

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

In the Matter of Aquila, Inc. d/b/a Aquila Networks -	)	
MPS's Purchased Gas Adjustment Factors to be	)	<b><u>Case No. GR-2004-0539</u></b>
Reviewed in its 2003-2004 Actual Cost Adjustment	)	

**CONCURRING OPINION OF COMMISSIONER STEVE GAW**

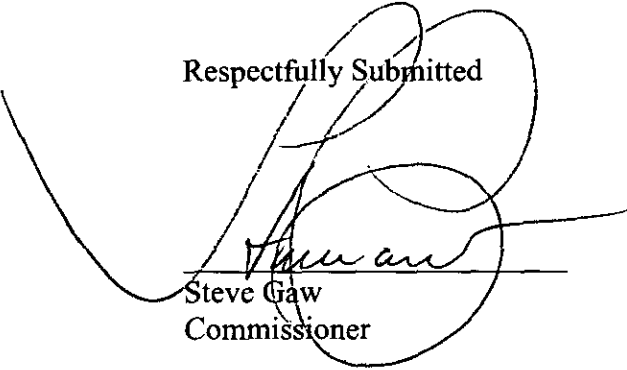
By its Order in the above-captioned docket, the Commission adopted Staff's recommendation regarding ending balances for several accounts related to Aquila Networks – MPS's 2003/2004 ACA filing. Although not addressed in the Commission's Order, the Staff also notes in its recommendation that it reviewed Aquila's gas purchasing practices and conducted a reliability analysis and a hedging review.

Although I agree with the decision of the Commission regarding the approval of final account balances, I write this opinion to make clear that my vote of approval of the account balances is not to be interpreted as an approval of the gas purchasing or hedging practices of Aquila. Staff made assurances in an open agenda that the dynamics of the market for Aquila during this ACA period were such that no significant benefit would have occurred for consumers if different hedging practices had been employed. Therefore, this Commissioner does not see a need to request a full evidentiary hearing on the prudence of gas purchasing practices by Aquila for this ACA period. However, with the extreme volatility of the market that has existed for the last year, this Commission should closely examine the purchasing practices of the LDCs for prudence during the current winter. Otherwise, the failure of LDCs to employ good practice in such an environment could cause consumers to pay significantly higher prices than they otherwise should pay.

The Commission currently has established a docket to analyze the purchasing / hedging practices of its Missouri-regulated LDCs. Based upon an initial review of the practices of those

LDCs, it has become apparent that not all LDCs engage in hedging to the same extent or use all the hedging instruments available to them. Until such time as the Commission has reached definitive conclusions regarding hedging practices, my silence on such an issue in the context of these ACA dockets should not be interpreted as a belief that any particular LDC is engaged in the proper amount of gas hedging or utilizing the appropriate gas hedging instruments.

Respectfully Submitted



Steve Gaw  
Commissioner

Dated at Jefferson City, Missouri,  
on this 30<sup>th</sup> day of January, 2006.