

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

In the Matter of an Examination of Class Cost of)	
Service and Rate Design in the Missouri)	
Jurisdictional Electric Service Operations of)	Case No. EO-2002-384
Aquila, Inc., Formerly Known as UtiliCorp United)	
Inc.)	

In the Matter of the Tariff Filing of Aquila, Inc., to)	
Implement a General Rate Increase for Retail)	
Electric Service Provided to Customers in its MPS)	Case No. ER-2005-0436
and L&P Missouri Service Areas.)	

**STAFF'S MOTION FOR PROCEDURAL SCHEDULE, MOTION TO CONSOLIDATE
CASE NOS. EO-2002-384 AND ER-2005-0436, AND RESPONSE TO
SIEUA AND FEA'S JOINT MOTION FOR PROCEDURAL SCHEDULE**

Comes now the Staff of the Missouri Public Service Commission and for its proposed procedural schedule in this case, motion to consolidate Case Nos. EO-2002-384 and ER-2005-0436, and response to the Joint Motion for Procedural Schedule filed by SIEUA and FEA states:

1. In a joint response of the parties in this case filed by the Staff April 18, 2005 the parties stated:

Aquila, Inc. has stated that it will, on or about May 24, 2005, file a general rate increase case for electric service in the Missouri service areas where it is certificated to provide electric service. The parties are in agreement that class cost-of-service and rate design will be part of that general rate increase case.

The parties agree that it is not in the public interest to change rates to electric customers to implement a new rate design based on class cost-of-service studies followed by at most a few months thereafter by a change in rates to implement a general rate increase, or decrease, and likely a new rate design.

Due to Aquila's impending general electric rate increase case, the parties believe it is in the interests of the Commission, the parties, Aquila's Missouri electric customers and the public to delay setting a procedural schedule in this case for dates for filing prepared testimony and for an evidentiary hearing until after Aquila files its general electric rate increase case in May of 2005. At that time, the parties will be able to propose dates for filing prepared testimony and hearings that coordinate with the dates for filing prepared testimony and hearings in the rate case.

2. Aquila, Inc. filed on May 24, 2005 a general rate increase case for electric service in the Missouri service areas where it is certificated to provide electric service.

3. During the prehearing discussions in that electric rate increase case on Thursday, June 30, 2005, Case No. ER-2005-0436, and the concurrent prehearing discussions in Aquila's steam heating rate increase case, Case No. HR-2005-450, those present discussed procedural schedules for all three cases—Case Nos. EO-2002-384, ER-2005-0436 and HR-2005-0450. Those discussions continued the following week.

4. On July 5, 2005, during those discussions, the Staff informed those participating, including Aquila and SIEUA, that the Staff would need from Aquila certain billing unit data critical to the Staff's rate design analysis by a date no later than thirty days prior to the date the Staff would file direct rate design testimony in Case No. EO-2002-384.

5. Following a discussion among the parties the morning of Friday, July 8, 2005, SIEUA and the FEA filed their joint motion proposing a procedural schedule in this case and in the evening of that same day Aquila filed its response supporting that proposed schedule.

6. While the Staff agrees with SIEUA, FEA and Aquila that the events set forth in the schedule they subscribe to should take place, the Staff does not agree with their proposed timing of those events.

7. The Staff believes that this difference in opinion of the appropriate timing of those events may stem from a difference in perception of both the scope and the expected outcome of this case. In their motion, SIEUA and FEA state, “At all times, an analysis based upon fresh load research data, followed by class cost of service studies and then revenue-neutral class shift recommendations, were contemplated by the parties.” And later they further state that the remaining objectives in this case are: (1) completion and finalization of class cost of service studies and their reconciliation between the respective parties’ experts; (2) identification and quantification through the studies of revenue-neutral shifts that would appropriately balance class cost of service revenue responsibility and eliminate or minimize subsidies; and (3) negotiation of potential revenue-neutral resolutions of class cost of service discrepancies among the participating parties for resolution or, for those for which resolution cannot be achieved, presentation to and decision by the Commission.

8. The Staff’s view is that the class cost of service portion of this case (i.e., the relationship between the total cost of providing service each class of customers and the total class revenues that existing rates are collecting) will not result in recommendations by the parties that the Commission adjust current rates based solely due to those cost differences as measured in any party’s class cost-of-service study.

9. Nowhere in the procedural schedule proposed by SIEUA and FEA is there any mention of rate design. From the outset of this case, the Staff anticipated that the parties would examine alternative rate structures, assure that any proposed rates would collect the required revenue, and analyze the impacts of both rate level and the rate structure changes on customers.

10. Not only may rate design issues be raised in a general rate increase, or decrease, case, but class cost-of-service issues bearing on rate design issues may also be raised in the

context of a general rate increase, or decrease, case. Determining those issues in the context of this case will not prohibit the same issues from being relitigated in Aquila's pending general electric rate increase case, Case No. ER-2005-0436.

11. In their April 18, 2005 joint filing the parties proposed a third technical conference to address proposed rate structures and billing determinant issues.

12. During the third technical conference held June 29, 2005, Aquila presented nine pages of changes to rate structures that it wants to examine and, if supported, implement. The types of changes included changes such as eliminating the base-seasonal aspect of the Aquila Networks-MPS' small general service rate schedules; replacing the existing Aquila Networks-MPS large power customer rate structure with a facilities charge based on 100% ratcheted demand and mandatory time-of-day energy charges; consolidating five rate schedules for Aquila Networks-L&P residential customers into two rate schedules; restructuring the time-of-use rate for Aquila Network-MPS municipal customers; and adding energy charge-only options for private area street lighting for Aquila Networks-MPS customers. In other words, the changes presented would require more than simply factoring up or down by a simple percentage the current rates paid by a class of customers to more closely match the cost of serving that class of customers. Considerations such as the incentive for customers to change rate schedules ("rate-switching") come into play, as well as other factors that require extensive analysis to properly develop and review.

13. The June 29, 2005 third technical conference of the parties did not, in Staff's opinion, fully address how the billing units required for the rate design phase of this case are to be developed or the time that would be involved to do so. Those details have yet to be worked out.

14. SIEUA and FEA propose that all parties file direct testimony in this case on September 16, 2005; however, they propose that Aquila not provide to the Staff until August 29, 2005 billing unit data critical to the Staff for any redesign of Aquila's rate structure the Staff would propose in a direct case, given the limitations of Staff's resources.

15. During the prehearing discussions held for Case Nos. ER-2005-0436 and HR-2005-0450, the Staff informed representatives of Aquila, SIEUA and others present that the Staff would require access to billing unit data from Aquila at least thirty (30) days before the Staff filed direct testimony. Under SIEUA and FEA's proposal, the Staff would have the data for only twelve (12) working days. If the Staff does not receive billing units until twelve (12) before it files its direct testimony, the Staff will not be able to look at impacts from changes to the separate rate components that make up the overall customer bill in a particular class, components such as the customer charge and usage charges. Limiting the Staff's access to vital billing unit data until twelve (12) days prior to the direct filing deadline would place the Staff in a position to do little more than recommend an across-the-board adjustment for each customer class based on the cost of serving that class of customers. For that reason alone, the procedural schedule SIEUA and FEA have proposed is unworkable for the Staff.

16. Rate design proposals based on the results of detailed class cost-of-service studies and rate structure analysis are not usually included in general rate increase, or decrease, cases. In fact, they are not a part of Aquila's initial filing in Case No. ER-2005-0436, and were not included in its direct filings in at least its last two general electric rate increase cases - Case Nos. ER-2001-672 and ER-2004-0034. Aquila does not routinely develop the load data or perform the special cost studies that are required to develop detailed class cost-of-service studies. Nor does it develop the billing unit data required to analyze rate structure changes. Unlike those

prior cases, this data is now, or shortly will be, available for Aquila's customers. The Staff believes it most economical for the parties and the Commission to consider class cost-of-service and rate structure recommendations in the context of Aquila's pending general electric rate case, Case No. ER-2005-0436, not separately.

17. The Staff's preferred proposal is that this case be consolidated with Case No. ER-2005-0436, Aquila's general electric rate increase case. If consolidated, the Staff proposes the following procedural schedule:

CONSOLIDATED PROCEDURAL SCHEDULE
EO-2002-384 and ER-2005-0436

Case Number	Date	Event
ER – 2005 – 0436	May 24, 2005	Direct Testimony – Aquila
ER – 2005 – 0436	Friday, October 14, 2005	Direct Testimony (excluding class cost of service and rate design issues) – All Parties except Aquila
ER – 2005 – 0436	Thursday, October 20, 2005	Reconciliation (created by Staff and circulated to parties)
ER – 2005 – 0436 EO – 2002 – 384	Friday, October 28, 2005	Direct Testimony (class cost of service and rate design issues) – All Parties <u>including</u> Aquila
ER – 2005 – 0436 EO – 2002 – 384	Week of October 31-November 4, 2005	Settlement Conference
ER – 2005 – 0436 EO – 2002 – 384	Friday, November 4, 2005	Preliminary List of Issues (Not filed)
ER – 2005 – 0436 EO – 2002 – 384	Monday, November 7, 2005 and Wednesday, November 9, 2005	Local Public Hearings ¹

¹ The November 7, 2005 on-the-record hearing to commence at 6:00 p.m. at either Raytown South High School or the Raytown City Council Chambers in Raytown, Missouri and the November 9, 2005 on-the-record hearing to commence at 6:00 p.m. in the Saint Joseph, Missouri City Council Chambers. Both hearings to be preceded by an informational session conducted by the Staff commencing at 5:30 p.m.

ER – 2005 – 0436 EO – 2002 – 384	Friday, November 18, 2005	Rebuttal testimony – All Parties Seven (7) calendar days DR response turnaround period begins – All Parties
ER – 2005 – 0436 EO – 2002 – 384	Tuesday, December 13, 2005	Surrebuttal Testimony – All Parties
ER – 2005 – 0436 EO – 2002 – 384	Wednesday, December 14, 2005	List of Issues
ER – 2005 – 0436	Friday, December 16, 2005	Reconciliation
ER – 2005 – 0436 EO – 2002 – 384		Prehearing Briefs (Because parties’ positions will be stated in their prehearing briefs, position statements are not part of this schedule.)
ER – 2005 – 0436 EO – 2002 – 384	January 9 through February 10, 2006, excluding weekends and holidays	Evidentiary Hearing
ER – 2005 – 0436 EO – 2002 – 384	To be determined at or near the time of hearing	Initial Briefs (All Parties)
ER – 2005 – 0436	Thursday and Friday, February 23-24, 2006	True-Up Hearing (If necessary)
ER – 2005 – 0436 EO – 2002 – 384	To be determined at or near the time of hearing.	Reply Briefs (All Parties)
ER – 2005 – 0436 EO – 2002 – 384	To be determined at or near the time of hearing.	Proposed Findings of Fact and Conclusions of Law (All Parties)
ER – 2005 – 0436	April 21, 2006	Operation of Law Date

- Data Requests copied to all Parties, with electronic delivery preferred.
- Parties to provide copies of work papers to other Parties within three (3) working days of the filing of the witness’ testimony, without the necessity of a special request.
- Data Request responses provided in one rate case may be utilized in the other rate case.
- Parties anticipate receipt of hearing transcripts to be expedited

18. If the Commission rejects the Staff's motion to consolidate Case Nos. EO-2002-384 and ER-2005-00436 and the Staff's proposed consolidated schedule, and adopts the procedural schedule proposed by SIEUA and FEA, the Staff recommends that the schedule proposed by SIEUA and FEA be modified to require that Aquila provide billing unit data consistent with its proposed rate structures to the Staff no later than August 15, 2005, which is thirty (30) days prior to date SIEUA and FEA propose for the filing of direct testimony.

WHEREFORE, the Staff responds to the joint motion of SIEUA and FEA and moves the Commission to consolidate Case Nos. EO-2002-384 and ER-2005-0436, and adopt the consolidated procedural schedule proposed by the Staff set forth above or, alternatively, if the Commission does not consolidate Case Nos. EO-2002-384 and ER-2005-0436, then adopt the procedural schedule proposed by the Staff set forth above that addresses events in this case only, or, alternatively, if the Commission adopts the procedural schedule proposed by SIEUA and FEA, that it modify the date billing unit data is made available to the Staff and other parties from August 29 to August 15, 2005.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Nathan Williams

Nathan Williams
Senior Counsel
Missouri Bar No. 35512

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8702 (Telephone)
(573) 751-9285 (Fax)
Nathan.williams@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 21st day of July 2005.

/s/ Nathan Williams