| Exhibit No.:<br>Issue:<br>Witness:<br>Sponsoring Party:<br>Type of Exhibit:<br>Case No.: | Phillip K. Williams, CPA, CIA<br>MoPSC Staff<br>Rebuttal Testimony |    |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----|
| Date Testimony Prepared: January                                                         | 26, 2004 as modified February 27, 2004                             |    |
| MISSOURI PUBLIC SERVICE<br>UTILITY SERVICES DI                                           | $\bowtie$                                                          |    |
| UTILITY SERVICES DI                                                                      |                                                                    | 12 |
| REBUTTAL TESTIM                                                                          | FEB = 27 2004 $Sinvicsouri = 00000000000000000000000000000000000$  | <  |
| OF                                                                                       | Compublic                                                          |    |
| PHILLIP K. WILLIAMS,                                                                     | CPA, CIA                                                           |    |
|                                                                                          |                                                                    |    |
| AQUILA, INC.<br>d/b/a AQUILA NETWOR                                                      | KS-MPS                                                             |    |
|                                                                                          |                                                                    |    |
| CASE NO. ER-2004-00                                                                      | )34                                                                |    |
|                                                                                          |                                                                    |    |
| Jefferson City, Missouri<br>January 2004                                                 |                                                                    |    |
| Junuary 2004                                                                             |                                                                    |    |

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

In the matter of Aquila, Inc. d/b/a Aquila Networks ) L&P and Aquila Networks MPS to implement a ) general rate increase in electricity.

) Case No. ER-2004-0034

#### AFFIDAVIT OF PHILLIP K. WILLIAMS, CPA, CIA

)

STATE OF MISSOURI ) ) ss. COUNTY OF COLE )

Phillip K. Williams, CPA, CIA, of lawful age, on his oath states: that he has participated in the preparation of the following rebuttal testimony as modified on February 27, 2004, in question and answer form, consisting of \_\_\_\_\_ pages to be presented in the above case; that the answers in the following rebuttal testimony as modified on February 27, 2004, 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.

Phillip K/Williams, CPA, CIA

Subscribed and sworn to before me this 27 day of February 2004.

TONI M. CHARLTON NOTARY PUBLIC STATE OF MISSOURI COUNTY OF COLE My Commission Expires December 28, 2004

| 1  |                | <b>REBUTTAL TESTIMONY</b>                                                        |
|----|----------------|----------------------------------------------------------------------------------|
| 2  |                | OF                                                                               |
| 3  |                | PHILLIP K. WILLIAMS, CPA, CIA                                                    |
| 4  |                | AQUILA, INC.                                                                     |
| 5  |                | D/B/A AQUILA NETWORKS – MPS (ELECTRIC)                                           |
| 6  |                |                                                                                  |
| 7  |                | CASE NO. ER-2004-0034                                                            |
| 8  |                |                                                                                  |
| 9  | Q.             | Please state your name and business address.                                     |
| 10 | А.             | My name is Phillip K. Williams, and my business address is Noland Plaza          |
| 11 | Office Buildin | ng, Suite 110, 3675 Noland Road, Independence, Missouri 64055.                   |
| 12 | Q.             | By whom are you employed and in what capacity?                                   |
| 13 | А.             | I am a Regulatory Auditor for the Missouri Public Service Commission             |
| 14 | (Commission)   | ).                                                                               |
| 15 | Q.             | Are you the same Phillip K. Williams, who has previous filed direct testimony    |
| 16 | in this case?  |                                                                                  |
| 17 | А.             | Yes, I am. I filed direct testimony on December 9, 2003, on the area of          |
| 18 | allocations.   |                                                                                  |
| 19 | Q.             | What is the purpose of your rebuttal testimony in this proceeding?               |
| 20 | А.             | I am responding to the direct testimony of Aquila, Inc. (Aquila or Company)      |
| 21 | witness Mr. k  | Keith Stamm, Aquila's Senior Vice President and Chief Operating Officer. At      |
| 22 | page 3, line   | 12, of Mr. Stamm's direct testimony he states, "while we believe that a \$79.0   |
| 23 | million reven  | ue increase for the MPS electric operations is fully supported and justified, we |
|    |                |                                                                                  |

| 1  | also recognize that the impact on customers from a 23.4% increase would be significant.        |
|----|------------------------------------------------------------------------------------------------|
| 2  | Therefore, Aquila senior management made the decision to mitigate the impact somewhat by       |
| 3  | having the Company absorb a portion (about \$14 million) of the revenue deficiency."           |
| 4  | Q. What are Aquila's electric rates in relation to Missouri's other regulated                  |
| 5  | electric utilities?                                                                            |
| 6  | A. Aquila Networks – MPS's (MPS) existing rates for 2002, are the second                       |
| 7  | lowest in Missouri. However, if the proposed electric rate increase for MPS is granted, MPS    |
| 8  | will have the highest electric rates in the state. For the years 1995 through 1999 my analysis |
| 9  | shows that MPS electric rates were the highest in the state. However, they were in the         |
| 10 | middle of the five companies analyzed for the years 2000 and 2001.                             |
| 11 | Q. Will you please provide this Commission with a comparison of costs for the                  |
| 12 | electric residential customers of Aquila Networks - MPS with respect to other Missouri         |
| 13 | investor-owned electric utilities?                                                             |
| 14 | A. Yes. Attached as Schedule 1 to my testimony, is a comparison of the                         |
| 15 | operating revenues divided by kilowatt-hour (kWh) sales, of Missouri's four largest investor-  |
| 16 | owned utilities, with five rate jurisdictions by year for the period 1995-2002. Aquila, Inc.   |
| 17 | has two electric divisions' they are Aquila Networks - MPS (Missouri Public Service)           |
| 18 | . The revenue per kWh numbers                                                                  |
| 19 | represent the residential customer's cost per kWh. Operation revenues divided by kWh sales     |
| 20 | is equivalent to cents per kWh of operating revenues. Cents per kWh of operating revenues      |
| 21 | is equal to the cost per kWh of energy charged to the customers by utilities.                  |
| 22 | This information was supplied in Annual reports filed with the Commission and can              |
| 23 | be found on pages 300 and 301 of the FERC Form 1. Of the four largest investor owned           |

|          | $\mathbf{r}$ · · · · · · · · · · · · · · · · · · ·                                               |
|----------|--------------------------------------------------------------------------------------------------|
| 1        | electric utilities Aquila Networks - MPS cost per kWh for the residential customers is           |
| 2        | currently in the middle of the range for the five rate jurisdictions. However a rate increase of |
| 3        | the magnitude requested by the Company for the Aquila Networks - MPS division would              |
| 4        | change the cost per kWh for the Aquila Networks - MPS division to the highest cost per           |
| 5        | kWh in the state for the residential customers.                                                  |
| 6        | The following information is a summary of the analysis included in Schedule 1 of my              |
| 7        | testimony.                                                                                       |
| 8        | 1995                                                                                             |
| 9<br>10  | MPS' average rate per kWh of \$.082040 was the highest of the five Companies.                    |
| 11<br>12 | MPS' average rate per kWh was 3.965% higher than the next highest rate.                          |
| 13       |                                                                                                  |
| 14       | 1996                                                                                             |
| 15<br>16 | MPS' average rate per kWh of \$.080530 was the highest of the five Companies.                    |
| 17<br>18 | MPS' average rate per kWh was 2.6854% higher than the next highest rate.                         |
| 19<br>20 |                                                                                                  |
| 21       | 1997                                                                                             |
| 22<br>23 | MPS' average rate per kWh of \$.080488 was the highest of the five Companies.                    |
| 24<br>25 | MPS' average rate per kWh was 4.3659% higher than the next highest rate.                         |
| 26<br>27 |                                                                                                  |
| 28       | 1998                                                                                             |
|          |                                                                                                  |
|          | Page 3                                                                                           |

|          | Rebuttal Testimony of<br>Phillip K. Williams, CPA, CIA                                   |
|----------|------------------------------------------------------------------------------------------|
| 1<br>2   | MPS' average rate per kWh of \$.077185 was the highest of the five Companies.            |
| 3<br>4   | MPS' average rate per kWh was 1.928% higher than the next highest rate.                  |
| 5<br>6   |                                                                                          |
| 7        | 1999                                                                                     |
| 8<br>9   | MPS' average rate per kWh of \$.075736 was the highest of the five Companies.            |
| 10<br>11 | MPS' average rate per kWh was 0.2038% higher than the next highest rate.                 |
| 12<br>13 |                                                                                          |
| 14       | 2000                                                                                     |
| 15<br>16 | MPS' average rate per kWh of \$.07180 was the mid point rate of the five Companies.      |
| 17<br>18 |                                                                                          |
| 19       | 2001                                                                                     |
| 20<br>21 | MPS' average rate per kWh of \$.070483 was the mid point rate of the five Companies.     |
| 22<br>23 |                                                                                          |
| 24       | 2002                                                                                     |
| 25<br>26 | MPS' average rate per kWh of \$.069823 was the second lowest rate of the five Companies. |
| 27<br>28 |                                                                                          |
| 29       | Q. Do you have any other information concerning the relative rate levels of              |
| 30       | Aquila Networks – MPS?                                                                   |
|          | Page 4                                                                                   |

| 1                                                                                                          | A. Yes. Attached to my rebuttal testimony as Schedule 2, is an analysis that                                                                                                                                                                                                                                                                                                         |  |  |  |  |  |  |  |  |  |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|
| 2                                                                                                          | shows a comparison of Missouri electric utility (called "LDC" or Local Distribution                                                                                                                                                                                                                                                                                                  |  |  |  |  |  |  |  |  |  |
| 3                                                                                                          | Company) rates as of January 3, 2003. The analysis is based upon average rates reported by                                                                                                                                                                                                                                                                                           |  |  |  |  |  |  |  |  |  |
| 4                                                                                                          | the Edison Electric Institute, an association representing investor owned electric utilities.                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |  |  |  |
| 5                                                                                                          | Q. Would you please summarize the Average electric rates for residential,                                                                                                                                                                                                                                                                                                            |  |  |  |  |  |  |  |  |  |
| 6                                                                                                          | commercial and industrial customers of Aquila Networks – MPS                                                                                                                                                                                                                                                                                                                         |  |  |  |  |  |  |  |  |  |
| 7                                                                                                          | as of January, 2003.                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |  |  |  |  |  |  |
| 8                                                                                                          | A. Yes. The annual average \$/kWh as of January, 2003 for residential,                                                                                                                                                                                                                                                                                                               |  |  |  |  |  |  |  |  |  |
| 9                                                                                                          | commercial and industrial customers using 5 months of summer rates and 7 months of winter                                                                                                                                                                                                                                                                                            |  |  |  |  |  |  |  |  |  |
| 10                                                                                                         | rates are as follows:                                                                                                                                                                                                                                                                                                                                                                |  |  |  |  |  |  |  |  |  |
| 11                                                                                                         | Residential                                                                                                                                                                                                                                                                                                                                                                          |  |  |  |  |  |  |  |  |  |
| 12                                                                                                         | Aquila Networks – MPS annual average \$/kWh was \$0.0771                                                                                                                                                                                                                                                                                                                             |  |  |  |  |  |  |  |  |  |
| 13                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                      |  |  |  |  |  |  |  |  |  |
|                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                      |  |  |  |  |  |  |  |  |  |
| 14                                                                                                         | Commercial                                                                                                                                                                                                                                                                                                                                                                           |  |  |  |  |  |  |  |  |  |
| 14<br>15                                                                                                   | <b>Commercial</b><br>Aquila Networks – MPS annual average \$/kWh was \$0.0625                                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |  |  |  |
|                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                      |  |  |  |  |  |  |  |  |  |
| 15                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                      |  |  |  |  |  |  |  |  |  |
| 15<br>16                                                                                                   | Aquila Networks – MPS annual average \$/kWh was \$0.0625                                                                                                                                                                                                                                                                                                                             |  |  |  |  |  |  |  |  |  |
| 15<br>16<br>17                                                                                             | Aquila Networks – MPS annual average \$/kWh was \$0.0625<br>Industrial                                                                                                                                                                                                                                                                                                               |  |  |  |  |  |  |  |  |  |
| 15<br>16<br>17<br>18                                                                                       | Aquila Networks – MPS annual average \$/kWh was \$0.0625<br>Industrial                                                                                                                                                                                                                                                                                                               |  |  |  |  |  |  |  |  |  |
| 15<br>16<br>17<br>18<br>19                                                                                 | Aquila Networks – MPS annual average \$/kWh was \$0.0625<br>Industrial<br>Aquila Networks – MPS annual average \$/kWh was \$0.0431                                                                                                                                                                                                                                                   |  |  |  |  |  |  |  |  |  |
| 15<br>16<br>17<br>18<br>19<br>20                                                                           | Aquila Networks – MPS annual average \$/kWh was \$0.0625<br>Industrial<br>Aquila Networks – MPS annual average \$/kWh was \$0.0431<br>Q. Based upon the analyses of cost per kWh that you have described, does the                                                                                                                                                                   |  |  |  |  |  |  |  |  |  |
| <ol> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> </ol>             | Aquila Networks – MPS annual average \$/kWh was \$0.0625<br>Industrial<br>Aquila Networks – MPS annual average \$/kWh was \$0.0431<br>Q. Based upon the analyses of cost per kWh that you have described, does the<br>Staff have concerns regarding the effect the proposed rate increase requested by Aquila will                                                                   |  |  |  |  |  |  |  |  |  |
| <ol> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> </ol> | Aquila Networks – MPS annual average \$/kWh was \$0.0625<br>Industrial<br>Aquila Networks – MPS annual average \$/kWh was \$0.0431<br>Q. Based upon the analyses of cost per kWh that you have described, does the<br>Staff have concerns regarding the effect the proposed rate increase requested by Aquila will<br>have, on he rates charged to Aquila's customers in the future? |  |  |  |  |  |  |  |  |  |

Company has requested a significant increase in rates, which Mr. Stamm states is less than the amount Company's analysis would justify, Staff believes the Company's rates request, if granted in its entirety, would increase the MPS customers rates to the highest level in the state. The Aquila Networks – MPS residential rate if granted in its entirety would be 7.50% higher than the highest average rate for 2002.

6

Q. Do you have any additional information concerning the rate of the Company?

7 Attached to my testimony as Schedule 3, pages 3-2 and 3-3 is a A. Yes. 8 Company analysis used by the Company's Chief Executive Officer Richard Green showing 9 the Company's current rate comparison using a bar graph to a number of other electric 10 utilities within the industry and the Aquila rate comparison after the proposed increase. The 11 Company's analysis shows the current rates for Aquila Network – MPS as the eleventh 12 lowest rate of 31 companies depicted. However, Aquila Networks – MPS becomes the 13 highest rates of all companies depicted if the proposed increase were implemented in full.

14

How did the Company use the above analysis?

A. Aquila conducted a series of meetings with its customers in various locations
throughout the Company's service territory. These Community meetings were held shortly
before the Company filed its July 3, 2003, rate increase application with the Commission.
The rate analysis was part of a packet of information that was provided to the customers
taking part in the meeting.

20

21

Q. Does this conclude your rebuttal testimony?

A.

Yes.

Q.

| Company                                                |    | Residential | Kwh            | Cost<br>Per    |
|--------------------------------------------------------|----|-------------|----------------|----------------|
|                                                        |    | Revenues    | Sales          | Kwh            |
| 2002                                                   |    |             |                |                |
| Aquila, Inc./Dba Aquila Networks - MPS                 | \$ | 163,053,788 | 2,335,239,000  | \$<br>0.069823 |
| Aquila, Inc./Dba Aquila Networks - L&P                 | \$ | 40,706,093  | 706,626,000    | \$<br>0.057606 |
| Empire District Electric Company                       | \$ | 126,088,402 | 1,726,449,000  | \$<br>0.073033 |
| Kansas City Power & Light Company                      | \$ | 387,438,757 | 5,004,311,000  | \$<br>0.077421 |
| Ameren UE (Union Electric)                             | \$ | 976,170,073 | 13,549,300,000 | \$<br>0.072046 |
| 2001                                                   |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 153,831,575 | 2,182,523,000  | \$<br>0.070483 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 38,439,706  | 670,640,000    | \$<br>0.057318 |
| Empire District Electric Company                       | \$ | 110,584,151 | 1,681,085,000  | \$<br>0.065781 |
| Kansas City Power & Light Company                      | \$ | 348,769,921 | 4,728,840,000  | \$<br>0.073754 |
| Ameren UE (Union Electric)                             | \$ | 908,846,345 | 12,643,689,000 | \$<br>0.071881 |
| 2000                                                   |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 153,643,417 | 2,139,885,000  | \$<br>0.071800 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 39,783,197  | 674,999,000    | \$<br>0.058938 |
| Empire District Electric Company                       | \$ | 108,571,833 | 1,660,928,000  | \$<br>0.065368 |
| Kansas City Power & Light Company                      | \$ | 352,095,387 | 4,725,323,000  | \$<br>0.074512 |
| Ameren UE (Union Electric)                             | \$ | 915,855,246 | 12,635,182,000 | \$<br>0.072485 |
| 1999                                                   |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 148,200,000 | 1,956,800,000  | \$<br>0.075736 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 37,599,754  | 623,667,000    | \$<br>0.060288 |
| Empire District Electric Company                       | \$ | 98,786,901  | 1,509,175,836  | \$<br>0.065458 |
| Kansas City Power & Light Company                      | \$ | 324,091,447 | 4,287,963,454  | \$<br>0.075582 |
| Ameren UE (Union Electric)                             | \$ | 871,212,000 | 11,872,621,000 | \$<br>0.073380 |
| <u>1998</u>                                            |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 154,400,000 | 2,000,398,000  | \$<br>0.077185 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 38,484,479  | 634,165,000    | \$<br>0.060685 |
| Empire District Electric Company                       | \$ | 100,566,576 | 1,548,629,943  | \$<br>0.064939 |
| Kansas City Power & Light Company                      | \$ | 334,228,069 | 4,413,732,000  | \$<br>0.075725 |
| Ameren UE (Union Electric)                             | \$ | 865,106,285 | 12,204,716,041 | \$<br>0.070883 |
| <u>1997</u>                                            |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 147,599,000 | 1,833,799,000  | \$<br>0.080488 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 37,065,955  | 621,432,000    | \$<br>0.059646 |
| Empire District Electric Company                       | \$ | 88,635,799  | 1,429,787,422  | \$<br>0.061992 |
| Kansas City Power & Light Company                      | \$ | 315,240,379 | 4,087,617,976  | \$<br>0.077121 |
| Ameren UE (Union Electric)                             | \$ | 834,618,100 | 11,499,116,181 | \$<br>0.072581 |
| 1996                                                   |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 142,597,000 | 1,770,725,000  | \$<br>0.080530 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 36,428,419  | 611,911,000    | \$<br>0.059532 |
| Empire District Electric Company                       | \$ | 86,014,341  | 1,440,512,033  | \$<br>0.059711 |
| Kansas City Power & Light Company                      | \$ | 306,340,000 | 3,906,196,000  | \$<br>0.078424 |
| Ameren UE (Union Electric)                             | \$ | 840,459,425 | 11,549,256,528 | \$<br>0.072772 |
| 1995                                                   |    |             |                |                |
| UtiliCorp United, Inc./(Missouri Public Service Div.)  | \$ | 138,622,965 | 1,689,696,000  | \$<br>0.082040 |
| UtiliCorp United, Inc./(St. Joseph Power & Light Div.) | \$ | 36,001,141  | 593,881,000    | \$<br>0.060620 |
| Empire District Electric Company                       | \$ | 81,331,054  | 1,350,339,907  | \$<br>0.060230 |
| Kansas City Power & Light Company                      | \$ | 306,171,000 | 3,879,975,000  | \$<br>0.078911 |
| Ameren UE (Union Electric)                             | \$ | 843,037,511 | 11,229,011,259 | \$<br>0.075077 |

Source: 1995 Thru 1999 Taken from Rebuttal Testimony filed in EM-2000-369, By Phillip K. Williams 2000 Data taken from the Annual Reports

Pages 300 and 301

File Name: Rate Comparison 1 Prepared By: PKW Date Prepared: 10/03/2003 Date Printed: 1/22/2004 Time Printed: 11:02 AM

#### Missouir LDC Rate Comparison

#### Electric

#### July, 2002 & January, 2003 Analysis

| <u>Residential</u>          | Aquila/MPS  | Aquila/L&P  | Empire       | KCP&L-MO                                      | UE           |
|-----------------------------|-------------|-------------|--------------|-----------------------------------------------|--------------|
| Summer @ 1000Kwh July       | 02 \$ 76.74 | \$ 69.59    | \$ 81.42     | \$ 80.11                                      | \$ 88.55     |
| Winter @ 750 Kwh Jan.       | 03 \$ 55.33 | \$ 46.84    | \$ 58.67     | \$ 52.04                                      | \$ 49.33     |
| Annual Bills (1)            | \$ 771.01   | \$ 675.83   | \$ 817.79    | \$ 764.83                                     | \$ 788.06    |
| Annual Kwh                  | 10,000      | 10,000      | 10,000       | 10,000                                        | 10,000       |
| Annual Avg. \$/Kwh          | \$ 0.0771   | \$ 0.0676   | \$ 0.0818    | \$ 0.0765                                     | \$ 0.0788    |
|                             |             |             |              |                                               |              |
| <u>Commercial</u>           |             |             |              |                                               |              |
| Winter 40KW / 14,000 Kwh    | \$ 672      | \$ 571      | \$ 829       | \$ 804                                        | \$ 815       |
| Summer 40 KW / 14,000 Kwh   | \$          | \$ 770      | \$ 1,178     | <u>\$                                    </u> | \$ 1,126     |
| Annual Bills (1)            | \$ 9,379.00 | \$ 7,847.00 | \$ 11,693.00 | \$ 10,598.00                                  | \$ 11,335.00 |
| Annual Kwh                  | 150,000     | 150,000     | 150,000      | 150,000                                       | 150,000      |
| Annual Avg. \$/Kwh          | \$ 0.0625   | \$ 0.0523   | \$ 0.0780    | \$ 0.0707                                     | \$ 0.0756    |
|                             |             |             |              |                                               |              |
| Industrial                  |             |             |              |                                               |              |
| Winter 1000KW / 400000 Kwh  | \$ 14,128   | \$ 14,155   | \$ 19,155    | \$ 20,026                                     | \$ 16,265    |
| Summer 1000 KW / 400000 Kwh | \$ 21,612   | \$ 20,201   | \$ 25,393    | \$ 24,049                                     | \$ 27,515    |
| Annual Bills (1)            | \$ 206,956  | \$ 200,090  | \$ 261,050   | \$ 260,427                                    | \$ 251,430   |
| Annual Kwh                  | 4,800,000   | 4,800,000   | 4,800,000    | 4,800,000                                     | 4,800,000    |
| Annual Avg. \$/Kwh          | \$ 0.0431   | \$ 0.0417   | \$ 0.0544    | \$ 0.0543                                     | \$ 0.0524    |

(1) Annual bills are calculated by pricing the monthly usage by the base rate effective at the date of this schedule, and includes 12-months of customer charges. Summer Rate were July 1, 2002 Winter rates were as of Jan. 1, 2003. This analysis uses 5 months summer rate and 7 months winter rate

(2) Source Documet: Typical Bills and Average Rates Report by Edison Electric Institute

#### Missouri LDC Rate Comparison

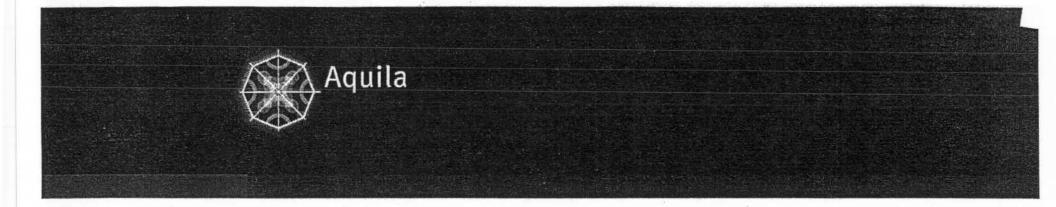
#### Electric

#### July, 2002 & January, 2003 Analysis

| Residential              |          | A  | quila/MPS | A  | quila/L&P |    | Empire    | к  | CP&L-MO   | UE              |
|--------------------------|----------|----|-----------|----|-----------|----|-----------|----|-----------|-----------------|
| Summer @ 1000Kwh         | July, 02 | \$ | 76.74     | \$ | 69.59     | \$ | 81.42     | \$ | 80.11     | \$<br>88.55     |
| Winter @ 750 Kwh         | Jan., 03 | \$ | 55.33     | \$ | 46.84     | \$ | 58.67     | \$ | 52.04     | \$<br>49.33     |
| Annual Bills (1)         |          | \$ | 749.60    | \$ | 653.08    | \$ | 795.04    | \$ | 736.76    | \$<br>748.84    |
| Annual Kwh               |          |    | 10,000    |    | 10,000    |    | 10,000    |    | 10,000    | <br>10,000      |
| Annual Avg. \$/Kwh       |          | \$ | 0.0750    | \$ | 0.0653    | \$ | 0.0795    | \$ | 0.0737    | \$<br>0.0749    |
| Commercial               |          |    |           |    |           |    |           |    |           |                 |
| Winter 40KW / 14,000 Kwł | ı        | \$ | 672       | \$ | 571       | \$ | 829       | \$ | 804       | \$<br>815       |
| Summer 40 KW / 14,000 K  | wh       | \$ | 935       | \$ | 770       | \$ | 1,178     | \$ | 994       | \$<br>1,126     |
| Annual Bills (1)         |          | \$ | 9,116.00  | \$ | 7,648.00  | \$ | 11,344.00 | \$ | 10,408.00 | \$<br>11,024.00 |
| Annual Kwh               |          |    | 150,000   |    | 150,000   |    | 150,000   |    | 150,000   | <br>150,000     |
| Annual Avg. \$/Kwh       |          | \$ | 0.0608    | \$ | 0.0510    | \$ | 0.0756    | \$ | 0.0694    | \$<br>0.0735    |
| Industrial               |          |    |           |    |           |    |           |    |           |                 |
| Winter 1000KW / 400000 k | (wh      | \$ | 14,128    | \$ | 14,155    | \$ | 19,155    | \$ | 20,026    | \$<br>16,265    |
| Summer 1000 KW / 40000   | 0 Kwh    | \$ | 21,612    | \$ | 20,201    | \$ | 25,393    | \$ | 24,049    | \$<br>27,515    |
| Annual Bills (1)         |          | \$ | 199,472   | \$ | 194,044   | \$ | 254,812   | \$ | 256,404   | \$<br>240,180   |
| Annual Kwh               |          |    | 4,800,000 |    | 4,800,000 |    | 4,800,000 |    | 4,800,000 | <br>4,800,000   |
| Annual Avg. \$/Kwh       |          | \$ | 0.0416    | \$ | 0.0404    | \$ | 0.0531    | \$ | 0.0534    | \$<br>0.0500    |
| -                        |          |    |           |    |           | _  |           |    |           |                 |

(1) Annual bills are calculated by pricing the monthly usage by the base rate effective at the date of this schedule, and includes 12-months of customer charges. Summer Rate were July 1, 2002. Winter rates were as of Jan. 1, 2003. This analysis uses 4 months summer rate and 8 months winter rate.

(2) Source Documet: Typical Bills and Average Rates Report by Edison Electric Institute.



# Aquila Update Missouri Community Meeting Discussion Document

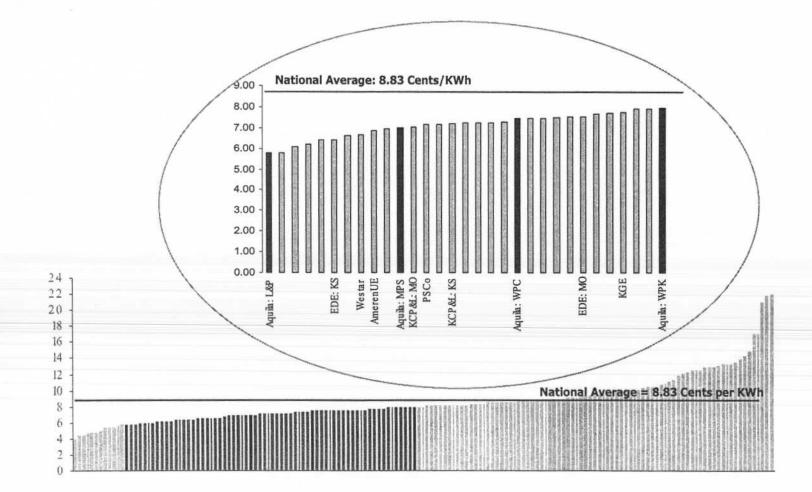
### **Rick Green**

Chief Executive Officer

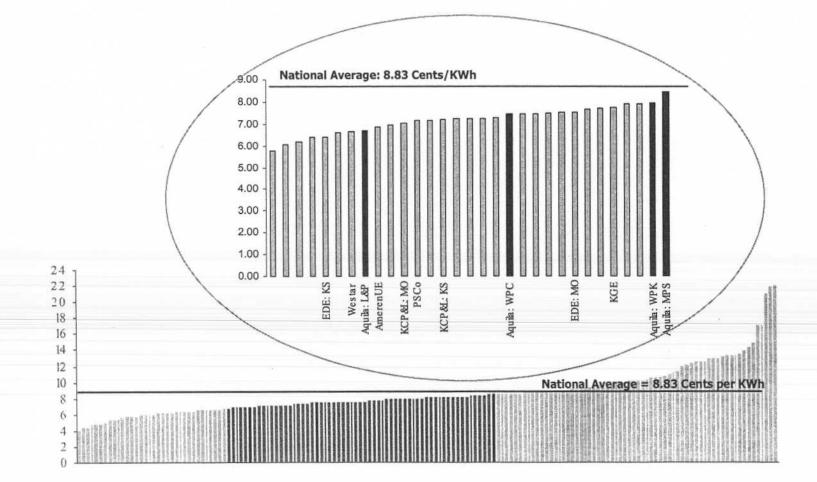
Missouri Public Service June 26, 2003



Aquila



### Aquila Rate Comparison After Proposed Increase



Aquila