

**AQUILA, INC.
CASE NO. EF-2003-0465
SEDALIA INDUSTRIAL ENERGY USERS ASSOCIATION
AND AG PROCESSING INC.
DATA REQUEST NO. SIE-7**

DATE OF REQUEST: June 5, 2003

DATE RECEIVED: June 5, 2003

DATE DUE: June 25, 2003

REQUESTOR: Stuart W. Conrad

FILED

DEC 05 2003

MISSOURI ENERGY SERVICE COMPANY

QUESTION:

Please describe all limitations and benefits to the Missouri utility operations by entering into a collateralized term loan for working capital purposes on a stand-alone basis, compared to the Company's proposal to secure a term loan for all of its domestic utility operations.

RESPONSE:

It is difficult to describe "all limitations and benefits to the Missouri utility operations by entering into a collateralized term loan for working capital purposes on a stand-alone basis" because the limitations and benefits will be a direct result of the structure utilized to achieve the separation. It would be extremely inefficient for Aquila to seek separate working capital facilities for each of five different jurisdictions based on their own respective asset base. The advantage of "pooling" the Company's assets to use as collateral against a new facility are many, including: a reduction of loan documentation and legal fees which accompany that process; access to a broader market of lenders due to the larger size of one loan facility vs, several smaller ones; less internal record keeping and administrative effort to track and manage the facility; and a reduction of loan origination and other up front fees.

An issue for Aquila is that neither "ring fencing" nor a broader corporate restructuring were viable alternatives during the past 12 months. During this period, the uncertainty created by the Company's financial difficulties, strategy shift, and asset divestitures precluded it from implementing either structure.

The Company has evaluated the options available to it and has selected what it considers the best path to securing adequate short term funding capability.

ATTACHMENT: None.

ANSWERED BY: Mike Cole

Exhibit No. 53
Case No(s) EF-2003-0465
Date 10-21-03 **Rptr** XF