

Exhibit No.:
Issues: Off-System Sales
Witness: V. William Harris
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
File No: ER-2010-0356
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MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

V. WILLIAM HARRIS, CPA, CIA

Great Plains Energy, Incorporated
KCP&L GREATER MISSOURI OPERATIONS COMPANY
(MPS AND L&P ELECTRIC OPERATIONS)

FILE NO. ER-2010-0356

Jefferson City, Missouri
January 2011

1 Q. Please address Mr. Crawford's Rebuttal Testimony regarding OSS.

2 A. On pages 16 and 17 of his Rebuttal Testimony, Mr. Crawford takes issue with
3 Staff's methodology for determining OSS revenues and margins. Mr. Crawford's primary
4 objection is that the 2007 and 2008 data used by Staff does not reflect current market
5 conditions. As I stated in my Rebuttal Testimony, the Company's General Ledger indicates
6 that OSS margins in 2009 and 2010, on an annual aggregate basis, have been negative. Staff
7 believes it is neither reasonable nor rational to annualize OSS revenues and margins using
8 negative numbers. As a result, Staff chose to rely on the next most recent positive data
9 available (2007-2008).

10 Q. Has Staff previously encountered reluctance by GMO to continue to make
11 profitable OSS, as was historically done by its predecessor Aquila, Inc.?

12 A. Yes. In GMO's previous rate case, filed as ER-2009-0090, GMO witness
13 Tim M. Rush stated on page 6, lines 13 and 14 of his Direct Testimony that the Company was
14 excluding "risk based sales" from the anticipated off-system sales margin included in that
15 filing. In meetings with Staff, GMO indicated that it did not intend to continue making what
16 it referred to as "risk based sales".

17 Q. What are "risk based sales"?

18 A. In response to Staff Data Request No. 184 in File No. ER-2009-0090,
19 GMO defined "risk based sales" as off-system sales sourced from non-network resources.

20 Q. Does Staff believe the negative margins reflected by the amounts in the
21 Company's General Ledgers for 2009 and 2010 result from GMO's decision to severely
22 restrict its level of OSS?

Surrebuttal Testimony of
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1 A. Yes. As illustrated by the table on page 3 of my Rebuttal Testimony,
2 OSS declined dramatically after Aquila Inc.'s merger with KCPL on July 14, 2008. As a
3 result, Staff is proposing that OSS be normalized to reflect the OSS levels present
4 immediately before and after the merger.

5 Q. Does this conclude your Surrebuttal Testimony?

6 A. Yes it does.

