

Exhibit No.: 133NP
Issue: CIP/Cyber Compliance Efforts and
Costs
Witness: Joshua F. Phelps-Roper
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2014-0370
Date Testimony Prepared: June 5, 2015

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2014-0370

SURREBUTTAL TESTIMONY

OF

JOSHUA F. PHELPS-ROPER

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
June 2015**

*** [REDACTED] *** Designates "Highly Confidential" Information
Has Been Removed.

KCP&L Exhibit No. 133-NP
Date 6-15-15 Reporter AT
File No. ER-2014-0370

SURREBUTTAL TESTIMONY

OF

JOSHUA F. PHELPS-ROPER

Case No. ER-2014-0370

1 **Q: Please state your name and business address.**

2 A: My name is Joshua F. Phelps-Roper. My business address is 1200 Main Street, Kansas
3 City, Missouri 64105.

4 **Q: Are you the same Joshua F. Phelps-Roper who pre-filed Rebuttal Testimony in this**
5 **matter?**

6 A: Yes, I am.

7 **Q: What is the purpose of your Surrebuttal Testimony?**

8 A: I will address portions of the Rebuttal Testimony submitted by Staff witnesses Gross,
9 Lyons and Oligschlaeger regarding critical infrastructure protection (“CIP”)/cyber
10 security costs.

11 **Q: Staff witness Gross discusses CIP requirements generally. Do you have any**
12 **comments on his discussion?**

13 A: I have adequately addressed most of Mr. Gross’ remarks in my Rebuttal Testimony and I
14 will not repeat that testimony here. I will, however, address two points below.

15 **Q: On page 10 of his Rebuttal Testimony, Mr. Gross notes that no other electric utility**
16 **in Missouri has requested a CIP/cyber security tracker. How do you respond?**

17 A: While CIP/cyber security compliance is not a brand new part of electric utilities’ duties,
18 the substantially increased requirements introduced in the CIP version 5 Standards
19 electric utilities must meet are a recent occurrence. It is therefore not surprising that this

1 topic is relatively new or that other utilities in the State have not yet made regulatory
2 proposals. It is also worth noting here my understanding that Westar has requested
3 similar tracker-type treatment in its ongoing rate case in Kansas.

4 **Q: On page 10 of his Rebuttal Testimony, Mr. Gross states his understanding that**
5 **KCP&L has proposed tracker treatment for all CIP version 3 and version 5**
6 **compliance costs for 2015, 2016 and 2017. How do you respond?**

7 A: Mr. Gross has misunderstood KCP&L's proposal. First, KCP&L has not proposed to
8 include capital-related costs in the tracker. Second, KCP&L has not limited its proposed
9 tracker to CIP version 3 and version 5 compliance costs, but all non-capital costs incurred
10 for CIP (whether version 3, version 5, version 6, etc.) and cyber security compliance.
11 Third, KCP&L has not proposed that tracking treatment stop after 2017 and would
12 recommend that tracker treatment continue at least through the effectiveness of KCP&L's
13 next rate case.

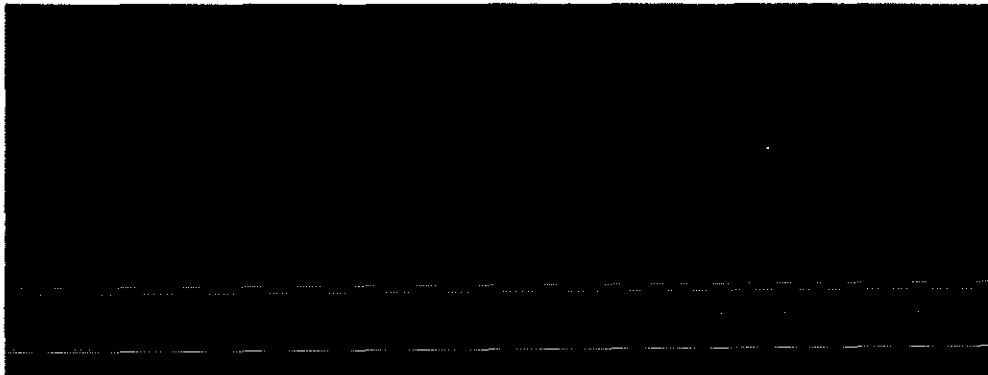
14 **Q: On page 27 of her Rebuttal Testimony, Staff witness Lyons recommends that labor**
15 **costs be excluded from the CIP/cyber security tracker. How do you respond?**

16 A: As can be seen in Table 1 below, labor represents a significant portion of the O&M costs
17 incurred and to be incurred for KCP&L's CIP/cyber security efforts.

Table 1

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1 **Q: Why did you not include capital costs in Table 1?**

2 **A:** Because KCP&L has not requested tracker treatment of capital expenditures made for
3 CIP/cybersecurity compliance, I do not believe including them in Table 1 adds anything
4 meaningful to the discussion.

5 **Q: Could exclusion of labor O&M costs from CIP/cyber security tracker treatment**
6 **lead to unintended consequences?**

7 **A:** Yes. This could lead to greater use of contractors than would otherwise be the case. If
8 so, this could result in higher costs than might otherwise have been incurred through the
9 use of employee labor as well as less institutional knowledge being retained by Company
10 employees after the conclusion of the implementation project. Neither consequence is
11 favorable and both may be more likely to occur if Staff's proposal to exclude labor costs
12 from CIP/cyber security tracker treatment is adopted.

13 **Q: Please elaborate on why maintaining institutional knowledge is a goal KCP&L**
14 **hopes to attain in its CIP/Cyber Security efforts?**

15 **A:** First, NERC CIP requirements affect a large cross section of the Company affecting a
16 large number of employees. Second, NERC CIP requires a long-term view of
17 compliance because failures may not be found for some time after projects end and are

1 accompanied by fines. Third, NERC CIP is not just about changing or adding systems,
2 although that will be a part of the program costs. NERC CIP requirements mandate
3 changes to the fundamental way we do business. The Company must heavily modify
4 work practices, change procedures and policies, create and update documentation for all
5 of the new work we are doing and all the old work we are expanding, create and update
6 asset and configuration inventories, as well as many other tasks.

7 Employees, rather than contractors, are better solutions to manage all of these
8 concerns. First, employees know our current processes, and why we use them, better
9 than a contractor would, and can help modify those work practices more easily where
10 CIP compliance necessitates a change. Second, employees more easily take a long-term
11 perspective versus contractors and are better incented to ensure ongoing, long-term
12 compliance. Third, maintaining the knowledge base acquired during the CIP projects and
13 over time performing CIP operations, by retaining and hiring employees, will reduce
14 overall program costs and make the Company's compliance program far more effective.
15 My point here is not that the Company will not use contractors, but that the tracker
16 mechanism should not be designed, whether intentionally or not, to push the Company to
17 rely more heavily on contractors for CIP/Cyber Security efforts than might otherwise be
18 the case.

19 **Q: Do you have any further response to Ms. Lyons' Rebuttal Testimony?**

20 **A:** No. The balance of her remarks have been adequately covered in my Rebuttal Testimony
21 and I will not repeat that testimony here.

1 **Q: Do you have any specific response to the Rebuttal Testimony of Staff witness**
2 **Oligschlaeger?**

3 **A:** No. My Rebuttal Testimony adequately addresses Mr. Oligschlaeger's remarks.

4 **Q: Does that conclude your Surrebuttal Testimony?**

5 **A:** Yes, it does.

