

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 26th day
of February, 2008.

In the Matter of the Resource Plan of Aquila, Inc.,)
d/b/a Aquila Networks – MPS and Aquila Networks) **Case No. EO-2007-0298**
– L&P, Pursuant to 4 CSR 240 – Chapter 22)

**ORDER APPROVING NON-UNANIMOUS STIPULATION AND
AGREEMENT AND ACCEPTING INTEGRATED RESOURCE PLAN**

Issue Date: February 26, 2008

Effective Date: March 7, 2008

Aquila, Inc., d/b/a Aquila Networks – MPS and Aquila Networks – L&P, filed its integrated resource plan (IRP), as required by 4 CSR 240 – Chapter 22, on February 7, 2007. On November 1, 2007, Aquila, the Staff of the Commission; the Office of the Public Counsel; the Missouri Department of Natural Resources; and Dogwood Energy, LLC, filed a non-unanimous stipulation and agreement that purports to resolve all alleged deficiencies in the filing.

The City of Kansas City, Missouri, the City of Saint Joseph, Missouri, and Sedalia Industrial Energy Users' Association did not sign the stipulation and agreement. However, Commission Rule 4 CSR 240-2.115 provides that if no party objects to a non-unanimous stipulation and agreement within seven days of its filing, the stipulation and agreement may be treated as unanimous. Since no party has filed a timely objection to the stipulation and agreement, it will be treated as a unanimous agreement. The Commission convened a on-the-record presentation on January 30, 2008 to ask questions about the stipulation.

The purpose of the Commission's integrated resource planning rule is to require Missouri's electric utilities to undertake an adequate planning process to ensure that the

public interest in a reasonably priced, reliable, and efficient energy supply is protected. The stipulation and agreement promotes that policy by establishing a participatory process that will involve interested parties in Aquila's planning for its next IRP filing. Aquila also agrees to make its next IRP filing by August 5, 2009. Furthermore, the stipulation and agreement specifies particular information that Aquila will be required to compile and include in its 2009 IRP filing.

Commission Rule 4 CSR 240-22.080(13) requires that after considering an electric utility's IRP filing, the Commission issue an order containing findings that the filing "either does or does not demonstrate compliance with the requirements of this chapter, and that the utility's resource acquisition strategy either does or does not meet the requirements stated in 4 CSR 240-22.010(2)(A)-(C)."¹ Furthermore, 4 CSR 240-22.010(1) provides that a Commission finding that a utility is in compliance with these rules is not to be construed as Commission approval of the utility's resource plans, resource acquisition strategies or investment decisions.

¹ 4 CSR 240-22.010(2) provides as follows:

(2) The fundamental objective of the resource planning process at electric utilities shall be to provide the public with energy services that are safe reliable and efficient, at just and reasonable rates, in a manner that serves the public interest. This objective requires that the utility shall –

(A) Consider and analyze demand-side efficiency and energy management measures on an equivalent basis with supply-side alternatives in the resource planning process;

(B) Use minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan; and

(C) Explicitly identify and, where possible, quantitatively analyze any other considerations which are critical to meeting the fundamental objective of the resource planning process, but which may constrain or limit the minimization of the present worth of expected utility costs. The utility shall document the process and rationale used by decision makers to assess the tradeoffs and determine the appropriate balance between minimization of expected utility costs and these other considerations in selecting the preferred resource plan and developing contingency options. These considerations shall include, but are not necessarily limited to, mitigations of –

1. Risks associated with critical uncertain factors that will affect the actual costs associated with alternative resource plans;

2. Risks associated with new or more stringent environmental laws or regulations that may be imposed at some point within the planning horizon; and

3. Rate increases associated with alternative resource plans.

Based on the unopposed stipulation and agreement, the Commission finds that Aquila's 2007 IRP filing, as modified and clarified by the stipulation and agreement, demonstrates compliance with the requirements of Commission Rule 4 CSR 240-22. Furthermore, the Commission finds that Aquila's resource acquisition strategy described in its 2007 IRP filing meets the requirements stated in Commission Rule 4 CSR 240-22.010(2)(A)-(C). Finally, the Commission finds that the stipulation and agreement filed by the parties is consistent with the public interest and shall be approved.

IT IS ORDERED THAT:

1. The Stipulation and Agreement filed on November 1, 2007, is approved and the signatory parties are ordered to comply with its terms.
2. Aquila, Inc., d/b/a Aquila Networks – MPS and Aquila Networks – L&P's 2007 integrated resource plan is accepted as being in compliance with Commission Rule 4 CSR 240 – Chapter 22.
3. The Commission's acceptance of this integrated resource plan does not indicate Commission approval of the utility's resource plan, resource acquisition strategies or investment decisions.
4. This order shall become effective on March 7, 2008.
5. This case shall be closed on March 8, 2008.

(S E A L)

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

Pridgin, Senior Regulatory Law Judge

BY THE COMMISSION



Colleen M. Dale
Secretary