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February 13, 2004

FILED

FEB 13 2004

Public Service Commission  
Governor Hotel  
Jefferson City, MO 65102

Missouri Public  
Service Commission

RE: Aquila Networks Electric Rate Case, Case No. ER-2004-0034

Dear Sir/Madam:

Enclosed for filing please find an original and 9 copies of Missouri Department of Natural Resources' Affidavit of Anita Randolph in the above-styled matter. Please stamp "filed" on the extra copy for my files. Thank you.

Sincerely,

JEREMIAH W. (JAY) NIXON  
Attorney General

*Shelley A. Woods / Pah*

SHELLEY A. WOODS  
Assistant Attorney General

SAW:pah  
Enclosure  
c: Counsel of Record

FILED

FEB 13 2004

Missouri Public Service Commission

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

In the Matter of Aquila, Inc. d/b/a Aquila Networks L&P and Aquila Networks MPS, and Its Tariff Filing to Implement a General Rate Increase for Electric Service )  
)  
)  
)

Case No. ER-2004-0034

**AFFIDAVIT OF ANITA RANDOLPH**

STATE OF MISSOURI )  
)  
COUNTY OF COLE )

ss.

Anita Randolph, being duly sworn on her oath, hereby states that she has participated in the preparation of the foregoing Testimony in question and answer form; that the answers in the foregoing Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters were true and correct to the best of her knowledge, information and belief.

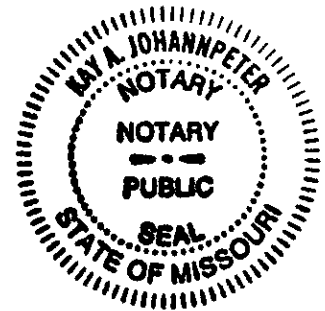
*Anita Randolph*  
\_\_\_\_\_  
Anita Randolph

*Kay A. Johannpeter*  
\_\_\_\_\_  
Notary Public

Notary Public

My commission expires:

**KAY A. JOHANNPETER**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Monticello County  
My Commission Expires: Aug. 4, 2007



Subscribed and sworn before me this 13<sup>th</sup> day of February, 2004.

Exhibit No.:  
Issues: Commitment to Provide Low or No  
Cost Weatherization Assistance to  
Aquila Electric Low-Income Customers,  
Energy Efficiency Services to  
Residential and Commercial Customers  
and Wind Energy Assessments.  
Witness: Anita C. Randolph  
Sponsoring Party: Missouri Department of Natural  
Resources' Outreach and Assistance  
Center, Missouri Energy Center  
Type of Exhibit: Testimony  
Case No.: ER-2004-0034

AQUILA NETWORKS ELECTRIC RATE CASE

SURREBUTTAL TESTIMONY

OF

ANITA C. RANDOLPH

MISSOURI DEPARTMENT OF NATURAL RESOURCES

ENERGY CENTER

February 13, 2004

FILED

FEB 13 2004

Missouri Public  
Service Commission

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
TESTIMONY OF  
ANITA C. RANDOLPH  
DIRECTOR  
MISSOURI DEPARTMENT OF NATURAL RESOURCES  
ENERGY CENTER**

**CASE NO. ER-2004-0034**

1 Q. Please state your name and business address.

2 A. My name is Anita C. Randolph. My business address is Missouri Department of Natural  
3 Resources, Energy Center, 1659 East Elm Street, P.O. Box 176, Jefferson City, Missouri  
4 65102-0176.

5 Q. Have you previously filed testimony in this case?

6 A. Yes. On December 9, 2003, I filed direct testimony in this case on behalf of the Missouri  
7 Department of Natural Resources (hereinafter "MDNR").

8 Q. On whose behalf are you presenting rebuttal testimony in this case?

9 A. Like my direct testimony, I am testifying on behalf of the MDNR.

10 Q. What is the purpose of your surrebuttal testimony?

11 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Matthew  
12 Daunis on behalf of Aquila, Inc. which addresses low-income weatherization assistance and  
13 other energy efficiency programs.

14 Mr. Daunis states that Aquila, Inc. is willing to discuss each of the recommendations and  
15 programs with the MDNR, the City of Kansas City Department of Housing and Community  
16 Development and other interested parties. The MDNR welcomes the opportunity to discuss  
17 these programs with Aquila, Inc. and other interested parties to this case.

18 Q. Please briefly summarize Aquila, Inc.'s position regarding MDNR's proposed low-income  
19 weatherization assistance and energy efficiency programs.

20 A. Mr. Daunis summarizes Aquila, Inc.'s position as follows:

- 1 • Some of these programs may be found to be duplicative of existing programs or to  
2 establish new social programs that may or may not be in alignment with the view of this  
3 Commission.
- 4 • Each of these programs bears a cost, some of which are substantial, and a clear  
5 determination of cost recovery and cost assignment should be made. Aquila, Inc. does  
6 not believe that these recommendations should be a part of this electric rate case, but  
7 should await a dedicated review by the Commission.
- 8 • Aquila, Inc. is currently providing low cost or no cost weatherization assistance to low-  
9 income residential customers and supports several programs that promote energy  
10 efficiency in Missouri and that Aquila, Inc. plans to continue to support those programs  
11 in the future.

12 Mr. Daunis provides a very brief summary of the energy efficiency programs currently  
13 offered by Aquila, Inc. including:

- 14 • Customer Finance Program;
- 15 • Residential, commercial and industrial customer energy audits;
- 16 • Residential Lighting Program;
- 17 • Aquila, Inc.'s membership to the Heartland Utilities for Energy Efficiency; and,
- 18 • Low-cost or no-cost weatherization programs offered by Aquila, Inc.

19 Q. Do you agree with Mr. Daunis that the proposed programs by MDNR should not be a part of  
20 this rate case, but should await a dedicated review by the Commission?

21 A. No.

22 The issues and the proposals offered by the MDNR clearly belong in this and future rate  
23 cases. A rate case is an appropriate forum to present, discuss and implement energy

1 efficiency programs – the need for efficiency programs, the cost and benefits of efficiency  
2 programs and the method of any cost recovery related to the implementation of these  
3 programs.

4 Q. Do you agree that programs proposed by the MDNR duplicate energy efficiency programs  
5 offered by Aquila, Inc.?

6 A. No. The energy programs proposed by the MDNR are not duplicative of Aquila’s programs.  
7 MDNR proposes program changes to make them more effective in achieving energy savings  
8 benefits for their customers and to improve participation levels.

9 As presented in direct testimony, the MDNR proposes specific energy programs designed to  
10 reduce energy use by residential and commercial customers and to assess the potential for  
11 wind energy resource development in Missouri. These proposals included:

- 12 • The implementation of a low-income residential weatherization assistance program  
13 designed and implemented with the assistance of community assistance agencies in  
14 Aquila, Inc.’s service territory and consistent with the federal Weatherization Assistance  
15 Program administered in Missouri by the MDNR;
- 16 • An on-line residential energy audit for electric and natural gas customers served by  
17 Aquila Networks – MPS and Aquila Network – L&P;
- 18 • Aquila, Inc.’s participation in the U.S. Environmental Protection Agency and U.S.  
19 Department of Energy’s Energy Star program – Change A Light, Change the World  
20 campaign. Aquila, Inc. is a utility member of the Energy Star program;
- 21 • The implementation of a commercial energy audit program, including incentives for  
22 adopting energy-efficiency recommendations presented by the audit for electric and

1 natural gas customers served by Aquila Networks – MPS and Aquila Network – L&P;  
2 and,

- 3 • A wind energy assessment to facilitate the development of alternative electric generation  
4 by Aquila, Inc. in Missouri.

5 Q. Please briefly summarize Aquila, Inc.'s low-income weatherization assistance program.

6 A. Mr. Daunis summarizes Aquila, Inc.'s low-cost or no cost weatherization program as  
7 follows:

- 8 • Aquila provides funding for specific energy efficient electric measures such as compact  
9 fluorescent lights, home insulation, devices to reduce domestic hot water consumption  
10 and other cost effective end use equipment;
- 11 • Aquila's Low Income Program was developed and implemented as a result of a Joint  
12 Agreement in 1998 between Aquila, Staff and Public Counsel with regards to Aquila's  
13 Electric Resource Plan. The requirements of this Joint Agreement addressed only electric  
14 customers of Aquila in Missouri. Any changes to the Joint Agreement should be done  
15 outside of the rate case proceeding;
- 16 • Aquila would be willing to discuss any possible changes, outside this rate case  
17 proceeding, along with funding th(r)ough rates and other issues such as rate recovery;
- 18 • Aquila would be willing to discuss partnering with Missouri Gas Energy and any other  
19 gas utilities, in an effort to increase participation in the Low Income Program.

20 Q. Is Aquila, Inc.'s low-income program consistent with the federal Low-Income  
21 Weatherization Assistance Program and does it achieve comparable energy and non-energy  
22 benefits for low-income residential customers?

1 A. No. Aquila's low-income program is restricted to residential electric customers served by  
2 Aquila Networks – MPS. Aquila's low-income weatherization program offered in Aquila  
3 Networks – L&P service area is not an energy efficiency program but rather a utility-billing  
4 assistance program.

5 The energy efficiency measures offered by the Aquila Networks – MPS low-income  
6 residential program provides limited improvements in low-income energy use but does not  
7 provide a comprehensive approach to improving energy use by low-income residential  
8 customers. As such, the current program does not achieve the potential level of benefits that  
9 other low-income residential customers receive through the federal Low-Income  
10 Weatherization Assistance Program, a proven low-income weatherization assistance  
11 program.

12 Q. Would the adoption of a low-income residential weatherization program for Aquila, Inc.  
13 result in changes to the Joint Agreement referenced by Mr. Daunis?

14 A. No. The low-income program was wholly designed by Aquila, Inc. and would not  
15 necessarily require any changes to the Joint Agreement set forth by PSC Case No. EC-98-  
16 316.

17 Pursuant to The UtiliCorp United Inc.'s Electric Resource Plan Pursuant to 4 CSR 240-22.,  
18 Section C. Reports and Briefings During the Transition, noted that "In Missouri, the next  
19 several years is being viewed by many as a transition period during which the electric  
20 industry's focus will be on issues surrounding retail competition. To accommodate what is  
21 believed to be a workable transition for those resources involved in the electric resource  
22 planning filings and reviews, the Joint Agreement proposes periodic reports and twice-a-year  
23 briefings by MPS on its resource implementation plans."



1 "The supply-side emphasis of these meetings will be on the emerging market structures for  
2 wholesale generation resources. The demand-side will focus on the least-cost provision of  
3 electric services for low-income customers". The Joint Agreement did not present any  
4 requirement that low-income programs were to be expressly approved by the Commission.  
5 The entire text of the Joint Agreement as well as the Commission's Order Regarding the  
6 UtiliCorp United Inc.'s Integrated Resource Plan and Joint Agreement appear in the Rebuttal  
7 Testimony of Frank A. Debacker filed on behalf of Aquila Networks – MPS – Investor  
8 (Electric) in Schedule FAD-6 in this case.

9 Q. Please identify an electric investor-owned utility subject to the Integrated Resource Planning  
10 rule that has implemented a low-income weatherization assistance program that did not  
11 require a change to this Joint Agreement.

12 A. Union Electric Company (AmerenUE) has implemented a low-income weatherization  
13 assistance program consistent with federal low-income Weatherization Assistance Program  
14 guidelines.

15 Q. Does this conclude your testimony?

16 A. Yes. Thank you.