EXECUTIVE SUMMARY
SURREBUTTAL TESTIMONY OF J. MATT TRACY
DOCKET NO. EO-2002-384

Section I: Introduction

The recommendations to the Commission include the following: that the Commission considers the impact of **not** moving to COS results; that the Commission gives no weight to Staff's contention that rate restructuring was added to this case on a "whim," or to OPC's implication that the COS data is stale; and that the Commission considers an option for implementing rate changes.

Section II: Implementation Factors

This section notes several locations in testimony where factors for the Commission to consider when implementing changes in rates may be found. It adds to Staff's list a need to consider the impact on all stakeholders of **not** moving to the results of Aquila's COS, keeping in mind the efforts expended by the parties in this case.

Section III: Rate Restructuring

This section responds to Staff's contention that Aquila has proposed rate restructuring on a "whim," and to OPC's implication that the COS data is stale. Surrebuttal Schedule JMT-1 and Surrebuttal Schedule JMT-2 are introduced in support of Aquila's contention that all parties have known of Aquila's intention to restructure the rates for L&P and MPS for over three years, that all parties have had adequate time to analyze this case, and that it is inappropriate for parties that caused delays to complain that the process has taken too long, while also asking for more time.

Section IV: Implementation Methods

This section reviews the three events needed to occur to implement the results of this case in view of Aquila's pending revenue requirements case, Case No. ER-2005-0436. An option is offered that takes into account the abilities of Aquila's billing system, the historical preference of the Commission, and the expectations of Aquila's customers.

Exhibit No.:	
Issues:	Policy, Implementation, Rate Restructuring
Witness:	J. Matt Tracy
Sponsoring Party:	Aquila Networks – L&P Aquila Networks – MPS
Case No.:	EO-2002-384

Before the Public Service Commission
Of the State of Missouri

Surrebuttal Testimony

Of

J. Matt Tracy

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
SURREBUTTAL TESTIMONY OF J. MATT TRACY
ON BEHALF OF
AQUILA NETWORKS
AQUILA, INC.
DOCKET NO. EO-2002-384

SECTION I – Introduction

Q. Please state your name and business address.

A. My name is J. Matt Tracy and my business address is 10700 East 350 Highway, Kansas City, Missouri, 64138.

Q. Are you the same J. Matt Tracy who provided direct and rebuttal testimony in this case on behalf of Aquila, Inc. ("Aquila" or "Company")?

A. Yes.

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

A. My surrebuttal testimony will respond to the rebuttal testimony of the Commission Staff ("Staff") regarding implementation. I also respond to the rebuttal testimony of the Office of the Public Counsel ("OPC").

Q. By way of background and in summary what are Aquila's recommendations in this case?

A. Aquila recommends that the Commission:

- Include in its considerations the impact on all stakeholders of **not** moving to the results of Aquila's Class Cost-of-Service ("COS"), keeping in mind the efforts expended by the parties in this case.

- Give no weight to Staff's contention that Aquila's proposed rate structure changes in this case are based on a "whim."
- Give no weight to OPC's implication that the cost data in this case is stale.
- Consider another option for implementing rate changes that accounts for the three events that need to occur in consideration of this case and Case No. ER-2005-0436, Aquila's pending electric rate case.

SECTION II – Implementation Factors

Q. What factors, beyond those listed in Staff witness James Watkins' rebuttal testimony, should the Commission consider in implementing changes in rates based on COS?[1]

A. At a minimum the Commission should also consider the impact on all stakeholders of **not** moving to the results of Aquila's COS. Sending incorrect price signals to customers has widespread negative impacts. A more complete listing of factors is available on page 7 of Aquila witness Charles Gray's direct testimony.[2] Additional discussion of the negative impacts is in my direct testimony, beginning at page 6.[3] Also see my rebuttal testimony, section III generally, and pages 6 and 7 specifically.[4] I particularly ask the Commission to note that the results of each of the COS studies show that the Small General Service ("SGS") class deserves a reduction in rates. It has been my observation over the years that SGS gets less attention than is warranted, given their value in job creation, and the relatively greater value a reduction in operating costs has for small commercial customers.

[1] Rebuttal testimony of James C. Watkins, pg. 7, lines 12-16.
[2] Direct testimony of Charles R. Gray, pg. 7, lines 1-22.
[3] Direct testimony of J. Matt Tracy, Section IV, pg. 6, line 14 through pg. 8, line 19.
[4] Rebuttal testimony of J. Matt Tracy, pg. 6, line 4 through page 7, line 9.

SECTION III – Rate Restructuring

Q. What is the issue with respect to rate restructuring?

A. Aquila has proposed rate restructuring. The Staff recommends that no rate restructuring be approved in this case, not because rate restructuring is inappropriate, but rather because of an allegation that Aquila's rate restructuring proposals were prepared on a "whim" and apparently because Staff did not have sufficient time, information and resources to validate Aquila's proposals.

Q. What is your response?

A. Aquila witness Charles R. Gray provides details on what Aquila proposed to the parties regarding rate restructuring in this case. Moreover, as shown on the attached Surrebuttal Schedule JMT-1, and Surrebuttal Schedule JMT-2, information was provided showing Aquila's restructuring proposals with sufficient lead time for comment by and input from other parties.

Q. What is shown in Surrebuttal Schedule JMT-1 and Surrebuttal Schedule JMT-2?

A. Surrebuttal Schedule JMT-1 is a handout I created and provided to all the parties at our November 12, 2003 Class Load Conference. It is the result of a February 24, 2003 meeting among Aquila regulatory, operational, financial, billing and account executive personnel reviewing the electric rates in all three states that Aquila serves. The input document to the February meeting was itself largely the result of a previous document prepared by Aquila and provided to Staff, OPC, and SIEUA at a May 22, 2002 meeting that included discussions about rate restructuring for L&P and MPS. Surrebuttal Schedule JMT-1 consists of nine pages of side-by-side listings of the L&P and MPS rates grouped by customer class; one page of residential, and two pages

each for SGS, LGS, LPS, and other rates. It includes our recommendations as of that date regarding changes. Of particular note are the comments at the top of the first page of the SGS class, "Use a blocked hours of use rate....base / seasonal hours use structure is too complex." The LGS class has similar comments. Obviously, information supporting Aquila's recommendation for rate restructuring has been available for review for a considerable period of time. Surrebuttal Schedule JMT-2 is another document prepared by me and provided to the parties to this case at our June 29, 2005 meeting. It presents the information in a prose format, rather than tabular, and so may make the tabular information more accessible.

Q. Has the Staff questioned the results of Aquila's rate restructuring proposal due to the lack of customer surveys or focus groups regarding the need for rate restructuring?

A. Yes.

Q. Did any party request surveys or focus groups of Aquila customers or personnel regarding rate restructuring?

A. No such request was made prior to the filing of Staff's rebuttal testimony. There was no call by Staff or any other party at the November 12, 2003 meeting, or the earlier May 22, 2002 meeting for surveys or focus groups to confirm what we presented. We could have collected that information had there been such a request. There was certainly time for such studies in the years since those meetings.

Q. How can you be certain that your restructuring proposals are addressing customer needs?

A. We rely on a number of sources: customer contact with our field and regulatory personnel, feedback from participants during internal rate training, and direct field

communications. Since the 1993 implementation of the base / seasonal rates, these sources all reflect that a more understandable rate structure would be appreciated. In view of this, the Staff characterization of our rate restructuring proposals as a "whim," is inappropriate and incorrect. The Staff request for studies and focus groups ignores the discussions and handouts at the technical conferences.[5]

Q. Have the parties faced resource constraints in completing their work in this case?

A. All parties have faced similar constraints during the three plus years this docket has been open. Both Staff and OPC, though the OPC in particular, have repeatedly expressed a desire for more time to do their work.

Q. Is there value in constraining resources?

A. Yes. On page 5 of my direct testimony I state that customers would receive less value than it is worth if one tried to provide a cost study for each customer individually.[6] There is a need to limit the resources committed to a task to a level less than the benefits expected to be achieved by completing the task. There is also the need to set deadlines. OPC and Staff have both expressed the desire for more time, but extending a deadline indefinitely removes the incentive to work on a project. Finally, there is the maxim that justice delayed is justice denied. Aquila has expended significant efforts in designing the new rate structures, and has communicated with the other parties regarding rate restructuring for over three years. The first year and a half was spent collecting and analyzing sample data for MPS Schools & Churches at the request of Staff. To further extend this rate design effort,

[5] Rebuttal testimony of James C. Watkins, pg. 2, line 15, and pg. 6, line 23.
[6] Direct testimony of J. Matt Tracy, pg. 5, lines 12-13.

or to abort it entirely because Staff and OPC have not fully devoted their resources to this case or this issue is not appropriate.

Q. Has the OPC implied that the entire COS process has taken too long, and that the COS results should be discounted because of the delay?

A. Yes.

Q. How do you respond?

A. This is an especially inappropriate complaint, given the OPC's role in delaying the progress of this case.

Q. Please explain.

A. As evidenced by the timeline of this case provided in my direct testimony, beginning on page 3,[7] Aquila's initial COS was provided to all parties on June 18, 2004. No other party provided a COS in reply. Eleven months later, on May 6, 2005, Aquila provided an updated COS study at the first of three technical conferences **jointly** proposed by the parties to the case.[8] On June 17, 2005, the second jointly proposed conference was held with the express purpose of receiving COS studies from the other parties. COS were provided by Staff and jointly by industrial users. OPC did not provide a COS. At the third jointly proposed conference on June 29, 2005, in response to inquiries about OPC's COS, the reply was that it was not ready, and no estimate of when it would be ready was available. OPC finally provided a COS to the other parties in OPC's direct testimony, on September 19, 2005.

[7] Direct testimony of J. Matt Tracy, pg. 3, line 9 through pg. 4, line 8.
[8] Joint Response to Order Directing Filing, 4/18/05, item 56 in EFIS Docket Sheet.

SECTION IV – Implementation Methods

Q. What events need to occur to implement the results of this case in view of Aquila's pending revenue requirements case, Case No. ER-2005-0436?

A. There are three events that need to occur to implement the combined changes: one, the revenue requirement change, if any, ordered in Case No. ER-2005-0436; two, rate restructuring ordered in this case; and three, revenue neutral shifts between classes to move to COS ordered in this case.

Q. Are there any limitations to implementing all three events at the same time?

A. Yes. It is the usual practice in Missouri to implement changes in revenue requirements resulting from a rate case on a pro-rated basis from the effective date of the tariff. Aquila's billing system is capable of pro-rating bills based on changes in levels, but is not able to pro-rate a bill when the fundamental structure of a customer's rate changes.

Q. Given that limitation, how do you propose to implement the three changes?

A. I propose implementing any revenue requirement change ordered in Case No. ER-2005-0436 as an across-the-board change on the effective date of the compliance tariffs so that it can be implemented on the customary pro-rated basis. The rate restructuring and revenue neutral shifts would then be implemented with the June 2006 billing cycle.

Q. Why pick the June billing cycle?

A. It is particularly appropriate for this change.

Q. Please explain.

A. Aquila's current and proposed rates are seasonally differentiated, with higher rates during a four-month period from June through September. Customers are already accustomed to changes in rates occurring with their June bills, so rolling in the changes over the June billing cycle will coincide with their existing expectations.

Q. What alternative exists if the Commission determines that the combination of the revenue change from Case No. ER-2005-0436 and the revenue neutral change from this case is greater than the Commission wants to implement within three months?

A. In that circumstance, the June 2006 bill cycle could include the rate restructuring and half of the movement of the revenue neutral shifts. The October 2006 bill cycle, when the higher seasonal rates end, could then implement the other half of the movement of the revenue neutral shifts. Again, the changes would occur at times when customers already have some expectation of changes in rates. The impact on those customers for which the greatest increases in revenue have been demonstrated would be mitigated over the first summer, when usage is highest for most customers, and implement the full changes at a time when usage is generally the lowest of the year, and rates have fallen to the lower seasonal level.

Q. Are there other issues to note?

A. I found that Staff's transmission TOU demand allocator spreadsheets had an error. The dates were miss-aligned. Data for August was shifted to December, moving the peak out of the summer. I pointed the problem out to Staff witness James Watkins. On October 25, 2005 he provided corrected information to the parties.

Q. Does this conclude your surrebuttal testimony?

A. Yes it does.

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 Aquila, Inc., formerly known as UtiliCorp United Inc.	))))	Case No. EO-2002-384

County of Jackson)
) ss
State of Missouri)

AFFIDAVIT OF J. MATT TRACY

J. Matt Tracy, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of J. Matt Tracy;" 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.

J. Matt Tracy

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

Notary Public
Terry D. Lutes

My Commission expires:

8-20-2008

Notary Public Notary Seal State of Missouri

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

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Residential: Go to two residential rates, based on MO 860 & MO870, with the exception of TOU. Aim to have customer charge and the final block the same, with the early blocks creating the revenue difference between divisions.

L&P	$	MPS	$	Comments
General 110 MO910	**33K**	**NSH MO860**	**147K**	
Cust	5.59	Cust	6.64	
S	.064	S 0-600	.0693	
		S –1000	.0713	
		S –up	.0749	
W 0-650	.057	W 0-600	.0693	
W –up	.042	W –up	.0474	
Space Heat 120 MO920	**14K**	**Space Heat MO870**	**40K**	
Cust	5.59	Cust	6.64	
S	.064	S 0-600	.0693	
		S –1000	.0713	
		S –up	.0749	
W 0-1000	.042	W 0-600	.0693	
W –up	.030	W –1000	.0374	
		W –up	.0310	
Water Heat 135 MO913	**7.1K**			
Cust	5.59			
S	.064			
W 0-650	.053			
W –up	.035			
Separate Meter, Space / Water Heating 621 MO922, Frozen	**103**			
Service Charge	2.95			
S	.065			
W	.035			
Other Residential 150 MO915	**1.5K**			
Cust	6.11			
S	.093			
W	.068			
TOU MO Add to base res bill	**0**	**TOD MO600**	**0**	
Metering	15.00	Cust	11.76	
S On Peak	.027	S On Peak	.1265	
		S Shoulder	.0703	
S Off Peak	-.014	S Off Peak	.0422	
W On Peak	.003	W On Peak	.0812	
W Off Peak	-.002	W Off Peak	.0324	

S = Jun – Sep
W = Oct – May

EO-2002-384 Aquila Networks November 12, 2003

Small General Service: Use a blocked hours of use rate, except for non-demand and TOU rates. Aim to have customer charges, demand charges, and the final blocks the same, with the initial blocks creating the revenue difference between divisions. The base / seasonal hours use structure is too complex.

L&P	$	MPS	$	Comments
Limited Demand 201 MO930 (& Space Heat 221 MO932) 40 kW max or < 300 kWh/mon	**3.5K**	**No kW MO710** 30 kW max or < 5400 kWh/month	**13K**	Mimic residential blocking for non-demand rate.
Cust	11.25	Cust	11.22	
S	.086	S	.0831	
W	.062	W Base	.0689	
		W Seas.	.0267	
				Temporary Service Add a non-demand temporary service rate for construction.
General 211 MO931	**1.4K**	**Demand MO711** Secondary, 100 kW max	**12K**	
		Cust	11.22	
Facilities kW to 10	23.46	S Base kW	3.22	
Facilities kW –up	1.71	S Seas. kW	3.22	
		W Base kW	2.39	
		W Seas. kW	0.00	
S 150 kWh/kW	.072	S Base 0-180 hu	.0652	
S –up kWh/kW	.053	S Base –360 hu	.0478	
		S Base –up hu	.0380	
		S Seas. 0-180 hu	.0652	
		S Seas. –360 hu	.0478	
		S Seas. –up hu	.0380	
W 150 kWh/kW	.049	W Base 0-180 hu	.0557	
W –up kWh/kW	.038	W Base –360 hu	.0469	
		W Base –up hu	.0380	
		W Seas. 0-180 hu	.0267	
		W Seas. –360 hu	.0267	
		W Seas. –up hu	.0267	
General – Space Heat 222 MO933	**599**			
Facilities kW to 3	11.25			
Facilities kW –up	1.53			
S 150 kWh/kW	.072			
S –up kWh/kW	.053			
W 150 kWh/kW	.049			
W –up kWh/kW	.029			
		Demand MO716 Primary, 100 kW max	**6**	
		Cust	11.22	
		S Base kW	2.23	
		S Seas. kW	2.23	
		W Base kW	1.35	
		W Seas. kW	0.00	
		S Base 0-180 hu	.0636	
		S Base –360 hu	.0467	
		S Base –up hu	.0371	

		S Seas. 0-180 hu	.0636	
		S Seas. –360 hu	.0467	
		S Seas. –up hu	.0371	
		W Base 0-180 hu	.0543	
		W Base –360 hu	.0457	
		W Base –up hu	.0371	
		W Seas. 0-180 hu	.0260	
		W Seas. –360 hu	.0260	
		W Seas. –up hu	.0260	
TOU MO Add to base bill	**0**	**TOD MO610** 1 phase, no kW	**0**	Offer a single, restructured, TOU rate.
Metering	15.00	Cust	15.80	
S On Peak	.022	S On Peak	.1323	
		S Shoulder	.0735	
S Off Peak	-.015	S Off Peak	.0441	
W On Peak	.002	W On Peak	.0858	
W Off Peak	-.002	W Off Peak	.0343	
		TOD MO620 1 phase, kW	**0**	Offer a single, restructured, TOU rate.
		Cust	15.80	
		S Peak kW	6.76	
		W Peak kW	0.00	
		S On Peak	.0809	
		S Shoulder	.0449	
		S Off Peak	.0270	
		W On Peak	.0674	
		W Off Peak	.0270	
Separate Meter, Space / Water Heating 641 MO941 frozen, any non-res rate	**110**			
Service Charge	5.78			
S	.086			
W	.035			

hu = hours of use

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Large General Service: Use a blocked hours of use rate, except for TOU rates. Aim to have customer charges, demand charges, and the final blocks the same, with the early blocks creating the revenue difference between divisions. The base / seasonal hours use structure is discontinuous between SGS and LPS.

L&P	$	MPS	$	Comments
LGS 311 MO940 Secondary	**1.1K**	**LGS MO720** Secondary, 100 to 500 kW	**1.0K**	
		Cust	43.70	
Facilities kW to 40	75.86	S Base kW	3.23	
Facilities kW –up	1.02	S Seas. kW	3.23	
S kW	2.60			
W kW <= S kW	1.23	W Base kW	2.24	
W kW > S kW	0.20	W Seas. kW	0.00	
S 200 kWh/kW	.049	S Base 0-180 hu	.0609	
S –up kWh/kW	.033	S Base –360 hu	.0445	
		S Base –up hu	.0355	
		S Seas. 0-180 hu	.0609	
		S Seas. –360 hu	.0445	
		S Seas. –up hu	.0355	
W 200 kWh/kW	.034	W Base 0-180 hu	.0445	
W –up kWh/kW	.029	W Base –360 hu	.0374	
		W Base –up hu	.0355	
		W Seas. 0-180 hu	.0267	
		W Seas. –360 hu	.0267	
		W Seas. –up hu	.0267	
LGS 311 MO940 Primary	**?**	**LGS MO725** Primary, 100 to 500 kW	**22**	
Facilities kW to 40	53.46	Cust	43.70	
Facilities kW –up	0.46	S Base kW	2.24	
S kW	2.60	S Seas. kW	2.24	
W kW <= S kW	1.23	W Base kW	1.35	
W kW > S kW	0.20	W Seas. kW	0.00	
S 200 kWh/kW	.049	S Base 0-180 hu	.0593	
S –up kWh/kW	.033	S Base –360 hu	.0435	
		S Base –up hu	.0346	
		S Seas. 0-180 hu	.0593	
		S Seas. –360 hu	.0435	
		S Seas. –up hu	.0346	
W 200 kWh/kW	.034	W Base 0-180 hu	.0435	
W –up kWh/kW	.029	W Base –360 hu	.0366	
		W Base –up hu	.0346	
		W Seas. 0-180 hu	.0260	
		W Seas. –360 hu	.0260	
		W Seas. –up hu	.0260	
LGS MO Metered at ___, then reduce kW and kWh by				
Primary	1.5%			
Substation	2.5%			
Transmission	3.0%			
TOU MO *Add to base bill*	**0**	**TOD MO630** 3 phase, Secondary	**0**	Offer a single, restructured, TOU rate.
Metering	15.00	Cust	52.89	

		S Peak kW	6.76	
		W Peak kW	0.00	
S On Peak	.020	S On Peak	.0809	
		S Shoulder	.0449	
S Off Peak	-.012	S Off Peak	.0270	
W On Peak	.002	W On Peak	.0674	
W Off Peak	-.002	W Off Peak	.0270	
		TOD MO640 3 phase, Primary	**0**	Offer a single, restructured, TOU rate.
		Cust	52.89	
		S Peak kW	4.61	
		W Peak kW	0.00	
		S On Peak	.0788	
		S Shoulder	.0438	
		S Off Peak	.0263	
		W On Peak	.0657	
		W Off Peak	.0263	

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Large Power Service: Use modified L&P structure.

L&P	$	MPS	$	Comments
LPS 411 MO944 Secondary, 500 kW and up	56	**LPS MO730** Secondary, 500 kW and up	98	
		Cust	118.34	
Facilities kW to 500	640.86	S Base kW	6.48	
Facilities kW –up	1.00	S Seas. kW	6.48	
S kW	7.34			
W kW <= S kW	3.13	W Base kW	4.74	
W kW > S kW	0.20	W Seas. kW	0.00	
S On Peak	.034	S Base 0-180 hu	.0517	
S Off Peak	.024	S Base –360 hu	.0340	
		S Base –up hu	.0272	
		S Seas. 0-180 hu	.0517	
		S Seas. –360 hu	.0340	
		S Seas. –up hu	.0272	
W On Peak	.028	W Base 0-180 hu	.0343	
W Off Peak	.021	W Base –360 hu	.0308	
		W Base –up hu	.0272	
		W Seas. 0-180 hu	.0267	
		W Seas. –360 hu	.0267	
		W Seas. –up hu	.0267	
LPS 411 MO944 Primary, 500 kW and up	?	**LPS MO735** Primary, 500 kW and up	31	
		Cust	118.34	
Facilities kW to 500	360.86	S Base kW	5.40	
Facilities kW –up	0.44	S Seas. kW	5.40	
S kW	7.34	W Base kW	3.46	
W kW <= S kW	3.13	W Seas. kW	0.00	
W kW > S kW	0.20	S Base 0-180 hu	.0505	
S On Peak	.034	S Base –360 hu	.0330	
S Off Peak	.024	S Base –up hu	.0266	
		S Seas. 0-180 hu	.0505	
		S Seas. –360 hu	.0330	
		S Seas. –up hu	.0266	
		W Base 0-180 hu	.0335	
W On Peak	.028	W Base –360 hu	.0300	
W Off Peak	.021	W Base –up hu	.0266	
		W Seas. 0-180 hu	.0260	
		W Seas. –360 hu	.0260	
		W Seas. –up hu	.0260	
		Reactive	0.27	
		Modine MO919	1	
		KWh 0-1000	.0618	
		KWh –3000	.0551	
		KWh –10,000	.0486	
		KWh –50,000	.0424	
		KWh >50,000	.0389	
LPS MO Metered at ___, then reduce by				
Primary	1.5%			

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Substation	2.5%			
Transmission	3.0%			
		TES MO650 Secondary, frozen	1	
		Cust	127.52	
		S Peak kW	6.48	
		W Peak kW	4.74	
		S On Peak	.0515	
		S Shoulder	.0289	
		S Off Peak	.0260	
		W On Peak	.0289	
		W Off Peak	.0260	
		TES MO660 Primary, frozen	0	
		Cust	127.52	
		S Peak kW	5.40	
		W Peak kW	3.46	
		S On Peak	.0515	
		S Shoulder	.0289	
		S Off Peak	.0260	
		W On Peak	.0289	
		W Off Peak	.0260	

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Economic Development Rider: Simplify the MPS structure.

L&P	$	MPS	$	Comments
500 kW min., 10 MW max.	5	200 kW min., Load Factor @	25	
Year 1, >50% LF	30%	Year 1, 50-54%	25%	
Year 2	25%	Year 2	20%	
Year 3	20%	Year 3	15%	
Year 4	15%	Year 4	10%	
Year 5	10%	Year 5	5%	
		Year 1, 55-59%	27.5%	
		Year 2	22.5%	
		Year 3	17.5%	
		Year 4	12.5%	
		Year 5	7.5%	
		Year 1, >60%	30%	
		Year 2	25%	
		Year 3	20%	
		Year 4	15%	
		Year 5	10%	
		Year 1, >50%, w/o 5 yr excl. contract	15%	
		Year 2	15%	
		Year 3	10%	

Curtailment Rider: Revise MPS if it can be as effective as L&P's.

L&P	$	MPS	$	Comments
200 kW min., credit 12 months / year	?	250 kW min., credit 4 months / year	0	
Credit / kW	1.98	Credit / kW	4.69	
Penalty / kW	24.00	1st Penalty / kW	14.06	
		Add. Pen. / kW	18.74	
		Res. Marg. Pen. / kW	3.92	
3 yr annual bonus / kW	3.22			
5 yr annual bonus / kW	6.43			

Supplementary Rates:

L&P	$	MPS	$	Comments
VLR		**RTP, SCR, VLR**	**9 RTP**	Modify RTP to account for contrary behavior. Consider eliminating RTP.
Municipal Underground Cost Recovery Rider		**Municipal Underground Cost Recovery Rider**		Modify for alternate recovery, for other mandated expenses.
Reserve Distribution Capacity Rider		**Reserve Distribution Capacity Rider**		Do we want this? See AmerenUE Tariff.

Schools & Churches: Group the L&P with MO930. See if restructured TOU will address any unique load shape that truly exists in the class.

L&P	$	MPS	$	Comments
C&S 261 MO934	312	**S&C MO740** Secondary, frozen	1.0K	
Cust	11.25	Cust	11.44	
S	.086	S	.0734	
W	.062	W Base	.0609	
		W Seas.	.0313	

		S&C MO745 Primary, frozen	**1**	
		Cust	11.44	
		S	.0715	
		W Base	.0594	
		W Seas.	.0305	

Other: See if restructured TOU will address any unique load shape that truly exists in these rates.

L&P	**$**	**MPS**	**$**	**Comments**
		Muni Water Pumping & Special Street Lighting MO800 Frozen	**198**	
		kWh first 150	8.84	
		KWh > 150	.0587	
		Muni Park & Rec MO810 1 Phase, frozen	**220**	
		kWh ($7.09 min.)	.0746	
		Muni Park & Rec MO811 3 Phase, frozen	**91**	
		kWh ($23.66 min.)	.0746	

Lights:

L&P	**$**	**MPS**	**$**	**Comments**
Private Area, Street, Signal		**Private Area, Street**		Provide options where we own / maintain the light, and energy only for all other lights.

Standby, Supplementary, or Isolated Generating Plant:

L&P	**$**	**MPS**	**$**	**Comments**
Standby or Supplementary 770	**0**	**Special Isolated Generating Plant**	**0**	
Reserved Capacity / kW (40 kW min.)	6.15	Capacity Charge / kW ($5,377.07 min.)	5.40	
		KWh	.0383	
		Reactive	0.27	

Qualifying Facility / Cogeneration: Simplify rate option.

L&P	**$**	**MPS**	**$**	**Comments**
Qualifying Facility 775	**0**	**Cogeneration MO700**	**0**	
		Cust	4.50	
S On Peak	.0308	KWh	.0238	
S Off Peak	.0113			
Wi On Peak	.0199			
Wi Off Peak	.0101			
Sh On Peak	.0222			
Sh Off Peak	.0127			
Net Metering due by 8/28/03		**Net Metering** due by 8/28/03		
Avoided Cost		Avoided Cost		
Retail Rate for Charges		Retail Rate for Charges		

Wi = Nov – Feb Sh = Oct, Mar – May

6/29/2005
EO-2002-384

Below are the Aquila Networks – L&P and Aquila Networks – MPS rate design proposals. Please note that much of this is taken from the notes we distributed at the 11/12/03 meeting of the parties to Docket No. EO-2002-384.

If Aquila Networks – L&P is to be sold, our preference is to leave their rate structure largely as is, and let the new owners decide what to do. That would minimize potential changes for customers as they transition from one owner to another. It would make some sense to change their method of accounting for Transmission vs. Primary vs. Secondary by creating rates with the differential built in, rather than discounting the base rate. That would also facilitate identification of the customers served at the various voltage levels. There are a few other changes that will simplify administration of the rates, which I will try to note in the appropriate section.

Residential: We propose three residential rates, based on MO860 (non-space-heating) and MO870 (space-heating), where the rates go up by block in the summer, and down by block in the winter, and MO915 (other residential) (see following paragraph). We aim to have the customer charge the same for both divisions. We are willing to consider combining MO860 and MO870. The arguments for it include ease of administration, being indifferent as to why customers use the energy in the winter, and that customers without space-heating generally will not get into the last energy blocks in the winter so they will not be getting the lower rate. Arguments against it are that sales people prefer to have a separate rate and that once the rates are consolidated, it would be an administrative burden (nightmare) to separate them in the future.

We probably need to maintain the separately metered rate, MO922 (RES SEP METER SPHT/WTHT), with its 92 customers. It is currently frozen. I would prefer to do away with it, but there is a question of the cost of the change – does the Company pay to change the metering, do we just add the meters and bill it as if it went through a single meter...

For rate MO915, we could either leave it as it is, with a customer charge and a single energy rate for the summer and another for the winter, or it could also be blocked, but the flat rate seems to work for it. A seasonal one step energy charge equaling the proposed SGS-Non-demand energy charge looks right. This rate would help MPS by covering all the separately metered barns, home workshops, well pumps, detached garages, and out buildings that we are currently billing on MO710. We would eliminate the argument whether the out building is non-residential commercial use or is truly residential usage. The Call Center would have less confusion and customers should accept the rate more readily.

Small General Service – maximum design demand 100 kW, Primary and Secondary versions: For non-demand metered customers, we propose energy rates blocked somewhat like residential, with summer blocks inclining at 1000 kWh and 5400 kWh, and winter blocks declining at 1000 kWh. For the demand metered customers, we propose an hours-of-use rate, with a higher energy charge for the first 180 hours, and a lower charge for the remainder.

We think that it would be better to do away with SGS-Primary. At a minimum we propose to freeze the rate. We are looking at customer impacts, but think that either switching the customers to LGS-P, or buying the transformers and having them return to SGS-S, are viable options.

We would probably need to maintain the separately metered rate, MO941, with its 103 customers. It is currently frozen. I would prefer to do away with it, but there is a question of the cost of the change – does the Company pay to change the metering, do we just add the meters and bill it as if it went through a single meter...

A couple of the L&P SGS rates have the same values, and we propose to consolidate them all onto the same rate, MO930.

We would also like to add a temporary service rate, designed to respond to the need of construction crews to have service while building a house. The rate would be its own flag to check to move the customer to another rate. The rate would be seasonal. The primary use for the rate is geared towards residential construction, but would also be used for temporary services such as carnivals and seasonal lighting. Construction for larger facilities would need to be limited, as that is not the intent of this rate.

Large General Service – maximum design demand 500 kW, Primary and Secondary versions: We propose an hours-of-use rate, with a higher energy charge for the first 180 hours, a lower charge for the second 180 hours, and the lowest charge for the remainder. Minimum demand of 100 kW for the demand charge.

Large Power Service – minimum design demand 500 kW, Primary and Secondary versions: We propose to leave these structures largely as is. The customers are sophisticated energy users, and seem satisfied with the current structures.

MO919: We propose to switch them to a structure like LPS-Secondary, and depending on where their rate level falls, perhaps rolling them into LPS.

MO650: This rate seems to work for the customer. It is a TOU rate, and falls into the following discussion. To the extent the customer made capital investment based on this rate, it may need to be maintained. Alternatively, we could come up with a special contract that is based on LPS-S and compensates them for their modified load shape and/or their investment in thermal energy storage.

TOU: The TOU rates, other than the L&P LPS, are almost entirely unused. A redesign seems appropriate, but I still question whether there is enough predictable variation in energy costs by TOU in the Midwest to justify TOU. The TOU rates were initially created as a haven for ballpark lights and racetracks that have very low load factors, but are predominantly off-peak use. All of those customers have since switched to non-TOU rates. The cost of metering for small loads is also a barrier.

RTP: We propose to freeze this rate, pending consideration of removing it.

SCR: The special contract rate is a usable tool, but we would prefer to move away from the RTP as a starting point for it. The value of the rate is for special situations where a standard rate does not fit the cost of serving a customer.

EDR: The economic development rider is addressed in the revenue case.

Reserve Distribution Capacity Rider: This could be handled by the SCR.

Schools & Churches, MO800, MO810, and MO811: We propose to fold these into the SGS rate. The L&P S&C rate is already the same as their SGS rate. Depending on customer impacts, this may warrant consideration of a phased-in structure – changes over a year or two to get to the final goal. The average kWh/year is as follows:

MO800	47,246 kwh/year
MO810	11,020 kwh/year
MO811	33,090 kwh/year

MO710	7,721 kwh/year
MO711	36,758 kwh/year

Lights: We would like to provide options where we provide the light and energy, or where we only provide energy. We need to restrict future availability of mercury vapor lights.