

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

In the Matter of Tariff Revisions Filed by Aquila,)	
Inc. d/b/a Aquila Networks – MPS and Aquila)	Case No. EO-2007-0395
Networks - L&P Designed to Continue and Expand)	
its Fixed Bill Pilot Program)	

STAFF’S STATEMENTS OF POSITION

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”) and, in response to the Commission’s September 18, 2007, *Order Adopting Procedural Schedule*, submits its statements of position on the issues as the Staff submitted them:

1. Approval of Tariffs: Should Aquila’s Fixed Bill Pilot Program (Tariff No. JE-2007-0739) comprised of three (3) tariff sheets be found to be just and reasonable, in the public interest and approved by the Commission?

No. Staff does not believe that this is the appropriate time for Aquila to expand this program.

- a. If the Commission approves the proposed fixed bill program, what should the cap on program fees be?

The Commission should keep the program fees at the current tariff level of no more than 8% mark-up of what the customer would pay annually, if not on the fixed-bill program. Staff does not believe the proposed increase is cost justified. Moreover, the proposed 50% increase to the four percentage point program fee will not make the program more attractive to potential consumers. Currently, less than 5% of customers offered this program chose to accept the fixed bill offer. In other words, over 95% of potential customers rejected the opportunity to fix their bill, which included a premium of up to 8% for that service.

- b. If the Commission approves the proposed fixed bill program, should the tariff include a “kWh growth factor”?

Staff believes the fixed bill program fees should be no more than 8% (on an annual basis) of what the customer would pay if not on the program—the current program fees. This fee includes a “kWh growth factor” of up to 4%.

- c. Should the Commission consider Great Plains Energy's proposed acquisition of Aquila in deciding whether to approve the tariffs?

Yes. Great Plains Energy, Inc. (GPE), the parent company of Kansas City Power & Light Company (KCPL), is in the process of acquiring Aquila. As that acquisition is currently proposed, KCPL will administer Aquila's tariffs after the acquisition. At this time, Staff has been unable to get Aquila to provide GPE's and KCPL's opinions of fixed bill programs. If the Commission approves this tariff for more of Aquila's service area and Great Plains Energy acquires Aquila, then Staff believes that Aquila's fixed bill program should continue to be available after the acquisition.

- d. Should the proposed pilot program be made available to all eligible Aquila customers for a five year pilot time period?

No.

- e. Is the proposed below-the line accounting treatment appropriate for the proposed program?

No. Staff recommends that the accounting treatment be done above-the-line. Customers who participate in the fixed bill program should not be subsidized by customers who do not participate in the fixed-bill program. Such subsidization could take place if the accounting treatment of the program is below-the-line and all costs associated with the program are not also treated below-the-line. There are many costs associated with this program that cannot easily be identified and assigned to the fixed-bill program. For example, the amount of time that Aquila's employees spend on this program instead of their regular duties cannot easily be determined. All other factors, beyond the easily identifiable costs, would need to be accounted for in a below-the-line treatment, and Staff has yet to see Aquila's plan for dealing with determining those costs.

- f. Are the provisions of the affiliate transactions rule applicable to the proposed program?

Staff has no position on this issue.

- g. Are the provisions of the promotional practices rule applicable to the proposed program?

Staff has no position on this issue.

WHEREFORE, the Staff respectfully submits the foregoing statements of position.

Respectfully submitted,

/s/ *Nathan Williams*

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 6th day of November 2007.

/s/ *Nathan Williams*