

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 2nd Revised Sheet No. 117
Canceling P.S.C. MO. No. 1 1st Original Sheet No. 117

Aquila, Inc., dba**AQUILA NETWORKS****KANSAS CITY, MO 64138**

For Territory Served by Aquila Networks – L&P and Aquila Networks - MPS

**FIXED BILL PILOT PROGRAM
ELECTRIC****AVAILABILITY**

Available on a voluntary basis, at the option of the Company, to residential customers who receive single-phase electric service at a single private dwelling unit. This tariff is offered as a five (5) year pilot program and will terminate on June 30, 2012, unless extended by the Company with the approval of the Missouri Public Service Commission. The pilot program is limited to residential customers who accept an invitation to be participants in the Fixed Bill pilot program. Invitations shall be extended based on random selection of customers meeting the applicability guidelines listed below.

APPLICABILITY

Applicable to all residential customers who have resided in their current separately metered residence over the previous twenty-four (24) months, have a consistent usage pattern for at least twelve (12) consecutive months that supports an accurate forecast of future consumption and are currently in good financial standing with the Company. Service shall not be resold or shared with others.

TERM OF CONTRACT

Service under this program shall commence with the first billing period of the designated "Program Year", each year for a minimum one (1) year term, renewable annually, at the option of both parties. For the initial Program Year and each subsequent Program Year, prior to the anniversary of the original contract, the Company shall review the customer's account and prepare a Fixed Bill offer for the following Program Year. The Fixed Bill offer for each Program Year shall be provided at least thirty (30) days prior to the beginning of that Program Year. A Fixed Bill contract and amount will commence each successive Program Year unless terminated by the Customer or the Company. Each Fixed Bill offer presented to a customer shall contain, at a minimum, the following:

- Explanation of the Fixed Bill program
- Disclosure of the Program Fee
- Annual and monthly fixed bill amount
- Length of contract
- Explanation of the early termination process and consequences
- Customer bill history
- Information on conservation options.

Each monthly bill rendered will show the fixed bill dollar amount and the actual, non-normalized usage.

Any Customer may terminate the contract at the end of any Program Year at no charge. If a customer withdraws from the Fixed Bill program prior to the end of any Program Year, the contract is terminated and debit and credit balances will be settled. The customer will be required to pay any positive difference between their actual usages billed on their regular residential service tariff less the amount collected under the Fixed Bill. If the customer continues service on a standard tariff at the same location, the customer will be charged a \$50.00 Early Termination Fee. If customer ceases to receive service at the same location, no Early Termination Fee will be charged.

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KANSAS CITY, MO 64138

FIXED BILL PILOT PROGRAM (Continued) ELECTRIC
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BILL DETERMINATION

Under this program, Company will estimate the monthly kWh usage for the upcoming twelve (12) month period based on the Customer's previous historical metered usage, adjusted to normal weather. The annual weather normalized kWh (WNkWh) will be increased by additional kWh (kWhG) to reflect expected consumption changes and other growth factors. The Customer's expected annual kWh will then be used to calculate expected monthly bills using the Customer's applicable rate schedule. The resulting sum of the expected monthly bills, Customer Charge (CC) for the applicable residential tariff and the risk fee, will be divided by twelve (12) to determine the Fixed Bill monthly amount. Any applicable fees and taxes will then be applied.

BILL FORMULA

Annual Bill = Sum over 12 billing periods {CC + [(WNkWh + kWhG) * EnergyPrice) * (1 + RF %)]}

Each Customer's annual bill is specific or unique to that customer.

"Fixed Bill" Monthly Bill = Annual Bill / 12

Minimum Monthly Bill = "Fixed Bill" Monthly Amount

Customer Charge (CC) = The monthly customer charge associated with the applicable Residential tariff.

Weather Normalized kWh (WNkWh) = Expected annual energy consumption calculated based on customer's historical metered usage adjusted for normal weather.

KWh Growth (kWhG) = Additional kWh added to the base WNkWh due to expected average consumption changes and other growth factors.

KWh Growth Factor = kWhG / WNkWh.

Energy Price = Expected energy price structure (in ¢/kWh) from the appropriate rate schedule including applicable riders and clauses.

Risk Fee (RF %) = the fee used to compensate Company for the incremental risks associated with offering fixed billing service.

Program Fee (%) = the combined impact of the KWh Growth Factor and the Risk Fee expressed as percentages. For purposes of this pilot, the program fee will be capped at a maximum value of twelve percent (12%), but may be set at a value less than the capped amount. The maximum program fee value will be explicitly stated on the Fixed Bill offer presented to each customer.

Normal Weather = Based on seasonal heating degree-days and cooling degree-days as determined from published temperature data.

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P.S.C. MO. No. 1 2nd
Canceling P.S.C. MO. No. 1 1stRevised Sheet No. 119
Original Sheet No. 119**Aquila, Inc., dba****AQUILA NETWORKS**

For Territory Served by Aquila Networks – L&P and Aquila Networks - MPS

KANSAS CITY, MO 64138**FIXED BILL PILOT PROGRAM (Continued)**
ELECTRIC**LATE PAYMENT CHARGE**

See Company Rules and Regulations.

SPECIAL RULES

The fixed bill or minimum bill does not include any franchise or occupation tax. The Company "Tax and License Rider" is applicable to all charges under this schedule. The Fixed Bill monthly charge will not include usage or charges for additional services including, but not limited to, private area lighting or other charges.

If a customer's metered usage during a three (3) month period exceeds the expected usage by more than 30%, The Company may at its discretion, return the customer to the traditional tariff for the remaining months of the Fixed Bill program year. The customer will be required to pay any positive difference between their actual usages billed on their regular residential service tariff less the amount collected under the Fixed Bill.

PILOT PROGRAM EVALUATION AND REPORTING

This Fixed Bill Pilot Program has been developed by the Company to allow the gathering of information about the level of customer interest and acceptance of such a program along with the infrastructure requirements for such a program if it were to become permanent. The Company will separately track in an identifiable manner the revenue and incremental costs of this program and make this information available in a reasonable time, upon request, to the Staffs of the Commission and the Office of the Public Counsel. The Company will analyze the information obtained and submit a report for each Program Year to the Missouri Public Service Commission and the Office of the Public Counsel no later than sixty (60) days after the end of each Program Year. These reports will address, at a minimum, the following: the level of customer interest in such a program, the initial customer take rate, the customer renewal rate, the effectiveness of customer education efforts, the impact on and changes required to billing and customer support functions, changes required in the Terms and Conditions to make the program more effective and efficient, the usage history necessary to accurately forecast weather normalized consumption, the appropriate weather reporting station to use for normalization, actual changes in weather normalized consumption that occur in each Program Year and other facts or situations that may become apparent during the pilot period. These reports will include for each program year, for each program participant the monthly fixed amount billed and the monthly amount that would have been billed under the existing applicable tariff and a listing of customers withdrawing from the program early along with the settlement amounts associated with each early termination.