

Exhibit No.:

Issues: Class Cost of Service

Witness: James A. Busch

Sponsoring Party: MO PSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: EO-2002-384

Date Testimony Prepared: October 28, 2005

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

JAMES A. BUSCH

AQUILA, INC.

CASE NO. EO-2002-0384

FILED²
DEC 07 2005

Missouri Public
Service Commission

Jefferson City, Missouri

October 2005

Exhibit No. 15
Case No(s). EO-2002-384
Date 11-07-05 Rptr 45

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

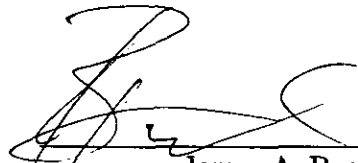
In the Matter of an Examination of the)
Class Cost of Service and Rate Design in)
the Missouri Jurisdictional Electric)
Service Operations of Aquila, Inc.,)
formerly known as UtiliCorp United, Inc.)

Case No. EO-2002-0384

AFFIDAVIT OF JAMES A. BUSCH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Busch, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 3 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

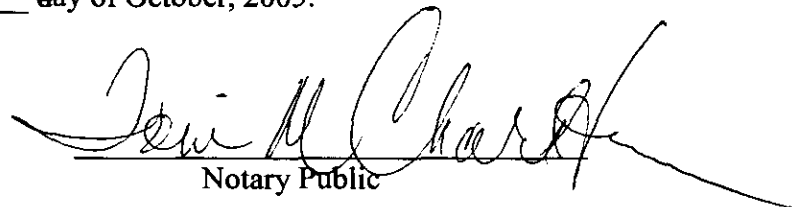


James A. Busch

Subscribed and sworn to before me this 27th day of October, 2005.



My commission expires _____



Notary Public
TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301

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and secondary components and the assignment of primary distribution costs to the lighting class.

II. Class Cost of Service Study – Updates

Q. Has Staff updated its CCOS studies?

A. Yes it has.

Q. What changes has the Staff made to update its CCOS Studies?

A. Staff updated its Time-of-Use allocator for transmission capacity. This update is discussed in the Surrebuttal Testimony of Staff witness Watkins.

Q. Please describe the results of Staff's updated CCOS studies.

A. The results for MPS are provided in Schedule 1 and for L&P in Schedule 2. Table 1 and Table 2 below summarize those results.

Table 1 – MPS CCOS Class Revenues

| | Total | Residential | SGS | LGS | LPS | Other | Lighting |
|--------------------|-------|-------------|---------------|---------------|-----------|----------|-----------|
| Revenue Deficiency | \$0 | \$5,208,118 | (\$2,175,365) | (\$3,969,094) | \$651,854 | \$64,583 | \$219,904 |
| % | 0.00% | 3.06% | -4.04% | -8.98% | 1.28% | 11.45% | 4.26% |

Table 2 – L&P CCOS Class Revenues

| | Total | Residential | SGS | LGS | LPS | Lighting |
|--------------------|-------|-------------|---------------|---------------|-------------|-----------|
| Revenue Deficiency | \$0 | \$1,431,180 | (\$1,055,659) | (\$1,624,995) | \$1,144,552 | \$105,322 |
| % | 0.00% | 3.48% | -13.94% | -9.17% | 4.99% | 4.70% |

1 For comparison, Table 3 and Table 4 below show the results from Staff's CCOS
2 studies it filed in Rebuttal Testimony.

3 **Table 3 – MPS CCOS Class Revenues**

| | Total | Residential | SGS | LGS | LPS | Other | Lighting |
|-----------------------|-------|-------------|---------------|---------------|-------------|----------|-----------|
| Revenue Deficiency | \$0 | \$4,533,994 | (\$2,245,612) | (\$3,738,907) | \$1,103,191 | \$69,555 | \$277,779 |
| % | 0.00% | 2.67% | -4.17% | -8.46% | 2.16% | 12.33% | 5.38% |

4 **Table 4 – L&P CCOS Class Revenues**

| | Total | Residential | SGS | LGS | LPS | Lighting |
|-----------------------|-------|-------------|-------------|---------------|-----------|----------|
| Revenue Deficiency | \$0 | \$2,066,124 | (\$989,163) | (\$1,704,135) | \$569,029 | \$58,144 |
| % | 0.00% | 5.03% | -13.06% | -9.61% | 2.48% | 2.60% |

5
6 Q. Does this conclude your Surrebuttal Testimony?

7 A. Yes.

STAFF CLASS COST-OF-SERVICE RESULTS

(At Revenue Neutral ROR 8.62%)

AQUILA NETWORKS - MPS

CASE NO. EO-2002-0384

| FUNCTIONAL CATEGORY | | | RES | SGS | LGS | LPS | Other | Lighting | TOTAL |
|-------------------------|-------------------------|----------------------|---------------|---------------|---------------|--------------|-----------|-------------|---------------|
| PRODUCTION | CAPACITY | | \$52,578,063 | \$16,618,423 | \$15,318,103 | \$20,752,525 | \$241,481 | \$432,674 | \$105,941,269 |
| PRODUCTION | ENERGY | | \$47,510,360 | \$15,789,899 | \$15,880,523 | \$22,900,632 | \$258,781 | \$762,800 | \$103,102,997 |
| TRANSMISSION | CAPACITY | | \$14,071,282 | \$4,474,107 | \$4,170,299 | \$5,767,621 | \$65,523 | \$139,319 | \$28,688,150 |
| DISTRIBUTION | SUBSTATIONS | DEMAND | \$5,942,571 | \$1,738,603 | \$1,361,226 | \$1,805,774 | \$24,039 | \$79,599 | \$10,751,813 |
| DISTRIBUTION | POLES AND CONDUCTORS | PRI. FEEDER - DEMAND | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DISTRIBUTION | POLES AND CONDUCTORS | PRI. TAP -CUSTOMER | \$6,681,107 | \$2,891,270 | \$232,601 | \$46,130 | \$0 | \$467,837 | \$10,318,945 |
| DISTRIBUTION | POLES AND CONDUCTORS | SEC. CUSTOMER | \$5,699,911 | \$2,466,007 | \$194,191 | \$29,932 | \$308 | \$0 | \$8,390,350 |
| DISTRIBUTION | POLES AND CONDUCTORS | PRI. TAP - DEMAND | \$10,351,575 | \$3,028,535 | \$2,371,168 | \$2,797,155 | \$41,874 | \$138,656 | \$18,728,964 |
| DISTRIBUTION | POLES AND CONDUCTORS | SEC. DEMAND | \$4,794,269 | \$1,400,745 | \$1,057,921 | \$628,086 | \$19,394 | \$0 | \$7,900,415 |
| DISTRIBUTION | TRANSFORMERS | SEC. CUSTOMER | \$11,342,584 | \$2,150,908 | \$909,554 | \$479,938 | \$13,833 | \$0 | \$14,896,817 |
| DISTRIBUTION | TRANSFORMERS | DEMAND | \$504,949 | \$134,304 | \$94,654 | \$51,219 | \$1,554 | \$0 | \$786,681 |
| DISTRIBUTION | CUSTOMER INSTALLATIONS | | \$1,508,470 | \$217,541 | \$8,565 | \$880 | \$16 | \$0 | \$1,735,474 |
| DISTRIBUTION | SERVICES | | \$5,860,242 | \$845,346 | \$116,973 | \$39,923 | \$324 | \$410,357 | \$7,273,165 |
| DISTRIBUTION | METERS | | \$3,974,736 | \$573,360 | \$79,338 | \$27,078 | \$220 | \$278,326 | \$4,933,058 |
| | CUSTOMER DEPOSITS | | (\$256,936) | (\$37,063) | (\$1,491) | (\$197) | (\$3) | (\$17,992) | (\$313,682) |
| | METER READING | | \$1,165,033 | \$504,172 | \$40,560 | \$8,044 | \$63 | \$81,580 | \$1,799,452 |
| | BILLING, SALES, SERVICE | | \$5,623,677 | \$811,221 | \$32,631 | \$4,314 | \$61 | \$393,792 | \$6,865,696 |
| | ASSIGNED LGS/LPS/SC | | \$0 | \$0 | \$1,035,337 | \$136,888 | \$1,928 | \$0 | \$1,174,153 |
| | ASSIGNED RES/SGS | | \$7,349,251 | \$1,060,137 | \$0 | \$0 | \$0 | \$0 | \$8,409,388 |
| | Assigned Lighting | | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,342,925 | \$2,342,925 |
| TOTAL | | | \$184,701,144 | \$54,667,515 | \$42,902,153 | \$55,275,945 | \$669,397 | \$5,509,874 | \$343,726,028 |
| TOTAL COST OF SERVICE | | | \$184,701,144 | \$54,667,515 | \$42,902,153 | \$55,275,945 | \$669,397 | \$5,509,874 | \$343,726,028 |
| % | | | 53.73% | 15.90% | 12.48% | 16.06% | 0.19% | 1.60% | 100% |
| RATE REVENUE | | | \$170,064,667 | \$53,861,537 | \$44,188,703 | \$51,095,135 | \$564,116 | \$5,167,156 | \$324,941,314 |
| NON RATE REVENUE | | | \$2,034,732 | \$644,424 | \$528,694 | \$611,326 | \$6,749 | \$61,822 | \$3,887,748 |
| Interruptible Credit | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OffSystem Revenue | | | \$7,386,948 | \$2,334,803 | \$2,152,115 | \$2,915,623 | \$33,927 | \$80,788 | \$14,884,205 |
| Excess Facility Revenue | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interdepartmental Sales | | | \$8,679 | \$2,115 | \$1,735 | \$2,007 | \$22 | \$203 | \$12,761 |
| TOTAL REVENUE | | | \$179,493,026 | \$56,842,880 | \$46,871,247 | \$54,624,091 | \$604,814 | \$5,289,970 | \$343,726,028 |
| % | | | 52.22% | 16.54% | 13.64% | 15.89% | 0.18% | 1.54% | 100% |
| REVENUE DEFICIENCY | | | \$5,208,118 | (\$2,175,365) | (\$3,969,094) | \$651,854 | \$64,583 | \$219,904 | \$0 |
| % CHANGE | | | 3.06% | -4.04% | -8.98% | 1.28% | 11.45% | 4.26% | 0.00% |

STAFF CLASS COST-OF-SERVICE RESULTS

(At Revenue Neutral ROR 8.62%)

AQUILA NETWORKS - L&P

CASE NO. EO-2002-0384

| FUNCTIONAL CATEGORY | | | RES | SGS | LGS | LPS | Other | Lighting | TOTAL |
|-------------------------|-------------------------|----------------------|--------------|---------------|---------------|--------------|-------|-------------|--------------|
| PRODUCTION | CAPACITY | | \$13,381,300 | \$1,917,658 | \$6,738,333 | \$11,054,315 | \$0 | \$322,884 | \$33,414,490 |
| PRODUCTION | ENERGY | | \$9,998,674 | \$1,445,844 | \$5,134,745 | \$8,610,374 | \$0 | \$301,949 | \$25,489,586 |
| TRANSMISSION | CAPACITY | | \$2,992,227 | \$428,812 | \$1,506,776 | \$2,471,884 | \$0 | \$72,201 | \$7,471,900 |
| DISTRIBUTION | SUBSTATIONS | DEMAND | \$2,253,555 | \$322,524 | \$930,131 | \$1,207,822 | \$0 | \$60,506 | \$4,774,537 |
| DISTRIBUTION | POLES AND CONDUCTORS | PRI. FEEDER - DEMAND | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DISTRIBUTION | POLES AND CONDUCTORS | PRI. TAP - CUSTOMER | \$1,121,743 | \$358,564 | \$130,169 | \$10,267 | \$0 | \$138,394 | \$1,759,136 |
| DISTRIBUTION | POLES AND CONDUCTORS | SEC. CUSTOMER | \$1,203,193 | \$384,599 | \$138,976 | \$10,240 | \$0 | \$0 | \$1,737,008 |
| DISTRIBUTION | POLES AND CONDUCTORS | PRI. TAP - DEMAND | \$2,795,642 | \$400,106 | \$1,153,872 | \$1,498,360 | \$0 | \$75,060 | \$5,923,041 |
| DISTRIBUTION | POLES AND CONDUCTORS | SEC. DEMAND | \$679,928 | \$97,310 | \$279,113 | \$309,054 | \$0 | \$0 | \$1,365,404 |
| DISTRIBUTION | TRANSFORMERS | SEC. CUSTOMER | \$2,166,549 | \$365,091 | \$395,139 | \$296,729 | \$0 | \$0 | \$3,223,509 |
| DISTRIBUTION | TRANSFORMERS | DEMAND | \$95,440 | \$13,869 | \$33,751 | \$40,937 | \$0 | \$0 | \$183,997 |
| DISTRIBUTION | CUSTOMER INSTALLATIONS | | \$79,136 | \$51,083 | \$123,805 | \$126,867 | \$0 | \$0 | \$380,890 |
| DISTRIBUTION | SERVICES | | \$1,201,251 | \$218,868 | \$99,203 | \$6,255 | \$0 | \$148,203 | \$1,673,780 |
| DISTRIBUTION | METERS | | \$982,065 | \$178,932 | \$81,102 | \$5,113 | \$0 | \$121,161 | \$1,368,373 |
| | CUSTOMER DEPOSITS | | (\$29,124) | (\$3,103) | (\$563) | (\$30) | \$0 | (\$3,593) | (\$36,413) |
| | METER READING | | \$305,668 | \$97,706 | \$35,470 | \$2,798 | \$0 | \$37,711 | \$479,353 |
| | BILLING, SALES, SERVICE | | \$2,737,730 | \$291,704 | \$52,948 | \$2,784 | \$0 | \$337,765 | \$3,422,931 |
| | ASSIGNED LGS/LPS/SC | | \$0 | \$0 | \$373,081 | \$19,618 | \$0 | \$0 | \$392,698 |
| | ASSIGNED RES/SGS | | \$2,759,041 | \$293,975 | \$0 | \$0 | \$0 | \$0 | \$3,053,016 |
| | Assigned Lighting | | \$0 | \$0 | \$0 | \$0 | \$0 | \$807,417 | \$807,417 |
| TOTAL | | | \$44,722,018 | \$6,863,541 | \$17,206,049 | \$25,673,387 | \$0 | \$2,419,659 | \$96,884,654 |
| TOTAL COST OF SERVICE | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| % | | | 44.16% | 7.08% | 17.76% | 26.50% | 0.00% | 2.50% | 100% |
| RATE REVENUE | | | \$41,106,120 | \$7,575,521 | \$17,728,841 | \$22,910,401 | \$0 | \$2,238,976 | \$91,559,859 |
| | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NON RATE REVENUE | | | \$746,413 | \$137,558 | \$382,853 | \$442,966 | \$0 | \$40,656 | \$1,750,446 |
| Interruptible Credit | | | \$0 | \$0 | (\$4,927) | (\$12,317) | \$0 | \$0 | (\$17,244) |
| OffSystem Revenue | | | \$1,438,304 | \$206,122 | \$724,277 | \$1,188,185 | \$0 | \$34,706 | \$3,591,593 |
| Excess Facility Revenue | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interdepartmental Sales | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL REVENUE | | | \$43,290,837 | \$7,919,200 | \$18,831,044 | \$24,529,235 | \$0 | \$2,314,337 | \$96,884,654 |
| % | | | 44.68% | 8.17% | 19.44% | 25.32% | 0.00% | 2.39% | 100% |
| REVENUE DEFICIENCY | | | \$1,431,180 | (\$1,055,659) | (\$1,624,995) | \$1,144,152 | \$0 | \$105,322 | \$0 |
| % CHANGE | | | 3.48% | -13.94% | -9.17% | 4.99% | | 4.70% | 0.00% |