

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of an Examination of Class Cost of)
Service and Rate Design in the Missouri)
Jurisdictional Electric Service Operations of)
Aquila, Inc., Formerly Known as UtiliCorp United)
Inc.)

Case No. EO-2002-384

POSITION STATEMENT OF THE OFFICE OF THE PUBLIC COUNSEL

I. Introduction

Pursuant to the Public Service Commission's August 23, 2005 Order Regarding Consolidation and Procedural Schedule, the Office of the Public Counsel submits this statement of positions on the List of Issues filed on September 30, 2005.

A. Class Cost of Service Issues

1. What is the appropriate method for allocating generation-related costs to customer classes?

Generation-related costs should be allocated by the 12-month non-coincident peak (NCP) average and peak method, and an energy allocator.

2. What is the appropriate method for allocating transmission-related costs to customer classes?

The appropriate method for allocating transmission-related costs is the same 12-month NCP average and peak method used by Public Counsel to allocate generation-related costs.

3. What is the appropriate method for allocating distribution-related costs to customer classes?

Distribution plant that is clearly related to the number of customers – services, meters, and installations on a customer’s premises – are classified as customer-related. All other distribution plant is classified as demand-related or partially demand and partially customer related.

4. What is the appropriate classification of distribution plant into categories such as primary demand, secondary demand, primary customer-related and secondary customer-related?

The functionalized and classified categories should include primary demand, secondary demand, and secondary customer-related.

5. What are the appropriate methods for allocating administrative and general expenses to customer classes?

Administrative and General expenses should be allocated using a composite gross plant allocator.

Rate Design Issues

6. Should inter-class revenue adjustments be determined in this case and should inter-class revenue adjustments be implemented in this case?

The Commission can generally determine class revenue responsibilities in this case, but should not implement any inter-class revenue adjustments until after it determines in Case No. ER-2005-0436 what revenue increase, if any, Aquila should be awarded.

A. What are the appropriate inter-class revenue adjustments? or B. What is the appropriate method to determine them?

A. No inter-class revenue adjustments are appropriate.

B. The Commission, in Case No. ER-2005-0436, should move classes no more than half way to the revenue neutral shifts indicated by Public Counsel's Class Cost of Service (CCOS) studies in this case. Even this move should be limited by the amount of any rate increase granted in Case No. ER-2005-0436. If the Commission determines that an overall increase in revenue requirement is necessary in ER-2005-0436, then no customer class should receive a net decrease as the combined result of: (1) the revenue neutral shift that is applied to that class, and (2) the share of the total revenue increase that is applied to that class.

7. What rate schedules should be combined, eliminated or added?

The rate schedules Aquila currently uses for MPS and L&P customers are appropriate, and there is no need to combine, eliminate or add rate schedules.

8. What changes to the rate structures on each rate schedule are appropriate?

The rate structures Aquila currently uses for MPS and L&P customers are appropriate, and there is no need to change them.

9. How should the appropriate rate values for each rate schedule be determined?

For the residential rate schedules, no changes should be made to the customer charge portion; any increase should be to the variable portion of customers' bills. Public Counsel takes no position on the appropriate rate values for the rate schedules of the other classes.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been e-mailed, mailed or hand-delivered to the following this 4th day of November:

/s/ Lewis R. Mills, Jr.
