

Exhibit No.:
Issue: Iatan 1 In-Service Criteria
Witness: Brent Davis
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2009-0089
Date Testimony Prepared: April 7, 2009

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2009-0089

SURREBUTTAL TESTIMONY

OF

BRENT DAVIS

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
April 2009**

SURREBUTTAL TESTIMONY

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Case No. ER-2009-0089

1 **Q: Are you the same Brent Davis who has previously provided pre-filed written**
2 **testimony in this matter on behalf of Kansas City Power & Light Company**
3 **(“KCP&L” or the “Company”)?**

4 **A: Yes.**

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

6 **A: The purpose of my Surrebuttal Testimony is to respond to Jatinder Kumar’s Rebuttal**
7 **Testimony on behalf of the National Nuclear Security Administration and the Federal**
8 **Executive Agencies regarding the proper in-service criteria for the air quality control**
9 **system (“AQCS”) equipment the Company has added to Iatan 1.**

10 **RESPONSE TO KUMAR**

11 **Q: Are you familiar with the Rebuttal Testimony of Mr. Kumar?**

12 **A: Yes.**

13 **Q: Do you have any responses to Mr. Kumar’s opinions with respect to Iatan 1?**

14 **A: Yes. In particular, I would like to respond to Mr. Kumar’s statement that Iatan 1 should**
15 **be considered in-service and used and useful only at the date when the Company issues a**
16 **final acceptance to ALSTOM Power, Inc. (“ALSTOM”). In other words, Mr. Kumar**
17 **believes that ALSTOM must be one hundred percent (100%) complete and all contract**
18 **requirements have been met.**

1 **Q: How were the in-service criteria for Unit 1 created?**

2 A: The Company worked with members of the Missouri Public Service Commission's
3 Utility Operations Division to draft and reach mutual agreement regarding the in-service
4 criteria for Iatan 1.

5 **Q: Who were the members of the Utility Operations Division involved in this process?**

6 A: Mike Taylor and Dave Elliott.

7 **Q: When did this process begin?**

8 A: Discussions began during a visit to the Iatan site on April 18, 2008.

9 **Q: What was the basis for the definition of the in-service criteria?**

10 A: During Dave Elliott and Mike Taylor's Site visit on April 18, 2008, we discussed the
11 applicable air permit limits for Iatan 1 as well as the performance guarantees in the
12 ALSTOM Power Inc. ("ALSTOM") contract regarding NO_x, SO₂, opacity, PM₁₀ and
13 mercury. Additionally, after this meeting, the Company provided Messers. Elliott and
14 Taylor with an excerpt of the ALSTOM contract addressing the emissions limits and
15 guarantees for the selective catalytic reactor ("SCR"), scrubber, and baghouse. We also
16 reviewed the in-service criteria that the Company and the Commission Staff previously
17 agreed to for the installation of an SCR at the La Cygne Generating Station.

18 **Q: Who was involved on behalf of the Company in the creation and discussions with
19 Staff regarding the in-service criteria?**

20 A: Primarily myself and Brad Lutz.

21 **Q: Describe the process to reach agreement between the Company and the Staff
22 regarding the Iatan 1 in-service criteria.**

23 A: The Company discussed the first draft of the in-service criteria with Dave Elliott and

1 Mike Taylor in late July 2008. We conducted further discussions and revisions of the
2 criteria during subsequent meetings and site visits. Ultimately, an agreement was reached
3 in early September 2008.

4 **Q: Have the in-service criteria been communicated to Signatory Parties to the**
5 **Stipulation and Agreement in Case No. EO-2005-0329?**

6 A: Yes. In the KCP&L Strategic Infrastructure Investment Status Report—Third Quarter
7 Report—2008 the Company reported that it had reached agreement with the MPSC Staff
8 regarding the in-service criteria. The in-service criteria were also attached to my Direct
9 Testimony in this case. See Schedule BCD-2.

10 **Q: What is your understanding of the agreement reached between the Company and**
11 **Staff with respect to the in-service criteria?**

12 A: Based on the in-service criteria, the Company has to complete construction to a level that
13 permits the operation of the equipment, successfully complete preoperational tests and
14 achieve the emissions standards and monitoring outlined in the in-service criteria
15 document, which as I have noted was attached as Schedule BCD-2 to my Direct
16 Testimony in this case. Item number three (3) of the in-service criteria states that the
17 Company must successfully achieve some of the operational contract guarantees. As
18 described in Company witness Kenneth Roberts Rebuttal Testimony, it is standard in the
19 industry to have different performance guarantees from the in-service criteria. The
20 applicable guarantees referenced in item three of the in-service criteria are those that
21 could affect the emissions testing specifically stated in items 4 and 5 of the in-service
22 criteria agreed between the Company and the Staff. Upon completion of successful
23 testing as stated in items 4, 5, and 6 it is the Company's understanding that the equipment

1 would be used and useful and considered “in-service” for purposes of the rate case.

2 **Q: Do you agree with Mr. Kumar’s opinion regarding the appropriate in-service**
3 **criteria?**

4 A: No, I do not. The requirements in ALSTOM’s contract regarding performance
5 guarantees and the definition of final acceptance contain different standards and fulfill a
6 different purpose from the in-service criteria. As explained in more detail in Company
7 Witness Kenneth Roberts’ Rebuttal Testimony, the performance standards in the
8 ALSTOM contract are more stringent than the air permit requirements.

9 **Q: Why is it important that the in-service criteria not mirror the final contract**
10 **requirements for ALSTOM?**

11 A: It is important that the Company has the flexibility and the time necessary to close-out
12 the contract with ALSTOM. I agree with Company witness Kenneth Roberts’
13 Surrebuttal Testimony that the rate payers will benefit from the Company defining the in-
14 service criteria differently than the final contract requirements. This is necessary to
15 provide the Company the necessary time to resolve any commercial disputes, including
16 performance guarantees, liquidated damages, complete punch-list items, and any other
17 contract close-out items without an artificial deadline imposed by the rate case schedule.

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

19 A: Yes, it does.

