

Exhibit No.:
Issues: FAC True-Up
Witness: John A. Rogers
Sponsoring Party: MO PSC Staff
Type of Exhibit: Direct Testimony
Case No.: EO-2008-0216
Date Testimony Prepared: April 1, 2011

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

JOHN A. ROGERS

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. EO-2008-0216

*Jefferson City, Missouri
April 2011*

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

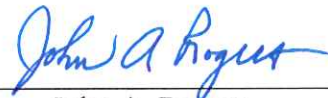
In the Matter of KCP&L Greater)
Missouri Operations Company (f/k/a)
Aquila, Inc.)for Authority to Implement)
Rate Adjustments Required by 4 CSR)
240-20.090(4) and the Company's)
Approved Fuel and Purchased Power)
Cost Recovery Mechanism)

Case No. EO-2008-0216

AFFIDAVIT OF JOHN A. ROGERS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

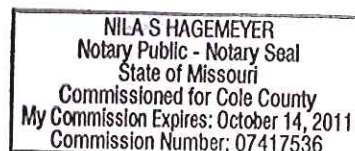
John A. Rogers, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 5 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; 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.



John A. Rogers

Subscribed and sworn to before me this 1st day of April, 2011.


Notary Public



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REBUTTAL TESTIMONY

OF

JOHN A. ROGERS

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. EO-2008-0216

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A. I have a Master of Business Administration degree from the University of San Diego and a Bachelor of Science degree in Engineering Science from the University of Notre Dame and am a registered professional engineer. My work experience includes 34 years in energy utility engineering, system operations, strategic planning, regulatory affairs and management consulting. From 1974 to 1985, I was employed by San Diego Gas & Electric with responsibilities in gas engineering, gas system planning and gas system operations. From 1985 to 2000, I was employed by Citizens Utilities in leadership roles for gas operations in Arizona, Colorado and Louisiana. From 2000 to 2003, I was an executive consultant for Convergent Group (a division of Schlumberger) providing management consulting services to energy companies. From 2004 to 2008, I was employed by Arkansas Western Gas and was responsible for strategic planning and resource planning. I have provided expert testimony

Direct Testimony of
John A. Rogers

1 before the California Public Utilities Commission, Arizona Corporation Commission,
2 Arkansas Public Service Commission and Missouri Public Service Commission in general
3 rate cases, applications for special projects, gas utility resource plan filings, electric utility
4 resource plan filings and rulemaking cases. I have been employed by the Missouri Public
5 Service Commission since December 2008 and am responsible for Staff's review of electric
6 utility resource planning compliance filings, demand-side management programs and fuel
7 adjustment clauses.

8 Q. Please summarize the purpose of your testimony.

9 A. I provide Staff's analysis and recommendation on the following issues in this
10 case: a) the start date for Accumulation Period 1 of the Company's Fuel Adjustment Clause
11 (FAC), b) whether the Commission has the authority to order a refund or adjustment in a
12 future FAC recovery period, and c) the mechanism for a refund or adjustment, should the
13 Commission order such a refund or adjustment. On these issues Staff recommends that the
14 Commission:

- 15 1. Establish that Accumulation Period 1 of the FAC start on July 5, 2007 (the
16 effective date of the original FAC tariff sheets) and end on November 30,
17 2007, since the July 5, 2007 start date is the earliest start date found to be
18 lawful by the Missouri Western District Court of Appeals;
- 19 2. Not credit customers' bills for any over-collection amount resulting from a
20 change in the start date of Accumulation Period 1, since Staff does not believe
21 the Commission has the authority to order such a credit to customers' bills; and

3. Use a future recovery period under the FAC tariff apply a credit to customers' bills, should the Commission determine that it has the authority to order a refund or adjustment to customers' bills in this case.

Q. What other Staff direct testimony will be filed in this case?

A. Staff witness David C. Roos provides direct testimony on Staff's methodology used to calculate and Staff's recommended amount of the credit to customers' bills (including interest through November 30, 2010), should the Commission order a credit to customers' bills, as a result of its establishing the start date of Accumulation Period 1 as July 5, 2007, or as August 1, 2007.

The start date for the initial accumulation period

Q. Has the Missouri Western District Court of Appeals ruled on when Accumulation Period 1 of the FAC can begin?

A. Yes. The Missouri Western District Court of Appeals held in *State ex. Rel. AG Processing, Inc. v. Public Service Commission*, 311 S.W.2d 361 (Mo. App. 2010), that it was unlawful for the Commission to include fuel, purchased power and emissions costs Aquila incurred before the July 5, 2007 effective date of Aquila Inc.'s (n/k/a KCP&L Greater Missouri Operations Company) FAC tariff sheets when calculating the cost adjustment factors (CAF) for MPS (Kansas City area customers) and L&P (St. Joseph area customers) associated with Accumulation Period 1 of the FAC.

The Court's stated rationales for its holding – statutory construction, filed rate doctrine and prohibition on retroactive ratemaking – provide no guidance on the question of whether the part of the accumulation period for which actual costs should be compared to predicted costs for determining the CAFs should start on July 5, 2007, or some later date.

Q. What is Staff's recommendation on the start date of Accumulation Period 1?

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1 A. Staff recommends that July 5, 2007 be the start.

2 Q. Why is July 5, 2007 Staff's recommended start date for Accumulation Period
3 1?

4 A. The Commission's rule *4 CSR 240-20.090 Electric Utility Fuel and Purchased*
5 *Power Cost Recovery Mechanisms* does not require that an accumulation period start at any
6 particular time or define when an accumulation period must begin. It appears to Staff the
7 most logical start date for Accumulation Period 1 is the earliest date the Court has said is
8 lawful – the effective date of the FAC tariff sheets: July 5, 2007.

9 **Whether the Commission has the authority to order a refund or adjustment in a future**
10 **FAC period**

11 Q. Does Staff believe the Commission has the authority to order a refund or
12 adjustment in a future FAC recovery period as a result of a change in the start date of
13 Accumulation Period 1?

14 A. No.

15 Q. Please explain your answer.

16 A. Staff has been advised by its legal counsel that any accumulation period credit
17 should occur in either the true-up or prudence adjustment for the accumulation period. The
18 CAF rates set in this case were in effect from March 1, 2008, through February 28, 2009.
19 Afterward, in File No. EO-2009-0431, the Commission approved a true-up adjustment that
20 was in effect from September 1, 2009, through August 31, 2010. Staff has also conducted a
21 prudence review for the period June 1, 2007, through May 31, 2008, and its December 1,
22 2008, report is filed in File No. EO-2009-0115. Therefore, the opportunity for the
23 Commission to provide relief in the true-up or prudence review for including costs in the

1 period June 1 through July 4, 2007, for determining the CAF for the first recovery period does
2 not exist.

3 **Mechanism for a refund or adjustment**

4 Q. What mechanism does Staff propose to credit customers' bills, should the
5 Commission determine that it has the authority to order a credit to customers' bills as a result
6 of changing the start date of Accumulation Period 1?

7 A. Should the Commission order a credit to customers' bills as a result of
8 changing the start date of Accumulation Period 1, Staff recommends that the amount of the
9 credit be included along with ninety-five percent (95%) of the over- or under-collection
10 amount as a result of a FAC adjustment filing in the calculation of the current period CAFs
11 for an upcoming recovery period. Should the Commission decide this case by mid-August
12 2011, the credit to customers' bills as a result of this case could be a part of the current period
13 CAFs for Recovery Period 8 (September 2011 through August 2012).

14 Q. Does this conclude your testimony at this time?

15 A. Yes.