

Exhibit No.: 12NP
Issue: Crossroads
Witness: John R. Carlson
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2016-0156
Date Testimony Prepared: September 2, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0156

FILED

SEP 22 2016

**Missouri Public
Service Commission**

SURREBUTTAL TESTIMONY

OF

JOHN R. CARLSON

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
September 2016**

*** [REDACTED] *** Designates "Highly Confidential" Information.
All Such Information Should Be Treated Confidentially
Pursuant To 4 CSR 240-2.135.

SURREBUTTAL TESTIMONY

OF

JOHN R. CARLSON

Case No. ER-2016-0156

1 **Q: Are you the same John R. Carlson who pre-filed direct testimony in this matter on**
2 **behalf of KCP&L Greater Missouri Operations Company (“GMO” or the**
3 **“Company”)?**

4 **A: Yes.**

5 **Q: What is the purpose of your surrebuttal testimony?**

6 **A: I will respond to the rebuttal testimony of Mr. Cary Featherstone submitted in this**
7 **proceeding on behalf of the Staff of the Missouri Public Service Commission (“Staff”) as**
8 **it relates to Crossroads.**

9 **I. CROSSROADS**

10 **Q: Do you agree with Mr. Featherstone’s discussion and analysis of the Company’s**
11 **review of Crossroads options, as discussed on pages 16 through 19 of his rebuttal**
12 **testimony?**

13 **A: Mr. Featherstone correctly summarized the process the Company undertook to identify**
14 **and evaluate multiple options to maximize the value of Crossroads and the related**
15 **Midcontinent Independent System Operator (“MISO”) transmission. However, Mr.**
16 **Featherstone has oversimplified the analysis of the option to ****

17 **[REDACTED]**

18 **[REDACTED] ** was valid as of**

19 **the date of the referenced study, but his statement on page 17, lines 10-11 of his rebuttal**

1 testimony that ** [REDACTED]

2 [REDACTED] ** is incorrect.

3 Q: Could the Company ** [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] **

7 A: No, it could not. The incorrect assumption is that ** [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED] **

15 Q: Why can't a market participant ** [REDACTED] **

16 A: Because PTP transmission is ** [REDACTED]

17 [REDACTED]

18 [REDACTED] ** As discussed in my direct

19 testimony, NITS transmission is used by Network customers to serve Network load with

20 Network resources. If a ** [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED] **

1 Q: Couldn't the Company sell the MISO PTP transmission service currently used for
2 Crossroads?

3 A: No. The transmission has to remain in place so long as Crossroads is used to serve the
4 Company's capacity requirements.

5 Q: Could the Company sell the MISO PTP transmission service ** [REDACTED]
6 [REDACTED]
7 [REDACTED] **

8 A: If there was a viable market for this transmission then yes, the Company could sell it.
9 However, that market does not exist. Prior to Entergy joining MISO the Company would
10 sell the transmission to other entities on a short-term basis in the non-summer months
11 (Crossroads was needed to meet SPP's capacity requirements during the summer months
12 of June through September). Those entities would then redirect the transmission, almost
13 exclusively to Southern Company, and sell energy there.

14 Since Entergy joined MISO there has been no interest in the Company's MISO
15 PTP transmission. If a market participant wanted energy at Southern Company they
16 would simply buy energy at the MISO interface from the MISO market. Transmission is
17 no longer needed to move energy across the footprint as it was when Entergy was
18 standalone. From a long-term perspective, third parties have never shown interest in
19 purchasing the Company's MISO PTP transmission.

20 Q: So even if the ** [REDACTED]
21 [REDACTED]
22 [REDACTED] **

23 A: That is correct.

1 Q: According to Mr. Featherstone's rebuttal testimony, ** [REDACTED]

2 [REDACTED] **

3 A: As discussed in Highly Confidential Data Request 335, Case No. ER-2007-0004,
4 attached as Schedule CGF-r5, ** [REDACTED] **

5 Q: Does the ** [REDACTED] ** exist today, as implied by
6 Mr. Featherstone on page 19, lines 5 and 6, of his rebuttal testimony?

7 A: No, it does not. ** [REDACTED]

8 [REDACTED]

9 [REDACTED] **

10 Q: Does that conclude your testimony?

11 A: Yes, it does.

HIGHLY CONFIDENTIAL

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations)
Company's Request for Authority to Implement) Case No. ER-2016-0156
A General Rate Increase for Electric Service)

AFFIDAVIT OF JOHN R. CARLSON

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

John R. Carlson, being first duly sworn on his oath, states:

1. My name is John R. Carlson. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as an Originator.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of four (4) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

John R. Carlson
John R. Carlson

Subscribed and sworn before me this 2nd day of September, 2016.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200