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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS
Local Public Hearing
December 7, 2010, 6:00 p.m.
Kansas City, Missouri
Volume 9

In the Matter of the Application of)
Kansas City Power & Light Company)File No.
for Approval to Make Certain Changes)ER-2010-0355
in its Charges for Electric Service)
to Continue the Implementation of its)
Regulatory Plan)

In the Matter of the Application of)
KCP&L Greater Missouri Operations)File No.
Company for Approval to make Certain)ER-2010-0356
Changes in its Charges for Electric)
Service)

DANIEL R.E. JORDAN, Presiding
REGULATORY LAW JUDGE
ROBERT M. CLAYTON, III, Chairman
COMMISSIONER

Reported by:
Janet H. Wimer, CCR

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1 P R O C E E D I N G S

2 (Starting time of the Hearing: 7:08
3 p.m.)

4 JUDGE JORDAN: The Commission calls File
5 Number ER-2010-0355. This is Local Public Hearing
6 relating to the rate increase request of KCPL-GMO.

7 I'm Daniel Jordan, Senior Regulatory Law
8 Judge. With us also is the Chairman of the
9 Commission, Robert M. Clayton, III. I will be
10 taking testimony for the Commission, the testimony
11 will be under oath. I'll ask you to be concise for
12 the sake of everyone's time, and relevant.

13 When the testimony is concluded, the
14 Court Reporter is who recording your testimony will
15 produce a transcript. We're also video recording
16 this proceeding, so that the Commissioners and
17 other parties may examine what's been said in this
18 proceeding and consider it.

19 When you come to the podium, after
20 you've given your testimony, stay a little while
21 because the other parties have a right to ask
22 questions of whoever testifies. Mr. Chairman,
23 anything before we begin?

24 CHAIRMAN CLAYTON: Just very briefly. My
25 name is Robert Clayton. I'm Chairman of the

1 Missouri Public Service Commission. There are five
2 Commissioners. We have been spread out around the
3 State because we have a number of Local Public
4 Hearings going on in different places.

5 This is being videotaped. It will be
6 transcribed, and the Commissioners review this
7 material at the time when we have - we will
8 eventually have an Evidentiary Hearing, a trial
9 type of hearing, and the Commissioners review this
10 material before rendering any decision, so this
11 will be made part of the record.

12 I just want to thank everyone for coming
13 tonight. We have tried to change the format for
14 these hearings. We've changed the question and
15 answer session to give you improved access to the
16 parties that practice before the Commission. We
17 are ultimately the, kind of the judges of the case.
18 We are not judges, but we judge the case, we make
19 the decision, and the parties that appear before
20 you advocate for certain positions.

21 So I appreciate you coming out tonight.
22 Take advantage of the resources that you have here.
23 If you have an issue that you want to take up,
24 we've got PSC Staff that can help you. The Company
25 is represented by a number of folks here, if there

1 are consumer issues. Other than that, I'm just
2 glad you're here and looking forward to the
3 testimony. Thank you, Judge.

4 JUDGE JORDAN: I have one name on my
5 sign-up list. I will call Bob Ludlow to the stand.
6 Bob Ludlow.

7 ROBERT LUDLOW, being first duly sworn by
8 Judge Jordan, testifies as follows:

9 JUDGE JORDAN: Please spell your name for
10 our Court Reporter.

11 MR. LUDLOW: Robert Ludlow. L-U-D-L-O-W.

12 JUDGE JORDAN: Mr. Ludlow, are you a
13 customer of KCP&L-GMO?

14 MR. LUDLOW: Yes, I am.

15 JUDGE JORDAN: Well, please tell the
16 Commission what you'd like the Commission to hear.

17 MR. LUDLOW: I've lived in this area and
18 been a customer all my life, over five decades, and
19 my mom's also lived in this area for that entire
20 time also, but she's now in the area that was
21 served by Aquila, and is now KCPL.

22 Just a couple of things that I found
23 from the past. A brochure put out by Kansas City,
24 Missouri city, in the fall of 2008, on their
25 priorities. They said that they had adopted a

1 Climate Protection Plan and that will help lower
2 utility bills, and I don't think there's been any
3 lowering of our bills in these last two years, on
4 that.

5 Also, in March of 09, I got this card
6 on the KCPL rate increase request and for the
7 Kansas City, Missouri area, they requested a 17.5
8 percent increase then, which was more than the
9 total average for the five areas that they wanted,
10 which was 16.2 was what they've asked for overall.

11 This information came from Congressman
12 Emanuel Cleaver, and I received this in August of
13 this year. It states here in big letters, "Every
14 \$1 in Recovery Act investment has leveraged \$3 in
15 private investment," but it says over here that
16 KCPL was awarded a 24 million dollar grant to fully
17 fund - to help fund a fully-integrated Smart Grid
18 demonstration project. However, about half of the
19 investment was from private funds, so that doesn't
20 measure up to the 1 and 3.

21 This card here is about a State
22 legislative committee called the Joint Committee on
23 Administrative Rules, JCAR, and they removed a
24 provision called Geographic Sourcing from the voter
25 enacted Renewable Energy Standard, the RES, and

1 this decision doesn't help any of the rate payers
2 because then, the Power & Light can just go out and
3 buy credits or they'll have to actually care of
4 some of this pollution, is the way that I
5 understand that, and I think that we need to look
6 into more renewable sources because we live - just
7 we're spanning a few miles from Kansas, the second
8 or third windiest state in the nation, and I think
9 we need to use a lot more of that because there is
10 no such thing as clean coal, and like was brought
11 out earlier, it costs a lot to transport it in here
12 and those contracts, we have no control over
13 either, so that, we can't control the costs on
14 that.

15 And also, it was stated that the rate of
16 return could be up to eleven percent, and the cost
17 of the - the return on a Treasury Bond is a little
18 over one percent. And a lot of people are on a
19 fixed income, and if they knew that that was the
20 kind of increase that this utility was requesting
21 then and has a chance to get, I'm sure there would
22 be more people down here.

23 That's all I have right now.

24 CHAIRMAN CLAYTON: May I ask you a
25 question?

1 MR. LUDLOW: Sure.

2 CHAIRMAN CLAYTON: I recognize each of
3 the issues that you've identified, except for the
4 first one. I was wondering if you would share with
5 me the fall, 2008 document, the Climate Protection
6 Plan? I was wondering if I could just-

7 MR. LUDLOW: It was stated as a bullet
8 point on priorities of Kansas City, Missouri.

9 CHAIRMAN CLAYTON: Do you mind, can I
10 just look at it?

11 JUDGE JORDAN: While the Chairman is
12 looking at that, do you want the Commission to
13 consider each of your documents that you've
14 referred to? We can have the Court Reporter mark
15 them and we can make them part of the record from
16 this hearing.

17 MR. LUDLOW: If they feel that that would
18 aid them in-

19 JUDGE JORDAN: It's up to you.

20 MR. LUDLOW: Backing my statements.

21 CHAIRMAN CLAYTON: This is a City of
22 Kansas City document. This is not a KCP&L
23 document; correct?

24 MR. LUDLOW: Okay. But it states the
25 agreement was with KCPL and that it would create a

1 decrease in the utility costs.

2 CHAIRMAN CLAYTON: Do you mind if I keep
3 this, or do you want it back? Or maybe we could
4 copy it and mail it back to you? Is that okay?
5 Judge, could we mark this as an exhibit?

6 (WHEREIN, Exhibit 1 was marked for
7 identification by the Court Reporter.)

8 CHAIRMAN CLAYTON: You also mentioned the
9 Congressman Cleaver document. Was that a
10 publication from his office?

11 MR. LUDLOW: Yes. It was mailed out.

12 CHAIRMAN CLAYTON: It was mailed out. Do
13 you mind if I look? Can I look at that?

14 Are you aware of - I'll give this one
15 back to you. I don't think I need to see that. I
16 don't live in the District, so. What I wanted to
17 ask you, how familiar are you with the grants that
18 are coming into KCP&L's territory, the Green Impact
19 Zone Projects? Are you familiar with those in any
20 way?

21 MR. LUDLOW: Are those the ones that
22 Congressman Cleaver, the book here?

23 CHAIRMAN CLAYTON: Yeah.

24 MR. LUDLOW: I've just heard the big news
25 stories about him.

1 CHAIRMAN CLAYTON: Okay. So you haven't
2 dug into any of those projects or look at what
3 they're trying to do or trying to accomplish?

4 MR. LUDLOW: Just energy conservation and
5 green, as far as water and other resources also.

6 CHAIRMAN CLAYTON: I just - I don't think
7 I have any other questions. Thank you for coming.
8 And do you want us to mail you this back?

9 MR. LUDLOW: Yes.

10 CHAIRMAN CLAYTON: Tell me your address,
11 we'll mail it back to you if you want.

12 MR. LUDLOW: 11617 McKinley, Kansas City,
13 MO 64134.

14 CHAIRMAN CLAYTON: Great, thank you.

15 JUDGE JORDAN: The document is marked as
16 Exhibit Number 1. Anyone from either party want to
17 see it? It appears to be what it's been described
18 as being. Did the other parties have questions for
19 this witness? The Applicant?

20 MS. GILBREATH: No, thank you.

21 JUDGE JORDAN: The Office of Public
22 Counsel?

23 MR. MILLS: No questions.

24 JUDGE JORDAN: Staff Counsel?

25 MS. KLIETHERMES: No, thank you, Judge.

1 JUDGE JORDAN: And the Intervener?

2 MR. WAGNER: No, thank you.

3 JUDGE JORDAN: Very well, you're excused.

4 That's the only name I have on my list. Is there
5 anyone who would like to testify this evening?

6 MR. MILLS: Judge, while he's coming
7 forward, has that Exhibit 1 been admitted into the
8 record?

9 JUDGE JORDAN: I will admit this into the
10 record.

11 MR. MILLS: Okay, thank you.

12 CHAIRMAN CLAYTON: Do you have any
13 objection?

14 MR. MILLS: No. I want to make sure the
15 record was clear that that was not only handed to
16 you, but actually admitted.

17 JUDGE JORDAN: Please state your name and
18 spell it for our Court Reporter. Then I will
19 administer the oath.

20 MR. NORMAN: Allen Norman. That's A-L-L-
21 E-N, N-O-R-M-A-N.

22 ALLEN NORMAN, being first duly sworn by
23 Judge Jordan, testifies as follows:

24 JUDGE JORDAN: Proceed.

25 MR. NORMAN: I had originally not planned

1 to say anything, but in listening to the other
2 testimony and previous conversation, just a couple
3 points I'd like to make, to get on the record.

4 Number one, I, and I think most of the
5 people in Kansas City recognize Kansas City Power &
6 Light to be a good corporate neighbor. They
7 provide good service. They maintain the service
8 for us and they do a good job of it.

9 My concern, not only for myself, but for
10 an awful lot of people who are unable to speak for
11 themselves that are on fixed incomes, a thirteen or
12 fourteen percent increase that they're asking for
13 is a sizable amount of money. When you break it
14 down and you estimate that the average household is
15 going to pay another 12, \$13 a month, well, that
16 doesn't sound like very much if you're driving a
17 Mercedes or something, you know, but you can always
18 downsize and get yourself a Chevy, but we have
19 people living on fixed incomes that don't have any
20 choice. They're not getting a raise. They're not
21 going to get a raise to cover this.

22 This is inflation, inflation in the
23 basic cost of living for people who are on fixed
24 incomes. A lot of people in the area are hurting
25 financially because of the general economic

1 situation.

2 I would just appeal to the Commission to
3 look, which I know you will, but to look at the
4 request, and while they need the money to operate
5 and expand their plant to provide us the good
6 service they provide, their stockholders are going
7 to have to hold on like the rest of us are for a
8 little while. That's a fact. Thank you.

9 JUDGE JORDAN: Where are you going?
10 Anyone have questions?

11 CHAIRMAN CLAYTON: I don't have any
12 questions. We had a chance to talk about another
13 issue relating to a completely different utility
14 out front. So I appreciate you coming tonight and
15 sharing with us your comments.

16 MR. NORMAN: Sir, if I might just add
17 this. That when you take the other utilities that
18 are also asking for increases and have had
19 increases, you put those all in there, and Kansas
20 City, we're talking about fifteen percent rate
21 increase for water and sewer that's coming on
22 board. All these things, when you add this all up,
23 this will hurt a lot of people in the Kansas City
24 area.

25 CHAIRMAN CLAYTON: We had a hearing in

1 Raytown last week - I think it was last week, and
2 there was discussion about the sewer increases in
3 Kansas City, but no one knew exactly how much they
4 were. It just said they were a lot. Do you know
5 how much the increase is they're proposing?

6 MR. NORMAN: Well, the EPA has mandated
7 that the City of Kansas City do something about its
8 dual sewer systems in order to keep - to separate
9 the storm water and the sewage, and of course, the
10 sewer system is, you know, approximately 150 years
11 old, and so it's going to cost billions, with a B,
12 to do that.

13 CHAIRMAN CLAYTON: Yes.

14 MR. NORMAN: And here, once again, we
15 have the EPA coming in and they want to mandate,
16 and so it is putting a lot of stress on the City of
17 Kansas City to do that, and of course, they, like
18 all the other utilities, have to have the money to
19 do that, and of course, they get it from the
20 people, and that's something that's going to have
21 to be done.

22 But when you add all this up, an
23 increase on water, an increase on the sewer, and an
24 increase on the surface water, which is charged for
25 in Kansas City too, plus the gas, plus the

1 electric, it adds up to where if we're not careful,
2 people are going to leave the State of Missouri
3 looking for a cheaper place to live.

4 Now, it's cheap to live in Kansas City
5 compared to other places in the country right now.
6 Industry doesn't seem to think that. I don't see a
7 lot of people beating the doors down at City Hall
8 in Kansas City, trying to locate their plants in
9 Kansas City because they have cheap electrical
10 rates. And so the State of Missouri and the City
11 of Kansas City has a big stake in all this.

12 And I don't question management of
13 Kansas City Power & Light, you know, and their
14 ability to run their company. I'm just saying that
15 overall, that we have to be very, very careful
16 because times are tough. We have a lot of people
17 that have no income, are living on public
18 assistance or on fixed incomes, and those people
19 don't have any way to recover from this except to
20 go to the food pantries and stuff, and I just want
21 to get that on the record.

22 We've had kind of a easy, friendly
23 conversation here, joking about Mercedes and
24 Toyotas and things like that, that's fine, but when
25 it comes right down to a nut cracking here,

1 fellows, where are people going to get this money?

2 The State of Missouri doesn't have the
3 budget, you know, they're cutting back their aid to
4 people. Social services are being cut back. We
5 don't have the money here and we're all in this
6 together, and the people at the Kansas City Power &
7 Light Company are all making above-average wages
8 for the area, I think, and they're good corporate
9 citizens, but I'm talking about the people that
10 don't make that kind of money, that don't drive
11 those high-priced foreign automobiles, that are
12 living on fixed income, social services.

13 What are we going to do about those
14 people? Nothing has been brought up in the
15 discussion that I heard of how we're going to help
16 those people. We're only talking about
17 stockholders of Kansas City Power & Light Company.
18 Well, I don't give a damn about the stockholders of
19 Kansas City Power & Light Company, really, if they
20 break into our - I've got some investments I'd be
21 glad to break even on right now until times get
22 better.

23 So I, you know, without going on about
24 it, I think I've said my piece there.

25 CHAIRMAN CLAYTON: Thank you very much.

1 JUDGE JORDAN: Questions from the
2 Applicant?

3 MS. GILBREATH: No, thank you.

4 JUDGE JORDAN: Questions from Staff
5 Counsel?

6 MS. KLIETHERMES: No, thank you.

7 JUDGE JORDAN: Questions from the Office
8 of the Public Counsel?

9 MR. MILLS: No questions.

10 JUDGE JORDAN: And Intervener, Mr.
11 Wagner?

12 MR. WAGNER: No, thank you. No
13 questions.

14 JUDGE JORDAN: Alright. Anyone else
15 tonight? Seeing no one, I thank you for attending.
16 I will adjourn this hearing, and we will go off the
17 record. Thank you.

18 (WHEREIN, the Hearing is concluded at
19 7:26 p.m.)

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CERTIFICATE OF REPORTER

STATE OF MISSOURI) ss
COUNTY OF CLAY)

I, JANET H. WIMER, Certified Court Reporter, the officer before whom the foregoing hearing was taken, do hereby certify that the testimony in said hearing was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for
the State of Missouri

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6	Allen Norman	11
7	(Original Exhibit 1 was retained by Judge Jordan.)	
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