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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of Aquila, Inc.)
d/b/a Aquila Networks - L & P and)
Aquila Networks - MPS to) Case No. ER-2004-0034
Implement a General Rate Increase)
In Electricity.

PREHEARING CONFERENCE
Volume 1
Monday, August 25, 2003
Governor Office Building
200 Madison Street
Jefferson City, Missouri 65101

VICKY RUTH, presiding,
SENIOR REGULATORY LAW JUDGE

REPORTED BY:

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RMR, RPR, CCR, CSR
ASSOCIATED COURT REPORTERS
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Jefferson City, Missouri 65101

1 APPEARANCES:

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FOR: Aquila Networks - MPS and
6 Aquila Networks - L & P.

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STUART W. CONRAD, Attorney at Law
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FOR: Sedalia Industrial Energy Users'
11 Association and Ag Processing, Inc.

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MARK W. COMLEY, Attorney at Law
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FOR: Kansas City, Missouri.

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CRAIG PAULSON, Utility Litigation/Negotiation Attorney
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FOR: Federal Executive Agencies.

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Jefferson City, Missouri 65102

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FOR: Missouri Department of Natural Resources.

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1 APPEARANCES (CONT'D):

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NATHAN WILLIAMS, Senior Counsel
3 STEVEN DOTTHEIM, Chief Deputy General Counsel
PUBLIC SERVICE COMMISSION
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Jefferson City, Missouri 65102

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FOR: Staff of the Missouri Public Service
6 Commission.

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JOHN COFFMAN, Acting Public Counsel
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9 Jefferson City, Missouri 65102

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FOR: Office of the Public Counsel and
the Public.

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P R O C E E D I N G S

JUDGE RUTH: Good morning.

We're here for a prehearing conference in Case No. ER-2004-0034 regarding Aquila's request for rate increases in their electric and steam rates.

Case No. ER-2004-0024 regarding the steam rates has been consolidated into the lead case, which is ER-2004-0034, and is titled in the matter of Aquila, Inc. d/b/a Aquila Networks - L & P and Aquila Networks - MPS to implement a general rate increase in electricity.

Judge Kennard Jones is assigned to this case. He's not able to be here today, so I will be conducting the prehearing conference only, and my name is Vicky Ruth.

Today's date is August 25th and it is 10:05 a.m.

I'd like to begin by taking entries of appearance.

And, Aquila, let's begin with you, please.

MR. SWEARENGEN: Thank you, Your Honor.

Let the record show the appearance of James C. Swearngen and Dean Cooper on behalf of Aquila, Inc.

We are with the firm of Brydon, Swearngen & England, Professional Corporation. Our address is

1 312 East Capitol Avenue, Jefferson City, Missouri.

2 Thank you.

3 JUDGE RUTH: For the interveners, I believe,
4 Mr. Conrad, are you representing several?

5 MR. CONRAD: Yes, Your Honor.

6 Stuart W. Conrad, the law firm of Finnegan,
7 Conrad and Peterson, 3100 Broadway, Suite 1209,
8 Kansas City, Missouri 64111.

9 I'm here on behalf of, in the ER case,
10 Sedalia Industrial Energy Users Association and
11 Ag Processing, Inc., and in the HR case on behalf of
12 Ag Processing, Inc.

13 JUDGE RUTH: Thank you.

14 And representing the Federal Executive
15 Agencies.

16 MAJOR PAULSON: Yes. Major Craig Paulson from
17 the Air Force Utility Litigation Team.

18 JUDGE RUTH: Can you go ahead and give your
19 address for the record.

20 MAJOR PAULSON: It's going to take a minute.
21 I've been there a short time.

22 My address is -- these are all capitals --
23 acronym, AFLSA/ULT, 139 Barnes Drive, Suite 1, Tyndall
24 Air Force Base, Florida 32403-5319.

25 JUDGE RUTH: Thank you.

1 Okay. Mr. Comley.

2 MR. COMLEY: Let the record reflect the entry
3 of appearance of Mark W. Comley, Newman, Comley & Ruth
4 PC, 601 Monroe, Suite 301, Jefferson City, Missouri,
5 appearing on behalf of the City of Kansas City.

6 JUDGE RUTH: And representing DNR.

7 MS. WOODS: Your Honor, Shelley Woods,
8 Assistant Attorney General, representing the Missouri
9 Department of Natural Resources. Our address is
10 Post Office Box 899, Jefferson City, Missouri 65102.

11 JUDGE RUTH: Thank you.

12 Staff.

13 MR. WILLIAMS: Nathan Williams and Steven
14 Dottheim representing the Staff of the Missouri Public
15 Service Commission. Address is P. O. Box 360,
16 Jefferson City, Missouri 65102.

17 JUDGE RUTH: Thank you.

18 And Public Counsel.

19 MR. COFFMAN: Appearing on behalf of the
20 Office of the Public Counsel, John B. Coffman and
21 Douglas E. Micheel, P. O. Box 7800, Jefferson City,
22 Missouri 65102.

23 JUDGE RUTH: For the record, is Mr. Micheel
24 present today?

25 MR. COFFMAN: He's not here today.

1 JUDGE RUTH: Thanks.

2 Have I missed any parties?

3 Okay. It's my understanding that in early July
4 Aquila had filed its proposed tariff sheets for the rate
5 increases for the steam and the electric rates.

6 The Commission suspended those tariff sheets on
7 or about July 22nd, and on July 24th the Commission
8 consolidated these two cases.

9 This early prehearing conference has been
10 scheduled to allow the parties to meet and confer,
11 perhaps narrowing or resolving some of the issues, and
12 also to give the parties an opportunity to work on a
13 proposed procedural schedule.

14 Although the Commission has set hearing dates,
15 there are some additional dates that the parties will
16 need to agree on and submit to the Commission.

17 Do the parties have any questions at this time?

18 I have no questions for the parties.

19 I don't intend to stay down here. I will be in
20 my office. If you need me or if you want to look at the
21 hearing calendar --

22 MR. WILLIAMS: Just Staff has been advised, if
23 an inquiry is made into the EFIS system, the proposed
24 rates that Aquila has filed for the electric is not
25 available in the EFIS system.

1 JUDGE RUTH: The tariff themselves?

2 MR. WILLIAMS: The tariff is not.

3 JUDGE RUTH: The tariff is not available in the
4 EFIS but the steams are?

5 MR. WILLIAMS: But the steams are.

6 JUDGE RUTH: Oh. You know, this is not my
7 case, but I believe I may have heard something, that
8 there is a problem with Aquila, in that the tariff sheets
9 were having problems being submitted into EFIS, because,
10 perhaps, the name that EFIS has Aquila registered under
11 is different than the tariff sheet's name.

12 I will check on that. If I can find any
13 additional information before you all leave, I'll come
14 down and share that with you.

15 Mr. Williams.

16 MR. WILLIAMS: I'm not sure if they're
17 available if you look under the case name, but I've been
18 advised that they are not available if you do look under
19 the tariff sheets.

20 JUDGE RUTH: That they're not available, which
21 way are you sure of?

22 MR. WILLIAMS: As tariff.

23 JUDGE RUTH: Okay.

24 Okay. Well, while the rest of you are
25 discussing these matters, I'll go see what I can find out

1 about EFIS and try to get some more information for you.

2 Any other comments, questions?

3 MR. CONRAD: On EFIS or on the secret filing
4 or --

5 JUDGE RUTH: I'll try and find out why EFIS
6 does not show the electric rate case tariff sheets.

7 MR. COFFMAN: Your Honor, I was wondering if
8 you were able to inform us about when the test year
9 decision may be made by the Commission.

10 And the reason I bring that up is that it may
11 have some relationship to what will be a reasonable
12 schedule in the case, as we stated in our test year
13 recommendation.

14 JUDGE RUTH: At this point I have been in
15 contact with Judge Jones this morning, and it was his
16 expectation that he would not rule on that until next
17 week, which would be after the deadline, I believe, the
18 2nd. September 2nd is the deadline for the filing of the
19 proposed procedural schedule.

20 I can take another look at that, and I'll be
21 talking to him later today and see if, perhaps, he will
22 revise his decision on that.

23 MR. COFFMAN: And if I might just be a little
24 more specific, that the known and measurable period that
25 Aquila is requesting may or may not be a reasonable one

1 from our perspective given the span of time between when
2 that financial period is over and the data of the company
3 is available for auditors review and when the direct
4 testimony of our office and other responsive parties is
5 required.

6 And we thought a two-month period would be
7 adequate there, and there is a question about whether the
8 Staff recommendation, which is only a six-month period,
9 or the Company's recommendation, which would be a nine-
10 month known and measurable period, is going to be
11 adopted, and that has some relevance to what we would
12 find reasonable.

13 MR. SWEARENGEN: In conjunction with that, Your
14 Honor, if I might just add, the Company has come up with
15 a couple of alternative proposals to resolve the issue of
16 the update period, and those are things that we intend to
17 discuss today and, hopefully, we can get that worked out.

18 JUDGE RUTH: And I will tell you, I suspect
19 that it would be possible for me to issue an order
20 suspending the September due date, if that's necessary,
21 but I doubt, since it's not my case, that I would make a
22 decision on the test year while Judge Jones is out this
23 entire week.

24 And I don't know if he'll be able to review
25 that while he's out of state, but I will check with him

1 and look into it.

2 MR. WILLIAMS: Judge, I don't believe the
3 parties really have a dispute about the appropriate test
4 year. It's over the update period.

5 JUDGE RUTH: Okay.

6 MR. COFFMAN: Right.

7 MR. WILLIAMS: And Staff suggests and
8 anticipates that this will be a topic during discussions
9 during this prehearing, which will also, as Mr. Coffman
10 indicated, have some ramifications for the proposed
11 schedule.

12 JUDGE RUTH: And if the parties meet and
13 determine that the September 2nd deadline is not feasible
14 for one reason or another, you may wish to request a very
15 short extension.

16 I don't -- off the top of my head, I believe
17 it's the beginning of June that this case has been
18 suspended to, and a few more days for the procedural
19 schedule to be filed probably would not cause significant
20 problems.

21 And while we're discussing the procedural
22 schedule, I wanted to mention that Judge Jones scheduled
23 this with three weeks of hearing, and that was to save
24 those dates on the calendar.

25 If the parties in good faith do not believe

1 that the hearing will take the entire three weeks, then
2 we would expect you to say so in your proposed procedural
3 schedule, so that those dates or some of those dates
4 could be freed up for other hearings, perhaps even
5 another Aquila rate case hearing, which there is another
6 Aquila rate case and there weren't many days available on
7 the calendar for that hearing.

8 Just something to keep in mind.

9 If you need the entire three weeks, that's
10 fine, but there may have to be adjustments made in
11 various cases then.

12 Any other comments? Questions?

13 Then that will conclude the on-the-record
14 portion of the prehearing conference.

15 I will get back to you later this morning on
16 the EFIS tariff issue.

17 If you don't hear from me and you want to call
18 or come up, you're welcome to do that. And the calendar
19 is up there, also, if you're wanting to look at dates.

20 Thank you.

21 WHEREUPON, the on-the-record portion of the
22 Prehearing Conference was concluded.

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