

Exhibit No.: _____

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Miscellaneous Fees

Busch/Direct

Public Counsel

ER-2004-0034
[REDACTED]
[REDACTED]

FILED⁴

FEB 27 2004

**Missouri Public
Service Commission**

DIRECT TESTIMONY

OF

JAMES A. BUSCH

Submitted on Behalf of the Office of the Public Counsel

AQUILA, INC.

CASE NO. ER-2004-0034 [REDACTED]
[REDACTED]

February 27, 2004

1 development of a CCOS study until Case No. EO-2002-384, and will make any
2 customer charge and usage based rate design recommendations at that time.
3 However, as noted in the Non-Unanimous Stipulation and Agreement, paragraph
4 3. b., the appropriate level of charges contained in the proposed Rule and
5 Regulations Tariff Sheets were not to be addressed by the Stipulation, but were to
6 be decided by the Commission in this case. That is the reason for my testimony at
7 this time.

8 Q. What charges or fees is Aquila proposing to change in Case No. ER-2004-0034?

9 A. Aquila is proposing the following changes:

10 1) Reconnect charges for Aquila Networks - MPS (MPS) would be \$30
11 during business hours and \$50 during non-business hours. [REDACTED]

12 [REDACTED]
13 2) The collection charge would be \$30.

14 3) A returned check charge would be \$20.

15 4) A special meter reading charge would be \$30 during business hours and
16 \$50 during non-business hours.

17 5) [REDACTED]
18 [REDACTED]

19 Q. Are any of these charges new charges?

20 A. Yes. The collection charge is a new charge being proposed by Aquila in this
21 proceeding. Further, the returned check charge is a new charge for Aquila
22 Networks - MPS customers [REDACTED]
23 [REDACTED]

1 Q. What is the current reconnect rate charged to Aquila customers?

2 A. [REDACTED]

3 [REDACTED]

4 [REDACTED] MPS customers
5 currently pay \$17 for reconnect during business hours and \$31 during non-
6 business hours (P.S.C MO No. 6, 1st Revised Sheet No. 53.1). Therefore MPS
7 customers will experience increases of approximately 76% for business hour
8 reconnects and approximately 61% for non-business hour reconnects.

9 Q. What is the current returned check charge for Aquila's customers?

10 A. Currently, [REDACTED]

11 [REDACTED] MPS customers are not charged a
12 returned check fee. For [REDACTED]

13 [REDACTED] MPS customers, this is a completely new charge.

14 Q. What is the current special meter reading charge for Aquila's customers?

15 A. MPS customers currently pay \$12 for special meter reading charges during
16 business hours and \$16 during non-business hours (P.S.C MO No. 6, 1st Revised
17 Sheet No. 53.1). [REDACTED] For MPS
18 customers, the new rates of \$30 for business hour special meter readings and \$50
19 for non-business hour readings represent increases of approximately 150% and
20 213% respectively.

21 Q. What is the current late fee charge for Aquila's customers?

1 A. Currently, [REDACTED]
2 [REDACTED] MPS customers face a late payment charge of
3 1.50% (P.S.C MO No. 6, 1st Revised Sheet No. 53.1).

4 Q. Does Public Counsel agree with the change in the business and non-business
5 hours reconnect fees to the MPS division from \$17 and \$31 to \$30 and \$50,
6 respectively, for reconnects during business and non-business hours?

7 A. Public Counsel does not oppose the increase in reconnect fees. The increase in
8 reconnect fees to the MPS division seems to be in line with the costs of providing
9 those services. However, an increase in the fees will mean that there will be an
10 increase in collected revenues for the Company due to reconnects.

11 Q. How much additional revenue will the Company collect due to the increase in
12 reconnect fees?

13 A. I believe that the Company will collect an additional \$114,600 in revenues with
14 this increase.

15 Q. How did you determine this amount?

16 A. Based on the Company's response to Staff Data Request MPSC-187, I used a
17 three-year average of reconnects for the MPS division from September 2000 –
18 August 2003. The three-year average for normal business hour reconnects is
19 7,683 and the three-year average for non-business hour reconnects is 775. I took
20 those numbers and multiplied them by the change in price for each service \$13
21 and \$19 respectively. I then summed those two numbers to get \$114,600.

22 $(7,683 * \$13) + (775 * \$19) = \$114,600$

23 Q. How should the \$114,600 be treated in this case?

1 A. The amount of revenues that will need to be collected from the general body of
2 ratepayers through regular rates should be reduced by \$114,600.

3 Q. Does Public Counsel agree with the Company's proposed collection charge?

4 A. Public Counsel agrees that the Company should be allowed to collect a fee for the
5 time and expense it takes for a service technician to drive out to a customer's
6 premises for a reconnect that turns into a bill collection. However, I disagree with
7 the \$30 charge proposed by the Company.

8 Q. What should be the fee charged by the Company for collections done in this
9 manner?

10 A. I believe that the appropriate collection fee should be \$20.

11 Q. How did you calculate the \$20 fee?

12 A. In response to Staff DR MPSC-182, the Company provided its costs for reconnect
13 fees. In response to Staff DR MPSC-183, it referred to DR MPSC-182 as
14 justification for the \$30 collection charge. A portion of that justification dealt
15 with the cost to remove a seal and turn the meter on. This function would not be
16 necessary if the customer simply paid its bill when the serviceman showed up at
17 the premises. Therefore, I removed this portion from the calculation. This cost
18 was just over \$9 to the customer, I subtracted this amount from the \$30 proposed
19 by the Company and rounded it to \$20.

20 Q. Will the Company collect additional revenues from this new fee?

21 A. Yes, the Company will collect additional revenues from this new fee.

22 Q. How much revenue will be collected from this new charge?

1 A. I believe that the Company will collect an additional ^{\$149,780 in} [REDACTED] revenues from
2 this new collection fee, at the \$20 level that I calculated.

3 Q. How did you calculate this amount?

4 A. In response to Staff DR MPSC-188, the Company provided the amount of
5 collections for the past 12 months. I multiplied the total amount of collections by
6 the \$20 charge. This totaled \$ ^{149,780} [REDACTED]

7 ^{7,489} [REDACTED] * \$20 = \$ ^{149,780} [REDACTED]

8 Q. How should the \$ ^{149,780} [REDACTED] be treated in this case?

9 A. Similar to the amount for the reconnection charge, the amount of revenues that
10 will need to be collected from the general body of ratepayers through regular rates
11 should be reduced by \$ ^{149,780} [REDACTED].

12 Q. The next change in fees is the change in the returned check charge, does Public
13 Counsel agree with that change?

14 A. Public Counsel does not oppose the change in the returned check charge to \$20.
15 However, like, the other new charges, an adjustment to revenues will need to be
16 made.

17 Q. What is the revenue modification for the returned check charge?

18 A. I believe the amount of additional revenue to be collected by the Company will be
19 \$ ^{96,995} [REDACTED]

20 In response to Staff DR MPSC-189, the Company provided data on
21 returned checks for MPS [REDACTED]. This data provided monthly returned checks
22 for the months March 2000 through December 2002 for MPS [REDACTED]

23 [REDACTED] I summed these monthly totals and divided
by the number of months to get a monthly amount for each division. I then took

1 the monthly amount and multiplied it by 12 to get an annual amount of returned
2 checks. I finally took the annual amount and multiplied the MPS number by \$20
3 (this is a new charge for MPS) [REDACTED]

4 [REDACTED] Thus
5 \$^{96,995} [REDACTED] is the amount of additional revenue the Company will collect due to the
6 change in the returned check charge.

7 Q. Please explain Schedule JAB-RD1.

8 A. Schedule JAB-RD1 shows the calculations I performed to determine the increase
9 in revenues the Company will collect with the changes in the above fees.

10 Q. Does Public Counsel agree with the change to the special meter reading charge?

11 A. No, Public Counsel does not agree with the change to the special meter reading
12 charge.

13 Q. Why?

14 A. The Company's proposed tariffs for the special meter reading charge states as
15 follows

16 If Company is unable to obtain an actual meter reading for
17 three (3) consecutive billing periods, Company shall advise
18 the customer by first class mail or personal delivery that the
19 bills being rendered are estimated, that estimation may not
20 reflect the actual usage, and that the customer may read and
21 report electric usage to Company on a regular basis. The
22 procedure by which this reading and reporting may be
23 initiated shall be explained. Company shall attempt to secure
24 an actual meter reading from customers reporting their own
25 usage at least annually. These attempts shall include
26 personal contact with the customer to advise the customer of
27 the regular meter reading day. Company may offer
28 appointments for reading meters on Saturday or prior to 9:00
29 p.m. on weekdays. Where special appointments are arranged
30 for reading meters, Company may charge the customer for
31 the excess cost of the meter reading out of normal meter

1 reading sequence of for meter readings that are outside of
2 normal business hours. The charges are listed in Section 12
3 of these Rules.
4 (Proposed Tariff Sheet P.S.C. MO No. 1, Original Sheet R-38)

5 Public Counsel does not believe that certain customers should have to pay extra to
6 have their meters read. It is the Company's responsibility to read the meters. The
7 Company receives due compensation through its normal rates for meter reading
8 activities. An additional charge should not be imposed on certain customers
9 because the Company is unable to obtain an actual meter reading for that
10 customer.

11 Q. Is Public Counsel recommending that the Company eliminate the current special
12 meter reading charge for MPS customers?

13 A. Not at this time.

14 Q. Does Public Counsel agree with [REDACTED]
15 [REDACTED] MPS customer's late payment charge of 1.50%?

16 A. Public Counsel opposes this [REDACTED] late payment charge. Public Counsel
17 believes that the late payment charge should be no more than 1.25% for [REDACTED]
18 [REDACTED] Aquila. Further, Public Counsel believes that a
19 clarification needs to be made regarding the late payment charge language.

20 Q. What language clarification should be made to the late payment charge tariff
21 language?

22 A. As proposed by the Company, a late payment charge will be added to any unpaid
23 bill. An unpaid bill is defined as any billing amount that remains "owing" to the
24 Company and not in dispute after the delinquent date stated on the bill. (Proposed

1 Tariff Sheet P.S.C. MO No. 1, Original Sheet R-45) This should be clarified such
2 that the late payment charge is not compounded on each subsequent bill.

3 Q. Please explain.

4 A. If a customer is late paying his bill, a late payment charge will be applied to the
5 amount owed. As long as this amount remains outstanding, a late charge could
6 continue to be added to any unpaid late charge amount. This, in effect,
7 compounds the amount of the late payment charge. Public Counsel recommends
8 that the language should be clarified so that it indicates the late payment charge
9 will not be charged on any previous late payment charge amount.

10 Q. Please summarize your testimony.

11 A. Public Counsel does not oppose the change in the reconnect charge. However,
12 Public Counsel believes that \$114,600 in revenues from the reconnect charge
13 changes should be included in revenues. Public Counsel does not oppose the new
14 collection charge, except the amount should be \$20 instead of \$30. However,
15 Public Counsel believes that \$^{149,780} in revenues from this new charge should
16 also be included in revenues. Public Counsel does not oppose the returned check
17 charge. However, Public Counsel believes \$^{96,995} in additional revenue should
18 also be included in this case. Public Counsel opposes the special meter reading
19 charge. Public Counsel opposes the change in the late payment charge. It should
20 be no more than 1.25%. Also, Public Counsel believes language should be
21 clarified in the Company's tariffs so that ratepayers will not be subjected to
22 compounded late payment charges.

23 Q. Does this conclude your testimony?

1 A. Yes it does.

OFFICE OF THE PUBLIC COUNSEL

Returned Check Charge

	<u>MPS</u>
Mar-00	155
Apr-00	359
May-00	264
Jun-00	463
Jul-00	292
Aug-00	428
Sep-00	461
Oct-00	482
Nov-00	434
Dec-00	152
Jan-01	407
Feb-01	228
Mar-01	263
Apr-01	465
May-01	503
Jun-01	435
Jul-01	445
Aug-01	419
Sep-01	382
Oct-01	639
Nov-01	579
Dec-01	340
Jan-02	343
Feb-02	272
Mar-02	259
Apr-02	341
May-02	422
Jun-02	387
Jul-02	461
Aug-02	539
Sep-02	514
Oct-02	678
Nov-02	495
Dec-02	<u>435</u>
Total	13,741
Yrly Avg	4,850
Change	\$20
Revenue	<u>\$ 96,995</u> \$

Source: DR No. MPSC-189