

Exhibit No.
Witness: Robert R. Stephens
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Federal Executive Agencies, SIEUA and
St. Joseph Missouri Industrial Users
Subjects: Revenue Requirements: Natural Gas
Prices and Merger Savings
Date: February 13, 2004

**BEFORE THE
PUBLIC SERVICE COMMISSION OF MISSOURI**

In the Matter of Aquila, Inc., d/b/a Aquila Networks - L&P and Aquila Networks – MPS, to Implement a General Rate Increase in Electricity)
Case No. ER-2004-0034)
In the Matter of the Request of Aquila, Inc., d/b/a Aquila Networks - L&P, to Implement a General Rate Increase in Steam Rates)
Case No. HR-2004-0024)

Surrebuttal Testimony and Schedule of

Robert R. Stephens

On Behalf Of

**Federal Executive Agencies
Sedalia Industrial Energy Users Association
St. Joseph, Missouri Industrial Energy Users**

February 13, 2004
Project 8051, 8052, 8053



BRUBAKER & ASSOCIATES, INC.
ST. LOUIS, MO 63141-2000

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) Case No. HR-2004-0024
)

Affidavit of Robert R. Stephens

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

Robert R. Stephens, being first duly sworn, on his oath states:

1. My name is Robert R. Stephens. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 1215 Fern Ridge Parkway, Suite 208, St. Louis, MO 63141-2000. We have been retained by the Federal Executive Agencies, the Sedalia Industrial Energy Users Association, and the St. Joseph, Missouri Industrial Energy Users in this proceeding on their behalf.

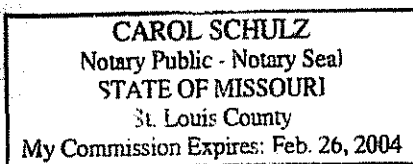
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony and schedule which were prepared in written form for introduction into evidence in the ER-2004-0034/HR-2004-0024 Proceeding.

3. I hereby swear and affirm that my surrebuttal testimony and schedule are true and correct and show the matters and things they purport to show.



 Robert R. Stephens

Subscribed and sworn before this 13th day of February, 2004.





 Notary Public

My Commission expires on February 26, 2004.

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)
)

Surrebuttal Testimony and Schedule of Robert R. Stephens

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Robert R. Stephens; 1215 Fern Ridge Parkway, Suite 208, St. Louis, MO 63141-2000.

3 **Q ARE YOU THE SAME ROBERT R. STEPHENS WHO HAS PREVIOUSLY FILED**
4 **TESTIMONY IN THIS PROCEEDING?**

5 A Yes.

6 **Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A I will respond to the rebuttal testimonies of Aquila witnesses Jerry G. Boehm, John C.
9 Browning, Jon R. Empson, Joseph M. O'Donnell and Vern J. Siemek and Missouri
10 Public Service Commission (PSC) Staff witness Mark L. Oligschlaeger. As in my direct
11 testimony, the topics I will address are the natural gas prices assumptions used by
12 Aquila in the fuel and purchased power forecasts and the proposed treatment of savings
13 associated with the merger of the L&P and MPS systems.

**Robert R. Stephens
Page 1**

1 **NATURAL GAS COSTS**

2 **Response to Aquila Witness Joseph M. O'Donnell**

3 **Q AT PAGE 17 OF HIS REBUTTAL TESTIMONY, MR. O'DONNELL INDICATES THAT**
4 **YOUR USE OF THE ENERGY INFORMATION ADMINISTRATION'S (EIA)**
5 **WELLHEAD PRICE IS NOT APPROPRIATE AS IT IS NOT COMPARABLE TO THE**
6 **HENRY HUB-BASED NYMEX PRICE, AND THAT YOU SHOULD USE A MARKET**
7 **PRICE AT THE HENRY HUB TO AVOID UNREALISTICALLY LOW PRICE**
8 **CALCULATIONS. HOW DO YOU RESPOND?**

9 **A** What Mr. O'Donnell fails to point out is that in the December 2003 EIA "Short-Term
10 Energy Outlook," on which my direct testimony was based, there is no forecast of natural
11 gas prices at the Henry Hub. Instead, average wellhead was the only choice.

12 Since that time, EIA has added a second price forecast called "composite spot,"
13 which Mr. O'Donnell cites to at page 17. However, he has not indicated how this
14 particular measure compares to the Henry Hub price, or any other price. Hence, his own
15 criticism may apply to his use of the composite spot price. Further, Mr. O'Donnell did not
16 indicate what type or scale of adjustment would make either the average wellhead or the
17 composite spot prices comparable to the Henry Hub prices.

18 Although Aquila is quick to criticize EIA's forecasts,¹ unlike Aquila's purported
19 forecast sources, at least EIA forecasts provide publicly available information, which
20 anyone with Internet access can view. If the Commission intends to reflect forecasted
21 natural gas prices in Aquila's revenue requirement, it should not ignore EIA forecasts on
22 the criticisms of Aquila.

¹ See rebuttal testimony of Aquila witness Empson, at page 8.

1 While on the topic of EIA's forecasts, I would note that, beginning with the
2 January 2004 report, the EIA now includes forecasted natural gas prices for both 2004
3 and 2005.

4 **Q AT PAGE 17 OF HIS REBUTTAL TESTIMONY, MR. O'DONNELL INDICATES THAT**
5 **IF YOU WERE TO REFILE YOUR TESTIMONY USING DECEMBER 19, 2003 DATA**
6 **AND THE CURRENT EIA FORECAST YOUR RECOMMENDED PRICE WOULD BE**
7 **\$5.07 PER MCF. IS THIS ACCURATE?**

8 A Not entirely. First, Mr. O'Donnell assumes that I would switch from the average
9 wellhead price to the composite spot price which he cites in his rebuttal testimony. I
10 have no basis to assume that the composite spot price, which I understand to include a
11 composite of prices at several hubs, is more directly comparable to Henry Hub futures
12 prices than is the average wellhead price. Second, I would take into account the 2005
13 forecast prices now available.

14 Further, Mr. O'Donnell's estimate would not be the most current information
15 available from EIA in any event.

16 **Q USING THE METHODOLOGY LAID OUT IN YOUR DIRECT TESTIMONY, WHAT**
17 **WOULD BE THE MOST CURRENT GAS PRICE ESTIMATE?**

18 A Using the methodology laid out in my direct testimony, the average Henry Hub price for
19 NYMEX natural gas futures for the period June 2004 through May 2007 would be
20 \$5.020/MMBtu, as shown on Schedule 1 to this testimony, based on futures prices for
21 the 10 days ending February 9, 2004.²

² Note that I have shifted the time period by five months, to begin with the time in which the new rates established in this case are expected to take effect, June 2004.

1 Using the data underlying the forecast in the February 2004 EIA “Short-Term
2 Energy Outlook” report (posted 2/10/04), EIA forecasts average wellhead prices of
3 \$4.676 per Mcf for the period of June 2004 through May 2005. The midpoint of the
4 range between the NYMEX value and the EIA value (which is the basis used in my direct
5 testimony) is \$4.85/MMBtu. If current information is to be used for projecting future gas
6 prices in conjunction with a gas cost recovery proposal, this is the value I recommend.

7 **Response to Aquila Witness John C. Browning**

8 **Q AT PAGES 10 THROUGH 11 OF HIS REBUTTAL TESTIMONY, MR. BROWNING**
9 **ALSO CRITICIZES YOUR USE OF THE EIA WELLHEAD PRICE IN COMPARISON**
10 **TO THE HENRY HUB PRICE USED BY NYMEX. WHAT IS YOUR RESPONSE?**

11 A Like Mr. O'Donnell, Mr. Browning fails to acknowledge that EIA does not report a Henry
12 Hub gas price forecast.

13 **Q MR. BROWNING ALSO TESTIFIES THAT THE USE OF NYMEX FUTURES IS**
14 **QUESTIONABLE IN BOTH THE NEAR TERM AS WELL AS THE LONG TERM FOR**
15 **PREDICTING FUTURE SPOT PRICES. HOW DO YOU RESPOND?**

16 A My response is threefold. First, Mr. Browning's position seems to contradict
17 Mr. O'Donnell's position related to the use of NYMEX futures prices. To wit,
18 Mr. O'Donnell states at page 14 of his rebuttal testimony as follows:

19 “I agree with Mr. Vesely [that it is common to use an averaging method]
20 but would recommend the use of cost averaging in the NYMEX futures
21 markets where prices are more reflective of current market conditions and
22 price expectations rather than using historical data.” (emphasis added)

23 Second, predicting future spot prices is only one aspect of the use of NYMEX
24 futures prices. The margin of error in nearly any forecast increases the further into the

1 future one forecasts. However, these futures contracts also provide an opportunity for
2 buyers and sellers to cap their financial exposure to future changes in prices.
3 Consequently, even though I agree with Mr. Browning that trading volumes of contracts
4 for periods multiple years in the future is low,³ this does not mean that Aquila cannot cap
5 its cost exposure through actual participation in the futures market even in the “out
6 years.”

7 Third, Mr. Browning’s criticism leads to a much larger issue. Aquila has been
8 critical of my use of NYMEX natural gas futures prices as well as use of EIA forecasts.
9 However, what the Aquila witnesses fail to acknowledge is that Aquila’s original price
10 estimate in this case of \$5.14/MMBtu (which it still proposes) is based on a combination
11 of actual 2003 prices (January and February only) and averages of analysts’ predictions
12 of 2003 prices.

13 I am hard pressed to find any logical basis for Aquila’s proposed gas price.

- 14 • It does not cover the test year, 2002;
- 15 • It does not cover the update period (through September 30, 2003), since it
16 only uses actual numbers from January and February of 2003;
- 17 • It does not purport to reflect 2004, 2005 or 2006, the period when rates are
18 likely to be in effect; and
- 19 • It is based in large part on proprietary industry analysts’ forecasts, which
20 have been demonstrated to be highly variable and, as pointed out by others,
21 are not subject to cross-examination in this case.

³ The concern related to the potential staleness of prices during the out years expressed at page 11 of Mr. Browning’s rebuttal testimony appears to be overstated. To test his claim, I reviewed the daily futures price information for the 10 trading day windows representing periods ending 11/26/03, 12/19/03 and 2/9/04 collected in conjunction with this case. The settlement price of futures contracts, even for periods in 2006 and 2007, changes virtually every day. In addition, according to Platt’s *Gas Daily*, which documents futures trading volumes each trading day, in the 26 trading days so far in 2004 (through February 9), there were only 7 days in which no 2006 monthly contracts were traded.

1 Consequently, while Aquila is quick to criticize others' proposals for natural gas
2 prices to be used in this case, the logic of its position is probably the weakest of all.

3 **Q BUT YOU RECOMMEND USE OF PRICES OUTSIDE THE TEST YEAR AS WELL.**
4 **WHY DO YOU PROPOSE THE USE OF JUNE 2004 THROUGH MAY 2007 PRICES?**

5 A As I indicated at page 7 of my direct testimony, I recommended the use of expected
6 prices in a 3-year future period for three reasons: (1) this is the time period during which
7 rates established in this case are likely to be in effect; (2) the use of a three-year
8 average price smoothes out year-to-year anomalies in prices; and (3) this period
9 corresponds to the cost recovery proposal of my colleague, Maurice Brubaker. I
10 recognized that this approach represented a deviation from normal test year principles,
11 but I felt that it could be warranted in this case, given the expectation that future natural
12 gas prices were likely to be significantly different from those in place during the test year
13 and that if future actual prices turned out to be lower than forecast, there was a
14 mechanism to protect customers.

15 However, if there is to be no gas cost recovery mechanism and if there is no
16 acceptable indicator of future natural gas prices, as suggested by Aquila and Staff, I
17 would be hard pressed to continue to recommend use of out-of-period prices in the
18 context of this case.

19 While 2002 natural gas prices seem unlikely to be representative of future gas
20 prices in the near term, given the amount of contention over what future natural gas
21 prices might be, it is certainly difficult to consider forecasted natural gas prices as a
22 "known and measurable change" to the test year in the traditional sense. Even if such
23 changes are accepted as "known," they do not appear to be "measurable" to any
24 significant degree.

1 As I mentioned, absent a program to refund potential over-collections through
2 erroneously high natural gas forecast prices, the justification for deviation from the test
3 year natural gas prices, perhaps with updates to 9/30/03 per the Staff recommendation,
4 is greatly diminished.

5 **Q GIVEN THE INABILITY OF ANYONE TO ACCURATELY PROJECT NATURAL GAS**
6 **PRICES WITH HIGH LEVELS OF CONFIDENCE, IN THE EVENT THE COMMISSION**
7 **DOES NOT APPROVE A GAS COST RECOVERY PROGRAM, HOW WOULD YOU**
8 **RECOMMEND THAT THE COMMISSION ADDRESS THIS ISSUE?**

9 A I believe that the Commission should lean toward being conservative and thus toward
10 the lower bound of any range suggested. There are two major reasons for this
11 recommendation. First, the utility always retains the ability to seek additional rate relief
12 from the Commission and can, in appropriate cases, seek interim or emergency relief.
13 Second, the ratepayers are in a more difficult position and are exposed to greater risk
14 from the potential that the utility could “undercut” the natural gas cost level that is built
15 into permanent rates, since there would be no protective refund cushion and the utility
16 would simply retain any surplus revenues it received. Building permanent rates around
17 the high end of the band of fuel assumptions would increase the likelihood of surplus
18 revenues and thereby allow the utility to reap additional profits at the expense of
19 ratepayers.

1 **SHARING OF MERGER SAVINGS⁴**

2 **Response to Aquila Witness Jerry G. Boehm**

3 **Q MR. BOEHM INDICATES AT PAGES 4-5 THAT YOU PROPOSE THAT THERE IS NO**
4 **WAY TO VALIDATE INPUT ASSUMPTIONS USED TO CALCULATE JOINT**
5 **DISPATCH SAVINGS AND THAT YOU'VE STATED IT'S IMPOSSIBLE TO**
6 **INDEPENDENTLY VERIFY THE DISPATCH SAVINGS WITHOUT THE USE OF**
7 **AQUILA'S PRODUCTION MODEL. IS THAT A CORRECT ASSESSMENT?**

8 A It is only partially correct. In my direct testimony at page 14, I indicate that, in its
9 evidence in the case, Aquila has not documented the savings. I further indicate that
10 while some detail is provided in the workpapers associated with the filing it is impossible
11 to independently verify the dispatch savings without use of Aquila's production cost
12 model and that there is no way to validate the reasonableness of the input assumptions.
13 This is an important distinction, because in Aquila's proposal to impute costs to
14 customers that do not actually occur, by adding back one-half of the purported savings,
15 the burden of proving the validity of those estimates should be high and placed squarely
16 on Aquila. Further, it ought not to require the purchase of Aquila's production cost model
17 for parties other than Aquila and Staff to attempt to verify the savings.

18

⁴ On January 12, 2004, Ag Processing Inc. filed its Motion to Dismiss and Reject Aquila Networks' Unauthorized Filing of Proposed Steam and Electric Tariffs and for the Appointment of a Conservator for the Benefit of the Shareholders of St. Joseph Light & Power Co. I understand this motion to be dealing with the merger of the Aquila MPS and Aquila L&P divisions involved in this case. My testimony regarding the calculation of merger savings is obviously predicated upon there having been a lawful merger. Therefore, nothing in this testimony, or in my direct testimony, in this case should be construed as admission by Ag Processing or any other parties on whose behalf I am appearing that a lawful merger took place nor should it be construed as a waiver of any rights by these parties.

1 Q MR. BOEHM GOES ON TO STATE THAT STAFF WITNESS DAVID ELLIOTT HAS
2 REVIEWED AQUILA'S INPUT ASSUMPTIONS AND HAS PERFORMED
3 VERIFICATION ANALYSIS OF THE DISPATCH SAVINGS. DO YOU UNDERSTAND
4 THE PURPOSE OF MR. ELLIOTT'S DIRECT TESTIMONY TO BE VERIFICATION OF
5 AQUILA'S DISPATCH SAVINGS?

6 A No, I do not. As stated very clearly at page 2 of his direct testimony, the purpose of
7 Mr. Elliott's testimony is "to present the results of the Staff's production cost model
8 simulations that were used to establish a reasonable level of annualized fuel and
9 purchased power expense for Aquila, Inc. (Aquila) for the updated test year." He also
10 indicates at page 3, that he only ran stand-alone scenarios "to allocate the annualized
11 fuel and purchased power costs of the joint scenario back to the two divisions, L&P and
12 MPS." Hence, his runs were for very different purposes than trying to calculate costs to
13 impute to the revenue requirement associated with merger savings.⁵ Indeed, my
14 understanding of the Staff position is that such an imputation is wholly inappropriate.

15 In addition, as indicated at page 5 of Mr. Boehm's rebuttal testimony, although
16 Mr. Elliott used the same production modeling software as Aquila, Staff and Aquila
17 apparently do not agree as to the appropriate input values to be used. This further
18 supports my position.

⁵ I note that Mr. Elliott's rebuttal testimony is not directed at verifying Aquila's dispatch savings either.

1 **Response to Aquila Witness Vern J. Siemek**

2 **Q AT PAGE 2 OF HIS REBUTTAL TESTIMONY, MR. SIEMEK STATES THAT**
3 **“DESPITE MONTHS OF INVESTIGATION, NONE OF THE WITNESSES WHO**
4 **ACTUALLY REVIEWED THE CALCULATIONS OBJECTED TO OR EXPRESSED**
5 **SERIOUS CONCERNS BASED ON THE DETAILS OR THE RATIONALE OF**
6 **CALCULATING THE SYNERGIES.” PLEASE COMMENT.**

7 **A** I am not sure to which witnesses Mr. Siemek is referring; however, my review of their
8 rebuttal testimony indicates that Staff witnesses have expressed serious concerns about
9 both the details and the rationale of calculating the synergies. For example, in his
10 rebuttal testimony, Staff witness Cary G. Featherstone testifies in great detail about his
11 concerns related to calculation of the merger savings. Specifically, at page 30, he
12 states, “Tracking merger savings is extremely difficult and, in actuality, it is probably not
13 possible. It certainly is not practical to track merger savings.” He goes on to explain at
14 page 32 that:

15 “Realistically, it is probably impossible to accurately ‘track’ merger
16 savings because it requires a comparison of cost structures of the entities
17 being merged on a pre-merger and post-merger basis. If this process is
18 not impossible, it certainly is not practical to accurately identify merger
19 savings. This tracking process would be extremely difficult at best and to
20 my knowledge has never been done successfully before. The merged
21 entities lose their identity post-merger, almost from the first day after the
22 close of the merger.”

23 Mr. Featherstone then goes on to list 11 specific reasons why the tracking of
24 merger cost savings is impractical (see pages 33 through 34 of his rebuttal testimony).
25 Consequently, the basis for Mr. Siemek’s comment is unclear.

1 Q IN DISCUSSING AQUILA'S PROPOSAL TO SHARE IN THE CONTINUING
2 SYNERGIES AQUILA IS CREATING, MR. SIEMEK STATES AT PAGE 5 THAT "THE
3 ECONOMIES OF SCALE ARE A STRAIGHTFORWARD CALCULATION THAT HAS
4 BEEN DESCRIBED IN OTHER JURISDICTIONS AS TOO SIMPLE TO BE
5 DISPUTED." HOW DO YOU RESPOND?

6 A Other than pointing out that Mr. Siemek does not identify to which "other jurisdictions" he
7 is referring, I would suggest that, as illustrated by the discussion in my previous answer,
8 calculation of synergies is heavily disputed in this case. Indeed, even Mr. Siemek's
9 colleague, Mr. Boehm, acknowledges at page 5 of his rebuttal testimony that the
10 production cost simulation used to calculate dispatch savings is "very complex."

11 Q AT PAGE 7 OF HIS REBUTTAL TESTIMONY, MR. SIEMEK INDICATES THAT ANY
12 WEIGHT AFFORDED TO YOUR TESTIMONY SHOULD BE SERIOUSLY
13 PREJUDICED BY THE FACT THAT YOU DID NOT MAKE ANY DATA REQUESTS
14 OR REQUEST ANY MEETINGS WITH ANY OF THE AQUILA PERSONNEL
15 KNOWLEDGEABLE ABOUT THE SYNERGY CALCULATIONS. HOW DO YOU
16 RESPOND?

17 A I wish to assure Mr. Siemek that I reviewed many data requests and/or responses
18 related to Aquila's projected costs and synergies, including those issued by the parties
19 on whose behalf I am testifying in this case. It did not require any meetings with Aquila
20 personnel to determine that imputing revenues based on hypothetical circumstances is
21 not a process in which I can recommend the Commission to engage.

1 Q AT PAGE 9 OF HIS REBUTTAL TESTIMONY, UNDER THE HEADING “FORECASTS
2 SHOULD ALWAYS BE CORRECT,” MR. SIEMEK CHARACTERIZES YOUR
3 TESTIMONY AS SUGGESTING THAT CURRENT CALCULATIONS OF MERGER
4 SYNERGIES MIGHT BE INCORRECT BECAUSE THE MERGER CASE FORECAST
5 DIFFERENT SYNERGIES FOR 2002. HOW DO YOU RESPOND?

6 A I find Mr. Siemek’s characterization misleading and his choice of headings laughable.

7 First, let me indicate that, to the best of my knowledge, I have never stated or
8 implied that “forecasts should always be correct.” Indeed, in my experience, forecasts
9 are usually incorrect. To suggest otherwise would be a naïve view of utility planning,
10 operations, and forecasting in general.

11 Setting the sarcastic heading aside, however, I assume Mr. Siemek is referring to
12 page 14 of my direct testimony where I point out that Aquila’s current estimated savings
13 for the year 2002 associated with the merger are well over \$10 million, as compared to
14 the forecasted dispatching/generating savings of approximately \$4.4 million from the
15 merger case. I cannot determine, just as Aquila cannot determine, with certainty that
16 either set of figures reflects actuality since both are based on cost estimates reflecting
17 hypothetical circumstances. This 140% increase in Aquila’s estimates does highlight the
18 vastly different results that can occur under different circumstances and assumptions,
19 however.

20 Furthermore, as I discuss at page 13 of my direct testimony, Aquila’s proposed
21 sharing mechanism provides an incentive to overstate claimed merger savings. This is
22 because under Aquila’s proposal, for every dollar of claimed savings which Aquila
23 overstates, 50 cents of actual cost would be unjustly imputed to the revenue
24 requirement.

1 **Response to Staff Witness Mark L. Oligschlaeger**

2 **Q HAVE YOU REVIEWED STAFF WITNESS OLIGSCHLAEGER'S REBUTTAL**
3 **TESTIMONY AS IT RELATES TO THE PHENOMENON OF REGULATORY LAG AS**
4 **THE PREFERRED WAY THAT UTILITIES CAN RETAIN THE BENEFITS OF**
5 **MERGERS AND ACQUISITIONS FOR A PERIOD OF TIME?**

6 A Yes, I have. Mr. Oligschlaeger discusses this concept at page 5 through 10.

7 **Q DO YOU HAVE ANY COMMENTS REGARDING THIS SECTION OF HIS REBUTTAL**
8 **TESTIMONY?**

9 A Yes. I agree with the concepts he lays out in this passage. However, I think he may
10 have focused a little too heavily on the period between the time of the merger and the
11 first subsequent rate setting. The Commission should remain aware that not only has
12 Aquila benefited from merger savings achieved to date, but, as I explained at pages 12-
13 13 of my direct testimony, if the merger cost savings grow over time, Aquila will enjoy the
14 benefit of these incremental savings achieved during each period between the times
15 when rates are reset.

16 In Aquila's case, it was projected at the time of the merger case on Schedule
17 VJS-1, attached to Mr. Oligschlaeger's rebuttal testimony as Schedule 1,⁶ that "Total
18 Synergies Net of Cost to Achieve" would increase every year through 2006, and are
19 higher in the three of the four projected years thereafter.

20 To the best of my knowledge, Aquila has not reversed its prior position to now
21 claim that savings are expected to diminish over time. Hence, assuming the merger
22 savings grow over time, as Aquila expects there will be ongoing benefits to Aquila
23 shareholders through regulatory lag.

⁶ This is the same Schedule VJS-1 that I referred to at page 12 of my direct testimony.

1 Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

2 A Yes, it does.

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NYMEX HENRY HUB FUTURES CONTRACTS
TEN DAY AVERAGE OF RECENT CLOSING PRICES (\$/MMBtu)
(1/27/04 - 2/9/04)

<u>Line</u>	<u>Month</u>	<u>2004-2005</u> (1)	<u>2005-2006</u> (2)	<u>2006-2007</u> (3)	<u>Average</u> (4)
1	Jun	5.175	4.896	4.599	4.890
2	Jul	5.198	4.931	4.599	4.909
3	Aug	5.211	4.943	4.611	4.921
4	Sep	5.180	4.915	4.596	4.897
5	Oct	5.190	4.945	4.625	4.920
6	Nov	5.384	5.123	4.810	5.106
7	Dec	5.570	5.298	4.995	5.287
8	Jan	5.706	5.291	5.118	5.371
9	Feb	5.666	5.346	5.077	5.363
10	Mar	5.495	5.163	4.897	5.185
11	Apr	4.963	4.709	4.537	4.736
12	May	4.868	4.601	4.502	4.657
13	Average	5.300	5.013	4.747	5.020

Source: NYMEX.com "Daily Natural Gas Market Data"