

*Exhibit No.:*  
*Issues:* *Materials and Supplies,*  
*Prepayments,*  
*PSC Assessments, and*  
*Rate Case Expenses*  
*Witness:* *“Kofi” Agyenim Boateng*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *HR-2005-0450*  
*Date Testimony Prepared:* *October 14, 2005*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY SERVICES DIVISION**

**DIRECT TESTIMONY**  
**OF**  
**“KOFI” AGYENIM BOATENG**

**AQUILA, INC. d/b/a AQUILA NETWORKS-L&P STEAM**

**CASE NO. HR-2005-0450**

*Jefferson City, Missouri*  
*October 14, 2005*

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

In the Matter of the Tariff Filing of Aquila, Inc.,	)	
to Implement a General Rate Increase for	)	Case No. HR-2005-0450
Retail SteamHeat Service Provided to Customers	)	Tariff No. YH-2005-1066
in Its L&P Missouri Service Area.	)	

AFFIDAVIT OF "KOFI" AGYENIM BOATENG

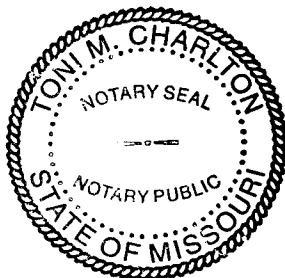
STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

"Kofi" Agyenim Boateng, being of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 6 pages to be presented in the above case; that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

  
"Kofi" Agyenim Boateng

Subscribed and sworn to before me this 15th day of October 2005.

  
Notary



TONI M. CHARLTON  
Notary Public - State of Missouri  
My Commission Expires December 28, 2008  
Cole County  
Commission #04474301

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OF

## “KOFI” AGYENIM BOATENG

**AQUILA, INC. d/b/a AQUILA NETWORKS-L&P STEAM**

**CASE NO. HR-2005-0450**

Q. Please state your name and business address.

A. “Kofi” Agyenim Boateng, P.O. Box 360, Jefferson City, MO 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission or  
PSC) as a Regulatory Auditor.

## EDUCATIONAL BACKGROUND AND EXPERIENCE

Q. Please describe your educational background and experience.

A. I graduated from the Ho Polytechnic, Ho, Ghana. I received a Higher National Diploma (HND) in Accountancy (September 2000) and a Master's of Business Administration with emphasis in Accounting at Lincoln University, Jefferson City, Missouri (May 2004). In September of 2004, I commenced employment with the Commission Staff (Staff) in my current position of Utility Regulatory Auditor. Prior to employment with the Commission, I held the position of Accountant with the Controller & Accountant General's Dept., Ghana; Accountant with ACS-BPS (Ghana) Limited; Payroll Account Technician with Scholastic Book Club, Inc., Jefferson City; and Account Officer II with the Missouri Department of Revenue, Jefferson City.

Q. What has been the nature of your duties while employed by the Commission?

1           A.     It is my responsibility to assist with audits and examinations of the books and  
2 records of utility companies operating within the state of Missouri.

3           Q.     Have you worked on any other cases since your employment with the  
4 Commission?

5           A.     Yes. I have been assigned to a number of small informal rate cases.

6           Q.     What knowledge, skills, experience, training or education do you have in these  
7 areas of which you are testifying as an expert witness?

8           A.     I have extensively reviewed other utility rate cases related to the issues I am  
9 sponsoring to ensure that the consistency of the Staff's method and procedures are  
10 maintained. My prior academic education has also prepared me to successfully sponsor the  
11 ratemaking areas I have been assigned in this case. I have received certificates of training  
12 from the National Association of Regulatory Utility Commissioners-sponsored seminars in  
13 water, steam and the electric utility cost of service and regulation. Further, I have attended in-  
14 house training seminars at the Commission specifically designed for continuing education and  
15 training in the areas of regulatory issues. I have also worked closely with Senior Staff  
16 members familiar within my areas of responsibility.

17 **EXECUTIVE SUMMARY**

18           Q.     Please give a brief summary of your direct testimony pertaining to this case.

19           A.     The purpose of this direct testimony is to address the rate base additions of  
20 materials and supplies and prepayments for Aquila's L&P (Steam) division in rate Case  
21 No. HR-2005-0450. I also discuss the income statement adjustments of rate case expense and  
22 annualization of PSC assessment in this testimony.

1           The components classified as rate base additions represent funds expended by Aquila  
2 to maintain effective and efficient operations in the provision of reliable service to rate payers.  
3 In this instance, the Company is allowed a return on its investment. In this direct testimony,  
4 all computations were based on the test year and updated through June 30, 2005. The Staff  
5 used a 13-month average or the end of update period balance given the extent of fluctuations  
6 or trends that was recognized during the test year and/or the update period for the particular  
7 item.

8           The PSC assessment represents the most recent Commission assessment in effect for  
9 the fiscal year July 1, 2005. The rate case expense is the total amount of this expense actually  
10 incurred by Aquila through June 30, 2005, the end of the update period. The Commission has  
11 authorized a true-up in this case so any additional expenses associated with the processing of  
12 this rate filing by Aquila will be examined during the true-up period of October 31, 2005 to  
13 determine their appropriateness for inclusion in this case.

14 **PURPOSE OF YOUR TESTIMONY**

15           Q.     With reference to Case No. HR-2005-0450, have you made an examination of  
16 the books and records of the Aquila Networks, Inc. (L&P-Steam)?

17           A.     Yes, with the assistance of other members of the Commission Staff (Staff).

18           Q.     Please describe your responsibilities in this case.

19           A.     I am responsible for the rate base components of materials and supplies, and  
20 prepayments. I am also responsible for the Income Statement adjustments to rate case  
21 expense and the annualization of the PSC assessment.

22           Q.     Please identify the Adjustments that you are sponsoring in this case.

23           A.     I am sponsoring the following Income Statement adjustments:

Rate Case Expense: L&P-S-37.2

PSC Assessment: L&P-S-37.1

**MATERIALS AND SUPPLIES/PREPAYMENTS**

Q. Please describe the Staff's treatment of materials and supplies, and prepayments.

A. Materials and supplies, and prepayments are represented in the Staff's rate base by thirteen (13)-month averages for the period ending June 30, 2005, the end of the update period in this case. Because there are fluctuations for these two items in the test year and update period, 13-month averages are developed to smooth out seasonal variations.

Q. What are materials and supplies?

A. Materials and supplies are miscellaneous items that are stored by the Company in inventory for use in day-to-day routine maintenance and operational projects. These items are also stored in inventory for the Company's construction projects. Items typically found in material and supplies inventory for steam utility operations are cable poles, electrical wire and cable, conduit, meters, transformers and breakers, etc.

Q. What are prepayments?

A. Prepayments relate to items that the Company "prepaid" so that the services will be on-hand during the normal course of the utility's operations. These types of items include the prepayment of insurance, software licenses, etc. that are paid in advance of coverage. Staff Auditing witness Steve M. Traxler will address prepayments relating to pensions in his direct testimony.

Q. Were any of the prepayments not calculated using a 13-month average?

1           A.     Yes. The corporate prepaid software costs that are allocated between L&P and  
2 other Aquila's divisions demonstrated a downward trend during the test year and update  
3 period. The ending account balances at June 30, 2005 were used instead of a 13-month  
4 average.

5           Q.     Why would an ending balance be more appropriate to use instead of a  
6 13-month average?

7           A.     In some instances, depending on the circumstances, the inventory account  
8 balances show a discernable trend, either increasing or decreasing, where an end of period  
9 balance would be more appropriate than would an averaging method. Where account  
10 balances fluctuate from one period to another, showing no discernable trend, an averaging  
11 method is more appropriate to reflect as a rate base investment. The appropriate levels of  
12 inventories are included in rate base, allowing investors to earn a return on monies invested  
13 for material and supplies and prepayments.

14     **RATE CASE EXPENSE**

15           Q.     Please describe adjustment L&P-Steam S-37.2.

16           A.     These adjustments normalize rate case expense over a three-year period. The  
17 Staff selected three years to recognize the company's selected amortization period for this  
18 item.

19           Q.     How was the rate case expense adjusted for Case No. HR-2005-0450?

20           A.     The total amount of actual rate case expense incurred by L&P-Steam through  
21 June 30, 2005, the end of the update period is being allowed at this time. Any additional rate  
22 case expense that is reasonably incurred will be considered for inclusion later in the case.  
23 This will allow costs such as consulting fees, employee travel expenditures and legal



1 representation, which are directly associated with the length of the case through the  
2 prehearing and hearing process to be properly included in this case. The Staff will work with  
3 the Company to establish an ongoing normalized level of rate case expense for inclusion in  
4 rates.

5 The Commission has authorized a true-up in this case so any additional expenses  
6 associated with the processing of this rate filing by Aquila will be examined during this true-  
7 up period of October 31, 2005 to determine their appropriateness for inclusion in this case.

8 **PSC ASSESSMENT**

9 Q. Please discuss adjustment L&P-Steam—S-37.1 to annualize the PSC  
10 Assessment.

11 A. These adjustments represent the difference between the Staff's annualized PSC  
12 Assessment and the test year recorded assessment expense. The most recent PSC  
13 Assessment, in effect for the fiscal year July 1, 2005 to June 30, 2006, was used in the Staff's  
14 annualization.

15 Q. Does this conclude your direct testimony?

16 A. Yes, it does.