

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

In the Matter of Aquila, Inc. d/b/a Aquila	)	
Networks-MPS's Purchased Gas	)	
Adjustment Factors to be Reviewed in its	)	Case No. GR-2004-0539
2003-2004 Actual Cost Adjustment	)	

**STAFF RECOMMENDATION**

COMES NOW the Staff (Staff) of the Missouri Public Service Commission (Commission) in the above-captioned matter and for its recommendation states as follows:

1. On November 5, 2004, Aquila, Inc. (Aquila) filed tariff sheets with the Commission to be effective November 18, 2004. Initially Aquila made two filings. The initial filing for Aquila Network-L&P was GR-2004-0538 and Aquila Networks-MPS was GR-2004-0539. These cases were subsequently consolidated under GR-2004-0539. These filings were made to reflect changes in Company's Purchased Gas Adjustment (PGA) factors for the upcoming winter season. These filings applied both to the MPS and L&P systems.

2. On November 12, 2004, Staff filed its Memorandum and Recommendation and filed a Supplemental Memorandum on November 17, 2005. Staff recommended approval of the tariff sheet with an effective date of November 18, 2004. Staff recommended that good cause had been shown pursuant to Section 393.140 to allow the tariff sheets to become effective on less than thirty days notice. Staff also recommended that the rates be interim, subject to refund. Staff also recommended approval of Aquila's Motion for Waiver to file its scheduled PGA filing one day out of time.

3. On November 18, 2004, the Commission issued its Order Approving Interim Rates. The Commission approved the proposed tariff sheets on an interim, subject to refund basis, approved an effective date of November 18, 2004 and concluded that good cause had been shown for approval on less than thirty days notice pursuant to Section 393.140(11) RSMo 2000.

4. For the 2003/2004 ACA review period, MPS provided natural gas to approximately 32,000 customers on its Southern System, 10,500 on its Northern System and 6,200 on its L&P System. On April 30, 2004, in Case No. GM-2004-0244 the Commission approved the sale of the Eastern System to AmerenUE.

5. Staff completed an audit of the billed revenues and actual gas costs for the period September 1, 2003 through August 31, 2004 included in MPS' Northern and Southern Systems and L&P's computation of the ACA rate. Staff also reviewed MPS' and L&P's gas purchasing practices to determine the prudence of MPS' and L&P's purchasing decisions.

6. In the attached Memorandum (HC and NP versions of Attachment A), Staff recommends that the Commission issue an order establishing the account balances as recommended by Staff and order MPS and L&P to implement and comply with all of the matters listed in the Recommendations Section of Staff's Memorandum. Staff also recommends that the Commission order MPS' and L&P to respond to Staff's recommendations within thirty days of the filing of Staff's recommendation.

WHEREFORE, Staff recommends that the Commission issue its order in this case consistent with Staff's recommendations.

Respectfully submitted,

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/s/ Robert V. Franson

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 21<sup>st</sup> day of November 2005.

/s/ Robert V. Franson