

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of the Request of Aquila, Inc., d/b/a)
Aquila Networks-L&P and Aquila Networks-MPS,)
to Implement a General Rate Increase in Electric)
Rates.)

Case No. ER-2004-0034

MISSOURI DEPARTMENT OF NATURAL RESOURCES' STATEMENT OF
POSITION

The Missouri Department of Natural Resources does not have a position on Issues 1 through 26 and Issues 29 through 33.

The Missouri Department of Natural Resources does have a position on Issues 27, 28 and 34:

27. Should an amount for low income weatherization assistance programs be included in Aquila Networks-MPS's and Aquila Networks-L&P's cost of service. Is so, what amount should be included, how should it be funded, which programs should be included, and what kind of review should be ordered by the Commission?

The Missouri Department of Natural Resources' position is that Aquila's current programs should continue at a level of \$108,000 annually, with half paid for by Aquila stockholders and half included in Aquila's cost of service. Weatherization is a cost-effective way to help low-income families pay their energy bills year after year, reduces state and federal assistance needed to pay higher utility bills, reduces arrearages and helps reduce environmental pollution. Staff, the Department, OPC, Aquila and other interested parties should evaluate the programs implemented and submit a report to the Commission.

28. Should an amount for energy efficiency services to residential and commercial customers be included in Aquila Networks-MPS's and Aquila Networks-L&P's cost of service. Is so, what amount should be included, how should it be funded, which programs should be included, and what kind of review should be ordered by the Commission.

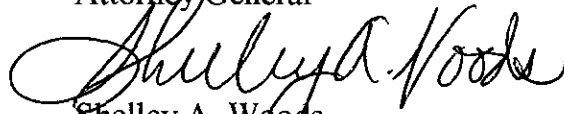
The Missouri Department of Natural Resources' position is that energy efficiency programs should be provided to residential and commercial customers. Half of the costs of funding the programs should be paid by Aquila shareholders and the other half should be included in the Company's cost of service. Cost-effective energy efficiency programs help mitigate the impact of fuel price volatility, reduce environmental pollution, reduce stress on the transmission and distribution systems, and keeps more money in the local economy rather than spending it on energy purchases. The Department believes that the energy efficiency programs should be the Home Performance with Energy Star funded at the amount of \$100,000; the "Change A Light" program, funded at an amount of \$40,000; and a commercial audit program funded at an amount of \$100,000. The Department further believes that the Department, OPC, Staff, Aquila and other interested parties should engage in a collaborative effort to both evaluate the performance of the programs and to design the Home Performance with Energy Star program (to ensure that only Aquila customers benefit from the program) and provide the Commission with a report on the evaluation and design decisions.

34. Should Aquila have considered alternatives to high Btu Western Coal for burning at Sibley and Lake Road, including petroleum coke and various emission control options?

The Department's position, as the state agency charged with the administration of the Missouri Clean Air Law, Chapter 643, RSMo and its implementing regulations, is that Aquila should have considered alternatives, in particular, various emissions control options.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following this 23 day of December, 2005:

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