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Missouri Operations Company
Case No.: EE-2017-_____
Date Testimony Prepared: October 12, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EE-2017-_____

DIRECT TESTIMONY

OF

SCOTT H. HEIDTBRINK

ON BEHALF OF

**GREAT PLAINS ENERGY INCORPORATED
KANSAS CITY POWER & LIGHT COMPANY
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
October 2016**

KCP+L Exhibit No. 14
Date 4.5.17 Reporter AF
File No. Em-2017-0226



DIRECT TESTIMONY
OF
SCOTT H. HEIDTBRINK
Case No. EE-2017-_____

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

2 A: My name is Scott H. Heidtbrink. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

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") and
6 serve as Executive Vice President and Chief Operating Officer for KCP&L and KCP&L-
7 Greater Missouri Operations Company ("GMO").

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

9 A: I am responsible for all aspects of GMO and KCP&L's utility operations, including
10 Generation, Transmission and Delivery Operations, Customer Service, major
11 construction and Critical Infrastructure Protection Standards ("CIPS").

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

13 A: I received a Bachelor of Science degree in electrical engineering from Kansas State
14 University in 1986. I previously served as Senior Vice President – Supply for KCP&L
15 where I was responsible for power generation plants and for KCP&L and GMO's energy
16 resources, including integrated resource planning, generation dispatch, off-system sales,
17 coal procurement, and asset management for the company's ownership positions in other
18 coal-fired plants and in the Wolf Creek Nuclear Generating Station ("Wolf Creek").

1 I joined Aquila in 1987 as a Field Engineer at the company's Lee's Summit,
2 Missouri service center and held gas and electric utility operations engineering and field
3 and customer operations management positions, including state President and General
4 Manager – Kansas, from 1994 to 1997; Vice President, Network
5 Management/Engineering, 1998 to 2000; Vice President, Aquila Gas Operations, 2001;
6 and Vice President, Kansas/Colorado Gas, 2002 to 2004. I also led the deployment of
7 Six Sigma into Aquila's utility operations from 2004 to 2006. From 2006 to 2008, I
8 served as Aquila's Vice President – Power Generation and Energy Resources. I joined
9 KCP&L in 2008 as part of the Aquila acquisition.

10 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
11 **Commission ("MPSC") or before any other utility regulatory agency?**

12 **A:** I have previously testified before both the MPSC and the Kansas Corporation
13 Commission ("KCC").

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

15 **A:** The purpose of my testimony is to support the application of Great Plains Energy,
16 KCP&L and GMO (collectively, the "Joint Applicants") for a limited variance or waiver
17 from Commission Rule 4 CSR 240-20.015 on affiliate transactions ("Application for
18 Variance") that would permit transactions between KCP&L, GMO and Westar to be
19 undertaken at cost on and after the closing of the Transaction, except for wholesale power
20 transactions which would be based on rates approved by the Federal Energy Regulatory
21 Commission. In that regard, I will describe the operations of KCP&L and Westar
22 Energy, Inc. ("Westar") following the closing of the acquisition of Westar by GPE (the
23 "Transaction"). Westar operates a regulated electric utility in Kansas and has just over

1 700,000 electric utility customers, both at the parent utility, Westar Energy, Inc., and at
2 its subsidiary utility, Kansas Gas and Electric Company. For simplicity, in this
3 testimony, I will refer to the entire entity as “Westar”, except where more specificity
4 might be required. In regard to the Transaction, I will describe certain operational
5 aspects of GPE and Westar, the impact of the Transaction on those operations, and why
6 the Transaction promotes the public interest.

7 **Q: Please provide an overview of GPE’s utility operations.**

8 A: Through its regulated utility subsidiaries, GPE serves over 850,000 customers in 47
9 counties in Missouri and eastern Kansas including approximately 749,400 residences,
10 98,800 commercial firms, and 2,600 industrials, municipalities and other electric utilities.
11 KCP&L alone serves approximately 530,700 customers (nearly 250,000 of which are in
12 Kansas), including approximately 468,700 residences, 59,900 commercial firms, and
13 2,100 industrials, municipalities and other electric utilities. KCP&L’s electric service
14 territory includes the Kansas City metropolitan area and surrounding cities.

15 KCP&L retail revenues – reflecting service provided to residences and businesses
16 – averaged approximately 88 percent of its total operating revenues over the last three
17 years. Wholesale firm power, bulk power sales and miscellaneous electric revenues
18 accounted for the remainder of KCP&L’s revenues. Like most electric utilities, KCP&L
19 is significantly impacted by seasonality with approximately one-third of its retail
20 revenues recorded in the third quarter.

21 To serve its customers, on a combined basis, GPE’s two current utilities, KCP&L
22 and GMO own 4,168 mega-watts (“MW”) of base load generating capacity and
23 2,232 MW of peak load generating capacity. Additionally, KCP&L owns 46 MW of

1 wind (based on accredited capacity). KCP&L and GMO combined have long-term
2 power purchase agreements for approximately 796 MW of wind and hydroelectric
3 generation which expire in 2023 through 2036.

4 KCP&L's capacity is diversified with outright or joint ownership in four large
5 coal-fired generating stations with a combined KCP&L capacity share of over 2,500
6 MW, 549 MW (KCP&L share) of Wolf Creek, approximately 1,200 MW of natural gas-
7 and oil-fired peaking capacity, 149 MW (nameplate) of wind generating capacity located
8 in Spearville, Kansas, and almost 600 MW of wind generating capacity under contract
9 located in Kansas. KCP&L has an additional 120 MW of wind generating capacity that
10 is expected to begin operation at the end of 2016 and 180 MW that is expected to begin
11 operation before the end of 2017 located in Missouri. In April 2016, KCP&L ceased
12 burning coal at Montrose Unit 1.

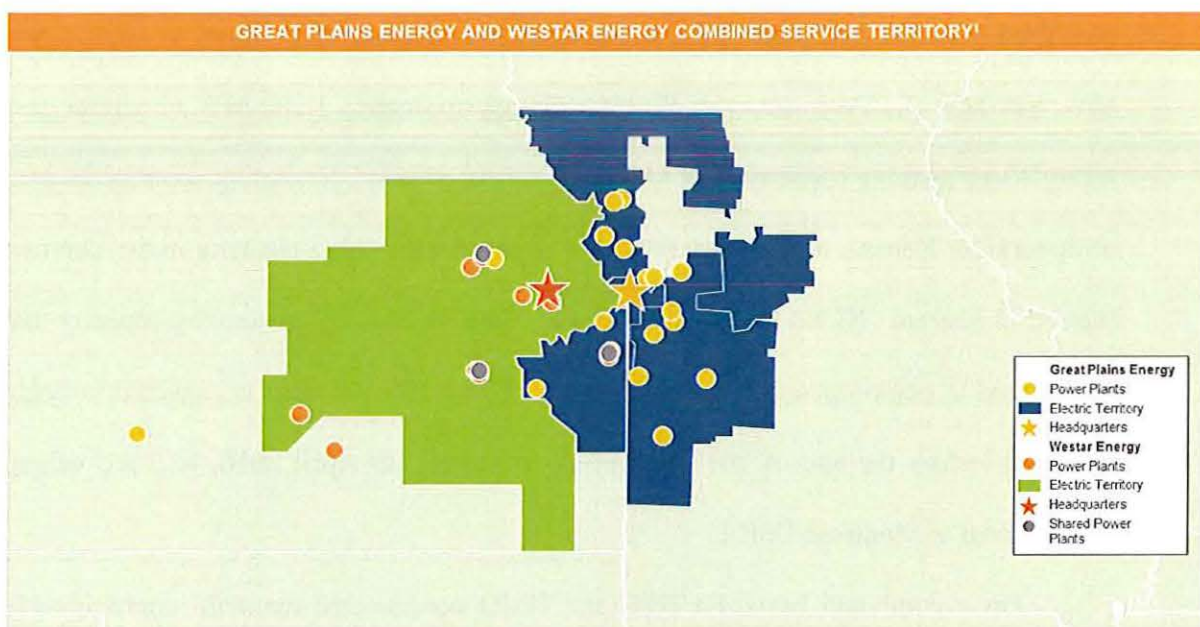
13 On a combined basis, KCP&L and GMO operate and maintain approximately
14 22,600 circuit miles of distribution lines and approximately 3,600 circuit miles of
15 transmission lines to serve customers across their service territory. KCP&L's share of
16 lines is 12,000 miles of distribution lines and 1,800 miles of transmission lines.

17 KCP&L is one of the largest companies in the region, with just under
18 3,000 employees, including more than 1,800 union employees. These employees are
19 active in the communities we serve, fulfilling our guiding corporate principle of
20 "Improving Life in the Communities We Serve."

21 An overview of Westar's operations is provided in the Direct Testimony of Mark
22 Ruelle.

1 Q: Please describe how the existing service territories and generating facilities of
2 Westar and GPE's utility subsidiaries correspond to one another.

3 A: As can be seen in the map below, the service territory of Westar (in green) abuts the
4 westernmost service territory of GPE's utility subsidiaries (in blue).



5 1. Excludes Great Plains Energy's Crossroads Generating Station located in Starkville, MS and Westar Energy's Spring Creek Energy Center located in Logan County, OK

6 As can also be seen from the map above, KCP&L and Westar jointly own and operate
7 Wolf Creek, as well as the La Cygne Station and Jeffrey Energy Center.

8 Q: Upon closing, how will the Transaction affect Missouri customers of KCP&L and
9 GMO?

10 A: From the customer's viewpoint, the effect of the Transaction is expected to be positive in
11 light of savings and efficiencies, depth and breadth of the combined company
12 management and employee base, and the ability to leverage best practices of Westar and
13 GPE's operating utilities. Customer rates will continue to be a function of the regulatory
14 process in Missouri, subject to the authority of the MPSC. Existing tariffs and rates will
15 remain in place and change only with the approval of the MPSC. Customers will

1 continue to enjoy all of the protections afforded them in the past as a function of
2 continued regulation by the MPSC.

3 **Q: How will the Transaction affect the quality of service provided to Missouri**
4 **customers of KCP&L and GMO?**

5 A: Service quality will be the same or improved after the Transaction. GPE is committed to
6 the continuation of the quality service KCP&L and GMO have provided in the past in
7 Missouri. GPE's utility subsidiaries, KCP&L and GMO, have long standing histories of
8 providing quality service for their customers in Missouri, and our careful due diligence
9 shows that Westar has also in Kansas. The Transaction will enable the combined
10 organization to provide higher quality service through the selection and implementation
11 of best practices in each organization to be used by the combined entity. GPE cares
12 deeply about, but also recognizes that the Commission will be interested in ensuring that
13 this history of providing quality service continues in Missouri after the Transaction, and
14 that the Commission has a mechanism in place to monitor system reliability and impacts
15 to customer service. Therefore, the customers of both KCP&L and GMO can rest easy
16 that every care will be taken to preserve the quality of service they are accustomed to
17 receiving after the closing of the Transaction. A more detailed discussion of GPE's
18 strategy regarding customer service and customer experience is included in the Direct
19 Testimony of Charles Caisley.

20 **Q: What mechanism does the MPSC have in place to monitor customer service?**

21 A: As a result of agreements and orders in a number of cases, including Case Nos. EM-
22 2007-0374, EO-2005-0329 and ER-2004-0034, KCP&L and GMO provide substantial
23 information to the Commission and its Staff on a regular basis concerning a variety of

1 performance metrics pertinent to the quality and reliability of service provided by
2 KCP&L and GMO in the State of Missouri. As discussed in more detail in the Direct
3 Testimony of Darrin Ives, KCP&L and GMO have committed to continue providing this
4 information after the closing of the Transaction so that the Commission and its Staff can
5 remain well informed about the quality and reliability of service being provided to
6 Missouri customers by KCP&L and GMO. In addition to regular periodic reporting,
7 KCP&L personnel also meet with Commission Staff regularly (typically on a quarterly
8 basis) to discuss customer service and other matters pertinent to the electric service
9 provided to Missouri customers by KCP&L and GMO. As detailed in the commitments
10 described in the Direct Testimony of Darrin Ives, KCP&L and GMO will continue these
11 periodic meetings after the closing of the Transaction as well.

12 **Q: What can Missouri customers of KCP&L and GMO expect after the Transaction**
13 **when they need to contact the Company to establish service or request some other**
14 **service-related item?**

15 **A:** Customers should see the same or improved service levels as a result of the Transaction.
16 GPE is committed to supplying high levels of customer service for KCP&L and GMO
17 customers. Following the Transaction, GPE intends to maintain the existing Westar
18 contact center in Wichita while continuing to operate the existing KCP&L contact center
19 in Raytown, Missouri. The integration team will need to assess and develop plans for the
20 operation of two contact centers, but it seems obvious to me that having two separate
21 contact centers two hundred miles apart will enhance reliability of service by providing
22 significant redundancy to the benefit of both Missouri and Kansas customers.

1 In sum, customers will experience little if any change in their day-to-day
2 interactions with their electric service provider. We will continue to serve them safely,
3 effectively, reliably and, we expect, more efficiently by, for the most part, the same
4 employees who serve them today. The Transaction will enable the combined
5 organization to improve service through the selection and implementation of best
6 practices in each organization to be used by the combined entity.

7 **Q: Please describe the effect of the Transaction from a generation perspective?**

8 **A:** As mentioned earlier, the joint ownership and operation of sizeable generating units by
9 Westar and GPE provides efficiency opportunities for this Transaction that would not
10 otherwise exist. Moreover, with the addition of Westar's generation fleet, Great Plains
11 Energy will have a more diverse and sustainable generation portfolio. After the
12 Transaction closes and all wind facilities currently under contract are placed in service,
13 more than 45% of retail customer energy needs can be met with electricity that has been
14 generated with no emissions. Additionally, KCP&L, GMO and Westar have diligently
15 undertaken extensive emission reduction efforts at their respective generating facilities
16 with the result that there is not a backlog of such work. This will provide increased
17 flexibility to mitigate the potential customer impacts from future carbon regulation or
18 other future environmental requirements. Among investor-owned utilities, the combined
19 company will have one of the largest portfolios of wind generation in the country,
20 consisting of over 3,000 megawatts of nameplate capacity.

21 Also, KCP&L, GMO and Westar participate in the Southwest Power Pool's
22 ("SPP's") integrated marketplace for the dispatching of their generating units and

1 participation in regional wholesale power markets, which should facilitate this aspect of
2 the integration process.

3 **Q: Please describe how the Transaction will affect transmission operations?**

4 A: Westar owns and has in service approximately 6,400 miles of transmission lines.
5 KCP&L and GMO combined, being more geographically compact, own and have in
6 service approximately 3,600 miles of transmission lines.

7 KCP&L, GMO and Westar are fully subject to regulation by the Federal Energy
8 Regulatory Commission with respect to transmission and wholesale sales and rates, and
9 will continue to be following the close of the Transaction. Each of the companies
10 participate in the wholesale market to sell power when the power they can generate is not
11 required for their own customers. The vast majority of these sales occur within the large
12 market managed by the SPP Integrated Marketplace. Any gains from selling such
13 wholesale power inures to the benefit of retail customers. KCP&L, GMO and Westar are
14 members of the SPP Regional Transmission Organization ("RTO") and transferred the
15 functional control of their transmission systems, including the approval of transmission
16 service, to the SPP. The SPP coordinates the operation of KCP&L, GMO and Westar's
17 transmission systems within an interconnected transmission system that covers all or
18 portions of 14 states. The Transaction will not affect the transmission operations of
19 KCP&L, GMO or Westar.

20 **Q. With increasing concerns about security, including cybersecurity, how will the**
21 **Transaction affect the companies?**

22 A. Missouri and Kansas are uniquely positioned with regard to homeland security,
23 intelligence analysis and in particular cybersecurity. We are aware that Westar was the

1 first private sector infrastructure partner embedded in the Kansas Intelligence Fusion
2 Center (“KIFC”). While no security measures can provide a perfect solution, we
3 appreciate the importance of the KIFC partnership model as key to increasing the “depth
4 of defense” in Kansas’ infrastructure security posture. We look forward to expanding
5 that partnership to include KCP&L and Wolf Creek, as well. Already we have people
6 working to obtain the necessary credentials to participate and contribute to that important
7 work. This Kansas experience will benefit our efforts in Missouri.

8 **Q: What benefits will the Transaction bring to KCP&L and GMO customers from an**
9 **operational perspective?**

10 **A:** There will be a positive impact on KCP&L and GMO’s customers as we integrate and
11 combine operations. The addition of Westar and its employees to GPE will provide the
12 opportunity for all of GPE’s utility subsidiaries to draw on the strengths of one another,
13 and assess and adopt best practices across all operating areas to serve our customers more
14 efficiently and effectively. Witness Steven Busser describes the integration planning
15 process in his Direct Testimony and witness William Kemp addresses Transaction-related
16 savings in his Direct Testimony. Over time, the ability to draw knowledge and
17 experience from a larger employee pool with a broader array of work experience will lead
18 to the adoption of the best practices from each organization, introducing efficiencies into
19 the day-to-day operation of GPE’s utility subsidiaries and leading to electric service rates
20 that are lower than they would have been absent the Transaction, as well as improved
21 service and reliability levels. All of this is beneficial to customers and enabled by the
22 proposed Transaction we have put before the Commission.

1 **Q: What steps will you take to ensure the continuity of good customer service while you**
2 **undertake the integration process and capture savings?**

3 **A:** The GPE Board of Directors and Chief Executive Officer have made it very clear to me
4 as the officer with primary responsibility for providing KCP&L and GMO customers
5 with safe and reliable electric service that our focus will remain on the needs of our
6 customers. Additionally, all of our employees understand the special responsibility we
7 have in providing essential electric service to our customers safely and reliably, and they
8 take great pride in doing so. Given our experience with the Aquila acquisition in 2008, in
9 which we continued to provide excellent service throughout the transition, I am confident
10 that we will continue providing safe and reliable service to our customers while the
11 organization does the hard work necessary to close the Transaction and bring its benefits
12 to our customers, our communities and our states.

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

14 **A:** Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

IN THE MATTER OF THE VERIFIED JOINT)
APPLICATION OF GREAT PLAINS ENERGY)
INCORPORATED, KANSAS CITY POWER & LIGHT) Docket No. EE-2017-_____
COMPANY AND KCP&L GREATER MISSOURI)
OPERATIONS COMPANY FOR A VARIANCE)
FROM THE COMMISSION'S AFFILIATE)
TRANSACTIONS RULE, 4 CSR 240-20.015)

AFFIDAVIT OF SCOTT H. HEIDTBRINK

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Scott H. Heidtbrink, being first duly sworn on his oath, states:

1. My name is Scott H. Heidtbrink. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Executive Vice President and Chief Operating Officer.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated, Kansas City Power & Light Company, and KCP&L Greater Missouri Operations Company consisting of eleven (11) 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.

Scott H. Heidtbrink
Scott H. Heidtbrink

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

My commission expires: Feb. 4, 2019

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