

Exhibit No.:

Issues: Rate Design and  
Tariff Issues

Witness: J. Matt Tracy

Sponsoring Party: Aquila Networks-MPS  
& L&P

Case No.: ER-

Before the Public Service Commission  
of the State of Missouri

Direct Testimony

of

J. Matt Tracy

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
DIRECT TESTIMONY OF J. MATT TRACY  
ON BEHALF OF AQUILA, INC.  
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P  
CASE NO. ER-\_\_\_\_\_**

1 Q. Please state your name and business address.

2 A. My name is J. Matt Tracy and my business address is 20 W. 9<sup>th</sup> Street, Kansas City,  
3 Missouri 64105.

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

5 A. I am employed by Aquila, Inc. (“Aquila” or “Company”) as a Manager in Regulatory  
6 Services.

7 Q. What are your duties and responsibilities?

8 A. I am responsible for the collection and analysis of load research, rate design, supporting  
9 cost-of-service studies, and other analyses as needed.

10 Q. Please state your educational background and experience.

11 A. I have an M.A. in Economics from the University of Missouri - Kansas City and a B.A.  
12 in Psychology and Religion from William Jewell College. From 1985 to 1996, I worked  
13 in load research at Missouri Public Service a division of Aquila, (then UtiliCorp United  
14 Inc.), and at Aquila. Duties during that time included load research sample design and  
15 analysis, cost-of-service preparation, load forecasting, and weather normalization. In  
16 1996, I accepted a position in the analytical section of UtiliCorp’s Regulatory Services.  
17 In 2002, I was again given responsibility for load research. In 2005 I was given  
18 responsibility for the analytical section.

1 Q. What is the purpose of your testimony in this case before the Missouri Public Service  
2 Commission (“Commission”)?

3 A. I am sponsoring the minimum filing requirements of 4 CSR 240-3.030, and the tariff  
4 sheets filed by Aquila in this case. I am also testifying about the across-the-board change  
5 in rates, and about other tariff sheet updates. The tariff sheets implementing the changes  
6 proposed in this filing are included in the minimum filing requirements.

7 Q. Has the information required by 4 CSR 240-3.030 been filed with the Commission in  
8 this docket?

9 A. Yes. In connection with the tariff filing which initiated this case, Aquila submitted the  
10 information and materials called for by the minimum filing requirements rule. I  
11 incorporate that information and those materials by reference.

12 Q. How do the tariff sheets implement the proposed increase in revenue?

13 A. All tariff charges, other than as described below, were multiplied by the ratio of the total  
14 proposed increase minus the proposed increase to other revenues, divided by the total  
15 annualized revenue minus annualized other revenues. For Aquila Networks – L&P,  
16 (“L&P”), the equation is  $(\$24,437,232 - \$0) / (\$110,624,400 - \$6,062,408)$ . This is an  
17 increase of 23.37%. For Aquila Networks – MPS, (“MPS”), the equation is  
18  $(\$94,447,222 - \$0) / (\$429,024,299 - \$45,233,737)$ . This is an increase of 24.61%.

19 Q. Were any tariff charges excluded from the increase?

20 A. Yes. The following items were not changed:  
21 \$5.00 reductions for various area lights when installed on existing distribution poles, on  
22 tariff sheets 88, 89, and 91. These charges did not change in rate changes ordered in  
23 previous cases.

1       The Cogeneration Purchase Schedule, tariff sheet 102. The tariff provisions did not  
2       change in the prior case and are reviewed on a bi-annual basis. There are no customers  
3       presently served on this tariff sheet. Aquila intends to file the bi-annual update to that  
4       rate on or before January 15, 2007.

5    Q.    Is Aquila implementing a Fuel Adjustment Clause ("FAC")?

6    A.    Yes. The direct testimony of Aquila witness Dennis R. Williams addresses Aquila's  
7       request for a FAC.

8    Q.    Does this conclude your direct testimony?

9    A.    Yes it does.

**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

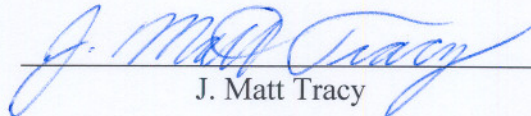
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Case No. ER-\_\_\_\_\_

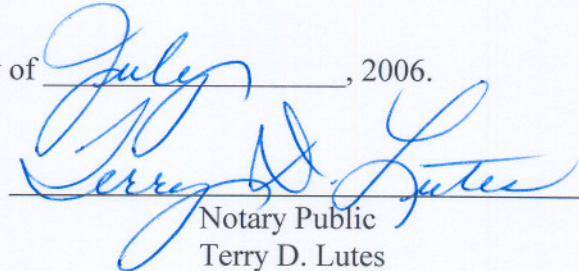
County of Jackson    )  
                              )       ss  
State of Missouri     )

**AFFIDAVIT OF J. MATT TRACY**

J. Matt Tracy, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of J. Matt Tracy;" 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.

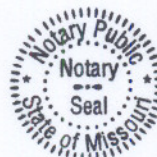
  
\_\_\_\_\_  
J. Matt Tracy

Subscribed and sworn to before me this 3rd day of July, 2006.

  
\_\_\_\_\_  
Notary Public  
Terry D. Lutes

My Commission expires:

8-20-2008



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