

Exhibit No.:
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Witness: Frank A. DeBacker
Sponsoring Party: Aquila Networks-MPS
[REDACTED]
Case No.: ER-2004-0034 &
[REDACTED]

Before the Public Service Commission
of the State of Missouri

Rebuttal Testimony

of

Frank A. DeBacker

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REBUTTAL TESTIMONY OF
FRANK A. DEBACKER
AQUILA, INC. D/B/A AQUILA NETWORKS-MPS
[REDACTED]
CASE NOS. ER-2004-0034 [REDACTED]
[REDACTED]

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
REBUTTAL TESTIMONY OF FRANK A. DEBACKER
ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS [REDACTED]
CASE NOS. ER-2004-0034 [REDACTED]**

1 Q. Please state your name and business address.

2 A. My name is Frank A. DeBacker and my business address is 7308 N. Richmond Avenue,
3 Kansas City, Missouri 64158.

4 Q. What is your current relationship with Aquila, Inc?

5 A. I am a retired employee of Aquila, Inc. ("the Company"). I retired on June 30, 2001. I
6 am currently providing services to the Company as an independent contractor.

7 Q. Why did the Company retain you as an independent contractor?

8 A. The Company has retained me to provide expert testimony to support its position
9 concerning the Power Sales Agreement ("PSA") between Aquila Networks-MPS
10 ("MPS") and MEP – Pleasant Hill, LLC ("MEPPH"), based upon my role in negotiating
11 the PSA on behalf of MPS.

12 Q. What was your involvement in the PSA?

13 A. As the PSA was being developed, negotiated and signed between 1998 and 1999, I was
14 Vice-President, Fuel and Purchased Power. All of my positions at Aquila, including this
15 one, have always been on the "regulated" side of the Company. In that capacity, one of
16 my responsibilities was for the solicitation and evaluation of proposals for the provision
17 of supply side resources to the Company's regulated electric operations. I also was
18 responsible for the negotiation of any resulting contracts.

1 Q. What is your experience in the utility industry?

2 A. I was employed in the utility industry from June 1972 until my retirement from Aquila in
3 June 2001. My experience in the industry covers almost all aspects of the planning,
4 design, construction, operation, and maintenance of electric power systems including fuel
5 supply and supply side resource procurement. However, I do not have any experience in
6 the design and construction of electric generation facilities. A copy of my resume is
7 attached as Schedule FAD-1.

8 Q. Before proceeding, please define each of the abbreviations used in your testimony.

9 A. The abbreviations and the entities they represent are as follows:

10	Company	Aquila, Inc., formerly UtiliCorp United Inc.
11	MPS	Aquila, Inc.'s regulated electric operations formerly
12		known as Missouri Public Service, a division of the
13		Company
14	MEPPH	MEP – Pleasant Hill, LLC, the entity formed by
15		Aquila Merchant to own and operate its generation
16		facility at Pleasant Hill, Missouri. It is now co-
17		owned by subsidiaries of Aquila and Calpine Corp.
18	Aquila	
19	Merchant	Aquila Merchant Services, Inc., a wholly owned
20		subsidiary of the Company. Aquila Merchant
21		operations include Aquila Power Corp., Aquila
22		Energy Marketing Corp., Merchant Energy Partners
23		and MEPPH
24	FERC	Federal Energy Regulatory Commission
25	MoPSC	Missouri Public Service Commission (also referred
26		to as "Commission")
27	Houston	Houston Industries, Inc. (now known as Reliant
28		Energy, Inc.)
29	PPA	Purchased Power Agreement
30	PSA	Power Supply Agreement between MEPPH and
31		MPS (Feb. 22, 1999)

1 Staff Staff of the Missouri Public Service Commission

2 OPC Missouri Office of the Public Counsel

3

4 Q. What is the purpose of your rebuttal testimony in this proceeding?

5 A. The purpose of my rebuttal testimony is to rebut the direct testimony of Staff witnesses
6 Mr. Mark L. Oligschlaeger and Mr. Cary G. Featherstone as their testimony relates to the
7 disallowance of capacity costs being incurred by MPS as a result of the PSA.

8 Q. How is your testimony organized?

9 A. My testimony is organized as follows:

- 10 1. A brief discussion of the MoPSC rules and regulations which
11 govern the process by which supply side resources are acquired
12 by jurisdictional electric utilities in Missouri.
- 13 2. An extensive discussion of the process that MPS followed
14 during the solicitation, negotiation and execution of the PSA.
- 15 3. A brief discussion of the regulatory approval process for the
16 PSA.
- 17 4. A brief summary of my testimony and conclusions.

18 **Commission Affiliate Transaction Rules**

19 Q. Are you aware Staff witness Mark L. Oligschlaeger states in his Direct Testimony at page
20 15, line 22, through page 16, line 1, that the MPS-MEPPH PSA is an example of affiliate
21 abuse and that the MoPSC should disallow the capacity payment included in the PSA and
22 instead allow a value for the capacity that represents the lower of fully distributed cost or
23 market price, as provided in the Commission's current affiliate rules, 4 CSR 240-20.015?

24 A. Yes. As explained later, I disagree with this assertion.

25 Q. Were the current MoPSC's affiliate rules in effect when the MPS-MEPPH PSA was
26 negotiated and executed?

1 A. No.

2 Q. What Commission rules and regulations governed the process through which
3 jurisdictional utilities acquired supply side resources at the time MPS was acquiring the
4 capacity and energy provided by the PSA?

5 A. Commission rules and regulations governing the acquisition of supply side resources
6 came into being in the early 1990s.

7 On March 29, 1993, the MoPSC issued regulations governing “Electric Utility
8 Resource Planning” which were codified at 4 CSR 240-22. These rules, known as
9 Integrated Resource Planning (“IRP”), laid out requirements for: (a) Load analysis and
10 forecasting, (b) Supply-side resource analysis, (c) Demand-side resource analysis,
11 (d) Integrated resource analysis, (e) Risk analysis and strategy selection, and (f) Filing
12 schedules and requirements. These rules placed additional requirements upon Missouri
13 regulated electric utilities, which were required to expend additional monetary and human
14 resources necessary to develop additional methods of analysis, as well as to meet and
15 confer with Staff and OPC.

16 In 1997, in response to the continued move to deregulation of various segments of
17 the electric utility industry and the rise of merchant or non-regulated generation, Staff and
18 OPC, in concert with the utilities, explored a more streamlined approach to resource
19 planning that would reflect these changes in the industry and still provide reliable,
20 reasonably priced electric energy to Missouri citizens. These efforts led to five
21 Commission orders that shifted the emphasis from the filing requirements of Chapter 22
22 of 4 CSR 240 to joint agreements that would allow the parties to go forward with issues

1 jointly related to electric resource planning and retail competition in an efficient and
2 effective manner.

3 Q. Please explain what led to these five orders.

4 A. Staff and OPC negotiated with each of the five Missouri jurisdictional electric utilities
5 then in existence and reached separate agreements with each utility. These agreements
6 considered the particular situation that each utility faced in meeting the power supply
7 needs of its customers. The case number and effective date for each agreement are shown
8 in Table 1. Copies of the orders are attached as Schedules FAD-2 through FAD-6.

9
10 **Table 1 – Integrated Resource Plans & Joint Agreements**

<u>Utility</u>	<u>Case Number</u>	<u>Effective Date</u>	<u>Schedule</u>
St. Joseph Light & Power Co.	EO-96-5	January 7, 1997	FAD-2
Kansas City Power & Light Co.	EO-97-522	July 29, 1997	FAD-3
Union Electric Co.	EO-94-178	November 14, 1997	FAD-4
Empire District Electric Company	EO-96-56	January 21, 1998	FAD-5
UtiliCorp United Inc. (Aquila)	EO-98-316	July 7, 1998	FAD-6

11
12
13 Q. When was the Company's Case No. EO-98-316 opened?

14 A. January 28, 1998.

15 Q. Why is this date important?

16 A. As will be discussed later, the date of January 28, 1998 is important because it shows that
17 the provisions contained in Case No. EO-98-316 were being negotiated at the time MPS
18 began the process to acquire new power supply resources in the spring of 1998.

19 Q. Are there any common themes found in the five agreements?

1 A. Yes. While each agreement has elements that are tailored to the subject utility, the
2 following themes are consistent in each agreement:

- 3 • The electric utility industry is an industry in transition
- 4 • This transition results in shorter planning horizons
- 5 • Shorter planning horizons result in shorter-term supply-side resource
6 commitments acquired through competitive bidding
- 7 • The utilities will provide Staff and OPC with periodic reports and briefings on
8 such supply matters

9
10 Q. What conclusions can be drawn from the common themes that are found in each of the
11 five agreements?

12 A. The jurisdictional utilities (including MPS), Staff and OPC were aware of and concerned
13 about the potential impact of the fundamental changes occurring in the electric utility
14 industry. As a result, they convinced the Commission to issue orders that made
15 significant changes in the planning and acquisition of supply-side resources.

16 Q. What are these significant changes?

17 A. The traditional planning horizon of 20 to 30 years was replaced with a much shorter
18 horizon of 3 to 5 years. Additionally, any new supply-side resource needs would be met
19 through a competitive bidding process that would result in contracts with shorter terms
20 that would be consistent with shorter planning horizons.

21 Q. What are the main elements of the supply-side resource acquisition process that Aquila
22 was ordered to follow by the Commission in Case EO-98-316?

23 A. A complete list of the requirements for acquiring new supply-side resources is found on
24 pages 9 and 10 of Attachment A of the Order. See Schedule FAD-6, pages 13 & 14. The
25 main elements are:

- 1 1. MPS should use short-term capacity markets to acquire new supply-side
2 resources through a competitive bidding process.
- 3 2. Staff and OPC would be given the opportunity to comment on any Request
4 for Proposal (“RFP”) that MPS would issue to acquire additional supply-
5 side resources.
- 6 3. MPS would provide Staff and OPC the results of its evaluation of the
7 proposals received in response to RFP’s.

8

9 Q. What is the significance of the Commission’s Order directing the Company to use short-
10 term capacity markets to acquire new supply-side resources?

11 A. It eliminated the option of building regulated rate-based generation from consideration as
12 a potential supply-side resource because rate-based generation represented an expensive
13 long-term commitment roughly equal to the projected useful life of the asset.

14 Q. Did the Company agree with the Commission Order in EO-98-316 and its implicit
15 decision regarding the construction of rate-based generation?

16 A. Yes. As discussed in the testimonies of Mr. Stamm and Mr. Empson, the Commission
17 Order was consistent with the Company’s position.

18 Q. Did MPS comply with the requirements for acquiring new supply-side resources?

19 A. Yes. I believe that MPS complied with the resource acquisition requirements of the final
20 order in Case No. EO-98-316.

21 Q. Does this complete your review of the history of the Commission rules governing the
22 acquisition of supply-side resources?

23 A. Yes, it does.

1 **MPS's Acquisition of Supply-Side Resources**

2 Q. Do you agree with Staff's position in the Direct Testimony (Oligschlaeger at 10, l. 8-12)
3 that Aquila's decision to enter into the PSA violated MoPSC policy governing pricing
4 between affiliated interests?

5 A. No, I do not agree. I believe Staff's position is based upon a serious misunderstanding of
6 how the PSA was negotiated and what it actually provides in terms of the pricing of
7 energy and capacity. To understand that pricing you must first understand the process
8 that led to the final bid that was selected.

9 Q. Would you please review that process?

10 A. Yes. This section of my testimony recounts the process followed by MPS that led to the
11 PSA.

12 Q. When did MPS begin this process?

13 A. The process began in the spring of 1998. In my letter of April 7, 1998 to Dr. Michael S.
14 Proctor, Staff Chief Energy Economist, with copies to Mr. Ryan Kind, OPC Chief Utility
15 Economist, I outlined the capacity needs of MPS for the years 2000 and 2001 and
16 presented a draft RFP for supply-side resources designed to meet those needs. I requested
17 that they review the draft RFP and provide any comments or suggestions. A copy of the
18 letter and the attached draft RFP is attached as Schedule FAD-7.

19 Q. Why is the letter of April 11, 1998 with its draft RFP significant?

20 A. The letter and draft RFP are significant for two reasons.

21 First, although the Company was still negotiating the terms of the joint agreement
22 in Docket No. EO-98-316 that would replace the IRP rules, MPS conducted itself in

1 accord with the provisions it expected to be contained in such an agreement. MPS
2 believed those provisions would be substantially similar to the directives contained in the
3 Commission's orders issued in the dockets relating to the other Missouri investor-owned
4 utilities. See Table 1, above. Consequently, through the referenced letter, MPS notified
5 both Staff and OPC of MPS's projected near term supply-side requirements and its
6 intention to issue an RFP to meet those requirements.

7 Second, the draft RFP submitted by MPS contained a section in which it reserved
8 the right to submit a "self-build" proposal in the form of an unregulated Exempt
9 Wholesale Generator ("EWG"). The draft RFP did not contain an option for MPS to
10 build a rate-based generating plant. Thus, Staff and OPC were both aware at a very early
11 stage that MPS had no plans to construct a rate-based generating plant at that time.

12 Q. Did Staff make any comments on the content of the proposed RFP?

13 A. Yes. In a letter dated May 1, 1998 from Dr. Proctor and Mr. Roger W. Steiner,
14 Assistant General Counsel, Staff raised concerns regarding Section I of the draft RFP. A
15 copy of their letter is attached as Schedule FAD-8.

16 Q. What were main concerns raised by Staff?

17 A. Staff's main concern related to creating and maintaining a separation between MPS
18 personnel involved in the RFP and the evaluation of responsive bids received and any
19 MPS personnel estimating the cost of a potential EWG.

20 Q. Did the OPC make any comments on the content of the proposed RFP?

1 A. Yes. On May 11, 1998, OPC's Ryan Kind stated that he shared the concerns expressed
2 by Staff regarding Section I of the draft RFP. See Schedule FAD-9. In addition, OPC
3 stated that:

4 "Given the current uncertainties about what regulations and market
5 structure are likely to arise in the electric utility industry, OPC does not
6 believe that UtiliCorp should be acquiring an ownership interest in
7 additional generating facilities that are located in the same market where
8 it owns and operates electric distribution and transmission facilities."
9

10
11 Q. What is your interpretation of OPC's concern?

12 A. OPC did not believe that MPS or any affiliate of MPS should construct electric
13 generation facilities in the MPS market area.

14 Q. Did either Staff or OPC raise any objections at this time to MPS submitting a bid as an
15 EWG and not a bid based on a rate-based generation asset?

16 A. No, they did not.

17 Q. What conclusions did you draw from the comments of Staff and OPC?

18 A. I drew four conclusions from their comments:

- 19 1. Both Staff and OPC were aware April 1998 that if MPS were to submit a
20 response to the RFP, it would be in the form of an EWG. It would not be
21 a generating plant constructed by MPS and placed in rate base.
- 22 2. Neither Staff nor OPC raised a concern or an objection to the fact that the
23 RFP clearly indicated that MPS did not plan to build a rate-based
24 generating asset.
- 25 3. OPC was opposed to the Company owning any additional generating
26 facilities in its market area.
- 27 4. Both Staff and OPC were concerned about how MPS would ensure an
28 unbiased evaluation of proposals in the event MPS decided to submit a
29 proposal in response to the RFP.

30
31 Q. Did MPS make any changes in the RFP in response to the comments of Staff and OPC?

1 A. Yes. MPS removed the contents of Section I in which MPS retained the option to submit
2 an EWG proposal.

3 Q. Did MPS abandon the EWG concept?

4 A. No. MPS did not abandon the concept of an EWG and continued to develop cost
5 estimates to construct and operate a 500-MW combined-cycle generating plant as an
6 EWG. MPS continued this effort because it believed that this option could still offer the
7 lowest cost to MPS customers.

8 Q. Did MPS make any other changes to the RFP?

9 A. Yes. The time period for which proposals were requested was extended to May 31, 2004
10 from May 31, 2001.

11 Q. Why was the time period extended?

12 A. The capacity market was becoming tighter. We assumed that most proposals submitted
13 in response to MPS's RFP would come from new generation facilities, rather than from
14 an entity that had excess generating capacity. We believed that a longer-term
15 commitment would be required to support new construction.

16 Q. Did this turn out to be the case?

17 A. Yes. As discussed below, the majority of proposals came from entities that planned to
18 build merchant generating facilities if they were the successful bidder.

19 Q. Did MPS provide Staff and OPC with a copy of the revised RFP?

20 A. Yes. On May 21, 1998, MPS notified both Staff and OPC of the changes made in
21 response to their comments and provided them with a copy of the revised RFP. A copy of

1 MPS's response to the comments of Staff and OPC, as well as a copy of the revised RFP
2 is attached as Schedule FAD-10.

3 Q. Did MPS issue the revised RFP for new supply-side resources?

4 A. Yes. MPS issued the revised RFP on May 22, 1998. Proposals were due on July 3, 1998.

5 Q. How many potential providers of supply-side resources were requested to submit
6 proposals in response to the RFP?

7 A. Over 40 different entities were requested to submit responses to the RFP. A partial list of
8 recipients of the RFP is attached as Schedule FAD-11.

9 Q. How many responses to the RFP were received?

10 A. As shown in Table 2 below, eight different potential power suppliers submitted
11 proposals. Of the original proposals, only that of LS Power, LLC provided sufficient
12 capacity to meet the MPS projected need of 500MW. All other proposals were for
13 smaller amounts.

14

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1 **Table 2 – Proposals Received in Response to RFP**

Entity Name	MW Capacity	Contract Term	Resource Type/ New or Existing
Aquila Power Corporation	100	6/2000 – 5/2004	Combined Cycle – New Construction
Basin Electric Cooperative	100	6/2000 – 5/2004	System Resources – Existing
Carolina Power & Light Co.	150	6/2000 – 5/2004	Simple Cycle – New Construction
LS Power, LLC	540	June 2001 – May 2011	Combined Cycle – New Construction
NorAm Energy Services, Inc.	100	6/2001 – 5/2004	Simple Cycle – New Construction
NP Energy, Inc.	100	6/2001 – 5/2004	Simple Cycle – New Construction
Southern Energy Marketing	100	6/2001 – 5/2004	Combined Cycle – New Construction
Southwestern Public Service Co.	100	6/2000 – 5/2004	System Resources – Existing

2
3
4 Four proposals offered capacity for the period June 2000 to May 2001. The other
5 four proposals offered capacity beginning in June 2001. The LS Power, LLC proposal
6 was for a term of ten years, which is six years longer than requested in the RFP. In a
7 letter dated August 21, 1998, Southwestern Public Service Co. subsequently reduced the
8 term of its proposal to the period June 2000 to May 2001.

9 Q. What is the significance of the fact that most of the proposals were for less than the 500
10 megawatts that MPS required?

11 A. It meant that for evaluation purposes, several proposals would have to be combined into a
12 portfolio of resources in order to meet MPS resource requirements.

13 Q. How were the proposals evaluated?

1 A. Bidders were instructed to submit their proposals to Burns & McDonnell, a national
2 engineering and consulting company retained by MPS to evaluate the proposals.

3 Q. Did MPS itself submit its estimate of the cost to supply power from an EWG that would
4 potentially be constructed by MPS?

5 A. Yes, it did.

6 Q. What was the cost estimate for this EWG option?

7 A. MPS estimated that if the EWG option were structured in the customary fashion, MPS
8 would pay: (1) a Fixed Capacity Payment of \$33 million; and (2) a Variable Operation &
9 Maintenance ("O&M") Charge to cover the variable cost of converting the fuel provided
10 by MPS into the electric energy delivered to MPS. The EWG would convert the fuel
11 provided by MPS into electric energy for delivery to MPS at a guaranteed rate.

12 Q. Is that cost structure consistent with what is found in the PSA in this case?

13 A. Yes. It is consistent with standard resource-specific contracts in which the purchaser (in
14 this case MPS) would supply the fuel.

15 Q. How did Burns & McDonnell evaluate the proposals?

16 A. Burns & McDonnell created seven different portfolios, the elements of which are
17 discussed in their report. See Schedule FAD-13, pages 21 to 29. It used the RealTime®
18 production costing software from the Emelar Group to evaluate the each portfolio.

19 Q. Please explain how the Realtime® production costing software works.

20 A. RealTime® is a standard tool used to analyze production costs that is well recognized and
21 accepted in the electric utility industry. For each potential resource (or portfolio of
22 resources) under consideration, a RealTime® database was created which contained the

1 operating characteristics of the potential resource together with those of existing supply-
2 side resources (both generation and existing PPAs), fuel costs, market energy costs and
3 system hourly load projections. Using the database thus created, the RealTime® software
4 was used to determine the hourly, variable cost incurred to serve the projected system
5 load. These hourly costs are then summed for each year in the study period to create a
6 projected total annual variable cost.

7 RealTime® operates in a chronological fashion in that it analyzes and solves each
8 hour of a system's energy demands before moving to the next hour. Thus, it closely
9 simulates the way a utility operates its power supply portfolio by scheduling power from
10 generating units and PPAs on a lowest-cost basis. Its analysis is driven by the projection
11 of generating unit availability and fuel, start-up, and O&M costs, as well as the
12 availability and cost of purchased electric energy. RealTime® provides data on many
13 subjects (such as power production amounts, fuel costs, O&M costs, marginal costs, and
14 average system costs) for each power supply resource included in the model.

15 The annual variable costs projected by RealTime® are then combined with the
16 annual fixed costs associated with the resource(s) under consideration to arrive at a total
17 annual system cost that would result if the resource under consideration were selected.
18 This analysis method does not include the fixed costs associated with existing supply side
19 resources since these costs would be the same for all cases. Finally, for each resource
20 under consideration, the annual power supply costs were summed to create a projected
21 total cost figure. The resource that results in the lowest total cost is the one that is judged
22 to provide the lowest projected cost to MPS customers.

1 Q. What were the results of Burns & McDonnell's evaluation of the proposals?

2 A. The evaluation indicated that the estimate of power supply costs from an EWG
3 constructed by the Company was one of the lowest cost power supply options.

4 Q. Did MPS provide Staff and OPC with the results of the evaluation of the competitive
5 bidding process?

6 A. Yes. At the time Burns & McDonnell completed its preliminary evaluation of the
7 proposals, MPS had scheduled a meeting with Staff and OPC personnel to present its
8 semi-annual resource planning update. The meeting was scheduled for August 24, 1998,
9 and MPS planned to discuss the results of the bid evaluation at that time. However, when
10 preliminary results became available indicating that the MPS EWG option would be one
11 of the lowest cost options, I conveyed this information to Dr. Proctor of Staff and
12 Mr. Kind of OPC through a letter that I wrote to them on August 4, 1998. In that letter I
13 explained that the preliminary analysis indicated the construction of a 500MW power
14 plant by MPS was one of the lowest cost alternatives. In light of this development, I
15 informed Staff and OPC that since MPS had not submitted a formal proposal, it was
16 prepared to reissue the RFP and conduct another round of bidding if Staff and OPC
17 desired. I also provided a draft RFP for review by Staff and OPC. A copy of my letter to
18 Staff and OPC is attached as Schedule FAD-12. The RFP stated that:

19 "UCU's proposal will take the form of an **Exempt Wholesale Generator**
20 and will be responsive to the requirements of the RFP."

21
22 See Schedule FAD-12, page 4, 3rd paragraph (emphasis added).

23 Q. Why did you offer to re-bid MPS' power supply needs?

1 A. In light of the initial comments made by Staff and OPC, MPS had removed the option of
2 its bidding though an EWG from the original RFP. To avoid any suspicion that MPS had
3 'rigged' the process, I thought it prudent to offer the re-bid option to Staff and OPC. I
4 also wanted to once again bring to the attention of Staff and OPC that MPS did not plan
5 to construct a rate-based generating facility.

6 Q. Did Staff or OPC express any concern with the fact that the Company did not propose to
7 construct a rate-based generating facility?

8 A. No, they did not.

9 Q. Was the re-bid option pursued?

10 A. No. Neither Staff nor OPC indicated that reissuing the RFP was necessary.

11 Q. Was the resource planning update meeting held as scheduled on August 24, 1998.

12 A. Yes, it was.

13 Q. Were the results of the evaluation of the RFPs discussed at that meeting?

14 A. Yes, they were. MPS provided Staff and OPC with copies of the proposals and the
15 results of the evaluation conducted by Burns & McDonnell. A copy of the supply side
16 planning update, including the Burns & McDonnell Report and the proposals received,
17 were given to Staff and OPC. See Schedule FAD-13.

18 Q. Was the offer to re-bid the MPS supply side resource requirement discussed at the
19 meeting?

20 A. Yes, it was.

21 Q. What were the results of that discussion?

1 A. Staff and OPC advised MPS that it was not necessary to not reissue the RFP. In lieu of
2 reissuing the RFP, Staff and OPC recommended that MPS contact all of the original
3 bidders to:

- 4 1. Determine if each bidder continued to have an interest in providing power supply
5 resources to MPS, and
- 6 2. Provide each bidder with an opportunity to update or otherwise modify its original
7 proposal.
8

9 Q. Was this done?

10 A. Yes. On August 25, 1998, I wrote a letter to each of the original bidders requesting that
11 they confirm their continued interest in providing power supply resources to MPS and
12 update their proposals if necessary. All firms stated that they continued to have an
13 interest. Since Southwestern Public Service Co. had previously reduced the term of its
14 proposal from 2000-2004 to 2000-2001; its proposal was removed from consideration.

15 Q. Did you supply this information to Staff and OPC?

16 A. Yes. I wrote a letter to Staff and OPC, dated September 14, 1998, which so advised
17 them. On September 18, 1998, at the request of Mr. Kind of OPC, I provided Staff and
18 OPC with a copy of my letter of August 25, 1998 letter to the original bidders and the
19 responses received. Copies of the letters (including attachments) are attached as
20 Schedules FAD-14 and FAD-15, respectively.

21 Q. Your discussion has taken us to mid-September of 1998. What happened in the fall of
22 1998?

23 A. Two events occurred which affected the evaluation process.

1 First, in September 1998, the Company decided to form Merchant Energy Partners within
2 Aquila Merchant to develop and own all EWG and Independent Power Producer facilities
3 of the Company. This meant that the EWG project, which up to this time had been
4 developed by MPS, was transferred to Aquila Merchant. As discussed by Company witness
5 Max Sherman, Aquila Merchant proceeded to develop a business case to build and own the
6 generation facility.

7 Second, the Company began to pursue potential mergers with two different utilities
8 that increased the workload in the power supply group. This increase in workload extended
9 the analysis period for the power supply proposals. Due to the fact that the bidding process
10 for new power supply resources was taking longer than anticipated, MPS decided to meet
11 its June 2000 to May 2001 supply-side resource needs through one-year PPAs.

12 Q. What impact did these decisions have on the final evaluation of the proposals?

13 A. MPS delayed the evaluation of final bids until December 1998. Additionally, since the
14 June 2000 to May 2001 supply-side resource needs had been met, the evaluation period
15 began in June 2001 instead of June 2000.

16 Q. How did you communicate the delay in the bid evaluation process to the prospective
17 bidders?

18 A. On November 6, 1998, I wrote a letter to the original bidders explaining that there had
19 been a delay and again requesting that they confirm their interest and update their
20 proposals. Best and final offers were to be received no later than November 30, 1998.

21 Q. Did all of the original bidders continue to have an interest in supplying power to MPS?

1 A. No, they did not. Several of the original bidders had either been removed from
2 consideration or did not continue to have an interest. Those proposals that were no longer
3 under consideration are shown below:

- 4 • Basin Electric – Did not respond to letter of November 6, 1998
- 5 • Carolina Power & Light – Did not respond to letter of November 6, 1998
- 6 • LS Power, LLC – Withdrew proposal due to increased equipment cost and
7 unwillingness to accept shorter term contract
- 8 • NP Energy, Inc. – Assigned its proposal to Houston Industries
- 9 • Southern Company Energy – Did not respond to letter of November 6, 1998
- 10 • New Century Energy (successor to Southwestern Public Service) – previously
11 reduced term of proposal to June 2000 – May 2001 and consequently was
12 removed from consideration.

13
14 Q. As of December 1, 1998, how many of the original bidders continued to be interested in
15 providing supply side resources to MPS?

16 A. Two entities continued to have great interest: Aquila Merchant and Houston. Both of
17 these proposals offered lower supply-side resource costs than the original proposals
18 submitted in July-August 1998.

19 Q. Please describe the Houston proposal.

20 A. An introductory meeting between Houston and MPS was held on November 9, 1998
21 where Houston presented its corporate structure and aspirations in the developing
22 unregulated electric marketplace. MPS discussed its needs and the potential
23 interconnection point with its system at its Pleasant Hill substation in Cass County. A
24 copy of the Houston presentation is attached as Schedule FAD-16.

25 On December 1, 1998, Houston submitted a proposal for the supply of 326MW of
26 peaking capacity (summer rating of 300MW) for the period June 1, 2001 through May 31,

1 2006. The delivery point was to be the MPS substation at Pleasant Hill. During
2 negotiations Houston subsequently revised its proposal on January 6, 1999. The January
3 6th proposal was for the provision of 500MW of summer capacity (June 1 – September
4 30, 2001-2005) with a capacity cost of \$8,420 per MW-month and 200MW of winter
5 capacity (October 1 – May 31, 2001-2006) at a cost of \$4,210 per megawatt-month. The
6 proposed total annual capacity cost of the January 6, 1999 proposal was \$23,576,000.
7 Copies of the Houston proposals of December 1, 1998 and January 6, 1999 together with
8 all proposal modifications and known correspondence between MPS and Houston
9 through the execution of the PSA are attached as Schedule FAD-17.

10 Q. Please describe the Aquila Merchant proposal.

11 A. The Aquila Merchant proposal was received on November 30, 1998. It offered three
12 options for consideration by MPS:

13	Option 1:	June 1 – Sept 30, 2001	320MW
14		Jan 1, 2002 – May 31, 2005	200MW
15		April 1 – Sept 30, 2002-2005	300MW
16	Option 2:	One year extension of Option 1	
17	Option 3:	June 1, 2001 – Sept 30, 2001	180MW
18		Oct 1, 2001 – Dec 31, 2001	200MW
19			

20 As proposed on November 30, 1998, the capacity cost of Option 1 beginning June 1,
21 2002 was 300MW at \$8,000 per MW-month for six months plus 200MW at \$6,400 per
22 MW-month for twelve months for a total annual capacity cost of \$29,560,000. As
23 discussed below, Aquila Merchant subsequently reduced the capacity charge during contract
24 negotiations from \$8,000 per MW-month to \$7,500 per MW-month for the 300MW and
25 from \$6,400 per MW-month to \$5,900 per MW-month for the 200MW. The final proposed

1 annual capacity cost was thus reduced to \$27,660,000. A copy of the November 30, 1998
2 Aquila Merchant proposal, together with all proposal modifications and known
3 correspondence between MPS and Aquila Merchant through the execution of the PSA, is
4 attached as Schedule FAD-18.

5 Q. Did either proposal contain provisions for adjustment of their pricing structure?

6 A. Yes. Aquila Merchant proposed that the capacity payment by MPS be adjusted to
7 account for increases in the purchase cost of the combustion turbines that would be a part
8 of its proposed facility, as well as the cost to interconnect the facility to the MPS system.

9 Q. Were the proposed capacity payment adjustment provisions included in the final contract?

10 A. Yes, with a cap on any increase in combustion turbine purchase price that would be the
11 basis of a capacity payment adjustment paid by MPS. The specific language of the
12 adjustment provisions can be found in Article 5(a) and 5(b) of the PSA. See Schedule
13 FAD-19, page 19.

14 Q. What was the net effect of these adjustment provisions on the final capacity payment of
15 the PSA?

16 A. The adjustment provision for the cost of the combustion turbines resulted in an increase
17 in the capacity payment of \$55.00 per MW-month, while the adjustment provision for the
18 interconnection cost resulted in a decrease in the capacity payment of \$29.70 per MW-
19 month. Thus the net effect of the adjustments was to increase the capacity payment by
20 \$25.30 per MW-month or \$106,260 per year for a total annual capacity payment of
21 \$27,766,260.

1 Q. How does the total annual capacity payment of the Houston and Aquila Merchant
2 proposals compare to the capacity payment of the EWG option of MPS that was
3 discussed with Staff in the August 24, 1998 meeting?

4 A. They were significantly lower. The estimated annual capacity payment of the EWG
5 option as discussed at the August 24, 1998 meeting was \$33,000,000. Comparable
6 annual capacity payments for the Houston and Aquila Merchant proposals were
7 \$23,576,000 (proposed) and \$27,666,260 (final contract annual capacity payment),
8 respectively.

9 Q. The annual capacity payment of the Houston proposal is lower than that of the Aquila
10 Merchant proposal. Why was the Aquila Merchant proposal selected?

11 A. The Aquila Merchant proposal was selected because it presented the lowest cost to MPS
12 when all relevant factors were considered. Annual capacity costs are not the only
13 consideration in the evaluation of power supply resources. One must also consider:
14 (1) how efficiently the resource converts fuel to electric energy (heat rate) and (2) the
15 amount of the fixed gas transportation costs.

16 Q. How did the two proposals compare considering these factors?

17 A. The Houston proposal was for peaking capacity with a proposed heat rate of 10,600
18 Btu/kwh, while the Aquila Merchant proposal was for intermediate combined-cycle
19 capacity with a heat rate of 7,300 Btu/kwh. Thus, the Aquila Merchant proposal required
20 approximately 31% less fuel than the Houston proposal to produce the same amount of
21 energy. The efficiency of the Aquila Merchant proposal resulted in fixed gas
22 transportation costs and variable system energy costs that were lower than the equivalent

1 costs associated with the Houston proposal. The lower gas transportation and variable
2 system energy costs associated with the Aquila proposal more than offset the higher
3 annual capacity payment of the Aquila Merchant proposal. This resulted in the total
4 system power supply cost associated with the Aquila Merchant proposal being lower than
5 the Houston proposal.

6 Q. What common elements were contained in each proposal?

7 A. While different for each proposal, there were four significant common elements in both
8 proposals.

9 1) The annual capacity payment was fixed.

10 2) The variable O&M was known

11 3) The efficiency of the conversion of fuel to electrical energy was guaranteed

12 4) The reliability of the operation of the plant was guaranteed.

13
14 Q. Why are these contract elements significant?

15 A. They are significant because they eliminate the risk to MPS for the operation of the
16 facility. Operating risk is borne by the supplier

17 Q. How did the evaluation of these two proposals proceed from this point in December
18 1998?

19 A. MPS required the two bidders to compete against each other to determine which proposal
20 would be the ultimate winner, that is, provide the lowest power supply cost to MPS. The
21 significant events of the final bid evaluation are shown in the chronology in Table 3
22 below. The table shows the significant events in this process from the receipt of the
23 proposals from Aquila Merchant and Houston to the execution of the PSA with MEPPH.

24

1

Table 3 – Chronology of Final Bid Evaluation

Date	Activity/Event
November 30, 1998	MPS received proposal from Aquila Merchant. See Schedule FAD-18, pages 1 to 9.
December 1, 1998	MPS received proposal from Houston. See Schedule FAD-17, pages 1 to 3.
December 1, 1998 – January 15, 1999	MPS conducted ongoing analysis of both proposals and any revisions.
December 9, 1998	MPS sent letter to Aquila Merchant requesting clarification of contract terms. See Schedule FAD-18, page 10.
December 17, 1998	Aquila Merchant sent unsolicited letter to MPS with clarification of contract terms. See Schedule FAD-18, page 11.
December 22, 1998	Aquila Merchant sent letter to MPS in response to MPS letter of December 9 which included revision of contract pricing. See Schedule FAD-18, pages 12 to 15.
Mid-December, 1998	MPS verbally notified Houston that its proposal is not the low bid. See Schedule FAD-17, page 4.
December 24, 1998	Aquila Merchant provided draft PSA for consideration by MPS.
December 29, 1998	MPS met with representatives of Houston to discuss proposal and offer opportunity to revise proposal. See Schedule FAD-17, page 5.
January 4, 1999	MPS met with Aquila Merchant to discuss proposal and ask clarification of contract terms.
January 6, 1999	Aquila Merchant sent letter to MPS identifying the legal entity that will develop the generation resource as Merchant Energy Partners. See Schedule FAD-18, page 16.
January 6, 1999	In response to December 29, 1998 meeting, Houston provided a revised proposal to MPS. See Schedule FAD-17, pages 6 to 15.
January 7, 1999	Aquila Merchant sent letter to MPS in response to meeting of January 4, 1999 clarifying contract terms. See Schedule FAD-18, pages 17 to 20.

2

3

1 **Table 3 (continued)**

January 8, 1999	MPS met with Aquila Merchant to discuss their proposal and to notify them that their proposal was not the low bid.
January 11, 1999	MPS presented report to Company management that indicated that the Houston proposal was low bid at that time. See Schedule FAD-20.
January 12, 1999	Aquila Merchant sent letter to MPS clarifying contract terms and lowering the capacity cost portion of its proposal. See Schedule FAD-18, pages 21 to 24.
January 12, 1999	MPS verbally notified Houston that its proposal is much improved but is not low bid. See Schedule FAD-17, page 16.
January 13, 1999	MPS held conference call with Houston to discuss proposal and to give them until 1200 on January 14, 1999 to revise their offer. See Schedule FAD-17, page 17.
January 14, 1999	MPS held conference call with Houston, which did not improve its offer. Houston offered to keep its proposal open for a short time. See Schedule FAD-17, page 18.
January 15, 1999	MPS formally notified Houston that its proposal has not been selected. See Schedule FAD-17, page 19.
January 15, 1999	MPS formally notified Aquila Merchant that its proposal had been selected and advised it that any contract resulting from negotiations would be subject to approval by MoPSC and FERC. See Schedule FAD-18, page 25 & 26.
Mid-January, 1999	MPS retained Burns & McDonnell to verify the analysis performed by MPS in the evaluation of the Aquila Merchant and Houston proposals.
January 20, 1999	Aquila Merchant sent letter to MPS acknowledging receipt of January 15, 1998 letter. It provided a revised draft of PSA and requested that negotiations begin on January 25, 1999. See Schedule FAD-18, page 27 & 28.
January 25, 1999 – February 15, 1999	MPS and Aquila Merchant negotiated PSA terms and conditions.
January 29, 1999	MPS verbally requested and received clarification of contract terms from Houston. See Schedule FAD-17, page 20.
February 1, 1999	Burns & McDonnell verified the accuracy of the analysis of the Aquila Merchant and Houston proposals performed by MPS. See Schedule FAD-21.
February 8, 1999	Aquila Merchant sent letter to MPS outlining proposed changes to draft PSA. See Schedule FAD-18, pages 29 & 30.
February 22, 1999	MPS and Aquila Merchant executed PSA.

2

3

1 Q. Table 3 above contains an entry for January 11, 1998 that shows that a progress report
2 was presented to Company management and that the Houston proposal was the lowest
3 cost proposal at that time. Is a copy of the report included with your testimony?

4 A. Yes. A copy of the report is attached as Schedule FAD-20.

5 Q. What is the significance of the report?

6 A. It shows that the bidding process conducted by MPS achieved its goal of obtaining low
7 cost power for its customers because the cost to MPS continued to decrease as the process
8 progressed from December 1, 1998 through the end of the bidding process. It also
9 indicates that, at that point in time, MPS was prepared to negotiate a contract with
10 Houston.

11 Q. Please discuss the evaluation process and results.

12 A. MPS evaluated the two proposals using its own staff and retained Burns & McDonnell to
13 verify independently the results of the MPS internal analysis. This analysis was
14 conducted both with and without consideration of off-system sales revenues for five
15 different scenarios of natural gas prices as well as electricity prices in the wholesale
16 market. The results of the analysis of the final bids are contained in the Burns &
17 McDonnell Report of February 1, 1999, which is attached as Schedule FAD-21.

18 Table 4 below summarizes the results contained in that Report for the period June
19 2001 to May 2005. See Schedule FAD-21, page 3 to 5. The Burns & McDonnell Report
20 shows that for all but one extremely unlikely scenario (no off-system sales revenue, base
21 gas price escalation and low energy prices in the wholesale market) the Aquila Merchant

1 Energy proposal offered lower system power supply costs than the Houston best and final
2 offer.

3
4 **Table 4 – Burns & McDonnell Evaluation of Final Bids**

MPS Power Supply Bid Comparison						
Final Bid Comparison						
6/1/2001 - 5/31/2005						
\$x1,000						
From>	Jun-01	Jun-02	Jun-03	Jun-04	Jun-01	NPV
To>	May-02	May-03	May-04	May-05	May-05	
Without Off System Sales						
Base Gas & Mkt						
MEPPH	130,053	135,381	143,952	154,103		464,031
Houston	129,074	136,181	145,432	156,081		466,440
Low Gas & Mkt						
MEPPH	128,131	133,679	141,514	150,536		456,235
Houston	127,071	133,707	142,439	152,179		457,219
High Gas & Mkt						
MEPPH	131,741	136,817	145,969	157,239		470,732
Houston	130,352	138,055	147,781	159,531		473,630
Base Gas & High Mkt						
MEPPH	131,611	136,202	144,902	155,416		467,896
Houston	130,372	137,863	147,227	158,542		472,317
Base Gas & Low Mkt						
MEPPH	128,216	134,081	142,533	152,026		458,562
Houston	127,093	133,884	142,788	152,650		458,015
With Off System Sales						
Base Gas & Mkt						
MEPPH	124,280	125,783	135,176	145,695		437,311
Houston	123,971	132,218	141,965	152,742		453,109
Low Gas & Mkt						
MEPPH	124,198	127,032	135,426	144,548		437,661
Houston	123,833	131,134	140,080	149,887		448,457
High Gas & Mkt						
MEPPH	123,486	123,798	134,399	146,379		434,759
Houston	122,870	132,193	143,092	155,022		454,639
Base Gas & High Mkt						
MEPPH	123,245	122,774	132,659	143,683		430,295
Houston	122,768	131,681	142,090	153,522		452,209
Base Gas & Low Mkt						
MEPPH	124,319	127,710	136,885	146,458		440,916
Houston	123,918	131,452	140,701	150,685		449,888

1 Q. Earlier in your testimony you discussed the difference in the variable system energy cost
2 between the two proposals. The above table shows only the total cost. Did the Burns &
3 McDonnell report provide a breakdown between fixed cost and variable system energy
4 cost for each proposal?

5 A. Yes. A breakdown between fixed and variable system energy cost is shown in Schedule
6 FAD-21, pages 4 & 5 for the MEPPH and Houston proposals, respectively. As can be
7 seen, the variable system energy cost associated with the Houston proposal is greater than
8 that for the MEPPH proposal for the last three years of the analysis period.

9 Q. Was the above referenced analysis performed by Burns & McDonnell provided to Staff?

10 A. Yes. It was contained in the final report on the resource acquisition process entitled the
11 "June 2001 – May 2005 Supply Side Resource Acquisition Process." The report was
12 presented to Staff on February 8, 1999. A copy of that report is attached as Schedule
13 FAD-22. In addition, the database that MPS provided to Burns & McDonnell in January
14 1999 for verification of the MPS analysis of the proposals was provided to Staff in
15 response to Data Request MPSC- 511 in this proceeding.

16 Q. At this time was a semi-annual resource planning update meeting conducted per the
17 Commission order in Case No. EO-98-316, which was discussed at the beginning of your
18 testimony?

19 A. Yes, it was held on March 19, 1999.

20 Q. What power supply issues were discussed at that meeting?

21 A. MPS presented its current energy supply plan including the PSA. A copy of the plan is
22 attached as Schedule FAD-23.

1 Q. Did the solicitation, evaluation and negotiations that led to the PSA comply with the
2 Commission's policies on affiliated transactions?

3 A. Yes. The process that led to the final pricing contained in the PSA was open to all
4 competitors. Both Staff and OPC were involved as it proceeded from start to finish.
5 They were kept informed throughout the entire process and given the opportunity to
6 comment and criticize. The process was conducted so as to comply with the
7 Commission's policy to assure appropriate the pricing between MPS and any of its
8 affiliates.

9 **Regulatory Approval of the MPS/MEPPH Power Supply Agreement**

10 Q. What regulatory approval provisions were contained in the PSA?

11 A. Since the PSA was an affiliate transaction, its terms and conditions required the approval
12 of the MoPSC and its acceptance for filing by the FERC.

13 Q. Did MPS seek approval of the PSA from the MoPSC?

14 A. Yes. On March 1, 1999, MPS filed an application seeking approval of the PSA. The
15 application was assigned Case No. EM-99-369. A copy of the application is attached as
16 Schedule FAD-24.

17 Q. Did the MoPSC approve the PSA?

18 A. Yes. The Commission found that the PSA would benefit customers, did not violate
19 Missouri law, would not provide MEPPH an unfair advantage and was in the public
20 interest. The Commission issued its Order approving the PSA on May 4, 1999. See
21 Schedule FAD-25.

22 Q. Did Staff provide advice to the Commission in Case EM-99-369?

1 A. Yes. On April 5, 1999, Staff wrote two memoranda to the case file. The first
2 memorandum by Dr. Michael S. Proctor is attached as Schedule FAD-26. In his
3 memorandum, he references the report provided to Staff on February 8, 1999 (Schedule
4 FAD-22). Through Dr. Proctor's memorandum, Staff supported the application with the
5 following observations:

- 6 ▪ The PSA benefits consumers
- 7 ▪ The PSA does not violate any applicable state law
- 8 ▪ The PSA does not provide MEPPH any unfair competitive advantage by virtue of
9 its affiliation with MPS
- 10 ▪ The PSA is in the public interest

11

12 The second memorandum was from Mr. Mark L. Oligschlaeger, Regulatory
13 Auditor V, and Mr. Steven Dottheim, Chief Deputy General Counsel. A copy of this
14 memorandum is attached as Schedule FAD-27. Through this memorandum, Staff
15 proposed four conditions for approval of the application:

- 16 • Commission and Staff shall have access to all books, records, employees, officers,
17 affiliates and/or subsidiaries of MEPPH.
- 18 • MEPPH shall employ such accounting procedures and controls as necessary to
19 enable review of same by Commission and Staff
- 20 • Approval of the application shall not bind Commission regarding rate treatment of
21 the PSA
- 22 • Approval of current application shall not mean approval of any future contracts
23 with any affiliate

24

25 Q. Did any other party make any recommendations to the MoPSC concerning the
26 application?

1 A. Yes. The OPC filed a recommendation on March 1, 1999, which is attached as Schedule
2 FAD-28. The OPC recommendation included most of the items contained in the Staff
3 memoranda.

4 Q. Did the Commission include any of the above recommendations in its Order of May 4,
5 1999?

6 A. Yes. The Commission included all of the conditions proposed by Staff.

7 Q. Did MPS apply for approval of the PSA from the FERC?

8 A. Yes. On May 6, 1999, MPS requested that the FERC accept the PSA for filing. See
9 Schedule FAD-29.

10 Q. Did the FERC accept the PSA for filing?

11 A. Yes. The FERC accepted the filing without suspension or hearing on July 2, 1999. See
12 Schedule FAD-30.

13 **Summary and Conclusions**

14 Q. Please summarize your testimony.

15 A. Based on personal knowledge, I have testified that:

- 16
17 1) The Commission changed the rules and regulations applicable to the
18 acquisition of power supply resources by MPS through its order
19 issued on July 7, 1998 in Case No. EO-98-316. This Order directed
20 that:
- 21 a) MPS use short-term capacity markets to acquire new supply-side
22 resources through a competitive bidding process
 - 23 b) Commission Staff and the OPC were given the opportunity to
24 comment on the RFP that MPS would issue to acquire
25 additional supply-side resources.

1 c) MPS would provide Staff and OPC the results of its evaluation
2 of the proposals received in response to the RFP

3 2) MPS followed these rules and regulations in the process that led to
4 the PSA with MEPPH

5 3) Staff and OPC were made aware early in the RFP process that the
6 Company did not plan to construct a rate-based generating facility.
7 Neither Staff nor OPC objected to this plan.

8 4) Negotiations with Aquila Merchant were conducted at arms length
9 with no favoritism given to Aquila Merchant

10 5) The PSA represented the lowest cost power supply option available
11 to MPS at the time

12 6) Required regulatory approvals were sought and received

13
14 Q. Did the Company enter into the PSA in order to enhance corporate profits at the
15 expense of its customers?

16 A. No. Based upon my personal involvement in the RFP process and the
17 negotiations that led to the bid being awarded to MEPPH through the PSA, I
18 conclude that:

19 1. The Company did not require MPS to acquire capacity from an affiliate
20 "...to increase Aquila/UtiliCorp's overall profits," as alleged on page 3,
21 lines 3 & 4, of Mr. Oligschlaeger's Direct Testimony. Rather, MPS
22 entered into the PSA with MEPPH because it represented the lowest cost
23 option available to MPS at that time.

24 2. MPS entered into the PSA based upon its own independent analysis,
25 whose conclusions were confirmed and verified by Burns & McDonnell,
26 an independent third party. Contrary to Mr. Oligschlaeger's Direct
27 Testimony at page 6, where he states that "MPS did not make an
28 independent decision..." and that the Company "...made the decision on
29 behalf of its MPS division," I can state unequivocally that MPS signed the
30 PSA without interference from its corporate owners after an independent
31 analysis demonstrated that the PSA was in the best interest of its
32 customers.

33

1 Q. Does this conclude your testimony at this time?

2 A. Yes it does.

TABLE OF CONTENTS

SCHEDULE	DESCRIPTION
FAD-1	Frank A. DeBacker Resume
FAD-2	MoPSC Final Order in Case No. EO-96-5
FAD-3	MoPSC Final Order in Case No. EO-97-522
FAD-4	MoPSC Final Order in Case No. EO-94-178
FAD-5	MoPSC Final Order in Case No. EO-96-56
FAD-6	MoPSC Final Order in Case No. EO-98-316
FAD-7	April 7 1998 Letter from Frank A. DeBacker to Staff with draft RFP
FAD-8	May 1, 1998 Letter from Staff to Frank A. DeBacker
FAD-9	May 11, 1998 Letter from OPC to Frank A. DeBacker
FAD-10	May 21, 1998 Letter from Frank A. DeBacker to Staff and OPC with Final Version of RFP
FAD-11	Partial List of RFP Recipients
FAD-12	August 4, 1998 Letter from Frank A. DeBacker to Staff and OPC with draft RFP
FAD-13	August 21, 1998 MPS Preliminary Energy Supply Plan
FAD-14	September 14, 1998 Letter from Frank A. DeBacker to Staff and OPC
FAD-15	September 18, 1998 Letter from Frank A. DeBacker to Staff and OPC
FAD-16	November 9, 1998 Houston Industries Presentation
FAD-17	Houston Industries Proposals and Correspondence
FAD-18	Aquila Merchant Proposals and Correspondence
FAD-19	PPA between MEPPH and MPS
FAD-20	January 11, 1998 MPS Power Supply Progress Report
FAD-21	February 1, 1999 Burns & McDonnell report
FAD-22	February 8, 1999 MPS June 2000 – May 2005 Supply Side Resource Acquisition Process Final Report
FAD-23	March 19, 1999 MPS 1999-2004 Energy Supply Plan Update
FAD-24	Application to MoPSC for PSA approval, Case No. EM-99-369
FAD-25	MoPSC Order Approving PSA, Case No. EM-99-369
FAD-26	April 5, 1999 Memorandum from Dr. Proctor to MoPSC Case File, Case No. EM-99-369
FAD-27	April 5, 1999 Memorandum from Mark Oligschlaeger to MoPSC Case File, Case No. EM-99-369
FAD-28	April 5, 1999 Letter from OPC to MoPSC, Case No. EM-99-369
FAD-29	Joint Filing with FERC for Acceptance of PSA for Filing
FAD-30	FERC Order Accepting PSA for Filing, Docket No. ER99-2833-000

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Aquila, Inc. d/b/a Aquila
Networks-MPS [REDACTED]
for authority to file tariffs increasing electric
rates for the service provided to customers in
the Aquila Networks-MPS [REDACTED]
[REDACTED]
[REDACTED]

Case No. ER-2004-0034

[REDACTED]

County of Jackson)
State of Missouri)

ss

AFFIDAVIT OF FRANK A. DEBACKER

Frank A. DeBacker, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Frank A. DeBacker;" that said testimony was prepared by him and under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.

Frank A. DeBacker
Frank A. DeBacker

Subscribed and sworn to before me this 26th day of January, 2004.

Terry D. Lutes
Notary Public
Terry D. Lutes

My Commission expires:
8-20-2004

