GMO-221

Exhibit No.: Issues: Off-System Sales Witness: V. William Harris Sponsoring Party: MoPSC Staff Type of Exhibit: Surrebuttal Testimonv File No: ER-2010-0356 Date Testimony Prepared: January 12, 2011

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

V. WILLIAM HARRIS, CPA, CIA

Great Plains Energy, Incorporated KCP&L GREATER MISSOURI OPERATIONS COMPANY (MPS AND L&P ELECTRIC OPERATIONS)

FILE NO. ER-2010-0356

Staff Exhibit No. GMO-221 Jefferson City, Missouri January 2011 Date 1/18/11 Reporter LMB File No. ER-2010-0356

1	SURREBUTTAL TESTIMONY
2	OF
3	V. WILLIAM HARRIS, CPA, CIA
4	KCP&L GREATER MISSOURI OPERATIONS COMPANY
5	(MPS AND L&P ELECTRIC OPERATIONS)
6	FILE NO. ER-2010-0356
7	Q. Please state your name and business address.
8	A. V. William Harris, Fletcher Daniels State Office Building, Room G8,
9	615 East 13 th Street, Kansas City, Missouri 64106.
10	Q. Are you the same V. William Harris who contributed to the Staff's
11	Cost of Service Report dated November 17, 2010, and who filed Rebuttal Testimony dated
12	December 15, 2010?
13	A. Yes. I also filed testimony in the Staff's Cost of Service Report dated
14	November 10, 2010, and Rebuttal Testimony dated December 8, 2010, in the Kansas City
15	Power & Light (KCPL) Company rate case, designated as File No. ER-2010-0355.
16	My testimonies in that rate case address the same issue I will discuss in this Surrebuttal
17	Testimony.
18	Q. What is the purpose of your Surrebuttal Testimony?
19	A. The purpose of my Surrebuttal Testimony is to address the Rebuttal
20	Testimony of KCP&L Greater Missouri Operations Company (GMO or Company) witness
21	Burton L. Crawford on the issue of off-system sales (OSS).
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Surrebuttal Testimony of V. William Harris

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Q. Please address Mr. Crawford's Rebuttal Testimony regarding OSS.

2 On pages 16 and 17 of his Rebuttal Testimony, Mr. Crawford takes issue with Α. 3 Staff's methodology for determining OSS revenues and margins. Mr. Crawford's primary 4 objection is that the 2007 and 2008 data used by Staff does not reflect current market 5 conditions. As I stated in my Rebuttal Testimony, the Company's General Ledger indicates 6 that OSS margins in 2009 and 2010, on an annual aggregate basis, have been negative. Staff 7 believes it is neither reasonable nor rational to annualize OSS revenues and margins using 8 negative numbers. As a result, Staff chose to rely on the next most recent positive data 9 available (2007-2008).

Q. Has Staff previously encountered reluctance by GMO to continue to make
profitable OSS, as was historically done by its predecessor Aquila, Inc.?

A. Yes. In GMO's previous rate case, filed as ER-2009-0090, GMO witness Tim M. Rush stated on page 6, lines 13 and 14 of his Direct Testimony that the Company was excluding "risk based sales" from the anticipated off-system sales margin included in that filing. In meetings with Staff, GMO indicated that it did not intend to continue making what it referred to as "risk based sales".

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Q. What are "risk based sales"?

18 A. In response to Staff Data Request No. 184 in File No. ER-2009-0090,
19 GMO defined "risk based sales" as off-system sales sourced from non-network resources.

20 Q. Does Staff believe the negative margins reflected by the amounts in the 21 Company's General Ledgers for 2009 and 2010 result from GMO's decision to severely 22 restrict its level of OSS?

Surrebuttal Testimony of V. William Harris

A. Yes. As illustrated by the table on page 3 of my Rebuttal Testimony,
 OSS declined dramatically after Aquila Inc.'s merger with KCPL on July 14, 2008. As a
 result, Staff is proposing that OSS be normalized to reflect the OSS levels present
 immediately before and after the merger.

Q. Does this conclude your Surrebuttal Testimony?

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A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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

File No. ER-2010-0356

AFFIDAVIT OF V. WILLIAM HARRIS

STATE OF MISSOURI)	
)	SS.
COUNTY OF COLE)	

V. William Harris, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of ______ pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

V. William Harris

Subscribed and sworn to before me this $12th_{day}$ day of anuary, 2011.

Notary Public

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 08, 2012 Commission Number: 08412071