

Exhibit No.: _____
Issues: Revenue Apportionment,
Cost-of-Service
Witness: Kevin C. Higgins
Sponsoring Party: The Commercial Group
Type of Exhibit: Direct Testimony
Case No.: ER-2007-0004
Date Testimony: January 25, 2007
Prepared:

**BEFORE
THE MISSOURI PUBLIC SERVICE COMMISSION**

CASE NO. ER-2007-0004

Direct Testimony of Kevin C. Higgins

on behalf of

The Commercial Group

January 25, 2007

1 A. My testimony addresses briefly the topic of revenue apportionment.

2 **Q. What is your understanding regarding the treatment of revenue**
3 **apportionment in this proceeding?**

4 A. It is my understanding that a number of the parties to this proceeding
5 entered into a stipulation in a prior proceeding, Case No. ER-2005-0436. That
6 stipulation restricts the positions the signatory parties would advocate on the topic
7 of revenue apportionment in this proceeding. Specifically, the parties stipulated
8 that they would not seek any interclass revenue responsibility shifts in this
9 proceeding, and would advocate that any rate change that may result in this
10 proceeding be implemented on an equal percentage basis.

11 **Q. Is The Commercial Group a party to that stipulation?**

12 A. No.

13 **Q. Are you recommending that the revenue apportionment should be different**
14 **from that which is specified in the aforementioned stipulation?**

15 A. Not at this time. In my experience, this situation is highly unusual.
16 Because the parties to the prior case stipulated with respect to revenue
17 apportionment, no class cost-of-service study has been filed in this proceeding.
18 Absent such an analysis, I have little basis for disagreeing with an equal
19 percentage rate change, save for relying on a cost-of-service study from a
20 previous proceeding, or developing a new study. In light of these circumstances, I
21 do not intend to present an alternative revenue apportionment proposal, so long as
22 the other parties to this proceeding continue to support the equal percentage
23 revenue apportionment indicated in the stipulation. However, to the extent that

1 parties present rate apportionment proposals that differ from that which has been
2 stipulated, I would reserve the right to respond to any such proposals with an
3 alternative of my own.

4 **Q. Does this conclude your direct testimony?**

5 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

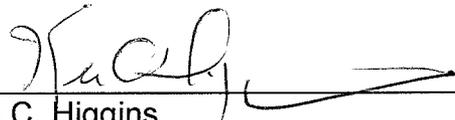
In the Matter of the Tariffs of Aquila, Inc., d/b/a)
Aquila Networks-MPS and Aquila Networks-L&P)
Increasing Electric Rates for the Services Provided) Case No. ER-2007-0004
to Customers in the Aquila Networks-MPS and)
Aquila Networks-L&P Missouri Service Areas.)

AFFIDAVIT OF KEVIN C. HIGGINS

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

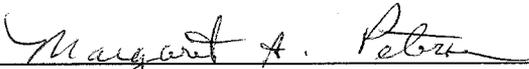
Kevin C. Higgins, being first duly sworn, deposes and states that:

1. He is a Principal with Energy Strategies, L.L.C., in Salt Lake City, Utah;
2. He is the witness who sponsors the accompanying testimony entitled
"Direct Testimony of Kevin C. Higgins;"
3. Said testimony was prepared by him and under his direction and
supervision;
4. If inquiries were made as to the facts and schedules in said testimony he
would respond as therein set forth; and
5. The aforesaid testimony and schedules are true and correct to the best of
his knowledge, information and belief.



Kevin C. Higgins

Subscribed and sworn to or affirmed before me this 16th day of January, 2007, by
Kevin C. Higgins.



Notary Public

My Commission No.: _____
My Commission Expires: 02-28-08
(SEAL)

