

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Tariffs of Aquila, Inc., d/b/a)	
Aquila Networks – MPS and Aquila Networks – L&P)	
Increasing Electric Rates for the Services Provided)	<u>Case No. ER-2007-0004</u>
to Customers in the Aquila Networks - MPS and)	Tariff No. YE-2007-0001
Aquila Networks – L&P Service Areas)	

ORDER ESTABLISHING TEST YEAR AND DEFERRING DECISION
ON A TRUE-UP

Issue Date: August 2, 2006

Effective Date: August 2, 2006

On July 3, 2006, Aquila, Inc., submitted a proposed tariff designed to implement a general rate increase for retail electric service provided by Aquila to customers in its Aquila Networks – MPS and Aquila Networks – L&P service areas. In its order suspending that tariff, the Commission directed its Staff, the Office of the Public Counsel, and any intervenors to file a recommendation by August 1 regarding the test year and true-up proposed by Aquila.

For the purposes of its rate case filing, Aquila uses a test year ending December 31, 2005, adjusted and updated for any known and measurable changes through June 30, 2006. Aquila also proposes that a true-up of certain accounts be made as of January 1, 2007. In pleadings filed on August 1, Staff and Public Counsel concur with the test year proposed by Aquila. However, Public Counsel opposes the establishment of a true-up at this time because Aquila has not indicated any material changes that will occur after June 30, 2006, that would justify a true-up. Public Counsel indicates that it will consider the

need for a true-up as it analyzes Aquila's request for a rate increase and will address the need for a true-up in its direct testimony. The Department of Natural Resources also filed a pleading on August 1, indicating that it joins in the recommendations of Public Counsel.

Staff indicates that it also cannot make a meaningful recommendation regarding a true-up at this time. Staff intends to discuss the need for a true-up with Aquila and the other parties at the prehearing conference scheduled for August 9, and will make a recommendation regarding the need for a true-up after the conference. Sedalia Industrial Energy Users' Association and AG Processing Inc., concur in Staff's recommendation. The City of St. Joseph also filed a pleading on August 1, but took no position regarding Aquila's test year or true-up proposals.

Since all parties agree on the test year, the Commission will adopt the test year proposed by Aquila. There is no need to decide on the need for a true-up at this stage of the proceedings. Therefore, the Commission will defer making a decision on that question until the parties are able to offer further recommendations.

IT IS ORDERED THAT:

1. A test year ending December 31, 2005, adjusted and updated for any known and measurable changes through June 30, 2006, shall be used for purposes of this case.

2. This order shall become effective on August 2, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Morris L. Woodruff, Deputy Chief Regulatory
Law Judge, by delegation of authority
under Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 2nd day of August, 2006.