

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

In the Matter of the First Prudence Review of)	
Costs Subject to the Commission-Approved)	
Fuel Adjustment Clause of Aquila, Inc.)	Case No. EO-2009-0115
d/b/a KCP&L Greater Missouri Operations)	
Company.)	

Staff Report and Recommendation

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its report and recommendation states as follows:

1. The Staff initiated its prudence audit of the costs subject to Aquila, Inc., d/b/a KCP&L Greater Missouri Operations Company’s¹ (“KCP&L-GMO”) commission-approved fuel adjustment clause on September 23, 2008.
2. On September 26, 2008, Staff filed its Notice of Start of Prudence Audit.
3. The tariff of KCP&L-GMO provides that as part of its fuel adjustment clause there “shall be prudence reviews of costs” and that “[p]rudence reviews shall occur no less frequently than at 18 month intervals.”² This tracks the language of both Commission Rule 4 CSR 240-20.090(7) and § 386.266.4(4) RSMo Supp 2007.
4. In its last general rate case (when Aquila was doing business as Aquila Networks-MPS and Aquila Networks-L&P), Case No. ER-2007-0004, the Commission approved KCP&L-GMO’s fuel adjustment clause tariff sheets numbered 124 – 127 to

¹ The Staff notes that by an order dated November 20, 2008 and made effective December 3, 2008 entered in Case No. EN-2009-0164 the Commission has recognized the change in name of Aquila, Inc. d/b/a KCP&L Greater Missouri Operations Company to KCP&L Greater Missouri Operations Company.

² Aquila, Inc. d/b/a KCP&L Greater Missouri Operations Company, Tariff Sheet, P.S.C. MO. No. 1, Original Sheet No. 126.

become effective on July 5, 2007.³ Tariff sheet number 127 provides for six-month accumulation periods through May 31, 2011 as follows: June-November and December-May.

5. The Staff has conducted a prudence review of the costs associated with KCP&L-GMO's fuel adjustment clause for an audit period of June 1, 2007 through May 31, 2008.⁴

6. Rule 4 CSR 240-20.090(7)(B) establishes the following schedule of dates by which certain events are to take place keyed off of the date the Staff initiates its prudence audit:

Time from Staff prudence audit initiation within which event is to occur	Event
180 days after	Submission of Staff recommendation to Commission regarding Staff's examination and analysis
190 days after	Request for hearing
210 days after	Commission Order, if no hearing requested

WHEREFORE, the Staff of the Missouri Public Service Commission hereby submits its report and recommendation regarding Staff's examination and analysis regarding its prudence audit of the costs subject to KCP&L-GMO's Commission-approved fuel adjustment clause on September 23, 2008 for the period June 1, 2007 through May 31, 2008.

³ *In the Matter of Aquila, Inc. to Implement a General Rate Increase for Retail Electric Service to Customers in its Aquila Networks-MPS and Aquila Networks-L&P Missouri Service Areas*, Case No. ER-2007-0004, *Order Granting Expedited Treatment and Approving Tariff Sheets*, issued June 29 and effective July 5, 2007.

⁴ The Staff notes rate adjustments based on the June-November 2007 and the December 2007 to May 2008 accumulation periods were the subjects of Case Nos. EO-2008-0216 and EO-2008-0415, respectively.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronic mailed to all counsel of record this 1st day of December, 2008.

/s/ Sarah L. Kliethermes