

**GMO-245**

Exhibit No.:  
Issues: Expense  
Witness: Michael E. Taylor  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
File No.: ER-2010-0356  
Date Testimony Prepared: December 15, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**MICHAEL E. TAYLOR**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**FILE NO. ER-2010-0356**

*Jefferson City, Missouri  
December 2010*

*Staff Exhibit No. GMO-245  
Date 1/18/11 Reporter LMB  
File No. ER-2010-0356*



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Q. Please state your name and business address.

A. Michael E. Taylor, P.O. Box 360, Jefferson City, Missouri, 65102.

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

A. I am employed by the Missouri Public Service Commission (Commission) as a Utility Engineering Specialist III in the Energy Department of the Utility Operations Division.

Q. Please describe your educational and work background.

A. I graduated from the University of Missouri-Rolla with a Bachelor of Science degree in Mechanical Engineering in May 1972 and a Master of Science degree in Engineering Management in August 1987. I served as an officer in the United States Navy (Submarine Service) from June 1972 to January 1979. I was employed by Union Electric Company (AmerenUE) from February 1979 until January 2003. While at AmerenUE, I worked at Callaway Plant in various departments including operations, work control, engineering, and quality assurance. In addition to these specific department functions; my work experience also included quality control, instrumentation and controls, fire protection, industrial safety, outage scheduling, daily scheduling and work planning. I was licensed as a Senior Reactor Operator from 1983 until 1998. I served as an Emergency Duty Officer/Emergency Coordinator and Recovery Manager in the plant emergency response organization. During my employment with AmerenUE, I also participated in corporate

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1 activities related to other electrical generating and transmission facilities. These activities  
2 included task group evaluation of existing generating units and recommendations regarding  
3 the company's generation portfolio. In March 2003, I began my employment with the  
4 Commission.

5 Q. Did you contribute to either Staff's Revenue Requirement Cost of Service  
6 Report or Staff's Rate Design and Class Cost-of-Service Report filed in this case?

7 A. No.

8 Q. Have you filed testimony previously before the Commission?

9 A. Yes. Please refer to the information provided on Schedule 1.

10 Q. What is the purpose of your rebuttal testimony?

11 A. I am responding to the direct testimony of KCP&L Greater Missouri  
12 Operations Company (GMO) witnesses Tim M. Rush, John P. Weisensee, and Burton L.  
13 Crawford regarding expenses associated with meeting a "portfolio requirement" from  
14 "renewable energy resources" as required by Section 393.1030 (RSMo).

15 Q. What is your experience with respect to the Missouri Renewable Energy  
16 Standard (RES), Sections 393.1020, 393.1025, and 393.1030 (RSMo)?

17 A. The RES is a voter initiative—Proposition C. Following the passage of  
18 Proposition C in November 2008, and associated with the implementation of the RES, I have  
19 been involved with the stakeholder workshops and preparation of proposed rules for  
20 Commission approval.

21 Q. What RES-related expenses did Messrs. Rush, Weisensee, and Crawford  
22 address in their direct testimony?

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1           A.     They included RES-related expenses in their direct testimony associated with  
2 purchased power agreements for solar energy. They also included expenses for solar rebates  
3 and for tracking renewable energy credits (REC).

4           Q.     Does GMO have any purchased power contracts for solar energy?

5           A.     No, not that Staff is aware of. GMO responded to Staff Data Request No.  
6 0182 on September 9, 2010, that it did not have a purchased power contract for solar energy.  
7 Staff submitted a follow-up Data Request to GMO on December 3, 2010, seeking to  
8 determine if there are any contracts that Staff is not aware of.

9           Q.     Without any GMO purchased power agreements for solar energy, upon what  
10 did Messrs. Tim M. Rush, John P. Weisensee, and Burton L. Crawford base the expenses they  
11 included in their direct testimony?

12          A.     They used projected values, not actual expenses.

13          Q.     Is Staff aware of any actual expenses GMO has incurred for solar rebates or  
14 tracking RECs?

15          A.     No. However, based on the requirements of the RES, GMO could have  
16 incurred solar rebate and REC tracking expenses since January of this year (2010). Staff  
17 submitted a Data Request on December 3, 2010, requesting GMO's actual expenses  
18 associated with solar rebates and tracking RECs.

19          Q.     What expenses were included in GMO witnesses' direct testimony for solar  
20 rebates and tracking RECs?

21          A.     They used projected values, not actual expenses.

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1 Q. Should the Commission rely on projected values for the expenses associated  
2 with purchased power contracts for solar energy, solar rebates, and tracking RECs for setting  
3 rates in this case?

4 A. No, the Commission should rely on actual prudently incurred expenses  
5 associated with these items.

6 Q. Why is it important to understand the actual expenses associated with  
7 renewable energy purchased power contracts, solar rebates, and tracking RECs?

8 A. The RES specifically includes a provision for limiting the retail rate increase  
9 associated with compliance with the RES. Therefore, it is necessary to know the actual  
10 expenses associated with RES compliance to determine if the maximum retail rate increase  
11 limit has been reached.

12 Q. Is there any method for GMO to recover its RES compliance expenses if the  
13 expenses are not included in this case?

14 A. Yes. In accordance with 4 CSR 240-20.100(6), Electric Utility Renewable  
15 Energy Standard Requirements—Cost Recovery and Pass-through of Benefits, GMO may file  
16 an application for a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM).  
17 The RESRAM provides a method for recovery of RES compliance expenses between rate  
18 cases. The RESRAM application may be filed outside or in a general rate proceeding.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes.

**PREVIOUS TESTIMONY OF MICHAEL E. TAYLOR**

<b>Case Number</b>	<b>Company</b>	<b>Type of Filing</b>	<b>Issue</b>
ER-2006-0314	Kansas City Power & Light	Direct	Plant in Service
ER-2006-0314	Kansas City Power & Light	True-Up Direct	Plant in Service
ER-2007-0002	AmerenUE	Direct	Plant in Service
ER-2007-0002	AmerenUE	Supplemental Direct	Plant in Service
ER-2007-0004	Aquila	Rebuttal	Fuel Adjustment Clause
ER-2007-0291	Kansas City Power & Light	Staff Report	Plant in Service
ER-2007-0291	Kansas City Power & Light	True-Up Direct	Plant in Service
ER-2008-0093	Empire District Electric	Staff Report	Plant in Service
ER-2008-0093	Empire District Electric	Rebuttal	Fuel Adjustment Clause
ER-2008-0093	Empire District Electric	Surrebuttal	Plant in Service
ER-2008-0318	AmerenUE	Rebuttal	Fuel Adjustment Clause
ER-2009-0089	Kansas City Power & Light	Surrebuttal	Plant in Service
ER-2009-0089	Kansas City Power & Light	Live Testimony	Plant in Service
ER-2009-0090	KCP&L Greater Missouri Operations Company	Live Testimony	Plant in Service
ER-2010-0036	AmerenUE	Staff Report	Fuel Adjustment Clause
ER-2010-0355	Kansas City Power & Light	Rebuttal	Renewable Energy Standard