

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

In the Matter of the Application of)	
Aquila, Inc., d/b/a Aquila)	
Networks – MPS and Aquila)	
Networks – L&P for Authority to)	Case No. EO-2008-0046
Transfer Operational Control of)	
Certain Transmission Assets)	
to the Midwest Independent)	
Transmission System Operator, Inc.)	

AQUILA, INC.’S STATEMENT OF POSITION ON THE ISSUES PRESENTED

COMES NOW Aquila, Inc. (“Aquila”) and for its response to its Statement of Position on the Issues Presented, states the following:

1. Is “not detrimental to the public interest” the appropriate standard for the Commission to use in making its determination in this case?

Yes. The Commission must approve the transfer of operational control of Aquila’s transmission assets to MISO unless it can be shown that doing so would be detrimental to the public interest.

2. Should the Commission determine that Aquila’s application to join MISO is not detrimental to the public interest? What considerations should the Commission take into account in making its determination?

Yes, the transfer of operational control of Aquila’s transmission assets to MISO is not detrimental to the public interest because doing so likely will result in substantial economic benefits as compared to Aquila not participating in a regional transmission organization (RTO) as shown by the CRA International,

Inc., cost-benefit study (the “CRA Study”) (Schedule DO-3 to the Direct Testimony of Dennis Odell).

3. If the Commission approves Aquila’s application to join MISO, should the Commission make its approval subject to certain conditions? If so, what are the conditions?

Aquila is not opposed to conditions similar to those approved for Kansas City Power and Light and The Empire District Electric Company and recommended by Staff in this case. Aquila is similarly not opposed to any approval of its request being conditioned on AmerenUE’s continued membership in MISO.

4. In making its determination whether to grant Aquila’s application to join MISO, should the Commission compare Aquila’s membership in MISO to other alternatives? If so, what are the alternatives and what do the comparisons of the alternatives show?

No. The only question presently before the Commission is whether it would be detrimental to the public interest for Aquila to join MISO. Whether there are other options, and whether such options could result in greater benefits than will be realized by membership in MISO, is not relevant.

5. To what extent should the Commission take into account the following in its determination of whether or not to approve Aquila’s application to join MISO?

- a. The CRA International, Inc. cost-benefit study sponsored by Aquila;**

The Commission should give great weight to the results of the CRA Study. CRA is a firm with a recognized expertise on this topic and the study it has performed at Aquila's request represents an objective, third-party analysis of the costs and benefits of Aquila's membership in MISO based on reasonable and valid assumptions.

b. Cost-benefit analyses sponsored by parties other than Aquila;

Little or no weight should be given to cost-benefit analyses sponsored by other parties. Cost-benefit analyses offered by other parties do not present a comprehensive study for the Commission's consideration and, consequently, their results are inaccurate and/or incomplete. Questions they present about the reasonableness the assumptions of the CRA Study do not cast significant doubt on the validity of its results.

c. Costs and/or benefits not included in the CRA International cost-benefit study sponsored by Aquila or cost-benefit analyses sponsored by parties other than Aquila;

There may be other costs and/or benefits not addressed in the CRA Study, but such costs and/or benefits are difficult to quantify. As such, these factors should be given less weight than more quantifiable factors such as the CRA Study.

d. Aquila's current relationships with MISO and SPP;

Little weight should be given to these circumstances due to the long term nature of the authority requested and the fact that the

CRA Study assumed the stand-alone scenario as one free of any such relationships.

e. Differences in the development of electricity markets between MISO and SPP;

This is an important factor that was carefully considered in the development of the CRA Study. Therefore, little weight beyond that which is inherent in the CRA Study should be given to this factor because the decision before the Commission is one having long-term implications and the CRA Study includes assumptions to look over a long-term timeframe. In addition, events are underway that may result in a closer alignment of the two markets if the benefits of doing so outweigh the costs.

f. The proposed acquisition of Aquila by Great Plains Energy that is the subject of Case No. EM-2007-0374;

No weight should be given to this consideration because there is no assurance the proposed transaction will be approved or, if approved, would impact the costs and benefits to customers identified in this case. Additionally, to defer a decision in this case would only serve to delay significant benefits that will accrue to Aquila's customers from membership in MISO.

- g. Union Electric Company's continuing membership in MISO;
and**

This is a significant factor in that Aquila has connectivity to MISO only through AmerenUE's transmission system and, therefore, is dependent on AmerenUE for its physical connection to MISO. However, Aquila does not object to approval in this case being conditioned upon AmerenUE's continued membership in MISO.

- h. Aquila's obligation to MISO made in FERC Docket No. ER02-871 to file and support Aquila's application to join MISO.**

Aquila's obligation to use its best efforts to join the MISO should be given due regard as a legitimate basis for the nature of the relief requested.

6. If the Commission authorizes Aquila to join MISO, should the Commission determine now whether all future FERC-approved administrative fees Aquila is assessed by MISO and all future costs Aquila incurs from MISO in making prudent purchases of capacity and/or energy to serve its bundled retail load should be considered to be prudently incurred expenses for purposes of including them in Aquila's cost of service in Aquila's next general electric rate case before this Commission?

Yes.

Respectfully submitted,

/s/ Paul A. Boudreau

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail, electronic mail or hand delivery, on the 18th day of March, 2008, to the following:

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