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Service Commission

Exhibit No.:
Issue: Off-System Sales Margin Calculation
Witness: Michael M. Schnitzer
Type of Exhibit: True-Up Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2007-0291
Date Testimony Prepared: November 2, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2007-0291

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL M. SCHNITZER

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
November 2007

*** [REDACTED] *** Designates "Highly Confidential" Information.
Has Been Removed.
Certain Schedules Attached To This Testimony Designated "HC" Have Been Removed
Pursuant to 4 CSR 240-2.135.

Co Exhibit No. 42NP
Case No(s). ER-2007-0291
Date 11/9/07 Rptr PR

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL M. SCHNITZER

Case No. ER-2007-0291

1 **Q: Please state your name and business address.**

2 **A: My name is Michael M. Schnitzer. My business address is 30 Monument Square**
3 **Concord, Massachusetts 01742.**

4 **Q: Are you the same Michael M. Schnitzer who provided Direct Testimony and**
5 **Surrebuttal Testimony in support of Kansas City Power & Light Company in this**
6 **Case No. ER-2007-0291?**

7 **A: Yes, I am.**

8 **Q: Please describe the purpose of your True-Up Direct Testimony.**

9 **A: I provide an update (as of the true-up date of September 30, 2007¹) to the prospective**
10 **calculation of Off-System Contribution Margin for KCPL in 2008, as originally provided**
11 **in my Direct Testimony, and previously updated to September 11, 2007 in my Surrebuttal**
12 **Testimony.**

13 **Q: What are the results of your updated analysis as of the end of September?**

14 **A: The updated distribution of potential Off-System Contribution Margin outcomes has a**
15 **median value of ** [REDACTED] **, with a 25th percentile value of ** [REDACTED] **.**

¹ The analysis contained in this True-Up Direct Testimony is based on data from KCPL as of September 30, 2007, including visible forward contract prices as of the last trading day in September, Friday September 28, 2007.

1 **Q: Have these results changes since your Surrebuttal Testimony?**

2 A: No, the median and 25th percentile values have not changed. The prospective analysis of
3 2008 Off-System Contribution Margin contained in my Surrebuttal Testimony was based
4 on inputs from the Company as of September 11, 2007. In October, KCPL provided
5 inputs to NorthBridge as of the end of September, which were then used to further update
6 my probabilistic analysis to the true-up date. A comparison of the probability
7 distributions is shown in Schedule MMS-8, and the median and 25th percentile values for
8 both distributions are ** [REDACTED] ** and ** [REDACTED] ** respectively.

9 **Q: Are there any changes from the Surrebuttal analysis to the True-Up analysis?**

10 A: Yes. There are a number of changes in the underlying analysis, the net effect of which is
11 to leave the median and the 25th percentile unchanged. These changes are shown
12 graphically in Schedule MMS-9 and I note that volatility in gas and electricity prices has
13 continued since the September 11th Surrebuttal analysis.

14 **Q: Does that conclude your testimony?**

15 A: Yes, it does.

In the Matter of the Application of Kansas City)
Power & Light Company to Modify Its Tariff to) Case No. ER-2007-0291
Continue the Implementation of Its Regulatory Plan)

COMMONWEALTH OF MASSACHUSETTS)
) ss
COUNTY OF MIDDLESEX)

1. My name is Michael M. Schnitzer. I work in Concord, Massachusetts, and I am employed by The NorthBridge Group, Inc., as a Director.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Subscribed and sworn before me this 2nd day of November 2007.

Alicia Anne J. B. B.
Notary Public

My commission expires: June 21, 2013

SCHEDULES MMS-8 AND MMS-9

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