

In the Matter of the Consideration of Adoption of the PURPA Section 111(d)(11) Net Metering Standard as Required by Section 1251 of the Energy Policy Act of 2005))))	Case No. EO-2006-0493
In the Matter of the Consideration of Adoption of the PURPA Section 111(d)(14) Time-Based Metering and Communications Standard as Required by Section 1251 of the Energy Policy Act of 2005)))))	Case No. EO-2006-0496
In the Matter of the Consideration of Adoption of the PURPA Section 111(d)(15) Interconnection Standard as Required by Section 1251 of the Energy Policy Act of 2005))))	Case No. EO-2006-0497

In accordance with the “Order Establishing a Procedural Schedule for On-the-Record Presentations” issued on March 15, 2007, by the Missouri Public Service Commission, Aquila, Inc. (“Aquila”), hereby files the written position statements of J. Matt Tracy, who will appear on Aquila’s behalf at the on-the-record presentations scheduled for April 25, 2007, in the above-captioned dockets.

/s/

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ATTORNEYS FOR AQUILA, INC.

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

In the Matter of the Consideration of Adoption)	
of the PURPA Section 111(d)(11) Net Metering)	
Standard as Required by Section 1251 of the)	Case No. EO-2006-0493
Energy Policy Act of 2005)	

In the Matter of the Consideration of Adoption)	
of the PURPA Section 111(d)(14) Time-Based)	
Metering and Communications Standard as)	Case No. EO-2006-0496
Required by Section 1251 of the Energy Policy)	
Act of 2005)	

In the Matter of the Consideration of Adoption)	
of the PURPA Section 111(d)(15) Interconnection)	
Standard as Required by Section 1251 of the)	Case No. EO-2006-0497
Energy Policy Act of 2005)	

**POSITION STATEMENT OF J. MATT TRACY ON BEHALF OF
AQUILA, INC., D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P**

1 This position statement for Aquila, Inc. ("Aquila," "Company") in Case Nos. EO-2006-
2 0493 ("Case 493"), EO-2006-0496 ("Case 496") and EO-2006-0497 ("Case 497") is provided
3 by J. Matt Tracy, whose business address is 20 W. 9th Street, Kansas City, Missouri 64105. I
4 am employed by Aquila as a Manager in Regulatory Services.

5 I am responsible for the collection and analysis of load research, rate design, supporting
6 cost-of-service studies, and other analyses as needed. I have an M.A. in Economics from the
7 University of Missouri - Kansas City and a B.A. in Psychology and Religion from William
8 Jewell College. From 1985 to 1996, I worked in load research at Missouri Public Service a
9 division of Aquila, (then UtiliCorp United Inc.), and at Aquila. Duties during that time
10 included load research sample design and analysis, cost-of-service preparation, load forecasting,
11 and weather normalization. In 1996, I accepted a position in the analytical section of

1 UtiliCorp's Regulatory Services. In 2002, I was again given responsibility for load research. In
2 2005 I was given responsibility for the analytical section.

3 I have testified before the Missouri Public Service Commission ("Commission") in
4 Case Nos. ER-2007-0004, ER-2005-0436, HR-2004-0024, ER-2004-0384, EO-2002-0438, and
5 ER-2001-0672.

6 This position statement is responsive to Ordered item 2 in the Commission's Order
7 Establishing a Procedural Schedule for On-the-record Presentations, which states in part that
8 "the parties shall file with the Commission position statements from their identified experts,
9 outlining the experts' positions on the applicability of the prior state action exemption to the
10 adoption of the PURPA standards noted in each respective case caption, and articulating the
11 reasons for supporting those positions."

12 POSITION STATEMENT

13 The Commission should find that further consideration of the issues in Case 493,
14 Case 496 and Case 497 may be dismissed due to prior state action having already addressed
15 the issues of interest in these cases.

16 SUPPORTING REASONS

17 Case 493, Net Metering, and Case 497, Interconnection may be dismissed because
18 Missouri already has a comparable standard in place in 4 CSR 240-20.065, which
19 implements the net metering and interconnection requirements of Section 386.877, RSMo.
20 Aquila complied with the rule by filing Net Metering Rider tariff sheets, Original Sheets 110,
21 111, 112, 113, 114, 115, and 116. Those tariff sheets include a mailing address for a contact
22 point with Aquila. I am that contact point. All inquiries regarding Net Metering are directed

1 to me. Approximately a half-dozen inquiries have arrived each year for the last two or three
2 years. Aquila currently has one customer actively pursuing the approval process, and two or
3 three others who seem earnest in actually pursuing customer-generation. The process in
4 Missouri is working.

5 Regarding net metering, and particularly various parties' distinctions between net
6 metering and net billing, the rules currently provide for payment to customer-generators
7 based on the marginal avoided cost. That is the highest cost of generation, solely with respect
8 to energy, in each hour. As a utility regulated based on embedded costs, we charge customers
9 based on the average cost of energy. The average cost is by definition lower than the highest
10 cost. Thus, other customers are already subsidizing the customer-generators. Moving to a
11 plan that increases the payment to residential customer-generators up to the level of the retail
12 energy rate, which includes non-energy components and is currently higher than both our
13 average energy cost and our avoided cost, only increases the subsidization of the customer-
14 generators by other customers. While there may be some policy value to such subsidization,
15 the Commission needs to consider the end-game. That is, when or if customer-generation
16 becomes widely popular, such that the policy goal has been achieved, what is the plan to end
17 the subsidies? Looking across the State line to Illinois is all that is needed to bring to mind
18 the political problem with ending artificially priced energy.

19 If the Commission feels the need to support a customer-generator energy payment
20 based on the retail energy rate, then the Commission needs to move to a retail rate,
21 particularly for residential customers, that only includes energy. By increasing the customer
22 charge to the level that actually recovers those costs, and separating a demand charge, which

1 for example could be based on an 11-month ratchet of customers' maximum monthly energy
2 use, then the remaining energy charge would be a better proxy for the value of the energy
3 provided by customer-generators.

4 Regarding interconnection, Aquila believes that the current interconnection rules are
5 adequate, compliant, and in accord with the prior state action exemption. If the Commission
6 believes that IEEE Standard 1547 should be adopted by the electric utilities, we ask that the
7 Commission direct the utilities to file interconnection tariffs that include it within 60 days.
8 Aquila would not object to that requirement. Any party then believing that State laws or
9 Commission rules require amending to include IEEE Standard 1547 could initiate the process
10 to do so at their leisure.

11 Case 496, Time-Based Metering may be dismissed because Aquila already has time-
12 based options available for all customers. These options include the L&P Large Power
13 Service rate, Sheets 31, 32, and 33, which is the only choice for large customers; the L&P
14 Optional Time-of-use Adjustment Rider, which is available to a limited number of customers
15 in classes other than LPS and currently has no participants; the MPS Time-of-day rates,
16 Sheets 66, 66, 68, and 69, which are available to all MPS customers and currently have no
17 participants; the MPS Thermal Energy Storage rate, Sheets 70 and 71, which is currently
18 frozen with one customer; and the MPS Real-time Price program, which is available to all
19 MPS customers and currently has 2 participants.

20 Aquila has had more participants on some of the MPS options, but other options have
21 ultimately proven more economical. Spending more money on metering may make more
22 options available, but it will not change the underlying cost of the good being purchased and

1 it will increase the fixed cost of metering. Alternative metering is already used by some
2 electric utilities in Missouri, and Aquila reviews those options from time to time. Allowing
3 utilities to proceed with metering changes on a case by case basis allows the utilities to
4 provide Missouri customers with options that reflect the value of the metering in relation to
5 the cost of the energy being metered.

6 The Federal government could have mandated all of the States to have precisely the
7 same language and rules. They did not. Missouri acted in these areas in ways that are most
8 beneficial to Missouri citizens prior to the EPAct. The Commission should end further
9 consideration of these cases due to prior state action.

10 Please refer to Aquila's prior filings in these cases for the legal reasoning relied upon
11 in reaching these conclusions.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 13TH day of April, 2007:

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