

In the Matter of the Application of)
Kansas Gas and Electric Company for)
Approval of the Amendment to the)
Energy Supply Agreement between)
Kansas Gas and Electric Company and)
Occidental Chemical Corporation.)

Docket No. 18-KG&E-303-CON

DIRECT TESTIMONY OF
BRENDA HARRIS
ON BEHALF OF
OCCIDENTAL CHEMICAL CORPORATION

January 26, 2018

1 **I. STATEMENT OF QUALIFICATIONS**

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

3 **A. My name is Brenda Harris. My business address is 5 Greenway Plaza, Suite 110,**
4 **Houston, TX 77046.**

5 **Q. By whom and in what capacity are you employed?**

6 **A. I am employed by Occidental Energy Ventures, LLC (OEV), a subsidiary of**
7 **Occidental Petroleum Corporation (Occidental), as Director of Power.**

8 **Q. Please describe your duties and responsibilities at OEVC.**

9 **A. I joined OEV in June 2008 as the Director of Power. My primary responsibilities**
10 **include the management of the electrical needs for the Occidental Chemical**
11 **Corporation (OxyChem) facilities in New York and Kansas and an Occidental**
12 **Vinyls Canada Co. facility in Ontario, Canada. In my position as Director of Power**
13 **for the New York and Kansas facilities, I direct the electric regulatory matters at**
14 **the State and Federal level and coordinate contract issues and related matters with**
15 **the New York Power Authority, Niagara Mohawk d/b/a National Grid and Westar,**
16 **the incumbent utilities providing electricity to the plants.**

17 **Q. On whose behalf are you testifying?**

18 **A. I am testifying on behalf of OxyChem, which is a wholly-owned subsidiary of**
19 **Occidental.**

20 **Q. What is your educational background and professional experience?**

21 **A. I attended undergraduate school at Southern Methodist University (SMU) in Dallas,**
22 **Texas where I received a Bachelor of Science Degree, graduating Cum Laude, in**

1 1977. Then in 1982 I received a Doctor of Jurisprudence Degree from SMU Law
2 School.

3 I have over 30 years of experience in the energy business, which has
4 included positions in natural gas marketing and natural gas transmission
5 transportation, as well as my current position in electric regulatory strategy
6 development and related issues.

7 **Q. Have you previously submitted testimony before this Commission?**

8 **A.** I have not previously filed testimony before the Kansas Corporation Commission
9 (Commission).

10

11

II. INTRODUCTION

12 **Q. What is the purpose of your testimony?**

13 **A.** My testimony will provide support for the Joint Application filed Kansas Gas and
14 Electric Company, d/b/a Westar Energy (Westar) and OxyChem, which requests
15 the Commission approve an Energy Supply Agreement between Kansas Gas and
16 Electric Company and OxyChem (the Agreement). More specifically, I will
17 describe OxyChem's operations and explain why the Agreement meets the
18 Commission's standards for approval of "special contracts."

19 **Q. Are you familiar with the Commission's standards for approval of "special
20 contracts"?**

21 **A.** Yes. In Docket No. 01-GIME-813-GIE, the Commission stated, "In order to be
22 approved, the utility must show that the special contract provides a cost benefit to

1 the remaining core customers.”¹

2 **Q. Does the Agreement meet this requirement?**

3 **A.** Yes. The Agreement provides a cost benefit to other customers by retaining
4 OxyChem as a customer on the Westar system. In addition, the Agreement
5 provides other material system benefits to Westar. Finally, the Agreement
6 substantially benefits the economy of the state of Kansas by allowing the continued
7 operation of OxyChem's Wichita facilities.

8

9 **III. ANALYSIS**

10 **Q. Please describe OxyChem's Wichita operations.**

11 **A.** OxyChem's Wichita facilities include a chlorine production plant, a cogeneration
12 plant, and several other operations. These operations employ several hundred
13 positions with excellent compensation levels. A more detailed description of
14 OxyChem and its Wichita operations can be found in the Direct Testimony of
15 Thomas J. Payton, filed in Docket No. 13-KG&E-451-CON.²

16 **Q. Under what terms does OxyChem currently receive service from Westar?**

17 **A.** OxyChem currently takes service from Westar under an Energy Supply Agreement
18 (ESA) initially approved by the Commission on May 24, 2013, in Docket No. 13-
19 KG&E-457-CON. Last year, the Commission approved an amendment to the ESA
20 in Docket No. 17-KG&E-352-CON (17-352 Docket). The primary terms of the
21 current ESA are:

¹ Docket No. 01-GIME-813-GIE, Order Regarding the Filing Requirements and Procedures for the Review and Treatment of Special Contracts, October 3, 2001, p. 2, ¶ 6.

² Docket No. 13-KG&E-451-CON, Direct Testimony of Thomas J. Payton, January 9, 2013, pp. 5-7.

- 1) Agreed base energy rates with seasonal differentials;
- 2) In addition to base energy rates, OxyChem is charged all applicable surcharges and riders, and OxyChem's base rates increase with any general rate increase approved by the Commission;
- 3) Two tiers of interruptible power;
- 4) Terms allowing Westar to request Occidental reduce its load; and
- 5) Requirements for OxyChem to retain 90 percent of full-time jobs and continue investing substantial capital at its Wichita facilities.

Q. Why are OxyChem and Westar requesting approval of a new Agreement?

The current ESA expires on May 31, 2018. The Agreement does not change the terms and conditions of the currently effective ESA or the rates Occidental pays under the currently effective ESA. In effect, the Agreement simply extends the current ESA for an additional five-year term. Westar and OxyChem have entered into the Agreement to preserve and extend the economic benefits of the previous agreement.

Q. Is the Agreement necessary?

A. Yes. In the 17-352 Docket, the Commission found the current ESA to be necessary, and the basic facts underlying that decision remain.³ OxyChem's Wichita facilities require large volumes of electricity. The cost of electricity is the largest cost input in the OxyChem's production processes. Westar's electric rates have increased materially over the last 10-15 years. Absent approval of the Agreement,

³ 17-352 Docket, Order Approving Amended Energy Supply Agreement, June 27, 2017, ¶ 8.

1 OxyChem's Wichita facilities will be at a distinct rate disadvantage, compared to
2 its plants – and its competitors' plants – in other states. In such a scenario,
3 OxyChem would be forced to reexamine its level of ongoing operations at the
4 Wichita facilities.

5 **Q. Does the Agreement provide a cost benefit to the Westar's other customers?**

6 **A.** Yes. In the 17-352 Docket, the Commission found the current ESA benefits
7 Westar's other retail customers.⁴ The new Agreement does not change any pricing
8 terms and will not affect any of the other benefits the current ESA provides to
9 Westar and the Kansas economy. Therefore, the Agreement continues to provide
10 a cost benefit to Westar's other customers, in addition to these other material
11 benefits.

12 **Q. Will Approval of the Agreement result in just and reasonable rates?**

13 **A.** Yes. The Agreement is a mutually-agreeable, negotiated contract between
14 OxyChem and Westar. In addition, the Agreement provides a cost benefit to other
15 Westar customers and provides other benefits to Westar and the Kansas economy.
16 For these reasons, approval of the Agreement will result in just and reasonable rates.

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

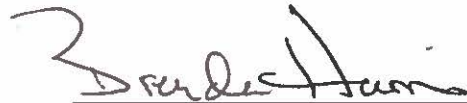
18 **A.** Yes.

⁴ 17-352 Docket, Order Approving Amended Energy Supply Agreement, June 27, 2017, ¶ 8.

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)


VERIFICATION

Brenda Harris, being duly sworn upon her oath deposes and states that she is Director of Power at Occidental Energy Ventures, LLC, that she has read and is familiar with the foregoing *Direct Testimony*, and that the statements therein are true to the best of her knowledge, information and belief.



Brenda Harris
Director of Power
Occidental Energy Ventures, LLC

Subscribed and sworn to before me this 26th day of January, 2018.



Notary Public

My Appointment Expires: October 28, 2020

