

Exhibit No.:
Issue: Transmission
Witness: John R. Carlson
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2012-0174
Date Testimony Prepared: September 5, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0174

REBUTTAL TESTIMONY

OF

JOHN R. CARLSON

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
September 2012**

REBUTTAL TESTIMONY

OF

JOHN R. CARLSON

Case No. ER-2012-0174

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

2 A: My name is John R. Carlson. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: Are you the same John R. Carlson who pre-filed Direct Testimony in this matter?**

5 A: Yes, I am.

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

7 A: I am testifying on behalf of Kansas City Power & Light Company (“KCP&L” or the
8 “Company”).

9 **Q: What is the purpose of your Rebuttal Testimony?**

10 A: My testimony responds to the discussion of transmission expense in Staff’s Revenue
11 Requirement/Cost of Service Report (“Report”). The purpose of my Rebuttal Testimony
12 is to discuss the annualization methodology used to calculate the Southwest Power Pool,
13 Inc. (“SPP”) administration charges and transmission costs in net revenue requirement
14 projections.

15 **SPP ADMINISTRATION CHARGES**

16 **Q: Staff used the current SPP Administrative tariff rate to determine the SPP**
17 **Administrative Fee. Will there be a need to true-up the SPP Administrative Fee?**

18 A: Yes. KCP&L was granted incremental SPP point-to-point transmission of 182 MW
19 starting June 1, 2012. Therefore, any annualized calculation using data prior to July 1,

1 2012, would not capture the incremental SPP administration charges incurred as a result
2 of the incremental 182 MW of point-to-point transmission.

3 **Q: What method would be more appropriate for calculating SPP administration**
4 **charges?**

5 A: Annualizing the SPP administration charges based on current costs as of August 31, 2012
6 would account for the charges associated with the incremental 182 MW of SPP point-to-
7 point transmission, allow for potential delays in billing from the SPP and provide the
8 most current costs available.

9 **SPP TRANSMISSION COSTS**

10 **Q: Staff annualized Account 565 Transmission expense based on per book amounts**
11 **expensed in the first quarter of 2012. Have transmission costs changed since the**
12 **first quarter of 2012?**

13 A: Yes. Actual SPP transmission costs allocated to KCP&L continue to increase on a
14 monthly basis, as shown in Schedule JRC-2. April, May, June and July transmission
15 costs are significantly higher than the amount booked in first quarter 2012. As Staff
16 noted on page 177 of its Report, “projections from SPP show that these expenses will
17 continue to increase through 2017.”

18 **Q: Are those projected increases the reason why the Company asked for a transmission**
19 **tracker?**

20 A: Yes. Company witness Darrin R. Ives discussed the transmission tracker in his Direct
21 Testimony in this case.

1 **Q: Why should the most current transmission costs be used in determining the**
2 **Company's revenue requirement in this case?**

3 A: As SPP transmission projects are completed and placed in service, the costs are allocated
4 to transmission customers based on the zonal and regional Annual Transmission Revenue
5 Requirement ("ATTR") amounts approved by the Federal Energy Regulatory
6 Commission and the magnitude of load associated with each customer's transmission
7 service. The increase in monthly transmission costs allocated to KCP&L between March
8 2012 and August 31, 2012 is a direct reflection of more transmission resources becoming
9 used and useful.

10 **Q: Can you expand upon the increasing transmission costs discussed above?**

11 A: Sure. The most up-to-date transmission cost projections from the SPP include all
12 transmission projects that have been approved and received a notification to construct.
13 Potential future projects identified as a result of the SPP's Integrated Transmission
14 Planning ("ITP") process, which performs near-term, 10-year and 20-year assessments of
15 the transmission system, are not included in the current SPP projections. As future ITP
16 projects are identified and approved by the SPP Board of Directors they will be added to
17 SPP's projections, and it is the additive nature of these incremental projects that is a main
18 driver of the increase in transmission costs.

19 **Q: Is it still the Company's position that transmission costs will be true-up?**

20 A: Yes. Annualizing the SPP transmission costs based on current costs as of true-up would
21 most accurately account for transmission resources that are known and measurable, i.e. in
22 service at the August 31, 2012 true-up date.

1 Q: Does that conclude your testimony?

2 A: Yes, it does.

SPP Transmission Costs (KCP&L - Actuals)

