

FILED⁴

APR 29 2004

**Missouri Public
Service Commission**

Exhibit No.:

Issues: Fuel Expenses

Witness: David W. Elliott

Sponsoring Party: MO PSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: ER-2004-0034

& HR-2004-024

Date Testimony Prepared: January 26, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

DAVID W. ELLIOTT

**AQUILA, INC. D/B/A AQUILA NETWORKS L&P
AND AGUILA NETWORKS MPS**

CASE NO. ER-2004-0034

Jefferson City, Missouri

January 2004

****Denotes Highly Confidential Information****

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Exhibit No. 117MP
Case No(s) ER-2004-0034
Date 01/23/04 Rptr RF

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REBUTTAL TESTIMONY
OF
DAVID W. ELLIOTT
AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS
AND AQUILA NETWORKS-L&P
CASE NOS. ER-2004-0034 and HR-2004-0024
(CONSOLIDATED)

Q. Please state your name.

A. David W. Elliott.

Q. Are you the same David W. Elliott who has previously filed direct testimony in this case?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to provide the Staff's revised production cost simulation results reflecting three changes made by the Staff following the pre-hearing conference, and to explain why those changes were made.

Q. What are the results of the revised production cost simulations?

A. The results of the revised electric and steam production cost simulations are shown in Schedule 1. These results indicate that the appropriate level of annual fuel and purchased power cost for Aquila, Inc. (Aquila) is ** HC ** for electric joint dispatch and ** HC ** for steam sales. When allocated as described in my

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Rebuttal Testimony of
David W. Elliott

1 direct testimony, the annual fuel expense for Aquila Networks-MPS is ** HC **
2 and for Aquila Networks-L&P is ** HC **.

3 Q. What was the first change made to the production cost simulation results?

4 A. The first change was made in order to correct an error in the available
5 capacity of the Aries contract in the simulation. This increased fuel costs by
6 ** HC ** for electric joint dispatch, and ** HC ** for steam sales.

7 Q. Why was this change made?

8 A. During the pre-hearing meetings with Aquila, it was determined that the
9 available capacity for the months of January through March was incorrect. Staff reduced
10 the amount of capacity for those months and re-ran the simulation.

11 Q. What was the second change made?

12 A. The Aquila Networks-MPS net system loads increased. This resulted in
13 an increase in fuel costs of ** HC ** for electric joint dispatch, and
14 ** HC ** for steam sales. Staff witness Richard Campbell provided these new loads
15 and explains how the loads changed in his rebuttal testimony. Staff witness Amanda
16 McMellen explains why the loads changed in her rebuttal testimony.

17 Q. What was the third change made?

18 A. The coal price supplied by Staff witness Graham Vesely for Jeffrey
19 Energy Center increased. This increased fuel costs by ** HC ** for electric joint
20 dispatch, and ** HC ** for steam sales. Mr. Vesely explains the reason for the increase
21 in the Jeffrey Energy Center coal price in his rebuttal testimony.

22 Q. Did any party raise any other issues regarding fuel modeling during the
23 prehearing conference?

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Rebuttal Testimony of
David W. Elliott

1 A. No.

2 Q. Does this conclude your rebuttal testimony?

3 A. Yes, it does.

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Schedule 1 Has Been Deemed

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In Its Entirety