

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2008-0271, Tariff Tracking No. JE-2008-0458
Aquila, Inc. d/b/a Aquila Networks – L&P and Aquila Networks - MPS

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator
David W. Elliott, Utility Engineering Specialist III

James Watkins 02-25-08
Energy Department / Date

Kevin A. Thompson 02-25-08
General Counsel's Office / Date

SUBJECT: Staff Recommendation for **Approval** of Tariff Sheets Filed to Revise Its Net Metering Program To Comply With The Revised “Net Metering And Easy Connection Act” (§ 386.890, RSMo Cum. Supp. 2007)

DATE: February 21, 2008

On January 31, 2008, Aquila, Inc. (Aquila or Company) of Kansas City, Missouri filed with the Commission six (6) tariff sheets with a proposed effective date of March 3, 2008. This filing proposes to amend the Company’s Net Metering Program to comply with the Net Metering And Easy Connection Act (“Act”) (§ 386.890, RSMo Cum. Supp. 2007). The tariff sheets are applicable in both the Aquila Networks - L&P and Aquila Networks – MPS territories.

The repealed Consumer Clean Energy Act (§ 386.887, RSMo.) provided that the value of the electric energy purchased from a Customer-Generator is netted against the value of the electric energy delivered to the Customer-Generator in calculating the Customer-Generator’s bill or bill credit. The Act provides that the electric energy purchased from a Customer-Generator is netted against the electric energy delivered to the Customer-Generator, then the net energy is priced out to determine the Customer-Generator’s bill or bill credit. If the electricity supplied by Company exceeds the electricity supplied by the Customer-Generator, the net amount of the bill will be determined by application of the rate schedule for the Customer-Generator’s service classification. If the electricity supplied by the Customer-Generator exceeds the electricity supplied by Company, the net amount of the bill will be determined by application of the non-time-differentiated Standard Rates for Purchases from Qualifying Facilities.

The Missouri Public Service Commission Energy Department Staff (Staff) has reviewed the filed tariff sheets and believes they conform to the requirements of the Act, with one possible exception. The Act does not specify a minimum amount of liability insurance that the Company may require to be carried by the Customer-Generator; however, Company proposes in this tariff filing to require Customer-Generators to carry no less than \$100,000 of liability insurance for generators larger than 10 kW, and that no liability insurance would be required for generators of 10 kW or less. The Staff believes these limits are reasonable based on the limits established by the Commission’s current Net Metering Rule (4 CSR 240-20.065) and should be allowed to be in effect at least until such time as

the Commission revises its Net Metering Rule.

The Staff has reviewed the filed tariff sheets and recommends issuing an order approving the following tariff sheets, as filed on January 31, 2008, to go into effect for service on and after March 3, 2008, as requested by Company:

P.S.C. MO. No. 1

2 nd Revised Sheet No. 110, canceling	1 st Revised Sheet No. 110
2 nd Revised Sheet No. 111, canceling	1 st Revised Sheet No. 111
2 nd Revised Sheet No. 112, canceling	1 st Revised Sheet No. 112
1 st Revised Sheet No. 113, canceling	Original Sheet No. 113
1 st Revised Sheet No. 114, canceling	Original Sheet No. 114
2 nd Revised Sheet No. 115, canceling	1 st Revised Sheet No. 115

The Staff further recommends that the Commission issue an order granting Company a variance from the Commission's current Net Metering Rule (4 CSR 240-20.065) to avoid any conflict between the "Net Metering And Easy Connection Act" (§ 386.890, RSMo Cum. Supp. 2007) and the Commission's current rule.

The Staff has verified that this Company is not delinquent on any assessment or in the filing of its annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.