

005

Exhibit No.:

Issues: MPS & L&P

Allocations

Witness: Susan K. Braun

Sponsoring Party: Aquila Networks-MPS
& L&P

Case No.: ER-2007-0004

Before the Public Service Commission
of the State of Missouri

FILED

APR 26 2007

**Missouri Public
Service Commission**

Rebuttal Testimony

of

Susan K. Braun

Aquila Exhibit No. 5
Case No(s). ER-2007-0004
Date 4-12-07 Rptr X

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ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P
CASE NO. ER-2007-0004

ALLOCATION OF JOINT DISPATCH COSTS BETWEEN MPS &
L&P.....1

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
REBUTTAL TESTIMONY OF SUSAN K. BRAUN
ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P
CASE NO. ER-2007-0004**

1 Q. Please state your name and address.

2 A. My name is Susan Braun. My business address is 20 West 9th Street, Kansas City, MO
3 64105.

4 Q. Are you the same Susan Braun that filed direct testimony on behalf of Aquila, Inc.
5 (“Aquila” or “Company”) in Case No. ER-2007-0004?

6 A. Yes, I am.

7 Q. What is the purpose of your rebuttal testimony?

8 A. The purpose of this rebuttal testimony is to address Aquila’s position in this case
9 regarding the allocation of joint dispatch costs between Aquila Networks-MPS and
10 Aquila Networks-L&P. Specifically, I will respond to the testimony of Maurice
11 Brubaker as it relates to the approach used to allocate the costs of joint dispatch.

12 **ALLOCATION OF JOINT DISPATCH COSTS BETWEEN MPS AND L&P**

13 Q. Why is it necessary to develop a mechanism for assignment of joint dispatch costs
14 between MPS and L&P?

15 A. Even though MPS and L&P are separate business units, operationally their combined
16 system resources are jointly dispatched in order to most economically meet customer
17 demand and energy requirements. For ratemaking purposes, a joint dispatch model is
18 utilized to determine total fuel and purchased power costs for the entire Missouri electric
19 system. These costs must then be allocated between MPS and L&P.

1 Q. What allocation percentage did Aquila propose in its direct filing?

2 A. In this case, Aquila proposed to use the test year 2005 actual fuel and purchased power
3 costs that had been assigned on its books for allocating the joint dispatch costs between
4 the two divisions. For the test year, 80.274% and 19.726% of fuel costs were assigned to
5 MPS and L&P, respectively. These percentages have been relatively constant since the
6 merger between UtiliCorp United Inc., and St. Joseph Light & Power Company in late
7 2000.

8 Q. What method does the Company utilize to allocate these costs on its books.

9 A. Aquila attempts to identify specific energy sources with its business units and assign
10 costs to the specific business unit as those resources are used.

11 Q. What allocation method has been used for setting rates in the past?

12 A. In prior cases, the approach used to allocate the joint dispatch costs between MPS and
13 L&P has been based upon the results of modeled stand-alone dispatches.

14 Q. Please explain.

15 A. In addition to the joint dispatch model, two stand-alone dispatch models were run to
16 identify what normalized test year costs would have been incurred by each of the two
17 business units if joint dispatch were not available. The relative percentage of each business
18 unit to total costs of the stand-alone dispatch models were used to allocate the joint dispatch
19 model between MPS and L&P.

20 Q. Why is it important to understand the allocation used to joint dispatch?

21 A. Because of the differences in the approach used for allocating the joint dispatch costs
22 between MPS and L&P, there is an inconsistency between the allocation of costs for setting
23 rates and the way costs are actually recorded on Aquila's books for accounting purposes.

1 Q. What is Aquila's proposal in this case?

2 A. Aquila's primary concern is that consistency be maintained between the method of
3 allocation utilized for establishment of rates and for accounting purposes. The
4 company's recommendation was to utilize the actual test year accounting records as an
5 appropriate method for allocating costs in this proceeding. If the Commission in these
6 proceedings determines that some other method of allocation is more appropriate,
7 however, Aquila requests that the Commission make a positive determination that
8 Aquila's books and records should be maintained in the same manner. The allocation
9 percentage would remain constant until Aquila's next rate case. Such a determination
10 would be helpful both in providing assurance to Aquila's external auditors that a change
11 in accounting treatment is appropriate and for clarifying the method of allocating the
12 joint dispatch costs between MPS and L&P.

13 Q. Does this conclude your rebuttal testimony?


14 A. Yes, it does.

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 area

[illegible]

Susan Braun, being first duly sworn, deposes and says that she is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Susan Braun;" 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 February, 2007.


Notary Public
Terry D. Lutes

8-20-2008



TERRY D. LUTES
Jackson County
My Commission Expires
August 20, 2008