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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

February 4, 2008
Jefferson City, Missouri
Volume 2

In the Matter of Proposed Rule)
4 CSR 240.23-020, Establishing)
Infrastructure Standards for) Case No. EX-2008-0231
Investor-Owned Electrical)
Corporations)

COLLEEN M. DALE, Presiding,
CHIEF REGULATORY LAW JUDGE.

JEFF DAVIS, Chairman,
ROBERT M. CLAYTON III,
COMMISSIONERS.

REPORTED BY:
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1 P R O C E E D I N G S

2 JUDGE DALE: We are here today, February 4,
3 2008, in the matter of Proposed Rule 4 CSR 240-23.020,
4 establishing infrastructure standards for investor-owned
5 electrical corporations, Case No. EX-2008-0231. We will
6 begin with oral entries of appearance, starting with
7 Staff.

8 MR. WILLIAMS: Nathan Williams, Deputy
9 General Counsel, P.O. Box 360, Jefferson City, Missouri
10 65102.

11 JUDGE DALE: Public Counsel?

12 MR. MILLS: Lewis Mills, P.O. Box 2230,
13 Jefferson City, Missouri 65102.

14 MS. TATRO: Wendy Tatro, 1901 Chouteau
15 Avenue, St. Louis, Missouri, on behalf of AmerenUE.

16 MR. BLANC: Curtis Blanc on behalf of
17 Kansas City Power & Light, 1201 Walnut, Kansas City,
18 Missouri 64106.

19 MR. BOUDREAU: Let the record reflect the
20 appearance of Paul A. Boudreau with the law firm of
21 Brydon, Swearingen & England, P.C., P.O. Box 456,
22 Jefferson City, Missouri, on behalf of the Missouri Energy
23 Development Association, or MEDA, also on behalf of
24 Aquila, Inc.

25 MR. COOPER: Dean L. Cooper, P.O. Box 456,

1 Jefferson City, Missouri 65102, appearing on behalf of
2 Empire District Electric Company.

3 JUDGE DALE: Thank you. We will begin with
4 testimony from Staff's witness.

5 MR. WILLIAMS: Staff calls Dan Beck.

6 JUDGE DALE: Thank you.

7 (Witness sworn.)

8 JUDGE DALE: Thank you. You may proceed.

9 DANIEL I. BECK testified as follows:

10 DIRECT EXAMINATION BY MR. WILLIAMS:

11 Q. Please state your name.

12 A. Daniel I. Beck.

13 Q. By whom are you employed?

14 A. The Missouri Public Service Commission.

15 Q. And what's the capacity of your employment?

16 A. I am the engineering analysis supervisor in
17 the energy department, operations division.

18 Q. And what, if any, comments do you have
19 regarding the Commission's proposed electrical corporation
20 infrastructure standards rule?

21 A. The only correction or change that I have
22 is a very minor one, but since we have this opportunity, I
23 will point it out. This is in 3B, and it is in the second
24 to last sentence. There is the word electric, as in
25 electric corporations, and that should be electrical, I

1 think, to be consistent with the rest of the rule. So add
2 an "al" to the end of the word electric. And that is the
3 only changes I would propose at this time.

4 Q. Does that conclude your comments?

5 A. Yes, it does.

6 JUDGE DALE: Thank you, Mr. Beck. Are
7 there questions from the Commission for Mr. Beck?
8 Chairman?

9 COMMISSIONER CLAYTON: Thank you, Judge.

10 QUESTIONS BY COMMISSIONER CLAYTON:

11 Q. Mr. Beck, I want to talk to you about the
12 various changes to the infrastructure rule that have
13 occurred since the beginning of this process.

14 First of all, were you involved in the
15 drafting of the original version that was submitted as
16 part of the report on electrical outages associated with
17 the Ameren power outages from 2006?

18 A. Yes, I was.

19 Q. And do you recall the rule that was
20 associated with -- with that report and the language that
21 was within it?

22 A. Generally, yes. I didn't bring a copy with
23 me today.

24 Q. In general, do you recall what that
25 proposed rule did, the rule relating to infrastructure?

1 A. It really just set out reporting
2 requirements generally.

3 Q. Okay. How does that compare to practices
4 today or even, you know, at that time? What was current
5 practice without any rule relating to infrastructure
6 inspection and replacement programs?

7 A. The utilities, you know, conducted whatever
8 they did on their own, and they didn't report what they
9 were doing. There was no annual reporting requirements,
10 anything like that. So it was -- it was really just the
11 utilities operating as they saw fit.

12 Q. So is Staff aware of what each of the
13 utilities was doing at that time?

14 A. Generally. I don't think that when I look
15 at, for example, the rule we're talking about now, I think
16 we're going to have a lot more specificity with regard to
17 what they're doing. Wherein, before we would be more
18 generally aware of their general programs and then we'd be
19 -- we would be aware of only specific instances where
20 there was problems or complaints, that type of thing, not
21 necessarily problem, but a complaint that we, you know
22 would then look at what's going on in that specific line.

23 Q. Okay. So there were no -- there was no
24 requirement for reporting, correct?

25 A. Correct.

1 Q. There was no requirement for any set
2 schedule of infrastructure inspection at all?

3 A. Correct, other than whatever their
4 operating procedures said.

5 Q. So what would be the rule or the law with
6 regard to infrastructure in ensuring that they have the
7 right infrastructure in place? Is it just the general
8 offering safe and adequate service at just and reasonable
9 rates? Is that basically the only criteria that the Staff
10 would have?

11 A. That's correct.

12 Q. Okay. So the original draft, then, went to
13 reporting, you would agree with that?

14 A. Yes.

15 Q. Did the original draft that was put
16 together by the Staff set out any mandated inspection
17 cycles?

18 A. I do not believe it did.

19 Q. Okay. Can you describe what type of
20 reporting that rule did, in general?

21 A. I think it really was just looking at
22 annual reporting requirement, and I generally would
23 characterize it as reporting what they were doing at the
24 program level is how I would describe it.

25 Q. At the program level?

1 A. Yes. More -- not down to specifics about
2 the lines and feeders and substations and all those
3 things, but more generally, they would have to maintain
4 those more specific records.

5 Q. What was the logic behind that change or
6 that proposed rule in terms of not mandating anything in
7 particular but just requiring some general report that
8 really didn't mandate anything specific?

9 A. I think as a Staff member, my opinion is,
10 is that it -- it was a step forward from -- to make that
11 process more transparent. Keeping those individual
12 records available for Staff to review would improve the
13 ability to review that process and -- and then, you know,
14 with I think Staff's understanding that the -- if we felt
15 there was something that needed to be done, we would
16 comment on that at that time.

17 Q. Did or does Staff have the ability to ask
18 those questions without a rule, ask the questions
19 associated with a company's plan for infrastructure
20 inspection and investments? Can you-all ask that if we
21 don't pass a rule?

22 A. I think we can, yes.

23 Q. And you can ask at whatever detail you want
24 today and force the utility to respond to that request?

25 A. To the extent the records are available,

1 yes.

2 Q. So the change in policy from that original
3 rule would have been just a matter of records retention?

4 A. I think that's the -- that and I think the
5 annual reporting is kind of, to me, starting to make the
6 -- the information more transparent.

7 Q. But Staff could ask for that information?

8 A. Yes.

9 Q. The first of every year, it could have gone
10 out and said, we're going to do an inspection, we're going
11 to seek inspection information from each utility and go
12 out January 2nd, the day after the holiday, and say we
13 want everybody to file this, and they would have been
14 required to respond to that Data Request or that request
15 for information; would you agree with that?

16 A. That's my understanding, yes.

17 Q. So the rule didn't mandate anything other
18 than records retention and then it just required a regular
19 report from them --

20 A. That's correct.

21 Q. -- would you agree with that? Okay.

22 Now, there was a version of the rule that
23 was proposed by several Commissioners. Do you recall that
24 proposed rule?

25 A. Yes, I do.

1 Q. And could you describe the difference
2 between that proposed version that would have been filed
3 in one of the cases? And I know we've got several cases.
4 I'm not even going to try to recite numbers because we'll
5 all get lost. But that original version, can you describe
6 the difference in that rule with the proposed version that
7 was in the storm report in general terms? Don't get into
8 specifics.

9 A. Okay. Probably the most striking thing is
10 that it was going to have some very specific deadlines,
11 cycle number of years for various equipment. It was going
12 to continue -- it was going to do the same things in terms
13 of recordkeeping and reporting. It included penalties,
14 fines, sanctions, and it also had a mitigating factor
15 section.

16 Q. Okay. Now, did that rule break out
17 differences in terms of inspection mandates with regard to
18 the type of infrastructure?

19 A. Yes, it did.

20 Q. Could you just generally describe what
21 those categories are or were?

22 A. The major categories, well, I mean, there
23 literally were something like 16 categories, but
24 transformers were one category, and then there was
25 specifics underneath there, like overhead versus

1 underground, that type of thing. Switching and protective
2 devices, again, overhead, underground, those type things
3 were specified. Regulators, capacitors, overhead
4 underground, streetlighting, wood poles. And again, the
5 wood pole section, there was specifics regarding the
6 various -- actually, the age of the poles and whether they
7 had been inspected before was a sub-criteria there.

8 Q. So that subsequent version got into
9 specific mandates for levels of inspection of individual
10 pieces of infrastructure, correct?

11 A. That's correct.

12 Q. You'd agree with that?

13 And did the Staff in the review of that
14 rule, did it agree or disagree that some minimal standard
15 of inspection was necessary if we were going to see an
16 improvement in reliability?

17 A. I'm hesitating. We agree that putting in
18 specific standards was reasonable, but I guess -- I can't
19 guarantee that it's going to -- going to directly relate
20 in reliability, although it's impossible to see how -- or
21 it's -- I just can't see how it could ever hurt
22 reliability. So, you know, I think it likely would
23 improve reliability. I just can't guarantee that.

24 Q. Well, if it's not going to have an impact
25 on reliability, why would the Staff want those minimal

1 standards?

2 A. I think in general it will have. I just --
3 I'm just cautious to say that, you know, the day that
4 this -- or a year after this inspection program goes into
5 place, a utility's reliability will immediately be
6 improved. This is -- this is a very good component to
7 monitor that process, but it is -- their actions still
8 have a lot to do with the ultimate reliability.

9 Q. I'm confused, Mr. Beck. I'm confused
10 because I'm not sure if I understand staff's position.
11 Does it believe that a rule, any rule, either the one
12 pending before us today or the proposed rule, will improve
13 reliability or not, in general? And I'm not setting any
14 particular level of improvement, but does the Staff
15 believe that a rule relating to infrastructure inspection
16 and reporting will improve reliability, yes or no?

17 A. Okay. You said in general in the middle of
18 that, and then with the in general, yes.

19 Q. Okay. So a rule will improve reliability?

20 A. In general, yes.

21 Q. In general. Okay. And Staff agrees that
22 minimal standards in terms of time of inspecting different
23 levels of infrastructure is an important component of that
24 rule, yes?

25 A. Yes. The term that I think we were using

1 was maximum intervals, but you're right, that that is in
2 essence a minimum threshold of -- of doing that inspection
3 cycle.

4 Q. Now, the Commission eventually issued a
5 rule that was different from that original proposal.
6 Would you agree with that statement?

7 A. That's correct.

8 Q. All right. And do you recall the
9 conversations that Staff had, that the Commission had, I
10 think both in hearing and in documents relating to
11 infrastructure standards? I guess were you involved in
12 what was going on in the drafting of that rule?

13 A. Yes, and agenda sessions also would be
14 another place that I would --

15 Q. Yeah. We talked about that quite a bit.

16 COMMISSIONER CLAYTON: If it would be
17 possible, Nathan, could you help me with this? Judge, I
18 don't know if this needs to be marked as an exhibit. I'm
19 not sure if it's in the record, and I have a handful of
20 copies here. This is the version of the rule that was
21 proposed in the last rulemaking that we had discussed,
22 Mr. Beck. So could you hand that out to the other
23 attorneys?

24 JUDGE DALE: Let's go ahead and mark this
25 as Exhibit 1.

1 (EXHIBIT NO. 1 WAS MARKED FOR
2 IDENTIFICATION BY THE REPORTER.)
3 BY COMMISSIONER CLAYTON:

4 Q. I apologize for the parties not getting
5 this out. I'm not sure what's in the record since we
6 changed numbers or not changed numbers.

7 Mr. Beck, could you look at Exhibit 1 and
8 take your time, look it over. Especially look at the
9 chart. That's probably the most important part.

10 A. Just for information purposes, this is in
11 EFIS. There wasn't a title page or anything with it, but
12 it is out there.

13 Q. Okay. Good. I wanted to just make sure
14 that it was in the record.

15 A. Yes.

16 Q. This is a crazy process. So this version,
17 first of all, do you recognize it? Do you recognize the
18 terms --

19 A. Yes.

20 Q. -- and the provisions?

21 Would you agree that this is the version
22 that -- that Staff believed would be an appropriate result
23 of the last infrastructure inspection reliability
24 rulemaking?

25 A. I'm not sure exactly which -- which version

1 this was, but this was a version that had been moved
2 through the process pretty well, yes.

3 Q. Well, is this the one, though, that Staff
4 agreed was appropriate following the last rulemaking or
5 during the last rulemaking, discussions that were had
6 during agenda sessions during the hearing process?

7 A. It appears to be the version that Staff had
8 put together for the hearing process. So I guess this
9 would be, yeah, just at the time of the hearing, this
10 was -- this was the version we had put together.

11 Q. Well, perhaps I have the wrong version
12 here. I'm looking for the version that was the version at
13 the conclusion of the last rate case, and for lack of a
14 better term, the version that I was attempting to promote.

15 A. Well, maybe my copy is just a bad copy, but
16 I've actually got two copies or two rules here, which I
17 haven't found any differences yet, but I'm -- it appears
18 to be the same rule once on single page and once on double
19 page. So for starters, is that what we're --

20 Q. Well, this was -- you say that it was in
21 EFIS. This is what we attempted to print off EFIS.

22 A. Okay. Well, that's --

23 Q. And that's what I'm trying to just identify
24 where we ended in the last case.

25 A. Yeah. I think -- I think the thing

1 that's -- there's -- this version, you know, going to the
2 heart of this rule sort of is the table, and this version
3 shows two tables, and that's -- and it's my understanding
4 that the -- that the table that happens to be labeled as
5 page 6 is the table that Staff had proposed at the time of
6 the last hearing before discussions took place in agenda
7 that I mentioned and things like that.

8 Q. Okay. So the page 6 is what Staff had
9 proposed early on in that process?

10 A. That's correct.

11 Q. Okay. Do you see a chart in this package
12 that reflects discussions that occurred based on the
13 record but during the agenda sessions and in terms of
14 time, the maximum intervals? Do you recall Staff's
15 eventual or final recommendation?

16 A. I think that, you know, we put together
17 this table and this was our recommended table, but there
18 were discussions in the hearing process discussing what
19 two years, for example, of urban meant, and a two-year
20 maximum interval, and how that -- how that related to the
21 tree trimming process. And so I think the final version
22 that went out had the four-year number there, but --

23 Q. Can you describe for me the difference
24 between Staff's final version of that maximum interval
25 table and the version that was eventually voted out by the

1 majority?

2 A. I think that the -- that for that patrol
3 column is either -- either one or two years is used,
4 depending on the section, where the final version had four
5 years. Rural for patrol had three, and then quite
6 frankly, it doesn't really make much sense but the manhole
7 vaults, tunnels and other underground structures was one.
8 Those aren't real common in rural areas anyway, but that
9 had a one-year cycle.

10 But the primary thing going on in the rule
11 was a three year, but the final version voted out was six.
12 There were some slight changes in the detailed inspection,
13 but it primarily is the same. There's a few -- a few
14 values that were extended there, and the intrusive
15 inspection numbers are the same.

16 Q. Were there any other changes between the
17 final recommendation of Staff and the final version
18 adopted by the majority that should be identified relating
19 to anything outside of the --

20 A. There were some language changes. I think
21 the -- one of the things that was in flux was the whole
22 penalty section, and that ultimately is not in the final
23 version. To be honest, Staff did have some concerns about
24 the legality of that process, but that -- that was in this
25 version that you've handed out and, you know, was

1 something that we felt the Commission wanted to consider,
2 and -- and so we just simply left it in the rule as I
3 remember, and we made comments on it.

4 Q. How about field inspections by Staff, did
5 any version ever have a provision that involved Staff
6 participation in terms of inspection or field verification
7 of reporting done by utilities, do you recall?

8 A. I don't recall.

9 Q. Does Staff believe that is a component that
10 ought to be considered, setting out a method or plan by
11 which Staff either verifies or does inspections to
12 determine the level of any particular problem relating to
13 infrastructure?

14 A. I think Staff assumed that part of this
15 rule is that even -- even if it would have just been the
16 very minimal version that was proposed way back in the
17 2006 storm report. So yes, we feel that is an effort that
18 needs to go on.

19 Q. Is there any language in the current
20 version that directs Staff or suggests how Staff would
21 perform those field inspections or field audits relating
22 to infrastructure inspections or infrastructure adequacy?

23 A. The only thing that I know of just off the
24 top of my head is in (3)(g), Commission Staff shall review
25 each electric corporation's annual report and may inspect

1 and verify that the electric corporation is in compliance
2 with this rule.

3 Q. Do you believe the Staff should be required
4 to at least take a sampling of the inspections that are
5 done on infrastructure?

6 A. I think -- I think so. I think that
7 requirement's going to be -- we already assume that we --
8 that is a requirement --

9 Q. Today?

10 A. That is our job.

11 Q. Today you do?

12 A. Well, right now we don't have -- you know,
13 to me, the report, reporting process will kind of lay out
14 the foundation, and then we need to go in and sample that
15 based on what's there.

16 Q. Yeah. Staff isn't doing any field
17 inspections now?

18 A. The only field inspections we would be
19 doing is -- would be a part of complaints, storm reports,
20 that type of thing, not -- not the type of inspections
21 we're talking about here.

22 Q. How many field inspections did Staff
23 perform during the last storm outages that occurred in the
24 last 60 days, 90 days? How many field inspections did
25 you-all do or conduct?

1 A. It's -- it's a little hard to answer that
2 in a way because, you know, because our area was
3 specifically hit, there was a lot more time spent out --
4 out seeing the actual impact. But, you know, to be fair,
5 getting out to the other areas, other than our immediate
6 30 to 60 mile radius, off the top of my head, about a half
7 a dozen would be my guess, and that's -- and that's
8 just --

9 Q. Half a dozen what?

10 A. Trips out to see what's going on, that type
11 of thing, not -- not as reviewing -- not the task that I
12 really think I would see here, which would be reviewing
13 the records, comparing that to the actual equipment that's
14 in the field, verifying that that process would take
15 place, is taking place correctly. So I think, you know,
16 if that's the process you're actually talking about, none
17 of the --

18 Q. I'm just talking about -- I'm talking about
19 Staff going out and looking at infrastructure that is used
20 by the utility to provide service to their ratepayers, and
21 I'm trying to identify what Staff is doing in terms of
22 going out and looking at the infrastructure. That's all
23 I'm asking.

24 A. Okay.

25 Q. You say half a dozen, half a dozen times

1 during the last storm outage?

2 A. Outside of looking at the immediate area
3 just because --

4 Q. Okay. What areas did you make it to? Let
5 me ask it that way.

6 A. I'm thinking -- I'm just trying to think of
7 our section and department and trips that was made. There
8 was, I believe, two trips made down into the Empire area
9 in about the last 60 days. I think there would have been
10 two trips made to the St. Louis metropolitan area, one
11 trip to Kansas City, one trip to St. Joe and actually
12 north of St. Joe, too. Those are the ones that just
13 immediately came to my mind, and that's why I gave you
14 that half dozen number.

15 Q. Okay. So when you go out, how do you
16 decide what you're going to review, what you're going to
17 look at?

18 A. In this case, almost all of these had to
19 either do with storm-related damages and/or specific
20 complaints of customers.

21 Q. Okay.

22 A. And so in general, that's -- that is the --
23 it's a stretch to use the term, but that's a sampling
24 technique we've used is by having specific complaints or
25 specific areas that we know about, going and visiting

1 those areas, seeing the actual infrastructure, talking to
2 the people, the customers, and then talking to the utility
3 also, but it -- it certainly doesn't rise to the level of
4 reviewing the records that would make up this kind of
5 report.

6 Q. Did Staff conduct a report of its field
7 inspections or has it conducted a report on its field
8 inspections? Is there anything in writing that sets out
9 your findings?

10 A. The only report would just be dealing with
11 the specific complaints. You know, it's -- it's the
12 documentation of the complaint process, and when I say
13 complaints --

14 Q. Those formal complaints that have been
15 filed, is that what you mean?

16 A. I think those were all informal complaints.
17 So I'm trying to remember if any of them are a formal
18 complaint. I do not believe -- the one to the Kansas City
19 area may be a formal complaint, but the rest are
20 informal -- are informal complaints.

21 Informal complaints, I'm sorry, are
22 complaints that we document in our process, we assign a
23 complaint number to them, but we don't call it a formal
24 complaint until it's actually -- results in becoming into
25 the hearing process.

1 Q. Okay. So we've got a half dozen trips that
2 were either based on consumer complaints or based on --
3 how did you choose the ones that were not consumer
4 complaints?

5 A. Just the -- because of the storm damage to
6 visit some of the areas.

7 Q. You called the company and say, we want to
8 see some storm damage, and then they pick the locations,
9 is that how that works or --

10 A. We do a little bit of both. Personally,
11 I -- I -- that's -- that's fine to do that, but I never --
12 I never take a trip without that -- like that without
13 doing some driving on my own and visiting on my own.

14 Q. Just tell me what you do. How do you pick
15 your location, you just drive around or --

16 A. You know, what I would do is -- when we're
17 talking about the storm damage, is I would simply probably
18 set out a meeting with the company, but I would take an
19 hour, maybe two hours beforehand to literally tour the
20 area and look for areas where there were repairs and there
21 were issues, and -- and then meet with the company, see
22 what they have to show us, and ask questions about
23 specific areas that I had observed.

24 I personally find that by discussing those
25 specifics, and sometimes that means getting in a car and

1 driving and going back and seeing those again with the
2 company people, but I find that provides more information
3 than just talking in generalities in the office.

4 Q. Okay. And during those visits, did you
5 find any evidence of infrastructure failures?

6 A. Oh, I -- with the ice storm, it's terribly
7 easy to find infrastructure failures.

8 Q. How about if I restated the question and
9 clarify it a little bit?

10 Did you find any infrastructure failures in
11 any of these areas that were due to failing
12 infrastructure, due to deteriorating infrastructure, due
13 to old equipment, old transformers? Did you see any
14 equipment that looked like it was in very poor condition?

15 A. There were -- there were temporary repairs
16 made, and I noted, saw some of those. I don't think that
17 has to do really with the state of the equipment before
18 the storm, but it relates to the state of the equipment
19 after the storm. The hard part is, like, looking at
20 poles, for example, a pole can look healthy and actually
21 not be or vice versa, which is why there is this intrusive
22 inspection process that's a part of this.

23 Q. I understand, Mr. Beck. I'm looking for a
24 yes or no answer. Have you found any evidence of bad
25 infrastructure out there, yes or no?

1 A. I don't recall, no.

2 Q. You don't recall?

3 A. I don't recall any specifics.

4 Q. And that's never, you've never seen any bad
5 infrastructure in any of the field inspections throughout
6 the state?

7 A. I thought we were talking about the last 60
8 days.

9 Q. Okay. You found none in the last 60 days.
10 Have you ever found any bad infrastructure --

11 A. Yes.

12 Q. -- in inspections?

13 Give me examples of those examples of bad
14 infrastructure.

15 A. For example -- and one of the best ways
16 when -- I hesitate when I say I found them. What I've
17 done is verified often what customers have found and
18 reported to us. So I don't want to take credit for what
19 the customer's done.

20 Q. That's fine. That's fine. But you've gone
21 out and looked at it --

22 A. Yes.

23 Q. -- is the point. You went out, checked it
24 out, you found examples of bad infrastructure --

25 A. Yes.

1 Q. -- old or failing or rotten infrastructure?

2 A. Yes.

3 Q. What is that, like poles? Is it
4 transformers, wires? Give me some examples of what you've
5 seen.

6 A. Yes. The answer is all three, you know,
7 the poles, you know, customers have alerted us that the --
8 that, for example, there's a creek that's eroding the bank
9 away and it's jeopardizing the pole. So we've made trips
10 out and seen that. We've also seen -- customers have
11 complained about specific wires hanging too low, that type
12 of thing, and verified those situations, mostly with
13 regard to their service lines going into their house.

14 Transformers, I've seen some awfully ugly
15 looking transformers, but transformers, only an engineer
16 would call a transformer pretty to begin with. So it
17 isn't necessarily an indication of the performance of the
18 actual transformer.

19 Q. Okay. Well, I'm only asking for examples
20 of bad infrastructure, so if it's not an example, don't
21 give it to me. Give me an example, then you say, well,
22 but it's not really bad.

23 A. I've seen bad looking transformers, but
24 then one of the things you'll see with transformers is
25 you'll see leaking from a transformer, and that's usually

1 an indication that there's something wrong, and -- not
2 always, but --

3 Q. And you've seen examples of that?

4 A. Yes.

5 Q. Okay. Now, when you see an example of
6 deteriorating or bad infrastructure, I'm assuming that you
7 either call a meeting or advise the utility, advise them,
8 have a meeting with the utility or you advise them of
9 that?

10 A. That's correct.

11 Q. And what is the normal process at that
12 point? Is it -- do they -- do they conduct further
13 studies? Do they change it out? Do they -- I mean, what
14 do you expect the company to do when you bring something
15 like that to their attention?

16 A. I think most of the time the type of stuff
17 I'm talking about is fairly obvious, and so they send a
18 crew out, make corrective -- take corrective action. But
19 there are -- I'm trying to think of a specific one, but
20 there are situations where their opinion differs from
21 mine. So at that point, you know, it's a matter of having
22 more meetings, doing what we need to to understand, if
23 there's something that I'm missing or, you know, have that
24 discussion to make sure that we're all on the same page.
25 I can't remember any time recently where we've had to then

1 file a complaint because we couldn't get the issue
2 resolved.

3 Q. You've never filed a complaint relating to
4 an infrastructure issue, has Staff, that you're aware of?

5 A. How about if I say that the last four years
6 since I've been engineering analysis supervisor?

7 Q. That's fine.

8 A. Yes.

9 Q. You have seen a complaint?

10 A. No, none in that four-year period.

11 Q. Yes, we have no bananas. No, you haven't
12 filed any?

13 A. That's correct.

14 Q. You haven't seen any complaints that have
15 been filed. Okay.

16 When you conduct those reviews and you've
17 got a situation where a customer says -- says -- calls the
18 consumer hotline or says I want to speak to the Staff,
19 says we've got a pole that's leaning, maybe it's leaning
20 over or it's too tight or something is going on with some
21 piece of infrastructure, is it your understanding that
22 they call the PSC first, or do they call the company first
23 in general?

24 I mean, do they call us if something -- if
25 a pole looks bad or a transformer looks bad, or do they

1 pick up the phone and call the utility?

2 A. Generally the customers do try to contact
3 the utility, and there's -- they either have communication
4 with them that they didn't feel went appropriately or they
5 didn't feel that they got a quick enough response.

6 Q. So basically, either the utility didn't
7 respond or either they didn't take any action or it was
8 inadequate, and that's when they call the PSC and that's
9 when you go out and take a look at it?

10 A. That's correct.

11 Q. Okay. Are you aware of whether Missouri
12 electrical utilities are doing things differently today
13 relating to infrastructure inspection or replacement than,
14 say, a year ago? Are the utilities acting differently
15 today or are they doing the same thing that they've always
16 done?

17 A. I believe they're acting differently today.

18 Q. And how is that?

19 A. I think that -- that specific example of
20 Ameren, for example, has implemented some programs, I
21 believe in the spring of '07, to -- to basically have
22 specific inspection cycles and to be more proactive about
23 inspecting poles and equipment.

24 Other utilities it's my general
25 understanding are putting together programs to meet the --

1 again, this is from conversations with them -- to meet the
2 proposed rule or at least the rule that they thought was
3 going to be enacted last fall. So those to me are
4 specific examples of how they've changed the way they do
5 things.

6 Q. Before there wouldn't have been any
7 inspection cycle at all, correct, prior practice of
8 utilities?

9 A. Most of the utilities do not have an
10 inspection process, and certainly to my knowledge no one
11 had a comprehensive inspection process for all the pieces
12 of equipment and poles and things.

13 Q. Well, did any utility have an inspection
14 process prior to these rules being discussed?

15 A. They had processes. Some utilities had
16 specific processes for things like poles, but often it
17 would be looking at transmission poles but not the
18 distribution poles. And when I say that, just to give you
19 some perspective, we're talking maybe transmission's maybe
20 10 percent of the poles. So that's the type of programs
21 that -- that were out there, but nothing that was
22 comprehensive.

23 Q. Does Staff, when it looks at
24 infrastructure, does it evaluate whether the
25 infrastructure is the most appropriate type of equipment

1 for that given purpose? Does it look at new technologies,
2 consider new technologies in terms of whether any given
3 infrastructure is important for its location and use?

4 A. I think my answer would be no. Our efforts
5 have been to verify that the equipment is performing --
6 it's kind of almost a given that the design was correct.

7 Q. So you assume that the design was correct,
8 you don't consider new materials, new technologies, new
9 equipment that may improve the performance of that
10 equipment, that device?

11 Let me give you an example that comes to
12 mind. There's been some discussion since these storm
13 outages about certain contraptions up on the lines and the
14 poles that if something goes out, it stops the short from
15 transmitting around -- what do you call that? It's
16 something tap. I think it was something tap.

17 A. There's something called a tap fuse that's
18 just --

19 Q. Yeah, tap fuse.

20 A. That in essence is really just a fuse on a
21 tap line, but there's something a little bit more high
22 tech than that, I guess I'll call it, and that's a
23 recloser, and I would characterize a recloser as a smart
24 fuse. Instead of just a fuse, it senses that there's
25 something wrong, it snaps and stops the power from

1 going -- a recloser attempts to let that clear, has the
2 ability to -- to be programmed basically.

3 Q. So you-all look at the equipment, look at a
4 pole or look at a transformer and say, hey, do you have a
5 recloser here, you ought to have recloser here? Do
6 you-all do that type of evaluation?

7 A. We do in terms of, you know, when you talk
8 about a specific neighborhood having problems.

9 Q. Right. Right.

10 A. And you sit down and look at the --

11 Q. Or a neighborhood with a lot of trees or
12 perhaps a neighborhood that's got a really old
13 infrastructure, I mean, do you-all look at neighborhood,
14 look at its performance, look at the type of equipment out
15 there, and then if there are problems make recommendations
16 to the utility? Do you-all do that, or do you just leave
17 it to them to decide what is best?

18 A. For that, yeah, we would be looking at
19 that, but it would be more a matter of where is the tap
20 fuse, where is the recloser, and -- and then, you know,
21 just really trying to use common sense and say, well, why
22 isn't there one closer, why isn't there one here?

23 Q. How about -- what is Staff's position with
24 regard to changing a location of a line or perhaps burying
25 a line, moving to underground facilities? What does Staff

1 do, if anything, in looking at infrastructure, trying to
2 improve its -- the reliability of the infrastructure and
3 the performance, what is Staff's position on
4 undergrounding and changing locations and things like
5 that? Are you-all actively involved in those processes?

6 A. It really is a case-by-case basis. It's
7 very expensive to go -- well, first, it's expensive to
8 remove an existing line and replace that line and then
9 going underground is even more expensive. So it's not
10 something that is our first solution to any problem, but
11 it certainly has been the solution to problems in the
12 past.

13 Q. I don't know what your answer is there.

14 A. Okay.

15 Q. I mean, you just said -- you just said,
16 well, it's good sometimes and not so good. We're for it
17 usually sometimes. I'm not sure what your answer was.

18 A. I don't think it's a yes or no question.

19 Q. Okay. Let me ask the question this way:
20 Recently -- or actually six months ago there was a press
21 release by a utility -- this was AmerenUE -- that
22 announced a -- an investment program that would improve
23 reliability in their system. They made a statement that
24 they're going to spend \$300 million in undergrounding and
25 reliability improvement, and it says it includes a

1 substantial underground cabling effort in neighborhoods
2 most at risk of electric service disruption and where
3 undergrounding is feasible, it improves reliability and
4 makes economic sense.

5 Are you familiar with Ameren's proposals
6 with regard to improving reliability?

7 A. Yes, I am.

8 Q. I mean, is that something that impresses
9 you, either the dollar amount or the type of program? Has
10 it been living up to your expectations, or do you see this
11 type of program as not helpful?

12 A. The premise that you read there on how the
13 program should be implemented is what I was trying to
14 convey earlier, is that you need to look at the economic
15 sense and the various specifics of each neighborhood. And
16 what Ameren basically is doing is having each of their
17 operational managers make recommendation, and then using
18 an evaluation process to figure out which projects are
19 going to move forward under that and which ones aren't,
20 and there will be some that won't.

21 Q. Is Staff involved in those decisions or is
22 that entirely the utility?

23 A. It's entirely the utility, although Staff
24 has been asking for the list of projects. We've toured a
25 couple of the projects.

1 Q. Do you like what you see or are you getting
2 the data that you need? What's going on?

3 A. I think there's some real possibilities for
4 improvement. Yes. One specific example that I toured was
5 a line that was approximately one mile long through a very
6 dense woods and literally was going to make a difference
7 for 3- or 400 customers, and it was well maintained, the
8 corridor was maintained to the right of way.

9 It wasn't that that was a problem. It's
10 just that there were 60-foot trees on either side of this
11 line, and you could see that there was always that risk,
12 that risk was always going to be there, and the line meant
13 a lot to a lot of customers. So yes, that's an example
14 that I think's a good investment.

15 Q. Is that undergrounding unique to Ameren,
16 that type of program?

17 A. Undergrounding's --

18 Q. I don't mean undergrounding in general.
19 I'm talking about this type of program where they are
20 going back with the existing overhead lines, where they're
21 going back and reviewing the economic sense of moving to
22 underground lines based on, you know, external criteria or
23 whatever. Is this type of program unique?

24 A. I don't recall any of the other utilities
25 having a program like this.

1 Q. Should the other utilities be considering
2 or doing something similar to this?

3 A. I think it should as a part of your normal
4 process of continually redesigning and updating your
5 system.

6 Q. Should we mandate some type of process
7 similar to this for all utilities in the state? If it
8 makes economic sense that the circumstances around any
9 given line suggests that reliability's a problem or there
10 are recurring problems, should we be mandating that
11 analysis and that type of action?

12 A. I think the analysis should take place. To
13 implement always means dollars, and, you know, so they
14 need to evaluate those dollars, and I suspect they'd want
15 some kind of cost recovery.

16 Q. I understand that, but you don't have a
17 problem with the dollars that Ameren's going to request
18 for this program, right? You're not worried about that,
19 are you?

20 A. My understanding is that will be dealt with
21 in a future rate case, so I --

22 Q. I know, Staff always says that.

23 A. That's right.

24 Q. But I'm trying to understand, if Staff
25 likes what they're seeing with regard to this program that

1 Ameren supposedly has implemented, isn't that something
2 that ought to be mirrored in other utility service areas?

3 A. And I guess -- I'm not sure how formal
4 or -- whether the process is formal or informal, is it a
5 specific program versus how you do your day-to-day
6 operations?

7 Q. Let's say we were to formally mandate this
8 style of program, if it made economic sense, and assuming
9 that you got recurring problems, you've got evidence that
10 would suggest that undergrounding would improve
11 reliability, it would make people better off in those
12 neighborhoods because the lights wouldn't keep flickering,
13 you wouldn't have constant trees falling in, or, you know,
14 there are other issues there, but it makes economic sense,
15 should we be mandating the analysis and the decisions to
16 move toward undergrounding in other service areas?

17 A. I would say you do it on a case-by-case
18 basis instead of a mandate to set up the program, and
19 that's the part that -- that's just my opinion.

20 Q. So if Ameren volunteers to do it, it's
21 okay, but if we mandate it, then it's not a good idea?

22 A. No. I think, for example, when the
23 complaints that I've talked about, there's a neighborhood
24 that approximately half the subdivision was underground
25 and half was overhead, and it was -- the interesting thing

1 here was the existing underground was actually some older
2 lines, and the overheads also needed work. So there was a
3 lot of work that was going to have to take place in this
4 neighborhood, so Staff -- and we had complaints, and Staff
5 worked with the utility to move that whole system
6 underground with newer -- a newer system. That example I
7 think's the type of things that should be done.

8 Q. How many times has that happened in the
9 last ten years where Staff tries to get a line buried?
10 Does it happen often, not often?

11 A. I think specifics where we -- where we have
12 to do a lot of follow-up and --- you know, maybe a couple
13 times a year.

14 Q. So you-all get a line buried a couple of
15 times a year of a utility?

16 A. See, I don't think that -- I don't
17 characterize it as we did it. I think the customers'
18 complaints --

19 Q. Well, it wouldn't have happened without
20 Staff involvement, right?

21 A. Probably not.

22 Q. Right. So Staff caused the line to be
23 buried because of complaints. It's not because you just
24 picked it out of thin air, because you threw a dart at a
25 map. Because of consumer complaints, because of patterns

1 of poor reliability, because of problems in
2 infrastructure, Staff makes a suggestion, formal or
3 informal, to the utility, they think that line ought to be
4 buried. I mean, that's what you're talking about,
5 correct?

6 A. Yeah.

7 Q. That happens twice a year?

8 A. Where we have specifics that we have to go
9 through kind of --

10 Q. What I just described?

11 A. -- negotiation kind of --

12 Q. Does that procedure happen twice a year?

13 A. Yeah.

14 Q. It does. Okay. Okay. So there is an
15 informal process?

16 A. Uh-huh.

17 Q. For making substantive change relating to
18 where infrastructure is located?

19 A. Uh-huh.

20 Q. How is that process different than what
21 Ameren is doing right in this -- in this new program?
22 You-all get complaints, go out, say, go bury this line.
23 Ameren is, I guess, identifying lines themselves?

24 A. Yes, with -- through their operations
25 managers and their knowledge of complaints and problem

1 areas, that type of thing, and they're listing, you know,
2 in some areas there's 10, 15, 20 projects that they're
3 putting down as possible projects.

4 Q. And how involved is Staff in those
5 projects? You put a stamp of approval or do you --

6 A. No.

7 Q. -- reject or anything like that?

8 A. Nothing like that.

9 Q. Has a utility ever declined to take
10 remedial action in spite of Staff pressure? Have they
11 ever said, no, we're not going to do it? You have two
12 cases a year approximately where they comply with your
13 demands or your suggestion or whatever you call it. Have
14 they ever said, we're not doing it, or we'll do something
15 else?

16 A. I'll just say that we'll do something else
17 is what would come to my mind is something -- we
18 negotiated another solution. There have been instances
19 where doing something else is literally to better monitor
20 a given customer, a given neighborhood's reliability, to
21 just get that basic information, and oftentimes that pays
22 dividends.

23 Q. Are you aware in this -- the figures
24 associated with this new program associated with Ameren,
25 it's got 300 million over three years for undergrounding

1 and reliability improvement. Then it says AmerenUE is
2 planning to increase company spending by 100 million to
3 better protect the system against severe weather. So that
4 sounds to me -- 300 million over three years is 100
5 million a year, if my math is correct, and then you have
6 another 100 million a year to protect the system against
7 severe weather. So that's \$200 million a year that
8 they've suggested will improve the reliability in their
9 system.

10 Do you know how much more than what they
11 have done in the past with regard to system improvements,
12 is that new money, is it old money? Do you know? I mean,
13 are you impressed with that \$200 million figure?

14 A. I'm not sure that the number is actually
15 200 million, but maybe I didn't read the right press
16 release. My general understanding was there was
17 approximately 300 million toward this undergrounding
18 project and there was maybe another 100 million for tree
19 trimming, but a lot of that tree trimming money has
20 already been dealt with in the rate case process.

21 Q. The next paragraph -- the next bullet says
22 135 million over three years for tree trimming?

23 A. Okay.

24 Q. 45 million annually for tree trimming. So
25 I think that's separate.

1 A. Okay.

2 Q. Then at 45 million, that's -- that's in
3 their rates right now, isn't it?

4 A. Yes.

5 Q. So that's not over and above what they've
6 already been allocated in rates, is it?

7 A. No. This 135 is part of that rate.

8 Q. It's part of -- so does this amount match
9 what's in rates --

10 A. Yes.

11 Q. -- with regard to tree trimming?

12 A. That's my understanding.

13 Q. So it's not over and above what they've
14 already been authorized?

15 A. It is something -- it's a significant
16 increase in investment over, say, five years ago.

17 Q. Do you know what that investment was
18 relating just to tree trimming? I don't want to talk
19 about tree trimming because that's for later on today, but
20 how much more is -- is this amount than what they had been
21 spending?

22 A. For tree trimming or for --

23 Q. Tree trimming.

24 A. For tree trimming, it's approximately
25 double what they had been spending.

1 Q. So they had been spending around 22 and a
2 half million?

3 A. Yeah.

4 Q. Okay. Now, going back to infrastructure.

5 A. Okay.

6 Q. This thing says 300 million over three
7 years for undergrounding and reliability improvement,
8 100 million per year to better protect the system against
9 severe weather. This includes substantial underground
10 cabling effort in neighborhoods most at risk of electric
11 service disruption, and where undergrounding is feasible,
12 improves reliability and makes economic sense. So do you
13 know where that -- does Staff know where that 200 million
14 a year is being spent? And how does that compare to
15 what's in rates right now?

16 A. I honestly don't know at this point.

17 Q. You don't know that. Okay. This thing
18 also says 84 million over three years or approximately
19 28 million per year for circuit and device inspection and
20 repair. AmerenUE's increasing the frequency of pole
21 repair and replacement and establishing a, quote, foot
22 patrol inspection program, in addition to the visual
23 inspection done by tree trimming staff.

24 Have you heard that figure before? Are you
25 familiar with that?

1 A. Yes.

2 Q. And is that -- is that 28 million per year
3 built into rates right now? Is it over and above what's
4 built into rates or --

5 A. I honestly don't know on that one either.

6 Q. Okay. Were you involved in the last Ameren
7 rate case?

8 A. I didn't testify in that case.

9 Q. Were you involved in it?

10 A. Yes, thinly involved.

11 Q. Participated in settlement discussions and
12 case planning and stuff like that?

13 A. To some extent.

14 Q. Did someone on your staff participate? Did
15 someone on your staff participate in the rate case?

16 A. Yes, obviously.

17 Q. Who would provide the expert testimony on
18 what level of, say, tree trimming budget ought to be or
19 what level of funding ought to be associated with an
20 infrastructure program? Does someone on your staff or
21 Ms. Mantle's staff provide that information as Staff
22 prepares its case?

23 A. In the last case, Warren Wood testified to
24 that.

25 Q. That complicates things. Maybe I can ask

1 him later.

2 Do you know, was Staff pushing for more or
3 less in terms of reliability improvement type expenditures
4 in the rate case? Do you know?

5 A. I think we were pushing for more in the
6 tree trimming area, which we hoped would have an influence
7 on reliability. I don't remember --

8 Q. Tree trimming's going to be more expensive
9 than someone going out looking at poles. That's -- that
10 seems like common sense. Someone going out with a chain
11 saw is a lot different than someone walking by a pole and
12 just noting that it looks okay?

13 A. Yeah, I think in general, on a --

14 Q. Tell me where specifically you would
15 disagree with that. What type of inspection would be more
16 costly than tree trimming?

17 A. When you do the --

18 Q. How much do chainsaws cost?

19 A. The intrusive pole inspections, those are
20 fairly expensive. You spend a lot of time at that one
21 pole and, you know, you're getting value out of it, too,
22 because you're getting good information. But in general,
23 on what I would -- kind of the way I'd characterize it is
24 a dollar per mile of line, I think tree trimming clearly
25 is more expensive than --

1 Q. How much would you guess, would you
2 estimate?

3 A. Just off the top of my head, a factor of
4 three.

5 Q. So \$3 per mile?

6 A. I'm sorry. No. I just meant it would be
7 three times more expensive.

8 Q. So if it's dollar a mile for --

9 A. Assuming it's a dollar a mile to do the
10 inspection process, then \$3 a mile for the tree trimming.

11 Q. Is Staff monitoring investor-owned
12 utilities' reliability levels currently?

13 A. I believe we currently get that data from
14 three of the four utilities, and those were part of
15 stipulation and agreements in the rate cases of those
16 utilities where we got that basic information.

17 But that's -- other than that and, you
18 know, the type of discussions we've already had about
19 complaints, that would be the only monitoring that I think
20 takes place.

21 Q. When does Staff believe that if we
22 implement an infrastructure rule that is similar to what
23 has already been passed once, when does Staff believe any
24 potential reliability improvements would be realized? Is
25 that something that would be realized this year because

1 they're already -- they've already been doing things for a
2 year, or this a two, three, five, ten-year project in
3 terms of just the infrastructure side?

4 A. I think it's very likely that when you
5 implement this formal process as they do the, so to say,
6 first walk through of the lines, first inspection of the
7 lines, that there are going to be a lot of things noted
8 that first time, and then it will take time to get
9 corrective actions on those items. But I suspect that
10 the -- the -- in general, the benefits of that process
11 will be realized fairly quickly, and, in fact, that first
12 inspection will probably be more beneficial than the
13 follow-up inspections.

14 Q. So when? A couple of years, five years,
15 ten years?

16 A. Two years, yeah.

17 Q. Two years we ought to be seeing something?

18 A. Yes. Now, specific customers, you know,
19 first thing that you have to do is make that first
20 inspection of their line, and then the improvements have
21 to be made. So it could be as many as -- the way I
22 understand the rule, it could be as many as four or five
23 years before that happens in a specific neighborhood.

24 COMMISSIONER CLAYTON: I don't think I have
25 any other questions. Thank you, Mr. Beck.

1 JUDGE DALE: Thank you, Mr. Beck. You may
2 step down.

3 Do we have any other parties who wish to
4 comment or provide testimony?

5 COMMISSIONER CLAYTON: Is anyone from KCP&L
6 here?

7 MR. BLANC: Mr. Herdegen, he's our VP of
8 delivery operations, is here and available for questions.

9 COMMISSIONER CLAYTON: Would he mind
10 providing some comments?

11 MR. BLANC: I suspect not.

12 COMMISSIONER CLAYTON: Since we're just
13 asking for -- we're asking politely. We're not demanding.
14 I don't want to keep you here all day. That's fine.

15 JUDGE DALE: Are you providing comments or
16 testimony?

17 MR. HERDEGEN: I think we have submitted
18 testimony, so that I'm available for questions.

19 COMMISSIONER CLAYTON: So this I can't use
20 into the record?

21 JUDGE DALE: Yes, you can. Comments are
22 accepted.

23 COMMISSIONER CLAYTON: Well, why was that
24 one sworn in and this one is not?

25 JUDGE DALE: We have to have some

1 testimony.

2 COMMISSIONER CLAYTON: I don't understand
3 it, but that's fine. That's fine.

4 WILLIAM HERDEGEN testified as follows:

5 QUESTIONS BY COMMISSIONER CLAYTON:

6 Q. Can you talk to me, KCP&L filed limited
7 comments in this rulemaking, and I think it's relying, as
8 most of the utilities are, on the comments in the prior
9 proceeding. I want to ask you just some general questions
10 about what KCP&L or Great Plains, what procedures it
11 utilizes in terms of verifying that infrastructure is
12 adequate, that it is inspected on a somewhat regular basis
13 and that plans are in place to replace failing
14 infrastructure. So I'm going to ask those open-ended
15 questions, if you could tell me a little bit about what
16 KCP&L does, whether it's found success, is it different?
17 I'll just leave it at that, and you start talking.

18 A. Sure. No problem. As filed and approved
19 with our stipulation for our comprehensive energy plan, we
20 did have an asset management infrastructure part of that
21 document along with distribution automation. So part of
22 that was a complete inventory of our system.

23 We felt that it had been a long time since
24 we had a very complete inventory, and we were looking at
25 it more from the standpoint of collection of data so that

1 we could then prepare better maintenance programs that
2 would be proactive as we go forward.

3 For instance, if there's a particular type
4 of transformer or whatever that you find out having -- you
5 have a problem with that manufacturer or the period of
6 time when that was manufactured, you kind of like to know
7 where the rest of those are on your system so you can
8 proactively go out and replace those as part of a program
9 to prevent the problem from propagating through the
10 system.

11 A lot of the other things that we did in
12 our infrastructure program was proactive replacement and
13 injection of cable where we know that we have the type of
14 cable that perhaps is either the type of process used to
15 manufacture it and when it was manufactured could be
16 failing. You'd like to know where that is and get out
17 there and replace it early.

18 So -- but those types of inspections I
19 would sense that, you know, while they do -- they could
20 have the potential for improving reliability, for the most
21 part they help to maintain the level of reliability you
22 have, which is why we also undertook a methodology to try
23 to look at where -- where can we cost justify improvements
24 in automation that would help either give us real time
25 information or allow us to use some of the automated

1 switches to be able to restore service more quickly and,
2 therefore, actually improve reliability.

3 Q. That actually goes beyond just inspecting
4 existing infrastructure, it goes into evaluating new
5 technologies and new types of equipment?

6 A. Right.

7 Q. Okay. How often does KCP&L conduct those,
8 I guess first starting with the existing infrastructure
9 and then new technologies? Is that an ongoing process?
10 Are there regular cycles? Are there -- you mention the
11 data is collected?

12 A. Right. Well, a lot of times when you have
13 engineers and you ask them, what would you do next, that
14 starts a whole process, because they always have a lot of
15 ideas.

16 Q. A lot of meetings?

17 A. Probably. When we -- when I joined the
18 company about six years ago, we were in the process of
19 investigating some -- leveraging our Cellnet system, our
20 automated meter reading system, to be able to take a look
21 at controlling capacitor banks on the system that would
22 allow us to improve the voltage profile for the system on
23 a regular basis.

24 And that -- that initiative with some of
25 our engineers in partnership with some of our suppliers

1 did win the, I think it was the 2001 Innovation of the
2 Year award from the electric -- Edison Electric Institute.
3 So you start on that, we said, well, if we can do that,
4 then can we -- where's another place where -- we're very
5 worried about high profile type outages. Where would we
6 want to use that next application? We chose the downtown
7 network -- underground network in downtown Kansas City
8 because an outage in some highrise buildings could have a
9 little higher profile and cause my phone to ring a lot
10 more than I would like it to.

11 So we did -- we're in the process of doing
12 that. It's been articulated in our stipulation agreement.
13 We've got most of those vaults done, and it's already
14 proven to provide us with -- with not only real time data,
15 so we can look at things like voltage or the condition or
16 the position of the switches in the vault, but it also
17 allows us to remote operate some of those switches so that
18 our people don't have to go down into the vault and
19 operate it, and thus it improves the safety performance.
20 So it's not just a cost, but it's also a safety
21 improvement.

22 Now, you know, we do -- we do inspect those
23 things in the normal course of work, you know, if we're
24 down there, that the crews are always taking a look
25 around, making sure that they -- you know, does the vault

1 roof look good, is there a lot of garbage building up in
2 there, things like that. So we added some other monitors,
3 so we could monitor temperature, water level and some of
4 those things.

5 Not too long ago, during the construction
6 of the Sprint Arena some contractors that were working on
7 that construction project put a number of pallets on top
8 of our ventilation grates for the sidewalk vaults. So we
9 could have been in there inspecting it one day, they put
10 the pallets on top of that, it didn't get the proper
11 circulation, if you will, and we started getting heat
12 alarms. We get out there and make sure they move the
13 stuff off of there before you had a failure of the
14 transformers or whatever other gear is in that vault.

15 So from our standpoint, using the
16 automation improved the reliability because it avoided the
17 problem.

18 Q. That automation would help you monitor what
19 type of infrastructure versus the type that wouldn't -- it
20 wouldn't work? I mean, it's not going to tell you if a
21 pole's rotten on the inside, that type of thing?

22 A. Correct.

23 Q. That isn't what you're talking about. But
24 if you've got evidence of existing reliability issues,
25 that would show up in your monitoring, I'm sure, but what

1 about the infrastructure that -- that doesn't meet that
2 monitoring criteria? Let's say -- how often would a pole
3 in -- in Midtown or off the Plaza or something like that,
4 how often would a pole and a transformer be checked or
5 monitored, evaluated or --

6 A. Some of that has to do with the design.
7 For instance, we use the National Electric Safety Code
8 Class B heavy loading criteria when we design the system,
9 and I looked at that as being, if you're designing the
10 system with a little bit of oomph to it, then you're not
11 as worried about getting by there every year to take a
12 look and see how it's performing.

13 I kind of liken it to my car. I know my
14 wife has taken my one car to the dealer today. You know,
15 it recommends that I change the oil every 3,000 miles. I
16 can change the oil every 1,000 miles but I'm not really
17 getting that much out of it. However, if I'm using
18 synthetic oil, I can probably get more than 3,000 miles
19 between oil changes. So that's kind of the thought
20 process that we used when we're working with Staff to
21 collaborate and agree on a particular schedule, if you
22 will.

23 Q. I'm looking for the definition of umph.
24 What do you mean by that? Are you talking about
25 developing a robot, I mean, strong infrastructure? What

1 do you mean by that?

2 A. I think --

3 Q. Designing it to meet high stress levels?

4 A. Correct. I think what we're saying is that
5 with this part of the country and what you can expect from
6 icing or winds and things like that, that you build that
7 criteria into the design of the system, and if you're
8 doing that, you're going to provide the most economical
9 design for the majority of types of weather events that
10 you can encounter.

11 Q. Is a design of infrastructure -- now, let's
12 just talk about typical residential lines. Let's just
13 keep it simple. You've got a residential neighborhood.
14 Is a system going to be designed differently in Kansas
15 City, Missouri versus, say, 800 miles south, let's say,
16 you know, Memphis or Nashville, Tennessee? I don't want
17 to get into hurricane stuff.

18 A. Sure.

19 Q. But moving into the south where you have
20 less harsh, you know, freezing and unfreezing, freeze and
21 thaw, that type thing, is an infrastructure for a
22 residential neighborhood going to be different between
23 Kansas City, Missouri, and say a mid south?

24 A. It could. I'm not -- it's been a while
25 since I looked at the map of the United States and how

1 they created, you know, which parts of the -- which part
2 of the United States are okay for Class C construction,
3 which would be a little less.

4 Q. That's Class C. What class is --

5 A. We use Class B construction in Kansas City,
6 which is heavy loading, which a lot of times when I tell
7 reporters what does that mean, we usually say that you can
8 withstand a half an inch of ice buildup on your overhead
9 circuits or 40, 45 mile an hour winds.

10 Q. Would you assume that all investor-owned
11 utilities would be built to Class B levels?

12 A. I really can't speak to anybody else.

13 Q. Can you describe -- you've been with KCP&L
14 for six years?

15 A. Correct.

16 Q. Did you come after the ice storm of '02?

17 A. Came three months before it.

18 Q. Lucky you. What was KCP&L doing prior to
19 that ice storm? What was the program that was in place
20 prior to that ice storm and, I guess, how did that change,
21 if at all?

22 A. I think that -- well, we did take a look at
23 our tree trimming policies before and after. I think --

24 Q. We'll talk about tree trimming this
25 afternoon.

1 A. That was probably the biggest change. The
2 other change we really looked at was in our storm response
3 and our call center performance. I think from a -- I
4 don't recall if there was a major change in how we looked
5 at infrastructure before and after, but I do know that we
6 were in a lot of discussions, negotiations with
7 telecommunication companies about maintaining our Class B
8 construction and forcing them to pay for the changeouts
9 that would be required for overloading conditions to add
10 two or three communications, whether it's telephone or
11 cable TV.

12 And we really decided that -- we took a
13 look afterwards and said maybe our -- our asset management
14 program hasn't been as formalized, and so it was -- as
15 part of our stipulation we said, one of the first things
16 we want to do before we just start doing things is to get
17 out, get an assessment, find out what we're seeing as far
18 as the general condition of the equipment, but also gather
19 more information that might be able to help us create
20 better ongoing maintenance programs.

21 So I would have to say that we've increased
22 the formality of what we're attempting to do, and that was
23 filed prior to the docket that we're talking about now,
24 and we fully support the docket and are looking for
25 continuation of that collaborative process.

1 Q. How often -- if you know the answer to
2 this, how often does the Public Service Commission Staff
3 come out and get briefed on what you're doing on your
4 infrastructure or looking at projects that you have going
5 on, whether it be improvement to reliability or otherwise?

6 How often would you say the Staff is in
7 meeting with you on the engineering side, not on the
8 financial side?

9 A. Well, I -- I can't -- I can't talk to any
10 meetings that I've been in recently. I would have to --

11 Q. How about six years, do you have an idea in
12 six years how often Staff has gone to Kansas City to check
13 out your -- the engineering operation that you've got?

14 A. I know there's been a couple of times when
15 we've met. For instance, after the ice storm we did have
16 several meetings to talk about some of the things that we
17 were going to be doing to improve our response and what we
18 were doing after that.

19 Q. That would have been five and a half years
20 ago, six years ago?

21 A. Uh-huh.

22 Q. How about since that time, any idea?

23 A. I don't -- I don't recall of any that I've
24 been in.

25 Q. Are you aware of any that your Staff has

1 been in?

2 A. I'm not aware of any. Doesn't mean that
3 they didn't occur.

4 Q. Okay. Would you agree or disagree that
5 Staff ought to be as involved as possible in different
6 infrastructure projects and being aware what's going on in
7 the design of your system?

8 A. We would always welcome the visits that
9 they would come, and we -- we would have no problem
10 sharing with them. I think when you start talking about
11 the design, the industry does get together and there's a
12 lot of industry groups that help to determine what might
13 be the next -- next course of actions that utilities
14 around the country may take.

15 There's organizations like the Institute of
16 Electrical and Electronic Engineers, the IEEE, that sets
17 standards on different things. There's ANCI standards for
18 things. So I'm not sure that a meeting with Staff on a
19 regular basis to talk about design is probably the most
20 efficient way to go, but
21 I think sharing of information and working
22 collaboratively --

23 Q. I'm not so much saying that Staff ought to
24 come in and design your system. That's not what I'm --

25 A. Okay.

1 Q. But if Staff -- do you agree that they need
2 to be informed of what you have going on in your system?
3 Do you agree with that basic statement?

4 A. I think it's healthy.

5 Q. You think it's healthy, and -- and if you
6 have a dispute between Staff and KCP&L on a particular
7 infrastructure issue, how do you think that ought to be
8 resolved?

9 A. Well, I think that the collaborative
10 process we've had where we've worked through the issues
11 and try to understand what are the economic drivers, what
12 are the expected benefits, I haven't found an instance
13 where both sides looking at something reasonably and
14 objectively haven't come to a solution.

15 Q. Okay. You're -- director of operations is
16 your title?

17 A. Vice president of customer operations. I
18 was both the customer call center and the distribution
19 business.

20 Q. So you're -- would it be safe to say you're
21 like the head engineer, head design person in the company?

22 A. They do report to me.

23 Q. Okay. Recently we had a significant storm
24 outage around the state due to ice. Was KCP&L affected by
25 that storm?

1 A. Yes, we were.

2 Q. Could you give me an idea of the -- the
3 level of outages that you had? How widespread were
4 outages in your system? What was the duration of them?
5 How many customers? How many days?

6 A. Sure. We monitored the storm system coming
7 out of Oklahoma very closely. Early indications were that
8 it was going to be very bad with icing levels at inch to
9 inch and a half, which would have meant catastrophic
10 impact on the system or potential catastrophic impact on
11 the system. The temperature did -- did rise a few
12 degrees, which in Kansas City proper caused a buildup of
13 ice of a tenth to a quarter inch.

14 Further north of our service territory, so
15 in our north land, north of the river and then into St.
16 Joe, the ice was -- was much bigger buildup, half an inch
17 to maybe a little bit more than a half an inch. So we had
18 some problems, but we had -- we had issues across our
19 entire service territory. And I think if you look at the
20 entire -- our Kansas and Missouri customers, about 90,000
21 customers, I think on the Missouri side that was about 52,
22 55,000 customers that were impacted. We were able to
23 restore our customers in about two and a half days.

24 Q. So two and a half days would have been
25 about the maximum outage that the worst, the customer

1 facing the worst outage would have been without power?

2 A. Correct.

3 Q. Can you tell for me or can you identify,
4 are there any practices that KCP&L does that had a direct
5 impact on keeping that -- that amount of time down to two
6 and a half days?

7 A. I think two things that I've mentioned
8 before. One is our adherence to Class B construction and
9 making sure that we're not venturing too far away from
10 that. I think the improvements that we've made in
11 reliability based tree trimming played an impact, and I
12 think the improvements that we made with regard to our
13 storm emergency response procedure, especially after the
14 2002 ice storm, also contributed to our ability to manage
15 the storm.

16 Q. Okay. Can you just briefly identify what
17 changes -- what changes KCP&L made to its storm response
18 plan? Give me some examples of what you're talking about.

19 A. There were a number of examples in the call
20 center with regard to automation, being able to make sure
21 they were handling a lot of those calls. We also
22 proactively reached out to nursing homes and some of our
23 critical customers to ensure that they were making plans.
24 You know, while we can't guarantee that the power won't go
25 out, we also want to make sure that we're reaching out to

1 some of the elderly to make sure that they're -- at least
2 have a game plan.

3 Also, we spent a lot of time in the last
4 year to two years working on our game plan, our storm
5 response plan, not only internally by doing not only
6 tabletop drills but a full-scale exercise that we
7 completed, I think it was July, August time frame. We
8 also did a joint exercise with the City of Kansas City,
9 Missouri, to make sure that the communications between
10 their emergency operations center and ours would be
11 better.

12 We're planning to do one with the City of
13 Overland Park on the Kansas side this year. We -- we try
14 to make sure that early on, when we know that there's
15 going to be a storm, we try to get our patrollers out. We
16 call them engineering, or basically intelligence
17 gatherers, where we get people that go out, drive a
18 predesigned route to be able to quickly assess damage to
19 be able to help us understand what additional resources,
20 manpower resources, and what type of resources we need to
21 have, whether they need to be additional tree crews or
22 construction crews, and then be able to try to schedule to
23 have our tree crews out getting some of that work done so
24 that before a line construction crew, lineman shows up,
25 that he's not sitting there watching the tree crew take

1 care of their work before they get started on theirs.

2 So it's trying to set up a sequence of
3 events so that you can minimize the amount of down time
4 that any of the resources are having.

5 Q. I recently saw where the Edison Electric
6 Institute issued some awards for storm responses from the
7 ice storms.

8 A. Correct.

9 Q. Did KCP&L receive an award?

10 A. We did just receive the Edison Electric
11 Institute's Emergency Response Award for the assistance we
12 gave to a number of other utilities in the past year.

13 Q. So that's assistance that you gave to
14 somebody else?

15 A. Correct.

16 Q. But you-all didn't get an award for your
17 own performance?

18 A. We got an award for our performance after
19 the ice storm.

20 Q. This year?

21 A. No. That was 2002-2003.

22 Q. 2002. Yeah. But I think Empire and Ameren
23 got an award for this year, so why didn't you get an award
24 this year for that?

25 A. Well, I don't think -- I don't think the

1 damage that we sustained was as devastating as what they
2 had seen.

3 Q. So it doesn't reflect that KCP&L did a bad
4 job in IEEE's perspective?

5 A. No.

6 Q. May have to cancel your dues.

7 A. Well, you know, it's one of those things
8 where I'd pass on the award if it meant that I didn't have
9 to deal with the issue.

10 Q. Did Aquila get an award, too, from EEI?

11 A. Not aware.

12 Q. Did anyone not get an award? I won't ask
13 you that.

14 COMMISSIONER CLAYTON: I don't think I have
15 any other questions. Thank you very much.

16 JUDGE DALE: Thank you all. Does any other
17 party have anything they wish to add to the record at this
18 time?

19 COMMISSIONER CLAYTON: Can I ask Public
20 Counsel some questions? Public Counsel, did you file
21 comments?

22 MR. MILLS: We did not. We provided, I
23 believe, oral comments the first go through on this.

24 COMMISSIONER CLAYTON: They weren't very
25 specific. I was wondering, does Public Counsel believe

1 that there is an infrastructure problem that affects
2 reliability with regard to Missouri utilities?

3 MR. MILLS: An infrastructure, I mean --

4 COMMISSIONER CLAYTON: Do you think there
5 are deficiencies in the infrastructure of any given
6 investor-owned utility that is leading to either decreased
7 or poor reliability? Or you may not know. That's okay.

8 MR. MILLS: I don't know specifically, but
9 I think there are certainly instances of substandard
10 infrastructure on all of the utilities that I think this
11 will help bring to light. And I think when you talk about
12 underperforming circuits and poorly performing circuits,
13 I've seen some of them. I think there are some of those
14 on each utility. I don't know of any particular utility
15 that has, you know, an entire system that has an
16 infrastructure problem.

17 COMMISSIONER CLAYTON: Does Public Counsel
18 believe we should take any additional action with regard
19 to infrastructure inspection and reporting, or are you
20 just satisfied with the current version or --

21 MR. MILLS: I think the version that the
22 Commission voted out once before and is considering again
23 is certainly a good first step. I don't know that it --
24 that it's perfect. But I think it's better to start here
25 and then ratchet it up rather than --

1 COMMISSIONER CLAYTON: Where do you think
2 it should be ratcheted up?

3 MR. MILLS: I don't know if it needs to be.
4 That's my point. I think this is a good place to start,
5 and if this reveals that there are problems, if the report
6 reveals that there are problems across the state or across
7 a particular utility, then there may need to be some
8 particular changes to address those.

9 COMMISSIONER CLAYTON: Has Public Counsel
10 been made aware of the -- of the supposed plan that's been
11 put out by Ameren relating to Project Power On and its
12 reliability investments?

13 MR. MILLS: When it first was announced, I
14 read the press releases and associated information.

15 COMMISSIONER CLAYTON: So Public Counsel
16 hasn't been involved more than just reading the press
17 releases?

18 MR. MILLS: We were not involved in
19 creating that project, no.

20 COMMISSIONER CLAYTON: But you weren't
21 briefed on it? You weren't given more information than
22 just what the newspaper ran?

23 MR. MILLS: Not that I recall.

24 COMMISSIONER CLAYTON: Is Public Counsel,
25 does -- I mean, do you think you ought to be briefed or

1 given more information, or do you think there's a role for
2 Public Counsel in this type of program in its
3 implementation, its cost, its focus, its direction? I
4 mean, does Public Counsel have a role there, or do you see
5 Public Counsel's role as purely financial in a rate case?

6 MR. MILLS: No. It's not purely financial.
7 I -- certainly there is a role for Public Counsel, but
8 whether we should have a role in terms of developing such
9 a program, I don't know. Certainly if asked we'd be happy
10 to provide input, but I don't know that there's any
11 requirement that we be involved when a company is trying
12 to come up with a reliability program such as this.

13 COMMISSIONER CLAYTON: Well, aside from a
14 rate case setting where you're arguing over the final
15 rate, do you see Public Counsel having a role in
16 identifying projects, identifying specific reliability
17 issues or -- and I'm not saying -- I'm not saying should
18 you be mandated. That's not what I'm suggesting.

19 I want to know what you think the
20 appropriate role is. You've said before that you thought
21 there were real reliability issues. I want to know how
22 you're addressing those or what you think the appropriate
23 role of Public Counsel is in addressing those reliability
24 issues.

25 MR. MILLS: Well, for example, when we have

1 cases that customers bring to the Commission either -- or
2 bring to us either formally or informally, we get involved
3 to try to resolve.

4 There are cases I think with any of the
5 utilities at any given time in which we've got a customer
6 or a group of customers that have either filed something
7 formally with the Commission and we're involved or have
8 sought out our input informally and we get involved, and
9 we try to work with the customers and the utilities to see
10 what we can do to bring about increased reliability.

11 COMMISSIONER CLAYTON: So that's when
12 someone calls your office and identifies a problem?

13 MR. MILLS: Either when they call our
14 office or they file a complaint with the Commission.

15 COMMISSIONER CLAYTON: I'm trying to think,
16 are you -- do you recall when there's been a complaint
17 filed relating to an infrastructure deficiency or
18 reliability deficiency?

19 MR. MILLS: I can think of a case that is
20 currently ongoing. I'm not sure that it was filed as a
21 complaint. I think it was filed actually as a -- it may
22 have been a complaint. May have been a change of supplier
23 complaint. But in any event, the meat of the complaint
24 was that there ought to be changes made to the system that
25 served the particular applicant as well as his entire

1 neighborhood, and we have, with Union Electric, worked out
2 certain system changes that hopefully will address the
3 problem and I think most of those have been done and, as
4 far as I can tell, have been having the desired effect.

5 COMMISSIONER CLAYTON: Okay. Does Public
6 Counsel have a position with regard to undergrounding or
7 system-wide reliability improvements like undergrounding?

8 MR. MILLS: There are instances in which
9 undergrounding can be done cost effectively to improve
10 reliability. There's certainly -- you can certainly go
11 overboard on undergrounding because it's very expensive.
12 But I think it needs to be almost a line-by-line type of
13 analysis to see who's affected and how much it will cost
14 and what kind of anticipated reliability increases you're
15 going to achieve.

16 COMMISSIONER CLAYTON: With -- does Public
17 Counsel participate in that analysis in any other setting
18 other than -- other than a rate case? I mean, it doesn't
19 sound to me like you have meeting -- regular meetings on
20 reliability with them now.

21 MR. MILLS: We don't, but again, if we have
22 contacts from individual customers, and, you know, again,
23 we have, since sometimes one of the concerns is whether or
24 not certain lines should be undergrounded and whether in
25 some circumstances whether or not lines that are already

1 undergrounded are performing adequately. In terms of
2 trying to go through the analysis of which lines on all of
3 UE's systems should be undergrounded, no, we haven't been
4 involved in that kind of a scale.

5 COMMISSIONER CLAYTON: Should you be? I
6 mean, should there be -- should there be that level of
7 communication or is it just at the time of a rate case
8 they come in and drop all the infrastructure investments
9 that they've done and then you evaluate it, or does Public
10 Counsel rely on Staff to do much of that analysis?

11 MR. MILLS: Ideally we would love to be
12 involved, but we don't have an engineer on staff, and we
13 don't really have the people that would be able to keep up
14 with that kind of thing.

15 COMMISSIONER CLAYTON: Are you seeking an
16 engineer from the Legislature? Does it rise to that level
17 of importance for you to seek funding for that?

18 MR. MILLS: We have in the past few years
19 sought to get an engineer and have not been able to do
20 that. I am not in this current session seeking to have an
21 engineer put on staff. But yeah, I think --

22 COMMISSIONER CLAYTON: Is that because you
23 haven't been given that engineer in the past or you don't
24 think it's necessary anymore?

25 MR. MILLS: No. I think it would be very,

1 very -- you know, necessary is perhaps too strong, but I
2 think it would be very, very helpful in a lot of contexts
3 for Public Counsel to have an engineer or two on staff.
4 But even with one engineer, I'm not sure that there's a
5 lot you can do to really get involved in the details of
6 the planning process for all of the electric utilities as
7 well as all the other utilities that an engineer would be
8 called upon to look at.

9 COMMISSIONER CLAYTON: Well, does Public
10 Counsel believe that Missouri utilities have a reliability
11 issue today, a reliability problem today?

12 MR. MILLS: Yes. I think the recent ice
13 storms and the number of people that were out and for the
14 length of time, yeah, I think that's -- I think we've seen
15 some unacceptably long outages to unacceptably high
16 numbers of people. And, you know, obviously when you have
17 severe ice storms you're going to have some people out,
18 but I think we've had more than I would expect given the
19 number of storms.

20 COMMISSIONER CLAYTON: Has Public Counsel
21 ever requested reliability metrics to assess the level of
22 reliability for Missouri utilities? For example, has it
23 requested numbers from the utilities like SAIDA or SAIFI,
24 CAIDA, MAIFI, any of those reliability metrics, have you
25 ever requested those to determine the level of reliability

1 that utilities are --

2 MR. MILLS: I know we get some of those. I
3 don't know that we have actually requested special
4 provision of those.

5 COMMISSIONER CLAYTON: The figures that you
6 have received, have they suggested problems in
7 reliability?

8 MR. MILLS: I don't recall.

9 COMMISSIONER CLAYTON: You don't recall.
10 Well, when you suggest that there is a reliability issue
11 or problem associated with Missouri utilities, is that
12 based -- it's not based on reliability metrics or any
13 information that you're receiving from the utility, is it
14 safe to say that's basically what you read in the
15 newspaper or media reports? Is there any other work that
16 you've done on reliability?

17 MR. MILLS: No. It's based not on media
18 reports at all, but on testimony at the public hearings,
19 from calls and letters that we get from customers.

20 COMMISSIONER CLAYTON: Okay. How about the
21 -- in the last storms where we haven't had -- we haven't
22 had public testimony or public hearings. Have you -- do
23 you believe the latest crop of storms have suggested a
24 reliability issue in Missouri?

25 MR. MILLS: Not necessarily. We -- we got

1 very, very few contacts from customers of any of the
2 utilities after the last round of storms in December, I
3 believe it was.

4 COMMISSIONER CLAYTON: Okay.

5 MR. MILLS: And, in fact, I think we got
6 more responses from customers praising the utilities than
7 we did customers criticizing utilities.

8 COMMISSIONER CLAYTON: Okay. And that was
9 all three or four utilities that had outages or --

10 MR. MILLS: I think all four utilities had
11 outages.

12 COMMISSIONER CLAYTON: All four utilities
13 had outages. How many -- just estimated, how many
14 complaints do you think you received? I don't want to
15 talk about the positive. I know they want -- we may get
16 to that, too, but I want to identify the problems first.

17 MR. MILLS: Two or three, maybe four.

18 COMMISSIONER CLAYTON: That's it? You only
19 got four complaints? How many did you get after '06?

20 MR. MILLS: Dozens. I don't recall the
21 exact number, but quite a lot.

22 COMMISSIONER CLAYTON: Okay. From the
23 testimony where you suggest that there are reliability
24 issues from the last storm outages, can you give me some
25 examples of testimony that would suggest a reliability

1 problem, more than just someone being unhappy? I'm
2 assuming that you need more than that, but tell me what is
3 a real problem to you as Public Counsel?

4 MR. MILLS: We heard testimony after the
5 last storm outages from customers who said that, you know,
6 that there were trees that they complained about for some
7 period of time that had actually -- that they said were
8 going to cause problems actually did, hadn't been
9 addressed. We had customers who pointed out areas in
10 which lines had been repeatedly repaired and ultimately
11 failed.

12 We have had customers who talked about
13 poles and lines that were covered with vegetation that had
14 been complained about that actually failed. To my mind,
15 those are the kinds of things that signal a problem rather
16 than just my power was out, but the fact that customers
17 identified a problem, tried to get it remedied and didn't
18 and ultimately had a problem.

19 COMMISSIONER CLAYTON: Did you have -- do
20 you recall complaints or examples of infrastructure
21 failure where you had either a pole was coming out of the
22 ground or you had rotten poles or transformers dangling by
23 a wire or some example like that? Did you ever have any
24 examples of poor infrastructure?

25 MR. MILLS: I seem to recall something

1 quite like the transformer hanging by a wire, or something
2 to that effect, or a crossarm that was tied on a piece of
3 rope for quite a long period of time. I think there was
4 testimony about some of those things. I don't think there
5 were a lot of examples of really egregious stuff like
6 that.

7 COMMISSIONER CLAYTON: But most -- would it
8 be safe to say that a majority of those calls were about
9 vegetation?

10 MR. MILLS: I'm not sure.

11 COMMISSIONER CLAYTON: Does Public Counsel
12 do any follow-up on the complaints that it receives? Does
13 it go out and look at the infrastructure? Does it check
14 out the pole covered in trees or vines?

15 MR. MILLS: I have. I mean, a lot of times
16 the call is, you know, for example, one woman I talked to
17 a number of times is concerned about a transformer. That
18 I think was ultimately replaced or refused. And I didn't
19 actually go look at it, but I believe that the work was
20 done. But I have on occasion gone and looked at it.

21 COMMISSIONER CLAYTON: You do follow up?

22 MR. MILLS: I do.

23 COMMISSIONER CLAYTON: You either look at
24 or follow up with the customer to identify whether they've
25 been satisfied?

1 MR. MILLS: Definitely, yes.

2 COMMISSIONER CLAYTON: Or someone on your
3 staff will follow up with them. What policies do you
4 think need to change to address each of these gripes?
5 You've got problems in trees, problems in repairs not
6 being up to standard or poles covering vegetation. Are
7 there additional things that you think that the Commission
8 can do to stress improved performance?

9 MR. MILLS: Well, I mean, I'm sure there
10 are. I'm not sure that there are -- you know, maybe a
11 streamlined complaint process or something would help some
12 of these, a more immediate response to informal
13 complaints.

14 COMMISSIONER CLAYTON: Well, I mean,
15 complaints are after the fact. How about preventive
16 maintenance, preventive issues so then we don't -- we try
17 to avoid the complaint rather than wait for a complaint to
18 come in and then go out and address it?

19 MR. MILLS: I think the kinds of
20 infrastructure --

21 COMMISSIONER CLAYTON: Would you agree
22 that's more cost effective to do the preventive
23 maintenance than deal with it on a complaint basis?
24 Wouldn't you agree with that?

25 MR. MILLS: I think most of the time,

1 that's true, yes. You know, I think the kinds of
2 inspections that are set forth in the rule the
3 Commission's considering today I think will help.

4 COMMISSIONER CLAYTON: Judge, I think I'm
5 done on the infrastructure.

6 JUDGE DALE: Any other parties have
7 anything to add at this point? Chairman?

8 CHAIRMAN DAVIS: Are there any utilities
9 that want to confess? Mr. Beck, did you want to confess
10 to anything?

11 MR. BECK: No, sir.

12 JUDGE DALE: With that, then, this hearing
13 will be concluded. For those of you who are coming back
14 for the next hearing, it will start at one o'clock. Thank
15 you. Off the record.

16 WHEREUPON, the hearing of this case was
17 concluded.

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C E R T I F I C A T E

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Kellene K. Feddersen, Certified

Shorthand Reporter with the firm of Midwest Litigation Services, and Notary Public within and for the State of Missouri, do hereby certify that I was personally present at the proceedings had in the above-entitled cause at the time and place set forth in the caption sheet thereof; that I then and there took down in Stenotype the proceedings had; and that the foregoing is a full, true and correct transcript of such Stenotype notes so made at such time and place.

Given at my office in the City of Jefferson, County of Cole, State of Missouri.

Kellene K. Feddersen, RPR, CSR, CCR
Notary Public (County of Cole)
My commission expires March 28, 2009.