

BEFORE THE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION OF ]  
KANSAS CITY POWER & LIGHT COMPANY ] KCC Docket No. 17-KCPE-201-RTS  
TO MAKE CERTAIN CHANGES IN ITS ]  
CHARGES FOR ELECTRIC SERVICES ]

TESTIMONY IN SUPPORT OF SETTLEMENT AGREEMENT

ANDREA C. CRANE

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

April 26, 2017

1 **I. STATEMENT OF QUALIFICATIONS**

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

3 A. My name is Andrea C. Crane and my business address is 16 Old Mill Road, Redding, CT  
4 06896. (Mailing Address: PO Box 810, Georgetown, Connecticut 06829)

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

7 A. Yes, on April 6, 2017, I filed Direct Testimony on behalf of the Citizens' Utility  
8 Ratepayer Board ("CURB"). My Direct Testimony addressed my review of the  
9 Application and supporting documentation filed by Kansas City Power and Light  
10 Company ("KCP&L" or "Company") in this abbreviated rate case proceeding. The  
11 Company's Application sought a revenue decrease of \$2,829,191, or approximately  
12 0.49%, to reflect 1) the true-up of certain costs associated with the La Cygne Generating  
13 Station ("La Cygne") and Wolf Creek Nuclear Generating Station ("Wolf Creek") and 2)  
14 the termination of various regulatory assets that will be fully recovered by the effective  
15 date of new rates in the abbreviated case.

16  
17 **Q. Please summarize the recommendations contained in your Direct Testimony.**

18 A. In my Direct Testimony, I recommended that the Kansas Corporation Commission  
19 ("KCC" or "Commission") reflect certain updates to the Company's filing that were  
20 provided to the parties during the discovery process. In addition, I recommended that the  
21 KCC eliminate the Company's proposed amortization expense adjustment relating to  
22 obsolete inventory at La Cygne and authorize a revenue decrease of \$3,792,805.

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

3 A. Yes, the parties to this case have engaged in subsequent settlement discussions. As a  
4 result, the parties have entered into a Unanimous Settlement Agreement (“Settlement  
5 Agreement”) that resolves all the issues in this case.

6

7 **Q. Can you please summarize the terms of the Settlement Agreement?**

8 A. The Settlement Agreement includes an annual revenue decrease of \$3,557,588 and adopts  
9 my recommendation that obsolete inventory be removed from the Company’s rate base  
10 claim.<sup>1</sup> In addition, the Settlement Agreement reflects an update to the customer  
11 migration adjustment that had been proposed by KCP&L in its Application, and resolves  
12 certain smaller issues that were raised by KCC Staff in its Direct Testimony.

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  
22 party not consenting to the agreement?

23

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<sup>11</sup> KCC Staff proposed a similar adjustment in its Direct Testimony.

1 **Q. Has each party had an opportunity to be heard on its reasons for opposing the**  
2 **Settlement Agreement?**

3 A. The parties to this proceeding are KCP&L, CURB, and KCC Staff. Each of these parties  
4 had a full and complete opportunity to be heard. The parties discussed issues, resolved  
5 certain numerical discrepancies, and negotiated aggressively. The Settlement Agreement  
6 is a unanimous agreement and therefore no party opposes the agreement.

7  
8 **Q. Is the Settlement Agreement supported by substantial evidence in the record as a**  
9 **whole?**

10 A. Yes, it is. The Company initially requested a revenue reduction of \$2,829,191. In Direct  
11 Testimony, I recommended a revenue reduction of \$3,792,505, based on certain updated  
12 capital costs provided in discovery. My recommendation reflected a customer migration  
13 adjustment based on the Company's initial Application. KCC Staff stated in its Direct  
14 Testimony that it was not including any customer migration adjustment in its revenue  
15 requirement, but stated that such an adjustment would be made once additional actual  
16 data was provided by the Company. The Settlement Agreement reflects a revenue  
17 reduction of \$3,557,588, or \$235,217 less than my recommended reduction.  
18 Approximately \$191,000 of this difference is due to the updated customer migration  
19 adjustment that was subsequently provided by KCP&L and accepted by KCC Staff.  
20 Therefore, the revenue requirement contained in the Settlement Agreement is very close  
21 to my recommendation, once the updated customer migration adjustment is taken into  
22 account.

23

1 **Q. Does the agreement conform to applicable law?**

2 A. While I am not an attorney, I have been informed by counsel that CURB believes that the  
3 Settlement Agreement does conform to applicable law.

4

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

6 A. Yes, it will. The Settlement Agreement will result in a decrease to all customer classes.  
7 The revenue decrease is being allocated to all classes on an equal percentage basis,  
8 except for the impact of customer migration. The impact of customer migration is being  
9 reallocated among only those classes that are directly impacted by such migration. This  
10 allocation methodology is consistent with the terms outlined in Docket 15-KCPE-116-  
11 RTS and results in a fair and reasonable allocation of the revenue decrease. As shown in  
12 the Settlement Agreement, the allocation results in reductions ranging from 0.52% to  
13 0.64%. The residential class has the largest percentage reduction, since that class is not  
14 impacted by the customer migration adjustment.

15

16 **Q. Are the overall results of the Settlement Agreement in the public interest, including**  
17 **the interests of customers represented by any party not consenting to the**  
18 **agreement?**

19 A. This Settlement Agreement is in the public interest and no party is opposed to the  
20 agreement. The Settlement Agreement results in a revenue reduction to all classes of  
21 customers. In addition, the Settlement Agreement explicitly adopts the recommendation  
22 by CURB and KCC Staff to eliminate the obsolete inventory amortization. Finally, the  
23 Settlement Agreement allocates the additional costs relating to customer migration only

1 to those customer classes that are directly impacted by such migration. For all these  
2 reasons, the Settlement Agreement is in the public interest.

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 Settlement Agreement is supported by substantial evidence in  
7 the record, that the Settlement Agreement conforms to applicable law, that the Settlement  
8 Agreement results in just and reasonable rates, and that the Settlement Agreement is in  
9 the public interest. Therefore, I recommend that the KCC approve the Settlement  
10 Agreement as filed.

11

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

13 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 Direct 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 25<sup>th</sup> day of April, 2017.

Notary Public Benjamin Cotton

My Commission Expires: \_\_\_\_\_



**CERTIFICATE OF SERVICE**

17-KCPE-201-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 26<sup>th</sup> day of April, 2017, to the following:

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