

**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 August 8, 2007, to become effective September 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. Because of the 30-day requirement of section 393.140(11) RSMo 2000, the tariff sheet that is the subject of this staff recommendation bears an effective date of September 7, 2007.¹ Aquila filed a motion for expedited treatment requested the tariff sheet be made effective on September 1, 2007, pointing out that the Stipulation and Agreement in Case No. HR-2005-0450 states “Aquila will make quarterly filings to adjust the fuel rider” and that the next quarter will begin on September 1, 2007. Further, Aquila noted the Commission has authorized the adjustment process reflected in the Case No. HR-2005-0450 Stipulation and Agreement.

¹ Aquila originally filed the quarterly cost adjustment tariff sheet on July 13, 2007, to become effective September 1, 2007, as Tariff No. YH-2008-0039; however, Aquila withdrew that sheet and, on August 8, 2007, filed the tariff sheet that is the subject of this recommendation.

3. Staff has reviewed the tariff sheet and is of the opinion that the quarterly cost adjustment for the 2007 Q2 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.

4. As Aquila points out in its motion for expedited treatment, to comply with the Stipulation and Agreement the Commission approved in Case No. HR-2005-0450 this quarterly adjustment should go into effect on September 1, 2007, not on September 7, 2007. Compliance with the Commission's order in Case No. HR-2005-0450 constitutes "good cause shown" pursuant to Section 393.140(11), RSMo 2000, for this tariff sheet to go into effect on less than thirty (30) days' notice.

5. The Staff recommends the Commission issue an order approving the proposed tariff sheet to be effective September 1, 2007.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission approve the Tariff Sheet Aquila, Inc. d/b/a Aquila Networks–L&P filed on August 8, 2007, to become effective September 1, 2007, to wit:

P.S.C. MO. No. 1

5th Revised Sheet No. 6.5 canceling 4th 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
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8702 (Telephone)
(573) 751-9285 (Fax)
nathan.williams@psc.mo.gov (e-mail)

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 20th day of August, 2007.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HR-2007-0399, File No. YH-2008-0100
Aquila, Inc. d/b/a Aquila Networks – L&P

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

/s/ James Watkins 08/20/07
Energy Department / Date

/s/ Nathan Williams 08/20/07
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheet to add the quarterly cost adjustment for 2007 second quarter to its Quarterly Cost Adjustment Rider

DATE: August 20, 2007

On August 8, 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 August 8, 2007, and a proposed effective date of September 7, 2007,¹ to add the quarterly cost adjustment for the second quarter of 2007 as required by Company's Quarterly Cost Adjustment Rider, which the Commission approved in Case No. HR-2005-0450. Aquila also filed Motion For Expedited Treatment dated August 9, 2007.

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 second 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 Q2 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 August 8, 2007, to become effective on September 1, 2007, as requested in Aquila's Motion, with less than 30 day's notice for good cause shown pursuant to Section 393.140(11) RSMo 2000.

P.S.C. MO. No. 1

5th Revised Sheet No. 6.5 Canceling 4th 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.

1 Aquila originally filed Tariff No. YH-2007-0039 with an issue date of July 13, 2007 and an effective date of September 1, 2007 to add the Quarterly Cost Adjustment. That filing was withdrawn to make a correction.

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In the matter of Aquila, Inc. d/b/a Aquila)
Networks - L&P, 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

AFFIDAVIT OF WILLIAM L. MCDUFFEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

William L. McDuffey, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


William L. McDuffey

Subscribed and sworn to before me this 20th day of August, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

My commission expires 9-21-10