

Exhibit No.:  
Issues: Late Payment Charge  
Witness: J. Matt Tracy  
Sponsoring Party: Aquila Networks-MPS  
Case No.: ER-2004-0034 &

Before the Public Service Commission  
of the State of Missouri

Rebuttal Testimony

of

J. Matt Tracy

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
REBUTTAL TESTIMONY OF J. MATT TRACY  
ON BEHALF OF AQUILA, INC.  
D/B/A AQUILA NETWORKS-MPS [REDACTED]  
CASE NOS. ER-2004-0034 [REDACTED]**

1 Q. Please state your name and business address.

2 A. My name is J. Matt Tracy and my business address is 10700 East 350 Highway, Kansas  
3 City, Missouri, 64138.

4 Q. Are you the same J. Matt Tracy who provided direct testimony in this case on behalf of  
5 Aquila, Inc. (“Aquila” or “Company”)?

6 A. Yes.

7 Q. What is the purpose of your rebuttal testimony in this case before the Missouri Public  
8 Service Commission (“Commission”)?

9 A. I am responding to the direct testimony of Commission Staff witness William L.  
10 McDuffey regarding the late payment charge (“LPC”). I am also acknowledging the  
11 Commission Order in Case No. ET-2004-0247, regarding the Aquila Networks – MPS  
12 EDR tariff.

13 Q. What is your response regarding the LPC?

14 A. Mr. McDuffey’s analysis looks at the proposed charge as the Company’s carrying cost,  
15 as an interest payment on the Company’s involuntary loan to the customer. As I  
16 explained in my direct testimony, page 5, lines 18 – 20, the Company’s LPC reimburses  
17 the Company for the handling cost, with no provision for the time value of money. The

1 .50% Mr. McDuffey proposes should be added to the 1.50% currently charged by  
2 Aquila Networks – MPS, because it recovers a different cost.

3 Q. What is your understanding as to the practice of other Missouri electric utilities?

4 A. Missouri’s three other investor owned utilities (“IOU’s”) all have charges that equal or  
5 exceed what the Company is proposing. KCPL charges residential customers 2% on the  
6 first \$50, 1% on the remainder, and may charge interest at an additional 6% per annum.  
7 For non-residential service, the first \$50 is charged 5%.

8 AmerenUE charges 1.5%, compounded.

9 Empire charges residential customers 1.5%, small commercial customers 5%,  
10 and large commercial customers 2%.

11 As I noted in my direct testimony, page 5, lines 15 – 16, [REDACTED]

12 [REDACTED] Aquila Networks – MPS’s is 1.5%.

13 Q. What is your response to Mr. McDuffey’s objection to compounding the percentage?

14 A. This is a question of who should pay for the cost imposed on the Company. Customers  
15 subject to the LPC are imposing an administrative cost and a carrying cost on the  
16 Company. Those costs do not stop after the first month, but in fact increase. Failing to  
17 compound the LPC simply shifts those costs to customers that pay their bills on time.

18 Q. What is your response to Mr. McDuffey’s recommendation to waive LPC’s that accrue  
19 during the time that energy assistance money is being credited against a customer’s bill?

20 A. My previous answer applies to this recommendation. Also, Mr. McDuffey is incorrect  
21 in saying there is no financial impact on the Company from adopting his  
22 recommendations, particularly this last one. Our customer information system (“CIS”)

1 is capable of waiving a customer from being subject to LPC's, but it is a manual  
2 process. Implementing Mr. McDuffey's recommendation would require either a  
3 programming effort to track the promise and later receipt of payment from an energy  
4 assistance group, or manual tracking of the same in order to turn the LPC waiver off.  
5 Either way, there is additional expense to the Company, which means there would be  
6 additional subsidies from one group of customers to another, all to facilitate the first  
7 subsidy from one group of customers to another.

8 Q. What is your recommendation regarding the late payment charge?

9 A. I maintain the recommendation of my direct testimony, that the late payment charge be  
10 1.50%, that it remain a compounded value, and that no further waivers of the LPC be  
11 required.

12 Q. What change to the submitted tariffs are you proposing in acknowledgement of the  
13 Commission Order in Case No. ET-2004-0247, regarding the Aquila Networks – MPS  
14 EDR tariff?

15 A. On the submitted tariff sheet 86, which is part of the Aquila Networks – MPS Economic  
16 Development Rider, in the section titled Term, I propose that the termination year be  
17 changed from 2003 to 2005. This will bring the tariff sheet submitted in this case up-to-  
18 date with the tariff approved in Case No. ET-2004-0247.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes it does.

