

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 26th day  
of January, 2006.

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

**ORDER ADOPTING STAFF RECOMMENDATION**  
**AND REQUIRING ADJUSTMENT**  
**OF ACA BALANCE**

Issue Date: January 26, 2006

Effective Date: February 5, 2006

This case was opened to receive the 2003-2004 Actual Cost Adjustment (ACA) filing of Aquila, Inc.<sup>1</sup> On November 21, 2005, the Staff of the Public Service Commission filed a recommendation and memorandum which it later amended by filing an updated recommendation on January 13, 2006. Staff's recommendation indicates that Staff reviewed the ACA filing, including an analysis of the billed revenues and actual gas costs used in the company's computation of its ACA rates. Staff also reviewed Aquila's gas purchasing practices to determine the prudence of the company's purchasing decisions. In addition, Staff conducted a reliability analysis and a hedging review.

Staff recommended that the Commission issue an order requiring Aquila to:

1. Adjust the balances in its 2003/2004 ACA filing to reflect the ending (over)/under recovery balances for the ACA, TOP, TC, and Refund accounts as shown on the table set out in Staff's January 13, 2006 Memorandum, and;
2. Respond to Staff's recommendation by January 23, 2006.

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<sup>1</sup> The case is consolidated with Commission Case No. GR-2004-0538.

On January 17, 2006, Aquila filed its response indicating that it accepted Staff's recommendations and asking that the Commission issue an order consistent with that revised recommendation. Aquila also responded to Staff's comments and concerns about its reliability analysis.

After reviewing Staff's recommendation and Aquila's response, the Commission concludes that Staff's recommendation should be implemented.

**IT IS THEREFORE ORDERED:**

1. That Aquila, Inc., shall adjust the ACA balance in its 2003-2004 ACA filing to reflect the revised ending (over)/under recovery balances for the Actual Cost Adjustment, Take-or-Pay, Transition Cost, and Refund accounts per the following table:

<b>Description (+) Under-recovery (-) Over-recovery</b>	<b>Company Ending Balances Per Filing</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances</b>
Southern System: Firm ACA	\$1,041,960	(\$21,800) (A) (\$17,927) (B)	\$1,002,233
Interruptible ACA	(\$9,563)	\$0	(\$9,563)
Take-or-Pay (TOP)	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0
Refund	(\$121,530)	\$0	(\$121,530)
Northern System: Firm ACA	\$478,200	(\$9,245) (C)	\$468,955
Interruptible ACA	\$104,100	\$0	\$104,100
Take-or-Pay (TOP)	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0
Refund	(\$28,586)	\$0	(\$28,586)
L & P System: Firm ACA	\$363,882	(\$32,602) (D) (\$3,994) (B)	\$327,286
Interruptible ACA	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0
Transition Cost (TC)	\$1,024 (E)	\$1,186 (F) \$1,407 (B)	\$3,617 (G)
Refund	\$0	\$0	\$0

- A) (\$11,150) Storage + (\$10,650) Cash-out.
- B) 8-31-03 beginning balance adjusted to prior year ending balances (See ACA/TC balance section).
- C) Cash-out adjustment.
- D) Storage.
- E) 8-31-04 TC balance per Enclosure 5 (DR 26).
- F) 2003-2004 TC activity.
- G) \$2,431 per order + [(\$34,398) + \$35,584] 2003-04 TC activity.

2. That this order shall become effective on February 5, 2006.
3. That this case may be closed on February 6, 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 )

Davis, Chm., Murray, Clayton,  
and Appling, CC., concur.  
Gaw, C., concurs, with separate  
concurring opinion to follow.

Dippell, Deputy Chief Regulatory Law Judge