

Exhibit No.:
Issue: Transmission Expansion
and Compliance; SPP;
FERC Assessment
Witness: Richard A. Spring
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2009-____
Date Testimony Prepared: September 5, 2008

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2009-____

DIRECT TESTIMONY

OF

RICHARD A. SPRING

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
September 2008**

DIRECT TESTIMONY

OF

RICHARD A. SPRING

Case No. ER-2009-_____

1 **Q: Please state your name and business address.**

2 A: My name is Richard A. Spring. My business address is 1201 Walnut, Kansas City,
3 Missouri 64106.

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

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as
6 Vice President, Transmission Policy, Planning and Compliance.

7 **Q: What are your responsibilities?**

8 A: My responsibilities include overseeing the transmission policy, transmission planning,
9 Federal Energy Regulatory Commission (“FERC”) regulatory compliance, National
10 American Electric Reliability Corporation (“NERC”) reliability compliance, transmission
11 tariff administration, and transmission energy accounting of KCP&L and Aquila, Inc. dba
12 KCP&L Greater Missouri Operations Company (“GMO”).

13 **Q: Please describe your education, experience and employment history.**

14 A: I hold a Master of Business Administration from Rockhurst College, a Bachelor of
15 Science in Mechanical Engineering from Wichita State University and an Associate of
16 Arts degree from Butler County Community College. I began my career at KCP&L in
17 1978 as a Staff Maintenance Engineer, promoted to Operations Supervisor in 1979,
18 Maintenance Superintendent 1982, all at the La Cygne Generating Station. I then moved
19 to the Iatan Generating Station as Maintenance Superintendent where I was promoted to

1 Plant Manager in 1984. I returned to the La Cygne Generating Station in 1991 as Plant
2 Manager. In 1993, I joined Northern Indiana Public Service Company as Director of
3 Electric Production. I returned to KCP&L in 1994 as Vice President, Production. I
4 shifted responsibilities and was named Vice President, Transmission and Environmental
5 Services in 1999. In 2003, I was named Vice President, Transmission Services. In 2008,
6 KCP&L strengthened its FERC and NERC compliance activities and I was named to my
7 current position of Vice President, Transmission Policy, Planning and Compliance.

8 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
9 **Commission or before any other utility regulatory agency?**

10 A: I have previously testified before both the Missouri Public Service Commission
11 (“MPSC” or “Commission”) and the Kansas Corporation Commission.

12 **Q: What is the purpose of your testimony?**

13 A: The purpose of my testimony is to summarize the Southwest Power Pool (“SPP”)
14 regional transmission expansion plans and KCP&L’s membership commitments, and
15 FERC statutory requirements for bulk power system reliability including compliance and
16 enforcement activities to meet NERC reliability standards.

17 **Q: Please describe the SPP regional transmission expansion plan funding process.**

18 A: KCP&L’s membership in SPP provides several benefits and obligations. KCP&L, as a
19 transmission owner, has transferred functional control of its transmission facilities to the
20 SPP. In doing so, SPP performs the following functions that enhance KCP&L’s
21 transmission operations and planning responsibilities:

1 1. The SPP provides the SPP Open Access Transmission Tariff for transmission
2 customers to use a regional transmission tariff for KCP&L transmission service
3 purchased on our system.

4 2. SPP acts as KCP&L's Reliability Coordinator and is responsible for
5 coordinated regional transmission operations to maintain bulk-power system
6 reliability.

7 3. SPP acts as KCP&L's Planning Coordinator and performs regional planning
8 activities for all SPP members resulting in a comprehensive regional transmission
9 expansion plan.

10 The expansion plan includes, among other things, proposed transmission element
11 additions and upgrades within the SPP region in order to conform to applicable reliability
12 requirements of the SPP, NERC, and transmission owners.

13 **Q: Would you please explain more fully the SPP regional transmission expansion plan?**

14 A: The SPP regional transmission expansion plan proposes regional transmission element
15 additions in order to maintain sufficient transmission assets for the SPP region. A major
16 portion of the expansion plan includes those projects that are termed "base plan
17 upgrades," which are those transmission additions required to meet the mandatory NERC
18 and SPP reliability standards and criteria. Due to the nature of the interconnected
19 transmission system, these base-plan transmission additions produce direct and indirect
20 reliability benefits across the SPP region. Therefore, SPP employs a cost allocation
21 methodology to provide fair and equitable sharing of costs for base-plan transmission
22 additions. The SPP cost allocation calls for one-third of the project cost to be shared by

1 all SPP members, and the remaining two-thirds of the project cost is allocated among the
2 members that directly benefit from the project.

3 **Q: Are there incremental costs that KCP&L is exposed to beyond the test year of 2007?**

4 A: For the current SPP transmission expansion plan, KCP&L had 2007 test year costs of
5 \$41,928, proposed budget funding obligations in 2008 of approximately \$307,000 and
6 expects this obligation in 2009 to be about \$1.5 million. KCP&L has not included these
7 increased costs in its direct filing but rather will reflect annualized cost in the true-up
8 process in this rate case because the SPP transmission expansion plan continues as a
9 relatively new process, and due to varying cost recovery schedules for members, these
10 transmission expansion costs have the potential to change significantly. KCP&L
11 anticipates that these transmission expansion costs will have significant increases over
12 the next few years due to utility members implementing formula rate recovery structures
13 and increased regional transmission asset additions.

14 **Q: Please describe the cost impact of the NERC & SPP reliability compliance and**
15 **enforcement activities.**

16 A: As a result of the Energy Policy Act of 2005 (“EPAct ’05”), the FERC has been given
17 specific jurisdictional responsibilities for the reliability and security of the bulk-power
18 system. Also within the EPAct ’05, Congress directed the formation of a new Electric
19 Reliability Organization and corresponding Reliability Entities responsible for bulk-
20 power reliability enforcement and compliance activities. As a result, NERC and the
21 Regional Entities, including SPP, continue to supplement their manpower and
22 infrastructure in order to implement these reliability compliance and enforcement
23 responsibilities.

1 KCP&L had actual NERC and SPP expenditures of \$265,528 in 2007, and for the
2 current budgets of NERC and SPP, proposed budget funding obligations in 2008 of
3 approximately \$486,000, and an expected funding obligation of \$693,000 in 2009. No
4 adjustment to test year costs has been reflected in the direct filing; rather, KCP&L will
5 include the annualized cost in the true-up process in this case.

6 **Q: Please describe the FERC Administrative Fee adjustment.**

7 A: FERC administrative fees contain assessments to public utilities as per Part 382 of
8 FERC's regulation for federal regulatory costs based on energy delivered under point-to-
9 point transmission service and network integration service to all energy delivered to
10 bundled retail and grandfathered loads. These fees are re-assessed each year based on
11 increases in energy served as well as additional FERC budget increases in order to
12 provide certain federal regulatory functions, including new statutory requirements of
13 reliability compliance and enforcement.

14 KCP&L had 2007 actual expenditures of \$729,000 and proposed budget funding
15 obligations in 2008 and 2009 of approximately \$708,000 and \$819,000, respectively.
16 KCP&L has increased its test year cost of service by \$90,000 to reflect annualized cost
17 expected to be in effect at the time this case is tried up , as shown in Schedule JPW-2,
18 Adj-37, attached to the direct testimony of Company witness John P. Weisensee.

19 **Q: Does that conclude your testimony?**

20 A: Yes, it does.

