

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

In the matter of Aquila, Inc. d/b/a Aquila)
Networks-MPS and Aquila Networks-)
L&P, for authority to file tariffs increasing)
electric rates for the service provided to)
customers in the Aquila Networks-MPS)
and Aquila Networks-L&P service area.)

Case No. ER-2007-0004

**PUBLIC COUNSEL'S RECOMMENDATIONS
REGARDING TEST YEAR AND TRUE-UP**

COMES NOW the Office of the Public Counsel, and for its recommendations regarding test year and true-up states:

1. On July 5, 2006, the Commission issued its *Order Directing Notice, Suspending Tariff, Setting Hearings, and Directing Filings*, directing the Staff, Public Counsel and any intervenors to file recommendations on the test year and true-up requests no later than August 1, 2006.

2. Aquila recommended that the Commission establish the twelve months ending December 31, 2005 as the test year, adjusted to reflect changes through June 30, 2006. Aquila also requested a true-up of certain accounts through January 1, 2007.

3. Public Counsel concurs with Aquila's recommendation to establish the twelve months ending December 31, 2005 as the test year, with an update for known and measurable changes through June 30, 2006.

4. Public Counsel opposes Aquila's recommendation that the Commission determines at this early stage that a true-up is necessary. Aquila's request for a true-up through January 1, 2007 fails to explain what event will happen between June 30, 2006 and January 1,

2007 to justify the need for a true-up. Aquila does not identify any changes past June 30, 2006 that would materially change the revenue/expense/rate base relationship and justify the need for changes to revenue. Absent evidence from Aquila of material changes, and absent independent knowledge of material changes, Aquila has presented no compelling reason to utilize the resources of Public Counsel and Staff in a true-up proceeding.

5. If Public Counsel's analysis and investigation of Aquila's case reveals that a significant cost of service item will change past June 30, 2006, Public Counsel's direct testimony will inform the Commission of this and, if appropriate, recommend a true-up process at that time. At this time, no known event has been identified to justify a true-up proceeding. Accordingly, Public Counsel opposes Aquila's recommendation for a true-up and recommends that the Commission reserve dates for a true-up hearing in the event a true-up is determined to be necessary.

WHEREFORE, Public Counsel respectfully offers these recommendations regarding test year and true-up.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 1st day of August 2006:

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