

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

In the Matter of the Application of       )  
Richard K. Smith for Change of       )  
Electric Supplier                               )

Case No. EO-2003-0543

**AQUILA'S RESPONSE TO STAFF'S RECOMMENDATION**

COMES NOW Aquila, Inc. ("Aquila"), and for its Response to the Recommendation of Staff in the referenced case states as follows:

1. On June 9, 2003, Richard K. Smith applied for a change of electric supplier from Aquila to Osage Valley Electric Cooperative ("Osage"). On June 23, 2003, Aquila caused to be filed a Consent to Request for Change of Electric Supplier.

2. On August 15, 2003, Staff filed its recommendation setting forth the reasons it believes that Mr. Smith's Application should be denied. In summary, Staff states that a change of supplier application "is not the appropriate vehicle for effecting the desired change." Staff contends that a Commission approved territorial agreement is the appropriate mechanism.

3. Aquila opposes the suggestion that Mr. Smith's Application should be addressed in a territorial agreement between the two alternative electric power providers. Aquila has reservations about a territorial agreement because such an approach represents a permanent concession of service territory whereas a change of supplier is an accommodation to a customer that is much more limited in scope. Aquila is also concerned that the cost of negotiating a territorial agreement and thereafter submitting it to the Commission for consideration and approval for a parcel of real estate owned by one individual is not a cost effective option.

4. Aquila believes that this case should be handled in the same manner as that of the Application of Gary Hudlemeyer in Commission Case No. EO-2002-1105. Mr. Hudlemeyer filed a change of supplier application to change his electric service provider from Aquila to Platte/Clay Electric Cooperative ("Platte/Clay"). Similar to this case, Mr. Hudlemeyer anticipated building a new home on an undeveloped parcel of property that was within Aquila's service territory. Because of the proximity of Platte/Clay's facilities, it made economic sense to build the home but to connect it to Platte/Clay's distribution system. The Commission approved Mr. Hudlemeyer's Application in an order dated June 20, 2002 (copy attached). The circumstances set out in Mr. Smith's Application are similar in that Mr. Smith anticipates subdividing the property for the construction of new homes that are not already being served by Aquila.

5. Under the special circumstances, Mr. Smith's Application seems reasonable. Moreover, it appears that the Commission has granted a nearly identical request for relief a little over a year ago to another similarly situated land owner.

WHEREFORE, Aquila requests that the Commission approve Mr. Smith's Application as filed for the reasons aforesaid.

Respectfully submitted,



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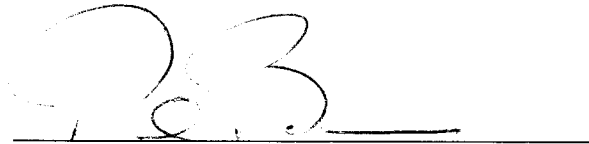
Attorneys for Aquila, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail or by hand delivery, on this 25<sup>th</sup> day of August 2003 to the following:

Mr. Dennis L. Frey, Senior Counsel  
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Mr. John B. Coffman  
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A handwritten signature in dark ink, appearing to read "J.B. Coffman", is written over a horizontal line.