

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

3 _____
4 **DIRECT TESTIMONY**

Received
on

5 **OF**

APR 15 2013

6 **JOHN T. BRIDSON**

by
State Corporation Commission
of Kansas

7 **ON BEHALF OF WESTAR ENERGY**

8 _____
9 **DOCKET NO. 13-WSEE-629-RTS**
10 _____

11 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

12 A. My name is John T. Bridson. My business address is 818 South Kansas
13 Avenue, Topeka, Kansas 66612.

14 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

15 A. I am employed by Westar Energy, Inc. (Westar) as Vice President,
16 Generation.

17 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
18 **BUSINESS EXPERIENCE.**

19 A. I received a B.S. in mechanical engineering from Kansas State University
20 in 1992. I began my career with Westar in January 1993 as a plant
21 engineer at the Jeffrey Energy Center. I held several engineering and
22 management positions at Jeffrey Energy Center before being promoted to
23 Executive Director, Gas Plants in 2001, where I managed all of Westar's

1 gas fired generating plants. In 2007, I became Executive Director of the
2 Lawrence Energy Center. I became Executive Director, Generation in
3 May 2010, leading the management of all of Westar's generation fleet
4 before being promoted to Vice President, Generation in February 2011.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. I will describe the on-going construction at La Cygne Generating Station
7 (La Cygne), known as the "La Cygne Environmental Project" or the
8 "Project." In this proceeding Westar is proposing to reflect in rates the
9 accumulated costs related to the Project, including Construction Work in
10 Progress (CWIP) and the costs associated with components of the Project
11 that have been completed and placed in service.

12 The relevant accounting adjustments and the cost of service impact
13 of this addition to rates are discussed in the Direct Testimony of Westar
14 witness Kevin Kongs.

15 **Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT,
16 GENERATION?**

17 A. I am responsible for all of the generating plants that Westar owns and
18 operates including coal, gas, and wind generation. I am also responsible
19 for two plants operated by others of which Westar is a co-owner –
20 specifically, the State Line combined cycle plant and La Cygne, a coal-
21 fired plant. Westar's subsidiary, Kansas Gas and Electric Company, and
22 Kansas City Power and Light Company (KCP&L) each have a 50%
23 interest in La Cygne.

1 **Q. WHAT IS THE LA CYGNE ENVIRONMENTAL PROJECT?**

2 A. The Project was described at length to the Commission in KCP&L's
3 predetermination proceeding, Docket No. 11-KCPE-581-PRE. In
4 summary, the La Cygne Environmental Project includes the installation of
5 wet scrubbers, bag houses, and a common dual-flue chimney for both
6 Units 1 and 2. It also involves installation of a selective catalytic reduction
7 (SCR) system, low-nitrogen oxide burners, and an over-fire air (OFA)
8 system for Unit 2. We expect it to be complete and in-service in June
9 2015.

10 **Q. WHAT IS WESTAR'S INVOLVEMENT WITH THE LA CYGNE
11 ENVIRONMENTAL PROJECT?**

12 A. As a co-owner of La Cygne, Westar has a vested interest in the La Cygne
13 Environmental Project being completed on time and on, or under, budget.
14 Westar worked with Great Plains Energy, Inc. – KCP&L's parent company
15 – to develop the Request for Proposal for the Project, evaluate the bids
16 returned and select the winning bidder. The winning team was La Cygne
17 Environmental Partners (LEP), a joint venture formed by Kiewit Power
18 Constructors, Co. and Sargent & Lundy, L.L.C. for purposes of
19 engineering, procurement, and construction of the La Cygne
20 Environmental Project. In addition, as outlined further below, Westar
21 engages in significant on-going oversight and monitoring activities.

22 **Q. PLEASE BRIEFLY DESCRIBE THE PROGRESS ON THE PROJECT TO
23 DATE.**

- 1 A. The list below contains a progress summary through March 31, 2013:
- 2 ▪ Total project is on schedule at approximately 36% complete;
3 very close to the 39% planned to be complete at this point;
- 4 ▪ There are 584 craft workers on site;
- 5 ▪ Project remains on budget, and even trending somewhat
6 favorable to budget, with the net impact of change orders
7 having been *de minimis*;
- 8 ▪ All 29 major procurement awards are complete;
- 9 ▪ Minor procurements are approximately 95% complete, which
10 is on-schedule, with 52 out of 55 procurement packages
11 awarded;
- 12 ▪ Construction is approximately 27% complete, also very close
13 to the 30% planned to be complete as of this point;
- 14 ▪ Engineering is approximately 82% complete vs. 80%
15 planned to be complete;
- 16 ▪ There are no delays impacting the critical path for
17 completion, nor do we expect any at this time; and
- 18 ▪ The estimated completion date remains June 2015.

19 **Q. PLEASE SUMMARIZE HOW YOU WORK WITH THE PLANT'S**
20 **OPERATOR, KCP&L, TO MONITOR THE PROJECT?**

21 A. KCP&L and Westar have an excellent working relationship with LEP and
22 the entities are diligently working together to ensure successful completion
23 of the Project. Westar has had employees and senior management
24 closely involved with the Project from the beginning. Approximately ten of
25 our employees attend meetings on a monthly basis to review reports
26 and/or meet with and update Commission Staff. These employees are
27 from various departments throughout Westar, including regulatory,

1 finance/accounting, major construction, generation support, internal audit
2 and environmental. I attend a monthly joint meeting of executives from
3 Westar and KCP&L to review the status of the Project. We also have a
4 full-time employee with responsibility for project controls verifying invoices
5 against purchase orders, actual costs to budgeted costs, and compliance
6 with the contract. This employee looks for duplication and tracks,
7 analyzes, and reports project cost detail. We have a Westar
8 representative at the La Cygne site who attends weekly and/or daily
9 scheduling, construction, and engineering meetings and participates in the
10 monthly Schedule of Values verification conducted by KCP&L.

11 KCP&L submits a monthly status report on the Project to the
12 Commission in Compliance Docket No. 12-KCPE-258-CPL. Each report
13 includes actual cost data for the La Cygne Environmental Project, as well
14 as schedule and performance metric data. Each monthly report also
15 includes a written narrative that describes overall progress on the Project.
16 This provides the Commission with ongoing information regarding the
17 progress being made on the Project. In addition, the owners meet with
18 KCC Staff each month to review cost and performance metrics, provide an
19 update on activities since the report was filed, and walk through the site to
20 view construction progress.

21 **Q. HOW WILL THE LA CYGNE ENVIRONMENTAL PROJECT PROVIDE**
22 **BENEFITS TO KANSAS?**

1 A. Completion of the La Cygne Environmental Project helps ensure that the
2 Kansas City Metropolitan area remains in attainment of all National
3 Ambient Air Quality Standards (NAAQS). Of course, it is an economic
4 advantage for the Kansas City metropolitan area to have clean air and for
5 the area to remain in attainment of all NAAQs. When an area goes into
6 non-attainment there are always costly consequences. Industries located
7 in or near a non-attainment area may be required to install pollution
8 control equipment, agree to limitations on their production, or find other
9 industries willing to reduce their production in order to provide an
10 emissions offset. All of these will result in lost revenue and potential
11 reductions in jobs. The La Cygne Environmental Project will increase the
12 chance that the area will stay in attainment, thereby helping to avoid these
13 negative impacts on industrial production and job retention

14 **Q. WHAT PORTION OF THE COSTS IS WESTAR SEEKING TO**
15 **RECOVER IN THIS PROCEEDING?**

16 A. Westar is seeking to recover the costs it has (or will have) incurred
17 through June 30, 2013. This primarily includes CWIP, but it also includes
18 depreciation and a return on investment for a few components that have
19 already been placed in service.

20 The estimate for Westar's share of the Project as of June 30, 2013,
21 is \$341,745,586, including approximately \$31.5 million for assets that will
22 already be in service. This represents a little over half of the amount
23 previously approved by the Commission for the Project. The Project

1 remains on schedule and from a cost standpoint is trending favorable to
2 budget. As Westar witness Kevin Kongs explains, this estimate is based
3 on actual expenditures through February 28, 2013, and projected
4 expenditures for the remaining months through June 2013.

5 **Q. THANK YOU.**