

EXHIBIT

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Miscellaneous Fees

Busch/Direct

Public Counsel

ER-2004-0034

HR-2004-0024

(Consolidated)

DIRECT TESTIMONY

OF

JAMES A. BUSCH

Submitted on Behalf of the Office of the Public Counsel

**AQUILA, INC.
D/B/A AQUILA NETWORKS—MP
AND AQUILA NETWORKS—L&p**

**CASE NO. ER-2004-0034 & HR-2004-0024
(CONSOLIDATED)**

December 18, 2003

Exhibit No. 140
Case No(s) ER-2004-0034
Date 2/23/04 Rptr KF

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

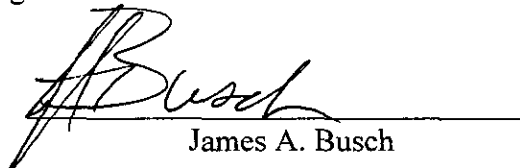
In the Matter of the Request of Aquila,)
Inc., d/b/a Aquila Networks-L&P and) Case No. ER-2004-0034
Aquila Networks-MPS, to Implement a)
General Rate Increase in Electric Rates.)

AFFIDAVIT OF JAMES A. BUSCH

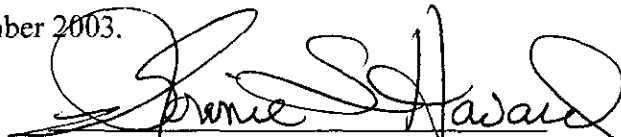
STATE OF MISSOURI)
) SS
COUNTY OF COLE)

James A. Busch, of lawful age and being first duly sworn, deposes and states:

1. My name is James A. Busch. I am the Public Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony consisting of pages 1 through 10 and Schedules JAB-RD1.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


James A. Busch

Subscribed and sworn to me this 18th day of December 2003.


Bonnie S. Howard, Notary Public

My commission expires May 3, 2005.

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DIRECT TESTIMONY
OF
JAMES A. BUSCH
CASE NO. ER-2004-0034
AQUILA, INC
d/b/a
AQUILA NETWORKS – MPS
AQUILA NETWORKS – L & P

- Q. Please state your name and business address.
- A. My name is James A. Busch and my business address is P. O. Box 2230, Jefferson City, MO 65102.
- Q. Are you the same James A. Busch who filed testimony in the revenue requirement portion of this proceeding?
- A. Yes I am.
- Q. What is the purpose of your rate design testimony?
- A. The purpose of this testimony is to address certain service fees that Aquila has proposed to change in this rate case.
- Q. Is the Office of the Public Counsel (OPC or Public Counsel) performing a class cost of service study (CCOS) and making rate design recommendations regarding customer charges and usage based charges in this case?
- A. No. In accordance with the Non-Unanimous Stipulation and Agreement submitted in this proceeding on December 16, 2003, OPC will forego the

1 development of a CCOS study until Case No. EO-2002-384, and will make any
2 customer charge and usage based rate design recommendations at that time.
3 However, as noted in the Non-Unanimous Stipulation and Agreement, paragraph
4 3. b., the appropriate level of charges contained in the proposed Rule and
5 Regulations Tariff Sheets were not to be addressed by the Stipulation, but were to
6 be decided by the Commission in this case. That is the reason for my testimony at
7 this time.

8 Q. What charges or fees is Aquila proposing to change in Case No. ER-2004-0034?

9 A. Aquila is proposing the following changes:

- 10 1) Reconnect charges for Aquila Networks - MPS (MPS) would be \$30
11 during business hours and \$50 during non-business hours. These rates are
12 the same as the reconnect charges for Aquila Networks - L & P (L&P).
- 13 2) The collection charge would be \$30.
- 14 3) A returned check charge would be \$20.
- 15 4) A special meter reading charge would be \$30 during business hours and
16 \$50 during non-business hours.
- 17 5) The late payment charge for L & P would increase to 1.50% to be
18 equivalent to MPS' late payment charge.

19 Q. Are any of these charges new charges?

20 A. Yes. The collection charge is a new charge being proposed by Aquila in this
21 proceeding. Further, the returned check charge is a new charge for Aquila
22 Networks – MPS customers, and the special meter reading charge is a new charge
23 for Aquila Networks – L & P customers.

1 Q. What is the current reconnect rate charged to Aquila customers?

2 A. Currently, L & P customers are paying \$30 for reconnects during business hours
3 and \$50 during non-business hours (P.S.C. MO No. 2, 2nd Revised Sheet No. R-
4 39). Thus, there would be no increase for these customers. MPS customers
5 currently pay \$17 for reconnect during business hours and \$31 during non-
6 business hours (P.S.C MO No. 6, 1st Revised Sheet No. 53.1). Therefore MPS
7 customers will experience increases of approximately 76% for business hour
8 reconnects and approximately 61% for non-business hour reconnects.

9 Q. What is the current returned check charge for Aquila's customers?

10 A. Currently, L & P customers pay a \$10 fee for any returned checks (P.S.C. MO
11 No. 6, 1st Revised Sheet No. 58.1), while MPS customers are not charged a
12 returned check fee. For L & P customers, this is a 100% increase in this fee, and
13 for MPS customers, this is a completely new charge.

14 Q. What is the current special meter reading charge for Aquila's customers?

15 A. MPS customers currently pay \$12 for special meter reading charges during
16 business hours and \$16 during non-business hours (P.S.C MO No. 6, 1st Revised
17 Sheet No. 53.1). There is no tariffed charge for L & P customers. For MPS
18 customers, the new rates of \$30 for business hour special meter readings and \$50
19 for non-business hour readings represent increases of approximately 150% and
20 213% respectively.

21 Q. What is the current late fee charge for Aquila's customers?

1 A. Currently, L & P customers face a late payment charge of 1.25% (P.S.C. MO No.
2 6, 1st Revised Sheet No. 50) and MPS customers face a late payment charge of
3 1.50% (P.S.C MO No. 6, 1st Revised Sheet No. 53.1).

4 Q. Does Public Counsel agree with the change in the business and non-business
5 hours reconnect fees to the MPS division from \$17 and \$31 to \$30 and \$50,
6 respectively, for reconnects during business and non-business hours?

7 A. Public Counsel does not oppose the increase in reconnect fees. The increase in
8 reconnect fees to the MPS division seems to be in line with the costs of providing
9 those services. However, an increase in the fees will mean that there will be an
10 increase in collected revenues for the Company due to reconnects.

11 Q. How much additional revenue will the Company collect due to the increase in
12 reconnect fees?

13 A. I believe that the Company will collect an additional \$114,600 in revenues with
14 this increase.

15 Q. How did you determine this amount?

16 A. Based on the Company's response to Staff Data Request MPSC-187, I used a
17 three-year average of reconnects for the MPS division from September 2000 –
18 August 2003. The three-year average for normal business hour reconnects is
19 7,683 and the three-year average for non-business hour reconnects is 775. I took
20 those numbers and multiplied them by the change in price for each service \$13
21 and \$19 respectively. I then summed those two numbers to get \$114,600.

22 $(7,683 * \$13) + (775 * \$19) = \$114,600$

23 Q. How should the \$114,600 be treated in this case?

1 A. The amount of revenues that will need to be collected from the general body of
2 ratepayers through regular rates should be reduced by \$114,600.

3 Q. Does Public Counsel agree with the Company's proposed collection charge?

4 A. Public Counsel agrees that the Company should be allowed to collect a fee for the
5 time and expense it takes for a service technician to drive out to a customer's
6 premises for a reconnect that turns into a bill collection. However, I disagree with
7 the \$30 charge proposed by the Company.

8 Q. What should be the fee charged by the Company for collections done in this
9 manner?

10 A. I believe that the appropriate collection fee should be \$20.

11 Q. How did you calculate the \$20 fee?

12 A. In response to Staff DR MPSC-182, the Company provided its costs for reconnect
13 fees. In response to Staff DR MPSC-183, it referred to DR MPSC-182 as
14 justification for the \$30 collection charge. A portion of that justification dealt
15 with the cost to remove a seal and turn the meter on. This function would not be
16 necessary if the customer simply paid its bill when the serviceman showed up at
17 the premises. Therefore, I removed this portion from the calculation. This cost
18 was just over \$9 to the customer, I subtracted this amount from the \$30 proposed
19 by the Company and rounded it to \$20.

20 Q. Will the Company collect additional revenues from this new fee?

21 A. Yes, the Company will collect additional revenues from this new fee.

22 Q. How much revenue will be collected from this new charge?

1 A. I believe that the Company will collect an additional \$187,240 in revenues from
2 this new collection fee, at the \$20 level that I calculated.

3 Q. How did you calculate this amount?

4 A. In response to Staff DR MPSC-188, the Company provided the amount of
5 collections for the past 12 months. I multiplied the total amount of collections by
6 the \$20 charge. This totaled \$187,240.

7 $9,362 * \$20 = \$187,240$

8 Q. How should the \$187,240 be treated in this case?

9 A. Similar to the amount for the reconnection charge, the amount of revenues that
10 will need to be collected from the general body of ratepayers through regular rates
11 should be reduced by \$187,240.

12 Q. The next change in fees is the change in the returned check charge, does Public
13 Counsel agree with that change?

14 A. Public Counsel does not oppose the change in the returned check charge to \$20.
15 However, like, the other new charges, an adjustment to revenues will need to be
16 made.

17 Q. What is the revenue modification for the returned check charge?

18 A. I believe the amount of additional revenue to be collected by the Company will be
19 \$109,847. In response to Staff DR MPSC-189, the Company provided data on
20 returned checks for MPS and L & P. This data provided monthly returned checks
21 for the months March 2000 through December 2002 for MPS and May 2001
22 through December 2002 for L & P. I summed these monthly totals and divided
23 by the number of months to get a monthly amount for each division. I then took

1 the monthly amount and multiplied it by 12 to get an annual amount of returned
2 checks. I finally took the annual amount and multiplied the MPS number by \$20
3 (this is a new charge for MPS) and multiplied the L & P number by \$10 (the \$20
4 proposed charge is an increase of \$10 from L & P's existing \$10 fee). Thus
5 \$109,847 is the amount of additional revenue the Company will collect due to the
6 change in the returned check charge.

7 Q. Please explain Schedule JAB-RD1.

8 A. Schedule JAB-RD1 shows the calculations I performed to determine the increase
9 in revenues the Company will collect with the changes in the above fees.

10 Q. Does Public Counsel agree with the change to the special meter reading charge?

11 A. No, Public Counsel does not agree with the change to the special meter reading
12 charge.

13 Q. Why?

14 A. The Company's proposed tariffs for the special meter reading charge states as
15 follows

16 If Company is unable to obtain an actual meter reading for
17 three (3) consecutive billing periods, Company shall advise
18 the customer by first class mail or personal delivery that the
19 bills being rendered are estimated, that estimation may not
20 reflect the actual usage, and that the customer may read and
21 report electric usage to Company on a regular basis. The
22 procedure by which this reading and reporting may be
23 initiated shall be explained. Company shall attempt to secure
24 an actual meter reading from customers reporting their own
25 usage at least annually. These attempts shall include
26 personal contact with the customer to advise the customer of
27 the regular meter reading day. Company may offer
28 appointments for reading meters on Saturday or prior to 9:00
29 p.m. on weekdays. Where special appointments are arranged
30 for reading meters, Company may charge the customer for
31 the excess cost of the meter reading out of normal meter

1 reading sequence of for meter readings that are outside of
2 normal business hours. The charges are listed in Section 12
3 of these Rules.
4 (Proposed Tariff Sheet P.S.C. MO No. 1, Original Sheet R-38)

5 Public Counsel does not believe that certain customers should have to pay extra to
6 have their meters read. It is the Company's responsibility to read the meters. The
7 Company receives due compensation through its normal rates for meter reading
8 activities. An additional charge should not be imposed on certain customers
9 because the Company is unable to obtain an actual meter reading for that
10 customer.

11 Q. Is Public Counsel recommending that the Company eliminate the current special
12 meter reading charge for MPS customers?

13 A. Not at this time.

14 Q. Does Public Counsel agree with raising L & P customer's late payment charge
15 from 1.25% to MPS customer's late payment charge of 1.50%?

16 A. Public Counsel opposes this change in late payment charges. Public Counsel
17 believes that the late payment charge should be no more than 1.25% for both
18 operating divisions of Aquila. Further, Public Counsel believes that a
19 clarification needs to be made regarding the late payment charge language.

20 Q. What language clarification should be made to the late payment charge tariff
21 language?

22 A. As proposed by the Company, a late payment charge will be added to any unpaid
23 bill. An unpaid bill is defined as any billing amount that remains "owing" to the
24 Company and not in dispute after the delinquent date stated on the bill. (Proposed

1 Tariff Sheet P.S.C. MO No. 1, Original Sheet R-45) This should be clarified such
2 that the late payment charge is not compounded on each subsequent bill.

3 Q. Please explain.

4 A. If a customer is late paying his bill, a late payment charge will be applied to the
5 amount owed. As long as this amount remains outstanding, a late charge could
6 continue to be added to any unpaid late charge amount. This, in effect,
7 compounds the amount of the late payment charge. Public Counsel recommends
8 that the language should be clarified so that it indicates the late payment charge
9 will not be charged on any previous late payment charge amount.

10 Q. Please summarize your testimony.

11 A. Public Counsel does not oppose the change in the reconnect charge. However,
12 Public Counsel believes that \$114,600 in revenues from the reconnect charge
13 changes should be included in revenues. Public Counsel does not oppose the new
14 collection charge, except the amount should be \$20 instead of \$30. However,
15 Public Counsel believes that \$187,240 in revenues from this new charge should
16 also be included in revenues. Public Counsel does not oppose the returned check
17 charge. However, Public Counsel believes \$109,847 in additional revenue should
18 also be included in this case. Public Counsel opposes the special meter reading
19 charge. Public Counsel opposes the change in the late payment charge. It should
20 be no more than 1.25%. Also, Public Counsel believes language should be
21 clarified in the Company's tariffs so that ratepayers will not be subjected to
22 compounded late payment charges.

23 Q. Does this conclude your testimony?

1

A. Yes it does.

OFFICE OF THE PUBLIC COUNSEL

Returned Check Charge

	<u>MPS</u>	<u>SJLP</u>
Mar-00	155	
Apr-00	359	
May-00	264	
Jun-00	463	
Jul-00	292	
Aug-00	428	
Sep-00	461	
Oct-00	482	
Nov-00	434	
Dec-00	152	
Jan-01	407	
Feb-01	228	
Mar-01	263	
Apr-01	465	
May-01	503	7
Jun-01	435	201
Jul-01	445	100
Aug-01	419	94
Sep-01	382	92
Oct-01	639	113
Nov-01	579	192
Dec-01	340	86
Jan-02	343	82
Feb-02	272	41
Mar-02	259	68
Apr-02	341	101
May-02	422	105
Jun-02	387	97
Jul-02	461	112
Aug-02	539	145
Sep-02	514	127
Oct-02	678	165
Nov-02	495	128
Dec-02	<u>435</u>	<u>86</u>
Total	13,741	2,142
Yrly Avg	4,850	1,285
Change	\$20	\$10
Revenue	\$ 96,995	\$ 12,852
		\$ 109,847

Source: DR No. MPSC-189