Exhibit No.: Issues: Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

Fuel and Purchased Power David W. Elliott MO PSC Staff Supplemental Direct Testimony ER-2007-0004 February 27, 2007

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SUPPLEMENTAL DIRECT TESTIMONY

OF

DAVID W. ELLIOTT

AQUILA, INC. d/b/a AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P

CASE NO. ER-2007-0004

Jefferson City, Missouri February

<u>Denotes Highly Confidential Information</u>

NP

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of Aquila, Inc. d/b/a Aquila) Networks-MPS and Aquila Networks-) L&P, for authority to file tariffs increasing) electric rates for the service provided to) customers in the Aquila Networks-MPS) and Aquila Networks-L&P service areas.)

Case No. ER-2007-0004

AFFIDAVIT OF DAVID W. ELLIOTT

STATE OF MISSOURI)) ss **COUNTY OF COLE**)

David W. Elliott, of lawful age, on his oath states: that he has participated in the preparation of the following Supplemental Direct Testimony in question and answer form, consisting of 3 pages of Supplemental Direct Testimony to be presented in the above case, that the answers in the following Supplemental 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.

David W. Elliott

Subscribed and sworn to before me this $26^{4/2}$ day of February, 2007.



SUSAN L SUNDERMEYER My Commission Expires September 21, 2010 Callaway County Commission #06942088

Notary Public

9-21-10 My commission expires

1	SUPPLEMENTAL DIRECT TESTIMONY		
2 3	OF		
4 5	DAVID W. ELLIOTT		
6 7 8 9 10	AQUILA, INC. d/b/a AQUILA NETWORKS-MPS AQUILA NETWORKS-L&P		
11 12		CASE NO. ER-2007-0004	
13 14	Q.	Please state your name.	
15	А.	David W. Elliott.	
16	Q.	Are you the same David W. Elliott who has previously filed direct testimony in	
17	this case?		
18	А.	Yes, I am.	
19	Q.	What is the purpose of your supplemental direct testimony?	
20	А.	The purpose of my supplemental direct testimony is to provide the Missouri	
21	Public Service Commission Staff's (Staff) updated production cost simulation results that		
22	reflect: 1) changes to Iatan generating unit capacity; 2) changes to Jeffrey Energy Center		
23	generation; 3) updates to the spot purchased power prices and amounts; 4) updates to fuel		
24	prices; and 5) changes to the steam loads, and 6) changes to the hourly electric system load.		
25	The combination of these changes results in a revised electric joint fuel cost of		
26	** **, which is a decrease of ** ** from my previously filed		
27	amount. For allocation amounts please see schedule 1. This amount was supplied to Staff		
28	witness Charles R. Hyneman. For further discussion of how Staff annualized the overall fuel		
29	expense for this update filing, please refer to the supplemental direct testimony of Mr.		
30	Hyneman.		



1	PRODUCTION COST MODEL CHANGES		
2	Q. Why did Staff modify the capacity of the Iatan generating unit to decrease the		
3	capacity?		
4	A. During the prehearing discussions with Aquila, Staff learned that in February		
5	of 2006, the majority owner of Iatan (Kansas City Power & Light Company) made a decision		
6	to reduce the normal capacity rating of the unit in order **		
7			
8	** Based on its review of the 2006 actual operating data of Iatan, as well as support		
9	documentation, Staff reduced the capacity from ** ** MW in the production cost		
10	model.		
11	Q. Why did Staff modify the Jeffrey Energy Center unit capacity to increase the		
12	amount of its annual generation?		
13	A. During prehearing discussions with Aquila, Staff agreed to look at the capacity		
14	and the MWh output of the Jeffrey Energy Center (JEC) units. Based on its review of the last		
15	six (6) years of historical generation data, the Staff adjusted the capacity of each of the three		
16	units from ** ** in the production cost model. Even though this capacity is		
17	greater than the contracted amount, the capacity of the JEC units in the model was changed in		
18	order to increase the amount of JEC MWhs generation by the model so as to better match		
19	historical generation levels of MWhs. Please refer to schedule 2. Staff is willing to have		
20	further discussions with Aquila and will review any additional information to determine		
21	whether further modification of JEC capacity is warranted.		
22	Q. Why did Staff update the spot purchased power?		

Supplemental Direct Testimony of David W. Elliott.

1	А.	The Commission ordered that the case be updated through December 31, 2006.	
2	I have updated the annual spot purchased power prices and MWs using the October 2006,		
3	November 2006, and December 2006, data.		
4	Q.	Why did Staff update fuel prices?	
5	A.	Please refer to Staff witness, Charles R. Hyneman's supplemental direct	
6	testimony for an explanation.		
7	Q.	Why did Staff update the steam loads?	
8	A.	Please refer to Staff witness David C. Roos's supplemental direct testimony for	
9	an explanation.		
10	Q.	Why did Staff update the hourly electric loads?	
11	A.	Please refer to Staff witness, Shawn E. Lange's supplemental direct testimony	
12	for an explanation.		
13	Q.	Does this conclude your supplemental direct testimony?	
14	A.	Yes, it does.	

Schedules 1 & 2

Are Deemed

Highly Confidential

In Their

Entirety