Exhibit No.:
Issues: Revenue Annualization
Uncollectibles/Bad Debit
Income Tax Expense
Witness: V. William Harris
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case No: GR-2004-0072
Date Testimony Prepared: January 6, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

FILED[3]
JUN 21 2004
Missouri Public Service Commission

DIRECT TESTIMONY

OF

V. WILLIAM HARRIS, CPA, CIA

AQUILA, INC.
d/b/a AQUILA NETWORKS-MPS and AQUILA NETWORKS – L&P

CASE NO. GR-2004-0072

Jefferson City, Missouri
January 2004

Exhibit No. 35
Date 3-30-04 Case No. GR-2004-0072
Reporter KF

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Aquila, Inc. d/b/a Aquila	)	
Networks-MPS and Aquila Networks-L&P,	)	Case No. GR-2004-0072
Natural Gas General Rate Increase	)	

AFFIDAVIT OF V. WILLIAM HARRIS

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

V. William Harris, being of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 18 pages to be presented in the above case; that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

V. William Harris

Subscribed and sworn to before me this 5th day of January 2004.

D SUZIE MANKIN
Notary Public - Notary Seal
STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. JUNE 21,2004

Notary

TABLE OF CONTENTS

OF DIRECT TESTIMONY OF

V. WILLIAM HARRIS, CPA, CIA

AQUILA, INC.
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CASE NO. GR-2004-0072

DIRECT TESTIMONY

OF

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AQUILA, INC.

d/b/a AQUILA NETWORKS-MPS

and AQUILA NETWORKS – L&P

CASE NO. GR-2004-0072

Q. Please state your name and business address.

A. V. William Harris, Noland Plaza Office Building, Suite 110, 3675 Noland Road, Independence, Missouri 64055.

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Auditor with the Missouri Public Service Commission (Commission or PSC).

Q. Please describe your educational background.

A. I graduated from Missouri Western State College at St. Joseph, Missouri in 1990, with a Bachelor of Science degree in Business Administration with a major in Accounting. I successfully completed the Uniform Certified Public Accountant (CPA) examination in 1991 and subsequently received the CPA certificate. I am currently licensed as a CPA in the state of Missouri. I also successfully completed the Uniform Certified Internal Auditor (CIA) examination in 1995 and am currently certified as a CIA by the Institute of Internal Auditors in Altamonte Springs, Florida.

Q. Please describe your employment history.

A. From 1991 until I assumed my current position as a Regulatory Auditor with the Commission in 1994, I was employed as a Regulatory Auditor with the Federal Energy Regulatory Commission in Washington, DC. Prior to that, I was an Internal Auditor and Training Supervisor with Volume Shoe Corporation (d/b/a Payless ShoeSource).

Q. What are your responsibilities with the Commission?

A. I am responsible for directing or assisting in the audits and examinations of the books and records of regulated utility companies operating within the state of Missouri.

Q. Have you previously filed testimony before this Commission?

A. Yes. I have attached a list of the cases in which I have filed testimony before this Commission as Schedule 1 of my direct testimony.

Q. With reference to Case No. GR-2004-0072, have you examined and studied the books and records of Aquila, Inc. (Aquila or Company), formerly UtiliCorp United, Inc., and its Missouri operating divisions – Aquila Networks-MPS (MPS) and Aquila Networks-L&P (L&P)?

A. Yes, with the assistance of other members of the Commission Staff (Staff).

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my direct testimony in this proceeding is to present the Staff's recommendations concerning revenue annualization, uncollectibles (bad debt expense) and income tax expense.

Q. What knowledge, skill, experience, training or education do you have in these matters?

A. I have acquired general knowledge of these topics through my experience and analyses in prior rate, complaint and merger cases before this Commission. I also acquired knowledge of these topics through the review of the Staff's workpapers and testimony in prior rate, complaint and merger cases involving Aquila, MPS and L&P. I have reviewed prior Commission decisions regarding these areas. I also reviewed the Company's testimony, workpapers and responses to the Staff's data requests addressing these topics. I earned a Bachelor of Science degree in Business Administration, with an emphasis on accounting (coursework included auditing and advanced auditing classes). I successfully completed the Certified Public Accountants Exam (which included sections on accounting practice, accounting theory, and auditing) and the Certified Internal Auditors Exam. Finally, I am currently licensed in the State of Missouri to practice these professions.

Q. Are you sponsoring any Accounting Schedules in this proceeding?

A. Yes. I am sponsoring Accounting Schedule 11 – Income Tax.

Q. What adjustments are you sponsoring in Case No. GR-2004-0072?

A. In Case No. GR-2004-0072, I am sponsoring the following Income Statement adjustments to the Staff's Accounting Schedules for the MPS North and South Systems:

Revenues - Residential Sales	S-1.2 through S-1.4
Revenues – Commercial/Industrial Sales	S-2.1 through S-2.3 and S-2.6
Natural Gas Transmission Line Purchases	S-8.1
Natural Gas City Gate Purchases	S-9.1
Credit For Other Gas Purchases	S-10.1
Purchase Gas Cost Adjustments	S-11.1
Natural Gas Withdrawn From Storage	S-12.1
Credit For Natural Gas Used For Other Utility Operations	S-13.2
Uncollectibles / Bad Debt Expense	S-48.2

Current Income Taxes	S-78.1
Deferred Income Taxes	S-79.1
Amortization of Excess Deferred Income Taxes	S-80.1
Amortization of Investment Tax Credits	S-81.1

I am also sponsoring the following Income Statement adjustments to the Staff's Accounting Schedules for the MPS East System:

Revenues - Residential Sales	S-1.2 through S-1.4
Revenues – Commercial/Industrial Sales	S-2.1 through S-2.3
Uncollectibles / Bad Debt Expense	S-48.2
Current Income Taxes	S-78.1
Deferred Income Taxes	S-79.1
Amortization of Excess Deferred Income Taxes	S-80.1
Amortization of Investment Tax Credits	S-81.1

Finally, I am sponsoring the following Income Statement adjustments to the Staff's Accounting Schedules for the L&P Division:

Revenues - Residential Sales	S-1.1 through S-1.3
Revenues – Commercial/Industrial Sales	S-2.1 through S-2.3 and S-2.7
Revenues – Gas Transportation	S-5.1
Natural Gas Transmission Line Purchases	S-8.1
Natural Gas City Gate Purchases	S-9.1
Credit For Natural Gas Delivered To Storage	S-10.1
Purchase Gas Cost Adjustments	S-11.1
Natural Gas Withdrawn From Storage	S-12.1

Credit For Natural Gas Used For Other Utility Operations	S-13.2
Uncollectibles / Bad Debt Expense	S-46.3
Current Income Taxes	S-76.1
Deferred Income Taxes	S-77.1
Amortization of Excess Deferred Income Taxes	S-78.1
Amortization of Investment Tax Credits	S-79.1

REVENUE ANNUALIZATION

Q. Please provide a general discussion of revenues.

A. A utility's test year revenues, like its expenses, must be annualized and normalized in order to develop a cost of service that is representative of the Company's operations. Since MPS and L&P are separate divisions of Aquila, with separate tariffs, the revenues of each division must be reviewed separately. For ratemaking purposes, adjustments to annualize and normalize revenues must be done individually for each division. Additionally, since MPS's Eastern System is proposed to be sold to Union Electric, d/b/a AmerenUE, it must also be reviewed separately from the MPS's Northern and Southern Systems.

Q. What are annualization adjustments?

A. Annualization adjustments are made to reflect a full 12-month period of revenues and expenses in order to determine the proper revenue requirement. Examples of this type of adjustment would include additions and disconnections of service during the test year and update period. For example, new customers taking service from the Company have a partial year of usage and revenues. These new customers must have their usage, reflected in the case, annualized or revenues would be understated, resulting in an overstatement of the revenue requirement. Conversely, customers who disconnect or terminate service must be removed (annualized) or revenues would be overstated, resulting in an understatement of the revenue requirement.

Q. What are normalization adjustments?

A. Normalization adjustments are made to ensure that the revenue requirement properly reflects "normal" levels of revenues and expenses. These adjustments are made to reflect a utility's on-going operations. An example of a normalization adjustment would be one made to reflect "normal" weather for those classes of customers whose natural gas usage is sensitive to seasonal weather variations.

Q. What classes of customers does Aquila have?

A. The MPS and L&P natural gas divisions of Aquila have sales and transportation customer classes. The sales classes consist of Residential, General Service - Commercial and Industrial, and Large Volume – Commercial and Industrial customers. The transportation classes consist of Small Volume, Large Volume and Special Contract customers.

Q. What is the basis for pricing the revenue adjustments?

A. All revenue adjustments in the Staff's cost of service were priced on the margin (the total rate excluding gas cost) included in the Company's tariffs.

Q. Please describe and discuss the types of adjustments the Staff developed to determine annualized revenues.

A. In general, the Staff's annualized revenues reflect the effects of the following conditions:

1. Normalized Weather
2. Customers switching customer classes (rate switching)
3. Large Customer leaving the system during the test year
4. Customer growth or loss

Normalized Weather

Q. Why is it appropriate to adjust revenues for normalized weather?

A. Temperature levels experienced during any twelve-month period could have a significant impact on the Company's revenues. If the overall temperature was very cold during the period, the Company's revenues would be overstated in relation to normal weather. Conversely, if the overall temperature was warm during the period, the Company's revenues would be understated in relation to normal weather. Therefore, the Staff normalized revenues for weather to eliminate the effects of above or below normal temperatures during the test year.

Q. What methodology did the Staff use to normalize for weather?

A. The methodology and weather station data used by the Staff to develop actual and normal weather is discussed in the direct testimony of Staff witness Dennis Patterson of the Commission's Energy Department. This data was used to develop weather normalized sales and usage per customer, as discussed in the direct testimony of Staff witness James A. Gray of the Commission's Energy Department. Staff witness Gray was responsible for weather normalized sales and usage per customer for Residential and General Service - Commercial sales customer classes. The results of Mr. Gray's weather normalized sales volumes were provided to Staff witness Dr. Henry E. Warren of the Commission's Energy

Department who allocated the weather normalized sales to the appropriate General Service – Commercial rate blocks.

Q. Please describe the Staff's adjustments relating to weather normalization for the Residential and General Service - Commercial sales customers.

A. Staff witness Gray developed the monthly weather normalized usage per customer for the weather sensitive customer classes during the Staff's test year.

Mr. Gray adjusted the actual monthly usage from the test year to reflect normalized weather. Dr. Warren distributed test year usage and normalized usage by rate blocks. The totals by rate block were then priced on the margin to develop the Staff's weather normalized adjustments for Residential customers and General Service - Commercial customers.

Q. Please describe the Staff's adjustments relating to weather normalization for General Service – Industrial, Large Volume – Commercial and Industrial, and Transportation customer classes.

A. Weather normalization of revenues for customers in the General Service – Industrial, Large Volume – Commercial and Industrial, and Transportation customer classes is discussed in the direct testimony of Staff witness Anne Ross of the Commission's Energy Department.

Customers Switching Customer Classes and Large Customer Leaving the System

Q. Please describe the effects of customers switching between customer classes (rate switching).

A. Customers switching customer classes or rate switching can occur for several reasons. The nature of a customer's operations may have changed and now another customer class is more appropriate. The customer may find it more economical to switch to another customer class. Finally, the customer may decide to procure its own gas and thus, a rate switch (from sales to transportation) would be necessary.

Q. Did any large customers leave the system during the test year?

A. Yes, one large transportation customer left the system during the test year. Staff witness Ross addresses the specific conditions and revenue effects of the rate-switching customers and the large customer leaving the system in her direct testimony.

Customer Growth or Loss

Q. Why is it appropriate to adjust revenues for customer growth or loss?

A. This adjustment is appropriate in order to reflect the ongoing level of revenues based on an analysis of customer counts through the end of the Staff's test year ending December 31, 2002, and update period ending September 30, 2003.

Q. What customer classes did you adjust for customer growth/loss?

A. I adjusted Residential and General Service - Commercial sales classes for customer growth/loss. Staff witness Ross reviewed (and adjusted, if necessary) all aspects of the General Service – Industrial sales, Large Volume - Commercial and Industrial sales, and Transportation customer classes. Please refer to her direct testimony in this proceeding.

Q. Please explain your customer growth/loss adjustments for the Residential and General Service - Commercial sales customer classes.

A. The customer growth/loss adjustments contain two components. The first component annualizes the customer charge based on the annualized level of customers. The second component relates to pricing of normalized usage per customer for the annualized level of customers.

Q. Please explain how the Staff determined the annualized level of customers.

A. The Staff analyzed the level of customers, by class, for the period of January 1998 through September 2003. This analysis revealed that the Residential and General Service - Commercial classes exhibited marked patterns of seasonality. Seasonality refers to the situation where customer levels tend to decrease in the late winter months (March-April) when demand for gas space heating declines and continues to decline through many of the summer months. Customer levels then begin to increase in anticipation of the beginning of the gas heating season and continue to increase as the need for space heating increases.

A monthly, ongoing level of customers was determined by dividing the September 30, 2003, level of customers by the five-year average percentage of September 30 customers to the succeeding year ending August 31st average customer levels. The monthly level of customers were then distributed over twelve months in order to develop the annualized level of customers. This methodology enables the Staff to annualize customer growth and losses for these customer classes while giving consideration for the fluctuation of customer levels caused by seasonality. Through the Staff's analysis of these customer classes, it was observed that seasonality of customers occurred annually and with a high degree of certainty. The Staff analyzed these customers for seasonality over several years.

Attached as Schedule 2 to this direct testimony are graphs that track the historical customer levels for each of the Residential and General Service - Commercial customer classes. These graphs provide support for the Staff's methods used to annualize customer levels.

Q. How were customer charges annualized?

A. To develop the customer charge portion of the customer growth adjustment, the Staff multiplied total annualized customer levels by the appropriate monthly customer charge to derive annualized customer charges by customer class.

Q. How were the annualized levels of usage and commodity revenues developed?

A. Total annualized customers were multiplied by normalized usage per customer, by month, as supplied by Staff witness Gray. This resulted in an overall normalized usage. The Staff then distributed this overall normalized usage to the appropriate usage rate blocks based on test year normalized usage and then priced these blocks using the appropriate current tariffed rates.

Finally, all annualized customer charge revenues and annualized commodity revenues were summed by customer class and this amount was subtracted from the Company's per book revenues already adjusted for Staff's weather adjustment.

Q. Please explain "appropriate usage rate blocks."

A. The tariffs for MPS General Service – Commercial customer class has rate blocks based on usage levels. The tariffs for L&P customer classes and the MPS Residential class do not contain provisions for block usage.

Q. Please explain the adjustments to remove the cost of natural gas from revenues and expenses.

A. The total test year cost of natural gas was removed from the various revenue classes and expense accounts based on actual test year activity. By eliminating test year gas costs from revenue and expense, the Staff has put its direct filing on a margin basis.

__UNCOLLECTIBLES (BAD DEBT EXPENSE)__

Q. Please explain the Staff's adjustment to bad debt expense.

A. The Staff reviewed the historical uncollectibles and bad debt write-offs for the MPS and L&P division. During the review, the Staff discovered that during 2001 timeframe the Company began tracking uncollectibles on a gas and electric specific basis. Prior to this time, the uncollectibles were combined for both services and allocated between gas and electric. As a result of this change, the amount of uncollectibles for the gas operations in the division increased substantially and resulted in a large percentage of write-offs to revenues (2.0 – 2.2% MPS). The Staff will submit data requests to address this problem and is still awaiting a response to Staff Data Request No. 136 to update the uncollectible information through September 30, 2003.

Q. How did you calculate the normal level of bad debt expense?

A. The Staff calculated a normal level of bad debt expense by multiplying each division's annualized revenue by its average write-off ratio for the year 2000. The MPS level was the split between the North/South and East Systems using an allocation factors (89.375% - North/South and 10.625% - East).

INCOME TAX EXPENSE

Q. Please explain each component of the Company's total income tax liability.

A. There are four components to the total income tax liability for a utility. These are: 1) current income tax, 2) deferred income tax, 3) the amortization of excess deferred income tax, and 4) the amortization of deferred investment tax credit (ITC).

Current Income Tax

Q. Please describe the current income tax component.

A. Staff calculated the current income tax component shown on Accounting Schedule 11 by taking the Net Operating Income Before Taxes (NOIBT) amount from

Accounting Schedule 9, Income Statement, and adjusting it by timing difference additions and subtractions from NOIBT that appear on Accounting Schedule 11 to determine the net taxable income in this case. Staff then multiplied this result by the appropriate federal and state income tax rates to arrive at the current income tax for this case. This calculation is based upon the fact that federal income taxes are fifty percent (50%) deductible for state income tax purposes and that state income taxes are fully deductible for federal income tax purposes. The calculation in this case is based on the use of a 35% federal income tax rate and a 6.25% state income tax rate. This results in an effective overall tax rate of 38.39%. Adjustments S-76.1 (L&P) and S-78.1 (MPS) reflect the difference between the Staff's calculation and the Company's test year level of current income taxes.

Q. Please explain the additions used to arrive at net taxable income in this case.

A. Annualized book depreciation and book depreciation charged to clearing and operations accounts are added back to net income before taxes because the deduction for tax depreciation in determining current income tax is different than book depreciation. Adding back these book depreciation amounts is necessary to avoid deducting depreciation amounts twice in the income tax calculation. The last item added back to NOIBT is the specific IRS non-deductible meal expense.

Q. Please list the deductions used to arrive at net taxable income.

A. The deductions are: 1) interest expense, 2) straight line tax depreciation, and 3) excess tax depreciation.

Q. Please explain the deduction for interest expense and how it was calculated.

A. Interest expense is calculated by multiplying the jurisdictional rate base by the Staff's calculated weighted cost of debt (4.92%), which is sponsored by Staff witness David Murray of the Commission's Financial Analysis Department.

This methodology assures that the amount of interest expense used in the calculation of income tax expense, for ratemaking purposes, equals the interest expense the ratepayer is required to provide the Company in rates. Since the revenue requirement recommended by the Staff is based on a rate of return computation, the interest synchronization method allows an interest deduction consistent with the rate of return computation that is applied to rate base.

Q. Are you aware of any other rate cases where this type of methodology was proposed?

A. Yes. This methodology was first utilized by the Staff and adopted by the Commission in Kansas City Power and Light Company's 1980 electric rate case, Case No. ER-80-48, and has been used consistently by Staff and adopted by the Commission since that case.

Q. Please identity the source of the amounts of the deductions for straight-line tax depreciation and excess tax depreciation.

A. Straight-line tax depreciation was calculated by Staff witness Steve M. Traxler. Please refer to his direct testimony.

The excess tax depreciation amount was determined by subtracting the jurisdictional amount for straight-line tax depreciation from tax depreciation. The amount of excess tax depreciation relates to IRS normalization restrictions that do not allow the additional deduction for accelerated tax depreciation to be flowed through in setting rates. Utility customers must wait for the deduction of accelerated depreciation over the life of the asset, consistent with the book depreciation deduction (normalization treatment). Utility companies like Aquila benefit from this restriction because the associated deferred taxes provide enhanced cash flow to their operations. The deferred tax treatment for excess tax depreciation is necessary so the IRS code restriction is not violated. If the restriction was not adhered to, Aquila would lose the deduction relating to accelerated depreciation and the customers would lose the benefit of the accumulated deferred taxes that are an offset to rate base. To ensure that the accelerated depreciation is not "lost" as a tax deduction, deferred taxes are provided (calculated) which increases the income tax expense amount customers have to pay in their utility rates. The deferred taxes are accumulated and "flowed" back to customers over the life of the assets generating those deferrals.

Deferred Income Tax

Q. Please describe the deferred income tax component.

A. The deferred income tax component represents the normalization treatment for specific tax timing differences used in calculating the Company's current income tax expense. With regard to the timing difference for accelerated tax depreciation, the provision in the Internal Revenue Code (Code) requires normalization treatment for a regulated utility. The deferred income tax amount is calculated by multiplying those tax timing differences that the Staff has normalized by the overall effective tax rate of 38.39%, previously discussed. A description of tax timing differences, including ones proposed to be normalized, will be given later in my testimony.

Q. Please explain the tax concept of "normalization."

A. Under the Code, the Company can take deductions for tax purposes for certain items at times other than when the items are expensed for book purposes. Items for which this tax treatment applies are called "tax-timing" differences. Normalization treatment eliminates these differences for ratemaking purposes so that income tax expense is based solely on the pre-tax operating income impact of these timing differences. The timing difference for Tax Depreciation has been reflected in the current and deferred income tax calculations.

Q. What is "flow-through" treatment of tax timing differences?

A. Reflecting the tax impact of tax timing differences consistent with the period used in calculating current income tax expense is commonly referred to as the "flow-through" method. Under flow-through methodology, customers receive the deduction in their rates the same time that the Company is permitted to take such deduction for tax purposes. Conversely, reflecting the tax deduction for tax timing differences consistent with the period used for recognizing the cost as an expense (or revenue) for financial reporting purposes is referred to as the "normalization" method. Under the normalization method, customers must wait for the deductions to be reflected in their rates even though the Company has received the deduction for tax purposes.

Q. Please describe Adjustments S-77.1 (L&P) and S-79.1 (MPS).

A. These adjustments represent the amount needed to adjust total test year booked deferred income taxes to reflect deferred income tax based upon the timing differences that are being normalized for ratemaking purposes.

Q. Are there any specific items that you are sponsoring on Accounting Schedule 2, Rate Base?

A. Yes, I am sponsoring the line item, deferred income taxes, that appears on Accounting Schedule 2, Rate Base, as a subtraction from net plant.

Q. Please explain the subtraction of deferred income tax from net plant.

A. The balance of deferred income taxes included on Accounting Schedule 2 is composed of the accumulated deferred income tax balances as of September 30, 2003.

The accumulated deferred tax balances represent a source of cash provided to the utility by ratepayers. Using the accumulated balance of deferred income tax as an offset to rate base allows ratepayers the same rate of return on these funds as the Company earns on its plant investment.

Amortization of Excess Deferred Income Tax

Q. Please describe the amortization of excess deferred income tax.

A. The federal tax rate for corporations was reduced by the 1986 Tax Reform Act. Deferred income taxes recognized prior to the effective date of this legislation were deferred and collected in rates based upon a federal tax rate that is no longer valid as a result in the reduction in the corporate tax rate.

The Staff's adjustment to deferred tax expense to reflect the amortization of excess deferred income tax flows the excess taxes back to ratepayers over the life of the assets that generated the deferred tax.

Amortization of Deferred Investment Tax Credit (ITC)

Q. Please describe the amortization of deferred investment tax credit (ITC).

A. The amortization of deferred ITC represents the recovery by the ratepayer of a portion of previously deferred ITC. Prior to the Tax Reform Act of 1986, the Company was allowed a credit against current income tax related to investment in new plant facilities. For ratemaking purposes, these investment tax credits are reflected in rates (amortized) over the life of the plant that generated the investment tax credits. The amount is based on the level of deferred ITC amortization reflected on the Company's books for the test year ended December 31, 2002.

Q. Does this conclude your direct testimony?

A. Yes, it does.

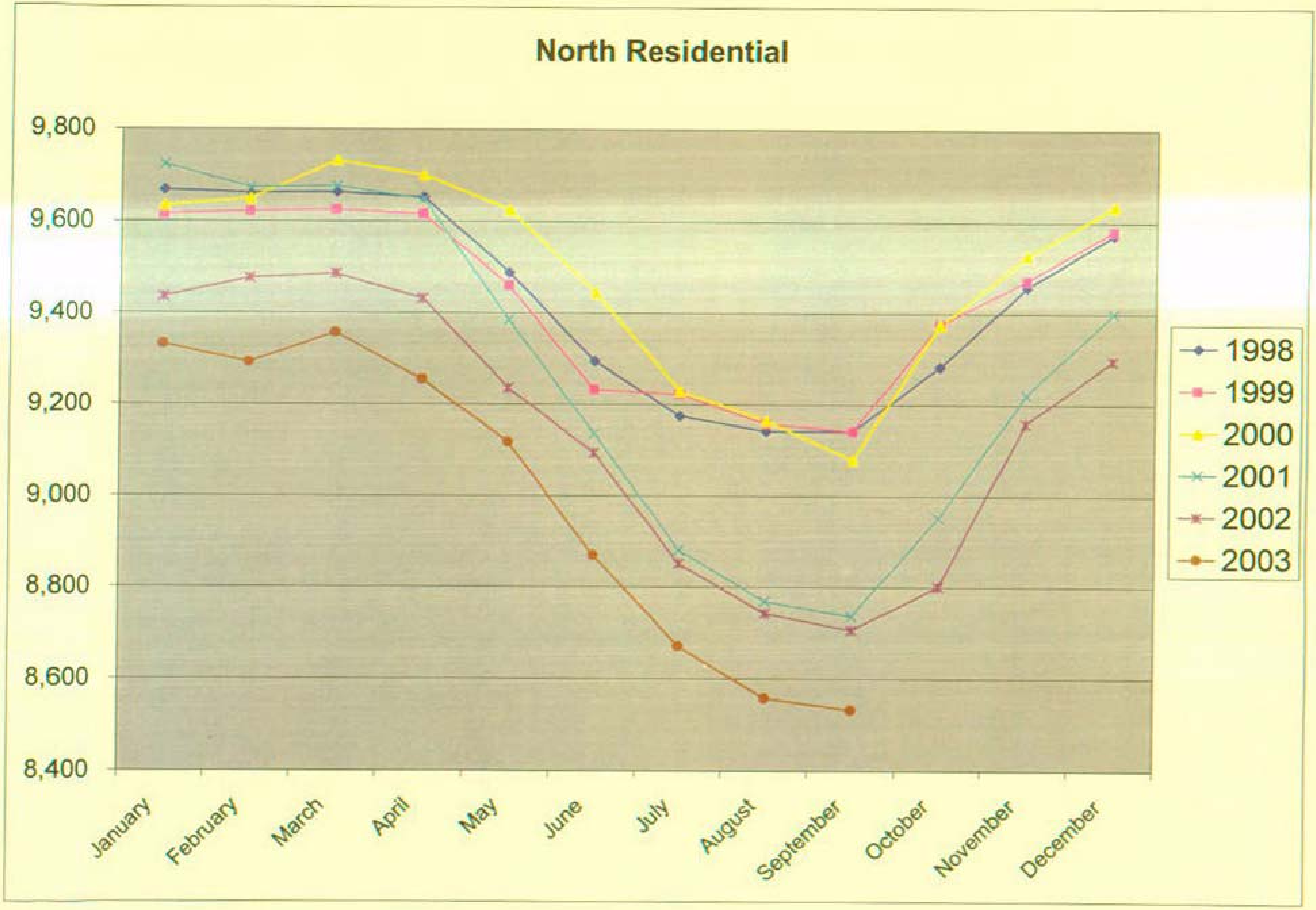
V. William Harris

Schedule of Testimony Filings

CASE NO.	TYPE	COMPANY
ER-95-279	Direct	Empire District Electric Company
GR-96-285	Direct, Rebuttal, Surrebuttal	Missouri Gas Energy (Southern Union Co.)
GR-97-272	Direct	Associated Natural Gas Company
EC-98-573	Direct, Rebuttal, Surrebuttal	St. Joseph Light and Power Company
HR-99-245	Direct, Rebuttal, Surrebuttal	St. Joseph Light and Power Company
GR-99-246	Direct, Rebuttal, Surrebuttal	St. Joseph Light and Power Company
ER-99-247	Direct, Rebuttal, Surrebuttal	St. Joseph Light and Power Company
EM-2000-292	Rebuttal	UtiliCorp United Inc., St. Joseph Light & Power
EM-2000-36	Rebuttal	UtiliCorp United Inc., Empire District Electric
EO-2000-845	Rebuttal	St. Joseph Light and Power Company
TT-2001-115	Rebuttal	Green Hills Telephone Corporation
TC-2001-401	Direct	Green Hills Telephone Corporation
ER-2001-299	Direct, Rebuttal, Surrebuttal	Empire District Electric Company
ER-2001-672	Direct, Rebuttal, Surrebuttal	UtiliCorp United Inc., dba Missouri Public Service
ER-2002-424	Direct	Empire District Electric Company

ER-2004-0034 & HR-2004-0024 (Consolidated)	Direct	Direct Aquila, Inc. d/b/a Aquila Networks- MPS (Electric), Aquila Networks-L&P Electric & Steam)

Case Nos. GR-96-285, EM-2000-292, EM-2000-369, EO-2000-845 and ER-2001-299 were litigated. All others were stipulated.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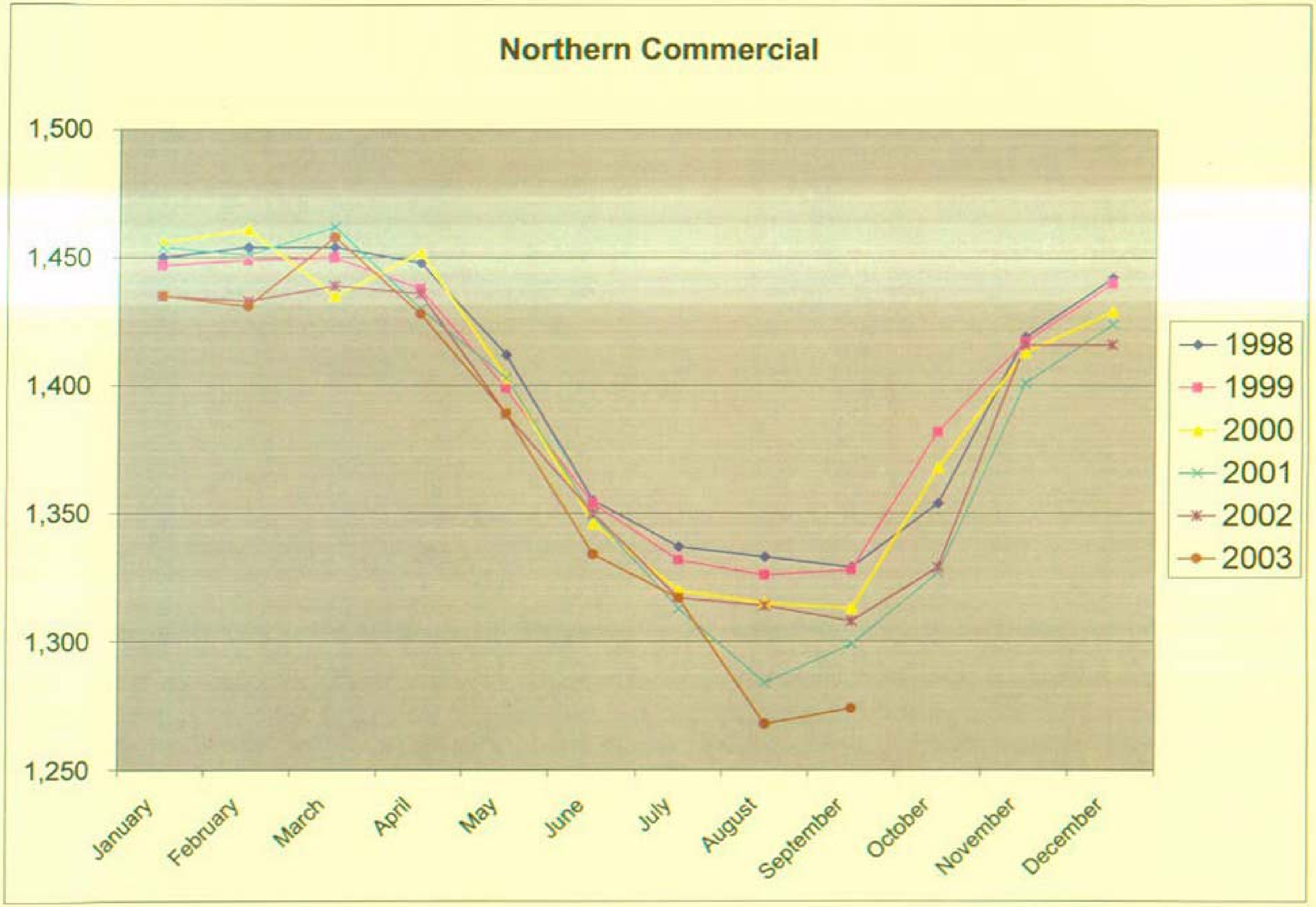
Schedule 2.1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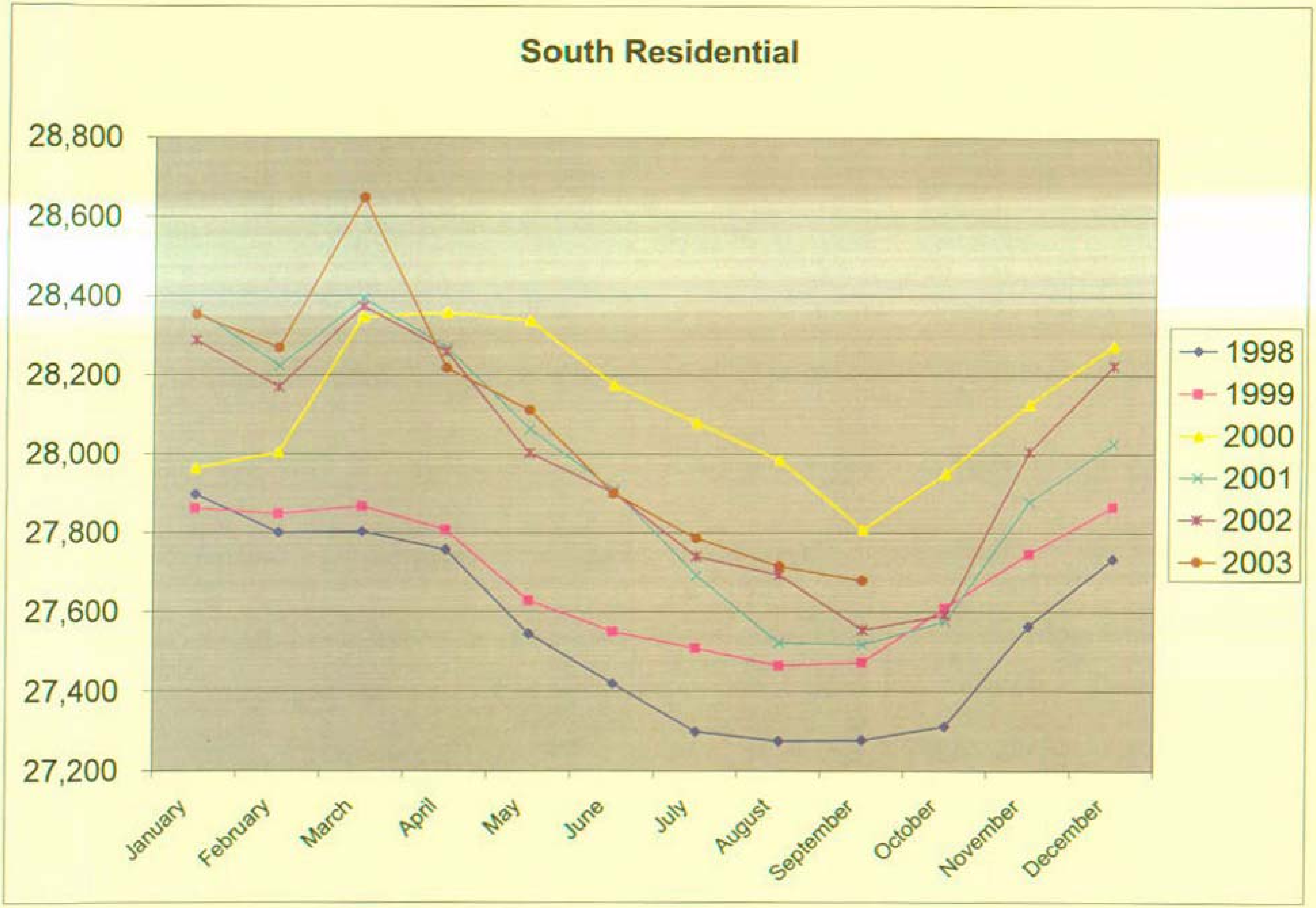
Schedule 2.2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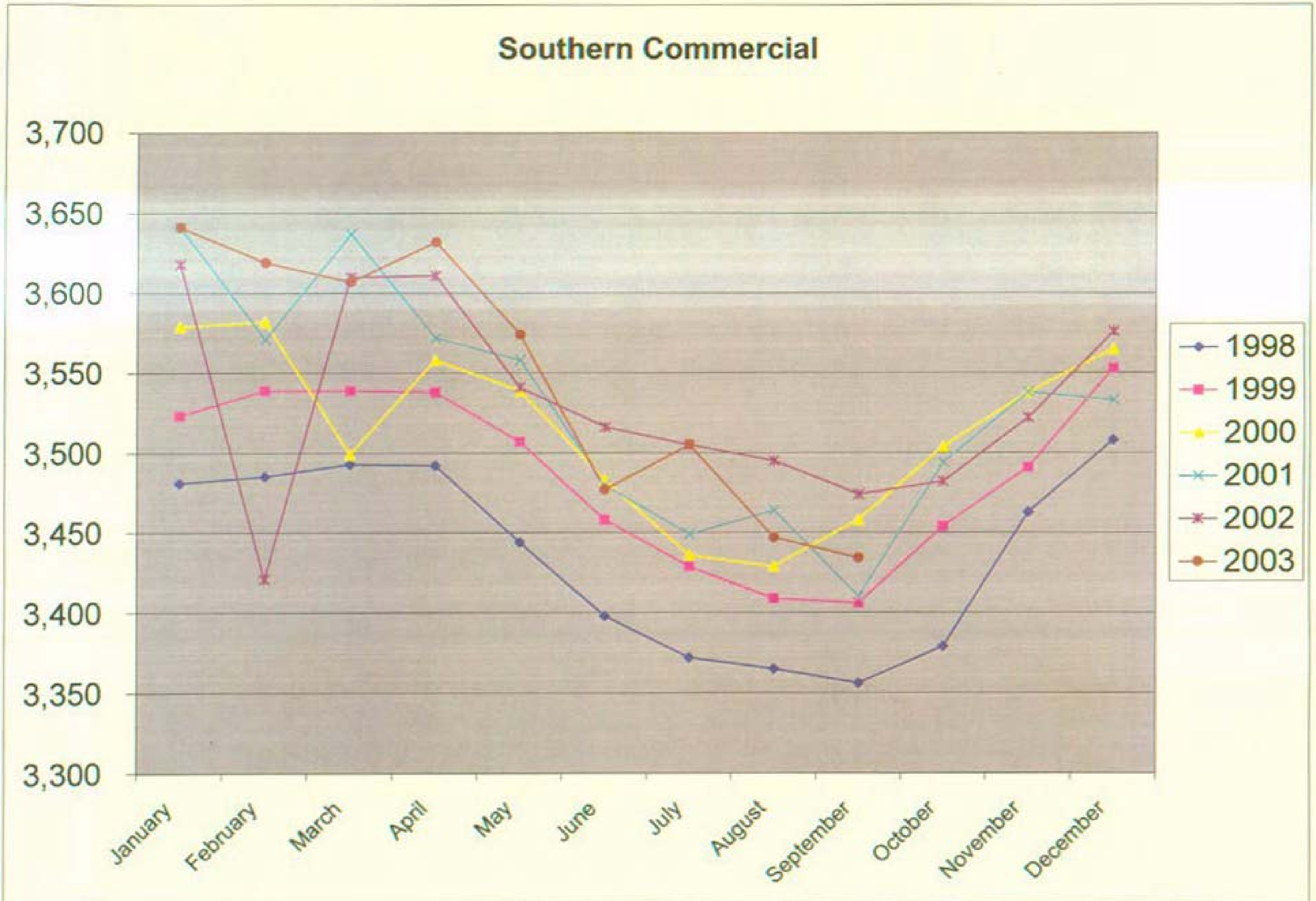
Schedule 2.3



Southern Commercial
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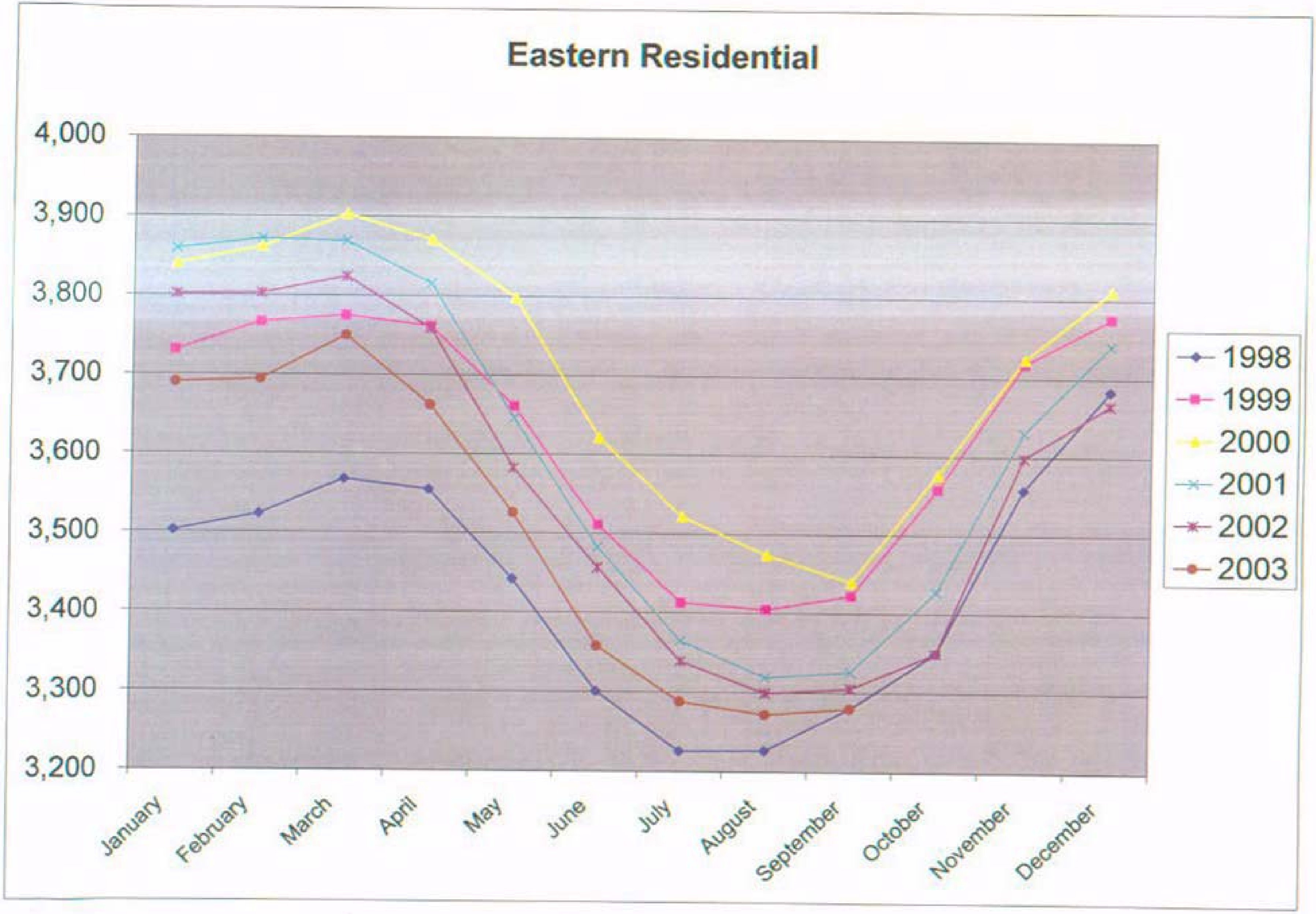
Schedule 2.4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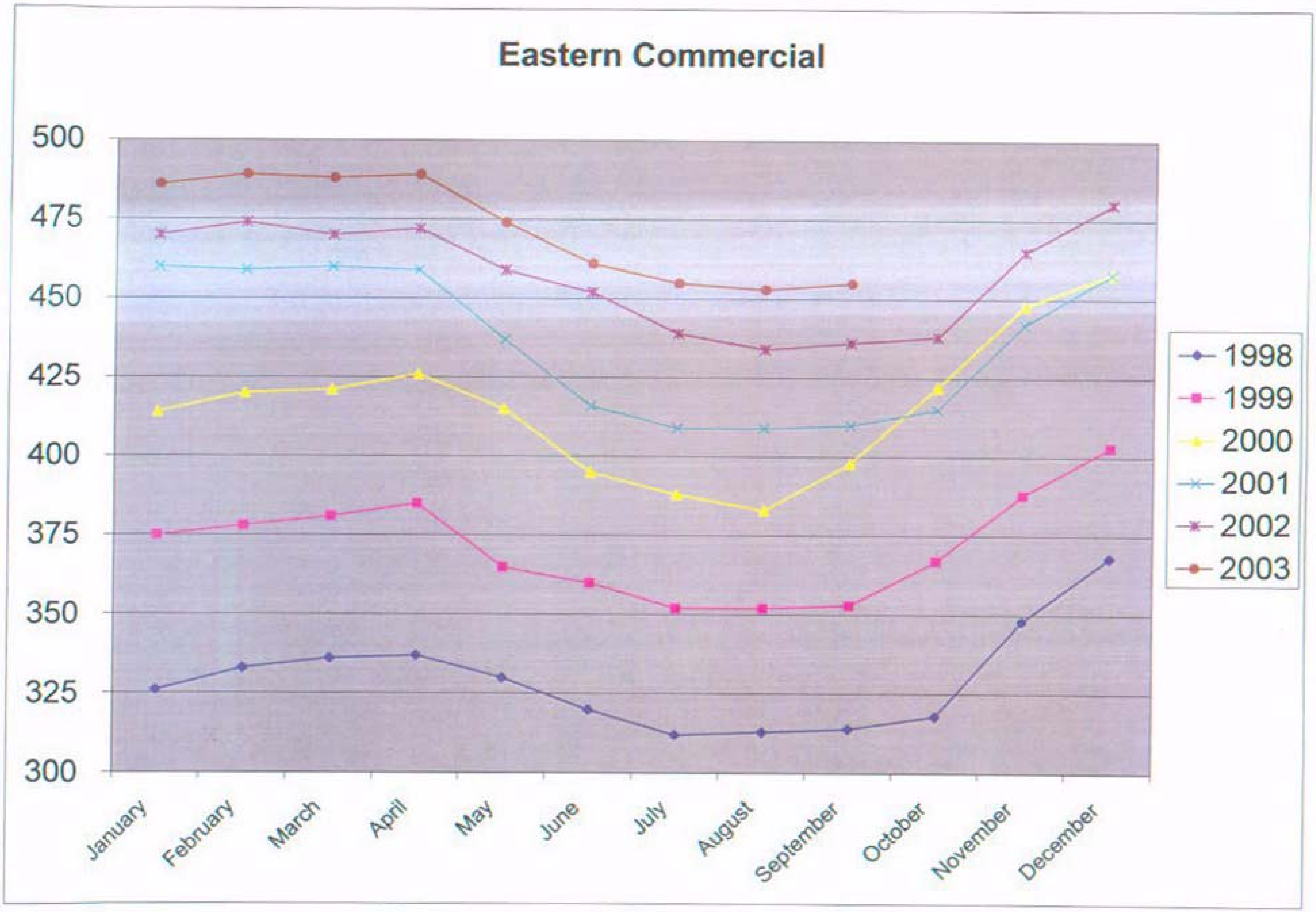
Schedule 2.5



Eastern Commercial
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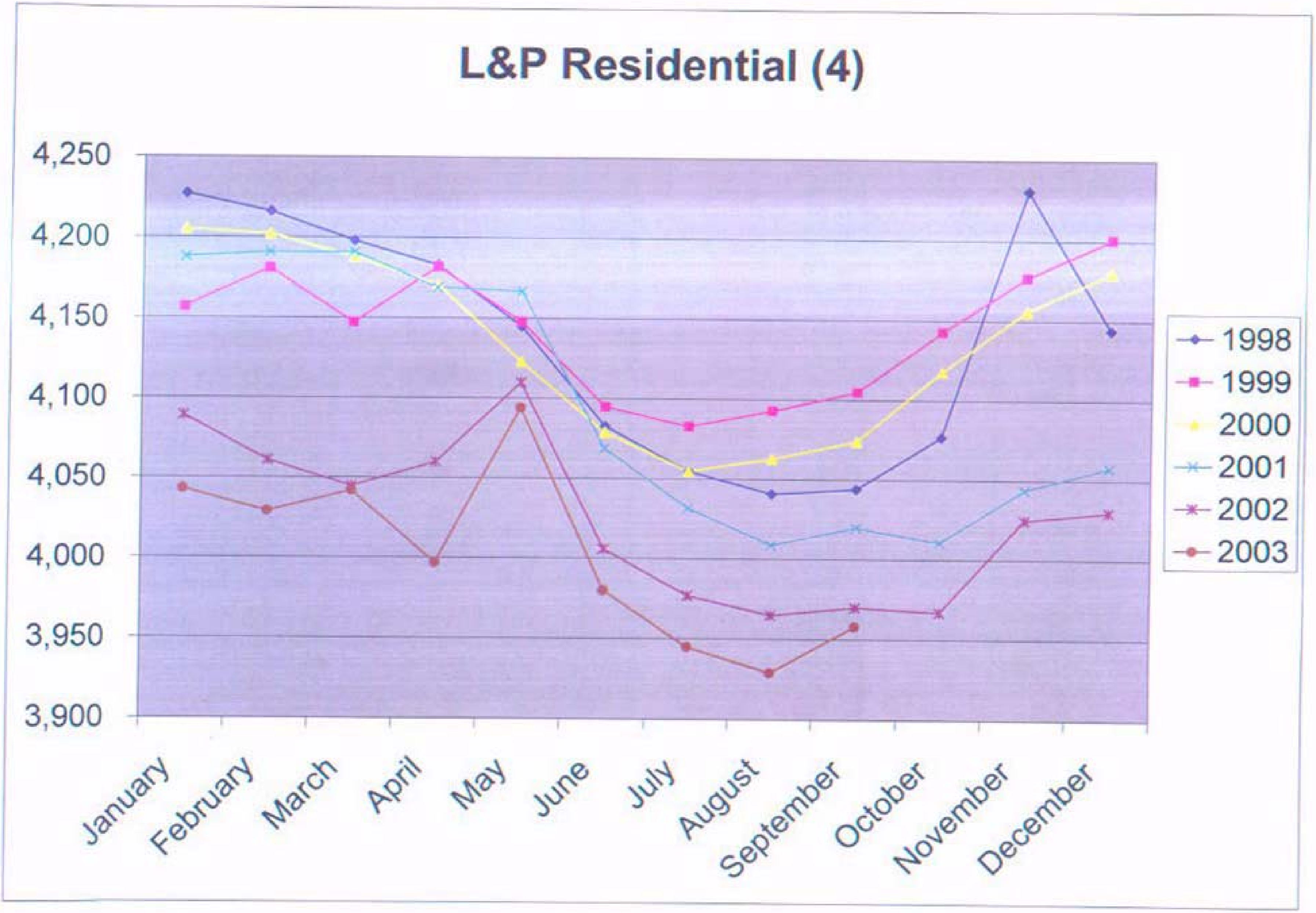
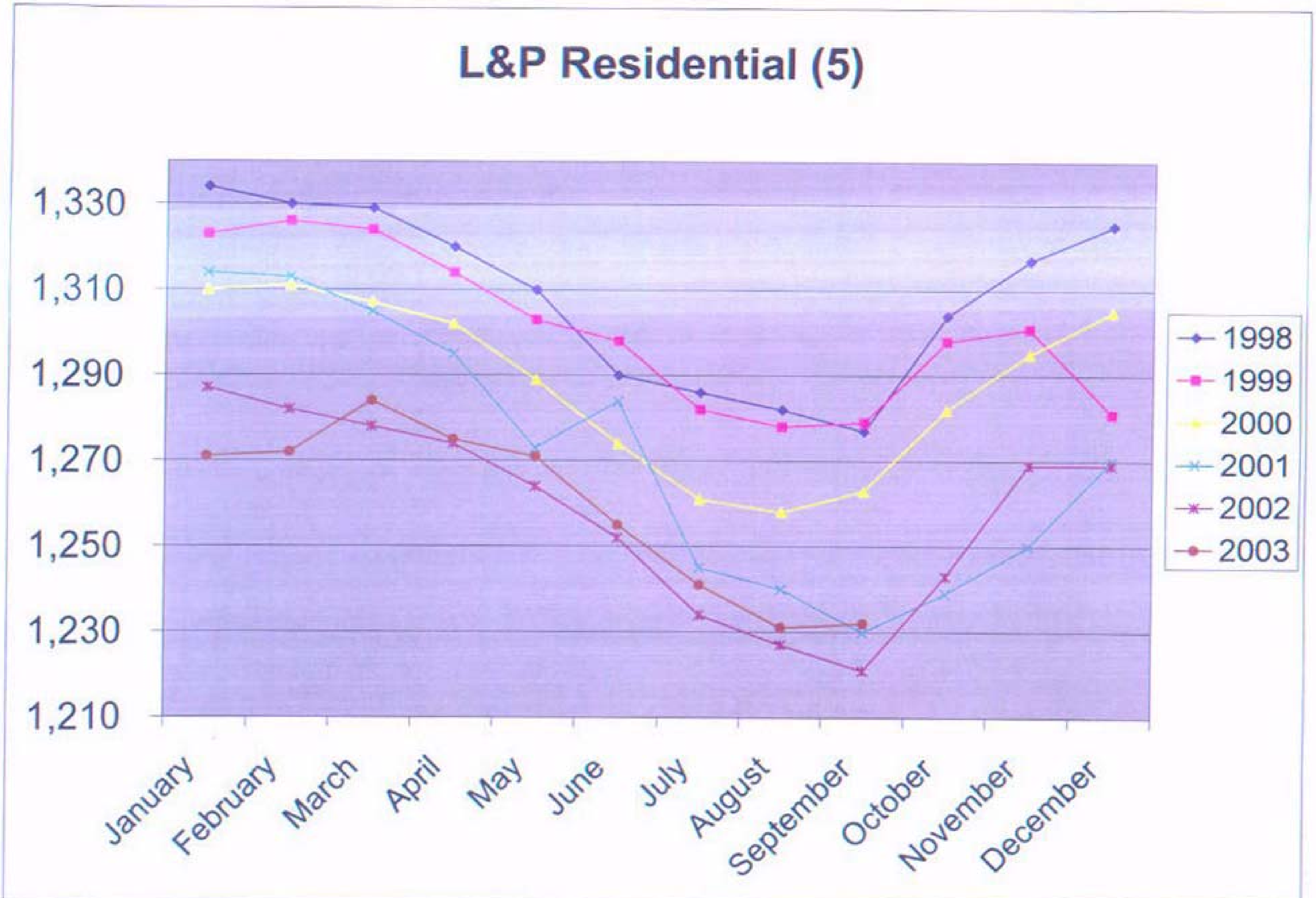
2003

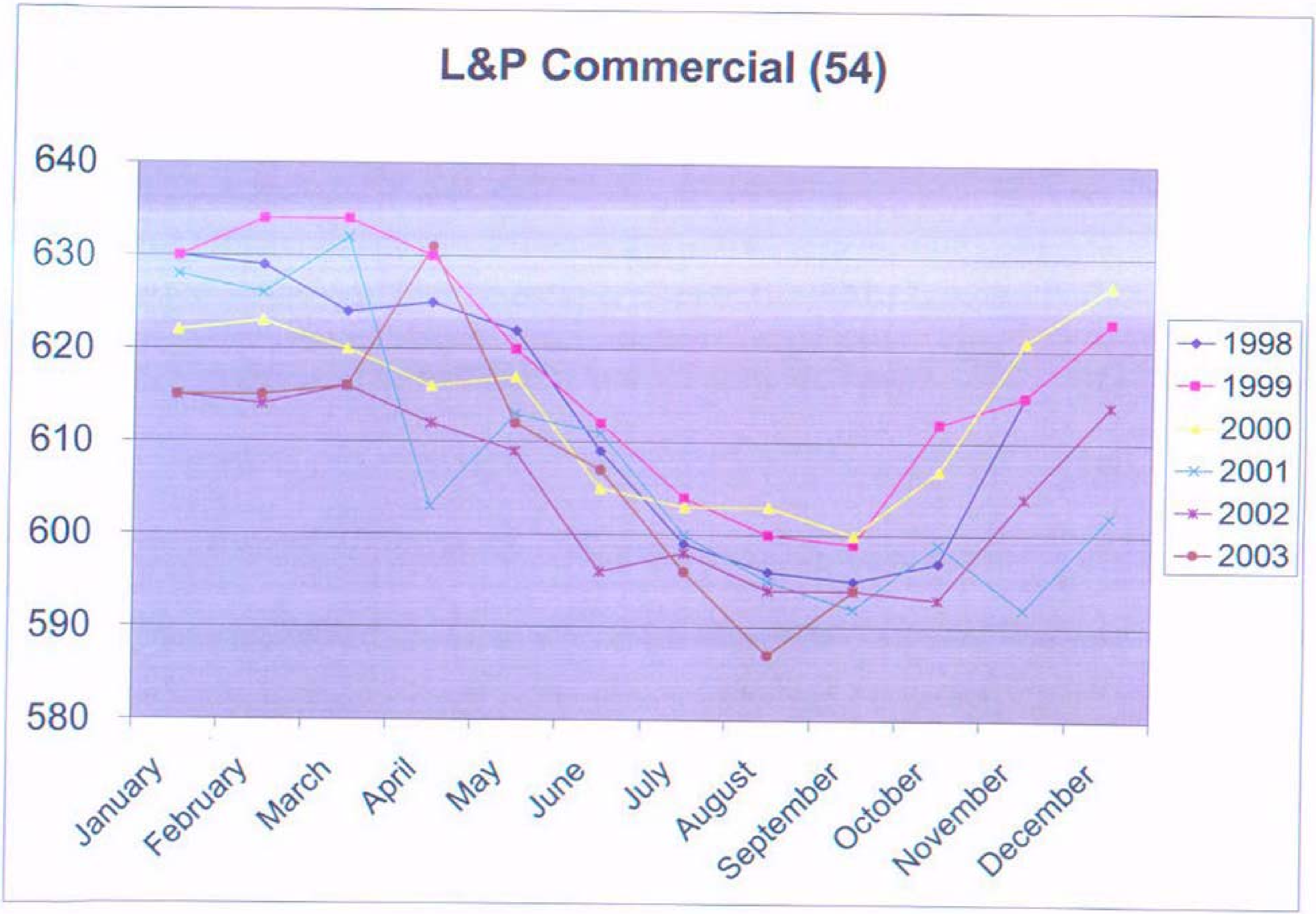
Schedule 2.6


L&P Residential (4)
4,250
4,200
4,150
4,100
4,050
4,000
3,950
3,900
January
February
March
April
May
June
July
August
September
October
November
December
1998
1999
2000
2001
2002
2003

Schedule 2.7

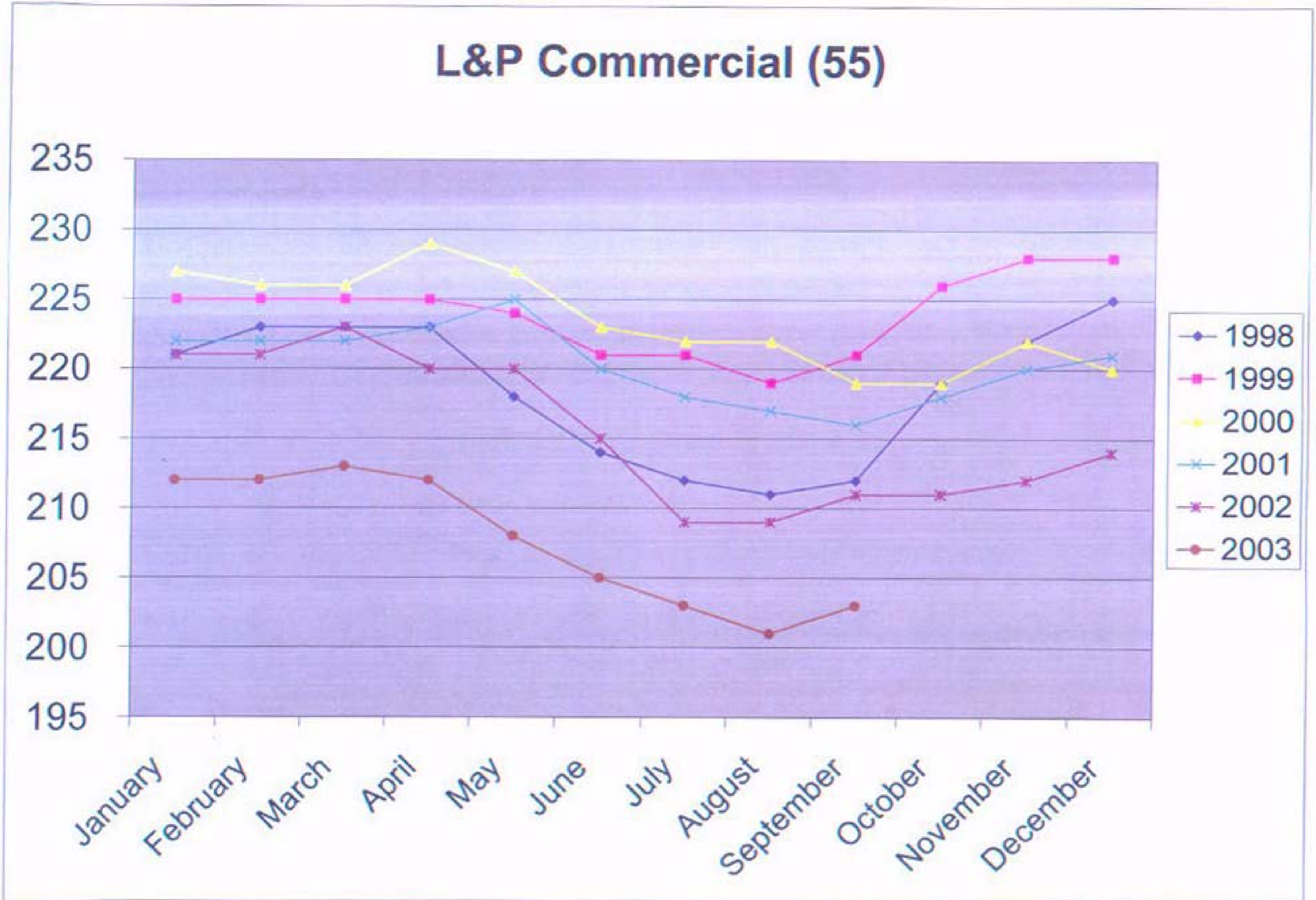

L&P Residential (5)
1,330
1,310
1,290
1,270
1,250
1,230
1,210
January
February
March
April
May
June
July
August
September
October
November
December
1998
1999
2000
2001
2002
2003

Schedule 2.8



L&P Commercial (54)
640
630
620
610
600
590
580
January
February
March
April
May
June
July
August
September
October
November
December
1998
1999
2000
2001
2002
2003

Schedule 2.9



Schedule 2.10