

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HR-2007-0399, File No. JH-2007-0742
Aquila, Inc. d/b/a Aquila Networks – L&P

FROM: Thomas Imhoff, Rate & Tariff Examination Supervisor
Mack McDuffey, Rate & Tariff Examiner II

/s/ Thomas Imhoff 5/17/07
Energy Department / Date

/s/ Robert Franson 5/17/07
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheet to add the quarterly cost adjustment for 2007 Q1 to its Quarterly Cost Adjustment Rider

DATE: May 17, 2007

On April 16, 2007, Aquila, Inc. d/b/a Aquila Networks – L&P (Aquila or Company) of Kansas City, Missouri, filed with the Commission one (1) tariff sheet with a proposed effective date of June 1, 2007 to add the quarterly cost adjustment for the first quarter of 2007 as required by Company's Quarterly Cost Adjustment Rider, which was approved in Case No. HR-2005-0450. The Commission has assigned Case No. HR-2007-0028 for the filings during this initial audit period and any subsequent prudence review and true-up of revenues collected. The Company has filed this adjustment with a new case number, HR-2007-0399 to reflect 2007 filings. Aquila's filing included workpapers consisting of two worksheets showing its calculation of the quarterly cost adjustment for the first quarter of 2007.

The Commission's Energy Department Staff (Staff) has reviewed the proposed tariff sheet based on the Company's workpapers and is of the opinion that the quarterly cost adjustment for 2007 Q1 has been calculated in accordance with the provisions of the Quarterly Cost Adjustment Rider. The Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheet, as filed on April 16, 2007, to become effective on June 1, 2007, as requested by Aquila, or permit the tariff sheet to go into effect by operation-of-law:

P.S.C. MO. No. 1
4th Revised Sheet No. 6.5 Canceling 3rd Revised Sheet No. 6.5

The Staff has verified that this Company is not delinquent on any assessment or the filing of its 2006 annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

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

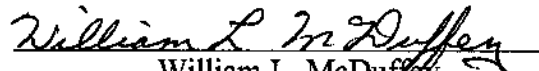
In the matter of Aquila, Inc. d/b/a Aquila)
Networks – L&P, for authority to file)
tariffs changing the steam QCA for)
service provided to customers in the)
Aquila Networks – L&P service territory.)

Case No. HR-2007-0399

AFFIDAVIT OF WILLIAM L. MCDUFFEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

William L. McDuffey, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


William L. McDuffey

Subscribed and sworn to before me this 16th day of May, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

My commission expires 9-21-10