

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

In the Matter of the Applications of Westar)
Energy, Inc. and Kansas Gas and Electric)
Company for Approval to Make Certain)
Changes in their Charges for Electric Service) Docket No. 17-WSEE-147-RTS

DIRECT TESTIMONY

OF

FELIPE A. SALCEDO

ON BEHALF OF

**THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES**

April 11, 2017

EXETER

ASSOCIATES, INC.

10480 Little Patuxent Parkway, Suite 300
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DIRECT TESTIMONY OF FELIPE A. SALCEDO

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Felipe A. Salcedo. I am a Senior Economist at Exeter Associates, Inc. (“Exeter”), an energy, economics, and regulatory consulting firm specializing in economic and financial issues pertaining to public utilities. My business address is 10480 Little Patuxent Parkway, Suite 300, Columbia, MD 21044.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND QUALIFICATIONS.

A. I hold a Bachelor’s degree in Economics from the Universidad Colegio Mayor de Nuestra Señora del Rosario in Bogotá, Colombia, and a Master of Science degree in Finance from Georgia State University in Atlanta, Georgia. I am a Certified Government Financial Manager (“CGFM”), a professional certification awarded by the Association of Government Accountants (“AGA”) to individuals who demonstrate competency in governmental accounting, auditing, and financial reporting.

Q. WOULD YOU PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE?

A. I have 12 years of experience in the public utility industry. From May 2005 to September 2012, I worked for Public Resources Management Group Inc. (“PRMG”). My final job title at PRMG was Senior Rate Analyst. PRMG is a financial and management consulting firm specializing in strategic, financial, economic, and business planning services, with a focus on the public enterprise sector. At PRMG, I

1 provided a full range of financial, rate, management, and consulting services to
2 publicly owned utilities and local governments. Clients served included water,
3 wastewater, stormwater, and solid waste utility systems. Specifically, I provided
4 financial consulting services to municipal, cooperative, and county-owned utilities;
5 community development districts; special purpose districts; and not-for-profit utility
6 corporations located throughout the United States. Also at PRMG, I prepared rate
7 and cost-of-service studies; bond feasibility reports; secondary disclosure reports as
8 required by the SEC; strategic, economic, debt structuring, historical billing, and
9 revenue sufficiency analyses; customer forecast and revenue projections; rate
10 structure and miscellaneous charges design; and impact fee development. Other
11 project involvement included designing comprehensive, interactive, and
12 computerized long-range financial and capital funding planning models for
13 management forecast models; development and monitoring of municipal budgets;
14 financial statement review; presentation of financial results before bond-rating
15 agencies; valuation analyses for utility sales and purchase transactions; and other
16 financial studies.

17 In September 2012, I joined Exeter as an Economist. At Exeter, I have
18 provided extensive economic and financial consulting services to the U.S. federal
19 government. Studies completed include: forecasting of energy prices and economic
20 impacts of energy policy; reviewing and assessment of utility services contracts and
21 rates (electricity, natural gas, potable water, reclaimed water, and wastewater); and
22 assessment of electric demand response opportunities for the federal government.

23 Also at Exeter, I provide litigation support on behalf of the federal
24 government in electric rate case and other regulatory filings affecting U.S.
25 Department of Defense (“DOD”) and U.S. Department of Energy (“DOE”)

1 installations. I have reviewed, analyzed, and actively participated in dozens of utility
2 rate filings. A summary of my educational background, qualifications, and
3 professional experience is presented in Exhibit FAS-1.

4 Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY
5 PROCEEDINGS ON UTILITY RATES?

6 A. No, but I have supported several witnesses that have filed expert testimony on rate of
7 return, revenue requirements, and cost-of-service issues in multiple states and
8 jurisdictions on behalf of the federal government.

9 Q. ON WHOSE BEHALF ARE YOU APPEARING?

10 A. I am presenting testimony on behalf of DOD and all other Federal Executive
11 Agencies (“FEA”) (collectively, “DOD/FEA”).

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
13 PROCEEDING?

14 A. Exeter was retained by DOD/FEA to assist in the evaluation of the abbreviated rate
15 filing submitted by Westar Energy, Inc. (“Westar Energy”) and Kansas Gas and
16 Electric Company (“KGE”) (collectively, “Westar” or the “Company”). On behalf of
17 the DOD/FEA I reviewed the proposed increase to revenues that Westar requested in
18 this proceeding. In my testimony, I present my findings regarding Westar’s
19 adjustments to rate base and net operating income. Based on my review, I have
20 calculated the DOD/FEA recommended increase in revenue requirement and the
21 allocation of such increase among the different retail customer classes.

22 Q. IN CONNECTION WITH THIS CASE, HAVE YOU PERFORMED AN
23 EXAMINATION AND REVIEW OF WESTAR’S TESTIMONY AND
24 EXHIBITS?

1 A. Yes. I have reviewed Westar's testimony, exhibits, and accounting adjustments. I
2 have also reviewed Westar's responses to discovery requests from the DOD/FEA, the
3 KCC Staff, the Citizens' Utility Ratepayer Board ("CURB"), and other parties.

4 Q. HAVE YOU PREPARED EXHIBITS AND SCHEDULES TO
5 ACCOMPANY YOUR TESTIMONY?

6 A. Yes. I have prepared Exhibit FAS-1 which provides a summary of my educational
7 background, qualifications, and professional experience, and Schedules FAS-1
8 through FAS-8. Schedule FAS-1 provides a summary of Westar's revenue
9 requirement deficiency after inclusion of the accounting adjustments presented in my
10 testimony. As shown on Schedule FAS-1, I have determined that the Company has a
11 revenue deficiency of \$16,269,104. My adjustments to Westar's revenues and
12 operating expenses are presented in Schedules FAS-2 through FAS-7. Schedule
13 FAS-2 summarizes my adjustments to Westar's proposed rate base in this proceeding.
14 Schedule FAS-3 provides a summary of my adjustments to Westar's revenues and
15 expenses, and the resulting operating income before income taxes. Schedule FAS-4
16 summarizes my adjustments related to the update of La Cygne Energy Center ("La
17 Cygne") environmental expenditures. Schedule FAS-5 summarizes my adjustments
18 related to grid resiliency expenditures. Schedule FAS-6 summarizes my adjustments
19 related to Wolf Creek Generating Station ("Wolf Creek") capital expenditures.
20 Schedule FAS-7 presents my adjustments to combined taxes from interest
21 synchronization. Finally, Schedule FAS-8 presents my recommended allocation of
22 the revenue deficiency to the different retail customer classes.

1 **II. SUMMARY AND RECOMMENDATIONS**

2 Q. PLEASE SUMMARIZE THE RATE RELIEF REQUESTED BY WESTAR
3 IN ITS FILING.

4 Pursuant to the terms of the Kansas Corporation Commission (“Commission” or
5 “KCC”) Order in the KCC Docket No. 15-WSEE-115-RTS (“115 Docket”) approving the Stipulation and Agreement (“S&A”) for Westar’s last general rate case,
6 Westar was authorized to file an abbreviated rate case to address certain issues. *See*
7 Commission Order Approving the Stipulation and Agreement, Docket No. 15-WSEE-
8 115-RTS, at ¶ 56 and ¶¶ 116 (September 24, 2015).

9
10 As indicated in the direct testimony of Westar’s witness, Jeffrey L. Martin,
11 Westar is requesting an increase in revenues totaling \$17.4 million. Adjustments
12 related to Westar’s capital investment in grid resiliency represent \$6.5 million of the
13 \$17.4 million increase. The remaining increase of \$10.9 million is related to capital
14 investments at La Cygne, Wolf Creek, and inclusion in base rates of environmental
15 costs incurred in 2015 that would have been previously recovered through the
16 Environmental Cost Recovery Rider (“ECRR”). The combined \$17.4 million request
17 represents less than a one percent increase in Westar’s total revenue requirement.

18 Q. WAS THE DOD/FEA A PARTY AND SIGNATORY TO THE S&A
19 APPROVED IN THE COMMISSION ORDER FOR THE 115 DOCKET?

20 A. Yes, DOD/FEA was a party to the S&A in the 115 Docket, and on August 10, 2015,
21 DOD/FEA filed with the Commission its signature page to the Joint Motion to
22 Approve the Stipulation and Agreement in that docket.

23 Q. PLEASE DESCRIBE WESTAR’S ELECTRIC SERVICE TO THE MAJOR
24 MILITARY INSTALLATIONS LOCATED IN THE WESTAR SERVICE
25 AREA.

1 A. There are three major installations receiving electric service from Westar in Kansas:
2 Fort Riley, Fort Leavenworth, and McConnell Air Force Base (“AFB”) (collectively,
3 the “DOD Installations”). Fort Riley is currently served under the Industrial and
4 Large Power (“ILP”) rate class, while Fort Leavenworth and McConnell AFB receive
5 service under the Large General Service (“LGS”) rate class.¹ In a typical year, the
6 DOD Installations purchase a combined 380 million kilowatt-hours (“kWh”) and pay
7 Westar approximately \$29 million.² Consumption at the DOD Installations
8 represents about 2 percent of Westar’s total annual energy sales.³

9 Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

10 A. I have determined that the Company has a revenue deficiency of \$16,269,104 as
11 opposed to the deficiency Westar calculated of \$17,445,707.⁴ I have arrived at the
12 updated deficiency amount by making certain accounting adjustments to rate base and
13 operating expenses. My adjusted revenue deficiency is allocated among the different
14 retail customer classes in accordance with the agreed upon cost allocation of the S&A
15 in the 115 Docket, as shown later in this testimony on Table DOD/FEA-1. I
16 recommend that Westar is authorized to recover the revenue deficiency as provided in
17 this testimony and as summarized in Table DOD/FEA-1.

18 Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

19 A. Throughout the remainder of my testimony, I document and explain each of the
20 adjustments to rate base and operating expenses that I have made to arrive at the test
21 year (twelve months ended September 30, 2014) revenue increase shown on Schedule

¹ Ft. Riley also has a small service account that receives service under Westar’s Medium General Service (“MGS”) tariff.

² Reflects a combination of each of the three major installations’ largest accounts.

³ Using billing determinants agreed upon in the 115 Docket.

⁴ Westar’s deficiency is shown in Westar’s Section 3, Schedule 3-6.

1 FAS-1. These adjustments are organized into sections corresponding to the issue
2 being addressed.
3

4 **III. RATE BASE AND OPERATING EXPENSE ADJUSTMENTS**

5 Q. PLEASE BRIEFLY DESCRIBE WESTAR'S ACCOUNTING
6 ADJUSTMENTS RELATED TO RATE BASE AND COST OF SERVICE.

7 A. Westar' witness Rebecca A. Fowler sponsored several accounting adjustments to
8 Westar's rate base and cost of service to reflect inclusion of certain expenditures:
9 (1) for the installation of environmental controls at La Cygne; (2) for grid resiliency;
10 (3) for capital projects completed at Wolf Creek; (4) incurred in 2015 for
11 environmental projects that would have been recovered by the ECRR; and (5) and
12 adjustments to account for interest synchronization. Each adjustment is described in
13 the following sections of my testimony.
14

15 **IV. LA CYGNE ENVIRONNEMENTAL EXPENDITURES**

16 Q. PLEASE DESCRIBE WESTAR'S ACCOUNTING ADJUSTMENTS
17 RELATED TO THE INSTALLATION OF ENVIRONMENTAL
18 CONTROLS AT LA CYGNE.

19 A. Pursuant to the terms of the Commission Order in the 115 Docket approving the
20 S&A, ¶ 56, Westar was permitted to:

21 *...update rates to include capital costs related to the*
22 *environmental projects at LaCygne Energy Center*
23 *that were preapproved by the Commission in*
24 *Docket No. 11-KCPE-581-PRE, up to the amount of*
25 *costs approved by the Commission in said docket,*
26 *but not included in rates set as a result of this*
27 *proceeding. [footnote omitted]*

1 As shown in Witness Fowler's Adjustment RB-2, Westar is proposing to increase its
2 rate base by \$51,810,811 to account for environmental expenses at La Cygne.⁵ Ms.
3 Fowler's Adjustment IS-2 increases Westar's operating expense by \$1,252,372.⁶

4 Q. PLEASE DESCRIBE YOUR ADJUSTMENTS RELATED TO THE
5 INSTALLATION OF ENVIRONMENTAL CONTROLS AT LA CYGNE.

6 A. For accounting adjustments to rate base related to environmental controls at La Cygne
7 (Witness Fowler's Adjustment RB-2), Westar used actual capital costs incurred as of
8 August 31, 2016 and projected costs through February 28, 2017, and included
9 adjustments related to accumulated depreciation and Accumulated Deferred Income
10 Tax ("ADIT") on rate base.⁷ For accounting adjustments to operating expense related
11 to environmental controls at La Cygne (Witness Fowler's Adjustment IS-2), Westar
12 used actual costs incurred between May 31, 2015 and August 31, 2016, as well as
13 those projected to be incurred by February 28, 2017.⁸

14 During discovery, Westar updated the amounts for expenditures related to
15 environmental controls at La Cygne as of March 1, 2017. I am recommending
16 including the updated amounts in the accounting adjustments related to La Cygne
17 expenditures. This inclusion results in decreases to Ms. Fowler's Adjustments RB-2
18 and IS-2. As shown in Schedule FAS-4, the DOD/FEA updated amounts are
19 \$47,050,334 and \$1,114,916, respectively, for Adjustment RB-2 and Adjustment
20 IS-2.
21

⁵ Direct testimony of Rebecca A. Fowler, p. 5.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

1 **V. DISTRIBUTION GRID RESILIENCY IMPROVEMENT EXPENDITURES**

2 Q. PLEASE DESCRIBE WESTAR'S ACCOUNTING ADJUSTMENTS
3 RELATED TO DISTRIBUTION GRID RESILIENCY IMPROVEMENT
4 EXPENDITURES.

5 A. Pursuant to the terms of the Commission Order in the 115 Docket approving the
6 S&A, ¶41, Westar was permitted to:

7 *...recover up to \$50,000,000 of capital investment*
8 *in grid resiliency improvements completed between*
9 *October 28, 2015, and March 1, 2017, consistent*
10 *with improvements proposed as part of the Electric*
11 *Distribution Grid Resiliency (EDGR) program*
12 *discussed in the Direct Testimony of Westar witness*
13 *Bruce Akin and the report sponsored in Westar*
14 *witness Jeffrey Cummings' Direct Testimony. Plant*
15 *in-service, less the associated accumulated*
16 *depreciation and deferred income taxes, would be*
17 *reflected in rates as a result of the abbreviated rate*
18 *case discussed below. [footnote omitted]*

19 As shown in Witness Fowler's Adjustment RB-4, Westar is proposing to increase its
20 rate base by \$50,416,723 to account for grid resiliency improvement expenditures.⁹

21 Ms. Fowler's Adjustment IS-4 increases Westar's operating expense by \$571,774.¹⁰

22 Q. PLEASE DESCRIBE YOUR ADJUSTMENTS RELATED TO THE GRID
23 RESILIENCY IMPROVEMENTS EXPENDITURES.

24 A. For accounting adjustments to rate base and operating expense related to grid
25 resiliency improvements expenditures (Witness Fowler's Adjustments RB-4 and
26 IS-4), Westar used actual capital costs incurred as of August 31, 2016 and projected
27 costs through February 28, 2017, which was the cut-off date for such adjustments,
28 pursuant to the S&A.¹¹

⁹ Direct testimony of Rebecca A. Fowler, p. 8.

¹⁰ Ibid., p. 9.

¹¹ Ibid., pp. 8-9.

1 During discovery, Westar updated the amounts for expenditures related to grid
2 resiliency improvements in several occasions. In particular, Westar provided
3 accounting adjustments necessary to reflect distribution grid resiliency recovery only
4 up to the \$50 million allowed in the Commission Order approving the S&A. I am
5 recommending including the updated amounts that allow \$50 million of recovery in
6 the accounting adjustments related to distribution grid resiliency improvements. This
7 inclusion results in decreases to Adjustments RB-4 and IS-4. As shown in Schedule
8 FAS-5, the DOD/FEA updated amounts are \$49,641,646 and \$411,784, respectively,
9 for Adjustments RB-4 and IS-4.

10 Q. ARE DISTRIBUTION GRID RESILIENCE EXPENDITURES
11 ALLOCATED TO ALL CUSTOMER CLASSES?

12 A. No. Pursuant to the terms of the Commission Order in the 115 Docket approving the
13 S&A, ¶ 64:

14 *...no part of the increase in revenue requirement in*
15 *the abbreviated rate case associated with*
16 *investments in grid resiliency be allocated to the*
17 *LGS, ILP, large tire manufacturer (LTM),*
18 *interruptible service (IS) classes, or special*
19 *contract customers. [footnote omitted]*

20 Therefore, the costs associated with the distribution grid resilience
21 expenditures are not allocated to the DOD Installations.

22

23 **VI. WOLF CREEK CAPITAL EXPENDITURES**

24 Q. PLEASE DESCRIBE WESTAR'S ACCOUNTING ADJUSTMENTS
25 RELATED TO CAPITAL EXPENDITURES AT WOLF CREEK.

26 A. Pursuant to the terms of the Commission Order in the 115 Docket approving the
27 S&A, ¶56, the Commission allowed Westar to:

1 *...use the abbreviated rate setting process to update*
2 *rates to include capital costs related to projects at*
3 *the Wolf Creek Generating Station described in the*
4 *Direct Testimony of Westar witness John Bridson.*
5 [footnote omitted]

6 As shown in Witness Fowler's Adjustment RB-3,¹² Westar is proposing to
7 increase its rate base by \$2,096,687 to account for capital expenditures at Wolf
8 Creek.¹³ Ms. Fowler's Adjustment IS-3 increases Westar's operating expense by
9 \$19,367 to account for Wolf Creek's depreciation expense and additional tax
10 expenses of the additional expenditures.¹⁴

11 Q. PLEASE DESCRIBE YOUR ADJUSTMENTS RELATED TO CAPITAL
12 EXPENDITURES AT WOLF CREEK.

13 A. For accounting adjustments to rate base related to capital expenditures at Wolf Creek
14 (Witness Fowler's Adjustment RB-3), Westar used actual capital costs of \$2,096,687
15 incurred between May 31, 2015 and August 31, 2016.¹⁵ The same time period of
16 actual expenses was utilized by Westar to update annualized depreciation expense on
17 the additional costs and tax effects thereto for capital expenditures at Wolf Creek
18 (Witness Fowler's Adjustment IS-3).¹⁶ The Adjustment IS-3 as filed by Westar totals
19 \$19,367.

20 During discovery, Westar updated the amounts for rate base and operating
21 expenditures related to Wolf Creek. I am recommending including the updated
22 amounts in the accounting adjustments related to Wolf Creek expenditures. This
23 inclusion results in decreases to Adjustments RB-3 and IS-3. As shown on Schedule

¹² Witness Fowler uses *RB 3* as opposed to *RB-3* when describing this adjustment. Both designations reference the same adjustment; I use the designation RB-3 in my testimony.

¹³ Direct testimony of Rebecca A. Fowler, p. 6. Amount is net of depreciation and ADIT, for a net amount of \$4,749.

¹⁴ Ibid., p. 6.

¹⁵ Direct testimony of Rebecca A. Fowler, p. 6.

¹⁶ Ibid.

1 FAS-6, the DOD/FEA updated amounts are \$1,456,517 and \$13,468, respectively, for
2 Adjustments RB-3 and IS-3.

3

4 **VII. ADJUSTMENTS TO THE INCLUSION OF 2015 ENVIRONMENTAL**
5 **EXPENDITURES IN RATE BASE**

6 Q. PLEASE DESCRIBE WESTAR'S ACCOUNTING ADJUSTMENTS
7 RELATED TO THE INCLUSION OF 2015 ENVIRONMENTAL
8 EXPENDITURES IN RATE BASE.

9 A. Pursuant to the terms of the Commission Order in the 115 Docket approving the
10 S&A, ¶ 34, the Commission allowed Westar to:

11 *...roll into base rates the existing balance in the*
12 *Environmental Cost Recovery Rider (ECRR),*
13 *including the amount updated in June, 2015, and*
14 *the existing balance in the property tax surcharge*
15 *and allocate the discount provided to Interruptible*
16 *Service Rider (ISR) customers to the other customer*
17 *classes. [footnote omitted]*

18 As shown in Witness Fowler's Adjustment RB-1, Westar is proposing to
19 increase its rate base by \$22,589,427 to account for the inclusion of 2015
20 environmental expenditures in rate base.¹⁷ Ms. Fowler's Adjustment IS-1 increases
21 Westar's operating expense by \$319,695 to account for the inclusion of 2015
22 environmental expenditures in rate base.¹⁸

23 Q. DO YOU HAVE ANY ADJUSTMENTS RELATED TO THE INCLUSION
24 OF 2015 ENVIRONMENTAL EXPENDITURES IN RATE BASE?

25 A. No, I do not. I agree with the amounts as filed by Westar.

26

¹⁷ Direct testimony of Rebecca A. Fowler, p. 7.

¹⁸ Ibid.

1 **VIII. INTEREST SYNCHRONIZATION**

2 Q. PLEASE DESCRIBE WESTAR'S ACCOUNTING ADJUSTMENTS
3 RELATED TO INTEREST SYNCHRONIZATION.

4 A. As shown in Witness Fowler's Adjustment IS-5, Westar is proposing to decrease
5 current taxes by \$1,320,463 to account for interest synchronization as it relates to the
6 interest expense used on computing taxable income with rate base.¹⁹

7 Q. PLEASE EXPLAIN YOUR INTEREST SYNCHRONIZATION
8 ADJUSTMENT.

9 A. To determine the tax deductible interest for ratemaking, I have multiplied the
10 DOD/FEA recommended rate base by the weighted cost of debt included in the
11 capital structure as filed by Westar in this case. This procedure synchronizes the
12 interest deduction for tax purposes with the interest component of the return on rate
13 base to be recovered from ratepayers. As presented on Schedule FAS-7, this
14 adjustment decreases the interest deduction by \$162,465 compared to the interest
15 deduction recognized by Westar. This increases the combined income taxes by
16 \$64,255.

17
18 **IX. RECAP OF ADJUSTMENTS AND IMPACT ON RETAIL RATES**

19 Q. WHAT IS THE REVENUE REQUIREMENT AND AVERAGE INCREASE
20 FOR EACH RETAIL CUSTOMER CLASS UNDER WESTAR'S FILING?

21 A. Westar's proposed total retail system revenue requirement increase is \$17.4 million,²⁰
22 or a 0.87 percent average rate increase. The average increase to each of Westar's
23 retail customer classes is depicted in Table 1, page 13, of the direct testimony of

¹⁹ Ibid., p. 9.

²⁰ Direct testimony of Jeffrey L. Martin, p. 7.

1 Westar witness Jeffrey L. Martin and it is consistent with the terms of the S&A in the
2 2015 Docket. As shown in Mr. Martin's table, under Westar's proposal, the
3 residential customer class would experience a \$9.8 million revenue requirement
4 increase, corresponding to an average 1.2 percent rate increase, while the lighting
5 class would experience a \$528,708 revenue requirement increase, corresponding to a
6 1.81 percent average rate increase. Under Westar's proposal, the other retail
7 customer classes would receive average rate increases ranging from 0.32 percent to
8 0.95 percent.

9 Q. WHAT IS THE REVENUE REQUIREMENT AND AVERAGE INCREASE
10 FOR EACH RETAIL CUSTOMER CLASS UNDER THE ADJUSTMENTS
11 PROPOSED BY DOD/FEA?

12 A. With the adjustments proposed by DOD/FEA, as detailed earlier in my testimony and
13 as summarized in Schedule FAS-1, the revenue requirement increase is lowered from
14 \$17.4 million to \$16.3 million. My allocation of the revenue requirement among the
15 different retail customer classes is shown in Schedule FAS-8 and in Table
16 DOD/FEA-1, below. The revenue requirement shown in Table DOD/FEA-1 has been
17 allocated to the retail customer classes in accordance with the provisions included in
18 the Commission Order that approved the S&A in the 115 Docket. Specifically:

- 19 1. None of the revenue requirement increase associated with distribution grid
20 resilience improvements was allocated to the LGS, ILP, LTM, IS, or special
21 contracts customer classes.
- 22 2. The revenue requirement increase was allocated among the customer classes
23 based on the percentages reflected in Appendix A of the S&A (adjusted
24 proportionally for distribution grid resilience revenue requirement increase).

Table DOD/FEA-1				
Retail Customer Class	Westar Revenue Requirement Increase^[i]		Proposed DOD/FEA Requirement Increase^[ii]	
Residential	\$9,809,961	1.20%	\$9,157,398	1.12%
Small General Service	3,091,978	0.74	2,886,298	0.69
Medium General Service	1,650,791	0.68	1,540,980	0.63
LGS/ILP/LTM	1,633,393	0.43	1,510,455	0.39
Interruptible Contract Service	19,969	0.66	18,466	0.61
Special Contracts	188,467	0.32	174,283	0.29
Schools	507,472	0.95	473,714	0.87
Churches	14,968	0.93	13,972	0.88
Lighting	528,708	1.81	493,538	1.69
Total:	\$17,445,707	0.87%	\$16,269,104	0.81%
^[i] Direct Testimony of Jeffrey L. Martin, p. 13, Table 1.				
^[ii] See Schedules FAS-1 and FAS-8, attached to this testimony.				

- 1 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?
- 2 A. Yes, it does. However, I reserve the right to supplement my testimony if updated or
- 3 additional information is provided by Westar or any other party.

VERIFICATION

**STATE OF MARYLAND
COUNTY OF HOWARD**

)
) **ss:**

Felipe A. Salcedo, of lawful age, being first duly sworn, on his oath states:

1. My name is Felipe A. Salcedo. I am an Economist with Exeter Associates, Inc., having its principal place of business at 10480 Little Patuxent Parkway, Suite 300, Columbia, MD 21044. I have been retained by the U.S. Department of Defense and all other Federal Executive Agencies in this proceeding on their behalf.
2. Attached hereto and made a part hereof for all purposes is my direct testimony which was prepared in written form for introduction into evidence in the Kansas State Corporation Commission Docket No. 17-WSEE-147-RTS.
3. I have read the above direct testimony; I know the contents thereof, and declare that the statements made therein are true and correct to the best of my knowledge, information and belief.



FELIPE A. SALCEDO

SUBSCRIBED AND SWORN to before me this 10th day of April, 2017.



Notary Public