

Exhibit No.:  
Issues: Rate Design  
Witness: Gary M. Denny  
Sponsoring Party: Aquila Networks-MPS  
& L&P  
Case No.: ER-

Before the Public Service Commission  
of the State of Missouri

**FILED<sup>2</sup>**

FEB 24 2006

Missouri Public  
Service Commission

Direct Testimony

of

Gary M. Denny

Exhibit No. 5  
Case No(s) ER-2005-036  
Date 1-09-06 Rptr KF

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
DIRECT TESTIMONY OF GARY M. DENNY  
ON BEHALF OF AQUILA NETWORKS  
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P  
CASE NO. ER-\_\_\_\_\_**

1 Q. Please state your name and business address.

2 A. My name is Gary M. Denny and my business address is 10700 East 350 Highway,  
3 Kansas City, Missouri, 64138.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Aquila, Inc. ("Aquila" or "Company") as a Senior Regulatory Analyst  
6 in the Regulatory Services Department.

7 Q. What are your duties and responsibilities at Aquila?

8 A. I am responsible for tariff filings, changes to rules and regulations, affiliate filings and  
9 various other analyses as needed.

10 Q. Please state your educational background and experience.

11 A. I have an M.B.A. from Rockhurst University and a B.S. in Business Administration  
12 with a major in Accounting from Central Missouri State University. I have held various  
13 positions in Aquila including positions in Accounting, Customer Service, Marketing  
14 and Financial Management. In 2002, I accepted a position in the analytical section of  
15 Aquila's Regulatory Services.

16 Q. What is the purpose of your testimony in this case before the Missouri Public Service  
17 Commission ("Commission")?

18 A. I am sponsoring the Minimum Filing Requirements ("MFR") of 4 CSR 240-3.030, and  
19 the tariff sheets filed by Aquila in this case. I am also testifying about the consolidation

1 of the Economic Development Rider ("EDR") for Aquila Networks – L&P ("L&P")  
2 and Aquila Networks – MPS ("MPS"). The tariff sheets implementing the changes  
3 proposed in this filing are included in the MFR.

4 Q. Have the MFR for a general rate increase under 4 CSR 240-3.030 been included as a  
5 part of the Company's filing?

6 A. Yes.

7 Q. Are revised tariffs also filed?

8 A. Yes. Revised electric P.S.C. MO No. 1 tariffs for both L&P and MPs have been filed.

9 Q. How do the tariff sheets implement the proposed increase in revenue?

10 A. All tariff charges, other than as described below, were multiplied by the ratio of the total  
11 proposed increase minus the proposed increase to other revenues, divided by the total  
12 annualized revenue minus annualized other revenues. For L&P, the equation is  
13  $(\$9,409,791 - \$0) / (\$112,261,308 - \$14,245,133)$ . This is an increase of 9.6%. For  
14 MPS, the equation is  $(\$69,161,565 - \$0) / (\$371,738,826 - \$31,854,895)$ . This is an  
15 increase of 20.3%.

16 Q. Why are the percentage increases listed above different than the percentages listed in the  
17 press release that is included in the MFR's?

18 A. As discussed in Aquila witness Jon Empson's direct testimony, Aquila is not seeking a  
19 continuation of the Interim Energy Charge ("IEC"). The recovery of IEC fuel cost has  
20 been moved to permanent rates instead of a surcharge. Therefore, a portion of the  
21 increase listed above is already being collected through the IEC so the net impact to  
22 revenue is less than the gross impact to the base tariffs as shown above.

1 Q. What tariff provisions concerning charges for service have not been modified?

2 A. The following items are not changed.

3 \$5.00 reductions for various area lights when installed on existing distribution poles, on  
4 tariff sheets 88, 89, and 91. These charges did not change in the rate reduction ordered  
5 in combined Cases No. ER-97-394 and No. ET-98-103, or in Case No. ER-2001-672.

6 The Cogeneration Purchase Schedule, tariff sheet 102. The tariff provisions did not  
7 change in the prior case and are reviewed on a bi-annual basis. There are no customers  
8 presently served on this tariff sheet.

9 Q. Have you proposed any other tariff changes?

10 A. Yes, I have proposed to consolidate the L&P EDR and the MPS EDR into a single  
11 EDR. This will allow Aquila to have a consistent tariff for economic development  
12 within the state of Missouri and provide for ease of application within Aquila.

13 Q. Does this conclude your 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

County of Jackson           )  
                                       )           ss  
State of Missouri           )

Gary M. Denny, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Gary M. Denny;" that said testimony was prepared by him and under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.

Gary M. Denny  
Gary M. Denny

Subscribed and sworn to before me this 29th day of May, 2005.

of May, 2005.

Terry D. Lutes  
Notary Public  
Terry D. Lutes

8-20-2018



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