KCPC-13

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

Filed November 29, 2012 Data Center **Missouri Public** Service Commission

## MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0174

## **REBUTTAL TESTIMONY**

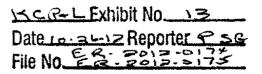
## OF

## JOHN R. CARLSON

#### **ON BEHALF OF**

#### **KANSAS CITY POWER & LIGHT COMPANY**

Kansas City, Missouri September 2012



# **REBUTTAL TESTIMONY**

# OF

# JOHN R. CARLSON

# Case No. ER-2012-0174

1	Q:	Please state your name and business address.
2	A:	My name is John R. Carlson. My business address is 1200 Main Street, Kansas City,
3		Missouri 64105.
4	Q:	Are you the same John R. Carlson who pre-filed Direct Testimony in this matter?
5	A:	Yes, I am.
6	Q:	On whose behalf are you testifying?
7	A:	I am testifying on behalf of Kansas City Power & Light Company ("KCP&L" or the
8		"Company").
9	Q:	What is the purpose of your Rebuttal Testimony?
10	A:	My testimony responds to the discussion of transmission expense in Staff's Revenue
11		Requirement/Cost of Service Report ("Report"). The purpose of my Rebuttal Testimony
12		is to discuss the annualization methodology used to calculate the Southwest Power Pool,
13		Inc. ("SPP") administration charges and transmission costs in net revenue requirement
14		projections.
15	<u>SPP A</u>	ADMINISTRATION CHARGES
16	Q:	Staff used the current SPP Administrative tariff rate to determine the SPP
17		Administrative Fee. Will there be a need to true-up the SPP Administrative Fee?
18	A:	Yes. KCP&L was granted incremental SPP point-to-point transmission of 182 MW
19		starting June 1, 2012. Therefore, any annualized calculation using data prior to July 1,

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

3 Q: What method would be more appropriate for calculating SPP administration4 charges?

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

SPP TRANSMISSION COSTS

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

- A: Yes. Actual SPP transmission costs allocated to KCP&L continue to increase on a
  monthly basis, as shown in Schedule JRC-2. April, May, June and July transmission
  costs are significantly higher than the amount booked in first quarter 2012. As Staff
  noted on page 177 of its Report, "projections from SPP show that these expenses will
  continue to increase through 2017."
- 18 Q: Are those projected increases the reason why the Company asked for a transmission
  19 tracker?
- 20 A: Yes. Company witness Darrin R. Ives discussed the transmission tracker in his Direct
  21 Testimony in this case.

1

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

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

10 **O**:

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

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

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

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

- 1 Q: Does that conclude your testimony?
- 2 A: Yes, it does.

## BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service

Case No. ER-2012-0174

## **AFFIDAVIT OF JOHN R. CARLSON**

)

)

# STATE OF MISSOURI ) ) ss COUNTY OF JACKSON )

John R. Carlson, being first duly sworn on his oath, states:

1. My name is John R. Carlson. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Originator, Supply Resources.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of  $\frac{f_{OUV}}{f_{OUV}}$  ( $\frac{f_{OUV}}{f_{OUV}}$ ) pages, having been prepared in written form for introduction into evidence in the above-

captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief. (A, B) = (A, B)

**Notary Public** 

John\R./Carlson

day of September, 2012.

Subscribed and sworn before me this

Micole A.

My commission expires: F-U. N 2015

NICOLE A. WEHRY
INVOLC A, WEIGHT
Notary Dublic States A.
Notary Public - Notary Seal
State of Missouri
Amm AL (MISSOUL)
Commissioned for Jackson County
IA DOULD IN DOULDUILLY
My Commission Expires: February 04, 2015
A
Commission Number: 11391200

