

*Exhibit No.:*  
*Issue:* *Fuel Expense For Steam Sales*  
*Witness:* *Graham A. Vesely*  
*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**

**GRAHAM A. VESELY**

**AQUILA, INC. d/b/a AQUILA NETWORKS – L&P – Steam**

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

*Jefferson City, Missouri*  
*October 2005*

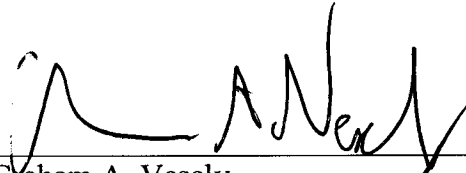
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

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.	)	

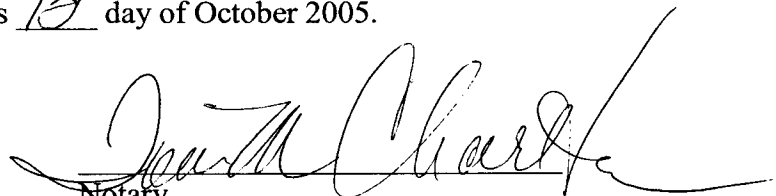
AFFIDAVIT OF GRAHAM A. VESELY

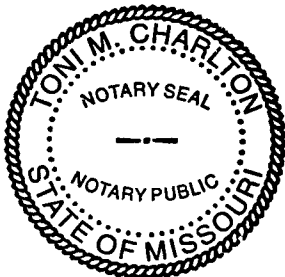
STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

Graham A. Vesely, 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 3 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.

  
\_\_\_\_\_  
Graham A. Vesely

Subscribed and sworn to before me this 13<sup>th</sup> 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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**GRAHAM A. VESELY**  
**AQUILA, INC. d/b/a AQUILA NETWORKS - L&P – Steam**  
**CASE NO. HR-2005-0450**

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1           A.     I am responsible for assisting in the audits and examinations of the books  
2 and records of utility companies operating within the state of Missouri.

3           Q.     With reference to Case No. HR-2005-0450 have you made an  
4 investigation of the steam books and records of Aquila, Inc. d/b/a Aquila Networks-L&P  
5 (L&P), a division of Aquila Inc. (Aquila or Company) relating to the proposed rate  
6 application?

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

9           Q.     Have you filed testimony previously?

10          A.     Yes. Schedule 1 attached to this direct testimony identifies the cases in  
11 which I have participated.

12           **EXECUTIVE SUMMARY**

13          Q.     Please summarize your testimony.

14          A.     Beginning with the output of the Staff's fuel production cost model I  
15 computed the adjustment to include in the Staff's case the annualized fuel costs to  
16 produce the steam that is sold directly to customers.

17          Q.     What knowledge, skills, experience, training, or education do you have in  
18 these subjects?

19          A.     I have acquired general knowledge of these topics through my experience  
20 in previous rate cases before this Commission. I was responsible for the determination of  
21 the overall fuel and purchased power expense in Aquila's last rate case, Case  
22 Nos. ER-2004-0034 and HR-2004-0024. I have reviewed the testimony and work papers  
23 from the previous MPS and L&P cases. I have reviewed the Company's testimony, work

1 papers, and data request responses related to these topics. In addition, my college  
2 coursework included accounting, auditing, and engineering classes. During my employ  
3 with the Commission I have attended formal training on regulatory issues and received  
4 training from senior audit Staff throughout the course of this and previous audits.

5 Q. What adjustments are you sponsoring in Case No. HR-2005-0450?

6 A. I am sponsoring the following adjustments to the Income Statement  
7 Accounting Schedule 9: L&P (Steam): S-5.1

8 **FUEL EXPENSE FOR STEAM SALES**

9 Q. Please explain your work in this area.

10 A. The output of the Staff's fuel model provides the variable fuel costs of  
11 producing the annualized level of sales to steam customers. To these variable costs I  
12 added a percentage of the annualized fixed fuel-related costs based on the same  
13 proportion that fuel Btus for steam sales alone are to total L&P electric and steam fuel  
14 Btus. Adjustment S-5.1 is made by subtracting from this annualized level the amounts  
15 booked to account 730.1 throughout the test year.

16 Q. Does this conclude your testimony?

17 A. Yes, it does.

**GRAHAM A. VESELY****CASE PARTICIPATION**

<b>Date Filed</b>	<b>Issue</b>	<b>Case Number</b>	<b>Exhibit</b>	<b>Case Name</b>
5/13/1999	Maintenance Expense Normalization	ER99247	Direct	St. Joseph Light & Power Company
5/13/1999	Maintenance Expense Normalization	EC98573	Direct	St. Joseph Light & Power Company
5/13/1999	Customer Growth	EC98573	Direct	St. Joseph Light & Power Company
5/13/1999	Customer Growth	ER99247	Direct	St. Joseph Light & Power Company
5/13/1999	Maintenance Expense	GR99246	Direct	St. Joseph Light & Power Company
5/13/1999	Normalization	GR99246	Direct	St. Joseph Light & Power Company
3/1/2000	Pension Asset Transfer	GM2000312	Rebuttal	Atmos Energy Company and Associated Natural Gas Company
4/19/2001	Payroll	GR2001292	Direct	Missouri Gas Energy, A Division of Southern Union Company
4/19/2001	Payroll Taxes	GR2001292	Direct	Missouri Gas Energy, A Division of Southern Union Company
4/19/2001	Cash Working Capital	GR2001292	Direct	Missouri Gas Energy, A Division of Southern Union Company
4/19/2001	Bonuses	GR2001292	Direct	Missouri Gas Energy, A Division of Southern Union Company
12/6/2001	Payroll Taxes	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Incentive Compensation	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Payroll	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Fuel Inventories	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Fuel Inventories	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Incentive Compensation	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Payroll	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Employee Benefits	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Payroll Taxes	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Employee Benefits	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
1/22/2002	Incentive Compensation	EC2002265	Surrebuttal	UtiliCorp United Inc. d/b/a Missouri Public Service
1/22/2002	Incentive Compensation	ER2001672	Surrebuttal	UtiliCorp United Inc. d/b/a Missouri Public

Date Filed	Issue	Case Number	Exhibit	Case Name
8/16/2002	Fuel Inventory	ER2002424	Direct	The Empire District Electric Company
8/16/2002	Fuel and Purchase Power	ER2002424	Direct	The Empire District Electric Company
10/16/2002	Fuel and Purchase Power Expense	ER2002424	Surrebuttal	The Empire District Electric Company
12/9/2003	Fuel and Purchase Power Expense	ER20040034	Direct	Aquila, Inc.
1/26/2004	Fuel and Purchase Power Expense	ER20040034	Rebuttal	Aquila, Inc.
2/4/2004	Fuel and Purchase Power Expense	ER20040034	Surrebuttal	Aquila, Inc.

### INFORMAL CASES

Raytown Water Company

Timbercreek Sewer Company

Silverleaf Resorts

Taney County Utilities

Stockton Hills