

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 456

JEFFERSON CITY, MISSOURI 65102-0456

TELEPHONE (573) 635-7166

FACSIMILE (573) 635-3847

E-MAIL: DUFFY@BRYDONLAW.COM

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

DEAN L. COOPER
MARK G. ANDERSON
GREGORY C. MITCHELL
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTONI

October 15, 2002

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

RE: GT-2003-0038

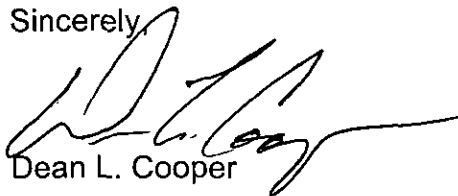
FILED³
OCT 15 2002
Missouri Public
Service Commission

Dear Secretary:

Enclosed for filing with your office are an original and eight copies of Aquila's Response to Preliminary Order. Please file stamp the 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.

Sincerely,



Dean L. Cooper

cc w/enclosures

Robert Franson, GCO
Douglas Michael, OPC
Richard Brownlee

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

In the Matter of the tariff filing of)	Case No. GT-2003-0038
Aquila, Inc. d/b/a Aquila)	(as consolidated with
Networks - L&P)	Case No. GT-2003-0039)

FILED³
OCT 15 2002
Missouri Public
Service Commission

AQUILA'S RESPONSE TO PRELIMINARY ORDER

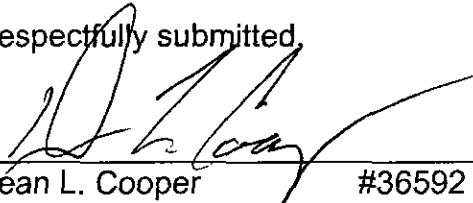
Comes now, Aquila, Inc. d/b/a Aquila Networks - L&P and Aquila Networks - MPS ("Aquila"), and, in response to the Missouri Public Service Commission's ("Commission") Notice of Preliminary Order and Agenda Discussion, respectfully states:

1. On October 10, 2002, the Commission issued its notice of preliminary order and agenda discussion inviting written responses thereto no later than 8:30 a.m. on October 15, 2002.
2. Aquila understands, from the Commission's previous discussion during its October 10, 2002, agenda session, that there may be questions regarding the operation of the \$0.04 per Ccf aggregation and balancing fee/rate cap during the first year of the experiment, the later true-up in the second year of the experiment, and the statutory requirements that the experiment not have any negative financial impact on the gas corporation or its other customers and that the aggregation charge be sufficient to generate revenue at least equal to all costs caused by the experiment.
3. Aquila executed the Unanimous Stipulation and Agreement filed herein with the intent and understanding that: the additional costs associated with the experiment during year 1 would be compared to the additional revenues generated by the aggregation and balancing fees during year 1 and that a potential adjustment could be made in year 2.
4. The foregoing understanding is consistent with the direct testimony of

Aquila witness Robert J. Amdor (pp. 5-6) and the direct testimony of Staff witness Russo (pp. 3-5). Providing a true-up procedure is the only method that Aquila is aware of for the Commission to reasonably conclude that the experiment will not have any negative impact on the gas corporation and its other customers and that the aggregation charge is sufficient to generate revenue at least equal to the costs caused by the experiment, as required by statute. Any other approach would not seem to be consistent with the underlying statute, or the Unanimous Stipulation and Agreement.

WHEREFORE, Aquila respectfully requests that the Commission consider the above response.

Respectfully submitted,



Dean L. Cooper #36592
Brydon, Swearingen & England P.C.
P.O. Box 456
Jefferson City, MO 65102
Telephone (573) 635-7166
Facsimile (573) 635-0427
E-Mail: dcooper@brydonlaw.com
Attorneys for Aquila, Inc.

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 14th day of October, 2002 to the following: 152

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

Richard S. Brownlee, III
Hendren and Andrae, L.L.C.
221 Bolivar Street
Jefferson City, MO 65101

