

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**DIRECT TESTIMONY OF  
DENNIS ODELL  
ON BEHALF OF AQUILA, INC.  
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P  
CASE NO. EO-2008-0046**

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

2   A.   My name is Dennis Odell, and my business address is 10700 E. 350 HWY, Kansas City,  
3       MO 64138

4   **Q.   By whom are you employed and what is your position?**

5   A.   I am Senior Director, Business Planning for Aquila, Inc. (“Aquila”).

6   **Q.   What is your educational and professional background?**

7   A.   I graduated from the University of Nebraska – Omaha with a Bachelor of Science in  
8       Business Administration degree in 1992. I received a Master of Business Administration  
9       degree from the same institution in 1996.

10   I joined Aquila (then UtiliCorp United, Inc.) in 1993 as a Rate Analyst. Since then I have  
11   been continuously employed at Aquila in a number of positions, including Federal  
12   Regulatory Manager, Director of Gas Supply Services and Director, Regulatory Services.  
13   I have been in my current position since April, 2006.

14                                   **EXECUTIVE SUMMARY**

15   **Q.   What is the purpose of your testimony?**

1 A. The purpose of my testimony is to twofold; first, to present the historical context  
2 regarding Aquila's consideration and analysis of regional transmission organization  
3 ("RTO") membership; second, to explain Aquila's request for Missouri Public Service  
4 Commission ("MPSC") approval to become a full member of, and to turn over  
5 operational control of Aquila's Missouri electric transmission system to, the Midwest  
6 Independent Transmission System Operator, Inc. ("MISO").

7 **HISTORICAL CONTEXT**

8 **Q. Please describe Aquila's Missouri transmission system.**

9 A. The Aquila electric transmission system in the state of Missouri consists of 1,257 miles  
10 of 345 KV, 161 KV and 69 KV transmission lines extending over an area from the  
11 northwest corner of Missouri as far south as Lamar, and as far east as Sedalia, except for  
12 the central Kansas City area. The system is interconnected with neighboring utilities at a  
13 number of points. The interconnected utility systems are Kansas City Power & Light,  
14 City of Independence Power & Light, Associated Electric Cooperative, Ameren, Westar,  
15 Mid-America Electric Co., Omaha Public Power District, Nebraska Public Power District  
16 and The Empire District Electric Co ("Empire"). The retail native load on the  
17 transmission system consists of around 1,960 MW, and in addition Aquila provides  
18 transmission service for seven municipal customers that are connected to the system.  
19 Aquila also provides transmission wheeling service over the system for a number of  
20 wholesale power marketing entities. The system is operated from an operations center  
21 located in Lee's Summit, Missouri.

1 **Q. Please provide some historical context regarding Aquila's consideration of RTO**  
2 **membership.**

3 A. In 1999, Aquila entered into an Agreement and Plan of Merger with St. Joseph Light &  
4 Power Company which was subject to various regulatory approvals, including the  
5 approval of the MPSC and FERC. FERC's order approving that merger contained a  
6 requirement that the merged company file a plan to join an RTO. At that time, MISO  
7 was the only FERC-approved RTO in the area. Consequently, Aquila entered into an  
8 agreement to join MISO on July 16, 2001. A copy of the current MISO Transmission  
9 Owner Agreement on file with FERC is attached to my testimony as Schedule DO-1.

10 **Q. What did Aquila do next?**

11 A. On August 20, 2001, Aquila filed with FERC an application to transfer operational  
12 control over certain designated facilities to MISO. This application requested that FERC  
13 approve the transfer of operational control of the Aquila transmission system in Missouri,  
14 100 kV and above, as well as systems in another state, to MISO. FERC approved this  
15 transfer on September 13, 2001. On November 14, 2001, Aquila filed with FERC a  
16 supplemental application in order to list certain additional facilities that had been  
17 inadvertently omitted from the August 20, 2001 application. FERC issued an order on  
18 December 13, 2001 approving the supplemental application. Copies of these FERC  
19 orders are attached to my testimony as Schedule DO-2.

20 **Q. Did Aquila also seek approval from the MPSC for this transfer?**

1 A. Aquila filed an application with the MPSC for approval to transfer operational control of  
2 these facilities on August 29, 2001.

3 **Q. Was Aquila's application approved?**

4 A. No, it was not. Aquila withdrew this application on January 2, 2002.

5 **Q. Why did Aquila withdraw its application?**

6 A. Aquila was (and still is) dependent on AmerenUE for its physical connection to the  
7 MISO control area. In other words, the only physical connection that Aquila has with  
8 MISO is through AmerenUE. AmerenUE had withdrawn from MISO, leaving Aquila  
9 with no physical connection to the RTO.

10 **Q. Did AmerenUE's withdrawal from MISO sever any relationship between Aquila**  
11 **and MISO?**

12 A. No. In anticipation of turning over operational control of its Missouri transmission  
13 system to MISO, Aquila had already transferred security coordination responsibilities  
14 from the Southwest Power Pool ("SPP"). These security coordination responsibilities are  
15 still performed for Aquila by MISO. However, on December 20, 2002, Aquila made a  
16 filing with FERC challenging the reasonableness of certain administrative costs proposed  
17 by MISO to be assessed against Aquila pursuant to Schedule 10-B to the MISO tariff.  
18 Aquila and MISO subsequently settled that case. One of the provisions of that settlement  
19 was that Aquila would file again for MPSC approval to transfer operational control of  
20 these facilities to MISO and would diligently pursue that approval.

21 **Q. Did Aquila file this application?**

1 A. Yes. On June 20, 2003, Aquila filed its second application with the MPSC to join MISO.  
2 This case was continued a number of times, including once to allow AmerenUE's case  
3 for the transfer of control of its transmission facilities to progress. Additional  
4 continuances were permitted to allow for the completion of cost/benefit studies.

5 **Q. Was this application approved by the MPSC?**

6 A. No. It was ultimately dismissed by the MPSC on May 12, 2005, without prejudice to be  
7 refiled at such time as additional system cost information became available.

8 **Q. What other relevant activities have taken place over the last few years?**

9 A. AmerenUE was granted approval by the MPSC to become a member of MISO. This  
10 enables Aquila to become a MISO member by providing a physical connection into the  
11 MISO control area. Also, FERC granted SPP RTO status on February 10, 2004. The  
12 MPSC granted Kansas City Power & Light ("KCPL") and Empire approval to become  
13 members of SPP. Finally, Aquila sold its Kansas operations and has filed with the MPSC  
14 to transfer control over its Missouri operations.

15 **Q. Please describe the sale of Aquila's Kansas operations.**

16 A. On September 21, 2005, Aquila announced that Mid-Kansas Electric Company, a  
17 coalition of six consumer-owned cooperatives that also own Sunflower Electric Power  
18 Corporation, a regional generation and transmission service provider, had agreed to  
19 purchase the assets and liabilities of Aquila's electric operations in the State of Kansas.  
20 The transaction closed on April 1, 2007.

21 **Q. Please describe the proposed transaction regarding Aquila's Missouri operations.**

1 A. On April 4, 2007, Great Plains Energy Incorporated ("GPE"), KCPL and Aquila filed a  
2 Joint Application with the MPSC requesting authority to undertake a series of  
3 transactions whereby Aquila, like KCPL, will become a wholly-owned subsidiary of  
4 GPE. That filing was docketed by the MPSC as Case No. EM-2007-0374. The MPSC  
5 subsequently adopted a procedural schedule that sets the hearing dates for December 3-  
6 14 and requires the parties to file post-hearing briefs by January 11, 2008.

7 **Q. What is Aquila's current situation regarding RTO membership?**

8 A. As previously stated, Aquila executed a Transmission Owner's Agreement with MISO in  
9 2001, and is currently receiving security coordination service from MISO under Schedule  
10 10-B. Aquila is receiving other services, including tariff administration, OASIS  
11 administration, available transmission capacity and total transmission capacity  
12 calculations, scheduling agent, and regional transmission planning from SPP.

13 **REQUEST TO JOIN MISO**

14 **Q. What is Aquila requesting in this Application?**

15 A. Aquila is requesting that the MPSC approve the transfer of operational control of the  
16 Aquila transmission system in Missouri, 100 kV and above, to MISO.

17 **Q. Why is Aquila making this request?**

18 A. As described above, Aquila is obligated, as part of its FERC settlement with MISO in  
19 2003, to request MPSC approval to transfer operational control of these facilities to  
20 MISO and to diligently pursue that approval.

21 **Q. What support do you offer for this request?**

1 A. In 2006, Aquila contracted with CRA International (“CRA”) to perform a cost-benefit  
2 analysis (“Study”) for Aquila Missouri electric utility operations to assess the impact of  
3 potential membership in an RTO. CRA was instructed to consider three scenarios:  
4 Membership in MISO, membership in SPP, and a move to a stand-alone status in which it  
5 performs transmission- and reliability-related functions on its own. The Study was  
6 completed on March 28, 2007, a copy of which is attached to my testimony as Schedule  
7 DO-3.

8 **Q. Were other parties consulted regarding the manner in which the Study was**  
9 **performed?**

10 A. Yes. Aquila held a stakeholder meeting on November 17, 2006, in which representatives  
11 from the Office of Public Counsel, MISO, and SPP were present. During this meeting,  
12 Aquila and representatives from CRA described the plan for the Study and offered the  
13 opportunity for feedback and discussion.

14 **Q. Was the MPSC’s staff (“Staff”) requested to participate?**

15 A. Yes, a member of Staff was also invited, but at the last minute was unable to attend. That  
16 individual subsequently was briefed on the discussion.

17 **Q. Were any additional meetings held with this group?**

18 A. Yes, another meeting with the same group of stakeholders was held after the Study was  
19 completed, and additional clarifying material was developed as a result of that meeting.  
20 This additional material is included as Schedule DO-4.

21 **Q. What did the Study conclude?**

1 A. The Study concluded that Aquila's membership in either RTO offers significant net  
2 benefits as compared to the stand-alone case. Specifically, the net benefits over the 2008  
3 – 2017 time period analyzed were over \$21 million for MISO and over \$86 million for  
4 SPP. In addition, the net benefits were positive in each individual year during that period  
5 for both RTOs. The Study demonstrates that joining MISO provides net benefits for  
6 Aquila's customers, and as such, Aquila seeks the approval requested.

7 **Q. What is the basis for the net benefits cited in the Study?**

8 A. The net benefits primarily take the form of trade benefits. Trade benefits are the decrease  
9 in the cost of serving Aquila's Missouri load, and come as a result of Aquila's ability to  
10 displace its own generation with lower cost generation from other sources on a more  
11 economical basis as a member of an RTO. There are additional savings as a result of the  
12 RTO performing transmission and reliability functions that would otherwise have to be  
13 performed by Aquila, but these savings are exceeded by RTO administrative charges.

14 **Q. The Study indicates that the net benefits for joining SPP are greater than the net**  
15 **benefits for joining MISO. Why, then, is Aquila requesting approval to join MISO?**

16 A. Aquila is obligated, as part of its settlement with MISO in 2003, to request MPSC  
17 approval to transfer operational control of these facilities to MISO and to diligently  
18 pursue that approval. This study demonstrates that joining MISO provides net benefits  
19 for Aquila's customers, and as such, Aquila seeks the approval requested.

20 **Q. Does this conclude your direct testimony?**

21 A. Yes.