

Exhibit No.:  
Issue: South Harper phantom turbines  
Crossroads Energy Center  
Iatan 2 allocation  
Off-system sales margins  
Witness: Burton L. Crawford  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: KCP&L Greater Missouri Operations Company  
Case No.: ER-2010-0356  
Date Testimony Prepared: December 15, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2010-0356**

**REBUTTAL TESTIMONY**

**OF**

**BURTON L. CRAWFORD**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
December 2010**

**\*\*\* [REDACTED] \*\*\* Designates "Highly Confidential" Information  
Has Been Removed.  
Also Certain Schedules Attached To This Testimony Designated "(HC)"  
Have Been Removed  
Pursuant To 4 CSR 240-2.135.**

**REBUTTAL TESTIMONY**

**OF**

**BURTON L. CRAWFORD**

**Case No. ER-2010-0356**

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

2 A: My name is Burton L. Crawford. My business address is 1200 Main, Kansas City,  
3 Missouri, 64105.

4 **Q: Are you the same Burton L. Crawford who prefiled Direct Testimony in this**  
5 **matter?**

6 A: Yes.

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

8 A: The purpose of my testimony is to rebut issues related to the non-existent combustion  
9 turbines, the allocation of Iatan 2 between MPS and St. Joe Light & Power, and off-  
10 system sales-related issues in the Commission Staff's ("Staff") direct case filing.

11 **STAFF'S PHANTOM TURBINES**

12 **Q: What non-existent turbines has the Commission Staff included in their Direct**  
13 **Filing?**

14 A: Staff claims that GMO should have built and had available five 105 MW CTs by the  
15 summer of 2005. Since GMO built three 105 MW CTs at South Harper by the summer  
16 of 2005, and not five as Staff preferred, Staff has imputed the cost of two additional 105  
17 MW CTs.

18 **Q: Why has Staff recommended these two additional CTs be imputed in the cost of**  
19 **service?**

1 A: Per Staff's Cost of Service report filed in this case, Staff has included these two  
2 additional non-existent CTs for GMO since "it is the Staff's position that Aquila should  
3 have built five 105 MW CTs at the South Harper site, rather than the three it actually  
4 built, given the information that was available to GMO (then known as Aquila, Inc.)  
5 through its resource planning process at the time GMO was deciding how it was  
6 replacing the power it was getting from the Aries plant (now the Dogwood plant) through  
7 a capacity contract." (Staff COS Report, p.91, lines 4-8). Staff's Cost of Service report  
8 also points out that Staff developed and maintained this position in GMO's last three rate  
9 cases, Case No. ER-2005-0436, Case No. ER-2007-0004 and Case No. ER-2010-0356.  
10 In Case No. ER-2007-0004, Staff witness Lena Mantle's response to the question of why  
11 Staff is proposing five CTs was, "Aquila identified five (5) 105 MW CTs as the least cost  
12 way to meet its resource needs at the time. Even so, Aquila chose to build only three (3)  
13 105 MW CTs at its South Harper site and entered into short-term purchased power  
14 agreements for its remaining capacity needs." (Direct, p.8 lines 2-5).

15 **Q: Is there any other testimony on why Staff has proposed including these non-existent**  
16 **CTs in their Direct Filing?**

17 A: Yes. In Staff's Cost of Service Report in Case No. ER-2010-0356, Staff witness Charles  
18 R. Hyneman states that the Staff's adjustments "reflect the continuation of Staff's  
19 position that GMO should have prudently addressed its capacity needs for MPS to  
20 replace the Aires PPA when it expired on May 31, 2005." (Staff COS Report, p.103,  
21 lines 18-19).

22 **Q: Did Staff conduct its own analysis that demonstrates why they believe GMO should**  
23 **have built five CTs?**

1 A: No. Staff has not conducted its own analysis.

2 **Q: What analysis has Staff relied on to reach the conclusion that five CTs would result**  
3 **in the lowest cost revenue requirement for MPS ratepayers?**

4 A: Staff claims to rely on an analysis conducted by the Company. In February 2004, GMO  
5 presented an analysis to Staff that in part compared the 20-year net present value of  
6 revenue requirements (“NPVRR”) for 12 different resource plans. In terms of the  
7 NPVRR, the lowest cost plan under base natural gas price assumptions was to build five  
8 105 MW CTs. The second lowest cost plan was to build three, 105 MW CTs and enter  
9 into a 200 MW system participation-based purchased power contract. The system  
10 participation contract included some base load capacity.

11 **Q: Has the Commission ever ruled on the issue of five CTs vs. three CTs?**

12 A: No. The Commission has never ruled on this issue.

13 **Q: Has the Company ever agreed to Staff’s position that five CTs should have been the**  
14 **preferred plan?**

15 A: No. The Company has consistently held that the preferred plan was to build three CTs  
16 and enter into a PPA that included some level of base load capacity.

17 **Q: Did GMO select the five CT plan as its preferred resource plan?**

18 A: No.

19 **Q: Which plan did the Company select as its preferred resource plan?**

20 A: GMO selected the three CT, 200 MW system participation plan as its preferred resource  
21 plan.

22 **Q: Why didn’t the company select the five CT plan as its preferred resource plan even**  
23 **though the analysis indicated such plan contained the lowest NPVRR?**

1 A: GMO concluded that it would be prudent to diversify its supply portfolio additions.

2 **Q: Please explain what you mean by “diversify their supply portfolio.”**

3 A: In this case, GMO concluded that it would be prudent to spread the execution and  
4 operating risks from the resource additions between building CTs and adding a PPA that  
5 contained some level of base load capacity. This would reduce the Company’s  
6 dependence on any one fuel source. It would also ensure that the additional capacity  
7 would include both base load and peaking capacity.

8 **Q: Has the Staff expressed any opinion on GMO’s need for additional base load  
9 capacity?**

10 A: Yes. In response to a meeting between GMO and Staff on January 27, 2004, Staff  
11 responded with a letter to the Company expressing concerns with the Company’s  
12 resource plan. They explained in this letter that “Aquila needed to be looking at base-  
13 load generation because Aquila should not become overly dependent upon short-term  
14 PPAs.” (Schedule LMM-1, page 2). In addition, Staff’s Cost of Service Report states  
15 that “if MPS were a standalone utility, it would be very beneficial for MPS to diversify  
16 its generation portfolio with base load capacity.” (Staff COS report, Page 99, lines 1-2).

17 **Q: Has the Commission been concerned with the Company’s level of base load  
18 generation?**

19 A: Yes. Commissioner Gaw in his dissenting opinion in Case No. ER-2005-0436 stated that  
20 “... the MPS territory relies too heavily on gas generation.” Commissioner Clayton in  
21 his concurring opinion in Case No. ER-2005-0436 noted: “Lastly, this case represents  
22 another example of why utilities should not be reliant on natural gas for power generation  
23 for significant amounts of its portfolio.”

1 **Q: Does the plan preferred by Staff address base load generation in the short term?**

2 A: No. It is based entirely on gas-fired, peaking resources.

3 **Q: Did the Company's February 2004 analysis include an assessment of the risks**  
4 **associated with the natural gas market?**

5 A: Yes.

6 **Q: What risks did it indicate?**

7 A: While the five CT plan had the lowest NPVRR under the base gas price forecast  
8 assumptions, it was not the lowest NPVRR plan under the high gas price forecast  
9 assumption. The Company's selected preferred plan performed better than the 5 CT plan  
10 under the high natural gas price assumptions, demonstrating the value of a more  
11 diversified portfolio.

12 **Q: Can it be prudent to select a preferred plan that on a projected basis does not result**  
13 **in the lowest NPVRR?**

14 A: Yes. There are situations where selection of a plan other than the plan with the lowest  
15 NPVRR is prudent.

16 **Q: Please explain.**

17 A: In evaluating alternative resource plans, it is important to analyze the performance of  
18 plans under a variety of future uncertainties. These future uncertainties include the cost  
19 of natural gas. As a result of evaluating alternative resource plans under future  
20 uncertainties, it can be prudent to select a preferred plan that is not necessarily the lowest  
21 cost plan from an NPVRR perspective, as it may reduce the risks associated with these  
22 future uncertainties. The Company's preferred plan reduced the risks associated with  
23 natural gas prices.

1 **Q: Is it standard practice to consider uncertainties when evaluating alternative**  
2 **resource plans?**

3 A: Yes. It is important to balance the risks associated with future uncertainties with  
4 minimizing the cost of a preferred plan. Not only is this standard practice, but the  
5 Commission's rules on electric utility planning (4 CSR 240-22) require it as part of  
6 ensuring that the public interest is adequately served.

7 **Q: Did the Company balance the risk and costs associated with the preferred resource**  
8 **plan?**

9 A: Yes. In order to limit gas price exposure, the Company selected the second lowest cost  
10 plan as its preferred plan.

11 **Q: Did the Company fully implement its preferred plan as presented to the Staff in**  
12 **February 2004?**

13 A: Not entirely. The Company did complete the three 105 MW CTs in the summer of 2005.  
14 However, subsequent to the February 2004 presentation, the Company was not able to  
15 complete the planned 200 MW system participation contract, but did enter a 9-year 75  
16 MW base load contract with the Nebraska Public Power District ("NPPD"). A Letter of  
17 Intent was executed with NPPD in June 2004 and included in the Company's preferred  
18 resource plan, as presented to the MPSC Staff in July 2004. The contract was executed in  
19 December 2004. A copy of the presentation is included in Schedule BLC2010-8 (HC).

20 **Q: Has Staff offered any opinion on the 75 MW contract with NPPD?**

21 A: Yes. In ER-2007-0004, Staff witness Cary G. Featherstone described the contract as a  
22 "very favorable" base load contract. (Surrebuttal, p. 89, line 3). In ER-2005-0436 Staff  
23 witness Lena Mantle stated that "Aquila had found a very good 75 MW contract with

1 Nebraska Public Power District.” (Direct, p. 6, lines 3-4). In Case No. ER-2010-0356

2 Staff again stated that “Aquila had found a very good 75 MW PPA with Nebraska Public

3 Power District (“NPPD”).” (Schedule LMM-1, page 3)

4 **Q: While Staff has imputed the cost of two CTs for what they believed should have**  
5 **been GMO’s preferred plan, have they ignored the fact that GMO executed on a**  
6 **portion of their preferred plan that Staff has found “very favorable” and “very**  
7 **good?”**

8 A: Yes. Staff now overlooks the fact that GMO entered into a very favorable base load  
9 contract as part of GMO’s preferred plan that negated the need for at least 75 MW of  
10 Staff’s imputed CTs.

11 **Q: Have GMO’s customers benefited from this contract with NPPD?**

12 A: Yes. The benefits of this low cost energy have benefited MPS retail customers.

13 **Q: Are there any other issues with Staff’s Cost of Service report related to supply**  
14 **resources?**

15 A: Yes. Staff’s removal of the Crossroads Energy Center capacity results in a supply  
16 portfolio that does not meet GMO’s reserve requirements. GMO’s 2010 actual peak load  
17 was 1,953 MW. Adding the 12% capacity margin required by the Southwest Power Pool  
18 (“SPP”) results in a capacity requirement of 2,219 MW. Staff’s case includes only 2,134,  
19 and 210 MW of this comes from non-existing turbines.

20 **CROSSROADS ENERGY CENTER**

21 **Q: Why has Staff removed the Crossroads Energy Facility from their cost of service?**

22 A: Staff presents four reasons for excluding the capacity and associated costs provided by  
23 Crossroads. (Staff COS, Page 92, Lines 13-19). These four reasons include:



- 1 (1) Affiliate transaction concerns.
- 2 (2) A belief that the delivered price of natural gas to Crossroads has historically been
- 3 higher than the price of gas to South Harper.
- 4 (3) The cost of transmission to move energy from Crossroads to GMO's service territory.
- 5 (4) The ability of GMO to properly provide managerial oversight to the plant.

6 **Q: Do you agree with Staff's reasons for exclusion?**

7 A: No, I do not. Company witness Wm. Edward Blunk addresses reason (2) in his rebuttal

8 testimony and Company witness Marvin L. Rollison addresses reason (4) in his rebuttal

9 testimony. I will address reasons (1) and (3).

10 **Q: Why was the addition of the Crossroads Energy Center a prudent choice for GMO?**

11 A: In March 2007, GMO issued an RFP for supply resources. The RFP was very broad,

12 seeking renewable resources, conventional peaking, base load, and intermediate capacity

13 and energy. In addition, the RFP requested a variety of proposal types including equity

14 participation, EPC (engineering, procurement and construction), generating equipment

15 only and PPAs (purchased power agreements).

16 GMO received several responses to this RFP representing a range of options from

17 non-affiliated entities as well as self-build options. The self-build options included many

18 base load, intermediate, and base load capacity alternatives. After screening the options,

19 GMO conducted a 20-year analysis to determine a preferred resource plan. This analysis

20 concluded that the Crossroads Energy Center would result in the lowest 20-year NPVRR.

21 The results of this analysis and selection of the preferred plan were presented to the Staff

22 in October 2007. The presentation is included with this testimony as Schedule BLC2010-

23 9 (HC).

1 **Q: Is there any other evidence that the addition of Crossroads was a prudent choice for**  
2 **GMO?**

3 A: Yes. In addition to the analysis presented to Staff in October 2007, GMO performed an  
4 additional analysis of how best to meet GMO capacity requirements. This analysis was  
5 completed by the Company in April 2010. The study report is included with this  
6 testimony in Schedule BLC2010-10 (HC).

7 **Q: Why was this analysis performed?**

8 A: This analysis was completed to comply with the Non-Unanimous Stipulation and  
9 Agreement in case ER-2009-0090.

10 **Q: What was evaluated in this analysis?**

11 A: Per the Stipulation and Agreement, GMO agreed “to explore all reasonable options to add  
12 generating capacity to GMO’s system.” (See Non-Unanimous Stipulation and  
13 Agreement in Case ER-2009-0090, p. 6). The analysis evaluated several different  
14 capacity options including; purchasing Dogwood (655 MW, 300 MW, and 150 MW  
15 share), adding an additional share of Iatan 2 (300 MW, 200 MW, and 100 MW share),  
16 adding Wartsila engines (150 MW and 100 MW), combustion turbines and Crossroads.  
17 Each capacity option was evaluated over 42 different scenarios that varied assumptions  
18 such as natural gas prices and the retail load forecast.

19 **Q: Please summarize the results.**

20 A: On an expected value basis over the 42 scenarios analyzed, the inclusion of Crossroads  
21 resulted in the lowest cost to retail customers over a 20-year period.

22 **Q: Are the results of this latest analysis consistent with GMO’s earlier evaluation?**

1 A: Yes. The overall result of the April 2010 analysis is consistent with the earlier analysis  
2 presented to Staff in October 2007.

3 **Q: Was Staff's concern number (3) related to transmission costs for Crossroads**  
4 **addressed in the April 2010 analysis?**

5 A: Yes. While the cost of electric transmission for Crossroads is currently higher than it  
6 would be if the plant were located in the GMO area, these costs were included along with  
7 other plant-related costs in the analysis.

8 **Q: Has Crossroads met the in-service requirements to be included in the MPS**  
9 **regulated rate base?**

10 A: Yes. These tests were conducted in August 2008. Mike Taylor, Dave Elliot, and Shawn  
11 Lange from the Staff witnessed the testing.

12 **Q: Is Staff's position filed in their Cost of Service Report consistent with their past**  
13 **philosophy concerning purchased power agreements?**

14 A: No. The Staff has been critical of the Company's reliance on purchased power  
15 agreements for several years, but yet they imputed a 100 MW capacity contract even  
16 though the Company has demonstrated that the Crossroads Energy Center is projected to  
17 be the lowest cost ownership alternative from a NPVRR perspective.

18 **AFFILIATE TRANSACTION RULES**

19 **Q: Are there any other issues related to Crossroads that you would like to address?**

20 A: Yes. In the Staff's Cost of Service Report, Staff states that they did not include the  
21 Crossroads facility due to affiliate transaction concerns (COS Report, p. 92, Line 13-14).

22 **Q: What are Missouri's affiliate transaction rules?**

1 A: Missouri's affiliate transaction rules are found at 4 CSR 240-20.015. These rules are  
2 intended to prevent regulated utilities from subsidizing their non-regulated operations.  
3 These rules address the financial standards and the evidentiary standards applicable to  
4 Missouri utilities that participate in transactions with an affiliated entity.

5 **Q: What are the affiliate transaction financial standards that govern an acquisition by**  
6 **a regulated utility?**

7 A: The financial standard can be found at 4 CSR 240-20.015(2)(A). This rule states in part:  
8 "(A) A regulated electrical corporation shall not provide a financial advantage to an  
9 affiliated entity. For purposes of this rule, a regulated electrical corporation shall be  
10 deemed to provide a financial advantage to an affiliate if—

- 11 1. It compensates an affiliated entity for goods or services above the lesser  
12 of—  
13 A. The fair market price; or  
14 B. The fully distributed cost to the regulated electrical corporation to  
15 provide the goods or services for itself; ...."

16 **Q: What are the affiliate transaction evidentiary standards to be met by an acquisition**  
17 **by the regulated utility?**

18 A: The financial standards can be found at 4 CSR 240-20.015(3). This rule states in part:  
19 "(A) When a regulated electrical corporation purchases information, assets, goods or  
20 services from an affiliated entity, the regulated electrical corporation shall either  
21 obtain competitive bids for such information, assets, goods or services or  
22 demonstrate why competitive bids were neither necessary nor appropriate.

1 (B) In transactions that either involve the purchase or receipt of information, assets,  
2 goods or services by a regulated electrical corporation from an affiliated entity,  
3 the regulated electrical corporation shall document both the fair market price of  
4 such information, assets, goods and services and the FDC [fully distributed cost]  
5 to the regulated electrical corporation to produce the information, assets, goods or  
6 services for itself.”

7 **Q: How is fair market value to be determined?**

8 A: The regulated utility determines fair market value by obtaining competitive bids for the  
9 type of service or asset it seeks to acquire for itself.

10 **Q: Is the non-regulated affiliate required to obtain bids to sell itself or its services to  
11 others in order to determine fair market value?**

12 A: No. The purpose of seeking competitive bids is to identify other supply options available  
13 to the regulated utility, not other customers or buyers for the non-regulated affiliate.

14 **Q: Did GMO obtain competitive bids for long-term capacity and energy?**

15 A: Yes. On March 19, 2007, GMO issued a request for proposals (“RFP”) seeking long-  
16 term capacity and energy. Two non-affiliates offered long-term capacity and energy  
17 options. Crossroads was determined to be the lowest cost option. Therefore, the cost of  
18 Crossroads is not greater than the fair market value of other available options.

19 **Q: Did GMO receive any non-affiliated offers for long-term capacity and energy  
20 similar to the Crossroads facility?**

21 A: Yes. GMO received an offer for four GE 7EA CTs, the same number of GE 7EA CTs as  
22 installed at Crossroads.

1 **Q: How did the installed cost from the non-affiliated offer compare to the Crossroads**  
2 **offer?**

3 A: The offer from the non-affiliated party was **\*\*[REDACTED]\*\*** excluding the cost for land,  
4 water, transmission interconnection, step-up transformer, and several other items. The  
5 Crossroads offer was for **\*\*[REDACTED]\*\*** which included all costs.

6 **Q: Did GMO document the cost to the regulated electrical corporation to provide the**  
7 **goods or services for itself?**

8 A: Yes. The engineering group of GMO submitted bids to the RFP for self-building a  
9 variety of generating plant options, including one similar to Crossroads.

10 **Q: Did GMO consider self-build options using market surplus equipment (“gray**  
11 **market”)?**

12 A: Yes. A vendor offered gray market equipment. Self-building with this equipment was  
13 considered. It was determined that gray market equipment did not offer a significant  
14 price difference over the new equipment from the manufacturer.

15 **Q: How did the cost of Crossroads compare to the self-build options?**

16 A: Crossroads was determined to be a lower cost option than self-building. Therefore the  
17 cost of Crossroads is not greater than the cost to the regulated electrical corporation to  
18 provide the goods or services for itself. The cost of the self-build option came in at \$637  
19 per kW installed cost for four GE 7EA CTs while the offer price for Crossroads was  
20 **\*\*[REDACTED]\*\*** per kW.

21 **Q: To the extent that the transfer of Crossroads to the regulated utility falls under the**  
22 **affiliate transaction rules, has GMO complied with the rules?**

1 A: Whether and how the affiliate transaction rules apply in this circumstance is a legal issue  
2 for the Commission to resolve. However, assuming the Commission determines the rules  
3 do apply here, GMO has complied with the rules' intended purpose. GMO obtained  
4 competitive bids to determine the fair market value of long-term capacity and energy.  
5 GMO documented the cost to provide long-term capacity and energy for itself. GMO's  
6 analysis shows that the cost of acquiring Crossroads is less than the fair market value of  
7 available alternatives and less than the cost of the regulated utility providing the capacity  
8 and energy for itself.

9 **Q: What other indication does the Company have concerning the fair market value of**  
10 **the Crossroads facility?**

11 A: In order to determine the fair market value for financial statement reporting in accordance  
12 with Statement of Financial Accounting Standard ("SFAS") 141, Business Combinations,  
13 Great Plains Energy ("GPE") retained the services of PricewaterhouseCoopers ("PwC").  
14 In PwC's November 3, 2008 report to GPE, PwC's fair value estimate for Crossroads was  
15 **\*\* [REDACTED] \*\***. This is above the approximately \$104 million net book value that  
16 GMO included in rate base.

17 **IATAN 2 ALLOCATION**

18 **Q: Do you have any concerns with Staff's allocation of Iatan 2 between MPS and L&P?**

19 A: Yes.

20 **Q: Why?**

21 A: Staff's proposed allocation of Iatan 2 allocates 100 MW of capacity to L&P and 53 MW  
22 to MPS. This results in a disproportionately large share of L&P retail load being met  
23 with base load resource when compared to MPS.

1 **Q: Please explain.**

2 A: If 100 MW of Iatan 2 was allocated to L&P customers as proposed by Staff, L&P would  
3 have 73% of its peak load met with base load capacity while leaving MPS with 57%.  
4 Since Iatan 2 is a base load resource, the allocation should reflect base load needs. The  
5 Company's proposed 112/41 allocation results in 60% of L&P's 2011 projected peak met  
6 with base load capacity and 61% of the MPS 2011 projected peak met with base load  
7 capacity.

8 **Q: Does Staff's allocation consider base load needs?**

9 A: No.

10 **Q: What does Staff's proposed allocation consider?**

11 A: One of the factors considered by Staff was the impact of the allocation on revenue  
12 requirements. Staff determined that allocating 100 MW to L&P and 53 MW to MPS  
13 resulted in a similar revenue requirement impact on each area's customers of around \$30  
14 million per year.

15 **Q: Is it appropriate to allocate generating plant based on equating revenue  
16 requirements?**

17 A: No. It is difficult to conceive of using revenue requirements as the basis or even support  
18 for allocating generation plant. This would be similar to KCPL allocating its generating  
19 plant between its Missouri and Kansas jurisdiction such that the total dollars paid by  
20 Missouri customers equaled the total dollars paid by Kansas customers without regard to  
21 the customers' electricity requirements.

22 **Q: Does the Company's proposed allocation consider balancing the base load needs  
23 between L&P and MPS?**



1 A: Yes. The Company's proposed allocation considers contract expirations, current base  
2 load capacity, customer load growth, and customer load factor, over the next several  
3 years and attempts to balance meeting the resource needs between the two areas.

#### 4 **OFF-SYSTEM SALES**

5 **Q: Do you have an issue with the Staff's methodology for determining off-system sales**  
6 **revenues and margins?**

7 A: Yes. The Staff used historical levels of the off-system sales revenues and related costs  
8 using information from 2007 and 2008. This approach is flawed in that it does not take  
9 into account changes in electricity market prices from that time to when these rates will  
10 go into effect, and it does not consider the resources available for making sales into the  
11 market.

12 **Q: What changes occurred in market prices from the 2007-2008 time frame to now?**

13 A: Market prices are driven in large part by the price of natural gas. During 2007 and 2008  
14 gas prices were higher than current levels. Thus, the electricity market prices would  
15 likewise be higher. The average market price in this region during 2007-2008 was  
16 around \$50 per megawatt-hour. For 2009 through October 2010, this average had fallen  
17 to around \$30 per megawatt-hour. Using the methodology that the Staff used to  
18 determine market prices for purchased power expense, which I will discuss later, the  
19 average market price is about \$32 per megawatt-hour.

20 **Q: How would this lower market price impact the off-system sales margin?**

21 A: Most of the Company's off-system sales arise from selling excess generation from base  
22 load generation. The generating cost of these units has risen since 2007-2008. Thus,  
23 with higher costs and lower market prices, the margins would decrease.

1 **Q: What changes have occurred in connection with resources available for making off-**  
2 **system sales?**

3 A: There are a few major changes. First, the 100 megawatt purchased power contract from  
4 Nebraska Public Power District's Gerald Gentleman coal-fired station is expiring and  
5 will not be available for serving native load or to make off-system sales when not needed  
6 to meet customer demand. This impact is offset with the addition of GMO's 153  
7 megawatt share of Iatan 2. In addition, load has grown from 2007 and 2008 to when this  
8 rate case will go into effect. The Staff's simplified approach of using sales levels from  
9 three years ago does not consider these impacts.

10 **Q: Do you have an issue with the Staff's methodology for determining spot market**  
11 **prices for purchased power expense?**

12 A: Yes. The staff utilized a procedure developed in 1996 to determine hourly market prices  
13 using the relationship between historical market prices and loads. However, it does not  
14 consider the impact of other market price drivers, such as natural gas prices,  
15 environmental allowances or other factors of electric production. GMO's methodology  
16 considers these factors in arriving at spot market prices.

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

18 A: Yes, it does.

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

In the Matter of the Application of KCP&L Greater )  
Missouri Operations Company to Modify Its ) Docket No. ER-2010-0356  
Electric Tariffs to Effectuate a Rate Increase )

**AFFIDAVIT OF BURTON L. CRAWFORD**


STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

Burton L. Crawford, being first duly sworn on his oath, states:

1. My name is Burton L. Crawford. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Senior Manager, Energy Resource Management.

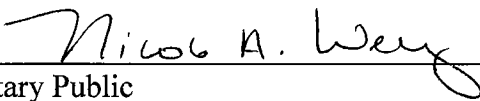
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of Seventeen (17) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.

  
\_\_\_\_\_

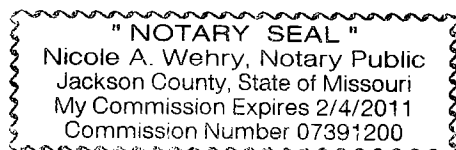
Burton L. Crawford

Subscribed and sworn before me this 15<sup>th</sup> day of December, 2010.

  
\_\_\_\_\_

Notary Public

My commission expires: Feb. 4, 2011



**SCHEDULES BLC2010-8  
through BLC2010-10**

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