

Exhibit No:
Issues: Deposit Interest
Late Payment Fees
Misc. Tariff Issues
Rate-Related Tariff
Issues
Witness: Robert J. Amdor
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Aquila Networks
Case No: GR-2004-0072
Date to Be Filed: February 13, 2004

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2004-0072

REBUTTAL TESTIMONY

OF

ROBERT J. AMDOR

ON BEHALF OF

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

**Omaha, Nebraska
February, 2004**

State of Nebraska)
) ss
County of Douglas)

AFFIDAVIT OF ROBERT J. AMDOR

Robert J. Amdor, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony and schedules entitled "Rebuttal Testimony of Robert J. Amdor"; that said testimony was prepared by him and/or 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 12th day of February, 2004.




Notary Public

My Commission expires:

October 31, 2005

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1 percent. This compares to 6.0 percent paid to L&P customers and 9.5 percent
2 paid on MPS deposits.

3 **Q. DOES AQUILA ACCEPT THIS PROPOSAL?**

4 A. This approach is acceptable to Aquila.

5 **Late Payment Fees**

6 **Q. PLEASE DESCRIBE THE STAFF'S PROPOSAL FOR LATE PAYMENT FEES**
7 **ON ACCOUNT ARREARAGES.**

8 A. On page 19 of his Direct Testimony, Mr. Russo proposes a ½ percent per month
9 simple interest on delinquent amounts. This rate is significantly less than the
10 current charges of 1½ percent per month (MPS) and 1 ¼ percent per month
11 (L&P). The proposed charge would apply only to utility charges, and would not
12 be applied to previous late charges. Staff also recommends that Aquila not apply
13 late payment charges to energy assistance customers until a determination is
14 made regarding eligibility for energy assistance aid.

15 **Q. DOES AQUILA ACCEPT THIS PROPOSAL?**

16 A. Aquila does not object to the concept of applying late payment charges to only
17 utility charges, but disagrees with the lower rate. This charge is intended, at
18 least in part, to discourage late payments. Aquila's current rates are similar to
19 those charged by major credit card companies and regional utilities. Reducing
20 the percentage rate could increase late payments, because there would be a
21 minimal cost if a payment is late. Staff's calculation of the financial impact from
22 this change does not address the fact that, if the rate is reduced, late bill
23 payments can be expected to increase, and the increased costs to Aquila's
24 working capital requirement will be borne by the shareholders until the next rate
25 case. For these reasons, Aquila prefers to maintain a 1½ percent per month
26 fee, applicable to current month utility charges.

1 **Q. DOES AQUILA OBJECT TO STAFF'S RECOMMENDATION THAT LATE**
2 **PAYMENT CHARGES NOT BE APPLIED TO ENERGY ASSISTANCE**
3 **ACCOUNTS?**

4 A. Aquila's policy is to protect accounts that have applied for energy assistance aid
5 so these accounts will not be disconnected while assistance eligibility is
6 determined. Since the Company already protects these customers, Aquila does
7 not object to the proposal.

8 **Miscellaneous Tariff Issues**

9 **Q. ARE YOU FAMILIAR WITH STAFF'S DESCRIPTION OF THE COMPANY'S**
10 **PROPOSED TARIFF CHANGES?**

11 A. Yes.

12 **Q. HAVE YOU DISCLOSED ANY ERRORS IN YOUR DIRECT TESTIMONY TO**
13 **STAFF AND OPC?**

14 A. Yes. Schedules 3.1 and 3.2 of my Direct Testimony have several errors, and I
15 have explained these to Staff and the Office of the Public Counsel through
16 responses to data requests.

17 **Q. PLEASE EXPLAIN THOSE ERRORS OR CHANGES TO YOUR DIRECT**
18 **TESTIMONY.**

19 A. The Company proposed that no connection charge be applied during normal
20 business hours. In my Direct Testimony, a \$30 charge was incorrectly included
21 in the Summary of Fee Revenues on Schedules 3.1 and 3.2. The Company also
22 proposed a \$45 charge for installation of Excess Flow Valves, but these
23 schedules showed the charge as \$65.

24 **Q. PLEASE SUMMARIZE AQUILA'S PROPOSED TARIFF CHANGES.**

25 A. Aquila proposes to adopt:

1 One set of rules and regulations for the MPS and L&P service territories,

2 New connection charges:

- 3 ■ MPS: no charge for connections made during normal business hours
4 (a reduction from the current \$20 charge), and reduce the charge for
5 after-hours connections from \$55 to \$50,
- 6 ■ L&P: maintain no charge for connections made during normal
7 business hours, and increase the charge for after-hours connections
8 from \$30 to \$50,

9 New reconnection charges:

- 10 ■ MPS: increase the charge from \$20 to \$30 for work during normal
11 business hours, and reduce the charge for after-hours work from \$55
12 to \$50,
- 13 ■ L&P: increase the charge from \$20 to \$30 for work during normal
14 business hours, and reduce the charge for after-hours work from \$55
15 to \$50,

16 New reconnection charge for service requested within twelve months of
17 customer-requested disconnection:

- 18 ■ MPS: change the current \$20 fee to the greater of \$30 or the sum of
19 the minimum monthly charges as if the customer had remained on
20 gas service,
- 21 ■ L&P: a new charge equal to the greater of \$30 or the sum of the
22 minimum monthly charges as if the customer had remained on gas
23 service,

24 Installation charges for excess flow valves: increase the MPS charge from \$30 to
25 \$45 and reduce the L&P charge from \$65 to \$45,

1 A new \$30 charge for meter tests, to be applied when a test determines the
2 meter is accurate,

3 Special meter reading charges:

- 4 ▪ MPS: increase the charge for meter reading appointments from \$5 to
5 \$30 during normal business hours, and from \$10 to \$50 for after-
6 business hours work,
- 7 ▪ L&P: a new \$30 charge for work during normal business hours and
8 \$50 for work after normal business hours,

9 A new \$30 fee for collection of arrearages at the time of disconnection, and
10 a \$20 charge for insufficient fund checks.

11 **Q. DOES STAFF AGREE WITH AQUILA'S PROPOSED CHANGES?**

12 A. Staff's testimony specifically agreed with only the new reconnection charge
13 during a period of disconnection. Staff described the other proposed changes,
14 but did not take a position on any other tariff changes. Mr. Russo has indicated
15 to me that Staff had no issues with any of these tariff proposals, except for the
16 deposit interest rate and late payment charge, which are described above.

17 **Q. CAN YOU CLARIFY ANY STATEMENTS IN STAFF'S TESTIMONY THAT
18 MIGHT CONFLICT WITH THE COMPANY'S PROPOSED TARIFFS?**

19 A. It should be noted that Aquila is not requesting one set of *rates* for the MPS and
20 L&P service territories. Aquila proposed similar rate schedules and usage limits,
21 but expects L&P and MPS will have different monthly charges and volumetric
22 rates.

23

24 **Rate-Related Tariff Issues**

25 **Q. DOES THE DIRECT TESTIMONY OF STAFF WITNESS MR. RUSSO
26 ACCURATELY DESCRIBE THE RATE DESIGN-RELATED TARIFF CHANGES**

1 **PROPOSED BY AQUILA?**

2 A. Yes, generally. Mr. Russo’s testimony describes the rate schedules and
3 availability for the rate classes proposed by Aquila’s consultant, Mr. Thomas
4 Sullivan. Mr. Russo also describes the Company’s proposed changes to the
5 Rules and Regulation tariffs.

6 **Q. HAS STAFF AGREED WITH THE COMPANY’S RATE-RELATED TARIFF
7 PROPOSALS?**

8 A. Staff’s testimony describes all of the proposed changes, but no position was
9 stated on any of these changes.

10 **Fee-Based Revenues**

11 **Q. DID YOU SPONSOR SCHEDULES RJA-3.1 AND RJA-3.2 AS ATTACHMENTS
12 TO YOUR DIRECT TESTIMONY IN T HIS CASE?**

13 A. Yes.

14 **Q. DO YOU HAVE ANY UPDATES TO THIS INFORMATION?**

15 A. Yes, there were two errors in these schedules that need to be corrected. I have
16 supplied this information to Staff and OPC in responses to data requests, and
17 have attached updated schedules to this testimony.

18 **Q. PLEASE EXPLAIN THE CHANGES.**

19 A. The first change relates to service connections made during normal business
20 hours. Aquila has proposed that no charge be applied in these instances, so the
21 estimated number of transactions should be zero, not 7,581 for MPS and 700 for
22 L&P. The second change relates to the charge for installation of excess flow
23 valves. The proposed charge for MPS and L&P should be \$45, not \$65.

24 **Q. CAN YOU SUMMARIZE THE FINANCIAL IMPACT OF THESE
25 CORRECTIONS?**

1 A. Yes. For MPS, the proposed revenue from service connections during normal
2 business hours should be reduced from \$227,430 to zero, and for L&P, the
3 service fees from this service should be reduced from \$21,000 to zero. The
4 estimated revenue from installing excess flow valves on the MPS system should
5 be reduced from \$195 to \$135. There were no flow valves installed on the L&P
6 system, so there is no financial impact from this correction.

7 **Q. WHAT IS THE TOTAL PROPOSED FEE REVENUE FOR MPS AND L&P**
8 **AFTER THESE CORRECTIONS?**

9 A. The proposed revenue from fee-based services is \$116,528 from MPS and
10 \$7,479 from L&P. The proposed fee and estimated number of transactions is
11 provided on updated Schedules RJA-3.1 and RJA-3.2, which are attached
12 hereto.

13 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14 A. Yes, it does.

**Summary of Test Year Fee Revenue
2002 Aquila Networks - MPS**

Schedule RJA-3.1

	Test Year Number of Transactions	Existing Fee	Existing Revenue	Estimated Number of Transactions	Proposed Fee	Proposed Revenue	
Connections							
Business Hours	7,581	\$ 20.00	\$ 151,620.00	-	\$ 30.00	\$ -	
After Bus. Hours	549	\$ 55.00	\$ 30,195.00	549	\$ 50.00	\$ 27,450.00	
Reconnections							
Business Hours	1,600	\$ 20.00	\$ 32,000.00	1,600	\$ 30.00	\$ 48,000.00	
After Bus. Hours	59	\$ 55.00	\$ 3,245.00	59	\$ 50.00	\$ 2,950.00	
Reconnects within 12 months	35	\$ 20.00	\$ 700.00		\$20.00	\$ -	
Excess Flow Valves							
New installations	3	\$ 30.00	\$ 90.00	3	\$ 45.00	\$ 135.00	
Special meter reads							
Business Hours	1,708	\$ 5.00	\$ 8,540.00	342	\$ 30.00	\$ 10,248.00	1
After Bus. Hours	-	\$ 10.00	\$ -		\$ 50.00	\$ -	
Collection fee at disconnects							
Business Hours			\$ -	462	\$ 30.00	\$ 13,845.00	2
Charge for NSF Checks			\$ -	695	\$ 20.00	\$ 13,900.00	
Total Revenue			<u><u>\$ 226,390.00</u></u>			<u><u>\$ 116,528.00</u></u>	

NOTES:

- 1 Assume the increase in fee will reduce special meter reads by 80%
- 2 Assume the collection fee will reduce payments at disconnection by 50%

**Summary of Test Year Fee Revenue
2002 Aquila Networks - L&P**

Schedule RJA-3.2

	Test Year Number of Transactions	Existing Fee	Existing Revenue	Estimated Number of Transactions	Proposed Fee	Proposed Revenue	
Connections							
Business Hours	700	\$	-	-	\$ 30.00	\$	-
After Bus. Hours	28	\$	-	28	\$ 50.00	\$	1,400.00
Reconnections							
Business Hours	95	\$ 20.00	\$ 1,900.00	95	\$ 30.00	\$	2,850.00
After Bus. Hours	8	\$ 55.00	\$ 440.00	8	\$ 50.00	\$	400.00
Reconnects within 12 months	-	\$	-	-	\$ 20.00	\$	-
Excess Flow Valves							
New installations	-	\$ 65.00	\$	-	\$ 45.00	\$	-
Special meter reads							
Business Hours	179	\$ -	\$ -	36	\$ 30.00	\$	1,074.00 1
After Bus. Hours	-	\$ -	\$ -		\$ 50.00	\$	-
Collection fee at disconnects							
Business Hours	13	\$ -	\$ -	7	\$ 30.00	\$	195.00 2
Charge for NSF Checks	78	\$	-	78	\$ 20.00	\$	1,560.00
Total Revenue			<u><u>\$ 2,340.00</u></u>			<u><u>\$ 7,479.00</u></u>	

NOTES:

- 1 Assume the increase in fee will reduce special meter reads by 80%
- 2 Assume the collection fee will reduce payments at disconnection by 50%