

Exhibit No.:
Issue: Iatan 1:
Air Quality Control Equipment
Witness: Brent C. Davis
Type of Exhibit: Direct Testimony
Sponsoring Party: Aquila, Inc. dba KCP&L Greater
Missouri Operations Company
Case No.: ER-2009-____
Date Testimony Prepared: September 5, 2008

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2009-____

DIRECT TESTIMONY

OF

BRENT C. DAVIS

ON BEHALF OF

**AQUILA, INC. dba
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
September 2008**

DIRECT TESTIMONY

OF

BRENT C. DAVIS

Case No. ER-2009-_____

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

2 A: My name is Brent C. Davis. My business address is 1201 Walnut, Kansas City, Missouri
3 64106.

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

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as the Iatan Unit 1
6 Project Director.

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

8 A: My responsibilities include oversight of the construction and installation of certain air
9 quality control (“AQC”) equipment on the existing coal-fired generating unit at the Iatan
10 Generating Station (“Iatan 1”). Aquila, Inc. dba KCP&L Greater Missouri Operations
11 Company (“GMO” or the “Company”) owns 18% of Iatan 1 and is responsible for a
12 commensurate share of the cost of the AQC equipment being installed on the unit.

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

14 A: I received a Bachelor of Science degree in engineering management from the University
15 of Missouri at Rolla in 1980, followed by a Master in Business Administration from
16 Rockhurst University in 1999. I began working at KCP&L in 1981 as a maintenance
17 engineer at the Montrose Generating Station. In 1985 I left the Company for a short
18 period of time to accept a position at Dayco Manufacturing in Springfield, Missouri as
19 maintenance superintendent. I returned to KCP&L later that year. Since that time, I have

1 held various engineering and management positions at each of KCP&L's coal-fired
2 generating facilities, *i.e.*, the Montrose Generating Station, the LaCygne Generating
3 Station, the Iatan Generating Station, and the Hawthorn Generating Station. Immediately
4 prior to accepting my current position, I was plant manager at Hawthorn.

5 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
6 **Commission (“Commission”) or before any other utility regulatory agency?**

7 A: Yes, I provided testimony to the Commission about construction activities at the Iatan
8 Generating Station during the proceedings concerning the acquisition of Aquila, Inc.
9 (“Aquila”) by Great Plains Energy Incorporated (Case No. EM-2007-0374).

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

11 A: The purpose of my testimony is (i) to provide an overview of the Iatan 1 AQC projects,
12 and (ii) to identify the portion of the Iatan 1 / Iatan 2 common facilities that should be
13 included in rates in this case because they are necessary for the operation of Iatan 1.

14 **Q: Please summarize your role with respect to the construction and installation of the**
15 **Iatan 1 AQC projects.**

16 A: I have been involved with the Iatan 1 AQC projects since June 2006. Initially, I was
17 responsible for the overall Iatan construction project, including the Iatan 1 projects as
18 well as the construction of Iatan 2. In November 2007, I was asked to concentrate my
19 efforts on the completion of the Iatan 1 AQC projects.

1 **Overview of the Iatan AQC Projects .**

2 **Q: Please describe the Iatan 1 AQC projects.**

3 A: KCP&L is adding to Iatan 1 (i) a selective catalytic reduction facility (“SCR”); (ii) a flue
4 gas desulphurization unit (“Scrubber”); and (iii) a fabric filter system for the removal of
5 particulates (“Baghouse”) (jointly referred to as the “AQC projects” or “AQC
6 equipment”). The SCR reduces the amount of nitrous oxides emitted into the
7 atmosphere. The Scrubber, or absorber as it is sometimes called, reduces the amount of
8 sulfur dioxide emitted into the atmosphere. The Baghouse captures particulates in the
9 flue gas before it is released into the atmosphere.

10 **Q: Who owns Iatan 1?**

11 A: Iatan 1 is jointly owned by KCP&L, GMO, and The Empire District Electric Company
12 (“Empire”). KCP&L owns 70%. GMO owns 18%. Empire owns 12%. The Company
13 is seeking to include in its rates as part of this case only its commensurate share, *i.e.*,
14 18%, of the costs of the AQC equipment.

15 **Q: Who is responsible for constructing and installing the Iatan 1 AQC equipment?**

16 A: KCP&L operates the unit and is ultimately responsible for constructing and installing the
17 Iatan 1 AQC equipment. However, the design, construction, and installation of the
18 equipment are highly specialized. Consequently, KCP&L contracted with a number of
19 parties for various aspects of the construction and installation activities.

20 **Common Facilities**

21 **Q: What are “Common Facilities” and why are they an issue in this case?**

22 A: Common Facilities are facilities that Iatan 1 and Iatan 2 will ultimately share once Iatan 2
23 goes into service. However, those facilities are necessary now for the operation of

1 Iatan 1 with the new AQC equipment. Because the facilities are essential for the
2 operation of Iatan 1, it is appropriate to include a portion of their cost in rates at the same
3 time the Iatan 1 AQC equipment goes into rates. However, because some portion of the
4 cost is more appropriately associated with Iatan 2, it would not be appropriate to include
5 their entire cost in rates at this time. The issue before the Commission in this case is to
6 determine what portion of Common Facilities should be included in the Company's rates
7 in this case because they are used and useful with respect to the operation of Iatan 1, and
8 what portion should be addressed in the subsequent rate case involving Iatan 2.

9 **Q: What are some examples of Common Facilities?**

10 A: The new flue gas chimney is probably the simplest example. The original Iatan 1
11 chimney could not be used with the new AQC equipment. Consequently, a new chimney
12 had to be built for Iatan 1. A chimney would also need to be constructed for Iatan 2.
13 KCP&L decided to build a single, shared concrete chimney with two separate liners to be
14 used by each unit because doing so is more efficient than building two separate
15 chimneys. With this consideration in mind, it is appropriate to include a portion of the
16 cost of the new chimney in rates associated with the Iatan 1 projects and to allocate a
17 portion to be in rates associated with Iatan 2. This is but one example. Other examples
18 include the various systems necessary to support the AQC equipment on both units,
19 *e.g.*, storage and handling facilities for limestone, limestone reagent preparation
20 equipment, scrubber sludge, and treatment facilities for the various waste products.

21 **Q: Please explain the basis for KCP&L's proposed allocation of the cost of between**
22 **Iatan 1, which are included in this case, and the remainder, which will be proposed**
23 **to be included in the rate case associated with the completion of Iatan 2.**

1 A: The cost of the Common Facilities was allocated between Iatan 1 and Iatan 2 based on
2 the generation capacity of the respective units, *i.e.*, 670 MW for Iatan 1 and 850 for
3 Iatan 2. Cost is also allocated based on the different ownership structures of the two
4 units, that is, GMO's share is based on a weighted average of its ownership interest in
5 each unit, which is 18% because GMO owns an 18% interest in each unit.

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

7 A: Yes, it does.

