

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATIONS OF]
WESTAR ENERGY, INC. AND KANSAS GAS] KCC Docket No. 17-WSEE-147-RTS
AND ELECTRIC COMPANY FOR APPROVAL TO]
MAKE CERTAIN CHANGES IN THEIR CHARGES]
FOR ELECTRIC SERVICE]

TESTIMONY IN SUPPORT OF SETTLEMENT AGREEMENT

ANDREA C. CRANE

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

May 5, 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 11, 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 Westar Energy, Inc. ("Westar" or
10 "Company") in this abbreviated rate case proceeding. The Company's Application
11 sought a revenue increase of \$17,445,707, or approximately 0.9%, to reflect: 1)
12 incremental utility plant-in-service associated with environmental upgrades at the La
13 Cygne Energy Center ("La Cygne"), 2) certain capital projects undertaken at the Wolf
14 Creek Nuclear Generating Station ("Wolf Creek"), 3) certain grid resiliency projects, and
15 4) a roll-in of environmental costs that would have been recovered through the
16 Environmental Cost Recovery Rider ("ECRR") had that rider not been terminated in the
17 Company's last base rate case. The filing was based on estimated plant-in-service
18 additions through March 1, 2017. The Application was filed pursuant to K.A.R. 82-1-
19 231(b)(3), which permits a utility to make an abbreviated rate filing within twelve months
20 of a base rate case proceeding. The rates proposed in the initial filing resulted in an
21 increase of 1.2% to the residential class, or about \$1.54 per month for the average
22 residential customer, and 0.74% for small general service customers.

23

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

2 A. In my Direct Testimony, I recommended that the Kansas Corporation Commission
3 (“KCC” or “Commission”) reflect certain updates to the Company’s filing that were
4 provided to the parties during the discovery process. In addition, I recommended that the
5 KCC limit the Company’s proposed grid resiliency adjustment to \$50 million, based on
6 the Stipulation in Case No. 15-WSEE-115-RTS (“Docket 15-115”), which specifically
7 limited recovery of capital investment related to grid resiliency projects to \$50 million.

8

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

11 A. Yes, the parties to this case have engaged in subsequent settlement discussions. As a
12 result, the parties have entered into a Unanimous Stipulation and Agreement (“Settlement
13 Agreement”) that resolves all the issues in this case.

14

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

16 A. The Settlement Agreement includes an annual revenue increase of \$16,366,511. The
17 Settlement Agreement also specifies how the revenue increase should be allocated among
18 customer classes.

19

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

22 A. Yes, I am. The KCC has adopted five guidelines for use in evaluating settlement
23 agreements. These include: (1) Has each party had an opportunity to be heard on its

1 reasons for opposing the settlement? (2) Is the agreement supported by substantial
2 evidence in the record as a whole? (3) Does the agreement conform to applicable law? (4)
3 Will the agreement result in just and reasonable rates? (5) Are the results of the
4 agreement in the public interest, including the interests of customers represented by any
5 party not consenting to the agreement?

6
7 **Q. Has each party had an opportunity to be heard on its reasons for opposing the**
8 **Settlement Agreement?**

9 A. The parties to this proceeding are Westar, CURB, KCC Staff, U.S. Department of
10 Defense (“DOD”), IBEW Local 304, and USD 259. Each of these parties had a full and
11 complete opportunity to be heard. The parties discussed issues, resolved certain
12 numerical discrepancies, and negotiated aggressively. All of the parties except for USD
13 259 are signatories to the Settlement Agreement. While USD 259 is not a signatory, they
14 have indicated that they do not oppose the Settlement Agreement. Therefore, there is no
15 party in opposition to the agreement.

16
17 **Q. Is the Settlement Agreement supported by substantial evidence in the record as a**
18 **whole?**

19 A. Yes, it is. The Company initially requested a revenue increase of \$17,445,707. In Direct
20 Testimony, I recommended a revenue increase of \$16,464,532, based on certain updated
21 capital costs provided in discovery. KCC Staff recommended a revenue increase of
22 \$16,317,254 while DOD recommended an increase of \$16,269,104. In its Rebuttal
23 Testimony, Westar revised its request to \$16,412,124. Thus, the Settlement Agreement

1 reflects a revenue increase that is well below the increase initially proposed by Westar
2 and is approximately the midpoint of the increases proposed by the other parties in their
3 direct testimonies. Moreover, the increase proposed in the Settlement Agreement is
4 slightly below the revised increase proposed by Westar in its Rebuttal Testimony.
5 Therefore, the increase reflected in the Settlement Agreement is well within the range of
6 reasonableness based on the testimony of all parties in this case.

7
8 **Q. Does the agreement conform to applicable law?**

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

11
12 **Q. Will the Settlement Agreement result in just and reasonable rates?**

13 A. Yes, it will. The Stipulation in Docket 15-115 stated that the increase resulting from the
14 abbreviated case would be allocated among customer classes based on the allocation
15 percentages utilized to allocate the revenue increase resulting from that docket, except for
16 costs relating to grid resiliency projects, which would not be allocated to LGS, ILP,
17 LTM, or IS customers, or to special contract customers. The allocation reflected in the
18 Settlement Agreement is consistent with this requirement. Since the allocation
19 methodology is consistent with the Stipulation in Docket 15-115, and since the overall
20 revenue increase is reasonable, then the underlying rates will also be reasonable.

21

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

4 A. This Settlement Agreement is in the public interest and no party is opposed to the
5 agreement. The Settlement Agreement results in a revenue increase that is well within
6 the range of reasonableness, based on the testimonies filed by the parties in this case. In
7 addition, the allocation of costs among customer classes is consistent with the
8 requirements of the Stipulation in Docket 15-115. Finally, adoption of this Settlement
9 Agreement will avoid costly additional litigation. For all these reasons, the Settlement
10 Agreement is in the public interest.

11

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

13 A. I recommend that the KCC find that all parties had the opportunity to participate in the
14 settlement process, that the Settlement Agreement is supported by substantial evidence in
15 the record, that the Settlement Agreement conforms to applicable law, that the Settlement
16 Agreement results in just and reasonable rates, and that the Settlement Agreement is in
17 the public interest. Therefore, I recommend that the KCC approve the Settlement
18 Agreement as filed.

19

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

21 A. Yes, it does.

VERIFICATION

STATE OF CONNECTICUT)

COUNTY OF FAIRFIELD)

ss:

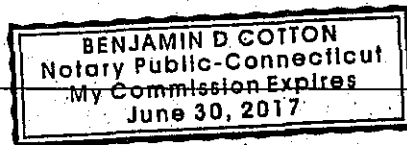
Andrea C. Crane, being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing Direct Testimony, and that the statements made herein are true to the best of her knowledge, information and belief.

Andrea C. Crane
Andrea C. Crane

Subscribed and sworn before me this 5th day of Aug, 2017.

Notary Public Benjamin Cotton

My Commission Expires:



CERTIFICATE OF SERVICE

17-WSEE-147-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 5th day of May, 2017, to the following:

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