

BEFORE THE CORPORATION COMMISSION

OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION OF]
KANSAS CITY POWER AND LIGHT COMPANY]
TO MAKE CERTAIN CHANGES IN ITS] KCC Docket No. 14-KCPE-272-RTS
CHARGES FOR ELECTRIC SERVICE]

ANDREA C. CRANE

TESTIMONY IN SUPPORT OF SETTLEMENT AND AGREEMENT

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

May 9, 2014

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

2 A. My name is Andrea C. Crane and my business address is 90 Grove Street, Suite 211,
3 Ridgefield, Connecticut 06877. (Mailing Address: PO Box 810, Georgetown,
4 Connecticut 06829)

5
6 **Q. Did you previously file testimony in this proceeding?**

7 A. Yes, on April 11, 2014, I filed Direct Testimony on behalf of the State of Kansas,
8 Citizens' Utility Ratepayer Board ("CURB"). My Direct Testimony addressed the
9 abbreviated filing by Kansas City Power & Light Company ("KCP&L" or "Company")
10 before the Kansas Corporation Commission ("KCC" or "Commission), which sought a
11 rate increase of \$12.11 million or approximately 2.3% over current operating revenues.
12 The requested increase related to incremental utility plant-in-service additions and
13 construction work in progress ("CWIP") associated with environmental upgrades at the
14 La Cygne Energy Center ("La Cygne"), partially offset by a reduction in amortization
15 expense relating to 1) expiring pension and other postretirement benefit amortizations,
16 and 2) a reduction in annual rate case amortization expense.

17
18 **Q. Please summarize your Direct Testimony filed in this case.**

19 A. In my Direct Testimony, I recommended that the KCC approve a rate increase of no more
20 than \$11,538,193. In addition, I supported the Company's proposal for an across-the-
21 board increase. Finally, CURB recommended that the KCC examine issues relating to

1 electric rate discounts as part of the Company's next base rate case.

2

3 **Q. What were the primary differences between your recommended rate increase and**
4 **the rate increase proposed by KCP&L in its original filing?**

5 A. The Company's filing was based on projected plant-in-service and CWIP balances for La
6 Cygne through February 28, 2014. During the discovery process, the Company provided
7 actual balances as of February 28, 2014. In addition to updating the balances for utility
8 plant-in-service and CWIP associated with La Cygne, KCP&L also provided associated
9 actual updated balances for accumulated depreciation and deferred income taxes
10 associated with La Cygne environmental upgrades. Therefore, the only revenue
11 requirement issue was the degree to which actual results varied from the Company's
12 original projections. While CURB and Staff had some slight differences in their
13 calculation of the revenue requirement, both CURB and Staff filed recommendations that
14 were very close to the updated revenue increase provided by KCP&L as a result of
15 updating for actual results. Specifically, I recommended an increase of no more than
16 \$11,538,193, while Staff recommended an increase of \$11,549,718. The Company's
17 updated revenue increase, as provided in the response to KCC-28, was \$11,535,857.

18

19 **Q. Since your Direct Testimony was filed, have the parties engaged in settlement**
20 **discussions?**

21 A. Yes, the parties to this case have engaged in subsequent settlement discussions. As a

1 result, the parties have entered into a Stipulation and Agreement (“S&A”) to resolve the
2 issues in this case.

3
4 **Q. Can you please summarize the terms of the S&A?**

5 A. The S&A provides for an increase in KCP&L distribution rates of \$11,535,857. It also
6 specifies the allocation of the increase among customer classes, based on an across-the-
7 board increase. In the S&A, KCP&L also agreed that it would file a class cost of service
8 (“CCOS”) study in the next base rate case and, as part of that study, provide a breakdown
9 for seasonal rates and a breakdown by subclass.

10 In the S&A, the parties also stated that they would not object to the Commission
11 canceling the evidentiary hearing and the filing of post-hearing briefs, and allowing the
12 Commission to issue its decision based on the written record.

13
14 **Q. Are you familiar with the standards used by the KCC to evaluate a settlement that
15 is proposed to the Commission?**

16 A. Yes, I am. The KCC has adopted five guidelines for use in evaluating settlement
17 agreements. These include: (1) Has each party had an opportunity to be heard on its
18 reasons for opposing the settlement? (2) Is the agreement supported by substantial
19 evidence in the record as a whole? (3) Does the agreement conform to applicable law? (4)
20 Will the agreement result in just and reasonable rates? (5) Are the results of the
21 agreement in the public interest, including the interests of customers represented by any

1 party not consenting to the agreement? Since I am not an attorney, I will not address item
2 3, i.e., does the agreement conform to applicable law? However, I will discuss the
3 remaining four guidelines.

4
5 **Q. Has each party had an opportunity to be heard on its reasons for opposing the**
6 **settlement?**

7 A. I participated personally in settlement negotiations in this case and each party had a full
8 and complete opportunity to be heard. Moreover, given the fact that all parties filed
9 similar revenue requirement recommendations, there were very few issues to discuss.
10 The slight differences among the filed positions in this case were based primarily on
11 modeling differences and not on differences of opinion regarding the underlying issues.
12 At this time, I am not aware of any party to the case who opposes the settlement.

13
14 **Q. Is the agreement supported by substantial evidence in the record as a whole?**

15 A. Yes, it is. As noted in the S&A, the Company initially requested a rate increase of
16 \$12,113,071. CURB recommended a rate increase of \$11,538,193 and Staff
17 recommended a rate increase of \$11,549,718. Moreover, the Company's updated
18 proposed increase, reflecting actual balances at February 28, 2014, was \$11,535,857.
19 Thus, both CURB and Staff filed recommendations that are within \$14,000 of the
20 Company's updated proposed increase. In addition, the \$11,535,857 increase reflected in
21 the S&A is actually lower than the recommendations filed by CURB or Staff. Therefore,

1 the proposed increase is well supported by the testimonies filed by Staff and CURB, as
2 well as by the Company's response to KCC-28, which updated the Company's revenue
3 requirement model for actual results through February 28, 2014.
4

5 **Q. Will the agreement result in just and reasonable rates?**

6 A. Yes, I believe that the S&A will result in just and reasonable rates. The overall amount
7 of the proposed increase is reasonable, for the reasons stated above. Moreover, the
8 increase will be applied on an across-the-board basis. Since the Company was not
9 required to file a CCOS as part of the abbreviated case, the across-the-board increase
10 provides the most reasonable methodology for allocating the increase among classes.
11

12 **Q. Are the results of the agreement in the public interest, including the interests of**
13 **customers represented by any party not consenting to the agreement?**

14 A. As noted above, all parties to this proceeding support the S&A. Therefore, the interests
15 of customers represented by all parties to this proceeding have been considered. This
16 agreement is in the public interest. It results in a revenue increase that is less than the
17 increase originally requested by KCP&L. Moreover, the proposed increase is supported
18 by actual La Cygne plant-in-service and CWIP balances at February 28, 2014. The S&A
19 will result in rates that are just and reasonable, and therefore I believe that it is in the
20 public interest. Finally, the S&A also provides that the Company will file a CCOS in its
21 next base rate case. This study will facilitate a full examination of class cost of service

1 and rate design issues in that case. This examination will enable the KCC to ensure that
2 utility rates continue to be just and reasonable for all rate classes.

3

4 **Q. What do you recommend?**

5 A. I recommend that the KCC find that all parties had the opportunity to participate in the
6 settlement process, that the S&A is supported by substantial evidence in the record, that
7 the S&A will result in just and reasonable rates, and that the S&A is in the public interest.
8 Therefore, I recommend that the KCC approve the S&A as filed.

9

10 **Q. Does this conclude your testimony?**

11 A. Yes, it does.

VERIFICATION

STATE OF CONNECTICUT)
COUNTY OF FAIRFIELD) ss:

Andrea C. Crane, being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing testimony, and that the statements made herein are true to the best of her knowledge, information and belief

Andrea C. Crane
Andrea C. Crane

Subscribed and sworn before me this 7th day of May, 2014.

Notary Public Benjamin D. Cotton

My Commission Expires:

BENJAMIN D COTTON
Notary Public-Connecticut
My Commission Expires
June 30, 2017



CERTIFICATE OF SERVICE

14-KCPE-272-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 9th day of May, 2014, to the following parties:

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