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RICHARD T. CIOTTONE

December 5, 2002

Secretary  
Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**FILED<sup>2</sup>**  
**DEC 06 2002**  
Missouri Public  
Service Commission

**RE: Case No. GR-2001-461(Consolidated)**

Dear Mr. Roberts:

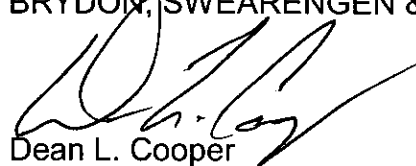
Enclosed please find an original and eight copies of the MPS's Motion for Leave to File Statement of Position filed on behalf of Aquila, Inc. Please file stamp the enclosed extra receipt copy and return to me for my records.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

  
Dean L. Cooper

DLC/tli  
Enclosures  
cc: Office of the Public Counsel  
General Counsel

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

**FILED<sup>2</sup>**  
**DEC 06 2002**

In the Matter of Aquila Networks - MPS' )  
Purchased Gas Adjustment factors to be reviewed )  
in its 2000-2001 Actual Cost Adjustment. )

Missouri Public  
Service Commission  
Case No. GR-2001-461  
(Consolidated)

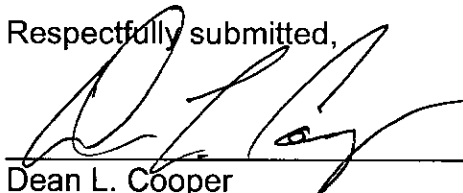
**MPS'S MOTION FOR LEAVE TO FILE  
STATEMENT OF POSITION**

COMES NOW Aquila, Inc. d/b/a Aquila Networks - MPS ("MPS") and, as its Motion for Leave to File Statement of Position, states as follows to the Missouri Public Service Commission's ("Commission"):

1. In accordance with Commission Order, the parties' statements of position were to be filed in this matter on December 5, 2002.
2. Because of other commitments of MPS's attorney, MPS did not file its statement of position by 4:00 p.m. on December 5, 2002.
3. Attached as Appendix A is MPS's Statement of Position. MPS has provided this document to the Commission and the other parties on December 5, 2002. However, it is doing so after 4:00 p.m. Thus, MPS seeks the Commission's leave to file its Statement of Position out of time.
4. The hearing in this matter is scheduled for February of 2003. Thus, no prejudice should result in regard to the Commission's or the parties' ability to prepare for the hearing in this matter.

WHEREFORE, MPS prays for an order granting its motion for leave to file its attached Statement of Position.

Respectfully submitted,



Dean L. Cooper MBE#36592  
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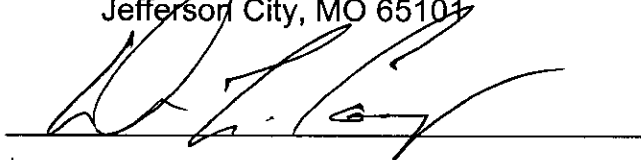
ATTORNEYS FOR AQUILA, INC. D/B/A  
AQUILA NETWORKS - MPS

#### CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was hand-delivered on December 5<sup>th</sup>, 2002 to the following:

Robert Franson  
Office of the General Counsel  
Governor Office Building  
Jefferson City, MO 65101

Douglas Micheel  
Office of the Public Counsel  
Governor Office Building  
Jefferson City, MO 65101



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

In the Matter of Aquila Networks - MPS'	)	
Purchased Gas Adjustment factors to be reviewed	)	Case No. GR-2001-461
in its 2000-2001 Actual Cost Adjustment.	)	(Consolidated)

**AQUILA'S STATEMENT OF POSITION**

COMES NOW Aquila, Inc. d/b/a Aquila Networks - MPS ("MPS"), and, in compliance with the Missouri Public Service Commission's ("Commission") Second Order Adopting Amended Procedural Schedule, provides the following statements of position as to those issues identified in the Proposed List of Issues, Order of Witnesses and Order of Cross-Examination:

**LIST OF CONTESTED ISSUES**

- A. Should the winter storage withdrawal months (Nov. through Mar.) for MPS's Northern System be priced at the prior month weighted average cost of gas (WACOG) as advocated by Staff or at the current month WACOG as advocated by MPS?**

**MPS Position:** MPS's storage withdrawals should continue to be priced at the current month's WACOG. Staff's proposed change to the storage calculation will merely shift costs from one month, or PGA period, to another. The proposed change will not provide a benefit to customers, nor will continuing to use the current method be detrimental to customers. (Direct and Rebuttal Testimony of Karen S. Russell).

- B. Should gas costs be reduced in the amount of \$197,771 to reflect Staff's proposed purchasing practices adjustment for inadequate hedged volumes**

**on the Eastern System, or should gas costs on MPS's Eastern System be reduced in the amount of \$330,406 and increased on MPS's Southern System by \$330,406 to reflect MPS's intentions to have purchased less Southern System hedged volumes and more Eastern System hedged volumes?**

**MPS Position:** MPS's proposal to increase Southern System gas costs and to decrease Eastern System gas costs is the most appropriate way to address the issues raised by the Staff. MPS intended to purchase fixed cost gas for the Eastern System. However, due to an oversight, additional fixed price gas was purchased on Williams Gas Pipeline Central, which flows to the Southern System, rather than on the Panhandle Eastern Pipeline, which flows to the Eastern System.

The Southern System inappropriately benefitted from this use of Eastern System fixed cost gas because of the circumstances experienced during in the 2000-2001 ACA period, while the Eastern system was denied this benefit. MPS's proposed adjustment would properly assign the gas costs and benefits to the appropriate MPS systems.

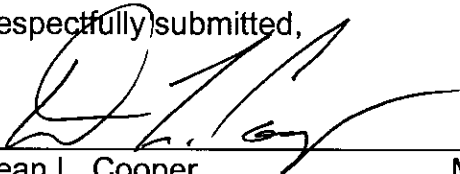
Additionally, the Staff's use of an after the fact 30% hedging requirement is inappropriate. In the fall of 2000, there was not any commonly accepted minimum level of hedging for winter gas supplies and no guidance from the Commission or Staff as to a desired level. To retroactively determine a minimum level of hedging and make the Company responsible for meeting it, is unreasonable. An appropriate percentage should only be arrived at on a prospective basis after interaction between the utility and regulators. (Direct and Rebuttal Testimony of Shawn Gillespie and Rebuttal Testimony of Bruce B. Henning).

**C. Were MPS's decisions related to its use of flowing gas and storage withdrawals on its Southern System during the 2000-2001 Actual Cost Adjustment period imprudent? If so, what is the appropriate adjustment to gas costs?**

**MPS Position:** MPS's decisions were prudent. MPS's decisions as to the use of planned flowing gas and storage withdrawals during the winter of 2000-2001 were reasonable based upon the relevant factors and information known to MPS at the times its decisions were made, to include weather, gas prices, storage levels, pipeline notices, pipeline constraints and supply constraints.

Additionally, the adjustment proposed by the Staff does not take into account the approximately \$743,202 in savings that were derived by MPS's use of storage during the months of November and December 2000. Any adjustment that might be ordered should consider these economic benefits afforded to customers. (Direct and Rebuttal Testimony of Shawn Gillespie and Rebuttal Testimony of Bruce B. Henning).

Respectfully submitted,



Dean L. Cooper MBE#36592  
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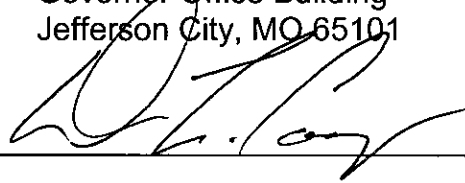
ATTORNEYS FOR AQUILA, INC. D/B/A  
AQUILA NETWORKS - MPS

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A handwritten signature in black ink, appearing to read "D. Micheel", is written over a horizontal line.