

Exhibit No.:
Issue: *Financial Analysis*
Witness: *John M. Kiebel II, CPA, CMA,*
CIA, CFM
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Supplemental Rebuttal Testimony*
Case No.: *HM-2004-0618*
Date Testimony Prepared: *November 4, 2004*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SUPPLEMENTAL REBUTTAL TESTIMONY

OF

JOHN M. KIEBEL II, CPA, CMA, CIA, CFM

**TRIGEN-KANSAS CITY ENERGY CORP. and
THERMAL NORTH AMERICA, INC.**

CASE NO. HM-2004-0618

Jefferson City, Missouri
November 2004

****Denotes Highly Confidential Information****

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

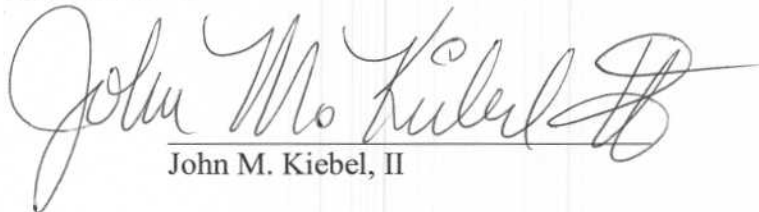
In The Matter of the Joint Application of Trigen-)
Kansas City Energy Corp. and Thermal North)
America, Inc. for the Authority Necessary for)
the Transfer of Control, and Sale of All Stock)
Currently Owned by Trigen Energy Corporation,)
Inc. to Thermal North America, Inc.)

Case No. HM-2004-0618

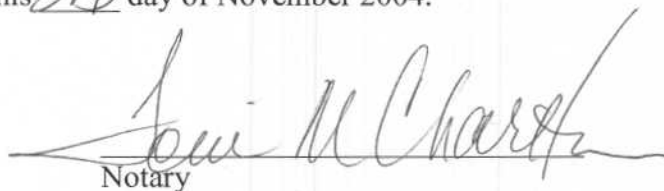
AFFIDAVIT OF JOHN M. KIEBEL, II

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

John M. Kiebel, II, being of lawful age, on his oath states: that he has participated in the preparation of the following Supplemental Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the following Supplemental Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


John M. Kiebel, II

Subscribed and sworn to before me this 3rd day of November 2004.


Notary



TONI M. CHARLTON
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF COLE
My Commission Expires December 28, 2004

1 **SUPPLEMENTAL REBUTTAL TESTIMONY**
2 **OF**
3 **JOHN M. KIEBEL II, CPA, CMA, CIA, CFM**
4 **TRIGEN-KANSAS CITY ENERGY CORPORATION**
5 **AND**
6 **THERMAL NORTH AMERICA, INC.**
7 **CASE NO. HM-2004-0618**

8 Q. Please state your name and business address.

9 A. John M. Kiebel II, P.O. Box 360, Jefferson City, Missouri 65102-0360.

10 Q. Are you the same John M. Kiebel II that filed rebuttal testimony in this case?

11 A. Yes, I am.

12 Q. Why are you filing supplemental rebuttal testimony?

13 A. I stated the need in my rebuttal testimony prefiled on October 14, 2004 to
14 analyze from a financial perspective whether the proposed transaction would be detrimental
15 to the public. I received the *pro forma* financial statements for Thermal North America
16 (Thermal) on November 1, 2004. The purpose of this supplemental rebuttal testimony is to
17 provide the Staff's financial analysis based on these *pro forma* financial statements.

18 Q. What financial ratios does the Financial Analysis Department use to determine
19 a utility's overall financial position?

20 A. The Financial Analysis Department primarily uses three ratios. These ratios
21 include the total debt/total capital ratio, the funds from operation (FFO)/total debt ratio, and
22 the FFO/interest coverage ratio.

23 Q. What is the projected 2005 total debt/total capital ratio for Thermal?

1 A. Thermal's projected total debt for 2005 is expected to be ** _____
2 _____ ** and total capital is expected to be ** _____ **. The projected total
3 debt/total capital ratio of ** _____ ** was calculated to be
4 ** _____ **.

5 Q. Would a 2005 projected total debt/total capital ratio of ** _____ ** be
6 considered investment grade?

7 A. ** ____ **. The guideline for an investment grade total debt/total capital ratio
8 at the upper end would be 60% for an average business risk electric utility. The electric
9 industry is used for the analysis since there is no comparable group of steam companies.
10 Thermal's projected 2005 total debt/total capital ratio is ** _____ ** what would be
11 considered as a guideline to be deemed investment grade.

12 Q. What is the projected 2005 FFO/total debt ratio for Thermal?

13 A. Thermal's projected FFO for 2005 is expected to be ** _____ **
14 and its total debt is expected to be ** _____ **. The projected FFO/total debt ratio
15 of ** _____ ** was calculated to be ** _____ **.

16 Q. Would a projected FFO/total debt ratio of ** _____ ** be considered
17 investment grade?

18 A. ** ____ **. The guideline for an investment grade FFO/total debt ratio would
19 be between 15% and 22% for an average business risk electric utility. Thermal's projected
20 2005 FFO/total debt ratio is ** _____ ** what would be considered as a guideline to be
21 deemed investment grade.

22 Q. What is the projected 2005 FFO/interest coverage ratio for Thermal?

1 A. Thermal's projected FFO for 2005 is expected to be ** _____ **
2 and its interest expense is expected to be ** _____ **. The projected FFO/interest
3 coverage ratio of ** _____ ** was calculated to be ** ____
4 ____ **.

5 Q. Would a projected FFO/interest coverage ratio of ** _____ ** be
6 considered investment grade?

7 A. ** ____ **. The guideline for an investment grade FFO/interest coverage ratio
8 would be between 2.8 times to 3.8 times for an average business risk electric utility. In other
9 words, the annual interest expense should be covered from a firm's FFO by an order of 2.8 to
10 3.8 times. Thermal's projected 2005 FFO/interest coverage ratio is ** _____ ** what
11 would be considered as a guideline to be deemed investment grade.

12 Q. Has the Financial Analysis Department reached a conclusion, from a financial
13 perspective, as to whether the proposed transaction would be detrimental to the public?

14 A. Yes. Based upon the *pro forma* financial statements provided, the Financial
15 Analysis Department concludes that, from a financial perspective, the proposed transaction
16 would not be detrimental to the public.

17 Q. Does this conclude your supplemental rebuttal testimony?

18 A. Yes, it does.