

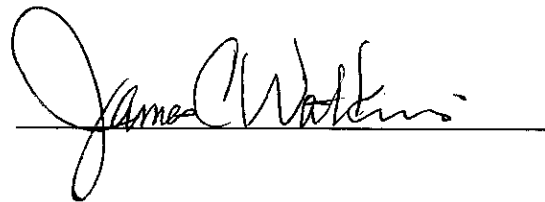
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of Aquila, Inc. d/b/a Aquila Networks - L&P,)
for authority to file tariffs changing the steam Quarterly) **Case No. HR-2007-0028**
Cost Adjustment for service provided to customers in the) **Tariff No. YH-2007-0248**
Aquila Networks - L&P service territory.)

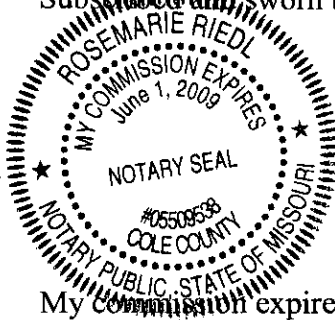
AFFIDAVIT OF JAMES C. WATKINS

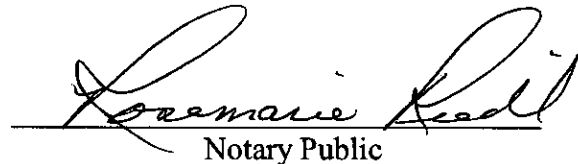
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James C. Watkins, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation; that he has knowledge of the matters set forth in such recommendation; and that such matters are true to the best of his knowledge and belief.



Subscribed and sworn to before me this 14th day of November, 2006.





Notary Public

My commission expires

June 1, 2009

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HR-2007-0028, File No. YH-2007-0248
Aquila, Inc. d/b/a Aquila Networks – L&P

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator
Mack McDuffey, Rate & Tariff Examiner II

 11/14/06
Energy Department / Date

 11/14/06
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheet to add the quarterly cost adjustment for 2006 Q3 to its Quarterly Cost Adjustment Rider

DATE: November 15, 2006

On October 16, 2006, Aquila, Inc. d/b/a Aquila Networks – L&P (Aquila or Company) of Kansas City, Missouri, filed with the Commission one (1) tariff sheet with a proposed effective date of December 1, 2006 to add the quarterly cost adjustment for the third quarter of 2006 as required by Company's Quarterly Cost Adjustment Rider, which was approved in Case No. HR-2005-0450. The Commission has assigned Case No. HR-2007-0028 for the filings during this initial audit period and any subsequent prudence review and true-up of revenues collected. Aquila's filing included workpapers consisting of two worksheets showing its calculation of the quarterly cost adjustment for the third quarter of 2006.

The Commission's Energy Department Staff (Staff) has reviewed the proposed tariff sheet based on the Company's workpapers and is of the opinion that the quarterly cost adjustment for 2006 Q3 has been calculated in accordance with the provisions of the Quarterly Cost Adjustment Rider. The Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheet, as filed on October 16, 2006, to become effective on December 1, 2006, as requested by Aquila, or permit the tariff sheet to go into effect by operation-of-law:

P.S.C. MO. No. 1

2nd Revised Sheet No. 6.5 Canceling 1st Revised Sheet No. 6.5

The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.