

*Exhibit No.:*  
*Issues:* *Overview*  
*Revenue Requirement*  
*Fuel Price*  
*Witness:* *Cary G. Featherstone*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *HR-2008-0300*  
*Date Testimony Prepared:* *August 1, 2008*

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**DIRECT TESTIMONY**

**OF**

**CARY G. FEATHERSTONE**

**TRIGEN KANSAS CITY ENERGY CORPORATION**

**CASE NO. HR-2008-0300**

**Jefferson City, Missouri**  
**August 2008**

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**TABLE OF CONTENTS**  
**CARY G. FEATHERSTONE**  
**TRIGEN KANSAS CITY**  
**ENERGY CORPORATION**  
**CASE NO. HR-2008-0300**

CREDENTIALS ..... 1

EXECUTIVE SUMMARY ..... 4

OVERVIEW OF TRIGEN FILING ..... 6

    Test Year and Know & Measurable Period: ..... 12

    Revenue Requirement Ratemaking Adjustments ..... 15

    Revenue Requirement Calculation ..... 19

ORGANIZATION OF STAFF'S COST OF SERVICE REPORT ..... 20

BRIEF HISTORY OF Trigen Kansas City ..... 21

TRIGEN MISSOURI OPERATIONS ..... 27

OVERVIEW of STAFF'S FILING, FINDINGS and RECOMMENDATIONS ..... 29

    Rate of Return-- ..... 29

    Rate Base-- ..... 29

    Income Statement-- ..... 30

    Revenues- ..... 30

    Expenses-- ..... 31

    Fuel Prices-- ..... 32



1           Q.     Have you previously testified before this Commission?

2           A.     Yes. Schedule 1 to this testimony is a list of rate cases in which I have  
3 submitted testimony. In addition, I also identify in Schedule 1 other cases where I directly  
4 supervised and assisted Commission Staff in audits of public utilities, but where I did not  
5 testify.

6           Q.     With reference to Case No. HR-2008-0300, have you examined and studied  
7 the books and records of Trigen Kansas City Energy Corporation regarding its steam  
8 operations?

9           A.     Yes, with the assistance other members of the Commission Staff (Staff).

10          Q.     What knowledge, skill, experience, training and education do you have with  
11 regard to Trigen's general rate increase tariff filing that is the subject of Case  
12 No. HR-2008-0300?

13          A.     I have acquired knowledge of the ratemaking and regulatory process through  
14 my employment with the Commission, I have participated in numerous rate cases, complaint  
15 cases, merger cases and certificate cases, and filed testimony on a variety of topics. I have  
16 also acquired knowledge of these topics through review of Staff work papers from prior rate  
17 cases brought before this Commission relating to Trigen and its steam operations.  
18 Specifically, as it relates to topics surrounding this case, I have previously examined  
19 generation and generation-related topics; conducted and participated in several construction  
20 audits involving plant and construction records, specifically the costs of construction projects  
21 relating to power plants. I have also been involved in the fuel and fuel-related areas for  
22 power plant production on numerous occasions.

1 I have been involved in many rate cases including the last several rate cases filed by  
2 Aquila, Inc. both under that name and its former name, UtiliCorp United, Inc. (UtiliCorp)  
3 regarding its steam operation of the former St. Joseph Light & Power Company. I have been  
4 involved in previous St. Joseph Light & Power Company rate cases when that company  
5 owned and operated the steam operations.

6 Further, I have been involved in many Kansas City Power & Light Company (KCPL)  
7 electric and steam rate cases, specifically in the early 1980's when it operated the steam  
8 system in downtown Kansas City prior to purchase by Trigen Kansas City. I was involved in  
9 the Wolf Creek rate case, Case No. EO-85-185, where the Commission ordered that a docket  
10 be opened to investigate the steam operations of KCPL. That docket was designated as Case  
11 No. HO-86-139. I oversaw, coordinated, and directed the Commission Staff's investigation  
12 into KCPL's proposal to abandon the central district heating system (downtown Kansas City's  
13 steam operations). I was one of the principle witnesses and primary policy witnesses  
14 presenting Staff's findings and recommendations regarding the KCPL's management of the  
15 steam operations and the future viability of those operations, the then-current rate structure  
16 and the need for rate relief for the steam operations and the proposed abandonment of the  
17 steam operations by KCPL.

18 Specifically as it relates to this rate case, I have reviewed the testimony, work papers  
19 and responses to data requests from Trigen that support its general steam tariff filing.  
20 I conducted and participated in interviews of Company personnel and consultants relating to  
21 this rate case and performed extensive discovery concerning aspects of the construction and  
22 operation of Trigen's district heating system. Over the years that Trigen has operated this

1 steam system, I have had many discussions with the Company regarding Trigen's rate case  
2 activity, earnings reviews, expansion of its service territory, and merger and sale transactions.

3 Over the years, I have been involved in numerous discussions and review of the  
4 Company's attempt to restate and modify its books and records to be in compliance with the  
5 Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts (USOA).

6 I have been involved in several Trigen applications filed with the Commission since  
7 Trigen has provided steam service in downtown Kansas City, Missouri.

8 Based on my experience dating back to when KCPL owned and operated the steam  
9 system to the present Trigen operations, my background allows me to have a perspective into  
10 many problems that have played a major role in the difficulties that have existed with this  
11 utility service in downtown Kansas City.

## 12 **EXECUTIVE SUMMARY**

13 Q. Please summarize your testimony.

14 A. I, along with Staff expert, Thomas M. Imhoff, the Commission's Utility  
15 Operations Division, support the Staff's recommendation to the Commission of the overall  
16 revenue requirement calculation. We are sponsoring Staff's Cost of Service Report being  
17 filed along with this testimony and the testimony of Mr. Imhoff.

18 I will provide an overview of the results of Staff's review into the general rate  
19 increase request made by Trigen Kansas City on March 11, 2008. Staff's review involved  
20 several members of the Commission Staff who examined all relevant and material  
21 components making up the revenue requirement calculation. These items can be broadly  
22 defined as capital structure and return on investment, rate base investment and income

1 statement results including revenues, operating and maintenance expenses, depreciation  
2 expense, and related taxes, including income taxes.

3 Q. What is Staff's recommendation regarding Trigen Kansas City's requested rate  
4 increase?

5 A. Staff recommends that Trigen Kansas City be permitted to increase its steam  
6 rates by \$1,228,000, the amount requested by Trigen Kansas City in its general rate increase  
7 case filed on March 11, 2008. While Trigen Kansas City has limited its revenue requirement  
8 increase request to the \$1,228,000, or 19.5 % overall increase, Staff's findings based on its  
9 review of Trigen's current cost structure is approximately \$2.1 million using Staff's mid-  
10 range of the rate of return, using the latest information available through June 30, 2008, for  
11 the material items affecting the revenue requirement calculation. Staff recommends the  
12 Commission grant Trigen Kansas City its actual tariff request of \$1,228,000 despite that  
13 amount being less than the revenue shortfall Staff determined using information through  
14 June 30, 2008.

15 Q. Did Trigen Kansas City determine a greater revenue requirement in its  
16 March 11, 2008 filing?

17 A. Yes. Trigen Kansas City calculated a revenue requirement of \$2.7 million  
18 based on use of a 2006 test year, updated through the end of 2007.

19 Q. What other areas will be addressed in your direct testimony?

20 A. I was assigned the area of fuel prices in this cases. Coal and natural gas are  
21 the two fuel sources used to produce steam at the Company's Grand Avenue Station. I  
22 provided delivered prices to Staff expert, Daniel Beck as an input into the fuel expense  
23 calculation. The delivered fuel prices were based on a review of actual costs experienced by

1 Trigen Kansas City over the period of 2005 to June 2008. Specifically, the coal and natural  
2 gas prices provided to Mr. Beck that formed the basis of the fuel expense calculation were  
3 based on costs as of June 30, 2008 for coal prices and the six months ended June 30, 2008 for  
4 natural gas prices.

## 5 **OVERVIEW OF TRIGEN FILING**

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

7 A. I, along with Staff expert, Thomas M. Imhoff, of the Commission's Utility  
8 Operations Division, support the Staff's recommendation to the Commission of the overall  
9 revenue requirement calculation. Other Commission Staff experts had specific assignments  
10 in this rate case and were responsible for the actual calculations used to develop the overall  
11 revenue requirement contained in the Accounting Schedules being filed as part of Staff's  
12 direct case. The revenue requirement is derived from the work product of both the Utility  
13 Services and the Operations Divisions and the results are found in Accounting Schedules  
14 being separately filed as an exhibit in this case. My direct testimony and that of Mr. Imhoff,  
15 along with the Cost of Service Report and Accounting Schedules, represent the final revenue  
16 requirement calculation. These documents should be reviewed in total in support of Staff's  
17 recommendations in this case. The sections of Staff's Report that are the work product of the  
18 Auditing Department of the Utility Services Division were prepared at my direction and  
19 under my supervision. In addition, other Staff experts in Utility Services and Utility  
20 Operations provided inputs to the report that were used in calculating Staff's revenue  
21 requirement under my supervision and direction. Staff's expert Guy C. Gilbert, of the  
22 Commission's Engineering and Management Services Department, reviewed the Company's  
23 depreciation rates and provides the Staff's recommendations regarding that area. Staff's



1 expert David Murray, of the Financial Analysis Department, examined the Company's capital  
2 structure and cost of money and provided the Staff's proposed rate of return used to calculate  
3 the revenue requirement in this case.

4 Members of the Commission's Utility Operations Division were assigned to the area  
5 of fuel costs and revenues. Staff's expert Dan Beck and I examined the Company's fuel  
6 costs. Staff expert, Anne E. Ross reviewed the revenues in this case and relied on the work  
7 of Staff expert, Manisha Lakhanpal who provided the weather normalization adjustment  
8 based on her evaluation of the effect that weather has on revenues and steam usage.  
9 Mr. Imhoff provides more detailed explanation and support for the work product of the  
10 Utility Operations's inputs to Staff's overall revenue requirement calculation.

11 Q. What adjustments are you sponsoring in Case No. HR-2008-0300?

12 A. I am sponsoring adjustments S 8.1, S 9.1, S 10.1, S 10.2, S 12.1 and S 12.2 to  
13 the Income Statement- Accounting Schedule 8, relating to the annualized fuel expense in this  
14 case including fuel prices for coal and freight and natural gas.

15 Q. Why did Staff audit Trigen Kansas City in this case?

16 A. On March 11, 2008, Trigen Kansas City filed a general rate increase case for  
17 its district heating steam system operations. The Commission assigned the filing Case No.  
18 HR-2008-0300. Trigen Kansas City filed tariffs designed to implement an increase in its  
19 steam retail rates, exclusive of gross receipts, sales, franchise or occupational fees or taxes,  
20 corresponding to a revenue increase of \$1.2 million. This represents an overall 19.5%  
21 increase to existing Trigen Kansas City steam rates.

22 Q. What is Trigen Kansas City?

1           A.     Trigen Kansas City produces and distributes steam from a central plant for use  
2 in heating, hot water, laundry, cooking, and in the production of chilled water. Trigen  
3 Kansas City is a Delaware corporation. The Company began providing steam services to  
4 downtown Kansas City in March 1990 after its then parent, Trigen Energy Corporation,  
5 acquired the system from KCPL.

6           Q.     How did Staff conduct its audit of Trigen Kansas City?

7           A.     Staff interviewed Trigen Kansas City personnel and its outside consultants.  
8 Staff reviewed Trigen's responses to data requests issued in this and other cases. Staff  
9 reviewed the minutes of meetings of Thermal Source North America's and its affiliated  
10 companies' [the Trigen Companies] Boards of Directors. Staff relied on the books and  
11 records of the Company including: the general ledger, plant ledgers and various other  
12 documents including the FERC Form 1s for the last several years, except as otherwise noted.  
13 Staff toured plant facilities, including the Grand Avenue production plant facility and the  
14 new pipeline supplying steam service to Trigen's newest customer, Truman Medical Center,  
15 which commenced taking steam service June 16, 2008.

16          Q.     What other Staff experts were assigned to this case?

17          A.     Several Staff experts from the Commission's Utility Services Division were  
18 assigned to this case as follows:

19               **Financial Analysis Department--**

20               David Murray -- Rate of Return and Capital Structure.

21               **Engineering and Management Services Department--**

22               Guy Gilbert-- Depreciation Rates and Depreciation Over-accrual.

23               **Auditing Department--**

1 Cary Featherstone-- Overall Revenue Requirement Results, Fuel Expense and Fuel  
2 Stocks, Income Taxes.

3 Karen Herrington-- Payroll, Payroll Related Benefits, Payroll Taxes and Allocation of  
4 Corporate Costs.

5 Keith Majors-- Operation and Maintenance Expense - Non-wage, Material and  
6 Supplies, Prepayments, Rate Case and Outside Services Expenses.

7 Phillip Williams-- Plant in Service, Accumulated Depreciation Reserve, Depreciation  
8 Expense and Revenues.

9 Additionally, Commission Staff experts from the Utility Operations Division were  
10 assigned to the development of the revenue requirement as follows:

11 **Energy Department**

12 Daniel Beck-- Fuel Costs.

13 Manisha Lakhanpal-- Weather Normalization.

14 Anne Ross-- Revenues.

15 Each of these Staff experts' work product, was used as a direct input to the various  
16 adjustments contained in Staff's revenue requirement recommendation.

17 **Staff Findings and Recommendations Found in the Cost of Service Report and**  
18 **Accounting Schedules Represent**

19 Q. What reliance was placed on the work of the Commission Staff experts  
20 assigned to the Trigen Kansas City rate case?

21 A. All of the Staff members assigned to this case are experts by education and  
22 experience in performing their regulatory responsibilities as members of the Commission  
23 Staff. Regulatory experts rely on the work of many individual experts who provide inputs as  
24 result of individual and collective review and evaluation of the public utility rate filings made

1 before the Commission - in this case by Trigen Kansas City. As such, all inputs developed  
2 by these regulatory experts were an integral part of the Cost of Service Report and  
3 Accounting Schedule containing the results of Staff findings and recommendations.  
4 Mr. Imhoff and I relied on these findings and recommendations to develop Staff's direct  
5 filing. Many of the individual sections presented include references indicating reliance on  
6 the work of other contributing experts.

7 As sponsoring witnesses, Mr. Imhoff and I relied on the work product of every Staff  
8 expert assigned to this case. Each Staff expert provided the results of their review and  
9 analysis as inputs to the revenue requirement calculation, and is identified in the sections of  
10 the report drafted by that expert. An affidavit, credentials, and qualifications of each Staff  
11 expert is attached to the Report. Each Staff expert assigned to the Trigen Kansas City rate  
12 case will provide work papers supporting the findings and recommendations to the Company  
13 and any party to the case requesting such be provided. Finally, each Staff expert assigned to  
14 this rate case will be available to answer questions and stand cross examination of the  
15 Commission and any party requiring information on how Staff's findings and  
16 recommendations were developed and presented in the Cost of Service Report and  
17 Accounting Schedules.

18 Q. What was your overall responsibility in this case?

19 A. I was one of two project coordinators assigned to identify the work scope for  
20 the case, make Staff assignments, and supervise and oversee all work product development.  
21 I specifically supervised all areas of the audit work assigned to and the responsibility of the  
22 Auditing Department. I worked closely with other Staff experts assigned to this rate case. I

1 worked with the depreciation and rate of return experts as well as the Utility Operations  
2 experts assigned to revenues and fuel costs.

3 I have overall responsibility to ensure the revenue requirement calculation using the  
4 Staff's computer model is timely completed. This involves all aspects of the elements  
5 making up the revenue requirement recommendation. To this end, I, along with those under  
6 my direct supervision, either developed directly, or were provided with, the information used  
7 to support the revenue requirement calculation.

8 Q. What information was provided to the Auditing Department to develop the  
9 revenue requirement calculation?

10 A. The results of Staff expert David Murray's recommendations of his capital  
11 structure and rate of return analysis were provided as an input into revenue requirement  
12 calculation and appears as part of Accounting Schedule 1-2. His findings are also in the Cost  
13 of Service Report along with his schedules.

14 Staff expert, Guy C. Gilbert provided the results of his depreciation analysis and also  
15 are reflected in the Cost of Service Report along with a schedule.

16 Staff expert, Anne E. Ross worked closely with Staff expert, Phillip K. Williams who  
17 together are sponsoring the revenue adjustment results. I was involved overseeing much of  
18 this work.

19 Staff expert, Daniel I. Beck and I worked together in developing the fuel costs in this  
20 case and I over saw the work product directly of those I supervised in this case in the  
21 development of other fuel related results such as fuel inventories, purchased power and  
22 consumables.

1 Q. Are the findings being made by Staff in this rate case consistent with how  
2 Staff has approached other rate increase requests made by other utilities in this state?

3 A. Yes. Based on my experience as a regulatory auditor and on my many years  
4 experience as a project coordinator of numerous rate cases, the effect of the inputs provided  
5 by the various Staff experts assigned to the Trigen Kansas City rate case on the overall  
6 revenue requirement calculation being presented in the Accounting Schedules and the results  
7 discussed in the Staff Cost of Service Report represent reasonable results.

8 Q. Is this the entire filing being made by Staff for this case?

9 A. No. Staff will file its rate design recommendation on August 15, 2008.

10 **Test Year and Know & Measurable Period:**

11 Q. What is a test year and what period is being used in this case?

12 A. The test year represents the starting point for determining a utility's existing  
13 annual revenues, operating costs and net operating income. Net operating income represents  
14 the return on investment based upon existing rates. The test year selected for this case, Case  
15 No. HR-2008-0300, is the year ended December 31, 2006. The December 31, 2006 test year  
16 was chosen by the Company and agreed to by Staff to enable the Company to use the  
17 information that had previously been utilized by their consultants and to limit additional costs  
18 associated with updating the test year to a newer period. The annualization and  
19 normalization adjustments are made to the test year results when the unadjusted results do  
20 not fairly represent the utility's most current annual level of existing revenue and operating  
21 costs.

22 A "known and measurable date" or "know and measurable period" is  
23 important to synchronize and capture all revenues and expenses. A proper determination of

1 revenue requirement is dependent upon considering all material components of the rate base,  
2 return on investment, current level of revenues along with operating costs at the same point  
3 in time. This rate making principle is commonly referred to as the “matching” principle.  
4 The known and measurable date established for this case, HR-2008-0300, is June 30, 2008.  
5 The Staff’s direct case filing represents a determination of Trigen’s revenue requirement  
6 based upon know and measurable results as of June 30, 2008. The June 30, 2008 date for the  
7 known and measurable period was chosen to enable the inclusion of the Truman Medical  
8 Center project costs and revenues in this case. This date represents the latest time frame to  
9 reflect known changes that can be measured or quantified with respect to the timing of this  
10 filing.

11 Q. What is the purpose of the test year?

12 A. The purpose of a test year is to develop a relationship between the various  
13 components of the ratemaking process and keeping those relationships in synchronization. In  
14 order to determine the appropriate level of utility rates, Staff examines the major elements of  
15 the utility’s operations. These include rate base items such as plant in service and  
16 accumulated depreciation and deferred income tax reserves, fuel stocks, material & supplies  
17 and other investment items. Also considered essential in this process is a review of the  
18 revenues and expenses, making adjustments through the annualization and normalization  
19 process. These items include: payroll, payroll related benefits, payroll taxes, fuel and  
20 purchased power costs including the updating of current fuel prices, operation and  
21 maintenance costs for non-payroll related costs such as material and equipment costs, small  
22 tool costs, and outside vendor costs for equipment repairs. Depreciation expense and taxes,  
23 including federal, state, and property taxes, are all considered in the setting of rates.

1           It is important to maintain a representative relationship between rate base, revenues  
2 and expenses in order for a public utility to have an opportunity to earn a fair and reasonable  
3 rate of return. An attempt is made in the regulatory process to set rates to properly reflect the  
4 levels of investment and expenses necessary to serve a customer base which provides  
5 revenues to the utility. The Commission stated in its Order in KCPL's 1983 general rate  
6 case, Case No. ER-83-49:

7                       The purpose of using a test year is to create or construct  
8 a reasonable expected level of earnings, expenses and  
9 investments during the future period in which the rates, to be  
10 determined herein, will be in effect. All of the aspects of the  
11 test year operations may be adjusted upward or downward to  
12 exclude unusual or unreasonable items, or include unusual  
13 items, by amortization or otherwise, in order to arrive at a  
14 proper allowable level of all of the elements of the Company's  
15 operations. The Commission has generally attempted to  
16 establish those levels at a time as close as possible to the period  
17 when the rates in question will be in effect.  
18

19           In Case No. ER-83-49, regarding the need for a true-up, the Commission stated that it  
20 would not "consider a true-up of isolated adjustments, but will examine only a package of  
21 adjustments designed to maintain the proper revenue-expense-rate base match at a proper  
22 point in time. [26 Mo P.S.C. (N.S.) 104, 110 (1983)] This concept of developing a revenue  
23 requirement calculation based on consideration of all relevant factors has been a long-  
24 standing approach to ratemaking in this state.

25           The ratemaking process includes making adjustments to reflect normal, on-going  
26 operations of a utility. This process generally uses four approaches to reflect changes  
27 determined to be reasonable and appropriate. These are commonly referred to as  
28 annualization adjustments, normalization adjustments, disallowances, and proforma  
29 adjustments.



**Revenue Requirement Ratemaking Adjustments**

Q. What is an annualization adjustment?

A. Annualizations are necessary when certain events occur that impact revenues and costs. Payroll increases granted to employees or employees starting employment mid-year require annualization adjustments to reflect a full annual period impact for the partial payroll costs. Also, new customers that start taking service at the end of the test year or update period must be fully annualized to reflect a proper level of revenues in the determination of the revenue requirement. If a customer takes service the last month of the update period, no revenues from that customer will be included in the test year. Consequently, if that customer's only month of revenues is not reflected for a full twelve-month period, then revenues will be substantially understated, to the benefit of the utility.

Staff annualized many aspects of the current Trigen Kansas City rate case, such as payroll and revenues, the most significant of which is the addition of Truman Medical Center which began taking steam service from the Company on June 16, 2008. No revenues existed for Truman Medical Center in the test year. Consequently, by annualizing these revenues, a full twelve months of revenues and related fuel costs are included in the revenue requirement calculation.

Q. What is a normalization adjustment?

A. A normalization adjustment is made to reflect normal, on-going operations of the utility. Revenues or costs that were incurred in the test year that are determined to be untypical or abnormal will get specific rate treatment. These abnormal events will generally require some type of adjustment to reflect normal or typical operations. The ratemaking process removes abnormal or unusual events from the cost of service calculations and

1 replaces those events with normal levels of revenues or costs. An example of an abnormal  
2 event is the impact that unusually hot or cold weather has on revenues for those customers  
3 that are weather sensitive. Extreme temperatures can have significant impacts on revenues  
4 resulting in a distortion to test-year results. Since utility rates are set using normalized  
5 processes, adjustments to test-year levels must be made when it is determined that unusual or  
6 abnormal events cause unusually high or low results. In the case of weather impacts on  
7 utility results, detailed information is examined to determine if revenues, and related fuel  
8 costs must be adjusted for the effects that warmer or colder than normal temperatures have  
9 on the utility operations. Weather results in the test year will be compared to actual  
10 temperatures over a substantial period of time, many times a 30-year time horizon. An  
11 adjustment is made to weather sensitive revenues in the test year to reflect normal weather  
12 conditions for steam sales and resulting revenues. These weather-normalized sales volumes  
13 are used as basis for the fuel and purchased power costs so that abnormal weather impacts are  
14 isolated and removed from those costs.

15 Another example of the normalization process is the examination of maintenance and  
16 operation costs relating to production equipment such as coal-fired generating plants. Costs  
17 are examined to determine if unusual events like major maintenance on turbines have  
18 occurred during the test year. It is common in the ratemaking process to reflect  
19 normalization adjustments. If these type of adjustments were not made, the utility revenues  
20 and costs, which both directly impact earnings, would be either over or understated. For  
21 example, warmer than normal weather in the winter will negatively impact revenues for  
22 utilities such as steam and natural gas operations. So Staff proposes adjustments to  
23 normalize the events to reduce negative impact on revenues.

1           In the current Trigen case, Staff has made both a weather adjustment for revenues and  
2 also normalized operation and maintenance expenses for non-payroll operation and  
3 maintenance expenses based on an examination of actual historical occurrences.

4           Q.     What is a disallowance adjustment?

5           A.     This type of adjustment results in removing cost elements from the cost of  
6 service for test-year results because the items are either non-recurring, not necessary to the  
7 provision of utility service, or the expenditures were determined to be imprudently incurred.

8           A disallowance adjustment results when the cost recovery in rates is considered  
9 inappropriate. Disallowances are made to eliminate costs from test year results either  
10 entirely or on a partial basis. One example is the removal from test results of certain  
11 advertising costs. While some advertising costs should be included in rates, others should be  
12 eliminated because they are not necessary to the provision of utility service.

13           An example of a disallowance made in the Trigen Kansas City rate case is the  
14 Company's refusal to supply supporting documentation for the attorney costs incurred to  
15 process this rate case.

16           Q.     What is a proforma adjustment?

17           A.     This type of adjustment is made to reflect increases and decreases to revenues  
18 because of a rate increase or decrease. The most common example of a proforma adjustment  
19 is the grossing up of net income deficiency for income tax purposes. This involves  
20 calculating the revenue requirement before income taxes. If rates need to be adjusted to  
21 allow the utility greater revenues, then those revenues need to be factored up for income  
22 taxes. This is necessary because every additional revenue dollar collected in rates requires  
23 income taxes to be paid.

As an illustration, if the utility needs to increase rates by \$1 million, then it must increase rates by a significantly greater amount to receive the full \$1 million increase because of the income taxes that must be paid to the taxing authorities. As an example, the revenue requirement model (Accounting Schedule 1-1) used by Staff to determine the findings of the cost of service review calculates the revenue requirement as follows using illustrative dollar amounts only:

Net Income Income Required	\$1,000,000
Net Income Available	<u>600,000</u>
Additional Net Income Required	\$400,000
Income Tax Gross Up Factor (using a 38.39% effective tax rate)	<u>x 1.6231</u>
Recommended Revenue Requirement Increase	\$649,240

In order for the utility to recover the full \$400,000 of additional revenues on an after-tax basis as required based on the cost of service results found in Staff's analysis, rates would have to increase an additional amount of \$249,240 which will be paid for income taxes. This results in the total revenue requirement of \$649,240 that rates would have to be increased so the company would be left with \$400,000 needed to earn an appropriate return and recovered allowed costs.

Another way of considering the affects of income taxes in the ratemaking process is:

Additional Revenue Collected in Rates from Rate Increase	\$649,240
Less: Income Tax Based on 38,39% Effective Tax Rate	<u>(249,240)</u>
Additional Net Income from Rate Increase	\$400,000

1 A very similar proforma calculation for the effect of income taxes relating to Staff  
2 recommendation in the Trigen Kansas City rate case is found on Schedule 1 accompanying  
3 this testimony and Staff's Cost of Service Report.

4 **Revenue Requirement Calculation**

5 Q. What is the revenue requirement as it is used in the determination of rates for  
6 public utilities?

7 A. Generally, the term revenue requirement is used to identify the incremental  
8 differences that result from review of the utility's rate of return and capital structure on the  
9 investment and the revenues and costs to provide a particular utility service. This difference  
10 occurs when the results of a cost of service calculation is compared to existing rates which  
11 identifies any revenue shortfall (positive revenue requirement) or excess (negative revenue  
12 requirement).

13 Q. Did Staff examine Trigen Kansas City's cost of service?

14 A. Yes. Staff reviewed all the material and relevant elements making up the  
15 Company's revenue requirement, which are: rate of return and capital structure, rate base  
16 investment, and revenues and expenses, maintaining the relationship between each of these  
17 components through the update period through June 30, 2008.

18 Q. How do each of these elements relate to one another?

19 A. The ratemaking process for regulated utilities is a process whereby the  
20 Commission makes rate decisions regarding how utilities charge customers for the provision  
21 of utility services using a prescribed formula. The revenue requirement calculation can be  
22 identified by a formula as follows:

Revenue Requirement = Cost of Providing Utility Service

or

$RR = O + (V - D) R$  where,

RR = Revenue Requirement

O = Operating Costs (such as fuel, payroll, maintenance, etc., Depreciation and Taxes)

V = Gross Valuation of Property Used for Providing Service

D = Accumulated Depreciation Representing the Capital Recovery of Gross Property Investment

V - D = Rate Base (Gross Property Investment less Accumulated Depreciation = Net Property Investment)

(V - D) R = Return Allowed on Net Property Investment

This formula provides the traditional rate of return calculation this Commission uses to set just and reasonable rates. The result provides a total revenue requirement amount. That amount represents the incremental change in revenues over existing rates for the test year necessary to allow the utility the opportunity to earn the Commission's authorized return. That return is collected on the appropriate level of rate base investment,. The revenue requirement calculation also allows for the recovery of the proper level of utility costs, including income taxes.

## **ORGANIZATION OF STAFF'S COST OF SERVICE REPORT**

Q. How is the Cost of Service Report organized?

A. The Cost of Service Report is organized by each major revenue requirement category:

I. Executive Summary

II. Background of Trigen Kansas City Energy Corporation

III. Rate of Return and Capital Structure

IV. Rate Base

V. Depreciation

VI. Income Statement

VII. Income Taxes

These categories have several subsections which identify in detail the specific elements of the revenue requirement being supported by Staff regarding Trigen Kansas City general rate increase request.

## **BRIEF HISTORY OF TRIGEN KANSAS CITY**

Q. Please provide a brief history of Trigen Energy Corporation's utility operations in Missouri.

A. What is now Trigen Kansas City's steam operations began as a district heating service in the early part of the twentieth century and has provided customers steam services for over 100 years of continuous service. The original steam system started operations in downtown Kansas City in 1905.

KCPL owned and operated the steam system until it sold those operations in March 1990 to Trigen Energy Corporation, whose headquarters were located in White Plains, New York. The Commission approved this sale transaction in Case Nos. HM-90-4 and HA-90-5.

In 2000, Trigen Energy Corporation was acquired by ELYO, an energy subsidiary of Suez Lyonnaise des Eaux Group (Suez).

1           In June 2005, Thermal North America Inc. (Thermal or TNAI) acquired Trigen  
2           Kansas City, along with the other U.S. Trigen Companies, from Suez in a transaction that  
3           was approved by the Commission in Case No. HM-2004-0618. The Trigen Companies are  
4           wholly owned subsidiaries of Thermal. Thermal operates several district heating and steam  
5           operations, chilled water services, and provides electricity located in different cities  
6           throughout the United States.

7           Thermal also has a wholly owned subsidiary, a service corporation named  
8           ThermalSource LLC, which is located in Boston, Massachusetts. ThermalSource provides  
9           accounting, financial, human resources, legal, communications, and information services to  
10          the Trigen Companies, including Trigen Kansas City.

11          In December 2007, Thermal was acquired by Veolia Environnement S.A., (Veolia)  
12          one of the world's largest energy and water companies based in France. Veolia's wholly-  
13          owned subsidiary in the United States, Veolia Energy, operates Thermal North America. The  
14          Commission did not believe it had the authority to review this sale transaction and therefore,  
15          did not specifically approve this transfer of ownership.

16          Q.     What is Veolia?

17          A.     According to the 2006 Annual Report to shareholders, Veolia provides water  
18          cycle management, water recovery and recycling, energy efficiency and transportation to  
19          customers in 67 countries. Veolia has over 298,000 total employees, with over 213,000  
20          employees in Europe, and revenues in excess of 28.6 billion euros (at July 17, 2008 exchange  
21          rate of \$1.58 for each euro equals \$45.2 billion US) [Data Request 11.1].

22          In the 2005 Annual Report to shareholders, Veolia stated it was:

23                 the only global company to offer the entire range of  
24                 environmental services in water, waste management, energy



1 and transportation sectors. We have been creating global and  
2 integrated solutions for public and private sector clients the  
3 world over for more than 150 years. The quality of our  
4 research, the expertise and synergies developed between our  
5 teams, our mastery of the public-private partnership model and  
6 our commitment to sustainable development have made us a  
7 benchmark player in major environmental matters. With  
8 271,153 employees around the world, Veolia Environnment  
9 recorded revenue of 25.2 billion [euros] in 2005.

10  
11 [source: cover page of 2005 Annual Report, Data Request 11.1]

12 Q. Does Thermal only provide steam services to downtown Kansas City?

13 A. No. Thermal's Trigen Missouri affiliate provides chilled water (brine)  
14 services used for air conditioning load to a small number of customers on a non-regulated  
15 basis in the service territory of Trigen Kansas City.

16 Q. What are the other Trigen Companies current operations?

17 A. The Trigen Companies provide steam, chilled water and electricity on a  
18 regulated and non-regulated basis to several cities in the United States.

19 Besides steam and chilled water (brine) services in Kansas City, the Trigen  
20 Companies provides steam and chilled water services to the following cities:

21 Trigen Baltimore  
22 Trigen Boston  
23 Grays Ferry  
24 Inner Harbor East  
25 Trigen Oklahoma City  
26 Trigen Philadelphia  
27 Trigen St. Louis  
28 Trigen Trenton  
29 Trigen Tulsa

30 Q. In general terms, what areas does Trigen Kansas City served?

31 A. Trigen Kansas City generally serves steam customers in and around  
32 downtown Kansas City, Missouri, specifically defined as the downtown loop. The

1 downtown loop is bounded by the Missouri River to the north the Interstate 70 to the south.  
2 In Case No. HM-2004-0618, the Commission authorized Trigen Kansas City to make an  
3 expansion south of the downtown loop to serve Truman Medical Center, which recently has  
4 begun taking steam service.

5 In addition, Trigen Kansas City provides steam service to two industrial customers  
6 under long-term contracts. National Starch & Chemical Company (National Starch) started  
7 taking steam service from KCPL in the mid-1980s. Originally, KCPL had a contract, dated  
8 November 3, 1982, to provide steam service to CPC International Inc. (Corn Products). That  
9 contract was terminated October 1, 1985, and the steam service was assigned to National  
10 Starch. National Starch has plant operations north of the Grand Avenue Station across the  
11 Missouri River. Cargill, Incorporated (Cargill) started taking steam service from Trigen  
12 Kansas City in May 2007 and is located east of the Grand Avenue Station.

13 On Trigen's web site, the Company states the following regarding its steam operations  
14 in Kansas City:

- 15 • 70 customers
- 16 • One steam production facility
  - 17 - Steam capacity of 1.26 million pounds per hour
  - 18 • Coal fired with natural gas and # 2 oil backup
  - 19 - 5 megawatts of electric power generation capacity
- 20 • Two chilled water production facilities
  - 21 - 10,200 ton capacity
  - 22 - Centrifugal chillers with steam turbine and electric drives
- 23 • 6.5 mile steam distribution system

- 1                   • 1.5 mile chilled water distribution system

2           Q.       When was the last time steam rates were changed?

3           A.       To the best of Staff's knowledge, steam rates in downtown Kansas City were  
4 last changed in 1982, in Case No. HR-82-67, when the steam system was owned by KCPL.

5           Q.       Was this the last time that a steam rate was filed?

6           A.       No. KCPL filed for a steam rate increase in 1986 in Case No. HO-86-139. In  
7 that case, KCPL requested that the Commission approve a proposal to cease operations and  
8 move the steam customers to KCPL's electric operations. The Commission rejected that  
9 proposal and also rejected the rate increase, and instructed KCPL to seek buyer opportunities  
10 for the steam system. KCPL did, and Trigen Corporation was the successful bidder.

11           In the summary of the Commission's Order in Case No. HO-86-139 the following  
12 appears:

13                   The Commission has found that KCPL shall be  
14 authorized to abandon central steam distribution service as of  
15 December 31, 1990. However, KCPL shall make a good faith  
16 effort to sell the system and shall not terminate service to any  
17 customer until abandonment. KCPL shall solicit proposals for  
18 sale or transfer of the system as soon as reasonably practicable  
19 and shall report to the Commission as to the outcome of its  
20 efforts on or before January 31, 1989. KCPL shall freeze rates  
21 at current levels until the system is sold or abandoned.

22                   [29 Mo P.S.C. (N.S.) 246 (1987)]  
23  
24

25           Q.       When was the last time Trigen Kansas City filed a rate case?

26           A.       Trigen Kansas City filed for rate relief in Case No. HR-93-278 on April 7,  
27 1993, for \$152,208, or an approximately 3.9% increase. The Company withdrew the tariffs  
28 and did not file formally again for rate relief until March 11, 2008, when it filed for this case.  
29 In the 1993 rate case, Trigen sought and was granted a wavier by the Commission regarding

1 the requirement for Trigen to file direct testimony and exhibits. In the Order regarding  
2 variance, the Commission stated:

3           The Commission agrees that it would be impractical for  
4 Trigen to adhere to the entire formal procedure. Thus, the  
5 Commission determines that Trigen should be granted a  
6 variance to the requirement to file direct testimony in this case.  
7 The case would then proceed with Staff's direct testimony as a  
8 starting point and Trigen would still be expected to adhere to  
9 the remaining procedural schedule. Such a variance would  
10 reduce Trigen's costs while assuring that Staff's concerns are  
11 fully considered.

12  
13 [Commission Order dated May 26, 1993 in Case No. HR-93-278]  
14

15           On July 9, 1993, Trigen filed a "NOTICE OF DISMISSAL" requesting that the 1993  
16 rate be dismissed. Trigen stated as its reasons requesting such notice as:

17           Although the Commission concluded that the burden of  
18 the full formal ratemaking process was sufficiently onerous to  
19 warrant a variance, much of the formal ratemaking process was  
20 left in place. The same information that would have been  
21 developed to generate direct testimony will be required to  
22 respond to Staff's inquiries in preparing its direct testimony and  
23 to prepare rebuttal testimony. In addition, the formal  
24 ratemaking process requires the development of data and  
25 preparation of schedules in a format specified by Staff that is  
26 not easily extracted from and generated by Trigen's system. As  
27 a result, most of the resources required for full formal  
28 ratemaking will still be required to proceed under the variance  
29 granted by the Commission.

30  
31 [Trigen's Motion of Notice of Dismissal dated July 9, 1993 in  
32 Case No. HR-93-278]  
33

34           On July 13, 1993 the Commission granted Trigen's motion to dismiss the case  
35 [Commission Order dated July 13, 1993 in Case No. HR-93-278].

1     **TRIGEN MISSOURI OPERATIONS**

2             Q.     What is Trigen Missouri?

3             A.     Trigen Missouri is an affiliate company of Trigen Kansas City. Trigen  
4 Missouri supplies chilled water services from two locations to a small number of customers  
5 in downtown Kansas City in the same service territory as Trigen-Kansas City. Trigen  
6 Missouri produces chilled water at the Grand Avenue central plant and distributes this  
7 service for air conditioning through a distribution line with a return condensate pipeline back  
8 to Grand Avenue for recycling purposes. Trigen Missouri also leases certain chillers from  
9 city of Kansas City to produce chilled water for air conditioning purposes at the city's  
10 convention center.

11            All of Trigen Missouri's customers are also Trigen Kansas City customers, taking  
12 both chilled water services and steam services from these two affiliated Trigen companies.

13            Trigen Missouri has its offices at Trigen Kansas City's headquarters at the Grand  
14 Avenue Station. Trigen Missouri operates out of Grand Avenue and leases space for its  
15 chilled water equipment at this facility. Trigen Kansas City employees provide oversight and  
16 operational services to Trigen Missouri operations and allocate time and costs to this affiliate.  
17 Trigen Missouri's management is the same as the management of Trigen Kansas City.

18            The Grand Avenue Station, which is owned and operated by Trigen Kansas City,  
19 produces the steam and has all the necessary infrastructure in place to supply the steam to  
20 Trigen Missouri.

21            Trigen Missouri is also a customer of Trigen Kansas City, taking steam to operate its  
22 chillers on a tariff basis.

23            Q.     Is the provision of chilled water services regulated by the Commission?

1           A.     That question was answered by the Commission in Case No. HM-2004-0618.  
2     In that case, the Commission found that Trigen Missouri should not be regulated, as it is  
3     currently operated. The Commission stated:

4                     The evidence presented in this case indicates that  
5                     Trigen-Missouri, as it is currently operated, is not offering its  
6                     chilled water service to the public at large. Furthermore, the  
7                     Commission has never regulated water service. If this issue is  
8                     presented to the Commission again in a different case, with  
9                     different facts, the Commission may reach a different  
10                    conclusion. However, based on the record before it, the  
11                    Commission is not convinced that it is in the public interest to  
12                    assert jurisdiction over the chilled water operations of Trigen-  
13                    Missouri.

14                    [Commission Order in Case HM-2004-0618, page 7]  
15  
16

17           Q.     How did Staff treat Trigen Missouri in this rate case?

18           A.     Staff treated the operations of Trigen Missouri as non-regulated at this time.  
19     Staff devoted considerable time to identify the results and operations of Trigen Missouri to  
20     ensure that none of its investment, revenues or costs were included in the revenue  
21     requirement calculation for Trigen Kansas City. Since Trigen Kansas City and Trigen  
22     Missouri share many investment and costs structures Staff had to allocate payroll costs,  
23     payroll related benefits, and payroll taxes between the two companies. The chilled water  
24     equipment owned and operated by Trigen Missouri was not included in the Trigen Kansas  
25     City rate base. Material and Supplies and Prepayments had to be identified and allocated  
26     between the two Trigen entities. Revenues associated with providing steam to Trigen  
27     Missouri at regular tariff rates were included in the overall revenue requirement calculation.

28           Q.     Has Staff reflected any changes for Trigen Missouri regarding the operations  
29     of Trigen Missouri?

1           A.     Yes. Trigen Missouri leases space under agreement from its affiliated, Trigen  
2     Kansas City. Staff believes the lease agreement between these two affiliates was not made at  
3     arms length, and by its terms, provided benefits to Trigen Missouri, as an affiliate, that no  
4     other entity would have been provided. That lease is considered highly confidential by the  
5     management of Trigen Missouri, which is also the management of Trigen Kansas City. A  
6     more detailed discussion of this adjustment appears in the highly confidential portion of Staff  
7     Report.

8     **OVERVIEW OF STAFF'S FILING, FINDINGS AND**  
9     **RECOMMENDATIONS**

10          Q.     Please identify the findings of Staff's review of Trigen Kansas City's rate  
11     increase request:

12          A.     Staff conducted a review of Trigen Kansas City's March 11, 2008 rate  
13     increase filing and has identified the following areas in its findings and recommendations:

14                 **Rate of Return--**

15                 The rate of return used to calculate the revenue requirement in this case is based on a  
16     consolidated capital structure and corporate results. David Murray, of the Commission's  
17     Financial Analysis Department, determined that the rate of return on equity should be in a  
18     range from 9.25% to 9.50% with a mid-point of 9.38% resulting in an overall rate of return  
19     on investment of 7.66% to 7.78% with a mid-point of 7.72%.

20                 **Rate Base--**

21                 Plant in Service and Accumulated Depreciation Reserve are reflected in the rate base  
22     as of June 30, 2008. This period allowed for the inclusion of the new distribution pipeline  
23     for Truman Medical Center. After many months of construction of the new pipeline, Truman

1 Medical Center started taking service from Trigen Kansas City on June 16, 2008. The  
2 Company requested an expansion to its service territory in Case No. HA-2006-0294, wherein  
3 the Commission approved this expansion with the understanding that the Truman Medical  
4 Center would pay for the pipeline construction. Staff verified that the construction payments  
5 were made by Truman Medical Center. While the pipeline construction costs were included  
6 in plant in service, Staff made a corresponding offset to rate base called Customer Advance  
7 for Construction. All plant additions and retirements were included in the revenue  
8 requirement calculation as of June 30, 2008.

9 Fuel Stock (Coal) Inventories, Material & Supplies and Prepayments were included  
10 as of the June 30, 2008 rate base date.

11 Accumulated Deferred Income Taxes Reserve were included as an offset to rate base  
12 as of June 30, 2008. For a more detailed discussion of these deferred tax reserves see the  
13 Staff Report under the section Income Taxes.

#### 14 **Income Statement--**

##### 15 **Revenues-**

16 Staff considered the Company's Revenues through June 30, 2008 to reflect a major  
17 new customer and loss of some smaller customers. Trigen Kansas City added the Truman  
18 Medical Center (discussed above under Plant in Service) as of June 30, 2008. Trigen Kansas  
19 City lost several small customers in May and June 2008 and the loss in revenues was  
20 reflected in Staff's revenue annualization.

21 In addition, Trigen Kansas City added the new Sprint Arena that opened in downtown  
22 Kansas City in October 2007 to its steam operations.



1           Finally, Cargill, one of two contract customers that started taking service in spring  
2 2007 has been fully reflected in the revenue annualization for a full year of steam sales. Both  
3 the contract customers, National Starch and Cargill were included in the calculation of the  
4 revenue requirement.

5                   **Expenses--**

6           Fuel costs in this case were based on using coal and natural gas prices through  
7 June 30, 2008. Other inputs such as fuel mix and station and distribution losses were  
8 determined using historical information.

9           Payroll, payroll related benefits, and payroll taxes were annualized through March 31,  
10 2008. Since no changes to payroll occurred since then, the March 31, 2008 is also reflective  
11 as of the June 30, 2008 time period. Payroll and the related payroll costs were based on  
12 Trigen Kansas City personnel located at the Grand Avenue Station. Costs for a maintenance  
13 and construction contract (Johnson Controls) that terminated September 2007 were removed  
14 from the test year 2006 and replaced with the Trigen Kansas City employee related costs.

15           Operations and Maintenance, other than payroll costs, were included in the case post-  
16 termination of the Johnson Control contract.

17           Rate Case Expense was included in the case for actual invoiced expenditures that  
18 were reviewed by Staff during the audit through June 30, 2008 to develop an on-going level  
19 for these costs. Because these costs are unique to the rate case process with major costs  
20 incurred to review Staff and other parties' direct filings, participate in the prehearing  
21 conference, prepare responsive testimony and, if needed, going to trial, Staff will examine  
22 additional costs as the process develops further to include those costs that can be verified and  
23 supported as reasonable and justified.

1 Trigen Kansas City refused to provide supporting documentation for Rate Case  
2 Expense, such as the invoices for its legal costs, so those costs were not included in the case.

3 Outside Services Expenses were analyzed and amounts that were verified and  
4 supported related to on-going company operations were included in the case.

5 Depreciation Expense was annualized based on depreciation rates developed by Guy  
6 Gilbert of the Commission's Depreciation Engineering and Management Services  
7 Department. Also, Mr. Gilbert addresses an amount of over accrued depreciation reserve in  
8 the section of the Report on depreciation. The depreciation rates were applied to Staff's  
9 recommended plant values as adjusted plant-in-service amounts, resulting in total annualized  
10 depreciation expense.

11 Staff calculated Income Taxes based on the results of the revenue requirement  
12 calculation as of June 30, 2008.

13 **Fuel Prices--**

14 Q. How does Trigen Kansas City produce steam to serve its customers?

15 A. The Company has a production facility on the northern most part of  
16 downtown Kansas City along the Missouri River known as Grand Avenue Station. This  
17 power plant produces steam in boilers that burn either natural gas or coal. One of the major  
18 costs of producing steam is the amount the Company pays for these two energy sources.

19 Q. How were fuel prices determined in this case?

20 A. Actual coal and natural gas costs paid by Trigen Kansas were examined for  
21 the period of 2005 to June 2008. Since the energy markets have increased significantly this  
22 year, Staff used the most recent pricing information. Specifically, the coal and natural gas  
23 prices provided to Mr. Beck that formed the basis of the fuel expense calculation were based

1 on costs as of June 30, 2008 for coal prices and the six months ended June 30, 2008 for  
2 natural gas prices.

3 **Plant in Service and Accumulated Depreciation Records**

4 Q. Did Trigen Kansas City have problems maintaining its property records?

5 A. Yes. In the past, Staff discovered that Trigen Kansas City did not maintain its  
6 books and records in conformity with the Federal Energy Regulatory Commission's (FERC)  
7 Uniform System of Accounts (USOA). Staff expert, Phillip K. Williams discusses issues  
8 relating to Trigen Kansas City's inadequate record keeping, and what the Company did to get  
9 those records in compliance with the USOA. Notably, for the first time since it took over the  
10 steam system from KCPL in 1990, Trigen's books can be reasonably relied upon.

11 Not only were the books and records of the Company in disarray, the annual reports  
12 submitted to the Commission had the same problems for plant in service and accumulated  
13 depreciation reserve. Additionally, the accumulated deferred income tax reserves were part  
14 of the same problems, as such those reserves could not be relied on in the past.

15 Q. Does conclude your direct testimony?

16 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

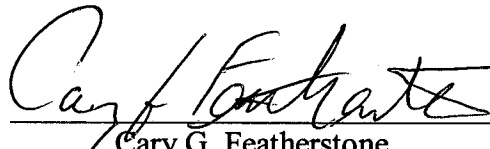
In the Matter of the Tariff Filing of Trigen-Kansas )  
City Energy Corporation to Implement a General )  
Rate Increase for Regulated Steam Heating )  
Service Provided to Customers in the Company's )  
Missouri Service Area )

Case No. HR-2008-0300

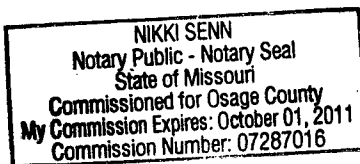
**AFFIDAVIT OF CARY G. FEATHERSTONE**


STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

Cary G. Featherstone, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 33 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

  
Cary G. Featherstone

Subscribed and sworn to before me this 31<sup>st</sup> day of July, 2008.



  
Notary Public

# CARY G. FEATHERSTONE

## SUMMARY OF RATE CASE INVOLVEMENT

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1980	Case No. ER-80-53	St. Joseph Light & Power Company (electric rate increase)	Direct	Stipulated
1980	Case No. OR-80-54	St. Joseph Light & Power Company (transit rate increase)	Direct	Stipulated
1980	Case No. HR-80-55	St. Joseph Light & Power Company (industrial steam rate increase)	Direct	Stipulated
1980	Case No. GR-80-173	The Gas Service Company (natural gas rate increase)	Direct	Stipulated
1980	Case No. GR-80-249  Coordinated	Rich Hill-Hume Gas Company (natural gas rate increase)	No Testimony filed- revenues & rate base	Stipulated
1980	Case No. TR-80-235	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress Rebuttal	Contested
1981	Case No. ER-81-42	Kansas City Power & Light Company (electric rate increase)	Direct-payroll & payroll related benefits; cash working capital Rebuttal	Contested
1981	Case No. TR-81-208	Southwestern Bell Telephone Company (telephone rate increase)	Direct-cash working capital; construction work in progress; income taxes-flow- through Rebuttal Surrebuttal	Contested
1981	Case No. TR-81-302	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1981	Case No. TO-82-3	Investigation of Equal Life Group and Remaining Life Depreciation Rates (telephone-- depreciation case)	Direct- construction work in progress	Contested
1982	Case Nos. ER-82-66 and HR-82-67	Kansas City Power & Light Company (electric & district steam heating rate increase)	Direct- fuel & purchased power; fuel inventories Rebuttal Surrebuttal	Contested
1982	Case No. TR-82-199	Southwestern Bell Telephone Company (telephone rate increase)	Direct- revenues & directory advertising	Contested
1983	Case No. EO-83-9	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1983	Case No. ER-83-49	Kansas City Power & Light Company (electric rate increase)	Direct- fuel & fuel inventories Rebuttal Surrebuttal	Contested
1983	Case No. TR-83-253	Southwestern Bell Telephone Company (telephone rate increase - ATT Divestiture Case)	Direct- revenues & directory advertising	Contested
1984	Case No. EO-84-4	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1985	Case Nos. ER-85-128 and EO-85-185  Coordinated	Kansas City Power & Light Company (electric rate increase- Wolf Creek Nuclear Generating Unit Case)	Direct- fuel inventories; coordinated construction audit	Contested
1987	Case No. HO-86-139  Coordinated	Kansas City Power & Light Company (district steam heating-- discontinuance of public utility and rate increase)	Direct- policy testimony on abandonment of steam service Rebuttal Surrebuttal	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1988	Case No. TC-89-14 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Surrebuttal	Contested
1989	Case No. TR-89-182	GTE North, Incorporated (telephone rate increase)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1990	Case No. GR-90-50 Coordinated	Kansas Power & Light - Gas Service Division (natural gas rate increase)	Direct- prudency review of natural gas explosions	Stipulated
1990	Case No. ER-90-101 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric rate increase- Sibley Generating Station Life Extension Case)	Direct- Corporate Costs and Merger & Acquisition Costs Surrebuttal	Contested
1990	Case No. GR-90-198 Coordinated	UtiliCorp United, Inc., Missouri Public Service Division (natural gas rate increase)	Direct- Corporate Costs and Merger & Acquisition Costs	Stipulated
1990	Case No. GR-90-152	Associated Natural Gas Company (natural gas rate increase)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1991	Case No. EM-91-213	Kansas Power & Light - Gas Service Division (natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested
1991	Case Nos. EO-91-358 and EO-91-360 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric-- accounting authority orders)	Rebuttal- plant construction cost deferral recovery; purchased power cost recovery deferral	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1991	Case No. GO-91-359  Coordinated	UtiliCorp United Inc., Missouri Public Service Division (natural gas-- accounting authority order)	Memorandum Recommendation- Service Line Replacement Program cost recovery deferral	Stipulated
1993	Case Nos. TC-93-224 and TO-93-192  Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1993	Case No. TR-93-181	United Telephone Company of Missouri (telephone rate increase)	Direct- directory advertising Surrebuttal	Contested
1993	Case No. GM-94-40	Western Resources, Inc. and Southern Union Company (natural gas-- sale of Missouri property)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated
1994	Case No. GM-94-252  Coordinated	UtiliCorp United Inc., acquisition of Missouri Gas Company and Missouri Pipeline Company (natural gas--acquisition case)	Rebuttal- acquisition of assets case	Contested
1994	Case No. GA-94-325  Coordinated	UtiliCorp United Inc., expansion of natural gas to City of Rolla, MO (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested
1995	Case No. GR-95-160  Coordinated	United Cities Gas Company (natural gas rate increase)	Direct- affiliated transactions; plant	Contested
1995	Case No. ER-95-279  Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel & purchased power; fuel inventories	Stipulated
1996	Case No. GA-96-130	UtiliCorp United, Inc./Missouri Pipeline Company (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested



<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1996	Case No. EM-96-149 Coordinated	Union Electric Company merger with CIPSCO Incorporated (electric and natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1996	Case No. GR-96-285 Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Direct- merger savings recovery; property taxes Rebuttal Surrebuttal	Contested
1996	Case No. ER-97-82	Empire District Electric Company (electric-- interim rate increase case)	Rebuttal- fuel & purchased power	Contested
1997	Case No. GA-97-132	UtiliCorp United Inc./Missouri Public Service Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	Case No. GA-97-133	Missouri Gas Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	Case Nos. EC-97-362 and EO-97-144	UtiliCorp United Inc./Missouri Public Service (electric rate complaint case)	Direct- - fuel & purchased power; fuel inventories Verified Statement	Contested Commission Denied Motion
1997	Case Nos. ER-97-394 and EC-98-126 Coordinated	UtiliCorp United Inc./Missouri Public Service (electric rate increase and rate complaint case)	Direct- fuel & purchased power; fuel inventories; re-organizational costs Rebuttal Surrebuttal	Contested
1997	Case No. EM-97-395	UtiliCorp United Inc./Missouri Public Service (electric-application to spin-off generating assets to EWG subsidiary)	Rebuttal- plant assets & purchased power agreements	Withdrawn

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1998	Case No. GR-98-140  Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Testimony in Support of Stipulation And Agreement	Contested
1999	Case No. EM-97-515  Coordinated	Kansas City Power & Light Company merger with Western Resources, Inc. (electric acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated (Merger eventually terminated)
2000	Case No. EM-2000-292  Coordinated	UtiliCorp United Inc. merger with St. Joseph Light & Power Company (electric, natural gas and industrial steam acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested (Merger closed)
2000	Case No. EM-2000-369  Coordinated	UtiliCorp United Inc. merger with Empire District Electric Company (electric acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested (Merger eventually terminated)
2001	Case No. ER-2001-299  Coordinated	Empire District Electric Company (electric rate increase)	Direct- income taxes; cost of removal; plant construction costs; fuel- interim energy charge Surrebuttal True-Up Direct	Contested
2001	Case Nos. ER-2001-672 and EC-2002-265  Coordinated	UtiliCorp United Inc./Missouri Public Service Company (electric rate increase)	Verified Statement Direct- capacity purchased power agreement; plant recovery Rebuttal Surrebuttal	Stipulated
2002	Case No. ER-2002-424  Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel-interim energy charge Surrebuttal	Stipulated

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
2003	Case Nos. ER-2004-0034 and HR-2004-0024 (Consolidated)  Coordinated	Aquila, Inc., (formerly UtiliCorp United Inc) d/b/a Aquila Networks-MPS and Aquila Networks-L&P (electric & industrial steam rate increases)	Direct- acquisition adjustment; merger savings tracking Rebuttal Surrebuttal	Stipulated
2004	Case No. GR-2004-0072  Coordinated	Aquila, Inc., d/b/a Aquila Networks-MPS and Aquila Networks-L&P (natural gas rate increase)	Direct- acquisition adjustment; merger savings tracking  Rebuttal	Stipulated
2005	Case No. HC-2005- 0331  Coordinated	Trigen Kansas City Energy [Jackson County Complaint relocation of plant for Sprint Arena] (steam complaint case)	Cross examination- relocation of plant assets	Contested
2005	Case No. EO-2005-0156  Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS (electric- South Harper Generating Station asset valuation case)	Rebuttal- plant valuation Surrebuttal	Stipulation pending
2005	Case No. ER-2005-0436  Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct- interim energy charge; fuel; plant construction; capacity planning Rebuttal Surrebuttal	Stipulated
2005	Case No. HR-2005-0450  Coordinated	Aquila, Inc., d/b/a Aquila Networks- L&P (industrial steam rate increase)	Direct	Stipulated
2006	Case No. ER-2006-0314  Coordinated	Kansas City Power & Light Company (electric rate increase)	Direct-construction audits Rebuttal- allocations Surrebuttal- allocations	Contested
2006	Case No. WR-2006-0425  Coordinated	Algonquin Water Resources (water & sewer rate increases)	Rebuttal- unrecorded plant; contributions in aid of construction Surrebuttal	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
2007	Case No. ER-2007-0004  Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct-fuel clause, fuel, capacity planning Rebuttal Surrebuttal	Contested
2007	Case No. HO-2007-0419  Coordinated	Trigen Kansas City Energy [sale of coal purchase contract] (steam)	Recommendation Memo	Stipulated
2007	Case No. HR-2006- 0028	Aquila, Inc., d/b/a Aquila Networks- L&P [Industrial Steam Fuel Clause Review] (industrial steam fuel clause review)		Pending

## **CASES SUPERVISED AND ASSISTED:**

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony</u></b>	<b><u>Case Disposition</u></b>
1986	Case No. TR-86-14 Coordinated	ALLTEL Missouri, Inc. (telephone rate increase)		Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	<u>Case Disposition</u>
1986	Case No. TR-86-55  Coordinated	Continental Telephone Company of Missouri (telephone rate increase)		Stipulated
1986	Case No. TR-86-63  Coordinated	Webster County Telephone Company (telephone rate increase)		Stipulated
1986	Case No. GR-86-76  Coordinated	KPL-Gas Service Company (natural gas rate increase)		Withdrawn
1986	Case No. TR-86-117  Coordinated	United Telephone Company of Missouri (telephone rate increase)	Withdrawn prior to filing	Withdrawn
1988	Case No. GR-88-115  Coordinated	St. Joseph Light & Power Company (natural gas rate increase)	Deposition	Stipulated
1988	Case No. HR-88-116	St. Joseph Light & Power Company (industrial steam rate increase)	Deposition	Stipulated
1994	Case No. ER-94-194	Empire District Electric Company (electric rate increase)		
2003	QW-2003-016 QS-2003-015	Tandy County (water & sewer informal rate increase)	Recommendation Memo	Stipulated
2004	Case No. HM-2004-0618  Coordinated	Trigen- Kansas City Energy purchase by Thermal North America (steam - sale of assets)		Stipulated
2005	Case No. GM-2005-0136  Coordinated	Partnership interest of DTE Enterprises, Inc. and DTE Ozark, Inc in Southern Gas Company purchase by Sendero	Recommendation Memo	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	<u>Case Disposition</u>
		SMGC LP (natural gas -- sale of assets)		
2005	Case No. WO-2005-0206	Silverleaf sale to Algonquin (water & sewer- sale of assets)		Stipulated
	Coordinated			
2006	Case No. WR-2006-0250	Hickory Hills (water & sewer- informal rate increase)	Recommendation Memo	Contested
2006	Case No. HA-2006-0294	Trigen Kansas City Energy (steam- expansion of service area)		Contested
	Coordinated			
2007	SR-2008-0080 QS-2007-0008	Timber Creek (sewer- informal rate increase)	Recommendation Memo	Stipulated
2008	QW-2008-0003	Spokane Highlands Water Company (water- informal rate increase)	Recommendation Memo	Stipulated