

Exhibit No. :  
Witness : Russell C. Widmar  
Type of Exhibit : Direct Testimony  
Party : Kansas City, Missouri  
Case No. : ER-2001-672

**FILED<sup>2</sup>**

DEC 07 2001

**Missouri Public  
Service Commission**

CITY OF KANSAS CITY, MISSOURI

Case No. ER-2001-672

DIRECT TESTIMONY

OF

RUSSELL C. WIDMAR

Kansas City, Missouri  
December 6, 2001

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Tariff Filing of Missouri Public  
Service (MPS), a Division of UtiliCorp United, Inc.,  
To Implement a General Rate Increase for Retail  
Electric Service Provided to Customers in the  
Missouri Service Area of MPS.

Case No. ER-2001-672  
Tariff No. 200101173

Affidavit of Russell C. Widmar

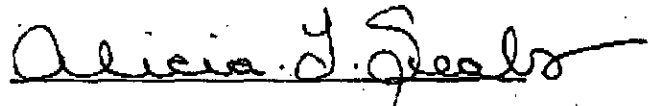
STATE OF MISSOURI )  
COUNTY OF Platte ss.

I, Russell C. Widmar, of lawful age, being duly sworn, do hereby depose and state:

1. My name is Russell C. Widmar. I am Director of Aviation for the City of Kansas City. The city of Kansas City, Missouri is an intervener herein.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my personal knowledge, information and belief.

  
Russell C. Widmar

Subscribed and sworn to before me, a Notary Public, this 6<sup>th</sup> day of December, 2001.

  
Notary Public

My Commission expires:

Sept 16, 2002

ALICIA T. SEALS  
Notary Public-Notary Seal  
State Of Missouri  
Clay County  
My Commission Expires Sept. 16, 2002

**DIRECT TESTIMONY OF RUSSELL C. WIDMAR**

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

2 A. My name is Russell C. Widmar. I am the Director of Aviation for the City of Kansas City,  
3 Missouri. In this office I am responsible for the general operation and management of Kansas  
4 City International Airport (KCI) located within the City limits of Platte County. My business  
5 address is: 601 Brasilia Avenue, Kansas City, Missouri 64153-0047.

6 Q. FOR WHOM DO YOU APPEAR IN THIS PROCEEDING?

7 A. I am speaking on behalf of the Department of Aviation for the City of Kansas City, Missouri.

8 Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND HISTORY OF  
9 EMPLOYMENT AND PROFESSIONAL EXPERIENCE.

10 A. I have attached RCW Schedule 1 which sets out my education and experience.

11 Q. IN GENERAL, WHAT ARE YOUR PRESENT DUTIES?

12 A. I have direct responsibility for managing the Kansas City Aviation System which is comprised  
13 of three (3) airports, Kansas City International Airport, Downtown Airport, and Richards  
14 Gebaur Airport. In this management process I report directly to the Kansas City City Manager,  
15 Robert Collins, and the City Council through the Aviation Committee.

16 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. The purpose of my testimony is to describe KCI's present reliance on energy supplied by  
18 Missouri Public Service (MPS) and offer my opinion of the effect MoPub's proposed rate  
19 increase will have on the airport, its aviation tenants and related businesses located on and  
20 around KCI.

1 Q. HAVE YOU REVIEWED THE INCREASE IN RATES PROPOSED BY MPS IN THIS  
2 MATTER AS IT PERTAINS TO KCI?

3 A. Yes, I have. Based upon my review of the tariffs proposed by the Company in this case, it  
4 appears that MPS is proposing to increase the rates for service applicable to the City's operation  
5 of KCI, as well as the operation of the City's tenants at the airfield, by sixteen percent (16%).

6 Q. PLEASE DESCRIBE THE EFFECT YOU EXPECT SUCH AN INCREASE WILL HAVE ON  
7 THE OPERATIONS AT KCI.

8 A. In general, it is my opinion that the increase will have a negative financial impact on KCI and  
9 the airlines serving it. Since the filing of the proposed tariff increase the country has witnessed  
10 the tragic attacks of September 11, 2001. The impact of those attacks on the airline industry is  
11 well known and cannot be ignored while evaluating the effect which the proposed tariff  
12 increases will have. This is because a proportion of the rate increase will be passed on to the  
13 airlines by the airport while the remainder will be absorbed by my department. I can report that  
14 airline and airport revenues have decreased by approximately 20%, on an annualized basis, since  
15 the September 11 attacks. These reduced revenues have required significant operating budget  
16 cuts by my department. It is true that the federal government has provided the airline industry  
17 with grants and loan guarantees to keep them operational during these difficult economic  
18 conditions. However, no such governmental subsidy has been granted to airports which are  
19 expected to bear the full burden of increased costs for such things as security, insurance and  
20 utilities. For example, increased security costs mandated by the federal government are being  
21 incurred by my department at an annualized rate of \$1.8 Million. In addition, our insurance

1 costs have already increased by an additional \$500,000. This is all happening against a very  
2 diminished revenue stream. In fact, again, on an annualized basis using October statistics the  
3 airport revenue stream has been reduced by \$15.5 million. Without a significant increase in  
4 passenger activity this lost revenue cannot be made up.

5 Q. YOU HAVE MENTIONED THAT A PERCENTAGE OF YOUR DEPARTMENT'S  
6 ADDITIONAL SECURITY COSTS WILL BE PASSED ON TO THE AIRLINES AT KCI.  
7 CAN YOU TELL THE COMMISSION WHAT PERCENTAGE THAT WILL BE?

8 A. The department will pass 17% of those additional security costs, and 40% of additional  
9 insurance costs, to the airlines.

10 Q. HOW MUCH DID YOUR DEPARTMENT PAY TO MPS FOR ENERGY DURING THE  
11 CITY'S PREVIOUS FISCAL YEAR?

12 A. For KCI, the department paid MPS a total of \$1,800,000 for electrical usage during the fiscal  
13 year that ended April 30, 2001.

14 Q. DO YOU ANTICIPATE THAT THE DEPARTMENT'S ENERGY COSTS WILL BE  
15 APPROXIMATELY THE SAME FOR THE CURRENT FISCAL YEAR?

16 A. We expect minor decreases in the total annual costs of energy due to the severity of last year's  
17 extremely cold winter, and the mild winter thus far.

18 Q. ARE THE DEPARTMENT'S ELECTRICAL COSTS PASSED ON TO THE AIRLINES AT  
19 KCI?

20 A. Yes, they are. Currently, sixty four percent (64%) of the electrical costs for the KCI facilities  
21 are passed on to the operating airlines through the airport's rate calculation methodology. This

1 methodology passes on to the airline tenants a portion of the airport's operating expenses.

2 Q. BY WHAT AMOUNT WOULD AIRLINE EXPENSES INCREASE AT KCI IF MPS' RATE  
3 INCREASE IS APPROVED?

4 A. For those airlines to which my department passes on a percentage of the City's electrical costs,  
5 a sixteen percent (16%) increase in MPS energy rates would increase their expenses at KCI by  
6 approximately \$240,000 annually. My answer does not include increased expenses which  
7 would be incurred by airline and other tenants on the airfield that have separately metered  
8 facilities. For example, utility costs for areas such as the American Airlines Overhaul Base,  
9 Vanguard Airlines corporate offices and various air cargo areas have separate meters and are  
10 paid directly by the tenant.

11 Q. DOES THE CITY OPPOSE THE RATE INCREASE?

12 A. Counsel for the City has advised me that this case may not take into account certain savings  
13 which UtiliCorp United may be achieving as a result of its merger with St. Joseph Light &  
14 Power Company. To the extent that the Company is reaping the savings as a result of the  
15 merger with St. Joseph Light & Power and those savings are not being reflected in the rates to  
16 be charged at KCI as a result of this case, my department is opposed to the increase.

17 Q. WOULD YOU SUMMARIZE YOUR TESTIMONY?

18 A. Given today's economic climate, a 16% increase in energy rates charges by MPS will have a  
19 negative financial impact on KCI and the airlines that serve it. In the post September 11  
20 environment, the airlines and KCI are already incurring increased security and insurance costs  
21 against declining revenues. An electric energy rate increase on top of the unavoidable cost

1           increases I have just mentioned, would cause an even heavier financial burden on KCI and the  
2           airlines each of which is struggling to overcome the results of the September 11 terrorist attack.  
3           KCI is a regional airport serving not only Kansas City but also the St. Joseph area. If an  
4           increase in rates is approved, it should reflect a fair distribution of any merger savings that MPS'  
5           parent has achieved.

6    Q.     DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

7    A.     Yes, it does.

## **SCHEDULE 1**

### **EDUCATION AND EXPERIENCE OF**

**Russell C. Widmar, AAE**

#### **EDUCATION/LICENSES/CERTIFICATIONS**

BA Economics – Cal State University Northridge – 1969  
MA Executive Management – Claremont University – 1980  
Accredited Airport Executive – American Association of Airport Executives – 1980  
Commercial Pilot with multi-engine and instrument privileges

#### **EXPERIENCE**

1999-Present   Kansas City Aviation Department Director of Aviation  
1995-1999      Salt Lake City Airport Authority-Executive Director  
1993-1996      Hughes Aircraft Company, Director of Operations  
1979-1994      Lockheed Air Terminal, Inc., Director of Airport Services and Vice-President, western region

#### **ORGANIZATIONS and AFFILIATIONS**

Airports Council International-North America, member of Board of Directors  
American Association of Airport Executives  
Platte County Economic Development Council, member of Board of Directors