

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

SCOTT H. HEIDTBRINK

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MAKE CERTAIN CHANGES IN
ITS CHARGES FOR ELECTRIC SERVICE**

DOCKET NO. 15-KCPE-116-RTS

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

2 A: My name is Scott H. Heidtbrink. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as
6 Executive Vice President and Chief Operating Officer.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L.

9 **Q: What are your responsibilities?**

10 A: I am responsible for all aspects of KCP&L’s utility operations, including Generation,
11 Transmission and Delivery Operations, Customer Service and Supply Chain, including
12 KCP&L Greater Missouri Operations Company (“GMO”).

1 **Q: Please describe your education, experience and employment history.**

2 A: I received a Bachelor of Science degree in electrical engineering from Kansas State
3 University in 1986. I previously served as Senior Vice President – Supply for KCP&L
4 where I was responsible for power generation plants and for KCP&L and GMO’s energy
5 resources, including integrated resource planning, generation dispatch, off-system sales,
6 coal procurement, and asset management for the company’s ownership positions in other
7 coal-fired plants and in the Wolf Creek nuclear plant.

8 I joined Aquila in 1987 as a Field Engineer at the company’s Lee’s Summit,
9 Missouri service center and held gas and electric utility operations engineering and field
10 and customer operations management positions, including state President and General
11 Manager – Kansas, from 1994 to 1997; Vice President, Network
12 Management/Engineering, 1998 to 2000; Vice President, Aquila Gas Operations, 2001;
13 and Vice President, Kansas/Colorado Gas, 2002 to 2004. I also led the deployment of
14 Six Sigma into Aquila’s utility operations from 2004 to 2006. From 2006 to 2008 I
15 served as Aquila’s Vice President – Power Generation and Energy Resources. I joined
16 KCP&L in 2008 as part of the KCP&L acquisition of Aquila.

17 **Q: Have you previously testified in a proceeding before the Kansas Corporation**
18 **Commission (“Commission” or “KCC”) or before any other utility regulatory**
19 **agency?**

20 A: Yes, I testified before the KCC in Docket No. 11-KCPE-581-PRE. I have also testified
21 before the Missouri Public Service Commission.

22 **Q: What is the purpose of your direct testimony?**

23 A: The purpose of my testimony is to:

- 1) Provide the Commission with an overview of KCP&L's operations;
- 2) Discuss a number of KCP&L initiatives in recent years, including efforts to ensure reliable, cost-effective, and environmentally compliant generation for our customers, and efforts to remain focused on customers, and some of KCP&L's ongoing initiatives and future expectations;
- 3) Discuss cost control measures KCP&L has undertaken; and
- 4) Discuss rate of return issues which impact KCP&L's financial performance.

1) OVERVIEW OF KCP&L

Q: Please discuss KCP&L's operations and history.

A: KCP&L was originally founded in 1882 and is recognized as one of the Midwest's most reliable and affordable energy suppliers. KCP&L is a wholly-owned subsidiary of Great Plains Energy Incorporated ("GPE"), both of which are headquartered in Kansas City, Missouri. GPE is a public utility holding company which also owns GMO, formerly Aquila, Inc.

Through its regulated utility subsidiaries, GPE serves approximately 836,100 customers in 47 counties in Missouri and eastern Kansas including approximately 735,300 residences, 98,100 commercial firms, and 2,700 industrials, municipalities and other electric utilities. KCP&L's electric service territory includes the Kansas City metropolitan area and surrounding cities. KCP&L alone serves approximately 519,300 customers, including approximately 458,000 residences, 59,200 commercial firms, and 2,100 industrials, municipalities and other electric utilities. Of KCP&L's customers, about 247,000 reside in Kansas, including 218,000 residences, 28,100 commercial firms, and 1,000 industrials, municipalities and other electric utilities.

1 KCP&L retail revenues – reflecting service provided to residences and businesses
2 – averaged approximately 88 percent of its total operating revenues over the last three
3 years. Wholesale firm power, bulk power sales and miscellaneous electric revenues
4 accounted for the remainder of KCP&L’s revenues. Like most electric utilities, KCP&L
5 is significantly impacted by seasonality with approximately one-third of its retail
6 revenues recorded in the third quarter. Approximately 45 percent of KCP&L’s retail
7 revenues come from Kansas.

8 To serve its customers, on a combined basis, KCP&L and GMO own more than
9 4,325 megawatts (“MW”) of base load generating capacity and approximately 2,240 MW
10 of peak load generating capacity. Of that capacity, approximately 3,310 MW of base
11 load generating capacity and 1,150 MW of peak load generating capacity are owned by
12 KCP&L and are used to serve both our Kansas and Missouri customers. KCP&L’s
13 owned generating fleet includes four large base load coal-fired generating stations and the
14 Wolf Creek nuclear power generating station, also base load, 1,150 MW of natural gas
15 and oil-fired peaking capacity, and 149 MW of wind generating capacity located in
16 Spearville, Kansas. In addition to its owned capacity resources, during 2011, KCP&L
17 added more renewable capacity by entering into long-term power purchase agreements
18 (“PPAs”) for additional wind and hydropower generation. In 2013, KCP&L negotiated a
19 200 MW wind-based PPA which is to become operational in late 2015.

20 On a combined basis, KCP&L and GMO operate and maintain approximately
21 22,400 miles of distribution lines and approximately 3,700 miles of transmission lines to
22 serve customers across their service territory. KCP&L’s share of lines is 12,000 miles of
23 distribution lines and 1,800 miles of transmission lines.

1 KCP&L is one of the largest employers in the region. The Company employs just
2 under 3,000 employees, including more than 1,800 union employees. These employees
3 are active in the communities we serve and conduct our business and activities under the
4 guiding principle of “Improving Life in the Communities We Serve.”

5 2) KCP&L INITIATIVES

6 a) Recent Initiatives

7 **Q: Has KCP&L undertaken initiatives in recent years that demonstrate its focus on**
8 **servicing customers?**

9 A: Yes. KCP&L has been, and remains, focused on meeting its customers’ needs and a
10 number of KCP&L initiatives in various areas in recent years bear this out. From
11 conceiving and implementing a Comprehensive Energy Plan (“CEP”)¹ to implementation
12 of renewable energy resources and energy efficiency to maintaining a highly reliable
13 system to ensuring environmental compliance, KCP&L has shown its commitment to
14 meeting customers’ needs in both the near-term and the long-term.

15 **Q: Has KCP&L been successful in these initiatives?**

16 A: Yes it has. First, the CEP investments are delivering value to our customers and the
17 entire region. With the completion of the CEP, KCP&L has provided its customers with
18 renewable energy, reliable transmission and distribution, programs to manage their
19 energy usage, environmental upgrades to existing coal-fired generating facilities, and a
20 significant base load supply of electricity that will provide low-cost, reliable and

¹ The CEP was approved by the Commission by Order issued August 5, 2005, in Docket No. 04-KCPE-1025-GIE (“04-1025 Docket”). The CEP involved, in part, capital investment for construction of new generation capacity at Iatan Generating Station, environmental upgrades to existing generation, new wind-power generation, investment in transmission and distribution facilities, and implementation of demand response, energy efficiency and affordability programs.

1 environmentally-compliant power for decades. The CEP also positions the Company
2 well in terms of compliance with requirements of the Clean Power Plan currently under
3 consideration by the Environmental Protection Agency (“EPA”).

4 Additionally, KCP&L’s continued investments in renewable energy – both wind
5 and hydropower – as well as KCP&L’s implementation of environmental upgrades at the
6 La Cygne Generating Station show a commitment to serve customers’ needs while
7 protecting the environment.

8 **Q: Please describe the environmental upgrades at La Cygne.**

9 A: As discussed in more detail in the Direct Testimony of Company witness Mr. Robert
10 Bell, the Company has been engaged for several years in a significant construction
11 project to install environmental equipment at the La Cygne Generating Station (the
12 “La Cygne Environmental Project”). The La Cygne Environmental Project is necessary
13 to meet governmentally-mandated environmental standards while also meeting KCP&L
14 customer demands in a cost-effective fashion and is budgeted at a Commission-approved
15 definitive cost estimate of \$1.23 billion. In 2011, the KCC issued a pre-determination
16 order finding the La Cygne Environmental Project to be prudent and approving the costs
17 associated with the Project up to the budget level of \$1.23 billion, approximately
18 \$280 million on a KCP&L Kansas jurisdictional basis.²

19 Notably, the capital expenditures made by the Company to complete the
20 La Cygne Environmental Project will not provide the Company with access to new
21 revenue streams or the ability to serve growing load; instead, the La Cygne
22 Environmental Project will enable the Company to continue meeting the demand of

² See *Order Granting KCP&L Petition for Predetermination of Rate-Making Principles and Treatment*, Docket No. 11-KCPE-581-PRE, p. 3 (Aug. 19, 2011).

1 customers that currently exist and comply with governmentally-mandated environmental
2 standards.

3 The La Cygne Environmental Project is a key driver for this rate case and as a
4 member of the Executive Oversight Committee overseeing the work on the Project, I am
5 pleased to report that, to date, the La Cygne Environmental Project is on schedule and
6 expected to be completed below budget. The status of and progress on the Project is
7 discussed in more detail in the Direct Testimony of Mr. Bell.

8 **Q: Please describe KCP&L's achievements made in the area of renewable energy**
9 **resources.**

10 A: These achievements include:

- 11 ▪ In 2011, KCP&L negotiated two wind-based Power Purchase Agreements
12 (“PPA”) for a total of 231.9 MW, both of which became operational in 2012.
- 13 ▪ On November 3, 2011, KCP&L signed a PPA for 56 MW of hydro-based
14 generation from existing facilities in Nebraska under the control of Central
15 Nebraska Public Power Irrigation District. Energy delivery under this PPA
16 commenced on January 1, 2014.
- 17 ▪ In 2013, KCP&L negotiated a 200 MW wind-based PPA which is to become
18 operational in late 2015.
- 19 ▪ KCP&L has installed a 100 kW solar facility at the Paseo High School in Kansas
20 City with an additional 80 kW of solar installed in 2012.

1 **Q: Can you provide additional examples of how KCP&L maintains focus on meeting**
2 **the needs of its customer base?**

3 A: Yes. Although all the things we do in this regard are too numerous to discuss
4 comprehensively here, I will discuss a few examples.

5 We continually monitor the reliability of our service and measure that reliability
6 in a number of ways, including System Average Interruption Frequency Index (“SAIFI”),
7 System Average Interruption Duration Index (“SAIDI”), and Customer Average
8 Interruption Duration Index (“CAIDI”). SAIFI measures the average frequency of
9 outages that customers on our system may experience in a year. We have several
10 programs aimed at reducing the frequency of outages our customers experience including
11 our vegetation and tree trimming program and our worst performing circuit program.
12 Company witness Mr. Jamie Kiely discusses our vegetation management programs in
13 more detail in his Direct Testimony. CAIDI measures the average duration of outages
14 that impact customers. We study this metric to adjust staffing levels at our service
15 centers seasonally and we incentivize certain workgroups based on the Company’s
16 performance in this metric. We have recently upgraded the Outage Management System
17 (“OMS”) software which is utilized to track, dispatch, and record outages. This software
18 upgrade will allow our workgroups to benefit from the efficiencies of modern software
19 and get their work, the restoration of outages, done faster. SAIDI is a measure that
20 combines both frequency and duration for a ‘total picture’ view of our reliability. This
21 metric and its trends are studied to find how our reliability is performing over time as a
22 company. It is also used to track storm impacts and helps our Company identify business
23 processes that minimize the effect of outages on our customers. Additionally, this metric

1 is utilized to compare our reliability to other companies in the Midwest region. I am
2 pleased to report that KCP&L's SAIDI was in the top 25th percentile when compared to
3 71 other Midwestern utilities through the Edison Electric Institute's Reliability Survey
4 Report for the years 2011-2013. KCP&L was also awarded the Reliability One award
5 from PA Consulting for having the best reliability performance in the Plains region for
6 the year 2014. This is the eighth consecutive year KCP&L has received this recognition.

7 We also know that customer contact center performance is important to our
8 customers and we monitor that performance using statistics including Abandoned Call
9 Rate, Average Speed of Answer and Service Level (*i.e.*, percentage of calls answered
10 within 20 seconds). KCP&L's contact center performance has consistently provided
11 quality service and performance over the past several years.

12 **Q: What steps has KCP&L taken to assist its low-income customers?**

13 A: As described in the Direct Testimony of Company witness Mr. Darrin Ives, KCP&L is
14 requesting approval to implement an Economic Relief Pilot Program ("ERPP") in this
15 case. The ERPP is a monthly fixed credit that reduces electric bills for low-income
16 customers.

17 **Q: Does KCP&L participate in other programs designed to assist its low-income
18 customers?**

19 A. Yes. KCP&L participates in a Dollar-Aide Program designed to assist low-income
20 customers with their utility bills. The Company also has a Low-Income Weatherization
21 program to help qualifying customers weatherize their homes. The Company actively
22 participates in community action programs, encourages volunteerism among its
23 employees, and makes charitable contributions intended to benefit various segments of

1 low-income and elderly customer groups. We also have the Gatekeeper program that
2 assists certain qualifying elderly customers.

3 The Company continues to educate customers on options for managing their
4 accounts, inform customers of ways to reduce their energy usage, provide information on
5 workable payment plans and connect customers with the Low Income Home Energy
6 Assistance Program (“LIHEAP”) funding and other financial assistance. Mr. Ives
7 discusses the Company’s Connections program in more detail in his Direct Testimony.

8 **b) Ongoing and Future Initiatives**

9 **Q: Earlier in your testimony you discussed a number of energy resource projects by**
10 **KCP&L, including projects under the CEP, the La Cygne Environmental Project,**
11 **and renewable energy resources. Are there any other major production-related**
12 **initiatives planned for the near future?**

13 **A:** Yes, there are three major modifications planned for the next refueling outage at Wolf
14 Creek, all of which relate to the Essential Service Water system. The Essential Service
15 Water system is an original plant system that pumps lake water into the plant for cooling
16 purposes. The three major modifications planned for Wolf Creek’s Spring 2015 outage
17 are:

- 18
 - *In-plant Essential Service Water Piping Inspection and Replacement* – This is an
19 ongoing process to replace the original system piping inside the plant. Because
20 the Essential Service Water system cannot be taken out of service during plant
21 operations and because it cools the spent fuel pool, only parts of it can be replaced
22 during an outage.

- 1 ▪ *Containment Cooler Upgrade* – The containment coolers are safety-related
2 components that air condition the containment building during normal operations
3 to maintain the proper temperature range for components to operate. Essentially
4 comprised of a large fan that blows air across bundles of cooling tubes with
5 Essential Service Water (*i.e.*, lake water) flowing through them, this modification
6 begins the upgrade of the existing cooling tube bundles with redesigned cooling
7 tube bundles made out of corrosion resistant material designed to enable testing of
8 the tubes while in service (something that cannot be done today). This
9 modification is a commitment to the Nuclear Regulatory Commission (“NRC”).
10 ▪ *Essential Service Water System Water Hammer Mitigation* – Also a commitment
11 to the NRC, this modification will add check valves and vent piping to reduce the
12 magnitude of the water hammer (a void within the piping that rattles pipes) that
13 occurs during start-up.

14 The Wolf Creek Spring 2015 outage is expected to conclude in April 2015. These
15 modifications are necessary to meet government mandates regarding aging infrastructure
16 and will allow continued safe and reliable operation of Wolf Creek, which is a clean and
17 low-cost generation source.

18 **Q: Is KCP&L engaged in technology-related projects in order to continue to meet**
19 **changing customer expectations?**

20 A: Yes, some of the major projects include:

- 21 ▪ *Advanced Meter Infrastructure (“AMI”)* – In February 2014, KCP&L started a
22 two-year AMI refresh project to upgrade the existing automated meter reading
23 infrastructure in the legacy KCP&L territory and meters that were deployed in the

1 mid-1990s. The objective of this project is to replace the network technology and
2 approximately 500,000 meters that are nearing the end of their useful life. We
3 expect the Kansas roll-out of these meters to be complete in early 2015.

- 4 ▪ *Meter Data Management (“MDM”)* – The new MDM system will replace the
5 current array of customer systems used for this purpose and, combined with AMI,
6 will provide a foundation for centralized customer data that can be used to assess
7 and improve operational efficiency in a number of areas, including billing,
8 revenue protection, outage management and customer service.
- 9 ▪ *Outage Management System (“OMS”)* – By mid-2015, KCP&L expects to
10 complete replacement of its current OMS with a next generation OMS that will
11 enhance the customer experience by providing expanded customer
12 communication capabilities, particularly related to estimated restoration time.
- 13 ▪ *Critical Infrastructure Protection and Cybersecurity* – A cyber attack is one of
14 the greatest threats facing the electric industry today. In order to protect our
15 critical assets from physical and cyber threats, the North American Electric
16 Reliability Corporation (“NERC”) has adopted Critical Infrastructure Protection
17 Standards (“CIPS”) for all utilities. Going forward, the Company will be
18 dedicating significant additional resources to infrastructure protection,
19 implementation of CIPS guidelines and preparation for future versions of NERC
20 CIPS. Mr. Ives discusses CIPS and cybersecurity and the Company’s related
21 request in his Direct Testimony.
- 22 ▪ *Customer Care and Billing (“CC&B”)* – KCP&L is also contemplating a project
23 to replace two existing customer information systems (“CIS”), one from legacy

1 KCP&L and one from legacy Aquila, with one CC&B system. A CIS
2 replacement would be a multi-year project.

3 All of these initiatives demonstrate a continued focus on our customers and a
4 commitment to the continued high level of service KCP&L provides to its customers in
5 addition to continued deployment of capital to serve the public.

6 3) KCP&L COST CONTROL MEASURES

7 **Q: What is KCP&L doing to keep costs down and reduce the requests for rate**
8 **increases?**

9 A: We recognize that rate increase requests pose challenges for our customers and we
10 manage our costs to maintain competitive electric rates. The Company has worked very
11 hard to manage the costs that can be controlled, which ultimately reduces the rate
12 increase request. KCP&L has undertaken a host of cost control measures over the past
13 several years, including but not limited to, the supply chain transformation project,
14 benchmarking initiatives in the generation, delivery and supply chain areas, and
15 disciplined management of employee headcount. The Company's cost control efforts
16 have allowed the Company (total GPE) to reduce non-fuel operating and maintenance
17 ("NFOM") costs, excluding certain costs outside the Company's control, by \$3 million
18 since 2011, an annual rate of decrease of (0.21%) from 2011-2013, which compares
19 favorably to an annual rate of inflation increase for that time period of 1.68%. Given
20 inflationary trends in the overall economy generally, NFOM cost increases would have
21 been considerably higher in the absence of the Company's substantial cost control efforts.

22 Unfortunately, while our efforts to control costs have been substantial, those
23 efforts have only mitigated the increase amount for this rate case, and – due to other

1 factors described below – those efforts have not completely offset the need to increase
2 rates.

3 4) RATE OF RETURN ISSUES

4 **Q: The Commission most recently approved a change in KCP&L’s rate of return in**
5 **January 2013 dropping the Company’s return on equity by 50 basis points and**
6 **dropping its rate of return by nearly 40 basis points. Has KCP&L achieved its**
7 **Commission-authorized return?**

8 A: No. As discussed in the Direct Testimony of Mr. Ives, KCP&L’s Kansas jurisdictional
9 achieved return on equity (“ROE”) has been below its Commission-authorized rate. In
10 2011 and 2012 when KCP&L’s Kansas authorized ROE was 10.0%, the Company earned
11 ROE was 8.87% and 8.68% respectively. For 2013, the Company’s earned ROE was
12 approximately 9.11%. This compares to KCP&L’s current Commission-authorized ROE
13 of 9.5%.

14 **Q: What are some of the reasons why the Company has not achieved its Commission-**
15 **authorized return?**

16 A: While Kansas offers alternative recovery mechanisms such as a property tax surcharge
17 rider, transmission delivery charge (“TDC”) rider, and Energy Cost Adjustment (“ECA”) rider,
18 the Company still faces significant lag from capital additions not covered by CWIP,
19 which inclusion in rate base in this case is a significant driver of increases. KCP&L
20 currently does not have a TDC rider, but is requesting one in this case. Additionally, the
21 Company is asking for Commission approval of trackers in two cost categories –
22 vegetation management and CIPs to mitigate lag and in the case of vegetation
23 management provide operational efficiency.

1 **Q: To what do you attribute KCP&L's Kansas earnings shortfall?**

2 A: KCP&L's earnings shortfall was primarily driven by continued necessary capital
3 investments and the associated lag in recovery combined with flat to declining revenue
4 growth in KCP&L's Kansas service territory. Customer numbers and kWh sales have not
5 been growing to cover increasing costs between rate cases.

6 **Q: Do you expect any significant improvement in KCP&L's earnings for 2014 or 2015**
7 **compared to 2013, 2012 and 2011?**

8 A: No. The factors discussed above which created the KCP&L earnings shortfall in prior
9 years have continued into 2014, and are expected to continue into 2015 as well.

10 CONCLUSION

11 **Q: Do you have concluding remarks for the Commission's consideration?**

12 A: Yes. In this case, the Company is asking for recovery of significant investments which
13 will provide long-term, safe and reliable energy to the customers of KCP&L. Many of
14 these investments are federal and state-mandated environmental upgrade requirements
15 and infrastructure and system improvements, many outside the control of the Company or
16 normal system replacements/enhancements. The Company is asking the Commission to
17 allow it to recover the costs it has incurred to provide service to its customers. While
18 those costs have increased, the Company continues to mitigate the overall increase
19 request as a result of cost management strategies discussed earlier in this testimony.

20 Second, over the last several years, in addition to the earnings shortfalls discussed
21 earlier and by Mr. Ives, our shareholders have shared some of the burden through cash
22 dividend reductions. In the first quarter of 2009, the Company reduced its dividend to
23 shareholders by 50 percent to conserve capital to reinvest in facilities needed by our

1 customers. We have continued to pay out dividends at a reduced level since that time.
2 Through the fourth quarter of 2014, our quarterly dividend is 41% less than the quarterly
3 dividend in the fourth quarter of 2008.

4 Finally, the Company is asking the Commission to allow the Company an
5 opportunity to earn a fair and reasonable return on the capital it has devoted to serving the
6 public. This is especially important in light of all of the future capital expenditures that
7 will continue to need to be made on our systems and infrastructure, including projects
8 related to critical infrastructure protection, hardening of the transmission and distribution
9 system, replacement of aging transmission and distribution infrastructure for reliability
10 purposes, information technology projects and environmental mandates which continue
11 to develop. This case is not about increasing profits for the Company. In recent years,
12 the Company has not earned its Commission-authorized ROE even as that figure has
13 been lowered. Let me be clear that KCP&L is not asking for a guaranteed rate of return.
14 However, by being allowed an opportunity to earn a fair and reasonable return on its
15 investments, KCP&L will be able to attract the capital it needs to continue serving its
16 customers safely and reliably in the future.

17 **Q: What will allow the Company to have an opportunity to earn a fair and reasonable**
18 **return on its investments and for the Company to address the challenges presented**
19 **by regulatory lag?**

20 A: In addition to updating its overall cost of service and including the costs associated with
21 the La Cygne Environmental Project and Wolf Creek plant additions in rates, the
22 Company is proposing three regulatory mechanisms – a TDC rider which includes
23 recovery of transmission costs as authorized under statute K.S.A. 66-1237; a vegetation

1 management cost tracker; and a tracker for costs associated with critical infrastructure
2 protection and cybersecurity efforts. These mechanisms will improve the Company's
3 ability to address negative regulatory lag prospectively, which will in turn improve the
4 Company's ability to earn the full and fair return authorized by the Commission in this
5 case. For example, the TDC rider will reflect future changes in transmission costs, and
6 help deal with the difficult issues surrounding the expansion of the transmission grid.³
7 The vegetation management cost tracker will address variations that occur year-over-year
8 in vegetation management expense levels. The tracker for costs associated with critical
9 infrastructure protection and cybersecurity efforts will avoid the effects of regulatory lag
10 on costs of these important activities while protecting customers from paying for costs
11 that are not incurred. These regulatory mechanisms are more fully discussed in the
12 Direct Testimony of Mr. Ives.

13 It is important for the Commission to allow the Company an opportunity to earn a
14 fair and reasonable rate of return so that the Company will be in a position to be
15 financially strong as it accesses the capital markets. The utility industry is among the
16 most capital-intensive industries in the world. Failure to attract capital on reasonable
17 terms would have significant cost implications to the Company and ultimately to our
18 customers.

³ While regulatory lag associated with some of KCP&L's transmission costs is currently addressed within the Company's ECA Rider, other transmission costs are currently recovered within KCP&L's base rates and only updated as part of a rate case. The TDC Rider will provide regulatory lag relief on the latter costs.

1 The combination of a reasonable allowed return and authorization of our
2 requested regulatory mechanisms to manage regulatory lag will provide the Company an
3 opportunity to earn a return closer to the return authorized by the Commission. Earning
4 close to our allowed return is essential to our credit metrics and maintaining an
5 investment grade rating. Maintaining an investment grade rating for its bonds is an
6 important goal to ensure that the costs of borrowing for the Company's projects will be
7 reasonable and at the lowest realistic costs. These lower costs benefit all constituencies.

8 **Q: Does that conclude your testimony?**

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

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of)
Kansas City Power & Light Company) Docket No.: 15-KCPE-116-RTS
to Make Certain Changes in)
Its Charges for Electric Service)

AFFIDAVIT OF SCOTT H. HEIDTBRINK

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Scott H. Heidtbrink, being first duly sworn on his oath, states:

1. My name is Scott H. Heidtbrink. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Executive Vice President and Chief Operating Officer.

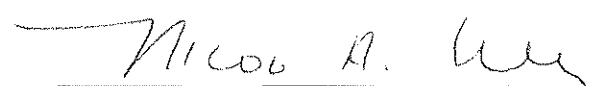
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of eighteen (18) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



Scott H. Heidtbrink

Subscribed and sworn before me this 2nd day of January, 2015.



Notary Public

My commission expires: Feb. 4, 2015

