

Exhibit No.:  
Issues: Class Cost of Service  
Rate Design  
Witness: James C. Watkins  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: ER-2007-0004  
Date Testimony Prepared: January 25, 2007

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**DIRECT TESTIMONY**

**OF**

**JAMES C. WATKINS**

**AQUILA, INC.  
d/b/a AQUILA NETWORKS-MPS  
AND AQUILA NETWORKS-L&P**

**CASE NO. ER-2007-0004**

**Jefferson City, Missouri  
January 2007**

**FILED**

**MAY 2 2007**

**Missouri Public  
Service Commission**

Staff Exhibit No. 232  
Case No(s) ER-2007-0004  
Date 4-12-07 Rptr XF

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

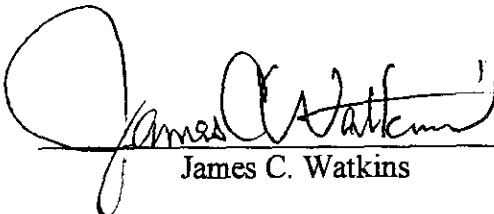
In the matter of Aquila, Inc. d/b/a Aquila )  
Networks-MPS and Aquila Networks- )  
L&P, for authority to file tariffs increasing )  
electric rates for the service provided to )  
customers in the Aquila Networks-MPS )  
and Aquila Networks-L&P service area. )

Case No. ER-2007-0004

**AFFIDAVIT OF JAMES C. WATKINS**

**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF COLE** )

James C. Watkins, 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 2 pages of Direct Testimony 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 to the best of his knowledge and belief.

  
James C. Watkins

Subscribed and sworn to before me this 22<sup>nd</sup> day of January, 2007.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
Notary Public

My commission expires 9-21-10

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**DIRECT TESTIMONY**

**OF**

**JAMES C. WATKINS**

**AQUILA, INC.**

**d/b/a AQUILA NETWORKS-MPS  
AND AQUILA NETWORKS-L&P**

**CASE NO. ER-2007-0004**

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Q. Please state your name and business address.

A. My name is James C. Watkins and my business address is Missouri Public Service Commission, 200 Madison Street, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Who is your employer and what is your present position?

A. I am employed by the Missouri Public Service Commission (Commission) and my title is Manager, Economic Analysis, Energy Department, Operations Division.

Q. What is your educational background and work experience?

A. I have a Bachelor of Arts Degree in Economics from William Jewell College, a year of graduate study at the University of California at Los Angeles in the Masters Degree Program, and have completed all requirements except my dissertation for a Ph.D. in Economics from the University of Missouri-Columbia. My previous work experience has been as an Instructor of Economics at Columbia College, the University of Missouri-Rolla, and William Jewell College. I have been on the Staff of the Missouri Public Service Commission (Staff) since August 1, 1982. A list of the major cases in which I have filed testimony before the Commission is shown on Schedule 1.

Q. What is the purpose of your direct testimony?

Direct Testimony of  
James C. Watkins

1           A.     The purpose of my testimony is to present the Staff's position on class cost of  
2 service and rate design. The Staff is not recommending any changes to Aquila's rate  
3 structures or any interclass revenue responsibility shifts at this time. The Staff supports the  
4 Nonunanimous Stipulation And Agreement approved by the Commission in Case No. ER-  
5 2005-0436. Paragraph 3 of that agreement states in part, "In Aquila's next general electric  
6 rate case, no Signatory Party will seek any interclass revenue responsibility shifts and any rate  
7 change that may result in that case will be implemented on an equal percentage basis." The  
8 Staff was a Signatory Party to that agreement.

9           Q.     Do you have any further testimony at this time?

10          A.     No.

## CASE LIST

|  |                                       |
|--|---------------------------------------|
| 1. The Empire District Electric Company  | Case No. ER-83-42                     |
| 2. Kansas City Power & Light Company     | Case No. ER-83-49                     |
| 3. Union Electric Company                | Case No. ER-83-163                    |
| 4. Arkansas Power & Light Company        | Case No. ER-83-206                    |
| 5. The Empire District Electric Company  | Case No. ER-83-364                    |
| 6. Kansas City Power & Light Company     | Case No. EO-84-4                      |
| 7. Union Electric Company                | Case No. EO-85-17                     |
| 8. Arkansas Power & Light Company        | Case No. ER-85-20                     |
| 9. Arkansas Power & Light Company        | Case No. EO-85-146                    |
| 10. Union Electric Company               | Case No. ER-85-160                    |
| 11. Kansas City Power & Light Company    | Case Nos. ER-85-128 & EO-85-185       |
| 12. Arkansas Power & Light Company       | Case Nos. ER-85-265 & ER-86-4         |
| 13. Union Electric Company               | Case Nos. EC-87-114 & EC-87-115       |
| 14. St. Joseph Light & Power Company     | Case No. HR-88-116                    |
| 15. Union Electric Company               | Case No. EO-87-175                    |
| 16. Missouri Public Service              | Case No. ER-90-101                    |
| 17. The Empire District Electric Company | Case No. ER-90-138                    |
| 18. Kansas City Power & Light Company    | Case No. EM-91-16                     |
| 19. St. Joseph Light & Power Company     | Case No. EO-88-158                    |
| 20. The Empire District Electric Company | Case No. EO-91-74                     |
| 21. Missouri Public Service              | Case No. EO-91-245                    |
| 22. Missouri Public Service              | Case No. EO-93-37                     |
| 23. St. Joseph Light & Power Company     | Case No. ER-93-41                     |
| 24. St. Joseph Light & Power Company     | Case No. EO-93-351                    |
| 25. St. Joseph Light & Power Company     | Case No. ER-94-163                    |
| 26. The Empire District Electric Company | Case No. ER-94-117                    |
| 27. Citizens' Electric Corporation       | Case No. ER-97-286                    |
| 28. The Empire District Electric Company | Case No. ER-97-81                     |
| 29. The Empire District Electric Company | Case No. ER-97-491                    |
| 30. Missouri Public Service              | Case Nos. ER-97-394 & ET-98-103       |
| 31. St. Joseph Light & Power Company     | Case Nos. EC-98-573 & ER-99-247       |
| 32. Citizens' Electric Corporation       | Case No. ET-99-113                    |
| 33. Union Electric Company               | Case No. EO-96-15                     |
| 34. Union Electric Company               | Case No. EO-2000-580                  |
| 35. The Empire District Electric Company | Case No. ER-2001-299                  |
| 36. Missouri Public Service              | Case No. ER-2001-672 & EC-2002-265    |
| 37. Union Electric Company               | Case No. EC-2002-1                    |
| 38. Citizens' Electric Corporation       | Case No. ER-2002-217                  |
| 39. The Empire District Electric Company | Case No. ER-2001-1074 (ER-2001-425)   |
| 40. The Empire District Electric Company | Case No. ER-2002-424                  |
| 41. Aquila, Inc. (MPS & L&P)             | Case Nos. ER-2004-0034 & HR-2004-0024 |
| 42. The Empire District Electric Company | Case No. ER-2004-0570                 |
| 43. Union Electric Company               | Case No. EA-2005-0180                 |
| 44. Aquila, Inc. (MPS & L&P)             | Case No. EO-2002-384                  |
| 45. Aquila, Inc. (MPS & L&P)             | Case Nos. ER-2005-0436 & HR-2005-0450 |