

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0297, File No. YG-2006-0545, Aquila Networks – MPS and L&P

FROM: Tom Imhoff, Energy Department – Tariffs/Rate Design

/s/ Thomas Imhoff 1-13-06 /s/ Lera Shemwell 1-13-06
Energy Department/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Aquila Networks – MPS and L&P's Unscheduled Winter
Season PGA Filing Effective January 30, 2006

DATE: January 13, 2006

On January 12, 2006, Aquila Networks – MPS and L&P (Aquila or Company) of Kansas City, Missouri filed tariff sheets proposed to become effective January 30, 2006. The tariff sheets were filed to reflect an optional change in Aquila's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the remainder of the current winter season.

For the Southern System (serving communities such as Sedalia and Clinton), the net effect of this filing is to decrease the firm PGA factors for the remaining portion of the 2005 – 2006 winter season to \$0.99924 per Ccf from the current firm PGA factor of \$1.14400 per Ccf. This represents a \$0.14476 per Ccf decrease.

For the Northern System (serving communities such as Chillicothe and Trenton), the net effect of this filing is to decrease the firm PGA factors for the remaining portion of the 2005 – 2006 winter season to \$1.01440 per Ccf from the current firm PGA factor of \$1.08582 per Ccf. This represents a \$0.07142 per Ccf decrease.

For the L&P System (serving communities such as Maryville and Mound City), the net effect of this filing is to decrease the firm PGA factors for the remaining portion of the 2005 – 2006 winter season to \$0.85966 per Ccf from the current firm PGA factor of \$0.94543 per Ccf. This represents a \$0.08577 per Ccf decrease.

Case No. GR-2006-0297, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Case No. GR-2005-0271 was established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in ACA Case Nos. GR-2005-0271, and GR-2006-0297.

Staff has verified that this company has filed its annual report and is not delinquent on any

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assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing. The following Cases involving this Company are pending before the Commission:

GR-2005-0271
GX-2006-0181

GO-2006-0205

GW-2006-0110

Although Aquila filed its sheets with a requested effective date of January 30, 2006, the Commission may approve them before that date and order an earlier effective date. While Staff has not had an opportunity to verify the numbers contained in the instant filing, given the interim nature of the filing, the amount of the decreases contained therein, and the need to assist Missouri consumers by promptly implementing a decrease in natural gas rates, which Staff believes constitutes good cause, Staff recommends that the filing be approved on an expedited basis. Therefore, Staff recommends that the following tariff sheets, filed on January 12, 2006, be approved, interim subject to refund:

P.S.C. MO. No.1

5th Revised Sheet No. 61 Canceling 4th Revised Sheet No. 61

6th Revised Sheet No. 62 Canceling 5th Revised Sheet No. 62

4th Revised Sheet No. 64 Canceling 3rd Revised Sheet No. 64

My commission expires