

Exhibit No.:

Issues: Reliability

Witness: James L. Ketter

Sponsoring Party: MO PSC Staff

Type of Exhibit: Direct Testimony

Case Nos.: ER-2004-0034 &

HR-2004-0024

(Consolidated)

Date Testimony Prepared: December 9, 2003

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

JAMES L. KETTER

AQUILA, INC.

d/b/a AQUILA NETWORKS-MPS

AND AQUILA NETWORKS- L&P

CASE NOS. ER-2004-0034 & HR-2004-0024

(CONSOLIDATED)

Jefferson City, Missouri
December 2003

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Missouri Public
Service Commission

Exhibit No. 22

Case No(s) ER-2004-0034

Date 2/23/04 Rptr RF

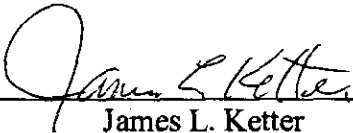
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In The Matter Of Aquila, Inc. D/B/A Aquila)
Networks L&P And Aquila Networks MPS) Case No. ER-2004-0034 &
To Implement A General Rate Increase In) HR-2004-0024 (Consolidated)
Electricity)

AFFIDAVIT OF JAMES L. KETTER

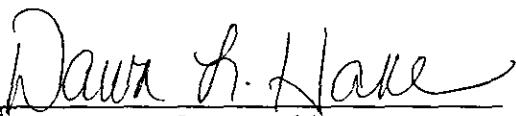
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James L. Ketter, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 7 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



James L. Ketter

Subscribed and sworn to before me this 8th day of December, 2003.



Notary Public

NOTARY PUBLIC
STATE OF MISSOURI
COMMISSION EXPIRES 12/31/2005

My commission expires _____

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DIRECT TESTIMONY
OF
JAMES L. KETTER
AQUILA, INC.
d/b/a AQUILA NETWORKS-MPS
AND AQUILA NETWORKS- L&P
CASE NOS. ER-2004-0034 & HR-2004-0024
(CONSOLIDATED)

Q. Please state your name and give your business address.

A. James L. Ketter, P.O. Box 360, Jefferson City, Missouri 65102.

Q. Mr. Ketter, by whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (MPSC or Commission) as a Utility Regulatory Engineer II in the Engineering Analysis section of the Energy Department.

Q. Please summarize your educational background and professional experience.

A. I received a Bachelor of Science degree in Electrical Engineering from the University of Missouri-Columbia in 1970. I served for 4 1/2 years as an officer in the United States Navy and returned to the University of Missouri-Columbia campus to pursue an advanced degree. In December 1977 I received a Masters degree in Business Administration from the University of Missouri-Columbia.

Direct Testimony of
James L. Ketter

1 I have been employed by the Commission since 1976. As an engineer on
2 the Staff, I have testified before the Commission on certificates for service areas, electric
3 transmission and power plant certification cases, and territorial agreements. I have also
4 presented testimony on rate design in electric, steam, and gas rate cases. I am a
5 registered Professional Engineer in the state of Missouri; my registration number is
6 E-20056. I am a member of the National Society of Professional Engineers and I am a
7 member of the Jefferson City Chapter of the Missouri Society of Professional Engineers.

8 Q. To which of the Aquila, Inc. (Aquila) operations are you directing your
9 testimony?

10 A. This testimony only addresses the electric operations of Aquila in
11 Missouri.

12 Q. What is the purpose of your testimony in this case?

13 A. I address reliability indices utilized within the electric utility industry that
14 provide a measure of a utility's overall performance in delivering electric service. These
15 indices have been established to provide information regarding the average number of
16 times a customer is without electric service, the average interruption duration for all
17 customers, the average interruption duration for those customers interrupted and the
18 average number of momentary outages. The Staff recommends that the Commission
19 direct Aquila to submit reliability indices for the Missouri service area of Aquila to Staff
20 until Aquila's financial condition attains investment grade and the Staff determines
21 reporting this information is no longer necessary. This information will assist the Staff in
22 monitoring the quality of service provided to Missouri customers in the Aquila service
23 area.

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1 Q. Are other Staff witnesses filing testimony regarding quality of service?

2 A. Yes. Staff witness Lisa A. Kremer is concurrently filing direct testimony
3 concerning customer service measurements for Aquila's Call Center.

4 Q. Please identify the reliability indices that are utilized by the electric utility
5 industry.

6 A. System Average Interruption Frequency Index (SAIFI), System Average
7 Interruption Duration Index (SAIDI) and Customer Average Interruption Duration Index
8 (CAIDI) are the most common reliability indices used for electric utilities. Unadjusted
9 indices, or actual data, reflect the total time or number of outages for the period reviewed.
10 Adjusted indices remove the time and frequency of events that are the result of major
11 storms.

12 Q. What benefit is gained by removing major storms from the unadjusted
13 data?

14 A. When major events, such as the ice storm of January 2002 or the tornados
15 that struck the western part of Missouri in May 2003, cause extended outages for a utility,
16 the day-to-day normal operations of the electric system are obscured by the extended
17 electric outages resulting from these events. Damage to electric facilities because of
18 major storms and the subsequent outage that customers experience is important, but the
19 adjusted number will better reflect the operation of the system under normal conditions.

20 Storms do not routinely affect the entire service area of the utility.
21 Removing the outages that are the result of major storms or catastrophic events provides
22 a common basis to determine a company-wide index under normal conditions.

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1 Adjustment for major storms in this manner is an accepted industry practice for reliability
2 indices.

3 Q. Explain these indices and how they measure reliability.

4 A. SAIFI (number of occurrences per customer) reflects the average
5 frequency of interruptions per customer and is defined as the total number of customer
6 interruptions for the period covered, divided by the total number of customers served.
7 SAIDI (hours or minutes per customer served) reflects the average interruption duration
8 for the period covered and is defined as the sum of all customer interruption durations
9 divided by the total number of customers served. CAIDI (hours or minutes per customer
10 interrupted) reflects the average interruption duration and is defined as the sum of all
11 customer interruption durations divided by the total number of customers interrupted.

12 These reliability indices reflect overall system performance. These
13 measures can help in accessing the performance of the utility in the delivery of electric
14 service by providing a quantitative measure to help define the quality of service.
15 Typically, all of these indices are adjusted to eliminate the effects of major adverse
16 weather conditions.

17 Q. Does Aquila presently calculate and maintain these indices?

18 A. Yes, this data is collected monthly.

19 Q. Customers often complain about momentary outages on the electric
20 system. Is there an index to track these outages?

21 A. Yes, the Momentary Average Interruption Frequency Index (MAIFI)
22 reflects the average number of momentary outages. These outages are the result of

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1 devices that interrupt a fault on the system and re-energize after a short delay, without
2 outside human intervention.

3 Q. Is the MAIFI information compiled by Aquila?

4 A. Yes, this data is retrieved by reading counters that record the number of
5 momentary interruptions and is compiled on a quarterly basis. Requesting the MAIFI
6 data on a monthly basis would add a new task for Aquila employees. The Staff does not
7 propose that this quarterly schedule be altered.

8 Q. Has the Staff received the SAIFI, SAIDI, CAIDI and MAIFI information
9 from Aquila in the past?

10 A. Yes. In the UtiliCorp United, Inc. – St. Joseph Light & Power Company
11 merger, Case No. EM-2000-292, Aquila was ordered by the Commission (effective
12 December 24, 2000) to provide Staff with monthly reports of reliability standards for one
13 year. Following the expiration of this period, Aquila has provided this information, on an
14 informal basis, quarterly.

15 Q. Why is it necessary for the Staff to ask that the Commission require
16 Aquila to report this reliability data?

17 A. Aquila has continued to provide this information on a voluntary basis to
18 date, but absent a Commission order there is no assurance that Aquila will continue to do
19 so in the future. The financial pressure on Aquila may affect its willingness to collect,
20 calculate and provide this data to Staff. Therefore, Staff is requesting that Aquila be
21 ordered by the Commission to provide its service quality measurements to Staff on a
22 monthly basis (except MAIFI) until Aquila's financial condition attains investment grade
23 and the Staff determines that reporting is no longer necessary. Staff will monitor this

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1 information to help determine the level of service that customers are receiving from
2 Aquila. Reporting this information monthly will provide an ongoing summary of the
3 transmission and distribution system's performance as measured by these reliability
4 indices.

5 Q. Did Staff request that the Commission order Aquila to file this same
6 information on a monthly basis in Case No. EF-2003-0465?

7 A. Yes. The same information and the frequency of reporting were proposed
8 in that case.

9 Q. Are there other means to gather information concerning the quality of
10 service provided by Aquila?

11 A. Yes. Customers call the Commission to assist them in resolving quality of
12 service issues. In my position in the Engineering Analysis section of the Energy
13 Department, I respond to customer inquiries and complaints concerning quality of
14 service. This input from the customers may not be an accurate reflection of the overall
15 performance of the company of providing electric service, but they voice their opinion
16 and have personal experience concerning the provision of reliable service to their
17 residence or business. This information is helpful in determining the quality of service
18 provided to Aquila customers.

19 Q. What is Staff's recommendation?

20 A. Staff recommends that the Commission order Aquila to submit monthly
21 data for Missouri customers of Aquila Networks-MPS and Aquila Networks-L&P for
22 SAIFI, SAIDI and CAIDI in an electronic format, both unadjusted and adjusted indices to
23 exclude major storm events, to Staff within twenty-one (21) days of the last day of the

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1 month being reported. In addition, Staff recommends that MAIFI information be
2 provided to Staff on a quarterly basis and transmitted with the monthly data at the end of
3 each quarter. Staff recommends that both reporting requirements extend until Aquila's
4 financial condition reaches investment grade and the Staff determines that reporting is no
5 longer necessary.

6 Q. Does this conclude your direct testimony?

7 A. Yes it does.