

Exhibit No.:  
Issue: Transmission Facilities and Related Easements  
and Rights-of-Way to be Transferred  
Witness: Brent C. Davis  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Kansas City Power & Light Company and  
KCP&L Greater Missouri Operations Company  
Case No.: EO-2012-0367  
Date Testimony Prepared: August 31, 2012

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: EO-2012-0367**

**DIRECT TESTIMONY**

**OF**

**BRENT C. DAVIS**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY  
AND  
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
August 2012**

1 **I. Introduction**

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

3 A: My name is Brent C. Davis. My business address is 1200 Main Street, Kansas City,  
4 Missouri 64105.

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

6 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as Project  
7 Director – Transmission and Construction.

8 **Q: On whose behalf are you testifying?**

9 A: I am testifying on behalf of KCP&L and KCP&L Greater Missouri Operations  
10 Company (“GMO”) (collectively referred to as the “Companies”). KCP&L and  
11 GMO both are wholly-owned subsidiaries of Great Plains Energy Incorporated  
12 (“GPE”).<sup>1</sup>

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

14 A: As Project Director – Transmission and Construction, I have overall responsibility for  
15 the construction of the two regional transmission projects that Southwest Power Pool,  
16 Inc. (“SPP”) directed KCP&L and GMO to construct.

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

18 A: I received a Bachelor of Science degree in engineering management from the  
19 University of Missouri at Rolla in 1980 and a Master in Business Administration

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<sup>1</sup> GPE is a public utility holding company that does not own or operate any significant assets other than the stock of its operating subsidiaries KCP&L and GMO. KCP&L, through its employees and resources, is currently taking steps to move forward on the Projects, addressed in this testimony, on behalf of itself, as well as on behalf of GMO, pursuant to the terms and conditions set forth in the October 10, 2008 Joint Operating Agreement between KCP&L and GMO. Subsequent references in this testimony to GMO’s responsibilities with respect to the Projects are made in this context.

1 degree from Rockhurst University in 1999. I began working at KCP&L in 1981 as a  
2 maintenance engineer at the Montrose Generating Station. In 1985, I left KCP&L for  
3 a short period of time to accept a position at Dayco Manufacturing in Springfield,  
4 Missouri as maintenance superintendent. I returned to KCP&L later that year. Since  
5 that time, I have held various engineering and management positions at each of  
6 KCP&L's coal-fired generating facilities (*i.e.*, the Montrose, LaCygne, Iatan, and  
7 Hawthorn Generating Stations), including serving as Plant Manager at the Montrose  
8 and Hawthorn Stations. From June 2006 to November 2007, I was the Project  
9 Director for both the Iatan Unit 1 and Unit 2 construction projects. In 2007, I was  
10 asked to turn my full attention to the construction of the \$450M Iatan Unit 1  
11 environmental retrofit as the Unit 1 Project Director, but remained involved to a  
12 certain extent with the \$2B construction of Unit 2. Once the construction was  
13 completed on Unit 1, I worked as an advisor on the Unit 2 construction project. In  
14 February 2010, I became the Operational Interface/Project Director for Unit 2. In  
15 February 2012, I became Project Director – Transmission and Construction.

16 **Q: Have you previously testified in a proceeding before the Missouri Public Service**  
17 **Commission (“Commission” or “MPSC”)?**

18 A: Yes, I previously testified before this Commission during each of the Companies' last  
19 rate cases (Cases No. ER-2010-0355 and ER-2010-0356), as well as other cases.

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

21 A: The purpose of my testimony is to (i) identify and describe the status of two regional  
22 transmission projects SPP directed KCP&L and GMO to construct and which the  
23 Companies intend to novate to Transource Missouri, LLC (“Transource Missouri”), a

1 newly formed joint venture of GPE and American Electric Power Company, Inc.  
2 (“AEP”); and (ii) describe the construction and cost management process for these  
3 two projects.

4 **II. SPP Regional Transmission Projects**

5 **Q: Please identify the two regional transmission projects SPP directed KCP&L and**  
6 **GMO to construct.**

7 A: SPP has directed KCP&L and GMO to construct two regionally beneficial  
8 transmission projects, known as the Iatan-Nashua 345kV transmission project (“Iatan-  
9 Nashua Project”) and the Sibley-Nebraska City 345kV transmission project (“Sibley-  
10 Nebraska City Project”) (collectively the “Projects”). The Iatan-Nashua Project is  
11 one of the seven (7) SPP regional “Balanced Portfolio” projects, which were  
12 approved by SPP in 2009. The Sibley-Nebraska City Project is one of the six (6) SPP  
13 regional “Priority Projects,” which were approved by SPP in 2010. Each project is  
14 described in detail below. The SPP “Balanced Portfolio” and “Priority Projects” are  
15 discussed in the Direct Testimony of Todd E. Fridley.

16 **A. Iatan-Nashua Project**

17 **Q: Please describe the Iatan-Nashua Project.**

18 A: The Iatan-Nashua Project involves the construction of a new 345kV transmission line  
19 in northwest Missouri. The transmission line will extend approximately thirty (30)  
20 miles from an existing substation at the Iatan power plant near Weston, Missouri  
21 (“Iatan Substation”), to the Nashua 161kV substation near Smithville, Missouri  
22 (“Nashua Substation”). The 161kV Nashua Substation will be expanded and  
23 upgraded to accommodate both the new 345kV Iatan-Nashua line, and the connection

1 with the existing St. Joseph-Hawthorn 345kV transmission line, by installing a new  
2 345/161kV autotransformer between the existing 161kV substation and the 345kV  
3 facilities at the Nashua Substation. SPP has issued Notifications to Construct  
4 (“NTCs”) for the Iatan-Nashua Project to both KCP&L and GMO; these NTCs are  
5 attached hereto as Schedule BCD-1.<sup>2</sup> The estimated cost of the project is  
6 \$64,800,000, which is a control budget estimate by which the project will be  
7 measured. A map of the Iatan-Nashua Project is attached hereto as Schedule BCD-2.

8 **Q: Why is the Iatan-Nashua Project necessary?**

9 A: As explained in detail in the Direct Testimony of Mr. Fridley, the Iatan-Nashua  
10 Project is a 345kV transmission project that will reduce congestion on the region’s  
11 transmission system and provide essential transmission capacity for long-term  
12 efficient delivery of energy within the region. In 2009, SPP identified the Iatan-  
13 Nashua Project as one of the “[m]ajor 345kV projects” currently proposed in SPP in  
14 its Transmission Expansion Plan.<sup>3</sup> Studies have demonstrated that the benefits of the  
15 Balanced Portfolio projects outweigh the costs<sup>4</sup> and the projects will relieve  
16 congestion by addressing “many of the top constraints in the SPP.”<sup>5</sup>

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<sup>2</sup> There are three NTCs associated with the Iatan-Nashua Project as follows: (1) the 345kV line (Network Upgrade 50449 under NTC-200189), which was issued to GMO (Schedule BCD-1 at pp. 1-3); (2) the upgrades at the Iatan and Nashua Substations (Network Upgrade 10935 under NTC-200188), which was issued to KCP&L (Schedule BCD-1 at pp. 4-6); and (3) the new 345/161kV transformer at Nashua Substation (Network Upgrade 10945 under NTC-20042), which was issued to KCP&L (Schedule BCD-1 at pp. 7-9).

<sup>3</sup> See 2009 SPP Transmission Expansion Plan, A Report of the SPP Regional Transmission Organization, at 6-7, available at <http://www.spp.org/section.asp?group=1905&pageID=27>.

<sup>4</sup> SPP’s description of the Balanced Portfolio is available at <http://www.spp.org/section.asp?pageID=120>.

<sup>5</sup> Direct Testimony of Todd E. Fridley, Case No. EO-2012-0367, Schedule TEF-2, 2009 SPP Balanced Portfolio Report at 35.

1 **Q: Who currently is responsible for the construction of the Iatan-Nashua Project?**

2 A: Both KCP&L and GMO currently are Designated Transmission Owners (“DTOs”)  
3 for the Iatan-Nashua Project. As discussed in more detail in the Companies’  
4 Quarterly Reports filed in Case No. EO-2012-0271, SPP initially issued an NTC to  
5 KCP&L on June 19, 2009 because KCP&L owns and operates both of the substations  
6 at the end points of the new 345kV transmission line. However, after spending more  
7 than a year evaluating routing options and meeting with the public, it became clear  
8 that the new 345kV transmission line would be located entirely within GMO’s service  
9 territory. As a result, at KCP&L’s request, SPP modified the Iatan-Nashua NTCs to  
10 include GMO as a DTO for this project. KCP&L’s letter to SPP requesting this  
11 modification is attached hereto as Schedule BCD-3.

12 On April 17, 2012, SPP issued revised NTCs to both KCP&L and GMO  
13 directing them to coordinate with each other regarding the portion of the project each  
14 company would construct. Copies of these NTCs have been provided as part of  
15 Schedule BCD-1 at pp. 1-6. On June 22, 2012, KCP&L submitted a response to the  
16 revised NTC indicating it would construct the identified network upgrades at its Iatan  
17 Substation, and its 161kV Nashua Substation. As noted above, a new 345/161kV  
18 autotransformer will be installed at the Nashua Substation between the existing  
19 161kV substation and the new 345kV facilities. On the same day, GMO also  
20 submitted a response indicating it would construct the 345kV transmission line  
21 between the substations. The Companies’ responses to the revised SPP NTCs are  
22 attached hereto as Schedule BCD-4.

1           The Companies spent more than a year evaluating routing options and  
2 listening to customer concerns to aid in selecting the construction route for the Iatan-  
3 Nashua Project. Our team collected more than 300 resident surveys, conducted five  
4 public meetings with more than 400 attendees, personally spoke with hundreds of  
5 residents and business owners, and mailed almost 2,000 letters soliciting additional  
6 input and feedback. Based on the information that was gathered, there was a strong  
7 preference for utilizing existing lines, easements, and rights-of-way as a first course  
8 of action to minimize the disturbance to landowners and wildlife habitats.<sup>6</sup>

9           In response, our team identified a portion of KCP&L’s existing 161kV  
10 transmission line between KCP&L’s Nashua Substation and GMO’s Alabama  
11 substation in St. Joseph, Missouri (“Alabama-Nashua Line”) that could be used for a  
12 portion of the Iatan-Nashua Project. A map of the Iatan-Nashua Project showing the  
13 Alabama-Nashua Line is attached hereto as Schedule BCD-5. It was, however,  
14 necessary to seek this Commission’s approval to transfer KCP&L’s Alabama-Nashua  
15 Line to GMO in Case No. EO-2012-0479, in order to facilitate the Companies’ plan  
16 to have GMO construct the entire 345kV Iatan-Nashua line because it was wholly  
17 within GMO’s service area.

18           On August 8, 2012, Commission Staff filed its recommendation in support of  
19 the Applicants’ request to transfer the Alabama-Nashua Line from KCP&L to GMO.  
20 The Commission granted the Companies’ application to transfer the Alabama-Nashua  
21 Line from KCP&L to GMO on August 15, 2012.

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<sup>6</sup> Additional information about the Companies’ route selection process and public outreach is available at <http://www.kcpl.com/iatannashua/>.

1 **Q: Has the Company discussed its construction and ownership plans for the Iatan-**  
2 **Nashua Project with the MPSC Staff and the Office of the Public Counsel**  
3 **(“OPC”)?**

4 A: Yes. As the Commission is aware, KCP&L and GMO have been actively exploring  
5 options for constructing the Iatan-Nashua Project. At OPC’s request, the  
6 Commission opened Case No. EO-2012-0271 to investigate the siting and safety of  
7 the Iatan-Nashua Project. In that proceeding, the Companies agreed to certain  
8 ongoing communication and reporting requirements recommended by Staff with  
9 regard to the construction of the Iatan-Nashua Project, including the status of the  
10 ownership of this Project.<sup>7</sup> Additionally, the Company met with the Commission  
11 Staff and OPC on May 22, 2012 in Jefferson City to discuss its construction and  
12 ownership plans for the Iatan-Nashua Project.

13 Furthermore, the Companies previously have indicated their intent to  
14 terminate and release their respective obligations as DTOs, and to designate  
15 Transource Missouri as the alternate DTO responsible for constructing and owning  
16 the Iatan-Nashua Project (as well as the Sibley-Nebraska City Project).<sup>8</sup>

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<sup>7</sup> In the Matter of an Investigation into the Siting and Safety of a Proposed Transmission Line in Platte County, Missouri, Case No. EO-2012-0271, Order Directing Filing and Denying Motion Local Public Hearing at 4-5 (issued Mar. 14, 2012) (directing Applicant to file quarterly updates beginning on March 30, 2012 that include the progress of the planning, design, and construction of this Project, the status of the ownership of this Project, and a summary of the Companies contact with the public during the previous quarter).

<sup>8</sup> In the Matter of an Investigation into the Siting and Safety of a Proposed Transmission Line in Platte County, Missouri, Case No. EO-2012-0271, Companies’ Quarterly Report at p. 8 (filed June 29, 2012 as revised July 3, 2012); *see also* Great Plains Energy News Release (dated April 4, 2012), available at <http://phx.corporate-ir.net/phoenix.zhtml?c=96211&p=irol-news&nyo=0>.

1 **Q: What is the current status of the Iatan-Nashua Project?**

2 A: The final route has been determined, and detailed surveying of the proposed route to  
3 support the upcoming rights-of-way/easement negotiations is nearly complete.  
4 Detailed design and engineering work continues on the Project, with a bulk of the  
5 work being performed in-house by the KCP&L Transmission Engineering  
6 Department. The Project essentially is comprised of four components—*i.e.*, the East  
7 Segment, the West Segment, the Middle Segment, and the substation upgrades. The  
8 initial engineering and design work is focused on the East and West Segments where  
9 the Company has existing rights-of-way/easements that will be utilized for the  
10 project. Engineering and design will not be finalized for the Middle Segment,  
11 however, until all of the rights-of-way/easements are obtained, which is currently  
12 scheduled for the last quarter of 2013. The Companies have contracted with Burns &  
13 McDonnell to acquire the rights-of-way/easements needed for the project. The  
14 material procurement process in support of construction has begun with foundation  
15 construction expected to begin in late 2012 on the West Segment and line  
16 construction is expected to commence in the first quarter of 2013. A copy of the  
17 Level 1 Project Schedule is attached hereto as Schedule BCD-6. The Level 1 Project  
18 Schedule sets forth the milestones for the engineering, procurement, and construction  
19 activities that will need to be completed to achieve the June 2015 in-service date.

20 **Q: You mentioned above that the Iatan-Nashua Project is comprised of four**  
21 **components. Please describe each component in more detail.**

22 A: As noted above, this project essentially has four components: (i) the East Segment;  
23 (ii) the West Segment; (iii) the Middle Segment, which together constitute the GMO

1 portion of the Iatan-Nashua Project; and (iv) the substation upgrades, which constitute  
2 the KCP&L portion of the Iatan-Nashua Project. A map of the whole Iatan-Nashua  
3 Project is attached hereto as Schedule BCD-2. Each component is described in turn  
4 below.

5 *First*, the East Segment begins at KCP&L’s Nashua Substation located in  
6 Clay County near Smithville, Missouri, extending in a northwesterly direction for  
7 approximately fifteen (15) miles. A map of the East Segment is attached hereto as  
8 Schedule BCD-7. This segment of the new 345kV transmission line will utilize  
9 existing rights-of-way that currently are used for a portion of the existing 161kV  
10 Alabama-Nashua Line that, as discussed above, was recently transferred from  
11 KCP&L to GMO. This fifteen (15) mile segment of the Alabama-Nashua Line will  
12 be retired and removed and will be replaced by the new 345kV transmission line,  
13 which will be constructed on existing rights-of-way supplemented by additional  
14 rights-of-way as needed.

15 *Second*, the West Segment begins at the Iatan Substation located in Platte  
16 County near Weston, Missouri, extending in a northeasterly direction for about five  
17 (5) miles. A detailed map of the West Segment is attached hereto as Schedule BCD-  
18 8. This segment of the new 345kV transmission line will utilize GMO’s existing  
19 345kV Iatan-St. Joseph transmission line rights-of-way supplemented by additional  
20 rights-of-way as needed for the new construction. Transource Missouri may also  
21 obtain rights-of-way as necessary once the line Certificate of Convenience and  
22 Necessity (“CCN”) is granted to Transource Missouri for the Projects. To facilitate  
23 construction of the new 345kV transmission line from the Iatan Substation, the

1 Companies intend to install new transmission structures that will be able to  
2 accommodate both GMO's existing 345kV Iatan-St. Joseph line, as well as the West  
3 Segment of the new 345kV Iatan-Nashua line. Consequently, the existing  
4 transmission structures along approximately five (5) miles of the Iatan-St. Joseph line  
5 will be retired and removed and the existing line will be attached to the new  
6 structures. Subsequently, the West Segment of the new 345kV transmission line will  
7 be added to the new structures as part of the construction of the Iatan-Nashua Project.  
8 In sum, both the West Segment of the new 345kV Iatan-Nashua line, and a portion of  
9 the existing Iatan-St. Joseph line, will share the new structures. At this time, we  
10 expect the existing Iatan-St. Joseph line to remain energized and in-service while it is  
11 moved from the existing structures to the new jointly used structures. Construction  
12 on this segment is expected to begin in the spring of 2013.

13 *Third*, the Middle Segment will connect the East and West Segments, running  
14 approximately twelve (12) miles east-to-west through an area without any existing  
15 rights-of-way/easements—*i.e.*, the Middle Segment is “greenfield.” A detailed map  
16 of the Middle Segment is attached hereto as Schedule BCD-9. Negotiations with  
17 landowners in this “greenfield” area currently are scheduled to begin in the spring of  
18 2013.

19 *Fourth*, in order to facilitate the construction and operation of the new 345kV  
20 Iatan-Nashua transmission line, certain upgrades will need to be made at each  
21 substation terminus. Notably, the existing 161kV Nashua Substation will  
22 be expanded and upgraded to accommodate both the new 345kV Iatan-Nashua  
23 line, and connection with the existing St. Joseph-Hawthorn 345kV transmission line,

1 by installing a new 345/161kV autotransformer between the existing 161kV  
2 substation and the 345kV facilities at the Nashua Substation. Additionally, upgrades  
3 will be required to connect the new 345kV transmission line to the Iatan Substation.  
4 As previously noted, the substation upgrades will be performed by KCP&L.

5 **Q: Are the Companies providing regular status reports to the Missouri Commission**  
6 **regarding the planning, design, and construction of the Iatan-Nashua Project?**

7 A: Yes. In accordance with the Commission's March 14, 2012 Order Directing Filing in  
8 Case No. EO-2012-0271, the Companies are submitting quarterly reports on the  
9 status of the Iatan-Nashua Project to the Commission in that case. The Companies  
10 submitted the first quarterly report on March 30, 2012 and the second quarterly report  
11 on the June 29, 2012 (revised on July 3, 2012). It is anticipated that these status  
12 reports will continue to be provided by Transource Missouri after the Iatan-Nashua  
13 Project is novated to Transource Missouri. In addition to the Companies' reporting in  
14 Case No. EO-2012-0271, the Companies also provide project updates to SPP on a  
15 quarterly basis.<sup>9</sup>

16 **B. Sibley-Nebraska City Project**

17 **Q: Please describe the Sibley-Nebraska City Project.**

18 A: The Sibley-Nebraska City Project involves construction of a new single circuit 345kV  
19 transmission line in northwest Missouri and southeast Nebraska extending  
20 approximately 175 miles from Omaha Public Power District's ("OPPD") Nebraska  
21 City substation located at the Nebraska City generating station to a new intermediate  
22 345kV substation near Maryville, Missouri, and continuing on to GMO's existing

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<sup>9</sup> The SPP quarterly reports contain information on all of the Balanced Portfolio projects and are publicly available at <http://www.spp.org/section.asp?group=1867&pageID=27>.

1 345kV substation located near Sibley, Missouri. The new 345kV substation near  
2 Maryville will include reactive resources for voltage control and provide a potential  
3 interconnection point for new renewable generation resources.

4 GMO is responsible for approximately 170 miles of the Sibley-Nebraska City  
5 Project from GMO's Sibley generating station to the interception point with OPPD at  
6 the Missouri-Nebraska state line. OPPD is responsible for the portion of the line  
7 from this interception point to OPPD's Nebraska City Substation. The Sibley-  
8 Nebraska City Project is identified as a Priority Project in the April 27, 2010 SPP  
9 Priority Projects Phase II Final Report.<sup>10</sup> The current estimated cost of GMO's  
10 portion of the Project is approximately \$380M. The total estimated cost of the line,  
11 including the portion that will be constructed by OPPD, is approximately \$400M.  
12 These estimates are not control budget estimates; control budget estimates will be  
13 developed once the route has been selected. A map of the study area for the Sibley-  
14 Nebraska City Project is included as Schedule BCD-10.

15 **Q: Why is the Sibley-Nebraska City Project necessary?**

16 A: As explained in detail in the Direct Testimony of Mr. Fridley, the Sibley-Nebraska  
17 City Project was one of six projects approved by the SPP Board of Directors to  
18 "reduce grid congestion, improve the Generation Interconnection and Aggregate  
19 Study processes, and better integrate SPP's east and west regions."<sup>11</sup> SPP identified  
20 the following benefits:

21 [The Priority Projects] will reduce congestion, as demonstrated in the APC  
22 [adjusted production cost] analysis and by the levelization of Locational

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<sup>10</sup> The SPP Priority Projects Phase II Final Report has been attached to the Direct Testimony of Todd E. Fridley in Case No. EO-2012-0367 as Schedule TEF-4.

<sup>11</sup> Id. at 3.

1 Marginal Prices (LMPs) across the SPP footprint. . . . Priority Projects will  
2 improve the Aggregate Study process by creating additional transfer  
3 capability and allowing additional transmission service requests to be  
4 enabled. The addition of 3,000-5,000 MW of wind energy as well as new  
5 non-renewable generation will result from these projects. First  
6 Contingency Incremental Transfer Capability calculations determined that  
7 Priority Projects would increase the ability to transfer power in an  
8 eastward direction for two-thirds of the eastward paths by connecting  
9 SPP’s western and eastern areas.<sup>12</sup>

10 The SPP Board of Directors approved the Priority Projects, and SPP issued NTCs for  
11 the Sibley-Nebraska City Project to GMO and OPPD for their respective portions. A  
12 copy of the NTC issued to GMO, and GMO’s acceptance, are attached hereto as  
13 Schedule BCD-11.

14 **Q: What is the status of this Project?**

15 A: The study area boundary has been determined. As noted above, a map of the study  
16 area for the Sibley-Nebraska City Project is provided as Schedule BCD-10. Advisory  
17 Group meetings with representatives of governmental agencies and others were held  
18 during July 2012. Local Leader meetings and public open houses were held during  
19 August 2012. Informational materials regarding the Sibley-Nebraska City Project  
20 (referred to in the materials as the “Midwest Transmission Project”), were provided at  
21 the public open houses, and are included in Schedule BCD-12. GMO and OPPD  
22 have had preliminary discussions with the U.S. Army Corps of Engineers regarding  
23 the Missouri River crossings at Sibley and at the interception point near the border of  
24 Missouri and Nebraska. GMO and OPPD have established a website  
25 ([www.midwesttransmissionproject.com](http://www.midwesttransmissionproject.com)) to make information about the Sibley-  
26 Nebraska City Project available to the public.

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<sup>12</sup> Id. at 6.

1 **Q: Is GMO required to report on the Sibley-Nebraska City Project's status?**

2 A: Yes. Like the Iatan-Nashua Project, GMO provides quarterly updates to SPP on the  
3 status of this project.<sup>13</sup>

4 **III. Construction and Cost Management Process for the Projects**

5 **Q: What is KCP&L's construction management oversight process for the Projects.**

6 A: KCP&L has a multi-function, multi-discipline project management team, consisting  
7 of employees and contractors with wide-ranging expertise in areas including  
8 transmission planning, engineering, construction, procurement, real estate,  
9 environmental, legal, regulatory, communications, and public affairs. This project  
10 team meets regularly to discuss the status of the Projects. In addition, the  
11 construction management leadership meets with an Executive Oversight Committee  
12 on a monthly basis to keep leadership up-to-date on the Projects.

13 **Q: Is there coordination with OPPD?**

14 A: Yes. There are weekly conference calls and monthly meetings with OPPD to  
15 coordinate the joint aspects of the Sibley-Nebraska City Project. These coordinated  
16 efforts with OPPD will continue until the details of the routing and interception point  
17 are finalized.

18 **Q: How is KCP&L managing the cost controls and scheduling for the Projects?**

19 A: KCP&L is utilizing cost and schedule control processes for these Projects very  
20 similar to those that it utilized for the recent Iatan Units 1 and 2 construction projects  
21 and that it is currently utilizing for the LaCygne environmental upgrade construction

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<sup>13</sup> The SPP quarterly reports contain information on all of the Priority Projects and are publicly available at <http://www.spp.org/section.asp?group=1867&pageID=27>.

1 project. Both the Commission and Staff should be familiar with these processes in  
2 the context of those other construction projects.

3 **Q: Please describe KCP&L's construction management process/contracting**  
4 **strategy for the Projects.**

5 A: The construction management process/contracting strategy for the Projects is to  
6 utilize a multi-contract approach for the various components of the Projects: project  
7 management, routing and siting, rights-of-way acquisition, procurement, engineering,  
8 and construction.

9 • For the Iatan-Nashua Project, KCP&L is responsible for project management,  
10 procurement, and engineering components internally. KCP&L has contracted  
11 with Burns & McDonnell to assist with the execution of the routing and siting and  
12 rights-of-way acquisition components and will contract with a transmission line  
13 constructor for the construction component.

14 • For the Sibley-Nebraska City Project, KCP&L, on GMO's behalf, plans to control  
15 the project management component and possibly the procurement and  
16 engineering components internally. GMO has contracted with Burns &  
17 McDonnell to assist with the execution of the routing and siting and plans to  
18 utilize a contractor for the rights-of-way acquisition component. GMO will  
19 contract with a transmission line constructor for the construction component.  
20 GMO may also contract with the constructor for certain aspects of the  
21 procurement component and may contract for certain aspects of the engineering  
22 component.

1 **Q: Please describe the cost control processes.**

2 A: Cost uncertainty is always a concern on any construction project, but there is likely to  
3 be added concern on these regional transmission Projects because stakeholders  
4 (transmission customers and regulators) from all the states in the SPP region are  
5 impacted by the cost of the Projects. Cost control processes used by the Companies  
6 for the Projects will provide detailed scope for major procurement packages, obtain  
7 unit pricing for unforeseen changes, and maintain strong project and budget controls.

8 **Q: Please describe the schedule control processes.**

9 A: Schedule delays for these Projects are major concerns because these Projects were  
10 identified by SPP as necessary for regional reliability, to reduce transmission  
11 congestion, and to facilitate more efficient flow of power throughout the region.  
12 Schedule control processes for these Projects include maintaining strict timeline  
13 requirements in contracts (including liquidated damages provisions and incentive  
14 structures) and procuring experienced owner's engineer assistance when necessary to  
15 help ensure schedule adherence.

16 **Q: Will AEP provide services prior to the novation of the Projects?**

17 A: As described in more detail in the Direct Testimony of Darrin R. Ives in Case No.  
18 EO-2012-0367, the Companies may request siting, land acquisition, engineering,  
19 design, and/or construction services for the Projects from AEP's subsidiary service  
20 company, American Electric Power Service Corporation ("AEPSC"), through project  
21 specific Support Agreements. Pursuant to the Support Agreements, such services, if  
22 requested by the Companies, would be provided at cost by AEPSC. The Support

1 Agreements make available to the Companies AEP's significant high-voltage  
2 transmission project knowledge and experience.

3 **Q: How will AEPSC provide services after the novation of the Projects?**

4 A: After the novation, both KCP&L and AEPSC will provide services to Transource  
5 Missouri through an Intercompany Support Agreement that relies on the Services  
6 Agreements each Company has with Transource Energy, LLC ("Transource"). At  
7 this time, the parties anticipate that KCP&L will continue to provide the ongoing  
8 construction management and cost control management for the Projects, but it allows  
9 the Companies to rely on AEPSC for support where there are clear synergies and cost  
10 savings. Notably, even after the novation to Transource Missouri, KCP&L will  
11 continue to be responsible for the operation and maintenance of the Projects. The  
12 Service Agreements are more fully described in the Direct Testimony of Darrin R.  
13 Ives in Case No. EO-2012-0367.

14 **Q: What benefits will Transource Missouri bring to the construction process for the  
15 Projects?**

16 A: The formation of Transource by GPE and AEP creates synergies and potential cost  
17 savings through the combined strength of the Companies' local relationships and  
18 operational experience and AEP's expertise with large transmission projects.  
19 Specifically, AEP's experience and expertise in developing high-voltage transmission  
20 projects throughout the country should provide prompt access to supplies and  
21 equipment, engineering, and design strength that should benefit the Projects, and  
22 potentially result in lower overall construction costs. The benefits of the Transource  
23 Missouri venture are more fully described in the Direct Testimony of Mr. Ives in

1 Case No. EO-2012-0367 and in the Direct Testimonies of Michael P. Deggendorf,  
2 Antonio P. Smyth, Lisa M. Barton, and Scott P. Moore that accompany Transource  
3 Missouri's Application for a line CCN, filed concurrently with this Application.

4 **Q: Does this conclude your testimony?**

5 A: Yes, it does.

