

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

In the Matter of the Tariff Filing of Aquila, )  
Inc., to Implement a General Rate Increase for )  
Retail Electric Service Provided to Customers )  
in its MPS and L&P Missouri Service Areas. )

Case No. ER-2007-0004

**RECONCILIATION**

Comes now the Staff of the Missouri Public Service Commission (“Staff”) and states:

1. On July 3, 2006, Aquila, Inc. filed with the Commission tariff sheets designed to implement a general electric rate increase for service it provides to its Missouri customers in and about Kansas City and St. Joseph, Missouri under the names Aquila Networks-MPS and Aquila Networks-L&P, respectively. The Commission suspended the effective date of the tariff sheets and opened Case No. ER-2007-0004.
2. On August 22, 2006, the Commission issued an order in which directed the parties to file a reconciliation.
3. Appended are reconciliations of the electric rate case issues for Aquila Networks-MPS and Aquila Networks-L&P, respectively.

**WHEREFORE** the Staff submits the attached reconciliations for Aquila Networks-MPS and Aquila Networks-L&P.

Respectfully submitted,

/s/ Nathan Williams

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 29<sup>th</sup> day of March 2007.

/s/ Nathan Williams

Aquila Networks-MPS Electric			
ER-2007-0004			
Revenue Requirement Reconciliation - March 29, 2007			
Line No.			
1	<b>Aquila Revenue Requirement - MPS Division</b>		<b>54,359,855</b>
2			
3	<b>Rate of Return &amp; Capital Structure</b>		
4	Value of Capital Structure Issue - Staff / Company	0	
5	Rev. Req. Value of Return on Equity	(\$11,050,731)	
6	<b>Sub-Total Rate of Return and Capital Structure Differences</b>		<b>(\$11,050,731)</b>
7			
8	<b>MPS Units 4 and 5 vs Aquila's Capacity Contracts</b>		
9	Add MPS Units 4 & 5 - Plant in Service	8,339,586	
10	Add MPS Units 4 & 5 - Depr. Reserve	(482,339)	
11	Interest Expense - MPS Units 4 & 5	(1,236,724)	
12	Deferred Tax - Rate Base - MPS Units 4 & 5	(419,535)	
13	Annualize Capacity Contracts	(5,131,832)	
14	Depreciation Expense Difference - MPS Units 4 & 5	2,367,736	
15	Annualize Gas Reservation Charge	2,425,143	
16	Annualize Transmission Expense - Capacity Contracts	(1,408,546)	
17	Annualize Property Tax - MPS Units 4 & 5	161,115	
18	Annualize Maintenance on MPS Units 4 & 5	397,840	
19	<b>Sub-Total MPS Units 4 &amp; 5 vs Aquila's Capacity Contracts</b>		<b>\$5,012,444</b>
20			
21			
22	<b>Income Statement - Expense Issues</b>		
23	Annualize Purchased Power-Energy	(5,762,013)	
24	Annualize Fuel Expense - Energy	(9,036,911)	
25	<b>Subtotal Fuel and Purchase Power-Energy Costs</b>		<b>(14,798,924)</b>
26			
27	<b>Total Value of All Issues</b>		<b>(\$20,837,211)</b>
28			
29	<b>Staff Revenue Requirement</b>		<b>\$33,522,644</b>
30			
31	<b>OPC Issues - Differences from Aquila</b>		
32	Eliminate Sibley AAO's from Rate Base		(190,915)
33	Eliminate Settlement of Ice Storm Issue between Staff and Aquila		(481,173)
34	Accept Staff's Position on Return on Equity		(11,050,731)
35	Accept Staff's Position on Fuel & Purchase Power Expense		(14,798,924)
36	<b>OPC Revenue Requirement</b>		<b>27,838,113</b>
37			
38	<b>SIEUA and FEA Issues - Differences from Aquila</b>		
39	Return on Equity		(8,327,363)
40	Capital Structure		(683,591)
41	Fuel, Purchase Power and Hedging Costs		(10,312,218)
42	Depreciation Expense		(2,102,000)
43	<b>SIEUA and FEA Revenue Requirement</b>		<b>32,934,683</b>

Aquila Networks- L&P Electric			
ER-2007-0004			
Revenue Requirement Reconciliation - March 29, 2007			
Line No.			
1	<b>Aquila Revenue Requirement - L&amp;P Division</b>		<b>20,365,349</b>
2			
3	<b>Rate of Return &amp; Capital Structure</b>		
5	<b>Return on Equity Difference</b>		(\$2,278,662)
6			
7			
8	<b>Income Statement - Expense Issues</b>		
9	<b>Fuel and Purchase Power Energy Costs</b>		(2,169,850)
10			
11	<b>Total Value of All Issues</b>		(\$4,448,512)
12			
13	<b>Staff Revenue Requirement</b>		<b>15,916,837</b>
14			
15	<b>AGP Issue Values - Differences from Aquila</b>		
16	Return on Equity		(1,727,706)
17	Capital Structure		114,046
18	Fuel, Purchase Power and Hedging Costs		(4,591,165)
19	Depreciation Expense		(217,000)
20	<b>AGP Revenue Requirement</b>		<b>13,943,524</b>