

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

In the Matter of Aquila Network - MPS and L&P)
Purchased Gas Adjustment (PGA) Factors to be) Case No. GR-2005-0271
Reviewed in its Actual Cost Adjustment.)

STAFF RECOMMENDATION IN THIS CASE

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Recommendation in this case states:

1. On June 30, 2005, Aquila Inc. d/b/a Aquila Networks – MPS and L&P (MPS or Company), of Kansas City, Missouri, filed tariff sheets proposed to become effective on July 18, 2005. These tariff sheets were filed to reflect changes in the Company's Purchased Gas Adjustment (PGA) factors as a result of an estimated change in the cost of natural gas for the remaining portion of the summer season.

2. The changes in gas cost, which reflect increasing gas prices, are proposed to be effective for service rendered on or after July 18, 2005.

3. The Energy Department staff has reviewed the filing and has determined that the proposed gas cost increases were calculated in conformance with MPS's Commission approved PGA clause.

4. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by the fact that the Commission approved MPS's tariff that allows for ten (10) business days notice for PGA change filings.

5. Staff recommends, however, that the tariff sheets be approved interim, subject to refund only pending the final Commission decision in this case. Interim subject to refund status

should be maintained pending final Commission decisions in Case Nos. GR-2005-0271, GR-2004-0539, and GR-2003-0369.

WHEREFORE, the Staff recommends that the Commission approve the tariff filing effective on July 18, 2005, only in the basis that the rates are interim subject to refund.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Lera L. Shemwell
Lera L. Shemwell
Senior Counsel
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed emailed, sent by facsimile or hand-delivered to all counsel of record this 6th day of July 2005.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2005-0271, File No. YG-2005-1163,
Aquila Networks – MPS

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

/s/ Tom Imhoff 07/05/05
Energy Department/Date

Lera Shemwell 7/6/05
General Counsel's Office/Date

SUBJECT: Staff Recommendation For Aquila Networks – MPS Optional
PGA Filing Effective July 18, 2005

DATE: July 5, 2005

On June 30, 2005, Aquila Inc. d/b/a Aquila Networks – MPS and L&P (MPS or Company), of Kansas City, Missouri, filed tariff sheets proposed to become effective on July 18, 2005. These tariff sheets were filed to reflect changes in the Company's Purchased Gas Adjustment (PGA) factors as a result of an estimated change in the cost of natural gas for the remaining portion of the summer season.

For the Southern System (serving communities such as Sedalia and Clinton), the net effect of this filing is to increase the firm PGA factor for the remaining portion of the 2004 - 2005 summer season to \$0.80180 per Ccf (hundred cubic feet), from the firm PGA factor of \$0.73993 per Ccf currently in effect. When compared to the rates currently in effect, for a residential customer who uses a total of 127 Ccf in July, August, September and October, this proposed change would increase that customer's bill by approximately \$8, or 5% for the remaining summer season.

For the Northern System (serving communities such as Chillicothe and Trenton), the net effect of this filing is to increase the firm PGA factor for the remaining portion of the 2004 - 2005 summer season to \$0.86117 per Ccf, from the firm PGA factor of \$0.78428 currently in effect. When compared to the rates currently in effect, for a residential customer who uses a total of 127 Ccf in July, August, September and October, this proposed change would increase that customer's bill by approximately \$10, or 6% for the remaining summer season.

Case No. GR-2005-0271, under which these PGA changes were filed, was established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. Case No. GR-2004-0539 was established to track the Company's PGA factors to be reviewed in its 2003-2004 ACA filing. Case No. GR-2003-0369, was established to track the Company's PGA factors to be reviewed in its 2002-2003 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-2005-0271, GR-2004-0539, and GR-2003-0369.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing

Appendix A

and has determined that the tariff sheets were calculated in conformance with the Company's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is demonstrated by the Company's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends approval of the following tariff sheets, as filed on June 30, 2005 with an effective date of July 18, 2005, interim subject to refund:

P.S.C. MO. No. 1

3rd Revised Sheet No. 61, Canceling 2nd Revised Sheet No. 61

4th Revised Sheet No. 62, Canceling 3rd Revised Sheet No. 62

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing; however, the following cases involving this Company are pending before the Commission at this time.

Aquila, Inc. / Aquila Networks – MPS

GR-2004-0539

GR-2003-0311

GR-2003-0369

GX-2004-0090

GO-2004-0195

Copies: Director - Utility Operations Division
Director - Utility Services Division
General Counsel
Manager - Financial Analysis Department
Manager - Procurement Analysis Department
Manager - Energy Department
Amy Burns – Regulatory Analyst (MPS)
Dean L. Cooper- Attorney for MPS (Brydon, Swearengen & England, PC)
Office of the Public Counsel