

Exhibit No.:	
Issue(s):	Prepaid Pension Rate Base & Amortization
Witness:	Ted Robertson
Type of Exhibit:	Direct
Sponsoring Party:	Public Counsel
Case Number:	ER-2009-0090
Date Testimony Prepared:	February 13, 2009

DIRECT TESTIMONY

OF

TED ROBERTSON

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

February 13, 2009

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

In the Matter of the Application of Aquila,)
Inc. dba KCP&L Greater Missouri)
Operations Company for Approval to Make)
Certain Changes in its Charges for Electric)
Service)

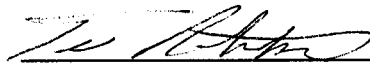
Case No. ER-2009-0090

AFFIDAVIT OF TED ROBERTSON

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

Ted Robertson, of lawful age and being first duly sworn, deposes and states:

1. My name is Ted Robertson. I am a Public Utility Accountant for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




Ted Robertson, C.P.A.
Public Utility Accountant III

Subscribed and sworn to me this 13th day of February 2009.



JERENE A. BUCKMAN
My Commission Expires
August 10, 2009
Cole County
Commission #05754036



Jerene A. Buckman
Notary Public

My Commission expires August, 2009.

1 A. I graduated in May, 1988, from Southwest Missouri State University in Springfield,
2 Missouri, with a Bachelor of Science Degree in Accounting. In November of 1988, I
3 passed the Uniform Certified Public Accountant ("CPA") Examination, and I obtained
4 CPA certification from the State of Missouri in 1989. My CPA license number is
5 2004012798.

6
7 Q. HAVE YOU RECEIVED SPECIALIZED TRAINING RELATED TO PUBLIC
8 UTILITY ACCOUNTING?

9 A. Yes. In addition to being employed by the Office of the Public Counsel for over eighteen
10 years, I have attended the NARUC Annual Regulatory Studies Program at Michigan
11 State University and participated in numerous training seminars relating to this specific
12 area of accounting study.

13
14 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI PUBLIC
15 SERVICE COMMISSION ("COMMISSION" OR "MPSC")?

16 A. Yes, I have testified on numerous issues before this Commission. Please refer to
17 Schedule TJR-1, attached to this testimony, for a listing of cases in which I have
18 submitted testimony.

19
20 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

21 A. The purpose of this testimony is to express the Public Counsel's recommendations
22 regarding the ratemaking treatment of the Aquila Networks - MPS ("MPS" or
23 "Company") prepaid pension asset authorized in Aquila Inc., Case No. ER-2004-0034.

1 **II. PREPAID PENSION**

2 Q. WHAT IS THE ISSUE?

3 A. In Aquila Inc., Case No. ER-2004-0034 Company was authorized to amortize
4 accumulated prepaid pension cost over a 5-1/2 year period. On page six of the Order
5 Approving Stipulation And Agreement in Case No. ER-2004-0034, effective April 22,
6 2004, it states:

7
8 The parties further agree that MPS rates include a \$2,110,436 annual
9 provision for MPS electric jurisdictional prepaid pension amortization,
10 \$2,252,742 for L&P electric and \$98,687 for L&P steam. For MPS the
11 amortization period will be 5-1/2 years. For L&P the amortization will
12 be 9-1/4 years.
13

14 Company workpapers for the current case show that it proposes to include the
15 unamortized balance as of March 2009 in rate base and to adjust its MPS 2007 per book
16 actual expense (which is slightly more than the amortization authorized in Case No. ER-
17 2004-0034) to equal the annual amortization originally authorized; however, Public
18 Counsel believes that the March 2009 rate base amount and the annual amortization, as
19 originally authorized, are not representative of ongoing costs.
20

21 Q PLEASE EXPLAIN THE PUBLIC COUNSEL'S POSITION.

22 A. The amortization period authorized in Case No. ER-2004-0034 results in the MPS
23 prepaid pension balance being completely recovered before the end of October 2009;
24 whereas, the effective law date of the current case is August 5, 2009. Thus, including the
25 March 2009 unamortized balance in rate base along with a full year of amortization in the

1 Company's cost of service would not be appropriate given that the original balance will
2 be fully recovered in less than three months after the close of this case.

3
4 Q. WHAT DOES PUBLIC COUNSEL RECOMMEND?

5 A. Public Counsel recommends that the MPS unamortized prepaid pension balance at the
6 effective date of tariffs in the instant case be the amount included in rate base. The
7 unamortized balance at that date approximates \$444,950. In addition, I recommend that
8 annual amortization originally authorized in Case No. ER-2004-0034 be modified to
9 reflect only the amortization of the \$444,950 remaining balance to expense over the time
10 period between the current case effective date of tariffs and the expected effective date of
11 tariffs for Company's next general rate increase case. For example, utilizing an estimated
12 36 months (the approximate time period between the filing of ER-2007-0004 and the
13 current case plus 11 months) as the effective date of tariffs for Company's next general
14 rate increase results in an annual electric jurisdictional expense amortization - prior to
15 capitalization of approximately \$148,317 (i.e., \$444,950 divided by 3 years). The revised
16 annual amortization of \$148,317 results in an annual expense reduction of approximately
17 \$1,975,179 when compared to Company's actual 2007 per book actual expense (i.e.,
18 \$2,123,496 less \$148,317)

19
20 Q. IS PUBLIC COUNSEL RECOMMENDING AMORTIZING THE REMAINING
21 PREPAID PENSION BALANCE OVER 3 YEARS AS DESCRIBED IN THE
22 EXAMPLE ABOVE?

1 A. Yes. The example above utilized a time period estimate based on Company's historical
2 filings; therefore, I believe it reasonable unless Company is able to provide information
3 identifying more precisely its future filings timetable.

4

5 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

6 A. Yes, it does.

**CASE PARTICIPATION
OF
TED ROBERTSON**

<u>Company Name</u>	<u>Case No.</u>
Missouri Public Service Company	GR-90-198
United Telephone Company of Missouri	TR-90-273
Choctaw Telephone Company	TR-91-86
Missouri Cities Water Company	WR-91-172
United Cities Gas Company	GR-91-249
St. Louis County Water Company	WR-91-361
Missouri Cities Water Company	WR-92-207
Imperial Utility Corporation	SR-92-290
Expanded Calling Scopes	TO-92-306
United Cities Gas Company	GR-93-47
Missouri Public Service Company	GR-93-172
Southwestern Bell Telephone Company	TO-93-192
Missouri-American Water Company	WR-93-212
Southwestern Bell Telephone Company	TC-93-224
Imperial Utility Corporation	SR-94-16
St. Joseph Light & Power Company	ER-94-163
Raytown Water Company	WR-94-211
Capital City Water Company	WR-94-297
Raytown Water Company	WR-94-300
St. Louis County Water Company	WR-95-145
United Cities Gas Company	GR-95-160
Missouri-American Water Company	WR-95-205
Laclede Gas Company	GR-96-193
Imperial Utility Corporation	SC-96-427
Missouri Gas Energy	GR-96-285
Union Electric Company	EO-96-14
Union Electric Company	EM-96-149
Missouri-American Water Company	WR-97-237
St. Louis County Water Company	WR-97-382
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
United Water Missouri Inc.	WR-99-326
Laclede Gas Company	GR-99-315
Missouri Gas Energy	GO-99-258
Missouri-American Water Company	WM-2000-222
Atmos Energy Corporation	WM-2000-312
UtiliCorp/St. Joseph Merger	EM-2000-292
UtiliCorp/Empire Merger	EM-2000-369
Union Electric Company	GR-2000-512
St. Louis County Water Company	WR-2000-844
Missouri Gas Energy	GR-2001-292
UtiliCorp United, Inc.	ER-2001-672
Union Electric Company	EC-2002-1
Empire District Electric Company	ER-2002-424

**CASE PARTICIPATION
OF
TED ROBERTSON**

Company Name	Case No.
Missouri Gas Energy	GM-2003-0238
Aquila Inc.	EF-2003-0465
Aquila Inc.	ER-2004-0034
Empire District Electric Company	ER-2004-0570
Aquila Inc.	EO-2005-0156
Aquila, Inc.	ER-2005-0436
Hickory Hills Water & Sewer Company	WR-2006-0250
Empire District Electric Company	ER-2006-0315
Central Jefferson County Utilities	WC-2007-0038
Missouri Gas Energy	GR-2006-0422
Central Jefferson County Utilities	SO-2007-0071
Aquila, Inc.	ER-2007-0004
Laclede Gas Company	GR-2007-0208
Kansas City Power & Light Company	ER-2007-0291
Missouri Gas Utility, Inc.	GR-2008-0060
Empire District Electric Company	ER-2008-0093
Missouri Gas Energy	GU-2007-0480
Stoddard County Sewer Company	SO-2008-0289
Missouri-American Water Company	WR-2008-0311
Union Electric Company	ER-2008-0318
Aquila, Inc., d/b/a KCPL GMOC	ER-2009-0090