

Exhibit No.:

Issues: Maintenance & AAO
Deferred Balances

Witness: Allison K. Moten

Sponsoring Party: Missouri Public
Service

Case No.: ER-2001-672

Before the Public Service Commission
of the State of Missouri

FILED²

JAN 22 2002

Missouri Public
Service Commission

Surrebuttal Testimony

of

Allison K. Moten

TABLE OF CONTENTS

MAINTENANCE.....	1
ACCOUNTING AUTHORITY ORDERS.....	2

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
SURREBUTTAL TESTIMONY OF ALLISON K. MOTEN
ON BEHALF OF MISSOURI PUBLIC SERVICE,
A DIVISION OF UTILICORP UNITED INC.
CASE NO. ER-2001-672**

1 Q. Please state your name and business address.

2 A. My name is Allison K. Moten and my business address is 10700 East 350 Highway,
3 Kansas City, Missouri, 64138.

4 Q. Are you the same Allison K. Moten who filed direct and rebuttal testimony in this
5 proceeding on behalf of the Missouri Public Service ("MPS") operating division of
6 UtiliCorp United Inc. ("UtiliCorp")?

7 A. Yes.

8 Q. What is the purpose of your testimony in this proceeding before the Missouri Public
9 Service Commission ("Commission")?

10 A. The purpose of my testimony is to:

- 11 1) respond to the adjustment made by Ms. Amanda McMellen of the Commission
12 Staff ("Staff"), in which she amends the MPS' maintenance expense to the new
13 seven-year maintenance schedule and,
14 2) respond to the proposed adjustment of Mr. Ted Robertson of the Office of the
15 Public Counsel ("OPC"), in which he proposes to disallow rate base recovery of
16 Accounting Authority Orders ("AAO's").

17 **MAINTENANCE**

1 Q. From Ms. McMellen's rebuttal testimony, pages 1-2, she amended her adjustment to
2 reflect a seven-year turbine maintenance program but she continues to use averaging to
3 determine the going-level of maintenance costs. Do you agree with this averaging
4 method for annualizing maintenance costs?

5 A. I agree with her adjustment to reflect MPS' new seven-year turbine maintenance
6 schedule.

7 Q. Have you reviewed the issues list, filed on January 18, 2002?

8 A. Yes, I have.

9 Q. Was a revision to the maintenance adjustment mentioned?

10 A. I saw in a footnote in the Proposed List of Issues, page 5, that "Staff will file surrebuttal
11 testimony revising its three-year average in direct to a four-year average."

12 Q. What is your comment?

13 A. Since MPS does not have the work papers or any other documentation regarding this
14 change, we want to reserve the right respond to any changes that the Staff is making to its
15 direct case.

16 **ACCOUNTING AUTHORITY ORDERS**

17 Q. What is the amount of unamortized balance of accounting authority orders ("AAOs") that
18 OPC witness Mr. Ted Robertson claims should be included in rate base?

19 A. OPC recommends no recovery for unamortized AAOs (see page 14 of his rebuttal
20 testimony).

21 Q. What is the position of MPS as to the appropriate ratemaking treatment of its
22 unamortized AAO deferred balances?

1 A. As authorized in MPS' last three rate cases, MPS has included the unamortized AAO
2 balances in rate base. This is consistent with the prior unamortized AAO ratemaking
3 treatment in MPS Case Nos. ER-90-101, ER-93-37 and ER-97-394.

4 Q. Briefly, what are AAOs ?

5 A. MPS' AAOs are deferred amounts of depreciation, property tax and carrying costs from
6 MPS' Sibley rebuild and western coal conversion done in early 1990's. The Sibley
7 rebuild eliminated the need to build another power plant by extending the plant's life
8 approximately 20 years. The western coal conversion was required to meet stricter
9 environmental guidelines to lessen sulfur dioxide emissions. MPS requests rate base
10 treatment for the unamortized portion of those AAOs.

11 Q. Would you outline each MPS rate case and subsequent order regarding unamortized
12 AAOs?

13 A. Yes, I will. To preface, Case No. EO-90-114 pertained to the first phase of the Sibley
14 rebuild and the start of the western coal conversion project and Case No. EO-91-358
15 pertained to the final phases of both projects.

16 **Case No. EO-90-114 (merged with ER-90-101):** From page 31:

17 **MPS request:** "Company maintains that the unamortized portion of these [AAO]
18 costs should be included in rate base...."

19 **Commission ruling:** "The Commission further determines that the unamortized
20 costs should be reflected in rate base."

21

22 **Case No. EO-91-358:**

23 **MPS request:** From page 13, "MPS is now seeking to defer a significant portion
24 of the additional costs associated with the life extension project".

25 **Commission ruling:** From page 19, "By deferring the costs the Commission is
26 allowing MPS to argue in the next rate case that those costs should be
27 included..."
28

Case No. ER-93-37: (MPS' next rate case):

MPS request: On page 7, "...MoPub is requesting recovery of depreciation and carrying costs associated with the Sibley projects."

Stipulation and Commission ruling: On page 7, "...the Stipulation at paragraph 6 indicates that Staff agreed to allow MoPub to include the AAO "deferrals authorized in Cases No. EO-90-114 and EO-91-358, as adjusted by MoPub, to be reflected in rate base and amortized over a twenty-year period.""

Later on page 12, "Based on the evidence as discussed above, the Commission finds that the recovery of the deferred costs as proposed by MoPub and agreed to in the Stipulation and Agreement is reasonable."

Case No. ER-97-394: (MPS' subsequent rate case):

The order was silent on this issue. However, the revenue requirement ordered by the Commission included the ratebasing of MPS' unamortized AAOs.

Q. Please summarize your review of the Commission findings from these past rate orders.

A. Each order, ER-90-101, ER-93-37 and ER-97-394, allowed rate base recovery of unamortized AAOs.

Q. Referring to the OPC's rebuttal testimony, was any new evidence discussed as to why MPS' unamortized AAOs should not receive rate base treatment?

A. No. In his rebuttal testimony, Mr. Robertson quotes recent non-MPS rate cases:

Missouri Gas Energy, Case Nos. GR-98-140 and GR-2001-292; Laclede Gas Company, Case No. GR-99-315 and St. Louis County Water Company, Case No. WR-2000-844 and purports them as justification to disallow MPS' AAO ratebasing treatment.

Q. What is MPS' response?

A. The events and circumstances surrounding each utility's AAO is varied and therefore, necessitates the corresponding rate making treatment to be evaluated on a case-by-case basis. Referencing other utilities' ratemaking treatment for unamortized AAO's has no bearing in this case. No comparison should be drawn between other companies and MPS.

1 Q. Based on these previous MPS cases, should the Commission reverse its own ruling
2 regarding the ratebasing of AAOs?

3 A. No. In effect, OPC asks the Commission to reverse their prior decision without
4 presenting any new evidence.

5 Q. What is the effect if the Commission disallows ratebasing of AAOs?

6 A. MPS has had a full-faith belief that it would receive that same regulatory treatment
7 granted in each of their recent rate orders. To reverse this treatment would contradict the
8 Commission's own orders granted in ER-90-101, ER-93-37 and ER-97-394 and reverse
9 previous MPS' orders which allowed unamortized AAOs in rate base. A utility cannot
10 make prudent business decisions if prior rulings cannot be relied upon.

11 Q. What is Staff's position on the treatment of the unamortized AAO balance in this case
12 and the three previous cases cited above?

13 A. The Staff has consistently treated the unamortized AAO balance the same for MPS,
14 which is to allow rate base recovery of these costs.

15 Q. Was the inclusion of unamortized AAOs in rate base approved by the Commission in
16 MPS' last three rates cases?

17 A. Rate base treatment was allowed in Case Nos. ER-90-101, ER-93-37 and ER-97-394 and
18 this precedent should be continued in this case.

19 Q. Does this conclude your surrebuttal testimony?

20 A. Yes.

In the matter of Missouri Public Service)
of Kansas City, Missouri, for authority)
to file tariffs increasing electric rates)
for service provided to customers in the)
Missouri Public Service area)

[illegible]

Allison K. Moten, being first duly sworn, deposes and says that she is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of Allison K. Moten;" that said testimony was prepared by her and under her direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, she would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of her knowledge, information, and belief.

Subscribed and sworn to before me this 21st day of January, 2002.

8-20-2004

