

**BEFORE THE PUBLIC SERVICE COMMISSION
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 Cost Adjustment for service provided to)	<u>Case No. HR-2007-0399</u>
customers in the Aquila Networks–L&P service)	Tariff No. YH-2008-0100
territory.)	

STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its recommendation to approve tariff sheet, respectfully states:

1. In the attached Memorandum (Appendix A) the Staff recommends the Missouri Public Service Commission (Commission) approve the tariff sheet Aquila filed on October 12, 2007, to become effective December 1, 2007. Aquila filed the tariff sheet to make a quarterly cost adjustment required as part of the Stipulation and Agreement approved by the Commission in Case No. HR-2005-0450. That Stipulation and Agreement includes a “fuel rider” that requires quarterly rate adjustments, with not more frequent than annual true-ups.

2. Staff has reviewed the tariff sheet and is of the opinion that the quarterly cost adjustment for the 2007 Q3 has been calculated in accordance with the provisions of the Quarterly Cost Adjustment Rider tariff sheet and complies with the Commission’s Order in HR-2005-0450.

3. The Staff recommends the Commission issue an order approving the proposed tariff sheet to be effective December 1, 2007, or allow the sheet to go into effect by operation of law.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission either approve to become effective December 1, 2007 or allow to go into effect by

operation of law on December 1, 2007, the Tariff Sheet Aquila, Inc. d/b/a Aquila Networks–L&P
filed on October 12, 2007, to wit:

P.S.C. MO. No. 1

6th Revised Sheet No. 6.5 canceling 5th Revised Sheet No. 6.5

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy General Counsel
Missouri Bar No. 35512

Attorney for the Staff of the
Missouri Public Service Commission
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 15th day of November 2007.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HR-2007-0399, File No. YH-2008-0235
Aquila, Inc. d/b/a Aquila Networks – L&P

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

/s/ James Watkins 11/15/07
Energy Department / Date

/s/ Nathan Williams 11/15/07
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheet To Add The Quarterly Cost Adjustment For 2007 Third Quarter To Its Quarterly Cost Adjustment Rider

DATE: November 15, 2007

On October 12, 2007, 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 an issue date of October 12, 2007, and a proposed effective date of December 1, 2007, to add the quarterly cost adjustment for the third quarter of 2007 as required by Company's Quarterly Cost Adjustment Rider, which the Commission approved in Case No. HR-2005-0450.

The Commission assigned Case No. HR-2007-0028 for the filings during the initial audit period (Q206 – Q406) and any subsequent prudence review and true-up of the revenues collected during that audit period. The Commission assigned Case No. HR-2007-0399 for the second audit period. Aquila's filing included workpapers consisting of four worksheets showing its calculation of the quarterly cost adjustment for the third quarter of 2007.

The Commission's Energy Department Staff (Staff) has reviewed the proposed tariff sheet, and based on the Company's workpapers Staff is of the opinion that the quarterly cost adjustment for 2007 Q3 has been calculated in accordance with the provisions of the Quarterly Cost Adjustment Rider. Staff therefore recommends that the Commission approve the following proposed tariff sheet, as filed on October 12, 2007, to become effective on December 1, 2007, as requested by Aquila, or permit the tariff sheet to go into effect by operation-of-law:

P.S.C. MO. No. 1

6th Revised Sheet No. 6.5 Canceling 5th 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.

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for authority to file tariffs changing the steam QCA for)
service provided to customers in the Aquila Networks -)
L&P service territory.)

Case No. HR-2007-0399
File No. YH-2008-0235

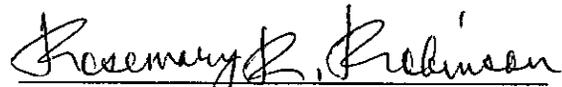
AFFIDAVIT OF JAMES C. WATKINS

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 15th day of November, 2007.


Notary Public

My commission expires 9-23-2008

