

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

In the matter of Aquila, Inc. d/b/a Aquila	)	
Networks and Aquila Networks-L&P, for	)	
Authority to File Tariffs Changing the Steam	)	Case No. HR-2007-0399
Quarterly Cost Adjustment for Service	)	
Provided to Customers in the Aquila Networks-	)	
L&P Service Territory.	)	

**AQUILA'S RESPONSE TO SECOND ORDER DIRECTING FILING**

COMES NOW Aquila, Inc. (Aquila), and, in response to the Missouri Public Service Commission's (Commission) Second Order Directing Filing, states as follows:

1. On February 25, 2008, the Commission issued its Second Order Directing Filing wherein it directed that the Commission Staff and Aquila explain why it is or is not appropriate for the Commission to approve the subject tariff sheet "subject to refund."

2. Aquila's quarterly cost adjustment is the product of a Stipulation and Agreement in Case No. HR-2005-0450. That Stipulation was approved by the Commission's Order Regarding Stipulation and Agreement issued on February 28, 2006. This Stipulation governs the quarterly cost adjustment process. While it provides, in part, that "fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence," it also describes that true-up process and the method for any reconciliation.

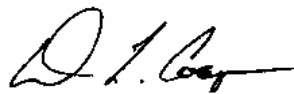
3. As a result, Aquila believes that any reference to the "refundable" nature of the quarterly adjustment should also reference that the process is governed by the Stipulation in Case No. HR-2005-0450. For example, ". . . approved subject to refund

pursuant to the terms of the Stipulation and Agreement approved in Case No. HR-2005-0450.”

4. Lastly, Aquila would note that the subject tariff sheet contains a proposed effective date of March 1, 2008. Aquila understands that time is short. However, it would request that, if possible, the tariff sheet be approved for service on and after that date. A later effective date will complicate the process in that the Stipulation and Agreement in Case No. HR-2005-0450 indicates that “Aquila will make quarterly filings to adjust the fuel rider.” An effective date of March 1, 2008, will allow the adjustment process to continue to operate in accordance with that approved stipulation.

WHEREFORE, Aquila respectfully requests the Commission to consider the above response and consider it to comply with the Commission's Second Order Directing Filing.

Respectfully Submitted,



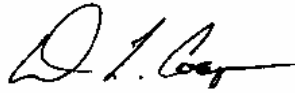
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ATTORNEYS FOR AQUILA, INC.

## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic mail on this 26<sup>th</sup> day of February, 2008, to the Parties of record as shown by the Commission's records.



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