

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 13th day of
March, 2008.

In the Matter of Aquila, Inc., d/b/a Aquila)	
Networks – MPS and Aquila Networks – L&P for)	
Authority to Implement Rate Adjustments Required)	<u>Case No. EO-2008-0216</u>
By 4 CSR 240-20.090(4) and the Company's)	Tariff No. YE-2008-0402
Approved Fuel and Purchased Power Cost)	
Recovery Mechanism)	

ORDER DENYING APPLICATIONS FOR REHEARING

Issue Date: March 13, 2008

Effective Date: March 13, 2008

On February 14, 2008, the Commission issued an order approving Aquila, Inc.'s tariff to establish rate schedules for its previously approved fuel adjustment clause. By its terms, that order became effective on March 1. On February 29, the Office of the Public Counsel filed a timely application for rehearing. AG Processing (AGP) and Sedalia Industrial Energy Users' Association (SIEUA) jointly filed a separate application for rehearing on the same date. No party has responded to either application for rehearing.

Public Counsel and AGP/SIEUA contend the Commission should rehear its order approving Aquila's tariff because the Commission's decision to interpret its regulation as allowing Aquila to begin accumulation of costs beginning on June 1, 2007, rather than August 1, 2007, would be contrary to the requirements of the Commission's regulation. They also argue the decision would give retroactive effect to Aquila's tariff implementing its fuel adjustment clause, which the Commission did not approve until July 5, 2007.

Public Counsel and AGP/SIEUA are incorrect. Nothing in the Commission's February 14 order had any impact on the effective date of Aquila's tariff implementing its fuel adjustment clause. Nor did it cause that tariff to apply before its effective date. Rather, the Commission found that under the terms of its regulation, the Commission's May 27, 2007 Report and Order that set the parameters of Aquila's fuel adjustment clause controlled the beginning of the company's cost accumulation period rather than the subsequent approval of the implementing tariff. Public Counsel's and AGP/SIEUA's arguments about the proper interpretation of the regulation were addressed in the Commission's order and will not be revisited.

AGP/SIEUA also raises a collateral attack on the validity of the Commission's July 2007 order that approved Aquila's tariff implementing its Fuel Adjustment Clause, arguing that order was invalid because it was issued by delegation of authority rather than by a vote of the Commission at an agenda meeting. The validity of the Commission's prior order is not before the Commission in this case and will not be further addressed at this time.

Section 386.500.1, RSMo (2000), indicates the Commission shall grant an application for rehearing if "in its judgment sufficient reason therefore be made to appear." The Commission finds no reason to grant rehearing.

IT IS ORDERED THAT:

1. The Application for Rehearing filed by the Office of the Public Counsel is denied.
2. The Application for Rehearing filed by AG Processing, Inc. and Sedalia Industrial Energy Users' Association is denied.

3. This order shall become effective on March 13, 2008.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Appling, and Jarrett, CC., concur.
Clayton, C., dissents.

Woodruff, Deputy Chief Regulatory Law Judge