

**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)	<u>Tariff No. YH-2008-0426</u>
territory.)	

**STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET
AND MOTION FOR LEAVE TO FILE RECOMMENDATION LATE**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its recommendation to approve tariff sheet and motion for leave to file its recommendation late, 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 January 15, 2008, to become effective March 1, 2008. 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, based on Aquila’s accompanying workpapers, is of the opinion that the quarterly cost adjustment for the 2007 Q4 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 March 1, 2008, or allow the sheet to go into effect by operation of law.

4. In its January 17, 2008 Order Directing Filing, the Commission ordered the Staff to file its recommendation by February 15, 2008. Unfortunately, the member of the Staff

responsible for Staff's recommendation in this case was ill and unable to complete the Staff's recommendation until today.

WHEREFORE, the Staff of the Missouri Public Service Commission requests leave to late-file its recommendation, and recommends the Commission either approve to become effective March 1, 2008 or allow to go into effect by operation of law on March 1, 2008, the Tariff Sheet Aquila, Inc. d/b/a Aquila Networks–L&P filed on January 15, 2008, to wit:

P.S.C. MO. No. 1

7th Revised Sheet No. 6.5 Canceling 6th 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 20th day of February 2008.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HR-2007-0399, File No. YH-2008-0426
Aquila, Inc. d/b/a Aquila Networks – L&P

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

/s/ James Watkins 02/20/08
Energy Department / Date

/s/ Nathan Williams 02/20/08
General Counsel's Office / Date

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

DATE: February 20, 2008

On January 15, 2008, 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 January 15, 2008, and a proposed effective date of March 1, 2008, to add the quarterly cost adjustment for the fourth 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 fourth 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 Q4 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 January 15, 2008, to become effective on March 1, 2008, as requested by Aquila, or permit the tariff sheet to go into effect by operation-of-law:

P.S.C. MO. No. 1

7th Revised Sheet No. 6.5 Canceling 6th 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.

OF THE STATE OF MISSOURI

Case No. HR-2007-0399
File No. YH-2008-0426

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.

Jamaal Wattana

Subscribed and sworn to before me this 20th day of February, 2008.



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

Susan K. Bindermeier
Notary Public

My commission expires 9-21-10