Exhibit No.:	
Witness:	Greg Meyer
Type of Exhibit:	Rebuttal Testimony
Issue:	Revenue Requirement
Sponsoring Parties:	Industrials
Case No.:	ER-2009-0090

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Aquila, Inc. d/b/a KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service.	)	**Case No. ER-2009-0090**

Rebuttal Testimony of

Greg Meyer
on Revenue Requirement Issues

On behalf of

Ag Processing, Inc.
Federal Executive Agencies
Sedalia Industrial Energy Users Association
Wal-Mart Stores, Inc.

March 13, 2009

BAI
BRUBAKER & ASSOCIATES, INC.
CHESTERFIELD, MO 63017

Project 9051

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Aquila, Inc. d/b/a KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service.	)	Case No. ER-2009-0090

STATE OF MISSOURI)
) SS
COUNTY OF ST. LOUIS)

Affidavit of Greg Meyer

Greg Meyer, being first duly sworn, on his oath states:

1. My name is Greg Meyer. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Ag Processing, Inc., the Federal Executive Agencies, the Sedalia Industrial Energy Users Association, and Wal-Mart Stores, Inc. in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in the Missouri Public Service Commission Case No. ER-2009-0090.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

Greg Meyer
Greg Meyer

Subscribed and sworn to before me this 12th day of March, 2009.

TAMMY S. KLOSSNER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Mar. 14, 2011
Commission # 07024862

Tammy S. Klossner
Notary Public

BEFORE THE PUBLIC SERVICE
COMMISSION OF THE STATE OF MISSOURI

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Rebuttal Testimony of Greg Meyer

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Greg Meyer. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility regulation with the firm of Brubaker & Associates, Inc. (BAI), energy, economic and regulatory consultants.

Q ARE YOU THE SAME GREG MEYER WHO HAS PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A Yes. I have previously filed direct testimony on revenue requirement issues.

Q IS YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN THAT TESTIMONY?

A Yes. This information is included in Appendix A to my direct testimony on revenue requirement issues.

Q ON WHOSE BEHALF ARE YOU PRESENTING THIS REBUTTAL TESTIMONY ON REVENUE REQUIREMENT ISSUES?

A This testimony is presented on behalf of Ag Processing, Inc., the Federal Executive Agencies, the Sedalia Industrial Energy Users Association, Wal-Mart Stores, Inc., and Whiteman Air Force Base (collectively "Industrials").

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A I am providing testimony in the area of Off-System Sales (OSS). Because of the lack of information provided by the Company regarding this issue, I am opposing Aquila's adjustment to OSS.

Q PLEASE DESCRIBE AQUILA'S ADJUSTMENT TO OSS.

A Aquila proposes to reduce the test year level of OSS margins to eliminate what it calls "risk-based trading." Aquila witness Tim Rush describes the adjustment on page 6 of his direct testimony. Mr. Rush provides no explanation for these types of sales. He only claims that these sales should not be expected to continue for purposes of setting rates. The adjustment Mr. Rush sponsors is an arbitrary estimate of what Aquila believes is the approximate percentage of risk-based trades that were executed during the test year. Aquila estimated that 75% of the OSS during 2007 were risk-based.

I attended (via telephone) a meeting with Aquila on January 15, 2009 where OSS issues were discussed. During this meeting, Aquila explained that some of the OSS which Aquila had previously made prior to the merger with KCPL would no longer be made due to KCPL's risk management policy. Aquila explained that prior to the merger it would schedule energy in excess of its scheduled load from the day-ahead market in the Southwest Power Pool (SPP) and then the next day sell that energy in the SPP real time market. However, Aquila is no longer permitted to engage in those types of transactions. Aquila has been instructed to only schedule the amount of energy in the day-ahead market which it believes it will need to meet native load. If Aquila's explanation is correct, then I would agree that these types of OSS are non-recurring and should be eliminated from Aquila's OSS levels. However, Aquila has failed to provide any analysis quantifying this type of risk-based OSS transaction. To the extent a party wanted to adjust the level of OSS for sales which are no longer executed, an adjustment would be impossible. Aquila needs to provide better information to support its adjustment.

Another type of risk-based trades is Q Sales. Q Sales are interchange sales which do not involve any Aquila generators or rely on the transmission system of Aquila. An example of a Q Sale would be where Aquila buys energy from the Midwest Independent Transmission System Operator (MISO) and then subsequently sells that same energy back to MISO. To the extent that these types of sales continue to make a profit for Aquila, those profits should be included in the revenue requirement. The Company has provided no analysis or quantification of this type of transaction.

Aquila also fails to state whether other types of risk-based sales will continue to be made as a non-regulated activity. If Aquila intends to continue to make these sales with the assets of Aquila (personnel and infrastructure), but does not want to recognize the revenues in its regulated cost of service, then some costs must be assigned to these sales.

Many questions continue to remain for this issue. What is the exact nature of these risk-based sales? What is the quantification of such sales? Will Aquila continue to make these sales and record the revenues as unregulated? What cost assignment does Aquila propose if these sales are deemed unregulated? Because of the inadequate support for this adjustment, the Commission should reject it.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes, it does.

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