willis & Ratliff Corporation

PRESENTATIONS/PUBLICATIONS

2010 Institute of Transportation Engineers National Technical Conference, Savannah, GA, Session Moderator (Technology Showcase)

2010 Mid-America Regional Council Academy for Sustainable Communities, Kansas City, MO, Expert Panelist (Complete Streets Seminar)