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Corporate Plant Depreciation
Reserve*
Witness: *Steve M. Traxler*
Sponsoring Party: *MoPSC Staff*
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

STEVE M. TRAXLER

**AQUILA, INC. d/b/a
AQUILA NETWORKS-L&P
AND AQUILA NETWORKS-MPS**

CASE NO. GR-2004-0072

*Jefferson City, Missouri
January 2004*

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STEVE M. TRAXLER
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS-ELECTRIC
AND AQUILA NETWORKS-L&P-ELECTIC & STEAM
CASE NO. GR-2004-0072

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Direct Testimony of
Steve M. Traxler

1 Lee's Summit, Missouri, as a Regulatory Consultant. I left DBA in April 1988. I was self-
2 employed from May 1988 to December 1989. I came back to the Commission in
3 December 1989. My current position is a Regulatory Auditor V with the Commission's
4 Auditing Department.

5 Q. What is the nature of your current duties at the Commission?

6 A. I am responsible for assisting in the audits and examinations of the books and
7 records of utility companies operating within the state of Missouri.

8 Q. Have you previously testified before this Commission?

9 A. Yes, I have. A list of cases in which I have filed testimony is shown on
10 Schedule 1 of this direct testimony.

11 Q. Have you filed testimony in rate proceedings involving a regulated utility
12 company in any jurisdictions besides Missouri?

13 A. Yes, I have also filed testimony in Kansas, Minnesota, Arizona, Indiana, Iowa
14 and Mississippi.

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

17 A. This testimony addresses the gas operations of Aquila in Missouri.

18 Q. What are your principle areas of responsibility in Case No.GR-2004-0072?

19 A. As one of the Regulatory Auditor V's assigned to this case, I have oversight
20 responsibility regarding areas assigned to other auditors on this case, an Application to
21 increase rates filed by the Aquila Networks-MPS (MPS) and Aquila Networks-L&P (L&P),
22 divisions of Aquila, Inc. (Aquila). In addition, my direct testimony will address the specific
23 areas listed below:

- 1 (1) Income Tax-Straight Line Tax Depreciation;
- 2 (2) Pension and Post-Retirement Benefit (OPEB) Costs;
- 3 (3) Cash Working Capital –Current Income Tax; and
- 4 (4) Write Down of Corporate Plant Depreciation Reserve.

5 Q. What knowledge, skill, experience, training or education do you have with
6 regard to the areas you have been assigned?

7 A. I have approximately 26 years of experience in utility regulation. My
8 experience includes 19 years with the Missouri Commission, four years with United
9 Telephone Company of Kansas and three years with the former Dittmer Brosch and
10 Associates. I have provided expert testimony on regulatory matters in six other state
11 jurisdictions. For most of my career, I have had responsibility for supervising other auditors
12 on major rate cases. With specific regard to my areas in this case, I have presented expert
13 testimony on these issues in prior cases and have had responsibility for providing training on
14 these areas for the Auditing department.

15 **INCOME TAX EXPENSE - STRAIGHT LINE TAX DEPRECIATION**

16 Q. Please explain the relationship between book depreciation and straight-line tax
17 depreciation.

18 A. Annualized book depreciation is a result of multiplying the plant investment at
19 September 30, 2003, the Staff's update period, by the book depreciation rates being
20 recommended by Staff witness Rosella L. Schad of the Commission's Engineering and
21 Management Services Department.

22 Straight-line tax depreciation is a result of multiplying the tax basis of plant
23 investment by the same book depreciation rates. From a regulatory perspective, the only

1 material difference between book depreciation included in cost of service and the tax
2 deduction for book depreciation (straight-line tax depreciation) is the tax/book basis
3 difference which was flowed through in rates prior to the passage of the Tax Reform Act of
4 1986. The ratio used in this case to calculate straight-line tax depreciation, 95.74% for MPS's
5 North/South and Eastern systems and 97.23% for the L&P system, reflects that ratepayers
6 have already received a tax deduction in prior years for 4.26% (MPS), 2.77% (L&P) of the
7 book basis of depreciable plant.

8 Q. Please explain how ratepayers received the benefit of a tax deduction in prior
9 years equal to the 4.26% and 2.41% of the book basis of depreciable plant at September 30,
10 2003.

11 A. Prior to the Tax Reform Act of 1986, property taxes, interest, pensions and
12 payroll taxes were capitalized as overheads for financial reporting (book) purposes, but were
13 deductible for tax purposes in the current year. The Staff used flow-through tax accounting
14 for these tax-timing differences prior to the 1986 Tax Reform Act.

15 Flow-through accounting means that the tax deduction of these capitalized overhead
16 costs was reflected in the current year for both federal income tax and ratemaking purposes.
17 The Tax Reform Act of 1986 eliminated this tax timing difference by capitalizing these
18 overhead costs for both book and tax reporting. The tax/book ratio used by the Staff to
19 calculate straight-line tax depreciation properly excludes the annualized book depreciation
20 related to the basis difference flowed through prior to 1986.

21 **HISTORICAL RATEMAKING TREATMENT – PENSION AND OPEBS COSTS**

22 Q. Please explain FAS 87 and FAS 106.

1 A. FAS 87 and FAS 106 are the Financial Accounting Standards Board (FASB)
2 approved accrual accounting methods used for financial statement recognition of annual
3 pension cost and other post-retirement employee benefit costs (OPEBs) over the service life
4 of employees.

5 Q. When were the accrual accounting methods for Pension and OPEBs costs,
6 FAS 87 and FAS 106, adopted for ratemaking purposes?

7 A. House Bill 1405 (Section 386.315, RSMo) approved by the Missouri
8 Legislature in 1994 required the adoption of FAS 106 for setting rates for OPEBs costs. In
9 Commission cases following the date that House Bill 1405 became law, the Staff began
10 recommending the use of the accrual accounting method for pension costs, FAS 87, in order
11 to use a similar accrual accounting method for all post-retirement employee benefit costs.

12 Q. What method was used for setting rates for Pension and OPEBs costs prior to
13 the requirement for using FAS 106 for OPEBs costs under House Bill 1405?

14 A. Prior to House Bill 1405, rates were set on a "pay as you go" or "cash" basis
15 for both Pension and OPEBs costs. The Employee Retirement Income Security Act of
16 1974 (ERISA) minimum contribution was used for pension cost and the utility's actual paid
17 claims for other post-retirement employee benefit costs were used for benefit costs addressed
18 in FAS 106. The other post-retirement benefit costs addressed in FAS 106 include retiree
19 medical, dental and life insurance costs.

20 Q. What is the purpose of the 1974 ERISA federal legislation?

21 A. The ERISA funding requirements are intended to ensure that Defined Benefit
22 Pension Plans in the United States are adequately funded.

1 Q. Did the Commission approve Staff recommendations in prior cases for using
2 the ERISA minimum contribution for the pension cost to be included in cost of service for
3 setting rates?

4 A. Yes. Some of the cases in which the Commission adopted the use of the
5 ERISA minimum contribution as the proper pension cost for setting rates are listed below:

<u>Utility Company</u>	<u>Case No.</u>
St. Joseph Light & Power Company	ER-93-41
Missouri Cities Water Company	WR-92-207
Capital City Water Company	WR-94-297

10 **HISTORICAL ISSUES – STAFF VS. MISSOURI UTILITIES**

11 Q. Since the change in the Staff's position in recommending the adoption of
12 FAS 87 for determining pension cost for setting rates, has there been a considerable difference
13 of opinion between the Staff and utility companies regarding the proper assumptions to be
14 used in calculating pension cost under FAS 87?

15 A. Yes. The methodology to be used in calculating pension cost under FAS 87
16 has been vigorously debated and tried in numerous cases involving the major electric, gas and
17 water utility companies in Missouri.

18 Q. What have been the primary issues between the Staff and utility companies
19 regarding the assumptions used in calculating pension cost under FAS 87?

20 A. The most important issue raised by the Staff addresses the use of assumptions
21 by utility companies that do not accurately reflect the funded status of the pension plan.
22 FAS 87 pension calculations that do not accurately reflect the funded status of the pension
23 plan, result in pension costs that are excessive when compared to the actual cash funding

1 requirements under ERISA regulations. Annual pension cost under FAS 87, which is
2 significantly higher than the amounts actually required to be contributed to the pension fund,
3 results in a cash windfall to the utility and excessive rates to ratepayers.

4 The second most important issue involving pension cost calculated under FAS 87 is
5 whether the result is so volatile from year-to-year that it becomes inappropriate for setting
6 rates. While an important consideration, the "volatility" issue should never take precedence
7 over the primary issue which is to make sure that the assumptions used to address volatility do
8 not result in a pension cost which is significantly higher than the actual funding requirements
9 of the plan, thereby resulting in excessive rates and a cash windfall to the utility.

10 Q. How does the funded status of the pension plan impact the pension cost
11 calculated under FAS 87?

12 A. One of the assumptions used in FAS 87 is the expected rate of return
13 assumption. The expected rate of return represents the annual income expected from
14 investing the existing pension funds in debt and equity securities. Annual pension cost under
15 FAS 87 will only be positive when the annual earned returns from investing the funded assets
16 is less than the additional annual costs including, primarily, service and interest costs related
17 to additional benefits earned by employees and the annual interest on the accumulated benefit
18 obligation.

19 Prior to the significant devaluation of the stock market in 2001 and 2002, most
20 pension funds for major utilities, like Aquila's pension fund, were so well-funded that pension
21 cost under the Staff's FAS 87 method was a negative amount due largely to the fact that the
22 actual returns earned on the pension fund assets were significantly higher than the expected
23 returns. When the earned returns on the fund assets exceed the annual additional cost

1 (primarily service and interest) of accrued pension cost under FAS 87, then the net result is a
2 negative amount for pension cost.

3 Q. What other factors can have a significant impact on pension cost under FAS 87
4 and on annual volatility in year-to-year results?

5 A. As discussed in my previous answer, significant differences often occur
6 between "expected" results and "actual" results. These differences, as well as others
7 described below, result in a gain or loss under FAS 87.

8 The expected rate of return assumption discussed in my last answer is an estimate
9 based on an assumed long-range (20 to 30 years) return estimated by the Company's actuary.
10 Aquila's actuary is currently using an expected rate of return of 7.0%. Significant differences
11 can and do occur between actual short-term returns and the expected rate of return
12 assumption. These differences between expected and actual result in a gain (actual return
13 exceeds expected) or a loss (actual return is less than expected). Changes in other
14 assumptions made by the actuary for the discount rate and interest rate, for example, will also
15 result in a gain or a loss under FAS 87.

16 The appropriate time frame to be used in recognizing gains and losses under FAS 87
17 has been a significant issue between the Staff and major utilities since FAS 87 has been
18 adopted by the Commission for setting rates. FAS 87 provides for considerable flexibility in
19 choosing the time period used in recognizing (amortizing) gains and losses in calculating
20 pension cost. The FAS 87 method recommended by the Staff in prior cases reflected gains
21 and losses over a five-year period.

1 **RECOMMENDATION FOR PENSION COSTS**

2 Q. What method for determining pension cost is Staff recommending for this
3 case?

4 A. The Staff is recommending that pension cost be calculated based upon the
5 ERISA minimum contribution.

6 Q. Why is the Staff recommending that FAS 87 no longer be used for determining
7 pension cost for ratemaking purposes?

8 A. As stated previously, one of the primary difficulties in using FAS 87 for
9 calculating pension cost for ratemaking purposes is limiting the annual volatility to an
10 acceptable level. The devaluation of the stock market in recent years has had a dramatic
11 impact on FAS 87 pension costs for major utility companies in Missouri. Aquila's total
12 company pension cost for 2001 and 2003 was (\$15,267,120) and \$8,427,028 respectively.
13 This represents a \$24 million increase in two years.

14 Q. What other FAS 87 result makes it undesirable for use in setting rates for a
15 regulated utility?

16 A. All pension plans for Missouri's major utility companies were well funded
17 until the recent decline in the market value of equity investments. The annual earned returns
18 on pension fund assets were significantly higher than the annual service cost and interest cost
19 components of pension cost under FAS 87. This condition routinely resulted in a net negative
20 pension cost under FAS 87. Using a negative pension cost in setting rates reduced the
21 utility's current cash flow. It was the Staff's expectation that negative results under FAS 87
22 would be a short-term result as benefits were paid with no additional cash contributions to the
23 well-funded plans. However, the actual earned returns on the pension fund assets were so
24 good during the 1990's that a negative pension cost under FAS 87 became a routine result.

1 Using a negative pension cost for setting rates is not a reasonable long-term result. Since the
2 minimum contribution under ERISA is always 0 or higher, a negative pension cost will no
3 longer occur when the ERISA minimum contribution is used for ratemaking purposes.

4 Q. How is the ERISA minimum contribution used to determine an annual level of
5 pension cost for ratemaking purposes?

6 A. Under normal circumstances, Staff will use an analysis of the actual historical
7 fund contributions required under ERISA regulations. If the annual contributions have been
8 stable in regard to the amount of the contribution required, then the most recent contribution
9 can be used for the annual level of pension cost to be included in cost of service for setting
10 rates. However, if there has been significant annual volatility (fluctuation in the level of
11 contributions from year to year) in the annual fund contributions, then an average is
12 appropriate for determining a normalized level for ratemaking purposes.

13 Q. Are Aquila's recent circumstances regarding the funded status of its pension
14 fund normal in your view?

15 A. No. The devaluation of the stock market has had a significant impact on
16 Aquila's pension fund as well as those of the other major utility companies in Missouri.
17 Aquila made voluntary pension fund contributions in 2002 and 2003 in order to avoid: 1) the
18 write-off of the existing prepaid pension asset which would have been required under
19 financial reporting requirements under FAS 87; and 2) to avoid a significant increase in the
20 annual premiums to the Pension Benefit Guarantee Corporation (PBGC).

21 Q. Please define the term "voluntary contribution."

22 A. A voluntary contribution is one that exceeds the minimum contribution
23 required under ERISA regulations.

1 Q. Why were voluntary contributions necessary in 2002 and 2003 of \$35 million
2 and \$3 million to avoid a significant charge to other comprehensive income?

3 A. There are specific accounting rules under FAS 87 that require the write off of
4 an existing prepaid pension asset when the market value of the pension fund assets is less than
5 the accumulated benefit obligation (ABO). The market value of Aquila's pension fund assets
6 has been negatively impacted by the decline in value of equity investments in recent years.
7 Unless a \$34.5 million contribution was made in 2002, Aquila would have had to recognize
8 an approximate \$80 million charge to other comprehensive income. Additionally, with a
9 subsequent \$3 million contribution in 2003, Aquila avoided a write off of approximately
10 \$105 million charge to other comprehensive income.

11 Q. What increase in Aquila's annual premium costs to the PBGC were avoided by
12 making the voluntary contributions in 2002 and 2003?

13 A. The PBGC requires higher annual premiums for under-funded plans.
14 Additionally, Aquila would have been required to notify all employees and retirees regarding
15 the under-funded status of the pension plan. Aquila's management has indicated that the
16 additional premium increase to the PBGC would approach \$1 million annually if the under-
17 funded status had not been adequately addressed.

18 Q. What are the regulatory implications of the voluntary 2002 and 2003 pension
19 fund contributions for this case?

20 A. Under normal circumstances the Staff would likely challenge the validity of
21 voluntary pension fund contributions for purposes of determining a proper level of pension
22 cost to be used in setting rates. As one example, many major utility companies used to make
23 the largest tax deductible contribution allowed under Internal Revenue Service (IRS) rules.

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1 This was done primarily to lower the amount of current income tax liability. The Staff would
2 challenge the negative rate impact of such a policy if proposed for setting rates. However, in
3 Aquila's current circumstances, the voluntary contributions were necessary to avoid
4 significant negative financial and cash flow impacts. Additionally, the ERISA minimum
5 contributions would have been significant in 2003 and 2004 if these contributions had not
6 been made. Therefore, the voluntary contributions should be used in determining pension
7 cost in this case.

8 Q. Please explain the impact on Aquila's ERISA minimum contribution if the
9 voluntary contributions in 2002 and 2003 had not occurred.

10 A. According to the Company's actuarial firm, Hewitt Associates LLC, the
11 ERISA contribution would have been \$11.4 million in 2003 and \$37 million in 2004
12 (response to Staff Data Request No. 524) if the voluntary contributions had not occurred in
13 2002 and 2003.

14 Q. How did you calculate your recommended level of pension cost for this case?

15 A. I have used a five-year average of actual pension plan contributions. This
16 calculation includes three years of ERISA minimum contributions and the voluntary
17 contributions for 2002 and 2003. The allocation of the Total Aquila contributions were
18 allocated to the MPS and L&P Divisions based upon the allocation used by the Company's
19 actuary reflected in the FAS 132 Disclosure for 2002 (response to Staff Data Request
20 No. 450).

21 Q. Please explain adjustments L&P S-63.3 and MPS S-65.7.

1 A. These adjustments adjust the 2002 L&P and MPS pension costs, respectively,
2 to reflect the Staff's recommended use of the ERISA minimum contribution for recognizing
3 pension cost for ratemaking purposes.

4 **PREPAID PENSION ASSET**

5 Q. Please explain the prepaid pension asset calculated under FAS 87.

6 A. FAS 87 provides the Generally Accepted Accounting Principles (GAAP)
7 method used for recognizing the annual pension cost liability for financial reporting purposes.
8 The ERISA regulations address the funding of the same pension plan liability. Annual
9 differences occur because the actuarial methods used assign cost differently over the service
10 lives of employees. Annual differences between pension cost under FAS 87 for financial
11 reporting and cash contributions to the fund are accounted for as either a prepaid pension asset
12 (cash contribution exceeds FAS 87 accrual) or an accrued liability (FAS 87 accrual exceeds
13 cash contribution).

14 Q. Please explain the regulatory implications of the prepaid pension asset.

15 A. With regard to major utility company's in Missouri, the change in the prepaid
16 pension asset, since the adoption of FAS 87 for setting rates, has resulted primarily from a
17 negative pension expense under FAS 87 and a zero ERISA minimum contribution. As
18 discussed previously, a negative pension expense reduced cash flow to the utility. The excess
19 of fund assets over the pension liability in prior years could not be withdrawn and used to
20 offset the negative cash flow that resulted from reflecting a negative pension cost under
21 FAS 87 in setting rates. The prepaid asset, in effect, represents a cash flow benefit (reduction
22 in rates) which, in theory, should reverse over the service life of the employees used to accrue
23 pension cost. In other words, there should not be any permanent difference between the

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1 recognition of the pension liability for financial reporting over the service life of employees
2 and the funding of the same liability. However, as a practical matter, the prepaid asset has
3 continued to grow rather than reverse as a result of the better than expected returns earned on
4 the pension fund assets since the early 1990's. What was expected to be a temporary, short-
5 term timing difference between the accrual of pension cost under FAS 87 and the funding of
6 the plan has, in reality, been a recurring reduction in cash flow resulting from the recognition
7 of a negative pension cost under FAS 87 in rates.

8 Q. How should the prepaid pension asset be treated in setting rates as result of the
9 Staff's recommended change to use the ERISA minimum contribution for determining
10 pension cost for setting rates?

11 A. The prepaid pension asset is in effect the opposite of the accumulated deferred
12 income tax reserve. Deferred income taxes represent income tax paid through rates which
13 exceed the Company's current income tax liability. The deferred taxes represent a cash flow
14 benefit to the utility and are returned to customers over the life of the assets generating the
15 accelerated tax deductions used in calculating current income tax due the IRS. The prepaid
16 pension asset represents the accumulated reduction in rates that has occurred as a result of
17 reflecting negative pension cost in rates under FAS 87. It was intended to be a temporary
18 timing difference which would reverse over time. With a change in pension cost
19 determination to the ERISA minimum funding requirement, the only mechanism to reverse
20 the prepaid asset is to amortize the balance over a reasonable period of time. The appropriate
21 time frame is the number of years that FAS 87 has been in effect for ratemaking purposes.

22 Q. Please explain adjustments L&P S-63.5 and MPS S-65.8.

1 A. These adjustments amortize the L&P gas and MPS gas prepaid pension assets
2 over 5.5 years for MPS and 9.25 years for L&P. The amortization periods correspond with
3 the time frame since the adoption of FAS 87 for ratemaking purposes for Aquila's MPS
4 division and the former St. Joseph Light & Power Company (SJLP).

5 **OPEBS - FINANCIAL ACCOUNTING STANDARD (FAS) 106**

6 Q. Please explain adjustments L&P S-63.6 and MPS S-65.6.

7 A. These adjustments annualize OPEBS expense for the L&P and MPS divisions
8 respectively.

9 Q. Is the calculation of the 2003 FAS 106 cost still being reviewed by the Staff?

10 A. Yes. The Staff has outstanding discovery on the 2003 calculation. The Staff's
11 recommended adjustment for OPEB's cost under FAS 106 is subject to change based upon
12 the review of the outstanding data.

13 **CASH WORKING CAPITAL - CURRENT INCOME TAX**

14 Q. How is the payment lag for current income tax normally reflected in cash
15 working capital?

16 A. The payment lag for current income tax calculates the difference between the
17 midpoint of the calendar year and the four installment dates for payment of the current income
18 tax liability. The calculation is addressed in more detail in the testimony of Staff Auditing
19 witness Lesley R. Preston.

20 Q. Has the Staff reflected the normal payment lag for current income tax in its
21 cash working capital calculation in this case?

1 A. No. Due to Aquila's current financial condition, no current income tax was
2 paid in 2002 and none is expected for 2003 and likely longer as a result of significant loss
3 carryforwards. The payment lag has been adjusted to reflect the assumption that current
4 income taxes collected in rates will not be used to pay a current income tax liability. Since we
5 are allowing the Company to collect income tax expense from rates set in this proceeding,
6 which are not expected to be used in the near term for payment of a current income tax
7 liability, it is logical that we reflect a no payment assumption in the cash working capital
8 calculation.

9 **CORPORATE DEPRECIATION RESERVE WRITE DOWN**

10 Q. Is it your understanding that the Company is proposing an adjustment to the
11 accumulated depreciation reserve for corporate general plant?

12 A. Yes. The depreciation reserve summary schedules provided by Company
13 witness, Dr. Ronald E. White, reflect an adjustment to reduce the December 31, 2002,
14 accumulated depreciation reserve allocated to the MPS and L&P divisions.

15 Q. Are the proposed reductions to the accumulated depreciation reserve
16 significant?

17 A. Yes. The Company is proposing to reduce the allocated general plant
18 depreciation reserve by 60%. An adjustment of this magnitude raises serious regulatory
19 concerns as to what the underlying circumstances are which necessitate such an adjustment.

20 Q. Please explain the regulatory concerns regarding this proposal.

21 A. First, it is unlikely that a difference in the depreciation rates approved for
22 Missouri and the rates used for depreciating corporate general plant for financial reporting
23 would result in a 60% difference in the accumulated depreciation reserve calculated based

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1 upon the rates approved for Missouri. The Staff's concern is that the adjustment could be
2 related to an early retirement of general plant as a result of Aquila's significant reduction in
3 its non-regulated operations. Aquila's elimination of its trading subsidiary, Aquila Merchant
4 Services Inc. (Aquila Merchants), resulted in the loss of over 1,000 employees. If the
5 reduction in the accumulated depreciation reserve for corporate general plant was related to
6 the early retirement of computer hardware and software as a result of the elimination of
7 Aquila Merchants, as one example, then Missouri ratepayers are being negatively impacted
8 for events which are unrelated to providing regulated utility service in Missouri.

9 Q. Has the Staff issued additional discovery in an effort to get a complete
10 understanding of the Company's rationale for proposing this adjustment?

11 A Yes. Staff witness Schad and I will conduct additional discovery to get a full
12 understanding for the underlying factors which necessitate this adjustment in the Company's
13 view. Staff's position on this adjustment is subject to change based upon the review of
14 additional information.

15 Q. Please identify the adjustments to reverse the write down of the accumulated
16 depreciation reserve for corporate general plant.

17 A. Adjustments R47.1, R49.1, R50.1, R51.1, R52.1, R53.1, R55.1, R56.1, R58.1
18 and R59.1 adjust the L&P accumulated depreciation reserve for corporate plant to reverse the
19 write down of the accumulated depreciation reserve for corporate plant by the Company in
20 2003. Adjustments R48.1, R50.1, R51.1, R52.1, R53.1, R55.1, R56.1, R57.1, R58.1 and
21 R59.1 adjust the MPS accumulated depreciation reserve for corporate plant to reverse the
22 write down of the accumulated depreciation reserve for corporate plant by the Company in
23 2003.

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1 Q. Does this conclude your direct testimony?

2 A. Yes it does.

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SUMMARY OF RATE CASE INVOLVEMENT

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	
1978	Case No. ER-78-29	Missouri Public Service Company (electric)	Direct Rebuttal	Contested
1979	Case No. ER-79-60	Missouri Public Service Company (electric)	Direct Rebuttal	Contested
1979		Elimination of Fuel Adjustment Clause Audits (all electric utilities)		
1980	Case No. ER-80-118	Missouri Public Service Company (electric)	Direct Rebuttal	Contested
1980	Case No. ER-80-53	St. Joseph Light & Power Company (electric)	Direct	Stipulated
1980	Case No. OR-80-54	St. Joseph Light & Power Company (transit)	Direct	Stipulated
1980	Case No. HR-80-55	St. Joseph & Power Company (industrial steam)	Direct	Stipulated
1980	Case No. TR-80-235	United Telephone Company of Missouri (telephone)	Direct Rebuttal	Contested
1981	Case No. TR-81-208	Southwestern Bell Telephone Company (telephone)	Direct Rebuttal Surrebuttal	Contested
1981	Case No. TR-81-302	United Telephone Company of Missouri (telephone)	Direct Rebuttal	Stipulated
1982	Case No. ER-82-66	Kansas City Power & Light Company	Rebuttal	Contested
1982	Case No. TR-82-199	Southwestern Bell Telephone Company (telephone)	Direct Rebuttal	Contested
1982	Case No. ER-82-39	Missouri Public Service	Direct Rebuttal Surrebuttal	Contested
1990	Case No. GR-90-50	Kansas Power & Light - Gas Service Division (natural gas)	Direct	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	
1990	Case No. ER-90-101	UtiliCorp United Inc., Missouri Public Service Division (electric)	Direct Surrebuttal	Contested
1991	Case No. EM-91-213	Kansas Power & Light - Gas Service Division (natural gas)	Rebuttal	Contested
1993	Case Nos. ER-93-37	UtiliCorp United Inc. Missouri Public Service Division (electric)	Direct Rebuttal Surrebuttal	Stipulated
1993	Case No. ER-93-41	St. Joseph Light & Power Co.	Direct Rebuttal	Contested
1993	Case Nos. TC-93-224 and TO-93-192	Southwestern Bell Telephone Company (telephone)	Direct Rebuttal Surrebuttal	Contested
1993	Case No. TR-93-181	United Telephone Company of Missouri	Direct Surrebuttal	Contested
1993	Case No. GM-94-40	Western Resources, Inc. and Southern Union Company	Rebuttal	Stipulated
1994	Case Nos. ER-94-163 and HR-94-177	St. Joseph Light & Power Co.	Direct	Stipulated
1995	Case No. GR-95-160	United Cities Gas Co.	Direct	Contested
1995	Case No. ER-95-279	Empire Electric Co.	Direct	Stipulated
1996	Case No. GR-96-193	Laclede Gas Co.	Direct	Stipulated
1996	Case No. WR-96-263	St. Louis County Water	Direct Surrebuttal	Contested
1996	Case No. GR-96-285	Missouri Gas Energy	Direct Surrebuttal	Contested
1997	Case No. ER-97-394	UtiliCorp United Inc. Missouri Public Service (electric)	Direct Rebuttal Surrebuttal	Contested
1998	Case No. GR-98-374	Laclede Gas Company	Direct	Settled
1999	Case No. ER-99-247 Case No. EC-98-573	St. Joseph Light & Power Co.	Direct Rebuttal Serrebuttal	Settled
2000	Case No. EM-2000-292	UtiliCorp United Inc. and St. Joseph Light & Power Merger	Rebuttal	Contested

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	
2000	Case No. EM-2000-369	UtiliCorp United Inc. and Empire Electric Merger	Rebuttal	Contested
2000	Case No. EM-2000-369	UtiliCorp United Inc. and Empire Electric District Co.	Rebuttal	Contested
2001	Case No. TT-2001-328	Oregon Mutual Telephone Co.	Direct	Settled
2002	Case No. ER-2001-672	UtiliCorp United Inc.	Direct, Surrebuttal	Settled
2002	Case No. EC-2002-1	Union Electric Company d/b/a AmerenUE	Surrebuttal	Settled
2003	Case Nos. ER-2004-0034 and HR-2004-0024 (Consolidated)	Aquila, Inc., d/b/a Aquila Networks-MPS and Aquila Networks-L&P	Direct	Pending