

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

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Rate Case Expense  
Trippensee/Rebuttal  
Public Counsel  
ER-2009-0090

# **REBUTTAL TESTIMONY**

## **OF**

# **RUSSELL W. TRIPPENSEE**

Submitted on Behalf of the Office of the Public Counsel

**AQUILA, INC. D/B/A KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Case No. ER-2009-0090**

March 13, 2009



**REBUTTAL TESTIMONY**

**OF**

**RUSSELL W. TRIPPENSEE**

**Aquila, Inc.**

**d/b/a**

**KCP&L Greater Missouri Operations Company**

**CASE NO. ER-2009-0090**

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

2 A. Russell W. Trippensee. I reside at 1020 Satinwood Court, Jefferson City, Missouri 65109, and my  
3 business address is P.O. Box 2230, Jefferson City, Missouri 65102.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the Chief Utility Accountant for the Missouri Office of the Public Counsel (OPC or Public  
6 Counsel).

7 **Q. ARE YOU A CERTIFIED PUBLIC ACCOUNTANT?**

8 A. Yes, I hold certificate/license number 2004012797 in the State of Missouri.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I attended the University of Missouri at Columbia, from which I received a BSBA degree, major in  
11 Accounting, in December 1977. I also completed the requisite hours for a major in finance. I  
12 attended the 1981 NARUC Annual Regulatory Studies Program at Michigan State University. I have  
13 attended numerous seminars and conferences related to public utility regulation. Finally, I am  
14 required to take a minimum of 40 hours per year of continuing professional education to maintain my  
15 CPA license.

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17

1 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

2 A. From May through August, 1977, I was employed as an Accounting Intern by the Missouri Public  
3 Service Commission (MPSC or Commission). In January 1978 I was employed by the MPSC as a  
4 Public Utility Accountant I. I left the MPSC staff in June 1984 as a Public Utility Accountant III and  
5 assumed my present position.

6 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL AFFILIATIONS.**

7 A. I served as the chairman of the Accounting and Tax Committee for the National Association of State  
8 Utility Consumer Advocates from 1990-1992 and am currently a member of the committee. I am a  
9 member of the Missouri Society of Certified Public Accountants.

10 **Q. PLEASE DESCRIBE YOUR WORK WHILE YOU WERE EMPLOYED BY THE MPSC**  
11 **STAFF.**

12 A. Under the direction of the Chief Accountant, I supervised and assisted with audits and examinations  
13 of the books and records of public utility companies operating within the State of Missouri with  
14 regard to proposed rate increases.

15 **Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES WITH THE OFFICE OF**  
16 **THE PUBLIC COUNSEL?**

17 A. I am responsible for the Accounting section of the Office of the Public Counsel and coordinating our  
18 activities with the rest of our office and other parties in rate proceedings. I am also responsible for  
19 performing audits and examinations of public utilities and presenting the findings to the MPSC on  
20 behalf of the public of the State of Missouri.

21

1 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MPSC?**

2 A. Yes. I filed testimony in the cases listed on Schedule RWT-1 of my testimony on behalf of the  
3 Missouri Office of the Public Counsel or MPSC Staff.

4 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

5 A. To set out the Public Counsel's position that customers should not have to compensate the utility for  
6 rate case expense that results in an increase in charges that customers pay and an increase in earnings  
7 that the stockholders of the utility retain for their own purposes.

8 **Q. HAS PUBLIC COUNSEL RECEIVED CUSTOMER INPUT ON THEIR DESIRE TO  
9 INCUR A RATE INCREASE DURING THIS CURRENT ECONOMIC SITUATION?**

10 A. Yes. Public Counsel and the Commission have received a huge number of public comments and only  
11 one individual was supportive of any rate increase.

12 **Q. DOES PUBLIC COUNSEL BELIEVE THAT INCLUSION OF RATE CASE  
13 EXPENSE IN THE REVENUE REQUIREMENT PROVIDES ANY UTILITY A  
14 DISINCENTIVE TO MANAGE THE COSTS OF FILING A RATE CASE?**

15 A. Yes. This Commission should be well aware of the escalating rate case expense and individual  
16 witness costs that have been occurring under the practice of requiring the revenue requirement  
17 determination to include rate case expense, thus causing customers to pay not only the cost of  
18 providing service but also the cost of requesting an increase in the profits of utilities.

19 In my experience, utilities have increased their use of external resources to process rate cases before  
20 this Commission. While use of external resources may give the appearance of greater precision or  
21 authoritative reasoning, in truth the regulatory process is an attempt to set rates that recognize a  
22 relationship between expenses and investment in an environment that is constantly changing. The

1 core functions of revenue requirement development have not fundamentally changed over this time  
2 frame and most issues should be able to be addressed by utility personnel who deal with these very  
3 issues on a daily basis.

4 **Q. SHOULD THE COMMISSION TAKE INTO CONSIDERATION THE CURRENT**  
5 **ECONOMIC SITUATION THAT THIS COUNTRY AND CUSTOMERS ARE**  
6 **FACING?**

7 A. Yes, the Commission should consider all relevant factors facing both the utility and the customers.  
8 While Public Counsel believes that it is fundamentally unfair under any circumstances to make  
9 customers pay a utility's costs of seeking a rate increase, it is particularly bad in the current economic  
10 environment.

11 **Q. WHO CONTROLS WHEN A RATE CHANGE REQUEST IS FILED WITH THE**  
12 **COMMISSION?**

13 A. Under normal circumstances, that process is controlled by the utility unless a party with standing  
14 before the Commission files a complaint case.

15 **Q. WHAT IS THE RELEVANCE OF CONTROL IN FILING A RATE REQUEST?**

16 A. Requiring the ratepayer to pay for costs that do not directly provide service to them and in fact  
17 normally result in increased earnings for the utility raises a fundamental question of fairness and  
18 results in a transfer of wealth. Utilities utilize the earnings from their operations to fund several  
19 endeavors that are not required for the provision of service. Public Counsel would argue that some of  
20 these activities such as image advertising, support of Missouri Energy Development Association, and  
21 similar activities serve primarily to enhance shareholder earnings and provide no benefit (and perhaps  
22 detriment) to customers. Public Counsel believes this Commission should distinguish activities that

1 || primarily serve to enhance shareholder earnings from activities that provide benefit to customers and  
2 || allocate costs accordingly.

3 || **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 || **A. Yes.**

Rebuttal Testimony  
Russell W. Trippensee  
Case No. ER-2009-0090

Missouri Power & Light Company, Steam Dept., Case No. HR-82-179  
Missouri Power & Light Company, Electric Dept., Case No. ER-82-180  
Missouri Edison Company, Electric Dept., Case No. ER-79-120  
Southwestern Bell Telephone Company, Case No. TR-79-213  
Doniphan Telephone Company, Case No. TR-80-15  
Empire District Electric Company, Case No. ER-83-43  
Missouri Power & Light Company, Gas Dept., Case No. GR-82-181  
Missouri Public Service Company, Electric Dept., Case No. ER-81-85  
Missouri Water Company, Case No. WR-81-363  
Osage Natural Gas Company, Case No. GR-82-127  
Missouri Utilities Company, Electric Dept., Case No. ER-82-246  
Missouri Utilities Company, Gas Dept., Case No. GR-82-247  
Missouri Utilities Company, Water Dept., Case No. WR-82-248  
Laclede Gas Company, Case No. GR-83-233  
Great River Gas Company, Case No. GR-85-136 (OPC)  
Northeast Missouri Rural Telephone Company, Case No. TR-85-23 (OPC)  
United Telephone Company, Case No. TR-85-179 (OPC)  
Kansas City Power & Light Company, Case No. ER-85-128 (OPC)  
Arkansas Power & Light Company, Case No. ER-85-265 (OPC)  
KPL/Gas Service Company, GR-86-76 (OPC)  
Missouri Cities Water Company, Case Nos. WR-86-111, SR-86-112 (OPC)  
Union Electric Company, Case No. EC-87-115 (OPC)  
Union Electric Company, Case No. GR-87-62 (OPC)  
St. Joseph Light and Power Company, Case Nos. GR-88-115, HR-88-116 (OPC)  
St. Louis County Water Company, Case No. WR-88-5 (OPC)  
West Elm Place Corporation, Case No. SO-88-140 (OPC)  
United Telephone Long Distance Company, Case No. TA-88-260 (OPC)  
Southwestern Bell Telephone Company, Case No. TC-89-14, et al. (OPC)  
Osage Utilities, Inc., Case No. WM-89-93 (OPC)  
GTE North Incorporated, Case Nos. TR-89-182, TR-89-238, TC-90-75 (OPC)  
Contel of Missouri, Inc., Case No. TR-89-196 (OPC)  
The Kansas Power and Light Company, Case No. GR-90-50 (OPC)  
Southwestern Bell Telephone Company, Case No. TO-89-56 (OPC)  
Capital City Water Company, Case No. WR-90-118 (OPC)  
Laclede Gas Company, Case No. GR-90-120 (OPC)  
Southwestern Bell Telephone Company, Case No. TR-90-98 (OPC)

Rebuttal Testimony  
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Empire District Electric Company, Case No. ER-90-138 (OPC)  
Associated Natural Gas Company, Case No. GR-90-152 (OPC)  
Southwestern Bell Telephone Company, Case No. TO-91-163 (OPC)  
Union Electric Company, Case No. ED-91-122 (OPC)  
Missouri Public Service, Case Nos. EO-91-358 and EO-91-360 (OPC)  
The Kansas Power and Light Company, Case No. GR-91-291 (OPC)  
Southwestern Bell Telephone Co., Case No. TO-91-163 (OPC)  
Union Electric Company, EM-92-225 and EM-92-253 (OPC)  
Southwestern Bell Telephone Company, TO-93-116(OPC) (OPC)  
Missouri Public Service Company, ER-93-37, (January, 1993) (OPC)  
Southwestern Bell Telephone Company, TO-93-192, TC-93-224 (OPC)  
Saint Louis County Water Company, WR-93-204 (OPC)  
United Telephone Company of Missouri, TR-93-181 (OPC)  
Raytown Water Company, WR-94-300 (OPC)  
Empire District Electric Company, ER-94-174 (OPC)  
Raytown Water Company, WR-94-211 (OPC)  
Missouri Gas Energy, GR-94-343 (OPC)  
Capital City Water Company, WR-94-297 (OPC)  
Southwestern Bell Telephone Company, TR-94-364 (OPC)  
Missouri Gas Energy, GR-95-33 (OPC)  
St. Louis County Water Company, WR-95-145 (OPC)  
Missouri Gas Energy, GO-94-318 (OPC)  
Alltel Telephone Company of Missouri, TM-95-87 (OPC)  
Southwestern Bell Telephone Company, TR-96-28 (OPC)  
Steelville Telephone Exchange, Inc., TR-96-123 (OPC)  
Union Electric Company, EM-96-149 (OPC)  
Imperial Utilites Corporation, SC-96-247 (OPC)  
Laclede Gas Company, GR-96-193 (OPC)  
Missouri Gas Energy, GR-96-285 (OPC)  
St. Louis County Water Company, WR-96-263 (OPC)  
Village Water and Sewer Company, Inc. WM-96-454 (OPC)  
Empire District Electric Company, ER-97-82 (OPC)  
UtiliCorp d/b/a Missouri Public Service Company, GR-95-273 (OPC)  
Associated Natural Gas, GR-97-272 (OPC)  
Missouri Public Service, ER-97-394, ET-98-103 (OPC)  
Missouri Gas Energy, GR-98-140 (OPC)

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St. Louis County Water, WO-98-223 (OPC)  
United Water Missouri, WA-98-187 (OPC)  
Kansas City Power & Light/Western Resources, Inc. EM-97-515 (OPC)  
St. Joseph Light & Power Company, HR-99-245 (OPC)  
St. Joseph Light & Power Company, GR-99-246 (OPC)  
St. Joseph Light & Power Company, ER-99-247 (OPC)  
AmerenUE, EO-96-14, (prepared statement) (OPC)  
Missouri American Water Company, WR-2000-281 (OPC)  
Missouri American Water Company, SR-2000-282 (OPC)  
UtiliCorp United Inc./St. Joseph Light & Power Company, EM-2000-292 (OPC)  
UtiliCorp United Inc./Empire District Electric Company, EM-2000-369 (OPC)  
St. Joseph Light & Power Company, EO-2000-845 (OPC)  
St. Louis County Water Company, WR-2000-844 (OPC)  
Union Electric Company, EO-2001-245 (OPC)  
Laclede Gas Company, GM-2001-342 (OPC)  
Empire District Electric Company, ER-2001-299 (OPC)  
Missouri-American Water Company, et. al., WM-2001-309 (OPC)  
AmerenUE, EC-2002-152, GC-2002-153 (OPC)  
UtiliCorp United Inc., ER-2001-672 (OPC)  
Aquila, Inc., GO-2002-175 (OPC)  
AmerenUE, ER-2002-001 (OPC)  
Laclede Gas Company, GA-2002-429 (OPC)  
AmerenUE, GR-2003-0517 (OPC)  
Algonquin Water Resources of Missouri & Silverleaf Resort, Inc. WO-2005-0206 (OPC)  
Kansas City Power & Light Company, Case No. EO-2005-0329 (OPC)  
Empire District Electric Company, Case No. ER-2006-0315 (OPC)  
Kansas City Power & Light Company, Case No. ER-2006-0314 (OPC)  
Atmos Energy Corporation, Case No. GR-2006-0387 (OPC)  
Missouri Gas Energy, Case No. GR-2006-0422 (OPC)  
Aquila, Inc., ER-2007-0004 (OPC)  
Missouri American Water Company, WR-2007-0216, (OPC)  
Kansas City Power & Light Company, ER-2007-0291 (OPC)  
Kansas City Power & Light Company/Aquila, Inc., EM-2007-0374 (OPC)  
Laclede Gas Company, GU-2007-0138 (OPC); AAO on Cold Weather Rule  
Laclede Gas Company, GT-2009-0026: PGA inclusion of Uncollectible  
Kansas City Power & Light Company, ER-2009-0089; Fleet Fuel Costs, Rate Case Expense

Rebuttal Testimony  
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KCPL Greater Missouri Operations Company, ER-2009-0090, Rate Case Expense