

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

In the Matter of Proposed Emergency)	
Amendment to Commission rule 4 CSR)	Case No. GX-2006-0181
240-13.055.)	

AQUILA’S APPLICATION FOR REHEARING

COMES NOW Aquila, Inc. (Aquila), pursuant to §386.500 RSMo 2000, 4 CSR 240-2.160 and 4 CSR 240-2.080(17), and, for its Application for Rehearing, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. On December 13, 2005, the Commission issued an order (the “Adopting Order”) approving an emergency amendment to 4 CSR 240-13.055 (the “Emergency Rule”) after finding that an emergency exists necessitating such emergency amendment. In the Adopting Order, which bore an effective date of December 16, 2005, the Commission directed that the amended version of 4 CSR 240-13.055 be transmitted to the Missouri Secretary of State for filing as an emergency amendment.

2. Aquila understands the concerns the Commission is attempting to address through the Emergency Rule. In fact, Aquila has taken a variety of actions on its own in an attempt to ease the burden on its low-income customers during this winter.

3. However, the Emergency Rule will result in additional bad debt costs and other additional expenses to the local distribution companies tasked with implementing its provisions. The cost recovery mechanism called for by the Emergency Rule- an accounting authority order – is an insufficient recovery mechanism to address these costs.

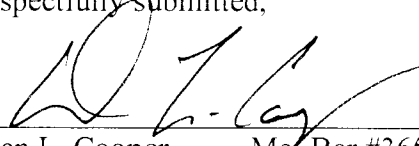
4. The Cole County Circuit Court stayed a similar emergency amendment to the Cold Weather Rule in 2001 based upon the insufficiency of an accounting authority order. The

Emergency Rule in the present case the same problems as those highlighted in 2001. Aquila's present rates are based, in part, upon the collection policies currently found within the existing Commission rules and its tariffs. The Emergency Rule serves to reduce those revenues by requiring lesser payments of past due amounts in order to reconnect, or maintain, utility service for those customers who have previously failed to follow through on payment plans under existing rules. Also, by requiring the reconnection, or preventing the disconnection, of customers that would otherwise not be on the system, the Emergency Rule requires Aquila to incur greater bad debts than otherwise would exist and thereby incur new expenses.

5. The Emergency Rule attempts to address the increased expenses, reduced revenues, reduced income and reduced achieved returns resulting from this rule change in an accounting authority order. This mechanism would permit the booking of expenses and revenues caused by the Emergency Rule "for possible recovery in [the] next general rate case." Unfortunately, it suffers the same deficiency as that found in the case of *State ex rel. Alma Telephone Company, et al. v. Public Service Commission*, 40 S.W.3d 381 (Mo.App. 2001). That is, it is an "unlawful shifting of the burden of proof" to Joint Applicants to prove they are due revenues to which they are already entitled.

6. Therefore, Aquila asks that the Commission rehear this matter and issue an order providing a rule that provides for recovery of the cost of compliance through a mechanism such as that proposed by Aquila, and other local distribution companies, previously in this case.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by electronic mail, on this 15th day of December, 2005 to the following:

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