

Harris, Loretta

From: Green, Rick  
Sent: Tuesday, January 23, 2007 3:49 PM  
To: [REDACTED]; Herman Cain [REDACTED]; Irvine O. Hockaday Jr.  
[REDACTED]; Nicholas Singer (Nick)  
[REDACTED]; Patrick Lynch [REDACTED]  
Cc: Armstrong, Beth; Empson, Jon; Morton, Leo; Stamm, Keith; Bellville, Debbie; Debbie Hackett  
[REDACTED]; Green, Rick; Harris, Loretta; [REDACTED]  
[REDACTED]; Karleen Mahn ([REDACTED]); Reitz,  
Christopher, [REDACTED]  
Subject: Board Update

Dear Directors:

This morning, I met with Mike Chesser. We covered a variety of topics. Based on the feedback we had been receiving, I was prepared for a recalcitrant tone on issues such as the 2007 rate case. I did not find that at all. We agreed that it was in both of our best interests to pursue a regulatory strategy that has the lowest risk and highest probability of approval. I noted that in our case, the cost of a failed transaction will be in the tens of millions of dollars (transaction fees paid upon signing, implementation of retention bonuses for key employees, sub-optimization of liability management plan, etc.). He also sees significant downside for Great Plains under such a scenario.

When we turned to the 2007 rate case, Mike mentioned that he has not been that close to the regulatory schedule. That led to discussion about the discretionary capital that is currently in their rate plan. While he did not commit to backing off of it, he said he is open to reviewing it. We agreed that our regulatory and financial teams would meet in very short order to address both the 2007 rate case and discretionary capital. I expect those meetings to start today. The discussion turned to the time required to gain all of the approvals and he also thinks it will take 12 to 18 months. He had not heard the 9-month time line.

During the meeting, Mike and I came to agreement on the general logistics of "announcement day" as well as how we are going to meet with the Missouri and Kansas regulators. To start, we agreed I would call Chairman Jeff Davis, Wes Henderson (leader of the Missouri Commission Staff) and Bob Shallenberg (leader of the Missouri Commission Accounting Staff) and alert each that Mike and then I want to meet with them to discuss a potential combination of our two companies. I will do the same thing with Chairman Brian Moline of the Kansas Corporation Commission and Don Lowe (leader of the Kansas Corporation Commission Staff). The face to face meetings could happen as early as this week.

I did speak with Chairman Davis this morning. He said he would make time to take the meetings. We have also scheduled a call tomorrow morning at 9 a.m. with Wes Henderson and Bob Shallenberg to set a date to brief them.

On a separate note, today and tomorrow, our State Vice Presidents from Nebraska, Kansas, Iowa and Colorado Gas are meeting with two separate teams from Black Hills. Additionally, we have offered up the Vice President of Customer Service, the Vice President of Gas Supply and the leader of our natural gas regulatory group. Black Hills accepted and those meeting are happening at the same time. Each of these Aquila employees will host two 4-hour meetings to address their respective areas of responsibility.

I will follow-up with another update later this week.

--Rick

Exhibit No. 119  
Case No(s) EM-2007-0374  
Date 12-3-07 Rptr. PK