

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

In the Matter of Aquila, Inc.'s Steam Tariff Sheet                     )  
Filing to Correct Equation and Typographical Error.                )     Case No. HR-2005-0450

**STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its Recommendation the Commission approve a Steam Tariff Sheet Aquila, Inc. filed on May 18, 2006 states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends the Missouri Public Service Commission approve the steam tariff sheet Aquila, Inc. filed on May 18, 2006 that corrects errors in the quarterly cost adjustment rider equation and a typographical error all on Tariff Sheet P.S.C. MO. No. 1, Original Sheet No. 6.2.

2. The illustrative tariff sheets made a part of the Stipulation and Agreement in Case No. HR-2005-0450 are inconsistent with Section 8.1 of the Stipulation and Agreement and Appendix C of the Stipulation and Agreement to which it refers. The correct equations appear on pages 6-7 of Appendix C, which is an excerpt from the direct testimony of Aquila witness Tim Nelson prefiled in that case.

3. Because the illustrative tariff sheet and conformed tariff sheet are inconsistent with the testimony of Aquila witness Nelson found in Appendix C to the Stipulation and Agreement and do not reflect the intent of the parties to the Stipulation and Agreement presented to and approved by the Commission in its February 28, 2006 Order Regarding Stipulation and Agreement and the proposed tariff sheet does, the Staff recommends the Commission issue an order approving the proposed tariff sheet.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission approve the Steam Tariff Sheet Aquila, Inc. filed on May 18, 2006, which bears an effective date of June 19, 2006, and corrects errors in a current steam tariff sheet of Aquila, Inc. d/b/a Aquila Networks – L&P, to wit:

P.S.C. MO. No. 1

1st Revised Sheet No. 6.2 canceling Original Sheet No. 6.2

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams  
Senior Counsel  
Missouri Bar No. 35512

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8702 (Telephone)  
(573) 751-9285 (Fax)  
Nathan.williams@psc.mo.gov (e-mail)

### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 12<sup>th</sup> day of June, 2006.

/s/ Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. HR-2005-0450, File No. YH-2006-0864  
Aquila, Inc., d/b/a Aquila Networks – L&P

FROM: Tom Imhoff, Rate & Tariff Examination Supervisor, Project Coordinator  
Mack McDuffey, Rate & Tariff Examiner II

/s/ Lena Mantle 6/12/05  
Energy Department / Date

/s/ Nathan Williams 6/12/05  
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheet Filed To Correct Fuel Equation in Steam Tariff

DATE: June 8, 2006

On May 18, 2006, 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 19, 2006 to correct the quarterly cost adjustment rider in the “Details” section of Aquila’s steam tariff on sheet no. 6.2. The current language with the proposed changes shown in underline and strikeout follows:

. . . . The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel is expense is allocated based on the following equations:

$$F_S = [S/(E+S)] \times F$$
$$F_E = F - F_S$$

Where,

F is total 900-PSI boiler fuel

F<sub>S</sub> is 900-PSI boiler fuel allocated to industrial steam customer

F<sub>E</sub> is 900-PSI boiler fuel allocated to the electric turbines

S is industrial steam sales steam mmBtu from boilers

E is 900-PSI electric turbine steam mmBtu from boilers

Section 8.1 of the Stipulation and Agreement filed in Aquila’s last general steam rate case, Case No. HR-2005-0450 includes the following:

The cost of coal expenses to Account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) described in the excerpt of the direct Mr. Tim Nelson prefiled in this case, a copy of which it attached hereto as Appendix C.

Pages six and seven of Appendix C show the equations as corrected; however, the illustrative tariff sheets of the Stipulation and Agreement, Appendix A of the Stipulation and Agreement and the conforming tariff sheets filed and approved by the Commission include the erroneous equation at Tariff Sheet P.S.C. MO. No. 1, Original Sheet No. 6.2.

Appendix A

The Missouri Public Service Commission Energy Department Staff (Staff) agrees the illustrative tariff sheet and conformed tariff sheet are inconsistent with the testimony of Aquila witness Nelson found in Appendix C to the Stipulation and Agreement and do not reflect the intent of the parties to the Stipulation and Agreement presented to and approved by the Commission in its February 28, 2006 Order Regarding Stipulation and Agreement. The Staff therefore recommends the Commission issue an order approving the following proposed tariff sheet, as filed on May 18, 2006, to become effective on June 19, 2006, the requested effective date:

P.S.C. MO. No. 1

1st Revised Sheet No. 6.2 canceling Original Sheet No. 6.2

The Staff has verified that this Company is not delinquent on any assessment or the filing of its 2005 annual report. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

