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Appraisal Valuation

Neal D. Suess

Surrebuttal Testimony

Aquila, Inc.

EO-2005-0156

June 27, 2005

SURREBUTTAL TESTIMONY

OF

NEAL D. SUESS

Submitted on Behalf of
Aquila, Inc.

AQUILA, INC.

Case No. EO-2005-0156

June 27, 2005

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

NP

Exhibit No. 4 NP
Case No(s) EO-2005-0156
Date 9-21-05 Rptr xf

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
SURREBUTTAL TESTIMONY OF NEAL D. SUESS, P.E.
ON BEHALF OF AQUILA, INC.
CASE NO.EO-2005-0156**

1 **I. INTRODUCTION.**

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

3 A. My name is Neal D. Suess, P.E. My business address is 2456 18th Avenue, Columbus,
4 Nebraska 68601. I am a Principal and Senior Director with R. W. Beck, Inc.

5 Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.

6 A. I graduated from Iowa State University in 1984 with a Bachelor of Science Degree in
7 Mechanical Engineering. Since graduating, I have completed several continuing
8 education courses offered by the University of Nebraska, the American Public Power
9 Association and others relating to utility operations matters.

10 Q. WOULD YOU BRIEFLY DESCRIBE YOUR PROFESSIONAL ENGINEERING
11 EXPERIENCE?

12 A. In 1984 I joined R. W. Beck as an Engineer. At that time I was involved in various utility
13 matters in the areas of utility operations, wholesale and retail cost of service and rate
14 design and other economic analyses. A substantial portion of that work was related to
15 litigated rate proceedings before the Federal Energy Regulatory Commission and various
16 state and local regulatory commissions. In addition during my initial tenure with
17 R. W. Beck I was involved in performing numerous appraisals for a wide variety of
18 property types, mostly utility generation facilities.

Surrebuttal Testimony:
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1 In 1992, I joined the Oklahoma Municipal Power Authority (OMPA) as a Planning
2 Engineer. In that capacity I was responsible for all generation and transmission planning
3 activities for OMPA, including assisting in the development of the wholesale rate design
4 for the OMPA member systems as well as maintaining OMPA's wholesale billing system.
5 While in the role of Planning Engineer, I was also given responsibility for the day to day
6 operations of the OMPA dispatch center.

7 In 1994, I became the Electric Director for the City of Pella, Iowa. My responsibilities
8 included the management of the operations associated with the generation, transmission
9 and distribution system owned by the City.

10 In 1996, I rejoined R. W. Beck. Since returning to R. W. Beck, I have devoted the
11 majority of my time to client matters and project work. I am extensively involved in
12 electric utility financial, economic and competitive matters on behalf of our clients. In
13 addition, I am currently the co-lead of R. W. Beck's Appraisal Network, which consists of
14 members of R. W. Beck who are involved in a regular basis in the development of
15 appraisals for our clients.

16 Q. ARE YOU A MEMBER OF ANY PROFESSIONAL SOCIETIES?

17 A. Yes. I am a member of the American Society of Mechanical Engineers and a Candidate
18 Member of the American Society of Appraisers.

19 Q. ARE YOU A REGISTERED PROFESSIONAL ENGINEER?

20 A. Yes. I am registered in the state of Nebraska.

21 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY
22 COMMISSIONS OR COURTS?

Surrebuttal Testimony:
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1 A. Yes. Schedule NDS-1 attached to my testimony includes a list of proceedings in which I
2 have testified.

3 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

4 A. I am testifying on behalf of Aquila, Inc. (Aquila).

5 Q. ARE YOU THE SAME NEAL D. SUESS WHO WAS THE PROJECT MANAGER
6 FOR THE APPRAISAL THAT WAS INCLUDED AS SCHEDULE DRW-1 IN THE
7 TESTIMONY OF MR. DENNIS R. WILLIAMS?

8 A. Yes. The appraisal is also attached to my testimony as Schedule NDS-2.

9 Q. ARE THERE OTHERS INDIVIDUALS AT R. W. BECK WHO ASSISTED IN THE
10 DEVELOPMENT OF THE APPRAISAL?

11 A. Yes. A list of individuals who provided assistance in developing the appraisal is included
12 as part of Schedule NDS-2. Besides me, these individuals included a senior technical
13 advisor (Rob Brune) and a certified appraiser (Nancy Hughes) who provided supervision
14 to me as the project manager.

15 Q. HAVE YOU PERFORMED NUMEROUS APPRAISALS IN YOUR CAREER AT
16 R. W. BECK?

17 A. Yes. Attached to my testimony is Schedule NDS-3, which includes a listing of appraisals
18 on which I have worked. As can be seen from Schedule NDS-3, most of these appraisals
19 are for generation equipment. I am the lead appraiser within R. W. Beck for performing
20 appraisals on generation equipment.

21 Q. PLEASE SUMMARIZE THE TESTIMONY YOU ARE OFFERING.

Surrebuttal Testimony:
Neal D. Suess

1 A. I will respond to the Office of Public Counsel (OPC) rebuttal testimony of Ted Robertson
2 and Missouri Public Service Commission (MPSC) Staff rebuttal testimony of Cary G.
3 Featherstone regarding issues raised by these witnesses concerning the appraisal
4 performed by R. W. Beck.

5 Q. DESCRIBE THE CRITICISMS OF THE R. W. BECK APPRAISAL THAT WERE
6 INCLUDED IN THE TESTIMONY OF MR. ROBERTSON AND MR.
7 FEATHERSTONE.

8 A. Mr. Robertson and Mr. Featherstone have made several criticisms of the R. W. Beck
9 Appraisal. They are based on the following issues:

- 10 • The objective of R. W. Beck's Appraisal Report (page 17-Robertson),
- 11 • The methodology contained within R. W. Beck's Appraisal Report (page 43-
12 Robertson, page 31-Featherstone),
- 13 • The original cost value and the purpose of the option payments made by Aquila
14 (page 46-Robertson, page 39-Featherstone),
- 15 • The use of depreciation in the development of the original cost (page 53-
16 Robertson),
- 17 • The market approach valuation (page 62-Robertson).

18 **II. OBJECTIVE OF THE R. W. BECK APPRAISAL.**

19 Q. PLEASE DESCRIBE MR. ROBERTSON'S VIEW OF THE OBJECTIVE OF
20 R. W. BECK'S APPRAISAL REPORT.

Surrebuttal Testimony:
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1 A. On page 17 of his testimony, Mr. Robertson claims that R. W. Beck "was hired to perform
2 an appraisal that would support the book value cost of the equipment transferred."

3 Q. IS MR. ROBERTSON CORRECT IN HIS VIEW?

4 A. No. R. W. Beck was hired to perform an independent appraisal of the subject equipment.
5 As is stated in the Appraisal Certification located in Section 6 of the report, "The report is
6 not based on a requested minimum valuation, a specific valuation, or the approval of a
7 loan." All of the appraisal reports that I have worked on and been project manager are
8 independent appraisals in which there was no predetermined level of value.

9 It is this level of independence for which R. W. Beck was hired and the reason that
10 R. W. Beck is hired for all appraisal assignments. The ethics and rules set forth by the
11 Appraisal Standards Board of the Appraisal Foundation require that the appraisals that
12 R. W. Beck performs be independent.

13 Q. ARE THERE OTHER REASONS WHY MR. ROBERTSON IS INCORRECT IN THE
14 STATEMENT IN HIS TESTIMONY?

15 A. Mr. Robertson claims that R. W. Beck was hired to support the book value. However, the
16 transfer of assets to the books of Aquila at the value indicated in the appraisal was done
17 after the appraisal was completed, not before. Therefore, it would seem that Aquila
18 Networks-MPS used the opinion of value stated in the appraisal to record the assets on its
19 books, not the other way around as indicated by Mr. Robertson.

20 Q. WHAT OTHER LEVEL OF CRITICISM DOES MR. ROBERTSON INDICATE WITH
21 REGARD TO THE OVERALL APPRAISAL REPORT?

Surrebuttal Testimony:
Neal D. Suess

1 A. Mr. Robertson indicates that because the appraisal was "limited" in its scope that the
2 appraisal is not accurate or valid.

3 Q. IS MR. ROBERTSON IN ERROR?

4 A. Clearly Mr. Robertson does not understand the meaning behind a limited, restricted use
5 appraisal report. The report was limited since only the cost approach and market
6 approaches were used, however, as clearly stated within the appraisal report the use of the
7 income approach would be inapplicable and provide results that would have limited
8 meaning.

9 Since the assets were in storage and able to be moved to any location, there could be a
10 myriad of results under the income approach. A combustion turbine is in essence a
11 capacity type machine when placed into operation as a power plant, since it will generally
12 be operated only when its variable cost (fuel) is economic compared to the alternative.
13 Therefore, the combustion turbine provides capacity to the installer. Since there is a
14 limited market in Missouri for "capacity prices" it would not be possible to develop the
15 revenue associated with the installation of this machine.

16 In addition, the assets by themselves at the time of the appraisal (in storage) were not able
17 to produce any income. Therefore, there would be no meaning in performing the income
18 approach to develop the value of these assets at the time of the appraisal.

19 Q. IS THERE ANOTHER CRITICISM OF THE APPRAISAL THAT MR. ROBERTSON
20 IMPLIES IN HIS TESTIMONY?

21 A. Yes. Because the appraisal was a "limited, restricted use" appraisal, Mr. Robertson seems
22 to imply that the restricted use wording limits the applicability of the appraisal report.

1 Q. DO YOU AGREE WITH MR. ROBERTSON'S IMPLICATION?

2 A. Absolutely not. The reason for the use of a "restricted use" appraisal is that the appraisal
3 cannot be used in some other setting (such as a property tax valuation). This appraisal
4 was performed strictly for indicating the value of assets as part of the filing made by
5 Aquila in this case. Using this appraisal for another purpose would be in error.

6 Q. IS THERE ANY FURTHER VALIDITY TO THE INDEPENDENCE OF THE
7 R. W. BECK APPRAISAL?

8 A. Yes. As is clearly identified on page 30 of Mr. Robertson's testimony, the actual cost of
9 the assets identified by Aquila was \$78,716,233. The fair market value developed as part
10 of the appraisal report was \$70,769,850. If R. W. Beck had been hired strictly to support
11 the book value of the assets, the fair market value should have been equal to the actual
12 cost of the assets, not some lower figure.

13 **III. APPRAISAL METHODOLOGY.**

14 Q. DO MR. ROBERTSON AND MR. FEATHERSTONE INDICATE CONCERNS OVER
15 THE METHODOLOGY USED IN THE APPRAISAL?

16 A. Yes. On page 43 of Mr. Robertson's testimony, he indicates that the reliance on the "cost
17 approach replacement cost method" is inappropriate and inaccurate. He also indicates
18 that the value of the equipment should have been developed based on a competitive bid
19 process.

20 On page 31 of Mr. Featherstone's testimony, he indicates that the best cost to use for the
21 value of the equipment is an offer made in August 2002.

1 Q. WHAT IS THE MOST APPROPRIATE WAY TO DEVELOP THE FAIR MARKET
2 VALUE OF AN ASSET?

3 A. In developing the fair market value of assets, an appraiser tries to develop values (or
4 ranges of values) under each of the three generally accepted appraisal methodologies: (1)
5 the cost approach, (2) the income approach and (3) the market (or comparable sales)
6 approach. Once the values are developed, the appraiser uses professional judgment to
7 determine the fair market value of the assets.

8 Q. MR. ROBERTSON CLAIMS THAT THE REPLACEMENT COST METHOD USED IN
9 THE APPRAISAL IS INAPPROPRIATE. IS THE REPLACEMENT COST METHOD
10 A STANDARD METHOD USED IN THE DEVELOPMENT OF FAIR MARKET
11 VALUE?

12 A. Yes. Within the cost approach, there are several methods that can be used. These include
13 the original cost method, the replacement cost method and the reproduction cost method.
14 The original cost method is fairly straightforward and is related to the original cost of the
15 property. The replacement cost method assumes current replacement of a property using
16 current technology that can perform the same utility as the property being appraised. The
17 reproduction cost methodology assumes an exact current replica of the property using
18 cost indices to calculate escalation.

19 For generation type assets, the replacement cost methodology is clearly the most
20 appropriate methodology to use for the cost approach. This develops the current
21 replacement cost associated with assets, using the most current technology that can be
22 constructed and used in the marketplace at the date of valuation.

Surrebuttal Testimony:
Neal D. Suess

1 As part of our appraisal, we obtained quotes from the manufacturer in order to support
2 and develop the determination of value under the cost approach. We also used other
3 information and our professional judgment to develop the overall replacement cost
4 estimate. This is a standard methodology that is used in developing the cost approach for
5 generation equipment appraisals.

6 **IV. ORIGINAL COST VALUE AND OPTION PAYMENTS.**

7 Q. WHAT CONCERN DOES MR. ROBERTSON HAVE REGARDING THE
8 CALCULATION OF THE ORIGINAL COST IN YOUR APPRAISAL?

9 A. In his testimony, Mr. Robertson claims that he believes the original cost of the property is
10 overstated due to various factors. The two main reasons for the overstatement according
11 to Mr. Robertson are (1) the appraisal did not include a reduction in the original cost due
12 to all three option payments referenced in the executed contract and (2) the appraisal did
13 not include an "accounting type" depreciation adjustment to the original cost.

14 Q. DOES MR. FEATHERSTONE HAVE SIMILAR CONCERNS?

15 A. Yes. On page 39 of his testimony, Mr. Featherstone indicates that it is his belief that the
16 options payments should not be included as part of the costs of the facilities.

17 Q. ARE MR. ROBERTSON'S AND MR. FEATHERSTONE'S ADJUSTMENTS
18 ACCURATE?

19 A. No. The term "option payment" is defined differently in various contracts. A typical
20 definition for an option payment can be a payment to secure a right or privilege. A
21 second definition can be a payment that is related to the procurement of additional
22 optional equipment. Although it was not clear at the time of appraisal, in this instance the

1 option payments decreased the purchase price of the assets agreed upon by execution of
2 the letter agreement.

3 At the time of the appraisal, we did not have the entire letter agreement between SWPC
4 and Aquila (including the amendments) for the sale of the equipment. That letter
5 agreement and amendments is included in the testimony of Company Witness H. Davis
6 Rooney. Based on Term 23 of the letter agreement, the payment schedule of the letter
7 agreement amendment 4 and the executed contract price, the purchase price originally
8 agreed to in the letter agreement was reduced by the option payments, which in effect
9 made the option payments the same as down payments or earnest money toward the
10 purchase price of the equipment. Clearly these option payments need to be included in
11 developing the original cost of the equipment.

12 It is clear from the reading of the entire letter agreement and amendments, along with the
13 executed contract that the three option payments should be included as part of the original
14 cost of the equipment. In the appraisal, the first option payment was not included in the
15 original cost development, therefore, the original cost included in the appraisal was low
16 by the amount of this option payment.

17 **V. DEPRECIATION IN ORIGINAL COST VALUE.**

18 Q. MR. ROBERTSON TESTIFIED THAT IT IS HIS BELIEF THAT AN AMOUNT FOR
19 DEPRECIATION ASSOCIATED WITH AGE SHOULD BE DEDUCTED FROM THE
20 ORIGINAL COST METHOD OF VALUATION. DO YOU AGREE WITH MR.
21 ROBERTSON?

Surrebuttal Testimony:
Neal D. Suess

1 A. No. Mr. Robertson contradicts himself in his testimony. He initially indicates that the
2 combustion turbines are "older used equipment". Obviously, the combustion turbines
3 have never been used and were placed into storage immediately upon purchase. Further,
4 on page 56 of his testimony, Mr. Robertson goes on to state that "depreciation is only
5 taken against plant that is actually in service". Even Mr. Robertson would have to admit
6 that the combustion turbines have never been placed into service.

7 Q. DID R. W. BECK INCLUDE DEPRECIATION IN DEVELOPING THE ORIGINAL
8 COST?

9 A. Yes. Although it was not called depreciation in the appraisal, R. W. Beck did include
10 adjustments to the original cost of the equipment to account for production modifications
11 necessary to bring the equipment in line with current technology. In addition, R. W. Beck
12 included rehabilitation of the equipment to account for deterioration of the equipment
13 while in storage. Both of these modifications would be classified as depreciation and no
14 further adjustment should be made. These would be classified as functional obsolescence
15 and physical deterioration as part of depreciation.

16 Q. IF AQUILA HAD INCLUDED ACCUMULATED DEPRECIATION ON THE BOOKS
17 OF THE ASSETS BEFORE THE TRANSFER, WOULD THAT HAVE MADE A
18 DIFFERENCE REGARDING THE APPRAISED VALUE THAT WAS DETERMINED,
19 AS IS SUGGESTED BY MR. ROBERTSON?

20 A. No. The original cost method begins with the net book value of the assets and then
21 adjustments are made to reflect the actual physical condition of the equipment. Let's take
22 an example in which Aquila had started to accumulate depreciation on the assets prior to

1 the transfer (even though the assets were not in use). This accumulated depreciation
2 would have shown up in the books of Aquila, however, the actual physical condition of
3 the assets would not be any different. Developing physical deterioration requires
4 reviewing the actual condition of the equipment and making a determination of its effect
5 to restore the equipment to basically new levels. In addition, an amount for functional
6 obsolescence needs to be taken into account for the technology that has occurred since
7 the equipment was purchased.

8 As developed in the appraisal, an amount for each of these items was included in the
9 development of the original cost, therefore, no further adjustment, such as that suggested
10 by Mr. Robertson, is necessary.

11 **VI. MARKET APPROACH.**

12 Q. MR. ROBERTSON HAS MADE SEVERAL CRITICISMS OF THE MARKET
13 APPROACH TO VALUATION INCLUDED IN THE R. W. BECK APPRAISAL.
14 PLEASE COMMENT ON THESE CRITICISMS.

15 A. Mr. Robertson claims that Offer 4, 5 and 6 identified in the R. W. Beck appraisal include
16 inconsistencies and doing some of his own research, Mr. Robertson indicates that the
17 results from these offers would be different had they been conducted when Mr. Robertson
18 had done his research.

19 Q. DO YOU AGREE WITH MR. ROBERTSON'S CONCLUSIONS?

20 A. No. First, Mr. Robertson conducted his research at a date in time removed from the date
21 of valuation included in the appraisal. The timing of his research could result in
22 differences in the pricing. This is one of the reasons that the use of the market approach

1 as the only indicator of value for a set of property is difficult. Timing issues and
2 adjustments to the actual sales price of comparable sales are difficult to come by,
3 especially in an industry as sensitive as the electric utility industry. Second, with regard
4 to Offers 4 and 5, the equipment included were subject to a prior sale at the time of the
5 appraisal and at the time of Mr. Robertson's inquiry. This could have a huge impact
6 regarding the offer price. Finally, Offer 6 was identified by Mr. Robertson as having a
7 higher price when performing his inquiry. However, Mr. Robertson chooses to ignore
8 this higher price. To me, this shows just how volatile the price can be for equipment on
9 the secondary market. There can be swings in both directions. Mr. Robertson would
10 have you believe that only downward pricing can occur and not upward pricing, which is
11 clearly not the case. This is one of the reasons that the market approach needs to be used
12 carefully in assisting in the development of value.

13 Q. DO YOU HAVE OTHER CONCERNS WITH MR. ROBERTSON'S ADJUSTMENTS
14 REGARDING THE MARKET APPROACH INCLUDED IN R. W. BECK'S
15 APPRAISAL?

16 A. Yes. As was clearly stated in the appraisal, internet offers may need additional
17 adjustment to the offer price for numerous aspects, including the date of the offer,
18 condition of the equipment, and the actual equipment being offered. Mr. Robertson made
19 no adjustments to his values.

20 Q. IN MR. ROBERTSON'S TESTIMONY, HE INCLUDED TWO OTHER
21 COMBUSTION TURBINES FOR SALE AS A RESULT OF HIS RESEARCH.
22 WOULD YOU CONSIDER THESE SALES RELEVANT?

1 A. No. The first offer was for 501D technology equipment (which model preceded the
2 501D5A technology and had a reduced amount of capacity when compared to the
3 501D5A technology) that had been previously in use and had 9,000 hours of operation
4 since new and 3,700 hours of operation since it was upgraded. These machines are
5 currently configured to operate at a frequency of 50 Hertz. The electric network in North
6 America operates at a frequency of 60 Hertz. Therefore, these machines would need to
7 have substantial modifications made to them in order to operate in the United States. In
8 addition, these machines do not have dry, low NOx combustors, which are included on
9 the assets being appraised. Upgrading the assets identified in the first offer described in
10 Mr. Robertson testimony to include dry, low NOx combustors would require additional
11 substantial modification. Mr. Robertson made no adjustment to take into consideration
12 that these combustion turbines were used and had been operated previously and would
13 need to have a substantial amount of upgrade to bring into the same condition as the
14 combustion turbines being valued.

15 Similarly, the second offer identified by Mr. Robertson was for 501F technology
16 equipment. This equipment is not the same as the equipment being valued; therefore the
17 comparison is not relevant.

18 Q. MR. ROBERTSON ALSO INCLUDES A DISCUSSION OF PRICING INCLUDED IN
19 THE GAS TURBINE WORLD HANDBOOK AS PART OF HIS TESTIMONY. IS
20 THIS PRICING RELEVANT TO THE DEVELOPMENT OF VALUE?

21 A. Although using the Gas Turbine World Handbook may have some relevance, the context
22 in which Mr. Robertson uses this is totally inappropriate. The timing of the appraisal and

1 the general nature of the information in the Gas Turbine World Handbook, as compared
2 to a specific quote from a seller for similar equipment, creates concern over using the Gas
3 Turbine World Handbook. Mr. Robertson uses data from the 2003 Gas Turbine World
4 Handbook, which is far removed from the date of valuation included in the appraisal.

5 Specific manufacturer's quotes, as detailed in the appraisal are far more appropriate than
6 using data from the Gas Turbine World Handbook. In addition, Mr. Robertson made no
7 adjustment to the Gas Turbine World Handbook pricing for details specific to the subject
8 equipment. Furthermore, Mr. Robertson seems to be confusing the replacement cost
9 method with the market approach. Using figures from the Gas Turbine World Handbook
10 to develop values under the market approach is inappropriate.

11 **VII. CONCLUSIONS**

12 Q. HAVE ANY OF THE CRITICISMS AND ADJUSTMENTS RAISED BY MR.
13 ROBERTSON AND MR. FEATHERSTONE CAUSED YOU TO RECONSIDER THE
14 METHODOLOGIES USED AND CONCLUSIONS THAT WERE CONTAINED IN
15 THE APPRAISAL?

16 A. No. The methodology used to perform the appraisal is standard methodology that is used
17 in the appraisal industry. The proposals and recommendations presented by Mr.
18 Robertson and Mr. Featherstone do not provide justification for making any adjustments
19 to the results of the appraisal and the conclusion contained therein.

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21 A. Yes.

**Record of Testimony
by
Neal D. Sueess**

Party Involved	Proceeding	Subject of Testimony	Before	Client	Date
1. Upper Missouri Generation and Transmission Cooperative, Inc. v. West Plains Electric Cooperative	Case No. CV-03-129-BLG-RWA	Wholesale Power Contract Review and Replacement Power Costs	United States District Court for the District of Montana, Billings Division	Jarussi & Bishop (Upper Missouri G&T)	2004
2. Kansas City Power & Light Company v. Bibb & Associates, et al.	Case No. 01CV207987	Value of Coal-Fired Power Plant	Circuit Court of Jackson County, Missouri at Kansas City	Bibb & Associates, et al.	2003-2004
3. Schuyler, NE Department of Utilities	Case No. PB-3378	Economics regarding Service Territory Dispute	Nebraska Power Review Board	Schuyler, NE Department of Utilities	2002
4. Southwestern Electric Cooperative, Inc. v. Soyland Power Cooperative, Inc.	Docket No. EL99-14-003	Valuation of Generation Assets	Federal Energy Regulatory Commission	Soyland Power Cooperative, Inc.	2001-2002
5. Kansas Electric Power Cooperative, Inc.	Docket No. 01-KEPE-1106-RTS	Cost of Service, Revenue Requirements Adjustments and Rate Design	Kansas Corporation Commission	Heartland Rural Electric Cooperative, Inc.	2001
6. Nebraska Public Power District v. MidAmerican Energy Company	Case No. 4:97CV346	Comparable Sales and Discount Rate Used in Valuation Process	United States District Court for the District of Nebraska	Lamson, Dugan & Murray (Nebraska Public Power District)	2001
7. Western Resources, Inc. and Kansas Gas and Electric Company	Docket No. 01-WSRE-436-RTS	Cost of Service and Revenue Requirements Adjustments	Kansas Corporation Commission	Duncan and Allen (City of Wichita, Kansas)	2001

Record of Testimony by Neal D. Suess

Party Involved	Proceeding	Subject of Testimony	Before	Client	Date
8. Blake R. Van Leer, II, Sportsman's Land Company, LLC	Case Nos. 99-6-2043-JS and 99-6-3476-JS (Chapter 11)	Value of Royalty Payments and Discount Rate	United States Bankruptcy Court for the District of Maryland – Northern Division	Gallagher, Evelius and Jones (Mercantile Bank)	2001
9. Yankee Gas Services Company v. City of Meriden	Cases XO7-CV95-0072561S, XO7-CV96-0072560S, XO7-CV97-0072556S, XO7-CV98-0072559S, XO7-CV99-0072554S and	Valuation of Natural Gas and Electric Utility Property – For Tax Assessment	Superior Court Complex Litigation Docket Judicial District of Tolland at Rockville	City of Meriden, Connecticut	2000-2001
The Connecticut Light and Power Company v. City of Meriden	Cases XO7-CV95-0072561S, XO7-CV96-0072555S, XO7-CV97-0073988S, XO7-CV98-0072557S, XO7-CV99-0072558S				
10. Western Resources, Inc. and Kansas City Power and Light Company	Docket Nos. EC97-56-000 and ER97-4669-000	Lost Revenue in Competitive Marketplace and Production Equalization	Federal Energy Regulatory Commission	Duncan and Allen (City of Wichita, Kansas)	1999
11. Richard N. Moseman and Daniel Rousseau v. Blake Van Leer, et al.	Case No. WMN 98434	Discount Rate Used in Valuation Process	United States District Court for the District of Maryland	Mays & Valentine (BKJB Partners)	1999
12. Nebraska Public Power District v. MidAmerican Energy Company	Case No. 8:97CV346	Comparable Sales and Discount Rate Used in Valuation Process	United States District Court for the District of Nebraska	Lamson, Dugan & Murray (Nebraska Public Power District)	1999
13. Union Electric Company d/b/a AmerenUE	Case No. EO-96-15	Residential and Industrial Standby Rate Design	Missouri Public Service Commission	Laclede Gas Company	1999

Record of Testimony by Neal D. Suess

Party Involved	Proceeding	Subject of Testimony	Before	Client	Date
14. Turners Falls Limited Partnership v. Assessors of Montague, MA	Docket Nos. F225191-F225192, F233732-F233733, F240482-F240483	Valuation of Cogeneration Facility	Massachusetts Appellate Tax Board	Town of Montague	1998
15. Louisiana Power & Light Company	Docket No. CD-89-1	Allocation of United Gas Award	Council of the City of New Orleans	City of New Orleans	1989

Appraisal Experience Of Neal D. Suess

Year	Assets Appraised	Location
1985	Antelope Valley Station Unit 2—450 MW lignite-fired generating unit	North Dakota
1985	Springerville Unit No. 2—385 MW coal-fired generating unit	Arizona
1986	Merom Generation Station—920 MW coal-fired generating station	Indiana
1988	Haypress Creek Hydroelectric Project—10 MW hydroelectric generating station	California
1989	Northeastern Power Company Cogen Facility—50 MW culm-fired generating station with additional steam cogeneration	Pennsylvania
1989	Rockport Generating Station No 2—1300 MW coal-fired generating unit	Indiana
1990	Midland Cogeneration Venture Facility—1370 MW gas-fired combined cycle generating unit, converted from a unfinished nuclear facility	Michigan
1990	Oro Grande Power Plant—15 MW waste heat (from cement kiln) generating station	California
1990	Sidney A. Murray Jr. Hydroelectric Facility—192 MW run of river hydroelectric facility	Louisiana
1991	Gary Works Pulverized Coal Injection Project—3520 tons per day coal pulverizing facility	Indiana
1991	Hot Blast Cupola System—70 tons of hot metal per hour manufacturing facility	Texas
1991	North Branch Power Project—80 MW waste coal-fired generating unit	West Virginia
1991	Montgomery County Resource Recovery Project—1200 tons per day, 32 MW waste to energy facility	Pennsylvania
1992	Doswell Independent Power Project—725 MW natural gas-fired combined-cycle cogeneration facility	Virginia
1992	Hanford Cogeneration Facility—23 MW coal-fired, circulating fluidized bed, 60,000 pounds per hour cogeneration facility	California
1992	Pasco Cogeneration Facility—106 MW natural gas-fired combined cycle, 200,000 pounds per hour cogeneration facility	Florida

Appraisal Experience of Neal D. Suess

Year	Assets Appraised	Location
1995	Dow Chemical Texas Power Conversion Project—200 MW natural gas-fired combined cycle, steam cogeneration facility	Texas
1996	Intermountain Generating Plant—1600 MW coal-fired generating station	Utah
1997	Baltimore Gas and Electric Utility Assets—All generation, transmission and distribution assets.	Maryland
1997	Delaware County Resource Recovery Project—2700 tons per day, 75 MW waste-to-energy facility	Pennsylvania
1997	Penobscot Energy Recovery Company Facility—720 tons per day, 25 MW waste-to-energy facility	Maine
1997	Turners Falls Generating Station—22 MW coal-fired, steam cogeneration facility (in shut down status)	Massachusetts
1998	Union County Resource Recovery Facility—1540 tons per day, 44 MW waste-to-energy facility	New Jersey
1998	Blackstone Station Steam Facility—16 MW steam facility	Massachusetts
1998	Alexandria/Arlington Waste to Energy Facility Retrofit Assets—975 tons per day, 29 MW waste-to-energy facility	Virginia
1998	New Jersey Gardens Mall Distribution Project—various distribution assets	New Jersey
1998	Sunbury and Martins Creek Combustion Turbines—150 MW oil-fired combustion turbines	Pennsylvania
1999/2000	Duquesne Light Company Generation Assets—All generation assets involved in swap with First Energy Corporation and Orion Power Holdings	Ohio, Pennsylvania
2000	North Tonawanda Combined-Cycle Facility—55 MW natural-gas-fired cogeneration facility	New York
2000	Naheola Recovery and Cogeneration Facility—Steam, electric and compressed air delivery facility	Alabama
2000	City of Meriden, CL&P and YGS Assets—All assets of Connecticut Light and Power and Yankee Gas Services located within the City limits	Connecticut
2000	Epsilon Marcus Hook and Garyville Polypropylene Manufacturing Plant—two 240,000 metric tons per year polypropylene production facilities	Pennsylvania, Louisiana
2000	Mill Seat Landfill—1945 tons per day landfill	New York
2002	Onondaga County Resource Recovery Agency Waste-to-Energy Facility—990 tons per day, 30.6 MW waste-to-energy facility	New York

Appraisal Experience of Neal D. Suess

Year	Assets Appraised	Location
2002	Pearl Steam, Pearl CT and Pittsfield Diesel Facilities—22 MW coal-fired facility, 19 MW oil-fired combustion turbine and a 9 MW diesel facility	Illinois
2002	Pearl Steam, Pearl CT, Pittsfield Diesel and Alsey CT Facilities—22 MW coal-fired facility, 19 MW oil-fired combustion turbine, 9 MW diesel facility and a 117 MW gas-fired combustion turbine	Illinois
2002	Sithe Independence Station—1,042 MW Gas-fired combined-cycle facility	New York
2002	4 GE LM6000 units—Four 48 MW gas-fired GE LM6000 units	Texas
2003	South Florida Cogeneration Facility—a 32-MW gas-fired combined-cycle facility (in shut down status)	Florida
2003	CenterPoint Energy Transmission and Distribution Assets—All transmission and distribution assets owned by CenterPoint Energy	Texas
2003	Conemaugh, Keystone and Shawville Generating Stations—16.45% interest in Conemaugh Station (two-unit 1700 MW coal, four-unit 11 MW oil), 16.67% interest in Keystone Station (two-unit 1700 MW coal, four-unit 11 MW oil) and 100% interest in Shawville Station (four-unit 618 MW coal, three-unit 6 MW oil)	Pennsylvania
2003	AES Cayuga and AES Somerset Generating Stations—a 311.3 MW and a 675 MW coal-fired generating facility	New York
2003	Hawthorn 5 Generating Station—476 MW coal-fired generating facility	Missouri
2003	Coal Conveyor System—7000 tons per day coal conveyor system	Colorado
2003/2004	Ripon Cogeneration Facilities—a 47-MW gas-fired combined-cycle facility and a 41-MW gas-fired combined-cycle facility	California
2004	AES 4000 Facilities—4000 MW of gas-fired generation (AES Alamitos Generating Station, AES Huntington Beach Generating Station and AES Redondo Beach Generating Station)	California
2004	Three Siemens Westinghouse combustion turbine units—Three SWPC 501D5A combustion turbine units, for Aquila	Missouri
2005	South Point Biomass Project—Assets associated with a proposed 200 MW Biomass project (old abandoned ammunition and ethanol plant site).	Ohio
2005	One Siemens Westinghouse combustion turbine unit—One SWPC 501D5A combustion turbine unit, for Ameren	Illinois
2005	Two Siemens Westinghouse combustion turbine units—Two SWPC 501FD-2 combustion turbine units for ING Capital.	California

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

In the Matter of the Application of Aquila,)
Inc., for Authority to Acquire, Sell and Lease)
Back Three Natural Gas-Fired Combustion)
Turbine Power Generation Units and)
Related Improvements to be Installed and)
Operated in the City of Peculiar, Missouri)

Case No. EO-2005-0156

AFFIDAVIT OF NEAL D. SUESS

STATE OF NEBRASKA)
) SS.
COUNTY OF PLATTE)

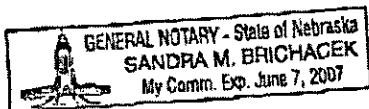
Neal D. Suess, of lawful age, being first duly sworn, deposes and states:

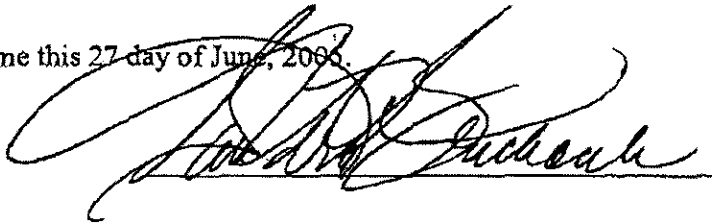
1. My name is Neal D. Suess. My business address is 2456 18th Avenue, Columbus, Nebraska; and I am a Principal and Senior Director with R. W. Beck, Inc.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony, consisting of pages 1 to 16, inclusive and Schedule NDS-1 through Schedule NDS-3, inclusive.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded and the information contained in the attached schedule are true and correct to the best of my knowledge and belief.



Neal D. Suess, P.E.
Principal and Senior Director

Subscribed and sworn to before me this 27 day of June, 2006.





My commission expires June 7, 2007.