

**FILED<sup>4</sup>**  
JUL 03 2003  
Missouri Public  
Service Commission

Exhibit No.:

Issues: Dues and Donations,  
Commission  
Assessment,  
Maintenance &  
Advertising

Witness: Randall D. Erickson

Sponsoring Party: Aquila Networks-L&P

Case No.: HR-

Before the Public Service Commission  
of the State of Missouri

Direct Testimony

of

Randall D. Erickson

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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
DIRECT TESTIMONY OF RANDALL D. ERICKSON  
ON BEHALF OF AQUILA NETWORKS-L&P,  
A DIVISION OF AQUILA, INC.  
CASE NO. HR-\_\_\_\_\_**

1 Q. Please state your name and business address.

2 A. My name is Randall D. Erickson and my business address is 10700 East 350 Highway,  
3 Kansas City, Missouri.

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

5 A. I am employed by Aquila, Inc., ("Aquila" or "Company") as a Regulatory Analyst.

6 Q. Please state your educational background and experience.

7 A. I attended MidAmerica Nazarene University in Olathe, KS, where I received Bachelor of  
8 Arts Degrees in Accounting and Business Administration. I have eight years of finance  
9 experience in the electric utility industry including two years of regulatory experience  
10 with Aquila, Inc.

11 Q. What is the purpose of your testimony in this proceeding involving the Aquila Networks  
12 - L&P ("L&P") operating division?

13 A. The purpose of my testimony is to explain and support various adjustments made to Cost  
14 of Service.

15 Q. Please identify the adjustments that you are sponsoring.

16 A. I am sponsoring four cost of service adjustments:

17 Dues and Donations (Adjustment CS-60)

1 Missouri Public Service Commission (“Commission”) Assessment (Adjustment  
2 CS-40)

3 Maintenance Adjustment – Federal Energy Regulatory Commission (“FERC”)  
4 Acct 504300 and 730300 (Adjustment CS-26)

5 Advertising (Adjustment CS-65)

6 **DUES AND DONATIONS**

7 Q. Please explain Adjustment No. CS-60.

8 A. This adjustment eliminates all dues and donations charged above-the-line to L&P steam  
9 operations except Edison Electric Institute (“EEI”) dues. The expenses relating to EEI have  
10 been included in the cost of service because they provide a benefit to ratepayers.

11 Q. What benefit does EEI provide to ratepayers?

12 A. EEI fosters the exchange of information on topics such as utility operations and  
13 environmental legislation. Member utilities and other interested parties rely upon EEI for  
14 authoritative analysis and critical industry data. EEI also conducts forums for member  
15 company representatives to discuss issues and strategies to advance the industry and to  
16 ensure a competitive position in a changing marketplace.

17 Q. Have any lobbying costs associated with EEI been eliminated from this adjustment?

18 A. Yes. Percentages were obtained from EEI and used to calculate the disallowance of  
19 lobbying expenditures for the test year ended December 31, 2002. The percentages are  
20 based on EEI’s actual lobbying expenditures for calendar year 2001 which were identified  
21 as lobbying and political expenditures under the Lobbying Disclosure Act of 1995.



1 A. This adjustment eliminates all advertising expenses recorded to above-the-line accounts for  
2 the test year ending December 31, 2002 except those expenses for informational and safety  
3 advertisements that directly benefit L&P steam customers.

4 Q. What do the informational and safety advertisements consist of?

5 A. The informational and safety advertising expenses remaining in operating expenses relate  
6 to news releases, customer bill inserts, newspaper advertisements, and newsletters. News  
7 releases, customer bill inserts and newspaper advertisements regarding safety and  
8 Company information were distributed twice in the test year.

9 Q. Please describe generally the content of these items.

10 A. These advertisements inform the public of Dig-Rite and Call Before You Dig programs that  
11 help residents avoid potential expense and the possibility of serious or fatal injury.

12 Q. Does this complete your direct testimony?

13 A. Yes.

