

Exhibit No.:

Issues: Low Income Assistance

Witness: Matthew E. Daunis

Sponsoring Party: Aquila Networks-MPS
And L&P

Case No.: ER-2005-0436

Before the Public Service Commission
of the State of Missouri

Rebuttal Testimony

of

Matthew E. Daunis

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
REBUTTAL TESTIMONY OF MATTHEW E. DAUNIS
ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P
CASE NO. ER-2005-0436**

1 Q. Please state your name and business address.

2 A. My name is Matthew E. Daunis. My business address is 10700 East 350 Highway,
3 Kansas City, MO 64138.

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

5 A. I am employed as Manager of Energy Efficiency Programs for Aquila, Inc. I am testifying
6 on behalf of Aquila, Inc. d/b/a Aquila Networks ("Aquila").

7 Q. What is your educational background?

8 A. I received a Bachelor's degree in Mechanical Engineering from the University of Maine
9 in 1976. I received a Masters degree in Business Administration from the University of
10 Nebraska in 1985.

11 Q. Please describe your professional experience.

12 A. I have been employed in the utility industry in positions requiring knowledge of Demand
13 Side Management, customer service, and marketing for about 18 years. Prior to that, I
14 was employed by a major HVAC manufacturer for ten years in various marketing and
15 sales positions.

16 Q. What is the purpose of your rebuttal testimony?

1 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Anita C.
2 Randolph of the Missouri Department of Natural Resources (“MDNR”) with regards to
3 her recommendations on Weatherization Assistance and other energy efficiency
4 programs.

5 Q. What are the recommendations of Ms. Randolph?

6 A. Ms. Randolph recommends instituting a number of programs and/or expenditures that she
7 believes will benefit low-income, residential and commercial customers.

8 Q. On page 5, lines 20-21 of her direct testimony Anita Randolph states: “Aquila did not
9 include any revenue requirements to support its existing energy efficiency programs or for
10 programs the company is currently considering in its Demand Side Management Planning
11 or Integrated Resource Planning efforts.” What is your response to that statement?

12 A. First, Aquila’s existing energy efficiency programs are being funded entirely by
13 shareholder dollars. Consequently, Aquila is not requesting revenue from its customers to
14 support those programs.

15 Second, Aquila, following the terms of the Stipulation it signed in 2004 in Case No. ER-
16 2004-0034, has been exploring alternate funding mechanisms for energy efficiency – in
17 particular the rate surcharge approach used in Iowa, as a way to fund its proposed energy
18 efficiency programs.

19 Third, the breadth and depth of Aquila’s proposed programs is far in excess of what the
20 DNR is requesting in this rate case.

1 Fourth, some of the parties to the Stipulation in Case No. ER-2004-0034 – staff and OPC
2 – claim that a rate surcharge approach is illegal in Missouri, and do not seem willing to
3 work collaboratively toward a way to adopt it, through new legislation if necessary.

4 Fifth, the 2005 Energy Policy Act is also pushing states in this direction – even farther in
5 terms of lost margins and incentives than Aquila is requesting in Missouri.

6 Q. What is Aquila’s position regarding Ms. Randolph’s recommendations?

7 A. Aquila is willing to discuss each of the recommendations and programs with the MDNR
8 and other interested parties. Each of the recommended programs bears costs, some which
9 are substantial, and a clear determination of cost recovery and cost assignment should be
10 made.

11 Q. What is Aquila’s request of the Commission with regard to these recommendations?

12 A. Aquila respectfully requests that the Commission order a “pilot” effort to fund either its
13 proposed programs or MDNR’s recommended programs via a rate surcharge for at least
14 two years to demonstrate that this funding approach works just as well in Missouri as it
15 does in Iowa.

16 Q. Does this conclude your testimony?

17 A. Yes.

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

In the matter of Aquila, Inc. d/b/a Aquila)
Networks-MPS and Aquila Networks-L&P,)
for authority to file tariffs increasing electric)
rates for the service provided to customers in)
the Aquila Networks-MPS and Aquila)
Networks-L&P area)

Case No. ER-2005-0436

County of Jackson)
) ss
State of Missouri)

AFFIDAVIT OF MATTHEW E. DAUNIS

Matthew E. Daunis, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Matthew E. Daunis;" 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.

Matthew E. Daunis
Matthew E. Daunis

Subscribed and sworn to before me this 18th day of November, 2005.

Terry D. Lutes
Notary Public
Terry D. Lutes

My Commission expires:
8-20-2008



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