

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

<b>In the Matter of an Examination of</b>	)	
<b>the Class Cost of Service and Rate</b>	)	
<b>Design in the Missouri Jurisdic-</b>	)	<b>EO-2002-384</b>
<b>tional Electric Service Operations</b>	)	<b>[EO2002384xxx]</b>
<b>of Aquila, Inc. (f/k/a UtiliCorp</b>	)	
<b>United Inc.)</b>	)	

**JOINT MOTION FOR PROCEDURAL SCHEDULE**

COME NOW Sedalia Industrial Energy Users' Association (SIEUA) and the Federal Executive Agencies (FEA), and respectfully move the Commission to establish a firm procedural schedule for the remaining activities in this case as detailed below:

**A. Reason for This Motion.**

1. This case began as a spin-off from Aquila's 2002 Rate Case, No. ER-2002-672 as a part of the Unanimous Stipulation and Agreement concluding that case.<sup>1/</sup> It was established to review, on a revenue-neutral basis, Aquila's class cost of service and involved the collection of load research data. An initial prehearing was set for April 5, 2002 and later reset for April 19, 2002.

2. 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. The purpose was to allow a more detailed analysis

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<sup>1/</sup> The Commission approved that Unanimous Stipulation and Agreement by Order of February 21, 2002.

of cost-causal factors so that out-of-balance rates could be identified and needed adjustments quantified, independent of the contentious issues and press of time that often accompanies a rate case and that tend to deflect attention from class cost issues and prevent full consideration of them.

3. Several procedural schedules have been directed. Generally the parties through their respective experts have been permitted to develop first the load research data according to generally agreed specifications, and second, class cost of service studies. This second phase is nearly complete and it is appropriate for the Commission to reassert control of the proceedings through a firm procedural schedule.

**B. Remaining Objectives to Be Accomplished.**

1. The remaining objectives are, in general, the following:

a. Completion and finalization of the Class Cost of Service Studies and reconciliation of these studies as between the experts;

b. Pursuant to these studies, the identification and quantification of the revenue-neutral shifts that would be required to bring class cost of service revenue responsibility into appropriate balance and assure that subsidies are eliminated or minimized;

c. Negotiation of potential revenue-neutral resolutions of class cost of service discrepancies among the participating parties, followed either by

(1) Preparation of a Stipulation and Agreement for presentation to the Commission to implement the needed revenue-neutral class shifts; or

(2) an evidentiary hearing to present unresolved disputes to the Commission.

2. Should a hearing be necessary, these parties believe it should be held in advance of the now-pending Aquila rate case hearings. This will permit the results and Commission determinations to be incorporated into the tariffs resulting from that rate case in a timely fashion so that revenue-neutral class shifts can be first identified and then combined with any revenue changes ordered by the Commission from the rate case proceedings and implemented consistent with the operation of law date for the pending rate case. In such case, the parties will need to submit prepared testimony identifying the disputed issues, their respective positions on those issues, and recommendations for Commission determination. Failing earlier settlement, these parties recommend the following schedule:

8/29/05	Aquila provides proposed rate structure changes, billing units and related proof of revenue to all parties
9/16/05	Direct Testimony, all parties
9/26-28/05	Settlement Conference
9/30/05	Preliminary List of Issues
10/14/05	Rebuttal Testimony, all parties
10/28/05	Surrebuttal and Cross-Surrebuttal all parties

11/4/05	Statements of Position, witness order and cross-examination order
11/4/05	Prehearing Briefs (intended to identify issues and basic legal arguments expected; not intended to substitute for post-hearing argumentative briefs should hearing be required)
11/7-11/05	Evidentiary Hearing
t/b/d	Briefing schedule as ordered and dependent on transcript

3. If the parties achieve earlier settlement to present to the Commission, the above testimony and hearing schedule would be moot. The settlement could then be presented to the Commission and, if approved, could be implemented into the pending electric rate case. If there is no settlement, the results of the Commission's determination could also be available in time to be incorporated into the pending rate case obviating the need to retry those issues.

4. A briefing schedule is not proposed. These parties believe that an appropriate post-hearing briefing schedule can be developed following the hearing that recognizes the number of issues litigated and the size of the record produced. It would be premature to try to identify these criteria in advance.

### **C. Expected Criticisms of This Proposal.**

1. SIEUA and FEA expect others may criticize this proposal. Some will criticize because they neither timely intervened nor participated in any manner in this class cost of service case. Expert consultants, Aquila employees and Staff

members have labored to resolve many problems and potential disputes through the data collection process. Others, having only recently "discovered" this case, should not now be permitted to disrupt a agreed process that goes back to February of 2002.

2. Others may be expected to criticize because they are concerned with the direction of revenue-neutral class shifts and wish to use the processes of the pending rate case to frustrate needed class revenue shifts. Again, these are different issues. This case was established to perform basic load research to identify load characteristics and to develop revenue-neutral shifts to properly balance class rates. Making this recommendation is a separate issue from the distribution of a revenue increase or decrease that may result from the rate case. For example, if class rates were in balance, a simple equal percentage rate change (up or down) would preserve those relationships. Correspondingly, if class rates were not in proper relationship, those adjustments could be made and any rate case-related change (up or down) again distributed on an equal percentage basis. This makes the issue in the rate case somewhat simple.

3. Other parties may criticize that they must determine the "impacts" of any rate case related rate adjustments before dealing with class revenue share imbalances. This criticism begs the question. If class rate relationships are out of balance, this simply means that one or more classes of customers are subsidizing other classes. These imbalances should be corrected. Rate case impacts are not appropriately resolved by

perpetuating a discriminatory rate design or by permitting one group of customers to continue to receive a subsidy at the expense of another. Different questions are involved.

**D. The Criticisms Should Be Rejected.**

All these criticisms should be rejected. This proposal is a reasonable means to restore Commission control to the schedule for this proceeding. As the Commission has earlier recognized, several things, including Aquila's acquisition of the St. Joseph Light & Power service area (which is combined in the current rate case filing) make it virtually certain that rates have become misaligned with costs. Customers that are overpaying their costs deserve prompt correction of the situation; customers who are being subsidized should be required to pay the costs that they cause. These subsidies exist in the present Aquila rates in both divisions. It is not reasonable to confuse this worthwhile objective with attempts to selectively deflect increases (or decreases) that should be addressed after rate relationships are balanced and subsidies are eliminated. This Joint Motion for procedural schedule should be approved.

WHEREFORE the Order of the Commission is prayed accordingly.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.

A handwritten signature in black ink, appearing to read "Stuart W. Conrad", is written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that I have sent true copies of the foregoing pleading either by United States Mail, facsimile or other electronic means, to the following on this 2nd day of October, 2002.

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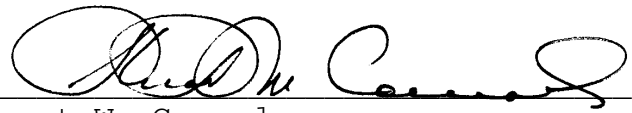
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