

Exhibit No.:  
Issue: Impact of Transaction on Natural Gas Services  
to Kansas City Power & Light Company Units  
Witness: Lacinda M. Kramer  
Sponsoring Party: Kansas City Power & Light Company  
Type of Exhibit: Direct Testimony  
Case No.: GM-2003-0238  
Date Testimony Prepared: March 14, 2003

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. GM-2003-0238**

**DIRECT TESTIMONY**

**OF**

**LACINDA M. KRAMER**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
March 14, 2003**

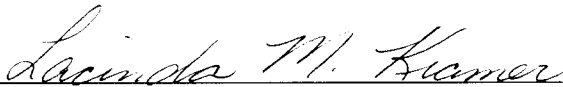
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**In the Matter of the Application of Southern )  
Union Company d/b/a Missouri Gas Energy )  
For Authority to Acquire Directly or Indirectly )  
Up to and Including One Hundred Percent )  
(100%) of the Equity Interests of Panhandle )  
Eastern Pipeline Company, Including Its )  
Subsidiaries, and to Take All Other Actions )  
Reasonably Necessary to Effectuate Said )  
Transaction. )**

**Case No. GM-2003-0238**

**AFFIDAVIT OF LACINDA M. KRAMER**

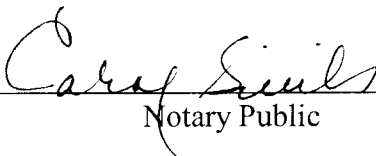
Lacinda M. Kramer, being first duly sworn, deposes and states that she is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Lacinda M. Kramer"; that said testimony attached hereto was prepared by her and/or under her direction and supervision; that if inquiries were made as to the facts in said testimony, she would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of her knowledge, information and belief.

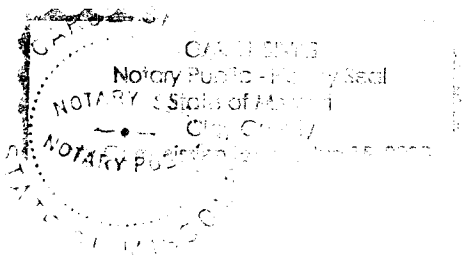


Lacinda M. Kramer

State of Missouri  
County of Jackson

Subscribed and sworn to before me this 14th day of March, 2003.

  
Notary Public



**DIRECT TESTIMONY  
OF  
LACINDA M. KRAMER**

**CASE NO. GM-2003-0238**

1    **Q Please state your name, business address, and occupation.**

2    A My name is Lacinda M. Kramer. My business address is 1201 Walnut, Kansas City,  
3       Missouri. I am a Project Technical Professional in Fuels at Kansas City Power & Light  
4       Company (KCPL).

5    **Q Please describe your educational and professional background.**

6    A I graduated from Drury College with a Bachelor of Arts in Business Administration and  
7       Communications with an emphasis in Public Relations. I also graduated from Park College  
8       with a Bachelor of Science in Accounting. I received a Master of Business Administration  
9       with an emphasis in Project Management from the Keller Graduate School of Management in  
10      2001. I have been employed at KCPL since 1997. I started in the marketing department  
11      selling natural gas services to KCPL customers. In December of 1998 I transferred to the  
12      fuels department as a fuels analyst, performing all natural gas procurement functions for  
13      KCPL's gas-powered generating units.

14   **Q What is the purpose of this testimony?**

15   A Southern Union Company ("Southern Union") filed an Application with the Missouri Public  
16      Service Commission ("Commission") for authority to acquire directly or indirectly, up to and  
17      including one hundred percent (100%) of the equity interests of Panhandle Eastern Pipeline  
18      Company ("Panhandle"), including its subsidiaries. The purpose of my testimony is to  
19      discuss the potential impact on the procurement of natural gas services for KCPL's

generating assets if the proposed acquisition is approved. While KCPL is not opposed to the acquisition proposed by Southern Union Company in this proceeding, KCPL does have concerns over the potential impact on competition for natural gas services to KCPL's generating units where gas is used. KCPL intervened in these proceedings after it learned that Energy Worx, an affiliate of Southern Union Company, had a contract to manage the Southern Star Central Pipeline ("Central", which is the pipeline formerly owned by Williams). As described below, KCPL's concerns arise from Southern Union Company owning the Panhandle pipeline and owning an entity that manages the Central pipeline.

**Q How are the gas powered generating units used?**

**A** KCPL generates electricity from a variety of fuels, including coal, oil, natural gas and nuclear energy. The units fueled by natural gas are used during peak demand periods for high electricity use. This typically occurs during summer.

**Q Where are KCPL gas generating units located?**

**A** KCPL has three gas generating sites: Hawthorn, West Gardner, and Osawatomie. The Hawthorn Station is located in Jackson County. KCPL has two single cycle combustion turbines and one combined cycle combustion turbine located on the property. Natural gas is also used in our coal unit for start-up and flame stabilization. The West Gardner Station is located in Johnson County. It has four single cycle combustion turbines. The Osawatomie Station is located in Miami County. It has one single cycle combustion turbine unit with the ability to expand in the future.

**Q What pipelines are directly connected to KCPL's three gas generating stations?**

**A** The Hawthorn Station is connected to both the Central pipeline and Missouri Gas Energy ("MGE"), the local natural gas distribution company. Originally, Hawthorn was sourced

1 100% by MGE until 1997, when KCPL decided to by-pass MGE and connect directly to  
2 Central. The West Gardner Station is connected only to Central. The Osawatomie Station is  
3 connected only to Panhandle.

4 **Q What transportation contracts are currently in place to service the three Stations?**

5 **A** The Hawthorn Station has a firm transportation contract on the Central pipeline. The firm  
6 transportation contract and an associated agreement were entered into to serve multiple high-  
7 pressure combustion turbines. Currently all units except one have dual connections, MGE  
8 and Central, which allow KCPL to participate in the competitive market for transportation  
9 services to the Hawthorn Station. The other two Stations do not have firm transportation  
10 contracts in place. KCPL will evaluate the prices and terms of all three systems, MGE,  
11 Central and Panhandle in determining when and what units will be operated.

12 **Q What additional pipelines service the Kansas City area?**

13 The other major pipelines in the Kansas City area are Poney Express, owned by Kinder-  
14 Morgan, and Kansas Pipeline, owned by Enbridge. The Poney Express line is fully  
15 subscribed, and MGE is one of the largest shippers. The pipeline has little or no nearby  
16 storage, which makes it less flexible and unable to manage swings in demand necessary to  
17 meet the needs of KCPL. The Kansas Pipeline is also fully subscribed. It does not have  
18 sufficient volume or operating flexibility to serve KCPL natural gas generating stations.  
19 Neither of these pipeline is a viable alternative for KCPL.

20 **Q What competitive disadvantages are placed on KCPL by the proposed acquisition?**

21 **A** KCPL views Central and Panhandle as important competitive options for our business.  
22 When considering locations for new gas powered generating stations, one of the primary  
23 issues is the proximity to a viable natural gas pipeline. Central and Panhandle are the only

1 viable options for natural gas transportation in this area for electric generating units, now and  
2 for the foreseeable future. KCPL is concerned with the potential impact on its natural gas  
3 services resulting from Southern Union owning MGE, managing Central and seeking to  
4 acquire Panhandle, and with AIG Highstar having an ownership interest in both Central and  
5 Panhandle. The reduction in the number of service options resulting from the ownership of  
6 Panhandle and MGE by Southern Union, and the management of Central by Energy Worx,  
7 may result in KCPL paying higher rates than would have otherwise been available.

8 **Q Please summarize your position regarding Southern Union's proposed acquisition.**

9 **A** KCPL's gas powered generating units are connected to Central, Panhandle, and/or MGE. In  
10 addition, future plants have the potential to be connected to Central or Panhandle. It's  
11 believed the proposed acquisition and the current management agreement with AIG Highstar  
12 for Central, has the potential for higher prices and less flexible and reliable services. KCPL's  
13 concerns can be addressed by dealing with the issue of Southern Union owning an entity,  
14 which manages the Central pipeline. If this issue is adequately addressed, KCPL has no  
15 opposition to this transaction.

16 **Q Does this conclude your testimony?**

17 **A** Yes.