

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

In the Matter of Aquila Networks - L&P's)	
Purchased Gas Adjustment Factor to be)	
reviewed in its 2003-2004 Actual Cost)	Case No. GR-2004-0538
Adjustment.)	

STAFF'S RECOMMENDATION

COMES NOW Staff of the Public Service Commission of Missouri, and for its recommendation in this case states:

1. On April 16, 2004, Aquila Inc., d/b/a Aquila Networks – L&P (Aquila) filed tariff sheets to implement its summer changes to its Purchased Gas Adjustment factors. The tariff sheets were assigned tracking number YG-2004-1272. On the same date, Aquila filed its motion for waiver permitting to file its PGA tariff changes out of time. Aquila proposed the tariff sheets become effective on April 30, 2004.
2. Staff has reviewed both the waiver and the tariff filing, and recommends that the Commission grant the waiver and approve the tariff sheets. Staff's Memorandum is attached as Attachment A.
3. Staff recommends that the proposed rates be interim, subject to refund, and notes that good cause for approving the tariffs on less than thirty days notice is reflected in Aquila's PGA clause providing for ten days notice.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Thomas R. Schwarz, Jr.
Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5239 (Telephone)
(573) 751-9285 (Fax)
E-mail: tschwarz@mail.state.mo.us

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 27th day of April, 2004.

/s/ Thomas R. Schwarz, Jr.

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2004-0539, File No. YG-2004-1272,
Aquila, Inc., d/b/a Aquila Networks-L & P

FROM: James M. Russo, Energy Department - Tariffs/Rate Design

/s/Warren Wood 4/26/04

Energy Department/Date

/s/ Thomas R. Schwarz, Jr. 4/27/04

General Counsel's Office/Date

SUBJECT: Staff Recommendation on the Scheduled Summer Season PGA Filing by Aquila, Inc., d/b/a
Aquila Networks – L & P

DATE: April 27, 2004

On April 16, 2004, Aquila, Inc., d/b/a Aquila Networks - L & P (Company or L & P) of Kansas City, Missouri, filed a tariff sheet proposed to become effective April 30, 2004. The tariff sheet was filed to reflect scheduled changes in L & P's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming summer season. The summer season includes the months of April through October.

The net effect of these changes will increase the PGA factor for the summer season to \$0.73333 per hundred cubic feet (Ccf) from a scheduled 2003-2004 winter season PGA factor of \$0.68975 per Ccf. When compared to current rates, the effect of the proposed change on a typical residential customer's bill for the summer season is an approximate increase of \$9 or 3%.

Case No. GR-2004-0539, under which this tariff sheet was filed, was established to track the Company's PGA factors to be reviewed in its 2003-2004 Actual Cost Adjustment (ACA) filing. Case Number GR-2003-0369 was established to track the Company's PGA factor to be reviewed in its 2002-2003 ACA filing. Interim subject to refund status should be maintained pending final Commission decision in Case Nos. GR-2004-0539 and GR-2003-0369.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed this PGA filing and has determined that this filing was calculated in conformance with L & P's Commission approved PGA Clause. Staff is of the opinion that good cause for approval of the tariff sheet on less than thirty days notice is demonstrated by L & P's Commission approved PGA clause allowing for ten (10) business days notice for

Attachment A

PGA change filings.

In addition, Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. The Commission's Energy Department Staff has reviewed this filing and is unaware of any issue currently pending before the Commission that affects or is affected by this filing however the following open case involving this Company are before the Commission at this time:

GR-2002-468	GX-2004-0090
GR-2003-0311	GO-2004-0195
GR-2003-0369	

Therefore, Staff recommends the Commission approve the following tariff sheet, as filed on April 16, 2004, to become effective April 30, 2004, interim subject to refund:

P.S.C. MQ.No.4
60th Revised Sheet No. 9.4, Cancelling 59th Revised Sheet No. 9.4

Copies: Director - Utility Operations Division
 Director - Utility Services Division
 General Counsel
 Manager - Financial Analysis Department
 Manager - Procurement Analysis Department
 Manager - Energy Department
 Karen S. Russell – Director of Rate Administration (Aquila)
 Amy Winkler - Regulatory Analyst (Aquila)
 Gary Duffy - Attorney for SJLP (Brydon Swearengen & England PC)
 Office of the Public Counsel

SUMMER SEASON
Approximate Billing Impact Of 312 Ccf per Summer Season
Aquila Networks- L & P
Residential Heating Customer

Summer Season with Current Rates (Months)	Ccf Usage	Total Fuel Bill (\$)
+ April 2004	96	88.57
+ May	53	51.88
+ June	36	37.38
+ July	28	30.55
+ August	27	29.70
+ September	30	32.26
+ October	42	42.50
5 Month Summer Season Total	312.0	\$312.83

Summer Season with Proposed Rates (Months)	Ccf Usage	Total Fuel Bill (\$)
* April 2004	96	88.57
* May	53	54.19
* June	36	38.95
* July	28	31.77
* August	27	30.87
* September	30	33.56
* October	42	44.33
5 Month Summer Season Total	312.0	\$322.25

REMARKS

For a typical residential customer using approximately 312 Ccf during the summer season (April-October), natural gas rates will increase by \$9.41 or approximately 3% when comparing the fuel bills for the current PGA rate with the proposed PGA rate for the forecasted summer season ending October 2004.

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- (3) Tariff Sheet No. 4: Customer Charge = \$6.66; Energy Charge = \$0.1635 per Ccf : Effective June 15, 1995.
- + (4) Tariff Sheet No. 9.4: PGA Charge = \$.68975 per Ccf : Effective November 14, 2003.
- * (5) Proposed Tariff Sheet No. 9.4: PGA Charge = \$.73333 per Ccf : Proposed Effective Date April 30, 2004.

Missouri Public Service Commission
April 2004