

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

In the Matter of an Examination of the Class Cost of )	
Service and Rate Design in the Missouri Jurisdictional )	
Electric Service Operations of Aquila, Inc., formerly )	Case No. EO-2002-384
known as UtiliCorp United, Inc. )	

**STAFF’S RESPONSE TO AQUILA’S NOTICE AND RENEWAL  
OF REQUEST TO ESTABLISH PROCEDURAL SCHEDULE**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”) and, in response to Aquila’s Notice and Renewal of Request to Establish Procedural Schedule filed Friday, August 19, 2005, states:

1. In its Notice and Renewal of Request to Establish Procedural Schedule that Aquila filed Friday, August 19, 2005 Aquila states:

In response, Aquila hereby notifies the Commission that it has, this date, August 19, 2005, provided to the Staff and to the other parties to this proceeding, the Company’s proposed rate structure changes, billing unit data and related proof of revenue for use in connection with rate design analysis all consistent with the Staff’s request as memorialized in the Staff’s July 21 Motion.

2. The Staff disagrees with Aquila’s implication that Aquila has provided all of the information it agreed to provide thirty days in advance of the filing date for direct testimony. Aquila has not provided the related proof of revenue for its rate design analysis. In fact, Aquila has not even provided its proposed rates.

3. The essence of the related proof of revenue consists of first, determining the monthly bills of each customer on each of the proposed rates schedules that are available to that customer; second, determining which of those rate schedules results in the lowest annual bill; third, if it is determined that the customer is better off on a different rate schedule than the one

the customer is currently being served under, switching the customer to the lowest cost rate schedule; fourth, adjusting the proposed rate levels to make up for the “lost revenues” (i.e., the difference between the customer’s annual bill on the customer’s current rate schedule and the customer’s annual bill on the rate schedule that produces the lowest annual cost); then repeating this process until no more rate switching occurs. The proof of revenue is when no more rate switching occurs and the total of all of the bills is equal to the revenue produced by the current rate schedules.

4. Before this process can even begin, initial rate values must be established for each rate component of each of the proposed rate structures (even if the proposed rate structure is the current rate structure) based on the results of the customer class cost-of-service study. This requires classifying each cost component by rate component and allocating each cost component between the summer and winter seasons.

5. The Staff and other parties cannot begin their review of this process or use the Company’s cost information to develop their own rate proposals until this analysis has been completed and provided to the parties.

6. Aquila has missed the first deadline in the SIEUA/FEA proposed procedural schedule that Aquila supports and asks to be ordered with the modifications it proposes.

7. The Commission should not be misled by Aquila’s Notice into adopting an impossible procedural schedule. Further, the Commission should order Aquila to provide notice to the Commission when it has in fact provided proof of revenue to the Staff and other parties.

**WHEREFORE**, the Staff respectfully moves the Commission to reject the procedural schedules proposed by SIEUA, FEA and Aquila, and, instead, consolidate Case Nos. EO-2002-384 and ER-2005-0436, and adopt the consolidated procedural schedule proposed by the Staff as

set forth in the Staff's July 21, 2005 Motion for Procedural Schedule, Motion to Consolidate Case Nos. EO-2002-384 and ER-2005-0436, and Response to SIEUA and FEA's Joint Motion for Procedural Schedule.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

**/s/ Nathan Williams**

Nathan Williams  
Senior Counsel  
Missouri Bar No. 35512

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8702 (Telephone)  
(573) 751-9285 (Fax)  
[nathan.williams@psc.mo.gov](mailto:nathan.williams@psc.mo.gov)

### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 22<sup>nd</sup> day of August 2005.

**/s/ Nathan Williams**