

1 **Q. Would you please state your name and business address?**

2 A. My name is Kristina Luke Fry. My business address is 1500 Southwest Arrowhead
3 Road, Topeka, Kansas, 66604.

4 **Q. Have you ever filed testimony under a different name?**

5 A. Yes, I have previously filed under my maiden name, Kristina Luke.

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

7 A. I am employed by the Kansas Corporation Commission (Commission) as a Managing
8 Auditor.

9 **Q. Would you please describe your educational background and professional**
10 **experience?**

11 A. In December of 2014 I earned a Master of Business Administrative degree from
12 Washburn University. I also hold a Bachelor's of Science in Business Administrative
13 with a major in Accounting from Kansas State University. I began employment with the
14 Commission as a Regulatory Auditor in September 2010 and was promoted to Senior
15 Auditor in July 2013. I was promoted to my current position in August 2015.

16 **Q. Have you ever testified before this Commission?**

17 A. Yes. I filed testimony in Docket Nos. 11-MKEE-439-RTS, 11-MDWE-609-RTS, 12-
18 WSEE-112-RTS, 12-MKEE-380-RTS, 12-KGSG-835-RTS, 12-GRHT-633-KSF, 13-
19 CRKT-268-KSF, 13-WSEE-629-RTS, 14-WTCT-142-KSF, 14-ATMG-320-RTS, 14-
20 BHCG-502-RTS, 14-S&TT-525-KSF, 15-WSEE-115-RTS, 16-ATMG-079-RTS, and
21 16-MDWE-324-TFR.

22 **Q. What were your responsibilities during Staff's review of Westar Energy's (Westar)**
23 **electric rate case Application in Docket No. 17-WSEE-147-RTS?**

1 A. My responsibilities as the lead auditor in this case are to analyze, audit, and review
2 Westar's rate case Application and oversee the preparation of Staff's revenue requirement
3 recommendations. In addition, I calculated and am sponsoring selected Staff adjustments
4 to Westar's Rate Base and Income Statement. My duties are carried out under the
5 direction of the Chief of Accounting and Financial Analysis, Justin Grady

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

7 A. In summary, I recommend that the Commission:

- 8 • Update the amount of Accumulated Depreciation included in Westar's
9 calculation of the revenue requirement attributable to the elimination of the
10 Environmental Cost Recovery Rider (ECRR). Staff's adjustment updates this
11 value to February 28, 2017, as opposed to Westar's Application which
12 presents this data through December 31, 2015;
- 13 • Update the amount of capital investments, Accumulated Depreciation, and
14 depreciation expense for the Electric Distribution Grid Resiliency (EDGR)
15 pilot project to March 1, 2017; and
- 16 • Update the amount of capital investments, Accumulated Depreciation, and
17 depreciation for the LaCygne Environmental Retrofit to March 1, 2017.

18
19 **Q. Please provide the list of Staff witnesses and a brief description of the testimony they**
20 **are sponsoring.**

21 A. Tim Rehagen: Mr. Rehagen sponsors testimony relating to Staff's updates to Plant in
22 Service for Wolf Creek, the Accumulated Depreciation, and depreciation expense
23 adjustments related to the plant updates.

Leo Haynos: Mr. Haynos will provide Staff's perspective of the EDGR pilot project and will offer recommendations regarding future projects of this type.

Lana Ellis: Ms. Ellis sponsors testimony relating to the rate design in this case.

Q. How is the rest of your testimony organized?

A. The remainder of my testimony is organized as follows:

(1) Overview – I provide an overview which presents some of the significant components of the rate case and how they differ from Westar’s last two general rate cases. I also discuss Westar’s position on the major drivers of this rate case.

(2) Staff Schedules – I provide a brief overview of Staff Schedules which support Staff’s recommendation.

(3) Adjustments – I discuss and support my adjustments to Westar’s pro forma Income Statement.

OVERVIEW

Q. Please provide an overview of Westar.

A. Westar Energy and Kansas Gas and Electric Company are corporations doing business jointly as Westar. Westar is a vertically-integrated, investor-owned electric utility headquartered in Topeka, Kansas. Westar provides electric utility service to approximately 686,347 customers in Kansas.

Q. Please provide an overview of the rate case request as filed by Westar.

A. Per the Commission’s September 24, 2015 Order Approving Stipulation and Agreement in Westar’s last rate case, Docket No. 15-WSEE-115-RTS (15-115 Docket), Westar was authorized to use the abbreviated rate setting process to update its rates to reflect several

1 issues. Westar's Application, filed October 26, 2016, requests an annual requirement
2 increase of \$17.4 million.

3 **Q. What are the driving factors that caused Westar to need to file an abbreviated rate**
4 **case?**

5 A. In Docket No. 11-KCPE-581-PRE (11-581 Docket), Kansas City Power and Light
6 (KCP&L) requested predetermination of the ratemaking principles and treatment that
7 would apply to the capital costs related to the LaCygne Environmental Retrofit. In the
8 11-581 Docket, the Commission determined that the estimated cost of the retrofit project
9 of \$1.23 billion, excluding AFUDC and property tax, (\$615 million each for Westar and
10 KCP&L) was reasonable. The Commission denied KCP&L's request to utilize an ECRR
11 for recovery of these LaCygne Environmental Retrofit costs and also ordered that Westar
12 could not use its current ECRR to recover the costs, but should use the traditional
13 ratemaking process for recovery. As a result, Westar included a majority of the cost of
14 the LaCygne Environmental Project (LaCygne Project) in its last three rate filings.
15 Additionally, as discussed below, there were several miscellaneous items that Westar is
16 allowed to include in an abbreviated case pursuant to the Settlement Agreement approved
17 by the Commission in the 15-115 Docket.

18 **Q. What were the agreed upon terms for Westar's abbreviated rate case filing?**

19 A. Per the Order Approving Stipulation and Agreement, the Commission stated that Westar
20 would address the following issues in an abbreviated rate case:

- 21 • update rates to include actual capital costs incurred by Westar related to
22 environmental projects at LaCygne Energy Center that were preapproved in the 11-
23 581 Docket;

- utilize an overall pretax rate of return of 10.926%;
- update rates to include final capital costs related to the projects at Wolf Creek Generating Station;
- update rates to include costs associated with the EDGR projects; and
- update rates to include the final roll-in of ECRR costs, as a result of the elimination of Westar's ECRR.

Q. What are the results of Staff's revenue requirement analysis?

A. Staff recommends that Westar be granted a \$16,317,254 increase in retail revenues, which is comparable to Westar's proposed revenue requirement increase of \$17,437,270. Below is a table that captures the major differences between Westar's and Staff's revenue requirement analysis (amounts presented in millions).

Description	Westar's Application	Staff's Filed Position
Total Revenue Increase	\$17.4	\$16.3
Pro Forma Rate Base	\$5,101.7	\$5,094.8
Operating Income	\$390.0	\$389.5

Q. What accounts for the differences between Staff's and Westar's recommended revenue requirement increase?

A. Listed below is a table of each Staff adjustment and the Staff witness sponsoring each adjustment. Although the particulars of each adjustment are different, Staff adjustments are usually made in order to correct an error present in Westar's Application, to revise a pro forma adjustment to utilize more current known and measureable data, or update Accumulated Depreciation to reflect a more accurate and updated assessment of Westar's current revenue requirement. These adjustments are made with the intention that the end result will be a revenue requirement that is in the public interest because it is

representative of ongoing, normalized electric utility operations, and will result in just and reasonable rates for all involved.

Adj. No.	Witness	Description	Effect on Rate Base or Operating Income
RB-1	Tim Rehagen	Update and correct Wolf Creek Plant and Accumulated Depreciation balances through February 2017	(772,935)
RB-2	Kristina Luke-Fry	Update Environmental Cost Recovery Rider Accumulated Depreciation balances as of February 2017	(636,089)
RB-3	Kristina Luke-Fry	Update Grid Resiliency Plant and Accumulated Depreciation balances as of February 2017	(775,077)
RB-4	Kristina Luke-Fry	Update and correct LaCygne Environmental Retrofit Plant and Accumulated Depreciation balances as of February 2017	(4,760,779)
IS-1	Tim Rehagen	Update Wolf Creek Depreciation Expense	5,898
IS-2	Kristina Luke-Fry	Update Grid Resiliency Depreciation Expense	74,518
IS-3	Kristina Luke-Fry	Update LaCygne Depreciation Expense	137,928
IS-4	Kristina Luke-Fry	Tax impact of Staff Adjustments	(72,258)

Q. Are you sponsoring any exhibits?

A. Yes, a listing of the exhibits I am sponsoring follows my testimony.

Staff Schedules

Q. Please briefly describe the Staff schedules you are sponsoring in this Docket.

A. Summary schedules are presented first, with the Schedules showing the derivation of the recommended adjustments following. The elements comprising the proposed revenue requirement are summarized on Staff Schedule REV REQ. Staff's proposed Rate Base is brought forward from Staff Schedule A-1, Staff Adjusted and Pro Forma Rate Base. Similarly, Staff's adjusted Net Operating Income recommendations are brought forward from Staff Schedule B-1, Staff Adjusted and Pro Forma Operating Income Statement. Staff's cost of capital recommendation is set forth on Staff Schedule C-1, Capital Structure. The Schedules are organized as follows:

<u>Staff Schedule</u>	<u>Explanation</u>
Rev Req	Lists the individual components of Staff's Pro Forma revenue requirement calculation for Westar;
A-1	Test year Rate Base as adjusted by Westar and Staff;
A-2	Lists individual Staff adjustments to Westar's Pro Forma Rate Base;
A-3	Explanation of Staff's adjustments to Rate Base;
B-1	Test year Income Statement as adjusted by Westar and Staff;
B-2	Lists individual Staff adjustments to Westar's Pro Forma test year Income Statement;
B-3	Explanation of Staff's adjustments to Income Statement;
B-4	Test year Income Taxes as adjusted by Westar and Staff;
B-4-1	Staff's interest expense calculation;
C-1	Westar's test year and Staff's adjusted capital structure.

STAFF ADJUSTMENTS TO RATE BASE AND INCOME STATEMENT

Q. Please begin by discussing Staff Adjustment No. 2 to Rate Base.

A. Staff Adjustment No. 2 (RB-2) increases Accumulated Depreciation by \$636,089.¹ Staff's adjustment calculates Accumulated Depreciation for the final roll-in of ECRR costs through February 28, 2017. Westar witness Rebecca Fowler presents this Accumulated Depreciation balance through December 31, 2015, in her Direct Testimony. Staff's adjustment is consistent with how Staff recommends Accumulated Depreciation be incorporated into the revenue requirement calculation for LaCygne plant costs, the EDGR pilot costs, and Wolf Creek plant costs, through February 28, 2017. This

¹ See Staff Exhibit KALF-1.

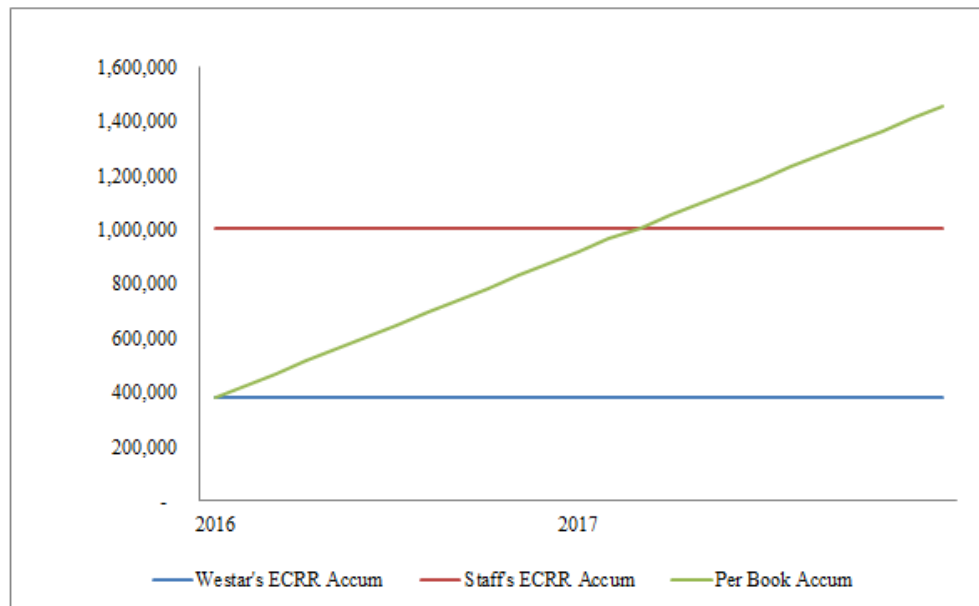
1 accurately captures a more updated view of Westar's actual revenue requirement for
2 these plant categories. Because the ECRR has been discontinued, it is critical that the
3 revenue requirement for these projects be accurately stated in Westar's rates now as the
4 next chance to make corrections or update these costs after the closing of this case won't
5 arise until Westar files another general rate case.

6 **Q. Why is it appropriate to recognize an updated amount of Accumulated Depreciation**
7 **when calculating the revenue requirement for these capital projects?**

8 A. For a given capital project, Accumulated Depreciation increases every month after a
9 project goes into service. This means that, as time goes on, the revenue requirement for a
10 given capital project declines. In other words, if Staff does not make an adjustment to
11 update the Accumulated Depreciation to the most recent date possible, rate payers will be
12 paying more for the ECRR roll-in revenue requirement than what is actually supported by
13 Westar's current net plant records. The next page contains two charts that show
14 Accumulated Depreciation and Net Plant balances differences between Westar's and
15 Staff's positions in this case.

16

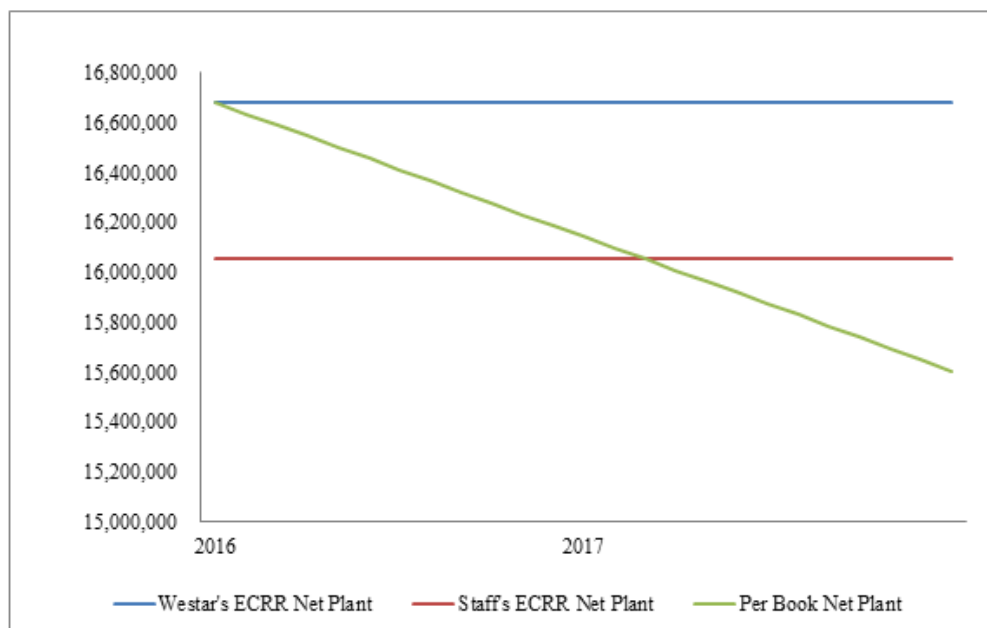
1

Accumulated Depreciation

2

3

4

Net Plant

5

6

7 **Q. Why is it so important to get the correct amount of Accumulated Depreciation in**
8 **this filing?**

1 A. In the Joint Motion to Approve Stipulation and Agreement, the parties agreed that Westar
2 should discontinue the ECRR.² This means that once this case closes, parties will not
3 have a chance to update the balances. This includes capital increases and the increase of
4 Accumulated Depreciation over time. This was not the case when Westar's ECRR was
5 in effect, as these balances were updated and reviewed annually. As such, the need to
6 update Accumulated Depreciation wasn't as critical when Staff audited the ECRR in
7 previous years. Now that these costs are being included in an abbreviated rate case, these
8 capital costs should be treated the same as the other capital costs being reviewed during
9 this abbreviated case. Staff's update of Accumulated Depreciation for the ECRR projects
10 accomplishes that goal.

11 **Q. Please continue by discussing Staff Adjustment No. 3 to Rate Base and Adjustment**
12 **No. 2 to the Income Statement.**

13 A. Staff Adjustment No. 3 (RB-3) decreases Plant in Service by \$508,835 and increases
14 Accumulated Depreciation by \$266,242.³ Staff Adjustment No. 2 (IS-2) decreases
15 depreciation by \$123,272.⁴ Staff's Adjustment decreases Westar's grid resiliency
16 program plant adjustment of \$50.5 million to \$50 million. Staff's Accumulated
17 Depreciation adjustment updates Accumulated Depreciation from August 31, 2016, to
18 February 28, 2017, along with decreasing the total amount of Accumulated Depreciation
19 to correlate with Staff's adjustment to plant. Finally, Staff's Depreciation adjustment
20 lowers depreciation expense by updating Depreciation to February 28, 2017, and
21 lowering the amount of plant investment reflected in Westar's revenue requirement so as
22 to not exceed the approved \$50 million.

² Paragraph 19 of Joint Motion to Approve Stipulation and Agreement filed on August 6, 2015.

³ See Staff Exhibit KALF-2.

⁴ See Staff Exhibit KALF-2A.

1 Westar witness Rebecca Fowler calculated the Grid Resiliency adjustment by
2 including plant in service completed and expected to be completed by March 1, 2017, and
3 the correlating AFUDC. This adjustment totaled a \$50.5 million increase to Plant in
4 Service. Westar's recommended Accumulated Depreciation amount was based on book
5 balances as of August 31, 2016. Depreciation expense was calculated based on Westar's
6 Plant in Service adjustment. In response to Staff's Data Request No. 22, Westar provided
7 the updated actual plant in service and Accumulated Depreciation amounts that were used
8 in Staff's adjustments.

9 Staff's adjustment decreases the amount of plant in Westar's Rate Base to the
10 approved \$50 million investment cap.⁵ Staff's Adjustment appropriately reflects the
11 capital cost recovery limitation approved for the EDGR pilot by the Settlement
12 Agreement in the 15-115 Docket, which provides that "Westar will be permitted to
13 recover up to \$50 million of capital investment in grid resiliency improvement completed
14 between October 28, 2015, and March 1, 2017."

15 Staff's adjustment to Accumulated Depreciation and depreciation expense is
16 based on Staff's adjustment to Plant. Staff decreased total plant by proportionally
17 decreasing each plant account balance so the total amount is \$50 million. Based on those
18 updated plant balances, Staff recalculated annualized depreciation expense. Finally, Staff
19 decreased the amount of Accumulated Depreciation by the same percentage that
20 Depreciation Expense was decreased. Staff utilized this approach to capture the
21 reduction in Accumulated Depreciation because the Accumulated Depreciation
22 calculation is a function of Depreciation Expense over time.

⁵ See Paragraph 20 of the Joint Motion to Approve Stipulation and Agreement filed in the 15-115 Docket on August 6, 2015.

1 **Q. Please provide some background on the EDGR program.**

2 A. In the 15-115 docket, Westar requested to implement a grid resiliency program to allow
3 Westar to fix aging infrastructure, improve the reliability of service to customers, and
4 shorten restoration times when outages occur.⁶ Westar's original requested EDGR
5 program was a 15-year project. Westar requested approval for the first five years of the
6 project, with a review and possible recalibration of the program based on lessons learned
7 during the first five years.

8 With approval of the Settlement Agreement in the 15-115 Docket, it was
9 determined that Westar would implement a limited EDGR pilot program for the period of
10 October 28, 2015, through March 1, 2017, with a \$50 million capital investment limit.

11 Since the beginning of the EDGR pilot, Westar has met with Staff once a quarter
12 to discuss the progress on the EDGR program. In these meetings, Westar provided
13 information on the status of the projects and Staff had the opportunity to question Westar
14 on the selection and prioritization of projects, the project cost tracking system established
15 to manage the projects, accounting and budgeting decisions, etc. Westar also hosted
16 Commissioners, Staff, and CURB on tours of the Quinton Heights circuit rebuild before
17 and during the construction period. Staff witness Leo Haynos discusses the effects of the
18 program thus far.

19 **Q. How were the costs audited and reviewed in this Docket?**

20 A. Staff met with Westar to discuss the project from beginning to end. This discussion
21 included the process established by Westar to identify, manage, and track project costs,
22 how projects were selected for inclusion in EDGR, and what changes were made during
23 the process and why. Additionally, Staff performed an audit of the costs expended on the

⁶ Pages 2-6 of Martin Jones' testimony.

1 EDGR program to ensure that costs incurred were related to the appropriate EDGR
2 projects and that inappropriate or unrelated costs were not included in the \$50 million.
3 This audit involved a review of the line item work order detail and sample invoices from
4 each work order in order to examine and verify the reasonableness of costs. Staff did not
5 find any inappropriate or unrelated costs in its review.

6 **Q. Please continue by discussing Staff Adjustment No. 4 to Rate Base and Adjustment**
7 **No. 3 to the Income Statement.**

8 A. Staff Adjustment No. 4 (RB-4) decreases Plant in Service by \$6,618,502 and decreases
9 Accumulated Depreciation by \$1,857,723. Staff Adjustment No. 3 (IS-3) increases
10 depreciation expense by \$228,168.⁷ Staff's adjustment RB-4 updates Westar's LaCygne
11 Environmental Retrofit plant adjustment from estimates at the time of the filing to known
12 and measurable amounts as of February 28, 2017. Staff's Accumulated Depreciation
13 adjustment updates Accumulated Depreciation from August 31, 2016, to February 28,
14 2017. Finally, Staff's Depreciation adjustment IS-3 lowers depreciation expense to reflect
15 the changes to plant in service.

16 In its Application, Westar calculated its LaCygne Environmental Retrofit plant
17 adjustment with actual capital costs incurred as of August 31, 2016, plus projected
18 amounts for costs anticipated to be incurred between September 1, 2016, and February
19 28, 2017. Accumulated depreciation was calculated by multiplying monthly plant
20 balances by the corresponding Commission-approved depreciation rate. Westar's
21 depreciation expense adjustment was calculated similarly.

⁷ See Staff Exhibit KALF-2.

Staff's adjustment updates Westar's filed balances from partial estimates to actual known and measurable amounts. It is appropriate to update to actual amounts because it is better to use data that is known, rather than amounts that are estimated.

Q. Please discuss Staff Adjustment No. 5 to the Income Statement.

A. Staff Adjustment No. 5 (IS-15) increases current Income Taxes by \$74,530. Staff's adjustment reflects the effects of Staff's adjustments to Rate Base and Income Statement. Staff's adjustment is shown in its revenue requirement Schedule B-4. This adjustment will need to be updated in the event that any changes to Staff's recommended adjustments are made by the Commission.

LACYGNE ENVIRONMENTAL PROJECT

Q. Please describe the audit process Staff followed in reviewing LaCygne Project costs.

A. Staff's audit consisted of reviewing random samples of LaCygne Project costs for each month starting from January 2015 through February 2017.⁸ This is a continuance of the audit performed in the 15-115 Docket and Docket No. 15-KCPE-116-RTS. Staff also issued and reviewed discovery to analyze large contingency transactions, substantial change orders, and costs in which Staff had questions about.

Q. Please provide a brief overview of the LaCygne Generation Station.

A. LaCygne is comprised of two coal-fired electric generating units. Unit 1 is a cyclone coal-fired boiler that was constructed in the early 1970s and was in commercial operation in 1973. Unit 2 is a pulverized coal-fired boiler that was constructed in the mid-1970s and placed in commercial service in 1977. KCP&L owns 50 percent of LaCygne, and

⁸ The months of August 2011 through December 2014 were reviewed in the 15-115 Docket.

Westar, through its Kansas Gas and Electric Company subsidiary, owns the other 50 percent share. KCP&L is the owner operator of both units.

Q. Please provide an overview of the LaCygne Project.

A. In the 11-581 Docket, KCP&L⁹ requested the Commission approve recovery of costs for the LaCygne Project, as upgrades were necessary for KCP&L and Westar to maintain compliance with the rules and standards established by the Federal Environmental Protection Agency (EPA). In the Order in the 11-581 Docket, both the LaCygne Project and the related costs estimates were approved by the Commission.¹⁰ The LaCygne Project, which went in-service June 1, 2015, includes installation of wet scrubbers, baghouses, and a common dual-flue chimney for both LaCygne Units 1 and 2, and a selective catalytic reduction (SCR) system, low-nitrogen oxide (NOx) burners (LNBs), and an over-fire air (OFA) system for Unit 2.

Q. What accounting treatment is used for the LaCygne Project?

A. In the 15-GIME-025-MIS Docket, the Commission granted Westar authorization to utilize Construction Accounting for its investment in the LaCygne Project not previously included in the 12-WSEE-112-RTS and 13-WSEE-629-RTS Dockets. Construction Accounting treatment provided a deferral mechanism for the monthly depreciation and amortization expense recorded for the LaCygne Project until the project was fully reflected in rates. This accounting treatment was used in the 15-115 Docket but was not carried forward to this abbreviated case.

⁹ Westar was an intervenor in the 11-581 Docket.

¹⁰ The Commission issued a pre-determination order finding the LaCygne Project to be prudent and approving the costs up to the budget level of \$1.23 billion, approximately \$280 million on a KCP&L Kansas jurisdiction bases. See *Order Granting KCP&L Petition for Predetermination of Rate-Making Principles and Treatment*, Docket No. 11-KCPE-581-PRE, p. 3 (Aug. 19, 2011).

1 **Q. Please describe the audit process Staff followed in tracking actual LaCygne Project**
2 **costs.**

3 A. Staff's audit of LaCygne costs in this abbreviated case picked up from its audit in the 15-
4 115 Docket. In the current case, Staff reviewed random samples of LaCygne Project
5 costs for each month starting from January 2015 through February 2017.¹¹ Staff also
6 issued and reviewed discovery to analyze large contingency transactions and substantial
7 change orders. Additionally, at the beginning stages of the audit in 2015, Staff performed
8 onsite audits at Westar and KCP&L headquarters to review the internal processes of how
9 KCP&L and Westar track LaCygne Project costs. Staff also performed onsite audits at
10 the LaCygne construction site to review documents, interview key project personnel, and
11 view the progress of construction and the newly installed equipment. Since the 15-115
12 Docket, Staff has continued to review status update reports filed monthly with the
13 Commission and has performed onsite audits at the LaCygne construction site.

14 **Q. Does Staff consider its review of the LaCygne Project costs to be complete?**

15 A. While close to completion, Staff is currently in the process of reviewing a sample of
16 invoices supporting LaCygne Project costs for the month of February 2017.¹² If this
17 review turns up anything unexpected, Staff will update the record in this Docket
18 accordingly.

19
20 **EXHIBITS**

¹¹ In the 15-115 Docket, Staff's audit included reviewing samples of LaCygne Project costs for each month starting from August 2011 through December 31, 2014.

¹² The LaCygne Project cost data for the month of February 2017 became available a week before Staff's filing date in this case. While Staff has performed its data analysis of the costs, there is currently an outstanding data request issued to the Company requesting a sample of supporting invoices to be reviewed. The due date on this data request is April 12, 2017.

1 **Q. Are you sponsoring any exhibits?**

2 A. Yes. The following provides an outline of the exhibits I am sponsoring:

3	<u>Exhibit No.</u>	<u>Description</u>
4	Exhibit KALF-1	Work paper for Staff's adjustment to ECRR Accumulated
5		Depreciation
6	Exhibit KALF-2	Work paper for Staff's adjustment to Grid Resiliency Plant and
7		Accumulated Depreciation
8	Exhibit KALF-2A	Work paper for Staff's adjustment to Grid Resiliency Depreciation
9	Exhibit KALF-3	Work paper for Staff's adjustment to LaCygne Plant and
10		Accumulated Depreciation
11	Exhibit KALF-3A	Work paper for Staff's adjustment to LaCygne Depreciation

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

13 A. Yes, thank you.

Staff

Exhibits

Docket No. 17-WSEE-147-RTS
Exhibit No. KALF-1

2/28/2017

[illegible]

Source: Westar Energy's Response to Staff Data Request No. 2

Westar Energy
Grid Resiliency
Rate Base Adjustment No. 3

Docket No. 17-WSEE-147-RTS
Exhibit No. KALF-2

Line No.	FERC Account	Description	Plant through 2/28/17		Staff's Adjusted Plant Balance	Plant in Application	Staff's Adjustment
1	360.2	Land Rights	1,030,337	0.0201	1,004,791	28,893	975,897
2	362.0	Station Equipment	6,597,141	0.1287	6,433,568	14,394,787	(7,961,219)
3	364.0	Poles, Towers & Fixtures	17,406,968	0.3395	16,975,371	14,732,360	2,243,011
4	365.0	Overhead Conductors & Devices	13,091,537	0.2553	12,766,939	11,712,628	1,054,311
5	366.2	Underground Conduit	1,023,047	0.0200	997,681	762,598	235,083
6	367.2	Underground Conductors & Device	8,738,626	0.1704	8,521,956	2,651,994	5,869,962
7	368.0	Transformers	1,639,457	0.0320	1,598,807	3,845,115	(2,246,308)
8	369.0	Services	269,854	0.0053	263,163	305,764	(42,601)
9	370.0	Meters	2,639	0.0001	2,573	-	2,573
10	372.0	Leased Property On Customer Pr	156,524	0.0031	152,643	310,593	(157,950)
11	373.0	Street Light & Signal System	1,192,042	0.0232	1,162,486	1,377,280	(214,794)
12	394.0	Tools, Shop & Garage Equipment	123,073	0.0024	120,021	386,823	(266,802)
13	Grand Total		51,271,244		50,000,000	50,508,835	(508,835) RB-3

Line No.	FERC Account	Description	Staff's Adjustment
14		Annualized Depreciation Expense based on February 28 Plant Balances	835,057
15		Westar's Adjustment to Depreciation Expense	13,209
16		Percent change in Depreciation	1.5819%
17			
18		Total Accumulated Depreciation through February 28	(364,114)
19		Adjustment to Accumulated Depreciation	(5,760)
20		Updated Accumulated Depreciation to Include	(358,354)
21		Accumulated Depreciation included in Application	92,112
22		Staff's Adjustment to Accumulated Depreciation	(266,242) RB-3

Source: Westar Energy's Response to Staff Data Request Nos. 2, 22, and 47

Westar Energy
Grid Resiliency
Income Statement Adjustment No. 2

Docket No. 17-WSEE-147-RTS
Exhibit No. KALF-2A

Line No.	FERC Account	Description	Depreciation through 2/28/17	Reduction in Depr	Adjusted Depr	Depr in Application	Staff's Adjustment
<i>Kansas Gas and Electric Co.</i>							
1	360.2	Land Rights	-	-	-	-	-
2	362.0	Station Equipment	27,200	430	26,769	53,447	(26,678)
3	364.0	Poles, Towers & Fixtures	93,327	1,476	91,850	80,234	11,616
4	365.0	Overhead Conductor & Devices	60,205	952	59,252	57,124	2,129
5	366.2	Underground Conduit	3,780	60	3,721	7,435	(3,715)
6	367.2	Underground Conductor & Devices	6,349	100	6,248	9,994	(3,746)
7	368.0	Line Transformers - Overhead	8,987	142	8,845	188	8,658
8	368.1	Line Transformers - Underground	113	2	111	-	111
9	368.2	Line Capacitors	137	2	135	-	135
10	369.1	Services - Overhead	10	0	10	46	(36)
11	369.3	Services - Underground	1,641	26	1,615	5,317	(3,702)
12	372.0	Leased Property on Customers' Premises	1,161	18	1,142	2,250	(1,107)
13	373.0	Street Lighting & Signal Systems	9,198	146	9,052	3,587	5,465
<i>Westar Energy, Inc.</i>							
14	360.2	Land Rights	-	-	-	-	-
15	362.00	Station Equipment	67,584	1,069	66,515	161,877	(95,362)
16	364.00	Poles, Towers & Fixtures	177,889	2,814	175,075	219,689	(44,614)
17	365.00	Overhead Conductor & Devices	129,593	2,050	127,543	152,616	(25,073)
18	366.20	Underground Conduit	13,220	209	13,011	6,238	6,773
19	367.20	Underground Conductor & Devices	176,330	2,789	173,540	46,413	127,127
20	368.00	Line Transformers - Overhead	16,451	260	16,191	49,292	(33,101)
21	368.10	Line Transformers - Underground	120	2	119	9,448	(9,329)
22	368.20	Line Capacitors	2,594	41	2,553	6,349	(3,796)
23	369.10	Services - Overhead	2,289	36	2,253	156	2,097
24	369.30	Services - Underground	938	15	923	395	528
25	372.00	Leased Property on Customers' Premises	4,440	70	4,370	11,885	(7,515)
26	373.00	Street Lighting & Signal Systems	26,721	423	26,299	45,975	(19,676)
27	394.00	Tools, Shop & Garage Equipment	4,779	76	4,704	15,163	(10,460)
28	Grand Total		835,057	13,209	821,848	945,119	(123,272) IS-2

Source: Westar Energy's Response to Staff Data Request Nos. 2, 22, and 47

Westar Energy
LaCygne Rate Base
Rate Base Adjustment No. 4

Docket No. 17-WSEE-147-RTS
Exhibit No. KALF-3

Line No.	FERC Acct	Description	Plant in Application	Plant through 2/28/17	Staff's Adjustment
1	303	Intangible - PDS	2,027	2,200	173
2	311	Structures & Improvements	3,205,998	6,769,609	3,563,611
3	312	Boiler Plant Equipment	11,017,232	15,986,043	4,968,811
4	312.1	Boiler Plant Equipment - Pollution Control Equip	3,866,701	6,055,094	2,188,393
5	315	Accessory Electric Equipment	1,385,606	2,103,455	717,849
6	316	Miscellaneous Power Plant Equipment	57,644	90,521	32,877
7	397	Communication Equipment	1,973,259	1,977,116	3,857
8		Total Plant Additions	21,508,467	32,984,038	11,475,571
9		Construction Work in Progress	8,561,375	5,259,146	(3,302,229)
10		Projected Additions to Plant in Application	14,791,659	-	(14,791,659)
11					
12		Accounts 3030 and 3970	1,975,286	1,979,316	4,030
13		Transmission Elimination	4.58%	4.58%	4.58%
14		Total Transmission to be Removed	90,468	90,653	185
15		Total Increase to Plant in Service	\$ 44,771,032	\$ 38,152,531	\$ (6,618,501)
16		Removal Work in Progress	7,789,895	10,349,177	2,559,282
17		Accumulated Depreciation	750,116	1,451,675	701,559
18		Total Increase to Accumulate Depreciation	\$ (7,039,779)	\$ (8,897,502)	\$ (1,857,723)
19		Net Adjustment to Generation Plant	51,810,811	47,050,033	(4,760,778)

Source: Westar Energy's Response to Staff Data Request Nos. 2 and 22

Westar Energy
LaCygne Depreciation
Income Statement Adjustment No. 3

Docket No. 17-WSEE-147-RTS
Exhibit No. KALF-3A


Line No.	FERC Account	Description	Depreciation in Application	Depreciation through 2/28/17	Staff's Adjustment
<u>Common</u>					
1	311	Structures & Improvements	61,111	144,648	83,537
2	312	Boiler Plant Equipment	801,833	251,476	(550,357)
3	315	Accessory Electric Equipment	17,107	28,061	10,954
4	316	Miscellaneous Powerplant Equipment	34	38	4
5	397	Communication Equipment	49,708	49,805	97
<u>Unit 1</u>					
5	311	Structures & Improvements	365	524	159
6	312	Boiler Plant Equipment	24,864	882	(23,982)
7	312.1	Boiler Plant Equipment (AQC)	45,331	64,957	19,626
8	315	Accessory Electric Equipment	2,660	3,337	677
9	316	Miscellaneous Powerplant Equipment	540	775	235
<u>Unit 2 - Owned</u>					
10	312.1	Boiler Plant Equipment (AQC)	898	898	(0)
<u>Lease - Unit 2 and Common</u>					
11		All Generation FERC Accounts	1,065,889	1,296,738	230,849
12	303	Miscellaneous Intangible	387	420	33
13		Total Depreciation	2,070,727	1,842,559	(228,168)

Source: Westar Energy's Response to Staff Data Request Nos. 2 and 22

VERIFICATION

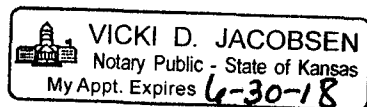
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

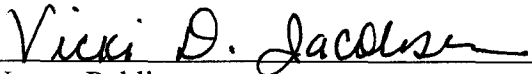
Kristina Luke Fry, being duly sworn upon her oath deposes and states that she is the Managing Auditor for the Utilities Division of the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Staff Direct Testimony*, and that the statements contained therein are true and correct to the best of her knowledge, information and belief.



Kristina Luke Fry
Managing Auditor, Utilities Division
Kansas Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 11th day of April, 2017.





Notary Public

My Appointment Expires: June 30, 2018

CERTIFICATE OF SERVICE

17-WSEE-147-RTS

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony of Kristina Luke Fry on Behalf of the Kansas Corporation Commission was served via electronic service this 11th day of April, 2017, to the following:

THOMAS J. CONNORS, ATTORNEY AT LAW
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
tj.connors@curb.kansas.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.nickel@curb.kansas.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.smith@curb.kansas.gov

SHONDA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
sd.smith@curb.kansas.gov

WILLIAM R. LAWRENCE
FAGAN EMERT & DAVIS LLC
730 NEW HAMPSHIRE SUITE 210
LAWRENCE, KS 66044
Fax: 785-331-0303
wlawrence@fed-firm.com

JOHN GARRETSON, BUSINESS MANAGER
IBEW LOCAL UNION NO. 304
3906 NW 16TH STREET
TOPEKA, KS 66615
Fax: 785-235-3345
johng@ibew304.org

SAMUEL FEATHER, DEPUTY GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
s.feather@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
m.neeley@kcc.ks.gov

AMBER SMITH, CHIEF LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
a.smith@kcc.ks.gov

CERTIFICATE OF SERVICE

17-WSEE-147-RTS

AMY FELLOWS CLINE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
Fax: 316-630-8101
amycline@twgfirm.com

TIMOTHY E. MCKEE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
Fax: 316-630-8101
temckee@twgfirm.com

KEVIN K. LACHANCE, CONTRACT LAW ATTORNEY
UNITED STATES DEPARTMENT OF DEFENSE
ADMIN & CIVIL LAW DIVISION
OFFICE OF STAFF JUDGE ADVOCATE
FORT RILEY, KS 66442
Fax: 785-239-0577
kevin.k.lachance.civ@mail.mil

MATTHEW DUNNE, GENERAL ATTORNEY
US ARMY LEGAL SERVICES AGENCY
REGULATORY LAW OFFICE (JALS-RL/IP)
9275 GUNSTON RD STE 1300
FORT BELVOIR, VA 22060-5546
matthew.s.dunne.civ@mail.mil

CATHRYN J. DINGES, SENIOR CORPORATE COUNSEL
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
Fax: 785-575-8136
cathy.dinges@westarenergy.com

JEFFREY L. MARTIN, VICE PRESIDENT, REGULATORY
AFFAIRS
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
jeff.martin@westarenergy.com


Vicki Jacobsen