

1 STATE OF MISSOURI
2 PUBLIC SERVICE COMMISSION
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6 TRANSCRIPT OF PROCEEDINGS

7 Stipulation & Agreement

8 April 12, 2007
9 Jefferson City, Missouri
Volume 10

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11

12 In the Matter of the Tariffs of)
Aquila, Inc., d/b/a Aquila Networks)
13 - MPS and Aquila Networks - L&P)
Increasing Electric Rates for the) Case No. ER-2007-0004
14 Services Provided to Customers in)
the Aquila Networks - MPS and)
15 Aquila Networks - L&P Service Area)

16

17 CHERLYN D. VOSS, Presiding,
REGULATORY LAW JUDGE.

18

19 STEVE GAW,
20 ROBERT M. CLAYTON,
COMMISSIONERS.

21

22 REPORTED BY:

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Service Commission.

1 P R O C E E D I N G S

2 (EXHIBIT NO. 40 WAS MARKED FOR
3 IDENTIFICATION BY THE REPORTER.)

4 JUDGE VOSS: We are back on the record in
5 Aquila's rate case hearing, ER-2007-0004, for the
6 presentation of the Stipulation & Agreement as to certain
7 issues between the parties. Who would like to present the
8 stipulation?

9 MR. WILLIAMS: Well, basically the
10 Stipulation & Agreement addresses all of the issues that
11 were contested in the case, with the exception of some of
12 the rate of return issues, a depreciation issue, which was
13 subsequently withdrawn, Accounting Authority Order issue
14 regarding the Sibley generating facility, and the fuel
15 cost recovery mechanism that may or may not be put into
16 place in this case.

17 JUDGE VOSS: And it is my understanding
18 that the stipulation does address depreciation to the
19 extent that it requires or Aquila has agreed to submit a
20 depreciation study the first quarter of 2008 to all the
21 parties who are signatories?

22 MR. WILLIAMS: There's an agreement that
23 existing depreciation rates would continue and that there
24 would be a depreciation study performed and provided by
25 Aquila by a certain date, yes, and that appears in

1 paragraph 10, which is on pages 6 through 7 of the
2 Stipulation & Agreement.

3 JUDGE VOSS: Did Staff mark the
4 Stipulation & Agreement as an exhibit to be entered or did
5 another party?

6 MR. WILLIAMS: I think it was just filed in
7 the case. I don't think it's been marked as an exhibit
8 per se.

9 JUDGE VOSS: It's been a while, but I
10 thought that the Stipulation & Agreement was submitted
11 into the case.

12 MR. WILLIAMS: I've always just filed them.

13 MR. MILLS: In some cases they're offered
14 and admitted. In some cases they're not. Technically
15 it's a pleading rather than evidence, so there shouldn't
16 be any real compelling need to admit it into the record.

17 JUDGE VOSS: That's fine. It's been a
18 while since I had to decide whether to offer one myself.

19 I guess then we will go with questions from
20 the Bench. Commissioner Gaw? Commissioner Appling?

21 COMMISSIONER APPLING: I don't think I have
22 any. I've read this thing a couple of times, not just
23 talking to you. Judge, I don't think I have any question.
24 I've read it a couple of times, and I don't think I have
25 any questions at this time.

6 MR. WILLIAMS: I think the answer to that
7 is no. You could look at some of the agreements that are
8 reached in the Stipulation & Agreement and compare those
9 to some of the information that appears on the
10 reconciliation. That may give you some idea as to some
11 movements that some parties may have made. But I will
12 temper that with some of the changes that occurred would
13 have probably taken place regardless of the agreement.
14 There are corrections that take place during the course of
15 cases.

20 JUDGE VOSS: I would like to address the
21 parties that are calling in today. If possible, could you
22 mute your phones unless you're answering a question from
23 the Commission? We're getting quite a bit of background
24 noise.

1 up as much as I can.

2 JUDGE VOSS: There's, I think, several
3 parties on the phone. That's much better. Thank you.

4 COMMISSIONER GAW: Thank you, Judge. Now,
5 I guess back to my question, in evaluating this from the
6 standpoint of understanding just in a very broad way
7 what -- what the impact of this is from a dollar
8 standpoint, can you do that for me?

9 MR. WILLIAMS: I'm not sure what you mean
10 by that. I mean, it is a black box settlement. In terms
11 of if you're looking for parties' movements, I think the
12 only thing you could do is get some sense of some of the
13 movement perhaps from the reconciliation in comparison to
14 the agreement about additional revenue requirement that
15 appears on page 2 of the Stipulation & Agreement.

16 COMMISSIONER GAW: Why don't you do that,
17 Mr. Williams?

18 MR. WILLIAMS: And I'm not going to tell
19 you that that will definitively indicate a change in
20 position because there are other factors that came into
21 play in addition to movement. Actually, I think the
22 better person to do that would probably be Cary
23 Featherstone.

24 JUDGE VOSS: Who has just entered the room.

25 COMMISSIONER GAW: Well, I deferred to you

1 and you're deferring to him. So let's see if he wants to
2 deal with it. I don't care who answers this question.
3 I'm just trying to get a basic understanding of how much
4 money is resolved with this stipulation in comparison with
5 all of the money that was at issue in the case, and I'm --
6 that's a very, very basic question. I understand that
7 other issues can cause variabilities in the final outcome
8 of this as far as ratepayers are concerned with issues
9 that are yet to be resolved.

10 MR. BOUDREAU: Is the Commissioner looking
11 for an aggregate number compared to the aggregate
12 settlement or are you looking for something more specific?

13 COMMISSIONER GAW: You know, getting that
14 first number would be of some help to me, and then it
15 would be nice to be able to break it down more, but I
16 recognize that in some of these settlements that is not
17 the essence of the settlement.

18 MR. WILLIAMS: Mr. Traxler is going to take
19 a crack at it.

20 COMMISSIONER GAW: So Mr. Featherstone has
21 deferred to Mr. Traxler?

22 (Witness sworn.)

23 COMMISSIONER GAW: Thank you, Judge.

24 STEVE TRAXLER testified as follows:

25 QUESTIONS BY COMMISSIONER GAW:

1 Q. And, Mr. Traxler, I'm sorry. I didn't know
2 you were the one that was going to be put on the spot
3 here. But would you mind giving me some understanding of
4 the value of what's been settled here in comparison to
5 what the positions of the parties were originally, if
6 that's possible? At least if you could compare Staff and
7 company's positions, and if others would want to clarify
8 how that relates to theirs, that's fine.

9 A. I think the best place to start,
10 Commissioner, would be the reconcilements filed with the
11 Commission on March 29th.

12 Q. Okay.

13 A. At that point Aquila's position was
14 54.4 million. The Staff was at 33.5. OPC was at 27.8.
15 SIEUA and FEA were at 32.9.

16 JUDGE VOSS: I'm going to ask again, do you
17 want to turn the volume down on that? They should still
18 be able to hear us, but we won't hear them so loud.

19 Great. Thank you.

20 BY COMMISSIONER GAW:

21 Q. Mr. Traxler, I don't know where you were.
22 I have 32.9 million as the last figure I wrote down.

23 A. Okay. Those are the four positions of the
24 parties. The reconciliation was filed on March 29th.

25 Q. Okay.

1 A. The stipulation for MPS is 40 million point
2 six. So the difference -- in other words, from the Staff
3 position of 32.5, the stipulation calls for an agreement
4 for an MPS revenue require increase of 40.6.

5 Q. Okay. All right. Now, when you say --
6 when you're giving me those numbers, the 54.4 and 33.5,
7 that's -- is that the value of the issues that are stip'd
8 out in this case or the value of the case as the parties
9 were proposing?

10 A. The values I gave you for the parties was
11 the total revenue requirement recommendation of the
12 parties at March 29th when we filed the reconciliation with
13 the Commission.

14 Q. The entire case?

15 A. That's right. That's correct.

16 Q. Now, when you're giving me this number on
17 the stip, how does that relate to the entire case? Are
18 there still additional -- the additional issues that
19 aren't stip'd out, how do they interplay with that number?

20 A. The \$40 million stipulated amount is the
21 agreement among the parties for the revenue requirement
22 increase excluding the Commission decision and revenue
23 requirement result for return on equity, depreciation,
24 Accounting Authority Order. What am I missing? There's
25 one more. And whatever your decision is on fuel

1 adjustment clause. So whatever your decision on those
2 issues would be added to the \$40 million stipulated
3 amount.

4 Q. Okay. What assumptions do you have in that
5 \$40.6 million figure in regard to ROE? Don't you have to
6 make some assumption about an ROE in order to derive an
7 impact on revenues?

8 A. Well, the \$40 million number right now
9 would be based on the Staff's recommendation.

10 Q. Do you know which number -- do you remember
11 what number that was?

12 A. 9.65 at midpoint.

13 Q. That's the midpoint of the rec?

14 A. That's correct.

15 Q. That's what I was looking for. Okay. And
16 do you know what the AAO is worth?

17 A. Yes, sir. \$191,000.

18 Q. Okay. And then fuel adjustment, of course,
19 is the 40.6 million built with or without a fuel
20 adjustment clause?

21 A. There's no revenue requirement impact of a
22 fuel adjustment clause in the \$40 million number.

23 Q. So are the fuel costs in the \$40 million
24 number without a fuel adjustment clause?

25 A. That's correct.

1 Q. That's what I'm trying to discern.

2 A. Yes.

3 Q. Okay. That's helpful. That puts me in a
4 position to at least know what this is doing from the
5 bottom line.

6 MR. WILLIAMS: Commissioner Gaw, before you
7 go on?

8 COMMISSIONER GAW: Yes.

9 MR. WILLIAMS: Steve, aren't the numbers
10 you've been providing just related to the MPS division?

11 THE WITNESS: Yes. We're talking only
12 about MPS in the numbers I've been providing.

13 BY COMMISSIONER GAW:

14 Q. Oh, we better go to the other. That's
15 right. You did say that. Thank you, Mr. Williams. What
16 about --

17 COMMISSIONER APPLING: Commissioner Gaw,
18 could I get Mr. Traxler to read on that last issue --

19 COMMISSIONER GAW: Sure.

20 COMMISSIONER APPLING: -- whether the
21 40 million and the fuel adjustment clause was included or
22 not included, could you repeat that again for me?

23 THE WITNESS: The \$40 million amount
24 represents a stipulated agreement among the parties in
25 terms of what fuel and purchased power costs should be

1 prior to any consideration of an IEC or a fuel adjustment
2 clause.

3 COMMISSIONER APPLING: Thank you very much,
4 sir.

5 BY COMMISSIONER GAW:

6 Q. Okay. What about St. Joe?

7 A. Okay. Let's go back again to the
8 March 29th reconciliation filed for the L&P division.

9 Q. Okay.

10 A. Aquila was at 20.4 million. The Staff was
11 at 15.9 million. AGP was at 13.9 million. The
12 Stipulation & Agreement at this point, the Stipulation &
13 Agreement for L&P is at 12.7 million.

14 Q. I'm missing one. You gave me three.

15 A. There are only three on the L&P side.

16 Q. There were?

17 A. Yeah. Some of the industrial customers
18 aren't -- on the MPS side are not involved.

19 Q. Where was Public Counsel at?

20 A. I'm sorry?

21 Q. Where was Public Counsel? I just missed
22 Public Counsel.

23 A. Public Counsel doesn't have any positions
24 that are different than the Staff. So Public Counsel
25 would be at the Staff --

1 Q. On L&P?

2 A. On L&P.

3 Q. Thank you. That's helpful. Keep going.
4 I'm sorry to interrupt you.

5 A. The Stipulation & Agreement among the
6 parties to the L&P operation is at 12.7 in the
7 stipulation.

8 Q. 12.7?

9 JUDGE VOSS: And the lowest one at the
10 reconciliation was 13.9, so it's lower than anyone
11 recommended?

12 THE WITNESS: Yes, the stipulated amount
13 right now is lower than the revenue requirement, any
14 revenue requirement that was presented in the
15 reconciliation.

16 JUDGE VOSS: Just making sure I heard that
17 right.

18 BY COMMISSIONER GAW:

19 Q. Interesting. Okay. Then again the ROE
20 figure is based on the 9.65 in this figure?

21 A. 9.625 at the midpoint.

22 Q. 625?

23 A. That's correct.

24 Q. Wrote that down wrong. I'm sorry. And how
25 about the AAO in this case, is that an impact?

1 A. That only affects the MPS case.

2 Q. That's what I was thinking. And then, of
3 course, all of the fuel costs, off-system purchases and
4 sales are in this figure as though they were built in base
5 rates?

6 A. Yes, sir, they are.

7 Q. Any explanation for me about the settled
8 figure being under the lowest position of any of the
9 parties on L&P?

10 A. One of the -- one of the reasons that
11 contributed to that was the agreement on the allocation
12 between -- a fuel cost between the MPS and L&P divisions.

13 Q. Yes.

14 A. The settlement agreement, the parties
15 reached agreement based on Mr. Brubaker's recommendation.
16 That shifted some fuel costs between the two divisions.

17 Q. Okay.

18 COMMISSIONER GAW: Mr. Williams, did you
19 want to say something?

20 MR. WILLIAMS: That's paragraph 9 in the
21 agreement.

22 BY COMMISSIONER GAW:

23 Q. Okay. Is there a rationale for that
24 adjustment that Staff could explain as far as the settled
25 position is concerned in that shift? Can you highlight

1 the rationale for that fuel cost shift?

2 A. I'm not the witness or the person involved
3 in that particular issue. That would have to go to
4 Mr. Brubaker or Mr. Featherstone in terms of what the
5 Staff's position was.

6 COMMISSIONER GAW: Okay. That's fine. I
7 think my other question will relate to specifics in here,
8 so -- on particular provisions, so see if anybody else has
9 any questions of Mr. Traxler. Thank you, sir.

10 THE WITNESS: You're welcome.

11 MR. MILLS: Judge, can I do a quick
12 follow-up from those questions?

13 JUDGE VOSS: That's fine.

14 QUESTIONS BY MR. MILLS:

15 Q. Mr. Traxler, with respect to the AAO issue
16 for the MPS division, you gave a figure of approximately
17 \$190,000. Is that the revenue requirement impact of a
18 rate base adjustment?

19 A. Yes, it is.

20 MR. MILLS: Thanks. That's all.

21 COMMISSIONER GAW: And I assume that again
22 that's based upon that assumed ROE?

23 THE WITNESS: That's correct.

24 COMMISSIONER GAW: Thank you, Mr. Traxler.

25 I don't know whether my other questions will be going to

1 you or not. So if you want to just --

2 THE WITNESS: I'm going to be here.

3 COMMISSIONER GAW: -- be around, that will
4 be great.

5 Let's just start in here in regard to the
6 pensions and just ask Staff if in regard to this -- not
7 the money, but the position of the parties, is there -- is
8 there anything in here that you can point out to me in
9 regard to consistency with policy that -- whether it is a
10 new position, a position the Staff has taken recently on
11 cases? Just give me an idea of where this is.

12 MR. WILLIAMS: It's a continuation of a
13 position Staff's been taking with regard to Aquila for
14 some time.

15 COMMISSIONER GAW: Okay. And who was
16 opposed to that? Was this just an opposition by Aquila
17 originally, whoever wants to address that?

18 MR. BOUDREAU: Commissioner, if I might, I
19 think it's just language that the company needs for
20 accounting purposes. I'm not sure it was a disputed issue
21 per se.

22 COMMISSIONER GAW: So this issue was not
23 really a topic of debate, then?

24 MR. BOUDREAU: No. It was not a disputed
25 issue in that sense.

1 COMMISSIONER GAW: Okay. How about issue
2 No. 4?

3 MR. BOUDREAU: If I may, Commissioner, it's
4 the same sort of circumstances.

5 COMMISSIONER GAW: That's what I want to
6 know.

7 MR. BOUDREAU: Yeah. It wasn't a disputed
8 issue, but basically language needed for proper accounting
9 purposes.

10 COMMISSIONER GAW: Okay.

11 JUDGE VOSS: We're still hearing feedback.
12 I'm not sure if it might be -- if you're at the airport,
13 Captain Hollifield, it's probably you.

14 MR. WOODSMALL: Frank? Frank?

15 CAPTAIN HOLLIFIELD: Yes.

16 MR. WOODSMALL: You're going to have to do
17 something else. It's coming over way too much.

18 CAPTAIN HOLLIFIELD: Let me see if I can
19 hide somewhere.

20 COMMISSIONER GAW: Usually a cell phone has
21 a mute button on it, although I can't say that I've always
22 been able to find mine.

23 MR. CONRAD: There's many times, Judge,
24 that I should have been able to find mine but failed.

25 COMMISSIONER GAW: Are you talking about on

1 your phone, counsel?

2 (Laughter)

3 MR. MILLS: Just for the record, there are
4 many times when I wished I could find Stu's mute button,
5 too.

6 COMMISSIONER GAW: I'm glad someone said
7 that. I was afraid it was inappropriate for me.

8 (Laughter)

9 MR. CONRAD: And here we were commending
10 ourselves yesterday for not being very litigious.

11 COMMISSIONER GAW: I'm going to skip over a
12 couple of issues. I may come back to them. On the mining
13 coal contract, where is that in regard to the outcome
14 here? Is it left open in part for resolution? Somebody
15 help me just briefly on what's going to occur with that
16 litigation.

17 MR. FREY: It's still in the courts,
18 Commissioner, and yes, we are in effect leaving it open
19 pending the resolution of that case.

20 COMMISSIONER GAW: Okay. And then if
21 it's -- who's the plaintiff in that case?

22 MR. FREY: Aquila, yes.

23 COMMISSIONER GAW: So there stands to be --
24 there's a potential for recovery?

25 MR. FREY: Yes.

1 MR. WILLIAMS: If the Commission does a
2 fuel mechanism, whatever recovery there is would flow
3 through the fuel mechanism.

4 COMMISSIONER GAW: And if there is not?

5 MR. WILLIAMS: Then I think it's just an
6 open issue to be decided in the future.

7 COMMISSIONER GAW: But it's left open so
8 that it could be amortized out or something in a future
9 rate case, right? Am I following that?

10 MR. FREY: That's correct.

11 COMMISSIONER GAW: On the hedge costs, am I
12 following this that there's a discount on the -- a
13 recognition of these losses for '06; is that right?
14 They're not going to be counted --

15 MR. FREY: Correct.

16 COMMISSIONER GAW: -- for purposes of
17 ratemaking?

18 MR. FREY: That's correct.

19 COMMISSIONER GAW: But going forward, the
20 hedging costs, how will that be handled again? Explain
21 that to me.

22 MR. FREY: If I understand it -- correct me
23 if I don't, Mr. Hyneman -- but on a going-forward basis,
24 any contracts that had been entered into prior to or up to
25 and including I believe March 27th of this year, the

1 market value at the settlement time will be included not
2 subject to prudence review.

3 COMMISSIONER GAW: Not subject to prudence
4 review?

5 MR. FREY: Correct. Anything after that,
6 any contracts after that, that is not the case. They
7 would be subject.

8 COMMISSIONER GAW: Okay. I've got to
9 follow you a little better than that, and it's my -- I
10 think I just didn't track with you very well. The
11 contracts that are in as of March 27th --

12 MR. FREY: Right, through the year 2009.

13 CHAIRMAN GAW: Okay. Where does it say
14 through '09? Is that the June -- the June 1st, '07
15 through December 31st, '09 language?

16 MR. FREY: Yes.

17 COMMISSIONER GAW: Okay. Now, if we don't
18 have a fuel adjustment provision, how does it -- how does
19 it interwork with the rates and the rate base?

20 MR. FREY: Then in that event, the matter
21 will be deferred to a future rate proceeding.

22 COMMISSIONER GAW: How would that -- how
23 would that happen? I'm trying -- if you don't -- if you
24 have a fuel adjustment, you're going to allow those costs
25 to be passed through in that -- in the contracts that are

1 specifically set out to go through December of '09, right?

2 MR. FREY: Yes.

3 COMMISSIONER GAW: All right. But if there
4 is no fuel adjustment mechanism, then in a future rate
5 case you look to see what those -- how will that work?

6 MR. FREY: Gains or losses are, and make a
7 decision as to whether or not to include it in cost of
8 service.

9 COMMISSIONER GAW: And how do you determine
10 the gains or losses again? How do you measure that?

11 MR. FREY: Against the final settlement of
12 the contract, whatever the market price is at that time,
13 you can determine a gain or a loss.

14 COMMISSIONER GAW: Whether it was a good
15 idea or bad idea?

16 MR. FREY: Correct.

17 COMMISSIONER GAW: In that hindsight
18 review, I'm trying to understand what's --

19 MR. WOODSMALL: To go one step further, any
20 specific level of gains or losses might not be recognized.
21 What would happen would be that the test year amount of
22 gains or losses would be looked at, normalized, compared
23 to previous years, and that test year amount, normalized
24 test year amount would be what would be reflected in
25 rates.

1 So unlike the CW Mining where there's a
2 deferral, an express deferral, there's not an express
3 deferral with hedge costs.

4 COMMISSIONER GAW: Okay. So it's just they
5 would be -- they would be examined like any other case.
6 What's the difference? I'm trying to understand the
7 difference. Is it just because we're saying that there
8 will be no disallowance of the hedging contracts that are
9 mentioned that go '07 to '09 because of imprudence? Is
10 that what you-all have resolved with this, or is it
11 something more?

12 MR. WOODSMALL: I think it's just a
13 resolution of the issue. I don't think -- I don't know if
14 you could say that there is an underlying reason why all
15 the parties agreed to do one thing.

16 COMMISSIONER GAW: I'm not really looking
17 for the reason. I'm just trying to understand what the
18 settlement is.

19 MR. FREY: If I might, Commissioner --

20 COMMISSIONER GAW: Yes.

21 MR. FREY: -- it's not just that we
22 resolved there would be no disallowance for this
23 particular contracts in place as of March 27th of this
24 year, but that the earlier ones through 2006 would not be
25 included in rates.

1 COMMISSIONER GAW: Okay. And I got that,
2 too. But as far as the '07/'09 contract or contracts are
3 concerned, you have specifically agreed that there will be
4 no disallowance based upon an imprudent decision or --

5 MR. FREY: To enter into those.

6 COMMISSIONER GAW: -- to enter into the
7 contract itself?

8 MR. FREY: Yes. Correct.

9 COMMISSIONER GAW: You guys -- Aquila want
10 to say anything?

11 MR. BOUDREAU: If I might, I might offer
12 Mr. Williams to address this.

13 COMMISSIONER GAW: Sure. Whatever. I
14 really want to make sure that everybody's on the same page
15 on this.

16 MR. BOUDREAU: If I might ask Mr. Williams
17 to take the stand.

18 COMMISSIONER GAW: Having seen some of
19 these stipulations on whether somebody is or is not
20 imprudent in some particular aspects before and having
21 seen some people disagree on what they thought they meant
22 at the time --

23 MR. BOUDREAU: I think Mr. Williams has
24 previously taken the stand. I presume he's still under
25 oath.

1 JUDGE VOSS: I'll remind you you're still
2 under oath.

3 MR. DENNIS WILLIAMS: Thank you.
4 Commissioner, the only thing I'd add is that there is a
5 Schedule 1 that lists all the contracts that are currently
6 in place, and so that specifically identifies the
7 contracts we're talking about. And what we've agreed to
8 as far as prudence or imprudence is that those contracts
9 that were currently in place as listed on that schedule
10 will not be challenged as far as the original decision
11 made to enter into those contracts.

12 DENNIS WILLIAMS testified as follows:

13 QUESTIONS BY COMMISSIONER GAW:

14 Q. Now, do all of them -- do all of these
15 contracts expire in '09?

16 A. They expire in '07, '08 and '09.

17 Q. No later than '09, I guess is what I should
18 have asked?

19 A. Yes. That's correct. And the expiration
20 date I believe is shown on Schedule 1.

21 Q. Do any of those contracts have renewal
22 provisions in them?

23 A. They do not.

24 Q. Okay. So we're not -- there's no question
25 about some renewal language in here extending this

1 declaration of prudence, prudent decision --

2 A. No.

3 Q. -- to enter into these contracts beyond
4 that date?

5 A. And any contract that's entered into after
6 March 27th, '07 would be subject to prudence review as far
7 as entering into that contract.

8 Q. Okay. This may not be an important
9 question at all, but I want to have somebody articulate
10 it. When we -- when I was asking questions about how this
11 would be handled with a fuel adjustment clause earlier,
12 does the same thing go if it's -- if we're talking about
13 an IEC or is there anything different about that in regard
14 to these issues?

15 A. It would be the same. It would -- those
16 hedge costs would be included in the -- within the IEC.

17 COMMISSIONER GAW: Okay. Does anybody have
18 any different opinion of that? I don't see anybody
19 raising their hands or saying they disagree. Thank you,
20 Mr. Williams. I think that's all I have on that issue.

21 Does anybody else want to tackle this
22 question on the allocation of fuel and purchased power
23 between L&P and MPS?

24 MR. WOODSMALL: I'll take a shot at it.
25 Our witness, Maurice Brubaker, conducted an analysis to

1 determine the allocation of fuel and purchased power
2 between the two operating divisions. As I understand it,
3 the operating divisions have generating facilities that
4 are dedicated to those operating divisions. For instance,
5 Sibley is MPS, South Harper is MPS, but the fuel -- or the
6 energy off of those generating facilities may be
7 dispatched for the benefit of the other operating
8 division.

9 Because of that, you need to undertake some
10 analysis to determine how the fuel underlying that energy
11 should be allocated. What has been done, as I understand
12 it, in the past is separate dispatch models are run for
13 each operating division. That is, you would run a fuel
14 model for MPS and a fuel model for L&P, and that -- I
15 believe it's some parties' belief that under no
16 circumstances should the allocated percent of fuel be any
17 greater than the standalone dispatch runs.

18 Based upon his analysis, Mr. Brubaker
19 determined that the standalone dispatch runs should
20 allocate fuel 81 percent to MPS and 19 percent to L&P, and
21 that's what's reflected here. So going forward, it was
22 important to spell this out, mainly because if the
23 Commission does grant a fuel adjustment clause in the
24 future, we need to know how much of the fuel to run
25 through L&P's fuel adjustment clause and how much to run

1 through MPS fuel adjustment clause.

2 COMMISSIONER GAW: How do you handle the
3 off-system sales?

4 MR. WOODSMALL: I don't -- I couldn't tell
5 you if off-system sales is run through this allocation.

6 COMMISSIONER GAW: It doesn't say
7 off-system sales. It does say purchased power and fuel.
8 I'm just wondering how the off-system sales --

9 MR. WOODSMALL: I don't know if revenues
10 from off-system sales run through this allocation or if
11 they're treated somehow differently.

12 COMMISSIONER GAW: Would somebody know
13 that?

14 MR. WOODSMALL: I've been told that
15 off-system sales aren't included in the fuel run, so
16 they're handled separately.

17 COMMISSIONER GAW: Is that a settled
18 figure, the off-system sales split?

19 MR. FREY: I'm told it would be handled the
20 same way, Commissioner, the same percentages.

21 COMMISSIONER GAW: I've got two different
22 answers now. Somebody needs to give me an answer that
23 everyone agrees on.

24 MR. FREY: I think Mr. Woodsmall said it
25 didn't go through the fuel model.

1 COMMISSIONER GAW: And you are agreeing
2 with that?

3 MR. FREY: Yes.

4 COMMISSIONER GAW: You are agreeing. So
5 how are they divided?

6 MR. FREY: I'm saying we would use the same
7 percentages to divide them.

8 COMMISSIONER GAW: Why would you do that?
9 On the surface that seems counterintuitive. If St. Joe
10 has a different portfolio based on generation compared to
11 peaking power, why wouldn't they have --

12 MR. WOODSMALL: Your Honor, I --

13 COMMISSIONER GAW: -- potential for greater
14 off-system sales?

15 MR. WOODSMALL: It's my understanding that
16 the off-system sales would be credited to the operating
17 division whose generating facility generated those sales,
18 not run through an allocation. Generally given who the
19 generating facilities are dedicated to, most of those
20 off-system sales will be MPS.

21 COMMISSIONER GAW: I would imagine that
22 most of the generation on the split if you just looked at
23 capacity is MPS, but I would also wonder whether or not
24 St. Joe relative to the total capacity wouldn't have
25 greater -- a greater percentage of off-system sales than

1 what the just split between the capacities would be.
2 Doesn't St. Joe have more base load generation as a
3 percentage of its total capacity than MPS or am I confused
4 about that?

5 MR. FREY: I'm told it does, your Honor.

6 COMMISSIONER GAW: That's what I was
7 recalling.

8 MR. FREY: But, Commissioner, I would add
9 that one of the -- one of the features of this agreement
10 is that we want to do a little bit more sophisticated
11 approach to these allocations, and we're going to get that
12 cranked up very quickly on conclusion of this case.

13 COMMISSIONER GAW: Okay. So in the
14 meantime, then, back to what Mr. Woodsmall was saying
15 earlier, the split will be according to the -- will be
16 according to which allocation method?

17 MR. WOODSMALL: The fuel and purchased
18 power will be allocated to the operating divisions based
19 upon this 81 percent/19 percent.

20 COMMISSIONER GAW: I've got that. I'm just
21 talking about off-system sales.

22 MR. FREY: Same percentages.

23 COMMISSIONER GAW: Same percentages will
24 apply, and that will be what everybody has agreed to going
25 forward regardless of any other things that may be

1 happening in regard to who actually is -- which generators
2 are actually being utilized for off-system sales?

3 MR. FREY: With the qualification that it's
4 likely -- there will be likely revisions upon the
5 completion of this study.

6 MR. MILLS: Not to muddy this any further,
7 but I'm not sure that there really is an agreement going
8 forward how off-system sales will be allocated. And I
9 think if -- for example, if they file another rate case
10 within a year and the period immediately after rates go
11 into effect comes into the test year in the next case,
12 that's something that we'll argue about.

13 I don't want people to get the impression
14 that Public Counsel is agreeing that in some future case
15 that we're going to allocate off-system sales revenues on
16 an 81/19 split.

17 COMMISSIONER GAW: I'm not hearing that, I
18 don't think, from anybody. What I am --

19 MR. MILLS: Several people mentioned going
20 forward, and I just wanted to be clear that we're not
21 agreeing to that.

22 COMMISSIONER GAW: And when I -- I think I
23 might have even used that phrase. When I'm using it I'm
24 talking about going forward under this rate case in how
25 that's assumed in calculating the revenues.

1 MR. BOUDREAU: If I might, Commissioner
2 Gaw, could I offer Mr. Williams again?

3 COMMISSIONER GAW: Sure. I'm really just
4 trying to get clarity here.

5 MR. BOUDREAU: Let me do that.

6 COMMISSIONER GAW: I don't care if he takes
7 the stand or not. Wherever's most convenient.

8 MR. DENNIS WILLIAMS: It's a good question
9 because I think there was some confusion on our part as
10 well. The off-system sales aren't specifically discussed
11 because they are not subject to the 81/19 split.
12 Off-system sales we track on our books transaction by
13 transaction, unit by unit, and so what's recorded is what
14 it is, and -- and that's what was used for ratemaking
15 purposes in this case as well.

16 And in the future, as Mr. Mills pointed
17 out, then that's -- it would be treated the same, would
18 all be subject to argument if someone thought we had not
19 tracked those properly. But those are tracked on an
20 individual unit by unit basis.

21 DENNIS WILLIAMS testified as follows:

22 QUESTIONS BY COMMISSIONER GAW:

23 Q. So, Mr. Williams, in regard to the rates
24 and the assumptions that are being made in the rates from
25 between L&P and MPS, are those -- are those rates with the

1 assumptions in the stip being calculated based upon the
2 test year allocation of off-system sales, if we assume
3 that there is not a fuel adjustment clause? And right now
4 that's what my numbers are that I was given earlier from
5 Staff witness.

6 A. Well, I think -- when you say the test
7 year, it's the test year as adjusted.

8 Q. As adjusted?

9 A. So I think there was some average taken
10 over the last two years --

11 Q. Okay.

12 A. -- of off-system sales that were achieved.

13 Q. Okay.

14 A. And it was done for that period, the actual
15 off-system sales that were assigned to MPS were included
16 in the MPS revenue requirement.

17 Q. Okay.

18 A. And then the same for L&P were included in
19 the L&P.

20 Q. Do you have any recollection on what that
21 actually ended up being as a percentage?

22 A. I do not.

23 COMMISSIONER GAW: Okay. So it is not
24 accurate, then -- I'm sorry, Mr. Frey, to keep belaboring
25 this, but it is not accurate to say that it's split based

1 upon this 81/19 figure, then, if Mr. Williams is correct?

2 MR. FREY: I apologize. I would defer to
3 Mr. Williams on that. That was what I was given to
4 understand.

5 COMMISSIONER GAW: Does Mr. Featherstone
6 agree with that?

7 MR. FEATHERSTONE: I think so.

8 JUDGE VOSS: Mr. Featherstone's still under
9 oath.

10 COMMISSIONER GAW: You're still under oath,
11 correct?

12 MR. FEATHERSTONE: Yes.

13 COMMISSIONER GAW: And you agree with
14 Mr. Williams or you're not sure?

15 MR. FEATHERSTONE: I agree with
16 Mr. Williams.

17 COMMISSIONER GAW: All right.

18 MR. DENNIS WILLIAMS: I might point out,
19 too, that, you know, off-system sales, I think that's
20 included as a matter before the Commission still within
21 the context of the FAC, how that will be treated within
22 the FAC.

23 BY COMMISSIONER GAW:

24 Q. Is it a matter in regard to this particular
25 issue of splitting between St. Joe and MPS?

1 A. Only to the extent, as I think of it now, I
2 don't think we've really identified in any of the
3 schedules what that off-system sales amount is by division
4 that ought to be included for MPS and L&P in the base
5 rates, and it might be a good idea to identify that
6 amount, and we haven't done that.

7 Q. Okay.

8 A. But I think the parties are all in
9 agreement with what that amount is, and it could be
10 certainly provided.

11 Q. Okay. If there is a fuel adjustment
12 clause, is the contemplation there that under this that
13 there would be two separate fuel adjustment clauses --

14 A. Yes.

15 Q. -- one for MPS and one for L&P?

16 A. Yes. That's correct.

17 COMMISSIONER GAW: The agreement is to
18 continue the depreciation rates? That was a -- that was
19 an issue earlier as I understood it from the industrials.

20 MR. WOODSMALL: Yes. We conceded that
21 issue. We merely suggest that the current rates should be
22 left in place.

23 COMMISSIONER GAW: Okay.

24 MR. WOODSMALL: I've been reminded that
25 there is an agreement by the company to conduct a study

1 early, I think it's first -- to have it done by first
2 quarter 2008.

3 COMMISSIONER GAW: That's what I see in the
4 stip here. On the DSM programs, I'm just needing some
5 clarification on what this means to have the costs of
6 demand side management included in Account 186 and
7 amortized over ten years. I need somebody to explain the
8 accounting of that in a way that will help me to
9 understand what that agreement means, whoever can do that.
10 Go ahead, Mr. Featherstone.

11 MR. FEATHERSTONE: This agreement is -- I
12 think it's similar to the Empire agreement, and it is
13 essentially to take the expenditures as spent and identify
14 some type of a carrying charge rate, AFUDC rate, and then
15 those amounts will be amortized in future cases over a
16 ten-year period.

17 COMMISSIONER GAW: What are we talking
18 about here as far as expenditures are concerned?

19 MR. FEATHERSTONE: Well, now, I'm not the
20 person for that.

21 COMMISSIONER GAW: Ms. Mantle? You were
22 under oath, I think, yesterday, so you would still be
23 under oath today.

24 JUDGE VOSS: She didn't answer any
25 questions, but she was under oath.

1 COMMISSIONER GAW: Mr. Featherstone, I may
2 need to follow up with you after this. Go ahead.

3 MS. MANTLE: What was the question again?

4 LENA MANTLE testified as follows:

5 QUESTIONS BY COMMISSIONER GAW:

6 Q. What is it we're talking about on the DSM
7 programs? I know what it means. I want to know
8 specifically what we're talking about.

9 A. Well, Aquila has filed their resource plan
10 filing with the Commission. The case is -- I can't
11 remember the case number off the top of my head. But up
12 until this filing, they had also submitted some resource
13 plans to the Staff and other parties. We did not do an
14 in-depth review of those. Staff had some concerns with
15 the review of the DSM. So did I believe DNR and OPC.

16 So we don't have a real good feel of the
17 amount that Aquila should or should not be spending. So
18 that's -- I believe in here we have that there's a funding
19 goal.

20 Q. I saw that goal of finally getting to the
21 great figure of 1 percent, and I say that with sarcasm.

22 A. Staff's thought was we needed -- it was
23 okay to put a goal in. It's probably low. I don't know,
24 though.

25 Q. Okay.

1 A. That's -- until we have a little bit --

2 Q. I'm not criticizing Aquila because they're
3 low and everyone else is high. Don't misunderstand me.
4 It's a question of everyone being too low.

5 A. But until we've had a chance to do a
6 thorough review of that resource plan and the DSM that is
7 in that plan --

8 Q. Yes.

9 A. -- we did not want to state an amount that
10 should be spent or should not be spent.

11 Q. Well, maybe I should ask Aquila. What is
12 it that we're talking about here as far as programs are
13 concerned? Without drilling down into lots of detail, can
14 you give me some perspective on what it is that this is --
15 costs are going to reflect?

16 A. I can tell you there is a wide range of
17 programs that they have reviewed and have -- they're
18 saying are cost effective, and includes education
19 programs, low-income programs, commercial programs,
20 residential, industrial. So they have looked at a wide
21 variety. I don't remember the exact funding amount.

22 MS. WOODS: Commissioner Gaw?

23 COMMISSIONER GAW: Yes. Thank you.

24 MS. WOODS: Brenda Wilbers with the
25 Department of Natural Resources did bring what Aquila

1 filed in, I think it was the 2005 -- in the 2005 resource
2 plan, and she's got those figures with her if you'd like
3 to have her provide them.

4 COMMISSIONER GAW: Are they recent enough
5 to be meaningful?

6 MS. WOODS: It's 2007. She's got the
7 figures in their current IRP plan.

8 COMMISSIONER GAW: That would be helpful.
9 You-all don't have to take the stand. Whatever microphone
10 is closest is fine.

11 MS. WOODS: She has not been sworn in.

12 (Witness sworn.)

13 BRENDA WILBERS testified as follows:

14 QUESTIONS BY COMMISSIONER GAW:

15 Q. State your name, please.

16 A. Brenda Wilbers.

17 Q. What do you do, Ms. Wilbers?

18 A. I'm with the Department of Natural
19 Resources Energy Center.

20 Q. Okay. Thank you. And I understand that
21 you have some information in regard to this demand side
22 management paragraph that's in the Stipulation &
23 Agreement. Can you tell me what programs we're talking
24 about?

25 A. Yes. What we've agreed to do here is to

1 look at the programs that Aquila files in their 2007
2 resource plan, which they did on February the 5th, and
3 they've proposed residential programs, public purpose
4 programs and some demand response programs. There's
5 fairly significant dollar budgets proposed for these
6 programs starting at 3 million in year one, going up to 5
7 million in year two, and up to almost 8 million in year
8 five, which does far exceed the 1 percent goal.

9 Q. Okay. And can you give me some flavor of
10 what these programs are?

11 A. Sure. The residential programs identified
12 are lighting, thermal envelope improvements, HVAC
13 equipment and --

14 Q. What was that, thermal?

15 A. Thermal envelope, envelope.

16 Q. No, I wasn't questioning your
17 pronunciation. I was trying to understand what it meant.

18 A. Well, I think they're probably talking
19 about incremental costs of additional insulation and
20 things like that.

21 Q. Okay. Thank you. Go ahead.

22 A. Programmable thermostats and HVAC
23 maintenance, residential new construction and residential
24 audits. Comprehensive commercial and industrial program,
25 which typically will include a site-specific audit,

1 identifying measures and then incentives to install some
2 of those measures.

3 Q. Okay.

4 A. Public purpose programs identified are
5 weatherization, energy education for low income,
6 school-based energy education and affordable housing.

7 Q. So some of these categories are just very,
8 very broad?

9 A. Yes. They do have additional information
10 about them. I didn't bring all of that.

11 Q. How are the specifics of these programs
12 going to be developed?

13 A. They would be -- I guess that would be
14 determined in the IRP case as to how they -- how the
15 actual program design is developed on a going-forward
16 basis after there's agreement to what the programs are.

17 COMMISSIONER GAW: All right. Is that
18 Aquila's understanding, Mr. Boudreau?

19 MR. BOUDREAU: Yes. That's correct. And
20 for the record, I think that's Case No. EO-2007-0298.

21 COMMISSIONER GAW: And it's cited here in
22 the stip.

23 MR. BOUDREAU: Yes, it's referred to in the
24 stipulation.

25 COMMISSIONER GAW: Is the company

1 contributing to this? Is this all ratepayer dollars?

2 What are we talking about with the funding?

3 MS. MANTLE: What is proposed here would be
4 the AAO, I don't know all the accounting aspects, but
5 theoretically that money is put -- or not an AAO. With
6 the regulatory asset account, that money gets put in
7 there, and then in the next rate case the parties can say
8 whether or not they think that money was prudently spent.
9 If it was prudently spent, then it goes in to be recovered
10 by the ratepayers.

11 COMMISSIONER GAW: Okay. It goes in to be
12 recovered -- not recovered by the ratepayers?

13 MR. WOODSMALL: Recovered from.

14 COMMISSIONER GAW: Recovered from. Yes.
15 That's what I thought. Okay. Is the company putting any
16 money into this?

17 MR. BOUDREAU: I understand that there is
18 some funding, and it will be handled for accounting
19 purposes as reflected in the stipulation. So I don't
20 think there's anything in -- I'm sure the other parties
21 will correct me, but I don't think there's anything in the
22 settlement in this case that provides for any particular
23 level of funding. Is that right?

24 MS. WOODS: I think the only thing that
25 currently is in this settlement is that if the parties

1 can't reach an agreement on the 2007 IRP case by a date
2 certain, that the programs that Aquila currently has in
3 place will continue at that same funding level, and I
4 believe those are shareholder dollars.

5 COMMISSIONER GAW: Okay. Is that
6 everyone's understanding?

7 MR. BOUDREAU: Yes, I concur with that.

8 COMMISSIONER GAW: Do you know what that
9 is, that level?

10 MS. WOODS: I think that's 193,000.

11 MS. WILBERS: That's correct.

12 COMMISSIONER GAW: All right. Is there
13 anything else anybody wants to add on this particular
14 topic? I know everyone loves to talk about this. I'm the
15 one that loves to talk about it, I think.

16 MS. MANTLE: This regulatory account is the
17 same as what was -- that is in the KCPL regulatory plan,
18 the Empire regulatory plan. I believe it was approved by
19 you for AmerenUE, both gas and electric.

20 COMMISSIONER GAW: Okay.

21 MS. MANTLE: There's a -- what this is is
22 an attempt to overcome a barrier of the utilities to
23 implementing demand side where they can earn return on
24 demand side expenses.

25 COMMISSIONER GAW: Now, wait a minute.

1 That's what I've got to understand. Is this a return of
2 or return on and of this expense?

3 MR. WOODSMALL: The amount in Account 186
4 is booked with AFUDC, which is a -- it's a return over and
5 above the initial expenses. It's not based upon ROE.
6 It's stacked from, as I understand it, from the lowest
7 cost items up.

8 COMMISSIONER GAW: That would mean that
9 because you're not recovering in current rates but
10 recovering in the future, you're getting some credit for
11 the fact that as you would --

12 MR. WOODSMALL: Carrying costs.

13 COMMISSIONER GAW: Yes, which is, as you
14 said, Mr. Woodsmall, different than a return on based on
15 ROE, correct? Am I right about that?

16 MR. WOODSMALL: The carrying costs are
17 calculated, as I understand it, from the least cost
18 capital or least cost finance item up to the highest cost.
19 So depending on the amount of expenses, it will probably
20 be close to the cost of debt. That's how I understand it.

21 COMMISSIONER GAW: Does anybody else have
22 any further explanation of that?

23 MR. MILLS: Not directly on that, but on a
24 related point, the AFUDC does stop when rates go into
25 effect in the new case.

1 COMMISSIONER GAW: What I would anticipate
2 is that when you get to the next rate case, there would be
3 discussion about setting a level for demand response going
4 forward from that case based upon some agreements that
5 might be entered into in the interim period here, and then
6 that would just be built into base rates and we would not
7 be booking it under this 186 account, but I don't know.

8 Once you've achieved -- once you've got
9 some level of certainty here about what the expenditure
10 will be on demand side management, I would think once you
11 had that in a rate case, it would just be built in as any
12 other expense would be built in, but I don't know.
13 Anybody have any feedback?

14 MR. BOUDREAU: I'm not sure I disagree with
15 that. I think that that may be very well the way it plays
16 out. In that regard, I might point out that these demand
17 side management programs really don't go into effect
18 unless they're shown to be cost effective, and that's what
19 the docket, the special docket's been created for.

20 COMMISSIONER GAW: Yes.

21 MR. BOUDREAU: And presumably whatever's
22 agreed to in that docket, the parties have some sort of
23 understanding that they are, in fact, cost effective.
24 That goes to the ultimate how do you handle it for
25 ratemaking purposes.

1 COMMISSIONER GAW: And I'm assuming that
2 there's not any disagreement that there are demand side
3 management programs that are cost effective. The question
4 is, which ones?

5 MR. BOUDREAU: I think that's correct. The
6 docket that has been created for that purpose will be
7 looking at these particular programs and assessing those
8 programs.

9 MS. MANTLE: Staff would agree with that.
10 And that would be run through the whole integration
11 process, not just a DSM screening. It will be looked at
12 along with supply side resources.

13 COMMISSIONER GAW: Sure. That makes sense.
14 Thank you, Ms. Wilbers, unless there's something else you
15 want to add.

16 MS. WILBERS: No. We concur that there are
17 definitely cost effective DSM programs out there that we
18 can be implementing.

19 COMMISSIONER GAW: I thought you might.

20 MS. WILBERS: Thank you.

21 COMMISSIONER GAW: Can somebody tell me
22 what sub 12 is intended to do?

23 MR. BOUDREAU: If I might, it's to set the
24 base cost for -- base fuel cost for retail sales.

25 MR. WOODSMALL: The purpose of it is so

1 that we know the base fuel now, so if there is a fuel
2 adjustment clause, we know what to --

3 COMMISSIONER GAW: Initially set it at?

4 MR. WOODSMALL: Exactly.

5 COMMISSIONER GAW: If there isn't, if it
6 were all in base rates, you'd have the figure everyone's
7 agreed to, correct?

8 MR. WOODSMALL: Right.

9 COMMISSIONER GAW: And anything else that
10 comes in between those two, we rely on these numbers?

11 MR. WOODSMALL: Correct.

12 COMMISSIONER GAW: Okay. I'm going to stop
13 for the time being anyway. Thank you very much.

14 COMMISSIONER CLAYTON: I guess I'll start
15 with Staff. I just have some very general questions,
16 since we've had a fairly thorough review this morning.

17 I want to be clear on what issues are still
18 going to be alive after this case. In paragraph 1 is
19 makes reference to a number of items that are still alive.
20 Does this stipulation resolve total plant in service, the
21 value of rate base? Can anyone answer?

22 MR. MILLS: No, not entirely. Almost
23 entirely, but there is approximately a million dollars
24 worth of a rate base issue having to do with the
25 Accounting Authority Orders granted for the Sibley

1 generating stations and whether the unamortized balance of
2 those deferrals should be included in rate base.

3 COMMISSIONER CLAYTON: So you've got
4 Sibley, which is listed in paragraph 1. Is that the only
5 issue?

6 MR. WILLIAMS: Commissioner, the
7 depreciation issue has been withdrawn, so that's no longer
8 a contested matter.

9 MR. WOODSMALL: To get back to your initial
10 question, the plant in service balance for L&P is settled.
11 As Mr. Mills noted, the plant in service balance for MPS
12 is subject to the determination on the AAO Sibley issue.

13 COMMISSIONER CLAYTON: Okay. What is
14 the -- what's -- does this stipulation resolve the issues
15 associated with South Harper?

16 MR. WILLIAMS: Yes. Well, for purposes of
17 this case --

18 COMMISSIONER CLAYTON: I say resolve. I
19 mean is the issue settled?

20 MR. WILLIAMS: It's not a contested issue
21 before the Commission in this case, but it is still an
22 issue that Staff can raise in the future.

23 COMMISSIONER CLAYTON: When you say it's
24 not an issue in this case, what do you mean?

25 MR. WILLIAMS: I'm saying that the

1 Stipulation & Agreement addresses the matter in a fashion
2 that the Commission need not make any determinations
3 regarding the South Harper issue in this case. However,
4 the Staff can still take the same position it did in this
5 case in a future case.

6 COMMISSIONER CLAYTON: Okay. So was
7 something resolved for this case with regard to South
8 Harper? Because the Staff briefed an issue in its brief
9 associated with how South Harper will be treated. So did
10 something get resolved in this stipulation or was there
11 never anything in dispute?

12 MR. WILLIAMS: There's something in
13 dispute, but there's an agreement about rate base that
14 preserves Staff's ability to raise the issue in the future
15 if it so desired.

16 COMMISSIONER CLAYTON: Okay. So in rate
17 base how is South Harper treated? Is it -- because I
18 think you do the same thing you did in the last case.

19 MR. WILLIAMS: Essentially.

20 COMMISSIONER CLAYTON: Basically the
21 phantom -- my kids would love this -- the phantom plant or
22 whatever. You don't actually place South Harper in rate
23 base, but you put an equivalent facility in rate base; is
24 that correct?

25 MR. WILLIAMS: No.

1 COMMISSIONER CLAYTON: Explain to me what's
2 going on.

3 MR. WILLIAMS: We removed South Harper from
4 rate base, and in lieu of South Harper we put in a
5 facility that would -- upon which six combustion turbines
6 could be located. However, we only put in dollars for
7 five being in place. South Harper is a three CT facility.
8 And as we did in the last case, we used prudently incurred
9 expenses for the South Harper site and the installation of
10 three CTs on that site for part of the costs that we
11 relied upon for reaching the numbers that we use for what
12 we call the MPS facility.

13 COMMISSIONER CLAYTON: So isn't that
14 exactly what you did in the last case? You say you took
15 it out of rate base and then you put in -- tell me how
16 this is different than what you did in the last case.

17 MR. WILLIAMS: It's basically the same as
18 what we did in the last case.

19 COMMISSIONER CLAYTON: Okay. But you say
20 you took it out. So it was in rate base?

21 MR. WILLIAMS: South Harper was not in rate
22 base.

23 COMMISSIONER CLAYTON: It was not. So you
24 took it out of Aquila's filing, maybe out of their --

25 MR. WILLIAMS: We took it out of their

1 records and their -- it was not part of what we included,
2 Staff included in rate base for purposes of determining an
3 appropriate rate base for Aquila.

4 COMMISSIONER CLAYTON: Okay.

5 MR. WILLIAMS: And in lieu of the South
6 Harper facility, Staff said that Aquila should have a
7 facility upon which six CTs could be located and upon
8 which five CTs were actually located.

9 COMMISSIONER CLAYTON: Say that again.

10 MR. WILLIAMS: We did a six CT site upon
11 which five CTs were constructed.

12 COMMISSIONER CLAYTON: You did a six CT
13 site where five CTs were located?

14 MR. WILLIAMS: Yes. So one available -- I
15 mean, the site was designed for six CTs, but only five
16 were put on there.

17 COMMISSIONER CLAYTON: Is there any
18 difference in dollars and cents between Staff's
19 recommendation and actually placing the existing facility
20 in rate base? Is there any dollar difference?

21 MR. WILLIAMS: Staff's position was yes,
22 there was more dollars in Staff's case.

23 COMMISSIONER CLAYTON: So Staff put in more
24 money in rate base?

25 MR. WILLIAMS: Yes.

1 COMMISSIONER CLAYTON: Now, how many CTs
2 are actually located at the site at South Harper?

3 MR. WILLIAMS: There are three CTs that
4 have been constructed at the South Harper site.

5 COMMISSIONER CLAYTON: And Staff gave them
6 an additional two CTs?

7 MR. WILLIAMS: We used a site that included
8 five CTs.

9 COMMISSIONER CLAYTON: So how do you -- how
10 do you do that when there isn't plant in service used and
11 useful? How do you do that?

12 MR. WILLIAMS: There's a need for capacity
13 to be available. There's actually service being provided.
14 Rather than relying on purchased power agreements or some
15 other resource, Staff said that in the long term the
16 most -- the best resource mix for customers of Aquila, to
17 serve customers of Aquila is combustion turbines at the
18 time that those should have been put into place.

19 COMMISSIONER CLAYTON: Okay. So basically
20 what Staff's position is, is that for all dollars and
21 cents purposes, they get to keep -- they get the three CTs
22 that are in existence, used and useful, and then you
23 are -- are you offsetting a purchased power agreement by
24 an amount that would reflect an additional two CTs?

25 MR. WILLIAMS: The positions of the parties

1 could be viewed that way.

2 COMMISSIONER CLAYTON: Okay. So basically
3 what you're saying is that it would -- Staff would be
4 saying is that it is cheaper to have two additional CTs in
5 service used and useful than it would be to go out and
6 replace that power with a purchased power agreement, and
7 that's what should be reflected in rates? Is that the
8 Staff position?

9 MR. WILLIAMS: Not exactly. I mean,
10 Staff's position is that, one, there's a concern about the
11 South Harper facility because there's still an issue about
12 the legality of it. So Staff was not willing to say that
13 that is used and useful within the requirements of the
14 statute.

15 COMMISSIONER CLAYTON: Well, that's the
16 three -- that's the three CTs. I'm talking about the
17 extra two.

18 MR. WILLIAMS: Well, what I'm saying,
19 though, is Staff put in five CTs, and it's Staff's
20 position that in the long run the least-cost alternative,
21 and it was Aquila's least-cost determination, that the
22 appropriate thing for Aquila to have done was to have
23 built a site and put five CTs on it, and that's what Staff
24 put in its case. Whereas, what Aquila has in its case is
25 a site with three CTs built on it plus some purchased

1 power agreements.

2 COMMISSIONER CLAYTON: Okay.

3 MR. WILLIAMS: I mean, those are the
4 relative positions of the parties prior to the settlement.

5 COMMISSIONER CLAYTON: So does the
6 agreement set out that Aquila would receive a return of
7 and a return on those two additional CTs?

8 MR. WILLIAMS: The agreement really doesn't
9 address with that particularity. It agrees to a dollar
10 amount that goes into rate base.

11 COMMISSIONER CLAYTON: So does the dollar
12 amount reflect the two additional CTs?

13 MR. WILLIAMS: That depends on different
14 parties' perspective. I mean, there's no agreement about
15 what the generation mix should be.

16 MR. BOUDREAU: If I might, Commissioner?

17 COMMISSIONER CLAYTON: Go ahead.

18 MR. BOUDREAU: We've agreed to a rate base
19 amount, but we haven't agreed as to how any party got
20 there. It's basically just a number agreement. And
21 Staff -- you know, Mr. Williams has just been explaining
22 Staff's position on that, but I want to make it clear that
23 that sort of rationale isn't part of this agreement at
24 all.

25 COMMISSIONER CLAYTON: Okay. Where in the

1 stipulation is the total plant in service, the dollar?

2 Just show me what --

3 MR. MILLS: Paragraph 13.

4 COMMISSIONER CLAYTON: Paragraph 13. Is
5 any of this HC? No? So the 918 million, is that the --
6 is that the rate base value?

7 MR. WILLIAMS: That's the rate base for
8 MPS.

9 COMMISSIONER CLAYTON: For MPS. Thank you.
10 And then the L&P is the \$168 million figure on the next
11 page?

12 MR. WILLIAMS: 186.

13 COMMISSIONER CLAYTON: What did I just say?

14 MR. FREY: 168.

15 COMMISSIONER CLAYTON: Working with a
16 counselor on that.

17 So you basically have a settled amount, and
18 from Staff's position it includes some portion of an
19 amount that would reflect a similar figure from what South
20 Harper cost? Did I state that correctly?

21 MR. WILLIAMS: I think it would be more
22 accurate to say that Staff's comfortable with that rate
23 base amount and its opportunity to raise the issue in the
24 future again should it desire to do so.

25 COMMISSIONER CLAYTON: Okay. So does that

1 mean that Staff reduced the purchased power expense that
2 the company had?

3 MR. WILLIAMS: I don't think you can draw
4 that conclusion by the agreement on the rate base, no.

5 COMMISSIONER CLAYTON: Is purchased power
6 settled? You've got fuel expense settled, but is
7 purchased power expense settled?

8 MR. WILLIAMS: Yes. It was fuel and
9 purchased power.

10 COMMISSIONER CLAYTON: Was it Staff's
11 position to reduce the purchased power expense by an
12 amount that would offset the increase in the rate base
13 calculation for those five CTs?

14 MR. WILLIAMS: I don't know the answer to
15 that one.

16 COMMISSIONER CLAYTON: Does that question
17 even make sense?

18 MR. WOODSMALL: As I understand the Staff's
19 run, they modeled those five CTs. Once they modeled those
20 five CTs, the purchased power would decrease.

21 COMMISSIONER CLAYTON: So since both sides
22 are being settled, there's a contemplation of each of
23 those elements in both sides of that equation or in both
24 parts of the formula?

25 MR. WILLIAMS: Yeah.

1 MR. FREY: Yes.

2 COMMISSIONER CLAYTON: Okay. On Appendix B
3 of the stipulation, I believe, it sets out some
4 depreciation rates. So is Aquila, in accordance with this
5 stipulation, going to be depreciating five CTs? I'm
6 looking at the bottom of Appendix B, Schedule 2,
7 identified as South Harper, which I guess is a fictional
8 name of five CTs located somewhere.

9 But do those depreciation schedules reflect
10 depreciating the three plus the two CTs?

11 MR. BOUDREAU: I can tell you for
12 depreciation purposes, the company will just be
13 depreciating the three CTs that are on its books.

14 COMMISSIONER CLAYTON: But if it's got a
15 rate base value -- rate base valuation that contemplates
16 five -- maybe it doesn't. Maybe it doesn't contemplate
17 five CTs. Maybe I'm not understanding what we're doing
18 here, but this is rather unorthodox. I just want to be
19 clear.

20 MR. BOUDREAU: Well, this is just for
21 booking depreciation expense, so that's -- that's how it
22 will be handled by the company. It's just whatever's on
23 its books it will depreciate at that rate.

24 COMMISSIONER CLAYTON: Okay. Well,
25 Mr. Boudreau, let me ask you this question, then: Where

1 would we determine, since the depreciation issue is either
2 settled or there's an agreement to look forward, I think
3 it's going to be addressed at a later time. Is that
4 accurate to say that?

5 MR. BOUDREAU: I think it's -- well, there
6 will be a depreciation study that's going to be filed no
7 later than the first quarter 2008. But your question goes
8 to?

9 COMMISSIONER CLAYTON: What I'm asking
10 about is the depreciation component in the revenue formula
11 that would be -- that is added into the revenue
12 requirement I think as an expense on an annual basis, the
13 part that is -- not the accumulated part that is within
14 the rate base calculation, but the part that I guess you
15 run through the annual amount of depreciation that is
16 realized. Does that amount include depreciation off of
17 three plus two CTs? Does that make sense?

18 MR. BOUDREAU: Maybe it would be better for
19 the record if I let Mr. Williams answer.

20 COMMISSIONER CLAYTON: Yeah. He can answer
21 from there. That's cool.

22 MR. DENNIS WILLIAMS: For our books, we
23 only record what we actually have on hand. The ratemaking
24 would be separate from what we record on the books. So we
25 only have three CTs on hand. That's all we're

1 depreciating on our books. Now, when you go to set rates,
2 you might approach that from a different approach. You
3 might say, well, theoretically you had five CTs, and if
4 you had five CTs on your books, what would the
5 depreciation have been for ratemaking purposes? But on
6 our books right now, all we are depreciating is what we
7 actually have in the ground.

8 COMMISSIONER CLAYTON: So the component of
9 annual expense would not include depreciation off of -- I
10 mean, it wouldn't be that much, I don't think, in the
11 whole scheme of plant in service, but that expense
12 component of depreciation wouldn't be included in the
13 revenue requirement, right?

14 MR. DENNIS WILLIAMS: That would not, but
15 what we would, in lieu of that, we talked that we actually
16 do have some purchased power contracts. So those are
17 actual purchased power contracts. We are recording those
18 actual costs on our books, which --

19 COMMISSIONER CLAYTON: And that amount is
20 agreed to? That amount is agreed to in this settlement?

21 MR. DENNIS WILLIAMS: No, because all
22 that's agreed to in this settlement is a rate base amount,
23 and that may or may not have anything to do with what's
24 actually on our books. On our books we're reflecting the
25 actual transactions. For ratemaking all we're doing is

1 reflecting an amount that we've agreed to.

2 COMMISSIONER CLAYTON: Go ahead, Mr. Mills.

3 MR. MILLS: If I can jump in, Commissioner.

4 For the purposes of expenses, the same sort of thing is
5 true, that you can't look at the number that we agreed in
6 expenses and say, yes, there's depreciation expense in
7 there that covers two more CTs, and you can't say that
8 there's an expense in there for a purchased power contract
9 either. It's an agreed-upon number that doesn't
10 specifically say it's one or the other.

11 COMMISSIONER CLAYTON: Okay. Let me ask
12 the question this way, then. Looking at the stipulation,
13 in paragraph No. 1 it identifies issues that are still
14 alive in the case. That list doesn't include -- well,
15 unless it would be under fuel cost recovery, is that --
16 Issue No. 15, is that where that issue still needs to be
17 resolved?

18 MR. BOUDREAU: I think that just deals with
19 fuel adjustment clause issues.

20 COMMISSIONER CLAYTON: In that paragraph
21 No. 1, there are no other expense items that appear to be
22 left for us to decide, and that's why I'm trying to be
23 clear. If purchased power is not left to be decided, then
24 it must be settled. And that's an expense. It's not a
25 rate base issue. So it is an expense issue that's been

1 settled, correct? Didn't I just -- I thought you just
2 said that it was not settled, Mr. Williams. That's what
3 I'm -- I apologize for going around on this.

4 MR. DENNIS WILLIAMS: The amount is settled
5 for the rate case, but that is not necessarily the same
6 amount that we'll be recording on our books. So I just
7 was trying to make that clear, because you were talking
8 about are you depreciating these two other CTs that aren't
9 in the ground, and on our books, no, we're not. We're
10 recording purchased power contracts. You don't
11 necessarily have an exact correlation between the rates
12 and what's on the books.

13 COMMISSIONER CLAYTON: Let's talk about
14 what's in rates, because I --

15 MR. WILLIAMS: And in rates it's just an
16 agreed-to amount.

17 COMMISSIONER CLAYTON: So are all of the
18 expenses settled?

19 MR. WILLIAMS: Yes.

20 COMMISSIONER CLAYTON: Okay. Where's that
21 figure reflected in the stipulation?

22 MR. DENNIS WILLIAMS: It would be reflected
23 within the total revenue requirement amount.

24 COMMISSIONER CLAYTON: Okay.

25 MR. DENNIS WILLIAMS: So it would be

1 embedded within the --

2 COMMISSIONER CLAYTON: The 454 million and
3 the 123. Well, that says revenue requirement, doesn't it?
4 Rate base was in --

5 MR. DENNIS WILLIAMS: You're right. You're
6 right.

7 COMMISSIONER CLAYTON: Rate base is in
8 paragraph 13.

9 MR. DENNIS WILLIAMS: You're right. It
10 would be included within the total revenues the tariffs
11 were designed to collect.

12 COMMISSIONER CLAYTON: I think when I read
13 total revenue requirement, I said they certainly didn't
14 settle all the expense issues, but I suppose that you did
15 in accordance with this stipulation.

16 Okay. Well, so within that, within those
17 two figures, the 454 million and the 123 million includes
18 all the expenses including -- including everything but
19 especially purchased power costs as well as depreciation
20 costs or the annual depreciation amount included in rates?

21 MR. BOUDREAU: Yes. That's correct.

22 COMMISSIONER CLAYTON: Okay.

23 JUDGE VOSS: Can I ask a question?

24 COMMISSIONER CLAYTON: Depends on who
25 you're asking.

1 JUDGE VOSS: I'm asking them, other than
2 can I ask a question. Paragraph 9 where it talks about
3 fuel and purchased power, and I may be confusing the
4 issue, but if an FAC or an IEC are adopted, would any
5 overages in purchased power be run through that? I don't
6 think it would, but I may be misunderstanding.

7 MR. WOODSMALL: When you say overages --

8 JUDGE VOSS: Apparently in rates you have
9 some set amount for purchased power?

10 MR. WOODSMALL: Overages for purchased
11 power specifically won't necessarily run through. The
12 total fuel and purchased power amount, to the extent it
13 exceeds the amount contained in paragraph 12, will run
14 through. So if you have fuel and -- if you have purchased
15 power go up but fuel goes down by an offsetting amount --

16 JUDGE VOSS: Well, my question is, you're
17 going to have to buy purchased power if these plants
18 aren't really in existence and you need that much power.
19 If the contracts in place now aren't run through the fuel
20 adjustment clause but next year whenever they have to
21 repurchase them and the rates go up, will the ratepayers
22 have to pay for plant that doesn't exist and for
23 additional cost for purchased power?

24 MR. WOODSMALL: I think the problem we're
25 running into is we have settled high level numbers, rate

1 base, expense level, fuel and purchased power. There
2 shouldn't be an implicit understanding in that that we
3 agreed to numbers contained therein, that we agreed to a
4 specific fuel number or a specific purchased power number
5 or even an explicit payroll number.

6 COMMISSIONER GAW: Let me follow up, Judge,
7 on that question, if you don't mind, Commissioner Clayton.
8 This -- I think what the Judge is asking is, if there's an
9 assumption in base rates that there are -- there is a
10 certain amount of capacity available and the ability to
11 use those generators with just the incremental cost of
12 fuel, but they don't really have them, and instead -- and
13 if we have a fuel adjustment clause, they have to go out
14 and fill that additional load need with off-system
15 purchases that cost more than just the incremental cost of
16 running -- the fuel costs running the CT, aren't
17 ratepayers in effect double paying with that assumption?
18 Or at least not necessarily double paying, but paying more
19 than what they should because of the way the rates -- the
20 structure is made in the settlement? Are you all
21 following that?

22 MR. WOODSMALL: I don't have a good answer.

23 MR. MILLS: Well, and I'm not sure I have a
24 good answer, but I have an answer. I think to the extent
25 that the fuel and purchased power costs in Schedule 3 that

1 will essentially be the base fuel and purchased power cost
2 in an FAC, to the extent that those reflect running two
3 additional turbines rather than more expensive purchased
4 power, the first time you get into the real world where
5 you don't have those --

6 COMMISSIONER GAW: The starting place I
7 don't see as being the issue with this question. It's
8 where you go from there if there is a fuel adjustment
9 clause, and that that base number the next time around
10 reflects the added additional cost of purchasing power
11 rather than purchasing fuel to run those generators, which
12 is what the assumption is.

13 The assumption in the -- I think that
14 you-all have in coming to your agreement is that that's a
15 fuel cost, not a purchased power cost, and so if you have
16 a fuel adjustment -- and it doesn't -- this problem
17 doesn't occur if you don't have a fuel adjustment.

18 MR. WOODSMALL: To answer your question,
19 there will not be fuel runs done every time that there is
20 an adjustment to provide for the difference between
21 purchased power and the fuel that would have been done
22 with these five extra CTs.

23 COMMISSIONER GAW: I don't know how you can
24 do it very easily, and if that's not contemplated, I
25 suppose it provides clarity, but it may not make me feel

1 better.

2 MR. WOODSMALL: I would tell you that there
3 is an option, a possibility at the back end with the
4 prudence review to say that these costs and the true-up,
5 these costs are higher because you reached it through
6 purchased power instead of five CTs or whatever. That is
7 the option that's still being left.

8 COMMISSIONER GAW: I think that's -- I
9 think that's what we may be dealing with here is this
10 potential issue being created for resolution on the review
11 of those costs if we have an FAC or something similar to
12 it. Judge, I'm -- and Commissioner, I'm sorry. That
13 was --

14 JUDGE VOSS: You did a much better job of
15 phrasing the question than I did.

16 JUDGE VOSS: This might not need clarified.
17 The inclusion, maybe not agreed to by all parties, but
18 Staff's position, the inclusion of the two phantom
19 turbines rather than the purchased price cost initially
20 was based on a prudence review type analysis, wasn't it?
21 That Staff thought it would have been prudent to put the
22 plant in service rather than relying on the purchased
23 power contracts?

24 MR. WILLIAMS: It's the Staff's position
25 that Aquila should have put in five CTs at or about the

1 time it built three, and that was done on a prudency
2 basis.

3 JUDGE VOSS: It might be good to turn up
4 the mic now to see if there are any -- I don't think
5 Mr. Coffman's here today.

6 COMMISSIONER CLAYTON: Finish up just a
7 couple things. Are there any items within the stipulation
8 that would address any potential concerns with pending
9 mergers that are out there? Are there any provisions that
10 relate to that or basically would the tariffs just
11 continue in effect?

12 MR. WOODSMALL: Not in the stipulation
13 explicitly. I would note that in the litigated issues,
14 the -- certain parties' position on fuel adjustment clause
15 changed because of the pending acquisition. That is,
16 certain parties recommend that the length of the fuel
17 adjustment clause be shorter than four years.

18 So I don't believe it's contained in the
19 stip, but it is accounted for in litigated issues.

20 COMMISSIONER CLAYTON: Okay. I don't think
21 I have any other questions. Thank you.

22 JUDGE VOSS: I'm going to turn up the
23 volume.

24 MS. MANTLE: To clarify a little bit on
25 purchased power agreements versus the power plants and the

1 fuel adjustment clause, how that would work. With the
2 purchased power agreements, there's capacity charge and
3 energy charge. If the capacity -- and the capacity charge
4 is like the fixed cost of the plant. So if that is not
5 included in the fuel adjustment clause, you're only
6 getting that energy flow through, the cost. There
7 probably -- purchased power energy probably will be a
8 little bit higher than the gas that would run these
9 turbines, but it wouldn't be as great as the whole
10 purchased power contract being in the fuel adjustment
11 clause versus the rate base of the plant.

12 COMMISSIONER GAW: You'd net out your fuel?

13 MS. MANTLE: Yeah. It's just the fuel that
14 would net out.

15 COMMISSIONER GAW: And it's possible it
16 could be different fuel? I mean, there's all sorts of
17 things, but I'm just contemplating this being a potential
18 issue that could cause a lot of disagreement moving
19 forward. I can't imagine why I might think that.

20 MS. MANTLE: I just wanted to bring up the
21 fact that capacity charges shouldn't be in a fuel
22 adjustment clause.

23 COMMISSIONER GAW: Now, you're talking
24 about long-term contracts when you're talking about
25 capacity charges?

1 MS. MANTLE: And that's what they use to
2 meet their capacity requirements.

3 COMMISSIONER GAW: Well, that's what they
4 have used, but that doesn't preclude them from buying
5 power on the spot market and having bilateral transactions
6 that are short term, right?

7 MS. MANTLE: That's correct.

8 COMMISSIONER GAW: There are all sorts of
9 different possibilities out here going forward that
10 doesn't necessarily meet the historical sense that you've
11 worked with in this case.

12 MS. MANTLE: And in the forward -- if there
13 is a fuel adjustment clause and only energy is recovered,
14 then contracts could be rewritten so there's no capacity
15 charge and only energy charges. So it is a game.

16 COMMISSIONER GAW: Real quick, on that
17 line, Commissioner Clayton was asking about what
18 happened -- I think weren't there two purchased power
19 agreements that were at issue originally in this case? Am
20 I wrong about that? I'm going from memory on the
21 prehearing briefs right now.

22 MR. BOUDREAU: Well, in a sense I think,
23 Commissioner, that a contrast in positions between the
24 Staff and the company with the company was saying the
25 three CTs that actually exist and the purchased power.

1 COMMISSIONER GAW: Instead of those extra
2 phantom ones. I believe you used the word phantom in your
3 prehearing brief.

4 MR. BOUDREAU: I might have.

5 COMMISSIONER GAW: I don't know where that
6 would come from.

7 MR. BOUDREAU: I seem to recall that, now
8 that you mention it.

9 COMMISSIONER GAW: Anyway, those purchased
10 power agreements are in effect, correct?

11 MR. BOUDREAU: Yes, that's correct.

12 COMMISSIONER GAW: Going forward to when?

13 MR. BOUDREAU: I think they were one-year
14 term. I think they were about a one-year term. Expire in
15 '08.

16 COMMISSIONER GAW: They expire in '08?

17 MR. BOUDREAU: Yes.

18 COMMISSIONER GAW: In this agreement, in
19 regard to fuel and purchased power, those agreements are
20 basically not something that would impact us going forward
21 on any fuel adjustment clause or base rates because
22 whatever that is is built into this or not built into it,
23 it's resolved; would that be accurate? Do I need to say
24 it again?

25 MR. BOUDREAU: If you wouldn't mind taking

1 another run at that.

2 MR. WOODSMALL: I think you're getting to
3 the point I made. We agreed to a total level of --

4 COMMISSIONER GAW: Exactly.

5 MR. WOODSMALL: -- fuel and purchased power
6 expense. We didn't resolve that specific issue.

7 COMMISSIONER GAW: It's basically whatever
8 it is --

9 MR. WOODSMALL: So some people would tell
10 you it's in there. Some would say it's not.

11 COMMISSIONER GAW: I'm not really asking
12 whether it's in there or not. I'm asking whether or not
13 it's off the table as far as the fuel adjustment clause is
14 concerned in an adjustment because it would be already
15 built in in this figure that you-all have settled on.
16 Whether it's in there or not isn't important, just that
17 it's not an issue that impacts any adjustments going
18 forward.

19 MR. WOODSMALL: It is part of the company's
20 fuel portfolio going forward. So to the extent that that
21 overall cost going forward exceeds the amount in item 12,
22 that amount would be presumably passed through in any fuel
23 adjustment clause. Did that make sense?

24 COMMISSIONER GAW: Well, what I'm getting
25 at is the change going forward, and there is -- where it

1 would come into play is on the expiration of those
2 contracts, I would assume, if there wasn't an intervening
3 rate case. On the expiration of those contracts, Aquila's
4 going to have to come up with some other source to replace
5 that power. I mean, pretend or not on these generators
6 that aren't built, somebody's got to meet that load
7 requirement from Aquila, and they're going to have to find
8 a way to do that.

9 Now, once that happens, there is either
10 additional -- there's some purchased power cost, I would
11 assume, that would come in if there was a fuel adjustment
12 clause, which gets us back to this -- which automatically
13 tees up this issue that I and the Judge and Commissioner
14 Clayton were discussing earlier.

15 MR. WOODSMALL: And the only thing I would
16 note is that in the company's IRP, I won't go into the
17 specifics, but that is where they're detailing how they
18 plan to address those contracts expiring.

19 COMMISSIONER GAW: And I understand that
20 there will be a plan to address it. I'm just trying to
21 figure out how it fits in with what happens with if there
22 is some sort of an adjustment mechanism on fuel. And I
23 think it's just an issue that is going to be there. I
24 don't think there's --

25 MR. BOUDREAU: I think any time the company

1 enters into a purchased power agreement, it's -- it's
2 always subject to a prudence review, whether it be as a
3 base fuel item or whether it flows through the fuel
4 adjustment clause.

5 COMMISSIONER GAW: Right. I'm just talking
6 about how you figure that against when Staff's making
7 certain assumptions in regard to what should be the fuel
8 and purchased power cost based upon generators that aren't
9 there.

10 MR. FREY: Commissioner Gaw, I would concur
11 with what Mr. Boudreau said, and just point out that as
12 far as the Staff is concerned, this matter is not off the
13 table and can be raised in a prudence audit.

14 COMMISSIONER GAW: Sure. I'm sorry. I
15 think I interrupted somebody.

16 JUDGE VOSS: I'd like to turn up the
17 speaker phone. Hopefully Mr. Coffman is on the line being
18 an advocate, if he's been on the line and wanting to make
19 a comment. Mr. Coffman, are you listening on the phone
20 today? He's not. I guess -- Mr. Coffman, are you by any
21 chance listening on the line still? I will assume he's
22 not there.

23 MR. MILLS: Judge, I think the only person
24 we've heard, or at least that I've heard identified on the
25 phone is Captain Hollifield.

1 JUDGE VOSS: Mr. Mills, could you turn it
2 back down? Thanks. I appreciate it. Are there any
3 additional questions?

4 I guess one thing to keep in mind is that
5 in any upcoming prudence review, if an FAC or IEC is
6 adopted, the company is aware that that issue is still on
7 the table and that any purchased power contract would be
8 looked at with a great deal of scrutiny potentially in a
9 prudence review.

10 COMMISSIONER GAW: May I ask one additional
11 question just in general? And this -- if this gets into
12 your-all's negotiation, you can say and I'll leave it
13 alone. But I'm -- we have seen several stips in a row now
14 where the old boilerplate language on having discussions
15 about stips in agenda has been removed. Is that going to
16 be a trend which continues or is that unique to the last
17 few stips? I don't -- I really don't -- I understand why
18 that might be problematic, so I'm not trying to criticize
19 it one way or the other.

20 I just would like to know whether or not
21 there's a change as far as the parties are concerned. I
22 have a feeling I know who may be responsible for that
23 negotiating position without mentioning any names.
24 Mr. Conrad, did you have a comment? The answer is we
25 won't be seeing you if you're in the case, right?

1 MR. CONRAD: As a general proposition, yes.

2 COMMISSIONER GAW: Okay. What about
3 Staff's position? When Mr. Conrad is not present in the
4 case, is this --

5 MR. WILLIAMS: Staff certainly has a
6 preference for not including that provision.

7 COMMISSIONER GAW: Okay. I understand why.
8 I mean, it's troubling to me -- even though it's
9 convenient, it's troubling to me not to have a record.

10 MR. MILLS: From my perspective, even if
11 the notice problem is avoided, which sometimes it's not
12 with agenda presentation, the fact that there are
13 discussions that are not recorded is problematic. We've
14 had a lot of information exchanged on the record here
15 today that will in a sense fill out some of the not
16 necessarily ambiguities but the not entirely crystal clear
17 portions of the Stipulation & Agreement. If these were
18 all done off the record, the discussions we had today, two
19 years from now we'd all be having the same fights again.

20 COMMISSIONER GAW: Do you-all think that it
21 would be of assistance to look at from a convenience
22 standpoint on -- I know on these bigger cases it's not --
23 it's not unexpected to have these on the records at a
24 special scheduling. On the smaller cases, do you-all
25 think that we ought to examine looking at bringing a court

1 reporter into agenda at times? And I don't want to get
2 into a long discussion at the expense of this case, but if
3 you have a quick opinion.

4 MR. CONRAD: Yes.

5 MR. MILLS: I agree. I think for those of
6 us who operate under time constraints, it would be helpful
7 to have much of the agenda sessions transcribed and
8 available later, not necessarily just stipulation
9 presentations, but --

10 MR. CONRAD: I hasten to add that there are
11 two components of that, testimony that is sworn and an
12 opportunity for cross-examination of that testimony. And
13 then you run afoul of some other rules that the Commission
14 has regarding prefiling of testimony.

15 So if we're going to do the way that we're
16 doing it, it would be very helpful to at a minimum have
17 those sessions transcribed.

18 COMMISSIONER GAW: I just think we need to
19 get -- it's clear that we're moving into a different -- a
20 different arena in regard to handling these steps, and I
21 think we ought to probably think about how to make that as
22 user friendly as possible. Since you-all have been
23 involved behind the scenes in negotiating this new
24 process, which I think probably has a lot of merit, it
25 might not be a bad idea for you-all to think about that a

1 little longer range on how we can deal with things that
2 are not quite so complex as some of these cases are that
3 we have to deal with on a regular basis that are often
4 resolved with stipulations as well. I just add that for
5 editorial purposes.

6 Anyone else have any comment? I don't want
7 to close you off, but that's all I had. Thank you, Judge.

8 JUDGE VOSS: Did you have any questions,
9 Commissioner Clayton?

10 COMMISSIONER CLAYTON: No, ma'am.

11 JUDGE VOSS: I guess that concludes the
12 stipulation presentation.

13 MR. WILLIAMS: Judge, I would like to go
14 through the exhibits to make sure Staff's gotten
15 everything that it should have offered offered at some
16 point.

17 JUDGE VOSS: Did you want to begin with
18 Staff or did you want to begin with Aquila?

19 MR. STEINMEIER: Your Honor, could I just
20 add a quick closing comment?

21 JUDGE VOSS: Uh-huh.

22 MR. STEINMEIER: I would simply like after
23 all this to encourage the Commission to seriously and
24 favorably consider this stipulation and to realize, as
25 someone in the room who has listened to similar

1 presentations and wished I could have been a mouse in the
2 room hearing the negotiations, I seriously understand
3 wanting to know every detail that went into -- of what
4 went into a Stipulation & Agreement.

5 At the same time, I know the Commission
6 understands, as I did at that time, that negotiations are
7 done in private and are confidential and for a reason so
8 that there can be complete candor in the negotiating
9 process, and that was certainly true in this case.

10 And part of the problem with an overall
11 settlement and at the same time part of the beauty of it
12 is that there are broad agreements on outcomes that do not
13 detail every expense item that's agreed to because any
14 particular expense item, any particular rate base item,
15 any particular revenue item may have a dollar value in the
16 mind of one party that it does not have in the mind of
17 another party, but it's in the totality of that process
18 that parties come together and agree on a stipulated
19 settlement.

20 To my mind, the fact that such a wide and
21 diverse group of parties have agreed to this stipulation
22 speaks very highly of it and commends it to the Commission
23 for their favorable consideration. Nobody was
24 unrepresented in this case, and nobody represented in this
25 case has opposed the stipulation. And I simply would

1 strongly encourage the Commission's favorable action on
2 it.

3 JUDGE VOSS: Thank you.

4 MR. CONRAD: Your Honor, we would
5 respectfully concur with that, and simply add to it, as
6 has been pointed out in some of the discussion earlier, it
7 is often as important to identify what is not agreed to as
8 it is to identify what is. The Commission's questions,
9 the panel's questions here this morning have identified
10 some complexities.

11 The issues that remain that are unsettled
12 by this and the manner in which they're addressed perhaps
13 has deflected the thought from the basic question, but
14 there are ways to avoid the complexities that have been
15 identified with respect to some of those issues to simply,
16 as was said so well so long ago, just say no.

17 COMMISSIONER GAW: Judge, I have one more
18 question. You should not have continued talking. From
19 the last settlement to this settlement in the Aquila case,
20 there's a significant revenue difference. Can you-all
21 tell me what the principal driver of that is or the
22 principal drivers, the change in circumstances between
23 last year, because you-all were all in that case, too.
24 Just can you identify it in a very general way?

25 MR. BOUDREAU: I think the principal driver

1 for the company in terms of the finals is fuel costs
2 primarily. I mean, there's other things, but probably the
3 biggest driver is fuel costs.

4 COMMISSIONER GAW: Everyone pretty much
5 agree to that?

6 MR. FREY: Yes.

7 COMMISSIONER GAW: All right. That's all I
8 had. Thank you very much.

9 COMMISSIONER CLAYTON: Can I follow up on
10 that? The last case ended, was it a year ago, year and a
11 half ago, and I don't think Office of Public Counsel
12 signed off on that agreement; is that correct? That was a
13 universal settlement. It was a nonunanimous but universal
14 settlement. Didn't leave any issues to be decided by the
15 Commission.

16 MR. MILLS: That's correct.

17 COMMISSIONER CLAYTON: And has Public
18 Counsel's -- can you give me a sense of what has led to a
19 change in this case so far that gives you comfort to sign
20 on to this agreement?

21 MR. MILLS: Well, the main -- the reason --
22 and I don't know if you recall this, but the reason I
23 didn't sign on to the last one is because Aquila would not
24 agree to a moratorium. They planned to file a case
25 quickly, and in fact they did file a case quickly.

1 COMMISSIONER CLAYTON: I think it was six
2 months. I think it was a six-month deal, they couldn't
3 file it 'til July 1st or something, wasn't it?

4 MR. MILLS: Yeah. That was the most they
5 would -- I think it was less than six months. I think it
6 was like from March until July. It was just two or three
7 months, but -- and that's -- that's not something you can
8 litigate. I mean, you can't litigate to force a company
9 to stay out from a rate case, so it wouldn't have done me
10 any good to oppose the stipulation even though I was
11 frankly horrified that they were going to come back again
12 to get rates, new higher rates that quickly.

13 I think without having agreed to it, it's
14 my understanding that Aquila is going to be staying out a
15 longer period of time this time. And the whole prospect
16 of the merger changes the landscape dramatically. So I
17 don't have the same concerns with them turning around
18 immediately and looking for more.

19 That's kind of a longwinded way to answer
20 your question, but that's the big difference is I don't
21 have those same concerns.

22 COMMISSIONER CLAYTON: Thank you.

23 MR. FREY: I have one other matter I'd like
24 to raise, Judge. I mentioned earlier that Staff might be
25 interested in reading into the record an agreement on one

1 of the items under fuel cost recovery, Issue 15. It's the
2 one under FAC No. 5 that says, what heat rate testing of
3 generation plant should be conducted?

4 JUDGE VOSS: I assume it's a Mr. Taylor
5 issue?

6 MR. FREY: It's a Mr. Taylor issue, and
7 it's essentially an issue between the Staff and the
8 company, and there is an agreement that I have distributed
9 to the parties in the hopes that they would support the
10 agreement or at least not object to the agreement. And if
11 so, I would like to read into the record three paragraphs
12 which embody the agreement.

13 JUDGE VOSS: Does anyone object? Please
14 proceed, Mr. Frey.

15 MR. CONRAD: We don't object to him reading
16 it.

17 MR. MILLS: I was going to say the same
18 thing. I don't object to him reading it, but when he's
19 done, I'll have a discussion about what I think it means
20 and what it doesn't mean, but I certainly don't object to
21 him reading it.

22 JUDGE VOSS: I have a question. Will this
23 be something that if he reads it into the record people
24 would want to address in their briefs?

25 MR. MILLS: Well --

1 JUDGE VOSS: I'm just throwing it out
2 there. I don't know what it says yet.

3 MR. MILLS: Well, and to answer that
4 question I kind of have to get into what it's going to
5 say. Basically it talks about how Aquila will resolve
6 what Public Counsel believes is a deficiency in its
7 filing, which is how do you do the heat rate testing,
8 which is one of the things we talked about yesterday,
9 which is 4 CSR 240-3.161(2)(p).

10 This will provide a mechanism for Aquila to
11 have agreed-upon heat rate testing procedures that are
12 agreed upon and completed before any adjustments are made
13 under either a fuel adjustment clause or an IEC, and
14 Public Counsel agrees that that is an important thing to
15 resolve and should be done certainly before any changes
16 are made pursuant to an IEC or an FAC, but this does
17 not -- in fact, it's sort of a going-forward way to remedy
18 a flaw that does, from Public Counsel's perspective,
19 existed at the time of the filing and still exists with
20 respect to complying with the Commission's filing rules.

21 So while we don't oppose it as a way to
22 resolve that issue going forward, we don't think it cures
23 the fact that the filing was not in compliance with the
24 rule at the time. Did that answer your question?

25 MR. CONRAD: Judge, that would be our

1 position also. I won't burden the record with restating
2 it.

3 JUDGE VOSS: If we were to bring this up on
4 a subissue, would it be under the fuel adjustment clause?

5 MR. MILLS: It's under the fuel adjustment
6 clause issue, and then there are -- as I said, Public
7 Counsel alleged in the testimony of Ryan Kind that the
8 filing didn't comply with a number of aspects of the rule,
9 this being one of them. And while we think this is an
10 important way to resolve it going forward, it doesn't cure
11 it in terms of a filing deficit, if you will.

12 JUDGE VOSS: By having Mr. Frey read it in
13 now, it can be addressed in briefs as an agreement between
14 the parties. That sounds like a very reasonable method.
15 Otherwise in briefs I'm assuming Staff and the company
16 would set this out as a proposal, and then there would not
17 be an opportunity for Public Counsel or the other
18 intervenors to address it.

19 MR. CONRAD: If it will speed the process,
20 I can't speak for Mr. Mills, I don't think we would have
21 any reason to object to this being marked.

22 JUDGE VOSS: As an exhibit?

23 MR. CONRAD: Not bother the reporter or
24 anybody else reading it in. The purpose of this process
25 isn't to test how well Mr. Frey can read.

1 MR. FREY: Good.

2 JUDGE VOSS: Does anyone object to having I
3 guess the agreement between the company and Staff as
4 pertaining to the testing issues admitted as an exhibit?

5 MR. MILLS: Not at all.

6 MS. WOODS: No.

7 MR. FREY: I would just point out that if
8 we're going to put it in as an exhibit, I need to put a
9 heading on it.

10 MR. WILLIAMS: No, you don't.

11 JUDGE VOSS: Exhibit 242. What would you
12 like to call it? We don't need a heading. What would you
13 like to call it?

14 MR. FREY: Yes. It will be a heat rate
15 testing agreement.

16 JUDGE VOSS: So are you offering that as an
17 exhibit, Mr. Frey?

18 MR. FREY: Yes.

19 JUDGE VOSS: And I repeat the question,
20 does anyone object to the admission of that exhibit?

21 MR. CONRAD: No objection.

22 MR. MILLS: No objection.

23 JUDGE VOSS: Then it is admitted.

24 (EXHIBIT NO. 242 WAS RECEIVED INTO
25 EVIDENCE.)

1 JUDGE VOSS: Now to make sure all the
2 exhibits are entered appropriately.

3 MR. BOUDREAU: I'm not sure how to go about
4 this. There were a number of exhibits that have already
5 been offered throughout the hearing on contested issues.
6 There were also, as you know, the stipulation, I think
7 it's Schedule 6, contemplates that a number of exhibits
8 comprising prefiled testimony are, for lack of a better
9 term, I guess conditionally offered. It's being offered
10 along with the stipulation, and if the stipulation is
11 agreed to, then those exhibits will be accepted by the
12 Commission.

13 And I believe that I've given the court
14 reporter the documents that are relevant to Schedule 6. I
15 just have one that I'll need to add to that. But those
16 exhibits would be Exhibits 1 through 8.

17 JUDGE VOSS: 11 and 12?

18 MR. BOUDREAU: Exhibits 11 and 12, 16, 17.

19 JUDGE VOSS: 20 and 21?

20 MR. BOUDREAU: 20, 21, 22, 25 through 31.

21 JUDGE VOSS: So all of Mr. Rooney's
22 testimony wasn't previously admitted?

23 MR. BOUDREAU: I don't believe so. I think
24 an excerpt of his testimony was. I understand it was page
25 26 of his direct testimony, lines 22 through 29.

1 JUDGE VOSS: I have three pages offered and
2 admitted. So all of them are now offered?

3 MR. BOUDREAU: Yes. So basically it's
4 cleanup on Mr. Rooney's testimony.

5 JUDGE VOSS: 29, 30 and 31?

6 MR. BOUDREAU: 31. Exhibit 35. And the
7 only other document that I'd offer, I had an additional
8 exhibit, 040, marked for identification at the
9 commencement of the proceedings, and as I explained at the
10 time, it -- I thought I'd lost it. The court reporter has
11 it. It's Exhibit 040, and those were some corrected
12 schedules to Mr. Rooney's surrebuttal testimony that were
13 filed separately.

14 I'm simply offering them as a separate
15 exhibit because of the manner in which they were filed
16 with the Commission. But since they are basically errata
17 to his prior testimony, I'd offer them under the same
18 conditions as the surrebuttal testimony is contemplated to
19 be offered under the stipulation.

20 JUDGE VOSS: Okay.

21 MR. BOUDREAU: I think that covers the
22 waterfront for the company.

23 JUDGE VOSS: I'm not really sure how to
24 handle this since the stipulation hasn't to date been
25 approved. It will be on agenda this afternoon, or

1 actually any time now. I'm assuming they'll put it to the
2 end until I can get up there.

3 MR. MILLS: I think it was the
4 contemplation of the parties that if the Stipulation &
5 Agreement is approved, then no one has any objection and
6 we stipulate that all parties --

7 JUDGE VOSS: So I'll conditionally admit
8 them, because the hearing will reopen in the event the
9 stipulation isn't approved to address the rest of the
10 issues.

11 MR. CONRAD: Well, some of the -- Judge,
12 some of the items have already been admitted as we have
13 moved through the process of the hearing.

14 JUDGE VOSS: The ones he just identified
15 were the ones that had not been admitted yet.

16 MR. CONRAD: Yeah. And I guess one of the
17 somewhat unique things about Missouri commission
18 procedures is this, well, let's get everything in at the
19 end process. And it has always discomforted me slightly
20 because there's always been concern that somebody, you
21 know, in effect is getting a motion to reconsider an
22 earlier ruling.

23 I'm sure that Mr. Boudreau doesn't have
24 that intent, and I think his offer is limited to the
25 circumstances under the stipulation or the exhibits there.

1 But the way I think to handle those is for me to indicate
2 that we have no objection subject to the Commission's
3 approval and acceptance pursuant to its terms.

4 JUDGE VOSS: That was my understanding, and
5 I will conditionally admit them, which means if the
6 stipulation is not approved, we're going to be back here
7 anyway. A lot of late -- at least a few very late nights,
8 because you don't have many. That's why there will only
9 be a few and they'll be very late. So you know what I'm
10 rooting for.

11 Anyway, I want to make sure -- so that
12 takes care of all Aquila's. And Staff?

13 MR. WILLIAMS: I believe Staff has Exhibit
14 Nos. 200 through 242. My understanding from the
15 Stipulation & Agreement is that Exhibit Nos. 200, which
16 includes HC material, Exhibit 201, 202, 203, 204, which
17 again includes HC material, and 205, which includes HC
18 material would all come in pursuant to the terms of the
19 Stipulation & Agreement.

20 I believe Exhibits 206, 207, 208 and 209,
21 which include HC material, have already been offered and
22 admitted.

23 JUDGE VOSS: That's what I have.

24 MR. WILLIAMS: Also pursuant to the terms
25 of the Stipulation & Agreement, Exhibit 210, 211, which

1 includes HC material, 212, which includes HC material,
2 213, which includes HC material, 214, 215, 216, and 217
3 would be admitted into the record. I believe at this
4 point they have not been offered nor admitted.

5 JUDGE VOSS: Not yet.

6 MR. WILLIAMS: I believe Exhibit 218, which
7 includes HC material, has been offered and admitted.

8 JUDGE VOSS: Uh-huh.

9 MR. WILLIAMS: Then also pursuant to the
10 terms of the Stipulation & Agreement, Exhibit Nos. 219 and
11 220 would come into the record. I believe Exhibit Nos.
12 221, 222 and 223 have already been offered and admitted.
13 Is that correct?

14 JUDGE VOSS: That's correct.

15 MR. WILLIAMS: Then pursuant to the terms
16 of the Stipulation & Agreement, Exhibit No. 224 and 225
17 would come into the record. It's my understanding that
18 Exhibit Nos. 226 and 227 have already been offered and
19 admitted. Is that correct?

20 JUDGE VOSS: That's correct.

21 MR. WILLIAMS: Then pursuant to the terms
22 of the Stipulation & Agreement, Exhibit No. 228, 229, 230,
23 which includes HC material, 231, which includes HC
24 material, 232, 233, 234 and 235 would be admitted into the
25 record. It's my understanding they have not been offered

1 nor admitted yet.

2 JUDGE VOSS: So Williams direct wasn't
3 offered earlier? I marked it as offered.

4 MR. WILLIAMS: Perhaps it -- my mistake.

5 JUDGE VOSS: I think 235, 236 and 237 have
6 already been admitted.

7 MR. WILLIAMS: Offered and admitted. Thank
8 you. I'm sorry.

9 JUDGE VOSS: That's all right.

10 MR. WILLIAMS: And then again pursuant to
11 the Stipulation & Agreement, Exhibits 238 and 239, which
12 are Staff accounting schedules at two different dates,
13 would come into the record. Then it's my understanding
14 240, 241, 242, which were offered, I believe, during the
15 hearing as opposed to being prefiled, have been offered
16 and admitted.

17 As to those exhibits which are to come in
18 by the stipulation, Staff would offer those subject to the
19 terms of the Stipulation & Agreement.

20 JUDGE VOSS: Would you like to give them a
21 designated number at this time? Oh, I see what you mean.
22 I thought you said you had something else.

23 MR. WILLIAMS: No. The ones I referred to
24 earlier that would be admitted pursuant to the Stipulation
25 & Agreement, Staff offers those pursuant to the terms of

1 the Stipulation & Agreement, which of course requires
2 Commission approval before they're actually admitted.

3 JUDGE VOSS: I thought you were saying
4 there was something else. I missed that when I looked
5 through it.

6 Okay. I think all Public Counsel's
7 exhibits have been offered and admitted. Is that correct,
8 Mr. Mills?

9 MR. MILLS: That's my understanding.

10 JUDGE VOSS: Same with Sedalia?

11 MR. CONRAD: I believe that's correct, your
12 Honor.

13 JUDGE VOSS: Exhibit 511, which was marked
14 but not offered?

15 MR. CONRAD: Which was marked and not
16 offered.

17 JUDGE VOSS: AARP have been offered and
18 admitted. The Commercial Group? They're not here.

19 MR. CHAMBERLAIN: I'm here, your Honor.

20 JUDGE VOSS: Okay. Great. And did you
21 want to offer conditionally on the stip being approved
22 650HC/NP, 651, 652NP AND HC?

23 MR. CHAMBERLAIN: Yes, your Honor. Rick
24 Chamberlain on behalf of the Commercial Group, and we
25 would like to conditionally offer Exhibits 650, 650HC,

1 651, 651HC, 652HC, 652NP.

2 JUDGE VOSS: They'll conditionally be
3 admitted upon the Commission approving the Stipulation &
4 Agreement.

5 DNR, Exhibit 700, same?

6 MS. WOODS: Yes, your Honor. We would like
7 to offer Exhibit 700, direct testimony of Brenda Wilbers,
8 subject to the stipulation being approved.

9 JUDGE VOSS: And that is all I have. So is
10 there anything else we need to address before we go off
11 the record?

12 It's my understanding that the transcript
13 will be out as rapidly as possible.

14 MR. BOUDREAU: You anticipated my question.
15 Thank you.

16 JUDGE VOSS: And the briefs are due two
17 weeks from tomorrow by agreement of the parties I
18 understand when they extended the procedural schedule for
19 the hearing. I would love to give you more time, but if
20 the briefs comes in two weeks from tomorrow I will have
21 exactly 20 days to get an Order to the Commission.

22 MR. CONRAD: Judge, I have been watching,
23 and I notice the Ameren transcript has fairly much moved
24 through, but I have not seen any volumes yet of this even
25 going back to last week.

1 JUDGE VOSS: There was some confusion
2 initially, because Lewis and I actually switched rate
3 cases at one point.

4 MR. WILLIAMS: Lewis?

5 JUDGE VOSS: Lewis. Morris Woodruff.
6 Yeah, Lewis and I have been talking.

7 MR. CONRAD: That would be convenient.

8 JUDGE VOSS: But Morris, I assumed that he
9 had automatically ordered the expedited transcript when he
10 set up the tight frame at the end, and it had not been
11 done. So I discussed it with the court reporter, and that
12 is actually why we have a different court reporter today
13 because she is allowing the other girl the time to rapidly
14 transcribe.

15 MR. CONRAD: The reason for my curiosity is
16 in the past occasionally, even though I have marked
17 somewhat religiously that I wanted e-mail transcript in
18 Amicus format, it periodically gets fouled up somewhere in
19 St. Louis, and so --

20 JUDGE VOSS: And I've advised Lonnell --

21 MR. CONRAD: I understand it's not this
22 young lady's fault or yours.

23 JUDGE VOSS: I've advised Lonnell --

24 MR. CONRAD: The problem is it kind of ends
25 up being nobody's fault.

1 JUDGE VOSS: One thing I've advised Lonnell
2 that the minute the transcript comes in to file it in EFIS
3 with the electronic version and not wait for a hard copy,
4 which often happens.

5 MR. CONRAD: But I have asked for
6 electronic copy to come to me, so that in my book ought to
7 be coming to me the same time it comes to Lonnell.

8 JUDGE VOSS: I would assume so. I'm not
9 the one that controls that. But the one thing is that the
10 minute Lonnell gets it it's going to be in EFIS, so you'll
11 at least know when you should get it.

12 Are there any other issues?

13 MR. FREY: Judge, I just want to confirm
14 that Exhibit 242 was admitted.

15 JUDGE VOSS: It was admitted.

16 MR. FREY: Thank you.

17 JUDGE VOSS: If there are no other issues,
18 we will adjourn.

19 WHEREUPON, the hearing of this case was
20 concluded.

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5	Direct Testimony of Robert D. Adkins	*
6	EXHIBIT NO. 2	
7	Direct Testimony of Block M. Andrews	*
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1	EXHIBIT NO. 201	
2	Direct Testimony of Kofi Agyenim Boateng	*
3	EXHIBIT NO. 202	
4	Rebuttal Testimony of Kwang Y. Choe	*
5	EXHIBIT NO. 204NP/HC	
6	Direct Testimony of David W. Elliott	*
7	EXHIBIT NO. 205NP/HC	
8	Supplemental Direct Testimony of David W. Elliott	*
9	EXHIBIT NO. 206NP/HC	
10	Direct Testimony of Cary Featherstone	*
11	EXHIBIT NO. 207NP/HC	
12	Rebuttal Testimony of Cary Featherstone	*
13	EXHIBIT NO. 208NP/HC	
14	Surrebuttal Testimony of Cary Featherstone, IEC	*
15	EXHIBIT NO. 209NP/HC	
16	Surrebuttal Testimony of Cary Featherstone, Combustion Turbine Evaluation	*
17	EXHIBIT NO. 210	
18	Direct Testimony of V. William Harris	*
19	EXHIBIT NO. 211NP/HC	
20	Direct Testimony of Charles R. Hyneman	*
21	EXHIBIT NO. 212NP/HC	
22	Rebuttal Testimony of Charles R. Hyneman	*
23	EXHIBIT NO. 213NP/HC	
24	Surrebuttal Testimony of Charles R. Hyneman	*
25	EXHIBIT NO. 214	
	Direct Testimony of Shawn E. Lange	*
	EXHIBIT NO. 215	
	Supplemental Direct Testimony of Shawn E. Lange	*

1 EXHIBIT NO. 216
2 Direct Testimony of Erin L. Maloney *

3 EXHIBIT NO. 217
4 Direct Testimony of Lena M. Mantle *

5 EXHIBIT NO. 218NP/HC
6 Surrebuttal Testimony of Lena Mantle *

7 EXHIBIT NO. 219
8 Direct Testimony of William L. McDuffey *

9 EXHIBIT NO. 220
10 Direct Testimony of Amanda C. McMellen *

11 EXHIBIT NO. 221
12 Direct Testimony of David C. Parcell *

13 EXHIBIT NO. 222
14 Rebuttal Testimony of David C. Parcell *

15 EXHIBIT NO. 223
16 Surrebuttal Testimony of David Parcell *

17 EXHIBIT NO. 224
18 Direct Testimony of David C. Roos *

19 EXHIBIT NO. 225
20 Supplemental Direct Testimony of
21 David C. Roos *

22 EXHIBIT NO. 227
23 Rebuttal Testimony of Michael E. Taylor *

24 EXHIBIT NO. 228
25 Direct Testimony of Steve M. Traxler *

EXHIBIT NO. 229
Supplemental Direct Testimony
Steven M. Traxler *

EXHIBIT NO. 230NP/HC
Direct Testimony of Graham A. Vesely *

EXHIBIT NO. 231NP/HC
Surrebuttal Testimony of Graham A.
Vesely *

1 EXHIBIT NO. 232
2 Direct Testimony of James C. Watkins *

3 EXHIBIT NO. 233
4 Direct Testimony of Curt Wells *

5 EXHIBIT NO. 234
6 Supplemental Testimony of Curt Wells *

7 EXHIBIT NO. 238
8 Staff Accounting Schedules *

9 EXHIBIT NO. 239
10 Staff Accounting Schedules *

11 EXHIBIT NO. 242
12 Heat Rate Testing Agreement * 1045

13 EXHIBIT NO. 700
14 Direct Testimony of Brenda Wilbers *

15 *Marked following the hearing.

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