

Exhibit No.:
Issues: Fixed Bill Pilot Program
Witness: Dennis Odell
Sponsoring Party: Aquila Networks-MPS and
L&P
Case No.:

Before the Public Service Commission
of the State of Missouri

Direct Testimony
of
Dennis Odell

Company Exhibit No. 1
Case No(s). EO - 2007-0395
Date 11-15-07 Rptr pe

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ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P
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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF DENNIS ODELL
ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P
CASE NO.:**

1 Q. Please state your name and business address.

2 A. My name is Dennis Odell, and my business address is 10700 E. 350 HWY, Kansas City,
3 MO 64138.

4 Q. By whom are you employed and what is your position?

5 A. I am Senior, Director, Business Planning for Aquila, Inc. ("Aquila").

6 Q. What is your educational and professional background?

7 A. I graduated from the University of Nebraska – Omaha with a Bachelor of Science in
8 Business Administration degree in 1992. I received a Master of Business Administration
9 degree from the same institution in 1996.

10 I joined Aquila (then UtiliCorp United, Inc.) in 1993 as a Rate Analyst. Since then I have
11 been continuously employed at Aquila in a number of positions, including Federal
12 Regulatory Manager, Director of Gas Supply Services and Director, Regulatory Services.
13 I have been in my current position since 2006.

14 **EXECUTIVE SUMMARY**

15 Q. What is the purpose of your testimony?

16 A. The purpose of my testimony is twofold; first, to present an overview and the benefits of
17 the Fixed Bill Pilot Program at Aquila; second, to explain the proposed Fixed Bill
18 Program pilot changes. The proposed changes include: 1) pilot continuation and

1 expansion; 2) program fee; 3) terms for voluntary withdrawal; 4) abuse clause inclusion;
2 and 5) below-the-line accounting. The pilot tariff is included as Schedule DO-1.

3 **OVERVIEW OF FILING**

4 Q. Please describe the Fixed Bill Pilot Program.

5 A. The Fixed Bill Pilot Program is a voluntary billing option which offers customers the
6 convenience of receiving a predetermined, completely predictable, monthly bill for a one
7 year period, regardless of weather variations or changes in utility rates. To provide such
8 stability and predictability, the product includes a premium to cover variation in usage as
9 well as the risk of changing prices and program execution. There is no after-the-fact
10 charge or "true-up".

11 Q. Where is Aquila offering the Fixed Bill Pilot Program?

12 A. Aquila received Missouri Public Service Commission ("PSC") approval to offer this
13 product on a pilot basis to its residential customers in St. Joseph for a period of two
14 years.

15 Q. Why did Aquila decide to offer a Fixed Bill Pilot Program?

16 A. The program is offered to enhance customer satisfaction by broadening the portfolio of
17 billing options available to Aquila customers. Research demonstrates that customers
18 appreciate having choices and options. According to the J. D. Power and Associates 2004
19 Electric Utility Customer Satisfaction Study, more and more customers are electing to
20 use alternative bill payment methods every year. *The Missouri Energy Task Force*
21 *Report: A Comprehensive Look at Fossil Fuels & A Plan for Missouri's Future*, asked
22 the PSC to consider innovative rate designs. The report asked the PSC to consider
23 developing rate programs that allow residential customers to voluntarily lock in a specific

1 rate, those that reward customers with a premium for their conservation efforts, and fixed
2 bill programs designed to promote conservation and affordability. Additionally, a recent
3 survey of Aquila Missouri residential customers showed 34% of customers surveyed that
4 were not familiar with Fixed Bill were interested in the product after being read a
5 detailed description of the program, including information about the program fee. This
6 survey was conducted by CustomerLink and is presented as Schedule DO-2.

7 Q. Has the pilot been successful?

8 A. Yes, it has. Aquila initiated the pilot for the Fixed Bill product in St. Joseph to learn more
9 about customer interest in the product and customer behavior on the product. The
10 participation rate for Aquila's L&P customers in St. Joseph has been 7% with a renewal rate
11 of 93%. This is consistent with the results other utilities that have offered similar programs
12 have experienced. For example, the re-enrollment rate for Georgia Power after its first few
13 years of offering a fixed bill program was 90%.

14 Q. What other companies are offering a Fixed Bill Program?

15 A. We have reviewed program offerings of other electric utilities such as Georgia Power,
16 Gulf Power, Duke Energy Corporation, Progress Energy, Oklahoma Gas and Electric,
17 and Alabama Power. A summary chart, Schedule DO-3, is included in this filing. The
18 chart outlines the program terms for the utilities that were used for analysis in Aquila's
19 program design.

20 Q. Will the Fixed Bill Pilot Program be extended to all Missouri customers?

21 A. The program will be offered to all eligible Missouri residential customers. In order to be
22 eligible, the customer must have remained in the same residence or location for at least
23 two (2) years to be able to forecast usage. Customers must make a commitment to be

1 enrolled in the Fixed Bill Pilot Program for a term of 12 months and they must be current
2 on their electric service payments at the time of enrollment. Finally, customers must not
3 have been disconnected for nonpayment of electric service within the previous 12
4 months. Only customers in good standing on their electric bill and who are willing to
5 undertake a one-year contract would be eligible.

6 Q. Is the Fixed Bill Pilot Program intended to save customers money?

7 A. That is not the intent of the program. As described below, the Fixed Bill Pilot Program
8 has a program fee of up to 12% to compensate Aquila for administrative risks and costs
9 as well as the risks of consumption, weather and pricing fluctuations. The Fixed Bill
10 Pilot Program is intended for those customers that knowingly choose to pay a little extra,
11 on average, for the certainty and convenience of knowing they will pay the same amount
12 each month without a true-up payment at the end of 12 months. As described later, the
13 Fixed Bill Program marketing material to be distributed to eligible Aquila customers
14 demonstrates that Fixed Bill is not intended to result in the lowest annual cost of
15 electricity, but rather is another billing option from which customers can choose.

16 **PROGRAM MODIFICATIONS**

17 Q. Why do you need to change the program terms?

18 A. Based on what Aquila learned from its St. Joseph pilot, along with information regarding
19 successful programs offered in other states, Aquila is submitting a tariff which differs
20 from the original pilot tariff in five areas: 1) pilot continuation and expansion; 2) program
21 fee; 3) revised terms for early voluntary withdrawal; 4) abuse clause inclusion; and 5)
22 below-the-line accounting.

23 Q. When will the current pilot expire?

1 A. The pilot program is scheduled to expire on May 31, 2007.

2 Q. What are your plans for the new pilot expiration?

3 A. Aquila proposed that the pilot would continue for five (5) years. During this time we
4 would adhere to the original pilot terms which require annual pilot program evaluation
5 and reporting. Aquila will analyze the information obtained and submit a report for each
6 Program Year to the PSC and the Office of Public Counsel ("OPC") no later than sixty
7 (60) days after the end of each year.

8 Q. Where would the pilot expansion occur?

9 A. The program would be offered to all eligible Missouri residential customers.

10 Q. What changes would be made to the program fee?

11 A. Each customer's contractual usage is used in calculating monthly weather-normalized
12 individual customer usage. The weather-normalized monthly usage is then priced out at
13 current tariff rates. A program fee is added to the monthly rate. The total program fee
14 will not exceed 12%. Aquila is asking for the flexibility to set the program fee on an
15 annual basis within this upper limit. This flexibility will allow Aquila to manage the
16 operational and financial risks of the program. This fee is fully disclosed in the offer
17 letter to the customer. Because this is a voluntary program which customers are likely to
18 reject if not priced appropriately, care will be taken to ensure that the program fee is set
19 appropriately. The program fee is comprised of two components:

- 20 • Risk premium – not to exceed 6%. The risk premium covers the risk of
21 departure from expected values such as weather and pricing changes. The risk
22 premium also covers the administrative costs and risk to operate this program.

- Quantity factor – not to exceed 6%. The quantity factor, or "Delta Q", denotes the percentage difference between the actual consumption of the customer and their predicted consumption.

Q. Is the program fee that Aquila is proposing consistent with the program fee approved for other utilities offering this program?

A. Yes, based on industry information this percentage is consistent with fees charged for other Fixed Bill offerings. The percentages are outlined in the Schedule DO-3 which summarizes other utility tariff filings on record.

Q. Do you believe the program fee is fair?

A. Yes. The Fixed Bill Pilot Program is completely voluntary. Customers will be informed that the program is not intended to result in the lowest electric bill possible but rather provides the convenience of knowing that they will pay the same amount each month, every month, for one year with no true-up payment. If the program fee is set too high, then customers will not sign up, and the program will not be successful. That alone gives Aquila an incentive to keep the program fee at the appropriate level.

Q. Do you consider Fixed Bill a competitive billing option?

A. Yes. Normal monthly tariff billing and monthly budget billing with annual true-up payments both reflect charging customers the actual approved rates and rider adjustments for the exact amount of energy used. The only way customers can be charged a completely fixed, reconciliation-free bill is for some entity to absorb the risk that the amount they pay each month may fail to accurately reflect the actual cost of service to the customer. Aquila's willingness to absorb that risk below-the-line through the provision of the Fixed Bill Program is clearly a competitive alternative to the precise regulated rate

1 billing and monthly budget billing with reconciliation. The Fixed Bill Pilot Program
2 offers the peace of mind and comfort of knowing there will not be large summer bills due
3 to air conditioning load or large winter bills due to heating load or a large end of the year
4 true-up payment.

5 Q. Why are you proposing to change the terms for Withdrawal?

6 A. The Fixed Bill Pilot Program would be available on a voluntary basis to qualified
7 residential customers who accept an offer to participate. They may terminate the contract
8 at the end of any program year at no charge. However, if the customer chooses to
9 terminate the contract during the program year and continues service on a standard tariff
10 at the same location, the customer would be charged an early termination fee.
11 Additionally, the customer will not be refunded any positive difference between the
12 amount collected under the Fixed Bill and their actual usage billed on the regular
13 residential service tariff. This will discourage customers from gaming the program such
14 as getting on the program when the fixed bill amount is low, and then voluntarily
15 withdrawing when standard residential tariff is lower. Both Aquila and the customer
16 must commit to the Fixed Bill Pilot Program service agreement for 12 months.

17 Q. Why do you propose to add an abuse clause?

18 A. Without the ability to remove customers from the Fixed Bill program, there is an
19 opportunity to game the Fixed Bill system. If a customer's metered usage adjusted for
20 weather during a three month period exceeds the expected usage by more than 30%,
21 Aquila may, at its discretion, return the customer to the traditional tariff for the remaining
22 months of the Fixed Bill program year. The customer will be required to pay any
23 positive difference between their actual usages billed on their regular residential service

1 tariff less the amount collected under the Fixed Bill. This provision is designed to be a
2 deterrent.

3 Q. Do other companies have an abuse clause?

4 A. Yes; other Fixed Bill programs have abuse clauses which serve as an appropriate and
5 common risk control device. Without it, we would ask for a higher premium. Briefly,
6 the presence of this clause may serve to deter abuse by a few customers, thereby lowering
7 risks overall.

8 Q. Was there any abuse with the pilot program in St. Joseph?

9 A. With more the 1,100 customers enrolled in the plan, we had a couple of customers that
10 added a heat pump which increased their usage pattern. We noted one additional
11 customer with a larger usage trend. Further investigation revealed this customer was
12 abusing his usage by running an extension cord to other trailer homes. This one customer
13 would have been the only customer we would have asked to leave the program if we had
14 an abuse clause provision.

15 Q. Why do you propose to account for this program below-the-line?

16 A. Below-the-line accounting is being requested to ensure that the customers who are not
17 eligible or who do not choose to participate in the Fixed Bill product do not subsidize
18 those customers who do choose to purchase this product. The cost of providing this
19 product is borne by the utility through the premium charged to the Fixed Bill customers.
20 All risk associated with providing this product is borne by the utility and its shareholders.
21 By using below-the-line accounting the regulated side of the business is made whole.
22 Other fixed bill options we have researched in eight states treat the profits/losses below-
23 the-line as well for regulatory purposes.

1 Q. Please explain the accounting related to the Fixed Bill Pilot Program.

2 A. Aquila will calculate what a Fixed Bill customer would have paid under standard
3 residential tariff each month for both the base rate component, and for all applicable
4 riders. The difference between what the Fixed Bill customers would have paid, and what
5 they actually paid in their fixed bill amount will be accounted for below-the-line for
6 regulatory purposes. This amount could be a loss or a profit in any given month, for any
7 given customer. Any incremental expenses associated with the Fixed Bill Pilot Program
8 (marketing costs, software systems, consultants, etc.) are also accounted for below-the-
9 line for regulatory purposes. Therefore, other non-participating customers are isolated
10 from the risk of the Fixed Bill Pilot Program by accounting for its incremental expenses,
11 losses or profits below-the-line for regulatory purposes.

12 Q. How would you book the revenues and costs for the program?

13 A. In order to accomplish this below-the-line accounting, Aquila would book revenues and
14 standard costs for customers in this program as if they were on the traditional tariff
15 service. Then, any difference between the revenue actually received by Aquila and the
16 revenue booked would fall below-the-line, i.e. would not be included in any rate case
17 calculations. In this way, any gain or loss on this program would not impact customers,
18 but rather would be borne solely by Aquila.

19 Q. How do other companies handle accounting for this program?

20 A. Below-the-line treatment has commonly been approved by all but one of the utilities we
21 have researched. This information is documented in the Schedule DO-3.

22 **CONCLUSIONS**

23 Q. Please summarize your conclusions.

1 A. Fixed Bill is a product that has been successfully offered on a limited, pilot basis by
2 Aquila, and is currently being offered in several other states. It is a product that certain
3 residential customers value. It is growing in popularity across the United States. It is our
4 belief this is a product customers value. With the right program parameters, Aquila is
5 willing to take on the risk of providing this product. Aquila respectfully requests that the
6 PSC grant it the authority to extend and expand its current Fixed Bill offering as
7 described in this filing.

8 Q. Does this conclude your prepared testimony?

9 A. Yes.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 2nd Revised Sheet No. 117
Canceling P.S.C. MO. No. 1 1st Original Sheet No. 117

Aquila, Inc., dba

AQUILA NETWORKS

KANSAS CITY, MO 64138

For Territory Served by Aquila Networks – L&P and Aquila Networks - MPS

**FIXED BILL PILOT PROGRAM
ELECTRIC**

AVAILABILITY

Available on a voluntary basis, at the option of the Company, to residential customers who receive single-phase electric service at a single private dwelling unit. This tariff is offered as a five (5) year pilot program and will terminate on June 30, 2012, unless extended by the Company with the approval of the Missouri Public Service Commission. The pilot program is limited to residential customers who accept an invitation to be participants in the Fixed Bill pilot program. Invitations shall be extended based on random selection of customers meeting the applicability guidelines listed below.

APPLICABILITY

Applicable to all residential customers who have resided in their current separately metered residence over the previous twenty-four (24) months, have a consistent usage pattern for at least twelve (12) consecutive months that supports an accurate forecast of future consumption and are currently in good financial standing with the Company. Service shall not be resold or shared with others.

TERM OF CONTRACT

Service under this program shall commence with the first billing period of the designated "Program Year", each year for a minimum one (1) year term, renewable annually, at the option of both parties. For the initial Program Year and each subsequent Program Year, prior to the anniversary of the original contract, the Company shall review the customer's account and prepare a Fixed Bill offer for the following Program Year. The Fixed Bill offer for each Program Year shall be provided at least thirty (30) days prior to the beginning of that Program Year. A Fixed Bill contract and amount will commence each successive Program Year unless terminated by the Customer or the Company. Each Fixed Bill offer presented to a customer shall contain, at a minimum, the following:

- Explanation of the Fixed Bill program
- Disclosure of the Program Fee
- Annual and monthly fixed bill amount
- Length of contract
- Explanation of the early termination process and consequences
- Customer bill history
- Information on conservation options.

Each monthly bill rendered will show the fixed bill dollar amount and the actual, non-normalized usage.

Any Customer may terminate the contract at the end of any Program Year at no charge. If a customer withdraws from the Fixed Bill program prior to the end of any Program Year, the contract is terminated and debit and credit balances will be settled. The customer will be required to pay any positive difference between their actual usages billed on their regular residential service tariff less the amount collected under the Fixed Bill. If the customer continues service on a standard tariff at the same location, the customer will be charged a \$50.00 Early Termination Fee. If customer ceases to receive service at the same location, no Early Termination Fee will be charged.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 2nd Revised Sheet No. 118
 Canceling P.S.C. MO. No. 1 1st Original Sheet No. 118

Aquila, Inc., dba

AQUILA NETWORKS

For Territory Served by Aquila Networks – L&P and Aquila Networks - MPS

KANSAS CITY, MO 64138

FIXED BILL PILOT PROGRAM (Continued) ELECTRIC
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BILL DETERMINATION

Under this program, Company will estimate the monthly kWh usage for the upcoming twelve (12) month period based on the Customer's previous historical metered usage, adjusted to normal weather. The annual weather normalized kWh (WNkWh) will be increased by additional kWh (kWhG) to reflect expected consumption changes and other growth factors. The Customer's expected annual kWh will then be used to calculate expected monthly bills using the Customer's applicable rate schedule. The resulting sum of the expected monthly bills, Customer Charge (CC) for the applicable residential tariff and the risk fee, will be divided by twelve (12) to determine the Fixed Bill monthly amount. Any applicable fees and taxes will then be applied.

BILL FORMULA

Annual Bill = Sum over 12 billing periods {CC + [(WNkWh + kWhG) * EnergyPrice] * (1 + RF %)}

Each Customer's annual bill is specific or unique to that customer.

"Fixed Bill" Monthly Bill = Annual Bill / 12

Minimum Monthly Bill = "Fixed Bill" Monthly Amount

Customer Charge (CC) = The monthly customer charge associated with the applicable Residential tariff.

Weather Normalized kWh (WNkWh) = Expected annual energy consumption calculated based on customer's historical metered usage adjusted for normal weather.

kWh Growth (kWhG) = Additional kWh added to the base WNkWh due to expected average consumption changes and other growth factors.

kWh Growth Factor = kWhG / WNkWh.

Energy Price = Expected energy price structure (in ¢/kWh) from the appropriate rate schedule including applicable riders and clauses.

Risk Fee (RF %) = the fee used to compensate Company for the incremental risks associated with offering fixed billing service.

Program Fee (%) = the combined impact of the kWh Growth Factor and the Risk Fee expressed as percentages. For purposes of this pilot, the program fee will be capped at a maximum value of twelve percent (12%), but may be set at a value less than the capped amount. The maximum program fee value will be explicitly stated on the Fixed Bill offer presented to each customer.

Normal Weather = Based on seasonal heating degree-days and cooling degree-days as determined from published temperature data.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 2nd Revised Sheet No. 119
Canceling P.S.C. MO. No. 1 1st Original Sheet No. 119

Aquila, Inc., dba

AQUILA NETWORKS

For Territory Served by Aquila Networks – L&P and Aquila Networks - MPS

KANSAS CITY, MO 64138

FIXED BILL PILOT PROGRAM (Continued)
ELECTRIC

LATE PAYMENT CHARGE

See Company Rules and Regulations.

SPECIAL RULES

The fixed bill or minimum bill does not include any franchise or occupation tax. The Company "Tax and License Rider" is applicable to all charges under this schedule. The Fixed Bill monthly charge will not include usage or charges for additional services including, but not limited to, private area lighting or other charges.

If a customer's metered usage during a three (3) month period exceeds the expected usage by more than 30%, The Company may at its discretion, return the customer to the traditional tariff for the remaining months of the Fixed Bill program year. The customer will be required to pay any positive difference between their actual usages billed on their regular residential service tariff less the amount collected under the Fixed Bill.

PILOT PROGRAM EVALUATION AND REPORTING

This Fixed Bill Pilot Program has been developed by the Company to allow the gathering of information about the level of customer interest and acceptance of such a program along with the infrastructure requirements for such a program if it were to become permanent. The Company will separately track in an identifiable manner the revenue and incremental costs of this program and make this information available in a reasonable time, upon request, to the Staffs of the Commission and the Office of the Public Counsel. The Company will analyze the information obtained and submit a report for each Program Year to the Missouri Public Service Commission and the Office of the Public Counsel no later than sixty (60) days after the end of each Program Year. These reports will address, at a minimum, the following: the level of customer interest in such a program, the initial customer take rate, the customer renewal rate, the effectiveness of customer education efforts, the impact on and changes required to billing and customer support functions, changes required in the Terms and Conditions to make the program more effective and efficient, the usage history necessary to accurately forecast weather normalized consumption, the appropriate weather reporting station to use for normalization, actual changes in weather normalized consumption that occur in each Program Year and other facts or situations that may become apparent during the pilot period. These reports will include for each program year, for each program participant the monthly fixed amount billed and the monthly amount that would have been billed under the existing applicable tariff and a listing of customers withdrawing from the program early along with the settlement amounts associated with each early termination.

Expanding Opportunities

Exploring opinions about Aquila program options
among current customers in Missouri

The Summary Report



Aquila

Providing Energy For Better Living.™

March 2007

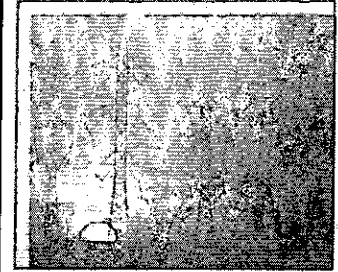


CustomerLink

Zenith Research Group

Duluth, Minnesota

Introduction



The attached report summarizes the research, analysis and key findings concerning business expansion opportunities for Aquila, Inc., in its Missouri service area. In particular, this report centers on the familiarity with and possible premium fee for use of the Fixed Bill program, and the opportunities that exist in additional program or service expansion, including appliance repair, surge protection, line protection and energy efficiency measures.

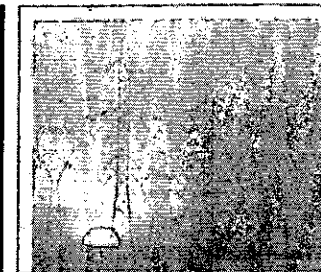
The report analysis and findings are based on interview results using a questionnaire developed by CustomerLink of Duluth, Minnesota and representatives of Aquila, Inc.

Zenith Research Group shall have no liability for any representations (expressed or implied) contained in, nor for any omissions from, the report.

The information, analysis and findings provided in this report are intended solely to assist Aquila, Inc. As such, the information within should not be relied upon for any purpose, nor distributed to nor relied upon by any third parties who are not negotiating directly with Aquila, Inc.

Where applicable, the interview responses were analyzed by Zenith Research Group management staff, with analysis completed using the statistical tools and applications of SPSS Analytical Software, Version 13.5 released in 2006.

Methodology



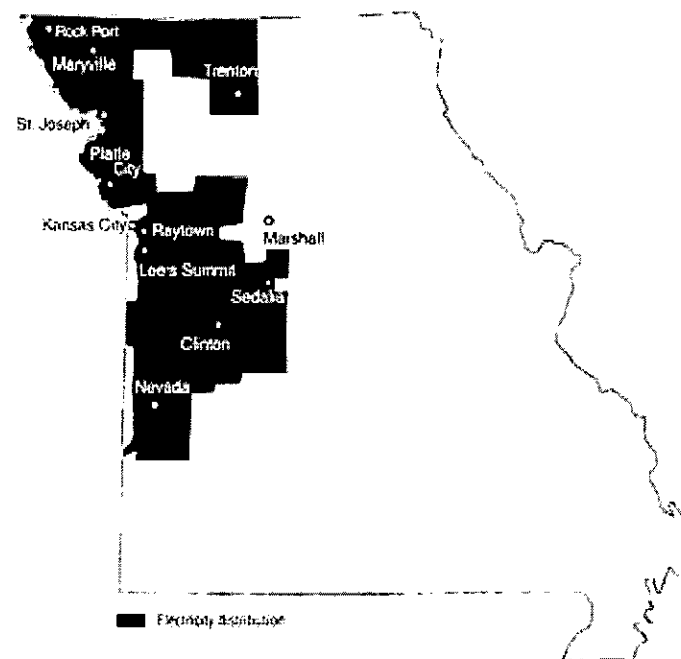
The results of this study are based on interviews with 605 individuals living within the Aquila, Inc., Missouri electrical distribution service area. Individuals in 161 communities participated in the survey process.

The individuals were selected from a database of 9,839 records provided to CustomerLink by representatives of Aquila, Inc.

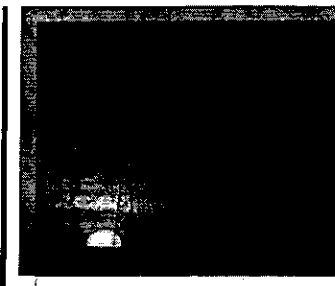
All respondents were selected using a random selection process. Only persons speaking from their residences were interviewed. Only one resident per household was interviewed.

Interviews were conducted between the hours of 5pm – 8pm local time on dates between February 27 – March 8, 2007.

The results of the survey are accurate to within a statistical margin of error of +/- 3.86 percent at the 95 percent confidence level.



Methodology



Call Center Data:

<input type="checkbox"/> Completed Surveys	605
Not Qualified	73
Not Interested	206
<input type="checkbox"/> Incomplete Contacts	12776
Call Back / No Presentation	846
Busy Signal	588
No Answer	4954
Answering Machine	5473
Phone Problem Redial	915
<input type="checkbox"/> Unusable Records	1887
Business	18
Language	24
Call Blocker	33
Refused/Hang Up	1177
Disconnected Number	417
Wrong Number	92
Take Off List	126



Demographics



<input type="checkbox"/> Respondent Sex	N = 605
Male	43.5%
Female	56.5%

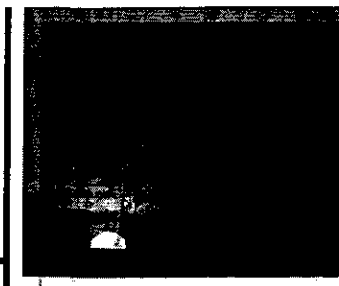
<input type="checkbox"/> Respondent Age	N = 576
18 to 24	1.9%
25 to 34	18.4%
35 to 44	24.3%
45 to 54	21.9%
55 to 64	18.2%
65 or older	15.3%

<input type="checkbox"/> Respondent Marital Status	N = 570
Married	68.8%
Single	31.2%

Of those persons identified or directly responding, over 56 percent of the persons interviewed were women; those persons between 35 and 44 years of age comprised the largest age group; 55 percent of all respondents were 45 years of age or older; almost 69 percent of the respondents were married individuals.



Demographics



☐ **Persons Under 18 In Home** **N = 573**

None	59.2%
One	16.4%
Two	16.2%
Three	5.1%
Four or more	3.1%

☐ **Respondent Education** **N = 571**

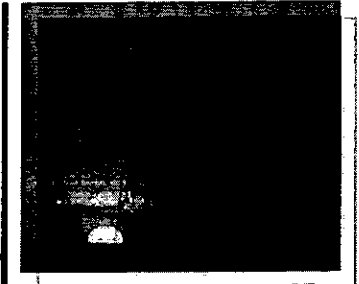
Some high school	5.6%
High school graduate	36.4%
2-year college degree	22.1%
4-year college degree	23.6%
Master's or higher	12.3%

Over 59 percent of those persons responding indicated there were no persons in their immediate household under the age of 18.

Over 36 percent of responding persons indicated a high school degree was the highest level of education they had completed.



Demographics



☐ Respondent Employment N = 563

Full Time	52.8%
Part Time	7.3%
Self Employed	9.8%
Unemployed	10.3%
Retired	19.9%

☐ Household Income N = 427

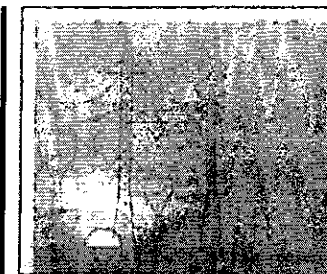
Under \$20,000	11.5%
\$20,000 to \$30,000	12.4%
\$30,000 to \$40,000	10.5%
\$40,000 to \$50,000	12.9%
\$50,000 to \$75,000	25.1%
\$75,000 to \$100,000	15.2%
Over \$100,000	12.4%

Almost 53 percent of those persons responding indicated they were employed full time.

Almost 53 percent of those persons willing to identify their combined annual household income indicated that income was in excess of \$50,000.



Key Findings



❑ QF1 – Are you familiar with the Fixed Bill program offered by Aquila? N = 605

Less than 36 percent of the entire respondent base indicated it was familiar with the Fixed Bill program.

Overall, women were only slightly more likely than men to be aware of the program, a difference of 36 percent versus 35.4 percent.

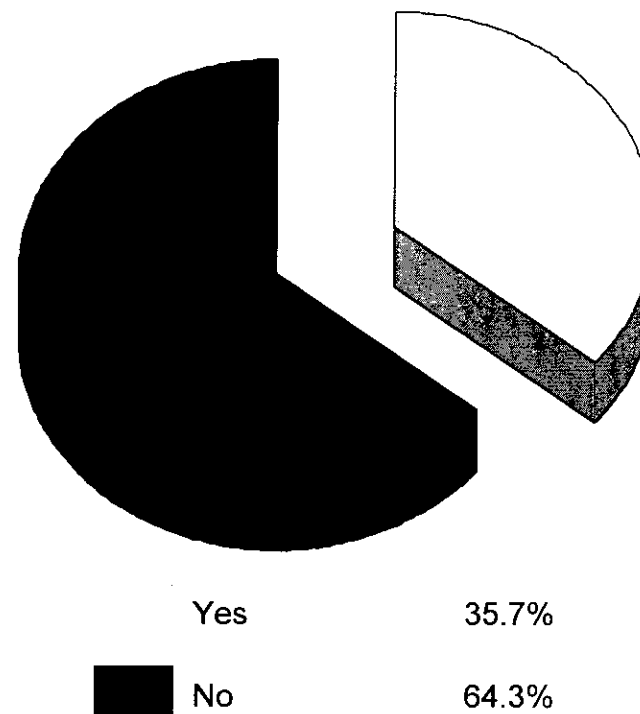
38 percent of those persons who were married were aware of the program compared with 30.9 percent of single persons.

Among the various age groups, those individuals between 25 and 34 years of age were more likely to be aware of the billing program; 36.8 percent expressed knowledge. With the exception of the 18 to 24 year olds (27.3 percent), the other age groups awareness was between 34.1 percent and 36.4 percent.

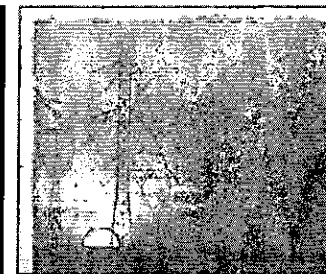
Those persons expressing a familiarity with the program moved on to Question F2 in the survey. Those persons who responded in the negative were read the following statement:

"Fixed Bill provides a customer with the same bill amount for a 12-month period regardless of fluctuations in usage due to weather or other factors including rate increases. There is a small premium applied to this to cover risk for the utility company. It is different than a budget bill because there is no true-up at the end of the year."

Once this explanation was read, these respondents moved on to Question F3 in the survey.



Key Findings



☐ QF2 – *Based on your understanding, what is the Fixed Bill program?* N = 216

Only those persons who answered “yes” in Question F1 were asked to respond to this question.

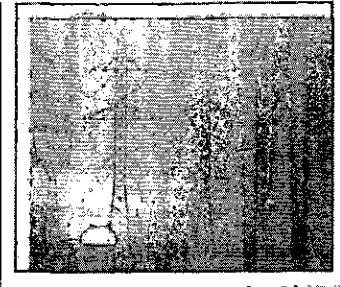
If, in the opinion of the call screener, the descriptive phrasing was incorrect, the respondent was read the explanation printed at the bottom of the previous page.

Generally, there were few respondents who required an additional explanation.

A complete review of responses begins on Page 10.

Continued survey analysis begins on Page 19.

Key Findings



QF3 – If Aquila offered you a Fixed Bill option, how likely would you be to choose this billing option? Would you say very likely, somewhat likely, somewhat unlikely or very unlikely? N = 558

A combined 39.4 percent of all respondents expressed any likelihood they would choose the Fixed Bill option; this positive responses included some individuals who claimed to already be operating with such a plan.

Among persons who had earlier (Question F1) expressed familiarity with the payment option, a combined 48.6 percent said they would likely to choose the billing option if it was offered.

Of those persons who indicated they were not familiar with the plan, 33.9 percent said they would be likely to choose the option if it were presented.

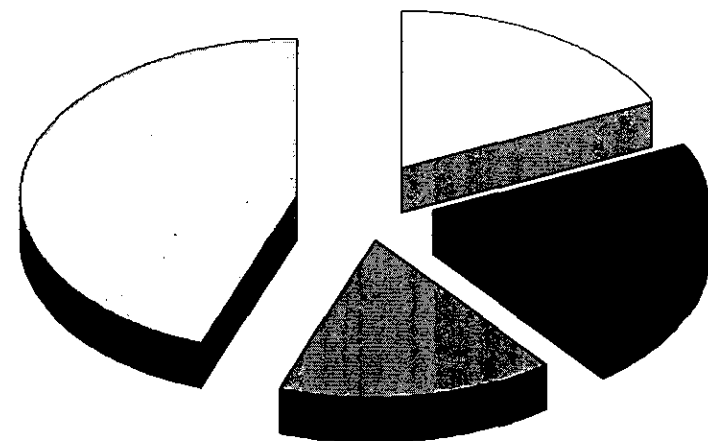
Women were more likely than men to favor the program.

Among age groups, only those persons 25 to 34 recorded a favorability response about 50 percent.

There was virtually no difference among married or single individuals.

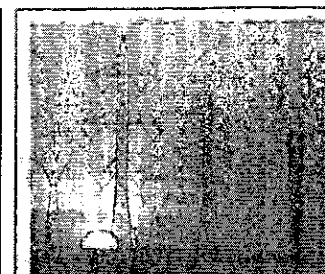
Persons with children were more likely to favor the program than persons without children.

Households with combined annual incomes less than \$75,000 were more receptive to the billing option.



Very Likely	18.1%
Somewhat Likely	21.3%
Somewhat Unlikely	16.1%
Very Unlikely	44.4%

Key Findings



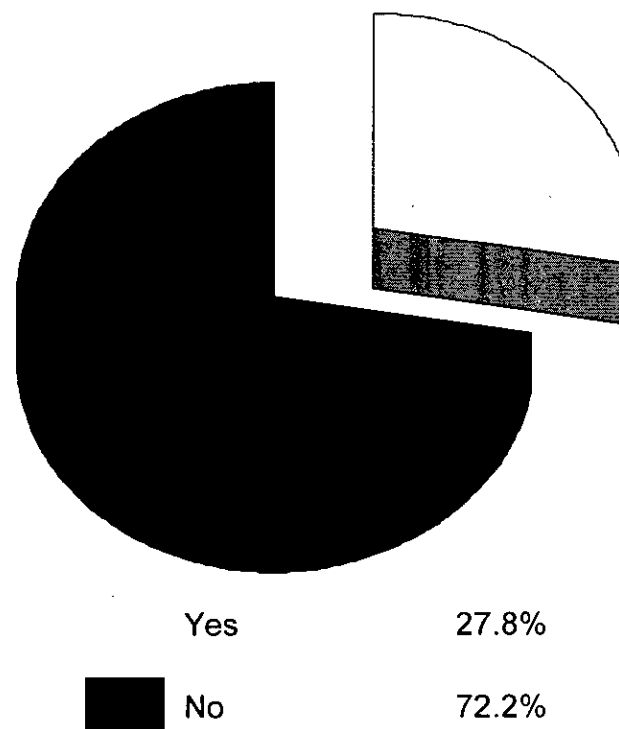
□ QF4 – *Would you be willing to pay a small premium for the predictability offered by a Fixed Bill program?* N = 605

Less than 28 percent of all respondents indicated a willingness to pay a small premium for the predictability of the program.

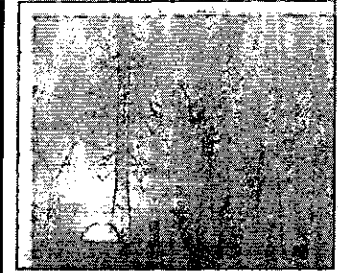
Of those persons who had indicated they would be very likely to choose the billing option (Question F3) 56.4 percent said they would be willing to pay a small premium charge for the service.

Of those persons who said they would be somewhat likely to choose the option, 63.9 percent said they would pay a small premium.

Of those persons who said they would either be somewhat or very unlikely to choose the Fixed Bill program, just under 15% said they would be willing to pay a small premium for the service.



Contact Information



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Aquila

Schedule DO-1
Summary Chart

Utility Company	Quantity Factor	Risk Factor	Accounting Treatment	Notes
Progress Energy	5.8%	4.4%	Below-the-line	Customers pay a \$1.00 monthly administration fee to be on Balanced Bill
Duke Power (Carolinas)	5%	10%	Below-the-line	<ul style="list-style-type: none">• Overall Program Fee (Risk Fee) is not to exceed 10% in Year 1 and 9% in Year 2• QF: Not detailed in tariff; ruling states 5%.
Oklahoma Gas & Electric	See Notes	10%	Below-the-line	<ul style="list-style-type: none">• Quantity factor is not defined in rate schedule• QF: Expected usage change including natural growth percentage
Georgia Power	See Notes	10%	Below-the-line	<ul style="list-style-type: none">• Quantity factor is not defined in rate schedule• QF: Adjust the usage to account for expected non-weather changes.
Gulf Power	10%	5%	Above-the-line	Quantity factor is defined 'consumption adder' and not detailed in rate schedule.
Alabama Power	See Notes	See Notes	Below-the-line	Original pilot was fixed with 6% QF, 5% Risk, extension tariff does not detail specifics.

Information was obtained from actual tariff filings on the public domain.

In the matter of Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P, for authority to file tariffs offering electric customers a Fixed Bill Pilot Program in the Aquila Networks-MPS and Aquila Networks-L&P area

[illegible]

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

Subscribed and sworn to before me this 17th day of April, 2007

My Commission expires:

8-20-2008



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