

STATE OF MISSOURI
MISSOURI PUBLIC SERVICE COMMISSION

In the matter of Aquila, Inc. d/b/a)	
Aquila Networks-L&P, for authority)	
to file tariffs increasing steam)	HR-2005-0450
rates for the service provided to)	
customers in the Aquila Networks-)	
L&P area.)	

NONUNANIMOUS STIPULATION AND AGREEMENT

COME NOW Aquila, Inc. d/b/a Aquila Networks - L&P ("Aquila"), the Staff of the Missouri Public Service Commission ("Staff"), Ag Processing, Inc. ("AGP"), and the City of St. Joseph, Missouri ("St. Joseph") (collectively "the Signatory Parties") and state to the Missouri Public Service Commission ("Commission") as follows:

PROCEDURAL BACKGROUND

1. Aquila, doing business as Aquila Networks-L&P, serves steam customers in an area that includes St. Joseph, Missouri (the "L&P service area"). On May 27, 2004, Aquila submitted to the Commission revised tariff sheets designed to increase rates for steam service Aquila provides to its steam customers in the L&P service area. The tariff sheets bore an effective date of June 26, 2005, and were designed to produce an

annual increase of \$5,000,000, exclusive of applicable fees and taxes.

2. On June 1, 2005, the Commission issued its Order suspending the effective date of the tariff sheets until April 24, 2006. Thereafter, various parties intervened in this proceeding. By order issued July 21, 2005, the Commission established a procedural schedule. Thereafter the Commission continued the commencement of the hearing from time-to-time. During these continuances, Aquila and AGP met for the purpose of exploring settlement of the outstanding issues. As a result of those discussions and negotiations, the Signatory Parties have resolved as among themselves all remaining issues in this case and stipulate and agree as follows:

RESOLUTION OF ISSUES

Revenue Requirement.

3. The proposed steam service tariff sheets filed by Aquila with the Commission on May 27, 2005, should be rejected and Aquila should be authorized to file with the Commission revised tariff sheets containing rate schedules for steam service in its L&P service area that are designed to produce an increase in base overall gross annual steam revenues, exclusive of applicable fees and taxes, in the amount of \$4,500,000.

Goal for Effective Date of Rates.

4. The Signatory Parties agree to a goal of a March 1, 2006 effective date for the tariff sheets agreed to herein. In the event the Commission does not deem the March 1, 2006 effective date to be practicable, the Signatory Parties urge the Commission to permit the rate increase to take effect as soon thereafter as possible. The Commission, in any order approving this Nonunanimous Stipulation and Agreement, for good cause shown pursuant to Section 393.143(11), should authorize Aquila to file tariff sheets in conformance with the tariff sheets attached hereto for illustrative purposes as Appendix A, said tariffs to have an effective date of March 1, 2006, or such other date as is ordered, less than thirty (30) days from the filing date, without the necessity of Aquila filing a separate motion seeking such authorization.

Rate Design.

5. The increase in revenues will be accomplished by increasing each rate element on an equal percentage basis. Said percentage is approximately 37.48% and is calculated by dividing the agreed-to increase of \$4,500,000 by the Staff's adjusted steam revenues of \$12,006,485 for calendar year 2004, updated through June 30, 2005, as shown in Schedule 2 attached to the

prefiled direct testimony of Janice Pyatte (a copy of which is attached hereto as Appendix B).

Reliability Study.

6. At its cost, Aquila will perform a study of recent reliability problems as recommended in the direct testimony of AGP witness Johnstone. Aquila will identify solutions and report to the Commission Staff and interested parties within 90 days after the final order in this proceeding.

System Resource Study.

7. At its cost, Aquila will perform a system resource study as recommended in the direct testimony of AGP witness Johnstone. Aquila will incorporate applicable results of the reliability study referred to in paragraph 6 above into the steam system resource study, identify economical system resource options, and report the study results to the Commission Staff and interested parties within 240 days after the final order in this proceeding.

Fuel Cost Customer/Utility Alignment Mechanism.

8. Aquila will file rate adjustments quarterly to reflect 80% of the change in the actual fuel costs above or below a base amount of \$3.005 per million BTU.

8.1. The cost of fuel will be the amounts expensed in Account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in this account and on the currently used cost allocation methods, as explained in some additional detail: The cost of gas in Account 501 will include the cost of physical gas deliveries and financial instruments, when settled, associated with gas delivered in the quarterly period. The cost of coal expenses to Account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) described in the excerpt of the direct testimony of Mr. Tim Nelson prefiled in this case, a copy of which is attached hereto as Appendix C.

8.2. For purposes of the quarterly rate adjustments, there will be defined minimum amounts of coal generation per Appendix D. If coal generation falls below any defined minimum amount, additional coal generation will be imputed up to the defined minimum at a cost according to the attached provision and the amount of natural gas fired generation will be reduced for the purposes of the fuel rate adjustments by a like amount according to economic dispatch principles. Aquila agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision. Further, Aquila will not attempt to recover from its electric customers costs not fully paid for from its steam

operations that should be properly paid for by steam customers absent the agreement to impute coal generation to a defined minimum. As an example, Aquila will not seek to recover steam operation costs from Aquila's electric customers for any costs relating to the coal imputation discussed above.

8.3. Aquila will make quarterly filings with the Commission to adjust the fuel rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The quarterly fuel rider factors will be calculated by dividing the fuel costs by the preceding twelve month billing determinants; provided, however, that any steam load that increases or decreases expected BTU billing units by more than 5 percent can be added or subtracted to the historic billing determinants for the purpose of the quarterly fuel rider computation and rate. Each quarterly rate adjustment will remain in effect for twelve months.

8.4. As detailed below, there will be prudence reviews and true-up of revenues collected and costs. A reconciliation account shall be created to track, adjust and return true-up amounts and prudence amounts not otherwise refunded. The difference between the costs intended for recovery and revenues collected will be tracked in a reconciliation account. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any,

necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than 12 months and not more than 24 months. The rate may be adjusted quarterly.

8.5. The fuel rate adjustment will not include carrying costs related to the timing of fuel cost recovery.

8.6. In consideration of the sharing provisions of the fuel rate mechanism, and the intent to rely on an alignment of customer and Company interests in efficient operations, a two-step approach to prudence review will be followed. In step one the Staff will review to ascertain:

8.6.1. that the concept of aligning of company and customer interests is working as intended; and,

8.6.2. that no significant level of imprudent costs is apparent.

8.7. This review may be entirely a part of surveillance activity. Aquila steam customers in the L&P service area will be given timely notice of the results of the step one review. In consideration of Step one results, the Staff may proceed with a full prudence review, if deemed necessary. Such full prudence review shall be conducted no more often than once

every 12 months and shall concern the prior 12 month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.

8.8. Any Aquila steam customer or group of steam customers in the L&P service area may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a step two prudence review by Staff.

8.9. Pursuant to any prudence review of fuel costs, whether by the Staff or Aquila steam customer(s), there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10 percent of the total of the fuel costs incurred in an annual review period.

8.10. The fuel rate adjustment mechanism will be set forth in a rate schedule of general applicability.

9. Aquila will continue to allocate the cost of Lake Road operations between steam and electric in the Aquila Networks -- L&P division, and between steam and Aquila, Inc. and any other entities, in accordance with recent practice and as set forth in the steam cost allocation manual and as provided in stipulated agreements in Commission Case Nos. ER-2004-0034 combined with HR-

2004-0024 and incorporating the agreements from Case No. EO-94-36. The allocation method(s) will continue until another approach is presented and approved or agreed among parties in a general rate proceeding.

10. An application for a steam general rate proceeding will not be filed prior to January 1, 2007, unless the reliability study required by Paragraph 6 above or the system resource study required by Paragraph 7 above results in actions, improvements, changes in operating procedures, or projects placed in service before September 1, 2007, which would increase annual steam system revenue requirements by 10% or more.

11. Surveillance:

Quarterly Requirements:

11.1. Monthly reports labeled "Management Report - Steam (Attachment S-1);

11.2. Monthly reports labeled "Plant Statistics" (Attachment S-2);

11.3. Relevant pages from IEC reports including the monthly fuel report concerning Lake Road production statistics (Attachment S-3).

Steam Service Agreement.

12. The Aquila/AGP Steam Service Agreement dated April 22, 2004 will be amended for the purpose of extending the term of

the contract and all provisions including the pricing provisions, to April 21, 2010. The Aquila/AGP letter agreement dated March 22, 2004 will continue in effect. Aquila agrees that for future ratemaking determinations, AGP will be treated as if it were paying the full tariff rate.

Agreements Not Prejudicial.

13. Agreements in this proceeding will not prejudice any party or be determinative of a particular cost allocation approach that could be adopted by the Commission in a proceeding affecting Aquila's electric or steam rates. The absence of an imprudence finding in the context of the steam fuel rate mechanism will not prejudice any party or be determinative in an Aquila electric rate proceeding.

14. None of the signatories to this Nonunanimous Stipulation and Agreement shall be deemed to have approved or acquiesced by their agreement to the fuel adjustment mechanism in this case that the Commission should adopt the same, or a similar, fuel adjustment mechanism by a rulemaking, including, but not limited to, rules the Commission may promulgate under Section 386.266 RSMo Supp 2005 (Senate Bill 179).

GENERAL PROVISIONS

Admission of Party Testimony.

15. The Signatory Parties agree that, in the event the Commission approves this Nonunanimous Stipulation and Agreement without modification or condition, then the prefiled testimony of all witnesses in this proceeding may be included in the record of this proceeding, without the necessity of such witnesses taking the stand.

Contingent Waiver of Rights.

16. This Nonunanimous Stipulation and Agreement is being entered into solely for the purpose of settling all issues in this case as among the Signatory Parties. None of the signatories to this Nonunanimous Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue related methodology, and none shall be prejudiced or bound in any manner by the terms of this Nonunanimous Stipulation and Agreement in this or any other proceeding, whether this Nonunanimous Stipulation and Agreement is approved or not, except as otherwise expressly specified herein.

17. This Nonunanimous Stipulation and Agreement has resulted from extensive negotiations among Aquila and AGP, and the terms hereof are interdependent. In the event the Commission

does not unconditionally approve this Nonunanimous Stipulation and Agreement, then this Nonunanimous Stipulation and Agreement shall be void and no Signatory Party shall be bound by any of the agreements or provisions hereof, except as otherwise provided herein.

18. If the Commission does not unconditionally approve this Nonunanimous Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void therein, neither this Nonunanimous Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatory Parties shall retain all procedural and due process rights as fully as though this Nonunanimous Stipulation and Agreement had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Nonunanimous Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

19. In the event the Commission accepts the specific terms of this Nonunanimous Stipulation and Agreement, the Signa-

tory Parties waive their respective rights to call and to cross-examine witnesses pursuant to § 536.070(2); present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission Order respecting this Nonunanimous Stipulation and Agreement issued in this proceeding, and does not apply to any matters raised in any other Commission proceeding, or any matters not explicitly addressed by this Nonunanimous Stipulation and Agreement.

Staff Right to Disclose.

20. The Staff shall file suggestions or a memorandum in support of this Nonunanimous Stipulation and Agreement. Each of the parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all parties. The contents of any suggestions or memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Nonunanimous Stipulation and Agreement,

whether or not the Commission approves and adopts this Nonunanimous Stipulation and Agreement.

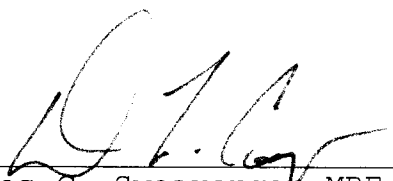
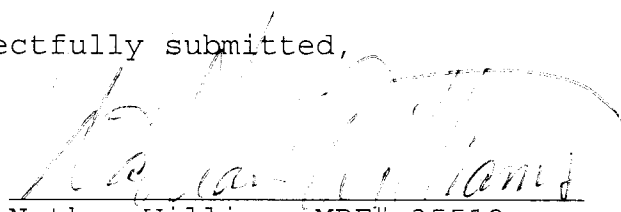
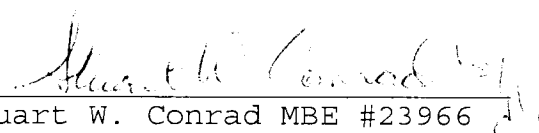
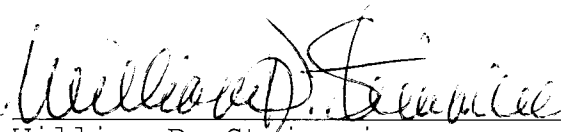
21. At any Commission agenda meeting at which this Nonunanimous Stipulation and Agreement is noticed to be considered by the Commission, the Staff shall have the right to provide, whatever oral explanation the Commission requests, provided that the Commission and Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation, if provided at a meeting where the advanced notice was less than 5 days, shall be disclosed to all the parties, and to the extent it refers to matters that are either privileged as a result of participation in settlement discussions, or are protected from disclosure pursuant to any protective order issued in this case the disclosure shall have appropriate protections. If the Staff is not a signatory or non-opposing party, Staff shall have only those rights that are afforded to any other party in a proceeding before the Commission.

Integration.

22. This Nonunanimous Stipulation and Agreement incorporates the agreements of the Signatory Parties on all issues that the Signatory Parties presented to the Commission as issues to be decided in Case No. HR-2005-0450.

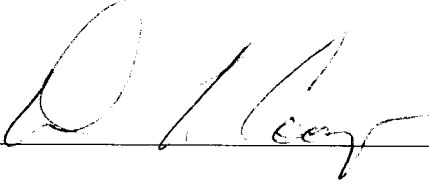
WHEREFORE, for the foregoing reasons, the Signatory Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Nonunanimous Stipulation and Agreement.

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 sent by electronic mail on this 17th day of February, 2006, to the Parties of record as shown by the Commission's records.



STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st
 Canceling P.S.C. MO. No. 1

Revised Sheet No. 1
 Original Sheet No. 1

Aquila, Inc., dba**AQUILA NETWORKS****KANSAS CITY, MO 64138**

For St. Joseph, MO & Environs

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Company provides steam service for heating and processing in the vicinity of Lake Road generating station in the City of St. Joseph, Missouri.

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Issued:

Issued by: Gary Clemens, Regulatory Services

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st Revised Sheet No. 2
Canceling P.S.C. MO. No. 1 Original Sheet No. 2

Aquila, Inc., dba

AQUILA NETWORKS

KANSAS CITY, MO 64138

For St. Joseph, MO & Environs

STEAM SERVICE
STEAM

AVAILABILITY

Available for firm service from the Company's facilities to customers located in the vicinity of Lake Road Generating Station who shall contract to use this service for continuous periods of not less than two (2) years.

BASE RATE, MO981 Net two parts

1. Reserved Capacity Charge:
For all BTU of Reserved Capacity, per month, per million BTU..... \$404.30

Plus

2. Energy Charge per million BTU:
For the first 300 million BTU's per million BTU's of reserved capacity..... \$5.8768
For all over 300 million BTU's per million BTU's of reserved capacity..... \$4.7762

QUARTERLY COST ADJUSTMENT

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES

See Company Rules and Regulations

LATE PAYMENT CHARGE

See Company Rules and Regulations

DETERMINATION OF RESERVED CAPACITY

The Reserved Capacity shall be the actual demand for the billing period but not less than eighty-percent (80%) of the highest actual demand established in the previous eleven (11) months, and in no case less than three (3) million BTU's per hour.

SPECIAL RULES

The pressure, temperature and heat content of all service under this schedule shall be only as specified by the Company.

Service will be furnished under, and this schedule shall be subject to Company Rules and Regulations.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st
Canceling P.S.C. MO. No. 1

Revised Sheet No. 3
Original Sheet No. 3

Aquila, Inc., dba
AQUILA NETWORKS
KANSAS CITY, MO 64138

For St. Joseph, MO & Environs

STANDBY OR SUPPLEMENTARY SERVICE
STEAM

AVAILABILITY

Available for steam service to any customer who shall contract for a minimum monthly Reserved Capacity of three (3) mmBtu for a period of sixty (60) consecutive months, where the customer desires service as standby or supplementary to service provided by the customer's own facilities.

BASE RATE

Demand Charge per mmBtu

For each million Btu's of Reserved Capacity per month \$751.71

Fixed Energy Charge per mmBtu

For each million Btu's per month..... \$1.4974

Energy Fuel Charge per mmBtu

The energy fuel charge shall be determined based on the incremental cost of fuel for the period of actual energy usage.

Rental Charge per month

The Company and customer shall enter into a steam equipment rental contract and the customer shall agree to pay to the Company, in addition to his bill for service, a monthly rental charge therefor equal to one and three-fourths percent of the Company's total investment in all steam equipment solely dedicated to providing steam service to the customer.

QUARTERLY COST ADJUSTMENT

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

MINIMUM

The minimum monthly bill shall be the Demand Charge plus the Rental Charge.

LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES

See Company Rules and Regulations

LATE PAYMENT CHARGE

See Company Rules and Regulations

DETERMINATION OF RESERVED CAPACITY

The customer shall subscribe to a prespecified demand level that shall be used in the calculation of the demand charge. In no case shall the specified reserved capacity be less than three (3) million BTUs per hour. The Company agrees to deliver, upon a minimum of six (6) hours notification, a demand level equal to, or less than, the subscribed demand level. If the customer requests and the Company delivers a demand greater than the subscribed level, the new actual demand delivered shall be used to calculate the monthly demand charge in the subsequent twenty-four (24) month period. At the end of the twenty-four (24) month period, if no higher demand has been delivered, the customer may again subscribe to a lower demand level. Delivery of a demand level that is higher than the subscribed level is subject to the Company's approval and the system conditions at the time of request. The Company does not assure delivery above the subscribed level.

Issued:

Issued by: Gary Clemens, Regulatory Services

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st
Canceling P.S.C. MO. No. 1Revised Sheet No. 5
Original Sheet No. 5**Aquila, Inc., dba****AQUILA NETWORKS****KANSAS CITY, MO 64138**

For St. Joseph, MO & Environs

**CONTRACT SERVICE
STEAM**AVAILABILITY, MO982

Company may, in those instances in which it faces competition from an alternate supplier of industrial steam service or the possibility of self-generation of industrial steam by a customer, enter into a special rate contract(s) with the customer on such terms and conditions as may be agreed upon by Company and the customer which, in Company's sole discretion, are deemed necessary to continue to maintain services to an existing customer, to reestablish service to a previous customer or to acquire new customers.

All such contracts shall be furnished to the Commission Staff and to the Office of the Public Counsel and shall be subject to the Commission's jurisdiction.

Unless otherwise specified or modified in the contract between the customer and Company, such service shall be subject to all other applicable Company rules, regulations, tariffs and General Terms and Conditions of Service applicable to industrial steam service on file with and approved by the Commission and as the same may be changed lawfully from time to time. The rates provided by any such contract shall not, however, exceed the tariffed rate which would otherwise be applicable nor be less than \$4.8943 per mmBtu. Any such contract shall not bind the Commission for ratemaking purposes.

QUARTERLY COST ADJUSTMENT

The Energy Charge of any contract under this tariff is subject to the Quarterly Cost Adjustment Rider.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st
Canceling P.S.C. MO. No. 1

Revised Sheet No. 6
Original Sheet No. 6

Aquila, Inc., dba

AQUILA NETWORKS

KANSAS CITY, MO 64138

For St. Joseph, MO & Environs

AG PROCESSING SPECIAL CONTRACT
STEAM

AVAILABILITY

In Case No. ER-2004-0034, the lead case consolidated with Case No. HR-2004-0024, the Missouri Public Service Commission approved a special contract with Ag Processing, Inc., which is on file with the Commission as Appendix C to the Unanimous Stipulation And Agreement approved to become effective on the original effective date of this schedule. In Case No. HR-2005-0450, the Missouri Public Service Commission amended the special contract with Ag Processing, Inc., as shown in the stipulation and agreement approved to become effective on the effective date of the first revised version of this schedule.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1

Original Sheet No. 6.1

Canceling P.S.C. MO. No.

Sheet No.

Aquila, Inc., dba**AQUILA NETWORKS**

For St. Joseph, MO & Environs

KANSAS CITY, MO 64138

<p style="text-align: center;">QUARTERLY COST ADJUSTMENT RIDER STEAM</p>
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AVAILABILITY

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts.

The Company will file rate adjustments quarterly to reflect eighty percent (80%) of the change in the actual fuel costs above or below a base amount of \$3.0050 per million BTU. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCA's, plus reconciling adjustments, if any, plus the Reconciliation Rate will be billed in addition to all other charges under applicable tariff provisions.

CALCULATIONS

Current Quarterly Cost Adjustment (CQCA):

The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants

$$\text{Or, CQCA} = \frac{[\text{AM} \times (\text{FCPM}_{pq} - \text{FCPM}_b)] \times \text{BD}_{pq}}{\text{BD}_{p12} + \text{BDA}_{f12}}$$

Or, using spreadsheet software math conventions, except substituting variables for cell references:

$$\text{CQCA} = \frac{((\text{AM} * (\text{FCPM}_{pq} - \text{FCPM}_b)) * \text{BD}_{pq})}{\text{IF (OR (BD}_{pq} > \text{BD}_{pq-4} * 1.05, \text{BD}_{pq} < \text{BD}_{pq-4} * .95), \text{BD}_{p12} + \text{BDA}_{f12}, \text{BD}_{p12})}$$

Where:

CQCA= Current Quarterly Cost Adjustment

AM= Alignment Mechanism = 80%

FCPM_{pq}= Fuel Cost per million BTU for the preceding quarter

FCPM_b= Base Fuel Cost per million BTU = \$3.0050

BD_{pq}= Billing Determinants (million BTU delivered to retail customers) for the preceding quarter

BD_{pq-4} = Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter

BD_{p12}= Billing Determinants for the preceding year

BDA_{f12}= Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD_{pq} varies by more than five percent (5%) up or down from BD_{pq-4} and Company determines that an adjustment is appropriate.

Note: Billing determinants shall reflect usage corresponding to the period of fuel cost computations, regardless of the "billing" or "revenue month" in which such usage is billed.

Issued:

Issued by: Gary Clemens, Regulatory Services

Effective:

Aquila, Inc., dba**AQUILA NETWORKS**

For St. Joseph, MO & Environs

KANSAS CITY, MO 64138

QUARTERLY COST ADJUSTMENT RIDER (Continued)

STEAM

Reconciling Adjustments and the Reconciliation Rate:

At the end of the twelve (12) months of collection of each CQCA, the over- or under-collection of the intended revenues (the numerator of the CQCA) will be applied to customers' bills thru a Reconciliation Rate. The Company shall use a collection/refund/credit amortization period of twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

DETAILS

1. The cost of fuel will be the amounts expensed in account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in these accounts and on the currently used cost allocation methods, as explained in some additional detail: the cost of gas will include the cost of physical gas deliveries and financial instruments associated with gas delivered in the quarterly period. The cost of coal expenses to account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) including but not limited to the following:

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel is expense allocated based on the following equations:

$$F_S = [S / (E + S)]$$

$$F_E = F - F_S$$

Where,

F is total 900-PSI boiler fuel

F_S is 900-PSI boiler fuel allocated to industrial steam sales

F_E is 900-PSI boiler fuel allocated to the electric turbines

S is industrial steam sales steam mmBtu from boilers

E is 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

Aquila, Inc., dba**AQUILA NETWORKS**

For St. Joseph, MO & Environs

KANSAS CITY, MO 64138

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

2. There shall be defined minimum amounts of coal generation. The BTUs from coal, for the purposes of the Quarterly Cost Adjustment mechanism shall be the actual BTUs for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 495,695 million for the most recent three (3) months, shall not be less than 1,052,814 million for the most recent six (6) months, shall not be less than 1,617,803 million for the most recent nine (9) months, and shall not be less than 2,184,104 million for the most recent twelve (12) months. If coal generation falls below any defined minimum amount, additional coal generation will be imputed for the computation period up to the defined minimum that produces the largest adjustment and the amount of gas fired generation for the computation period will be reduced for the purposes of the Quarterly Cost Adjustment by a like amount. The cost attributed to any coal BTU imputed as a result of this coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3, 6, 9, or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less. The gas cost associated with any reduction in gas BTU occasioned by any coal imputation will be the average gas cost per BTU for the time period that is used to price any imputed coal usage. Aquila agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision.

3. Aquila will make quarterly rate filings with the Commission to adjust the Quarterly Cost Adjustment Rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The Current Quarterly Cost Adjustment factors will be calculated by dividing the fuel costs by the preceding twelve (12) month billing determinants; provided, however, that in the event that steam BTU billing units in a computation period increase or decrease by more than five percent (5%) compared to the corresponding period one year earlier Company may make an adjustment to the historic billing determinants for use in the denominator of the Current Quarterly Cost Adjustment rate computation. Each Quarterly Cost Adjustment will remain in effect for twelve (12) months.

4. There are provisions for prudence reviews and the true-up of revenues collected with costs intended for collection. The reconciliation account shall track, adjust and return true-up amounts and any prudence amounts not otherwise refunded. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

5. The quarterly rate adjustments will not include carrying costs related to the timing of fuel cost recovery.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1

Original Sheet No. 6.4

Canceling P.S.C. MO. No.

Sheet No.

Aquila, Inc., dba

AQUILA NETWORKS

For St. Joseph, MO & Environs

KANSAS CITY, MO 64138

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

6. In consideration of the sharing provision of this Rider, and the intent to rely on an alignment of customer and Company interests in efficient operations, a two (2) step approach to the review of prudence review will be followed. In Step One, Commission Staff will review to ascertain:

6.1. that the concept of aligning of Company and customer interests is working as intended;
and,

6.2. that no significant level of imprudent costs is apparent.

7. This review may be entirely a part of surveillance activity. Customers will be given timely notice of the results of the Step One review no later than 75 days after the end of each year. In consideration of Step One results, the Staff may proceed with Step Two, a full prudence review, if deemed necessary. A full prudence review, if pursued, shall be complete no later than 225 days after the end of each year. Such full prudence review shall be conducted no more often than once every twelve (12) months and shall concern the prior twelve (12) month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.

8. Any customer or group of customers may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a full (Step Two) prudence review by Staff.

9. Pursuant to any prudence review of fuel costs, whether by the Staff process or the complaint process, there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10% of the total of the fuel costs incurred in an annual review period.

Issued:

Issued by: Gary Clemens, Regulatory Services

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1Original Sheet No. 6.5

Canceling P.S.C. MO. No. _____

Sheet No. _____

Aquila, Inc., dba**AQUILA NETWORKS**

For St. Joseph, MO & Environs

KANSAS CITY, MO 64138

<p style="text-align: center;">QUARTERLY COST ADJUSTMENT RIDER (Continued)</p> <p style="text-align: center;">STEAM</p>

RATE:

Current Quarterly Cost Adjustment Table:

<u>Period</u>	<u>First</u> <u>Effective Date</u>	<u>Last</u> <u>Effective Date</u>	<u>CQCA (by</u> <u>Quarter)</u>
2006 Q2			

Reconciliation Table:

<u>Period</u>	<u>First</u> <u>Effective Date</u>	<u>Months</u>	<u>Last</u> <u>Effective Date</u>	<u>Monthly Recon</u> <u>(by Quarter)</u>
2006 Q2				

Quarterly Cost Adjustment Table:

<u>Period</u>	<u>First</u> <u>Effective Date</u>	<u>Last</u> <u>Effective Date</u>	<u>Monthly QCA</u>
2006 Q2			

Credits are shown in parentheses, e.g. (\$.05).

Issued:

Issued by: Gary Clemens, Regulatory Services

Effective:

**AQUILA NETWORKS - L&P STEAM
CASE NO. HR-2005-0436
ADJUSTMENTS TO STEAM SALES AND REVENUE
(CALENDAR YEAR 2004, UPDATED THROUGH JUNE 30, 2005)**

	Sales (MMBTU)			Revenue		
	MO810 (1)	MO812 (2)	Total	MO810 (1)	MO812 (2)	Total
TY Steam Sales & Revenues	234,509	1,514,510	1,749,019	\$1,104,072	\$5,864,216	\$6,968,288
Annualization for Billing Corrections	6,114	-	6,114	\$25,088	\$0	\$25,088
Annualization for Unbilled	81	2,055	2,136	\$18,008	\$57,990	\$75,997
One Steam Account Becomes Inactive	(12,889)	-	(12,889)	(\$71,643)	\$0	(\$71,643)
Annualization for Rate Change	(768)	(4,542)	(5,310)	\$64,117	\$342,084	\$406,202
Leap Day Adjustment				(\$3,246)	(\$19,790)	(\$23,036)
Special Contract Discounts		-	-		\$290,500	\$290,500
Annualization for Conjunctive Billing		-	-		\$53,048	\$53,048
Annualization for Load Changes	870,546	-	870,546	\$4,282,042	\$0	\$4,282,042
Total	1,097,593	1,512,023	2,609,616	\$5,418,436	\$6,588,049	\$12,006,485

(1) MO810 refers to steam accounts billed on the standard steam rate schedule.

(2) MO812 refers to steam accounts billed on a special steam contract.

Exhibit No.:

Issues: Lake Road Generating
Station, Production
Modeling System,
And Natural Gas Pricing

Witness: Timothy M. Nelson

Sponsoring Party: Aquila Networks-L&P

Case No.: HR-

Before the Public Service Commission
of the State of Missouri

Direct Testimony

of

Timothy M. Nelson

TMN 3: 3-Month Average 2006 NYMEX Strip, Oct 1 to Dec 31, 2004

I. Lake Road Generating Station Operating Description

Q. Please describe the Lake Road generating facilities.

A. The plant is located in south St. Joseph, Missouri, on the east bank of the Missouri River.

The plant consists of four steam turbine-generators, three combustion turbines, and six steam boilers. The plant's generating units have a net electric generating capability of 253.8 MW. In addition to generating electricity, the plant also supplies steam in the form of continuous process steam for sale to industrial steam customers. The steam sales are provided at a nominal pressure of 150-PSI. Steam sales are also provided to one customer at a nominal pressure of 850-PSI. When I refer to PSI, as in 150-PSI, I mean pressure measured in pounds per square inch. I will also use the term "pound" as in 900-pound system, which means the 900-PSI system.

Q. Please explain the Lake Road 900-PSI system.

A. The 900 PSI system, which is used to provide steam for the 900-PSI turbine-generators and L&P's industrial steam sales, operates at a nominal steam pressure of 900 PSI and is fed by four 900-PSI boilers (Boilers 1, 2, 4 & 5) and one 200-PSI boiler (Boiler 3). Boilers 1, 2, 3 and 4 burn natural gas as their primary fuel. With the exception of Boiler 3, these boilers use #2 fuel oil as a back-up fuel. Much of the 900-PSI system energy is produced by Boiler 5, which burns coal for its primary fuel, and natural gas for its back-up fuel. Therefore, in the 900-PSI system there are multiple boilers providing steam to a common header system

1 which in turn can drive three turbine-generators (1, 2, and 3) and also supply steam for
2 industrial steam sales.

3 Q. Which fuels and production systems are dedicated to providing services to the steam
4 customers?

5 A. There is no dedicated fuel source and there are no dedicated production systems for these
6 customers. The configuration of this plant has common facilities used for both electric
7 and steam production. Schedule TMN 1 entitled "Lake Road Generating Station – Fuel
8 and Steam Flow Diagram", is attached. By inspection of this diagram it is evident that
9 the 900-PSI system is common to multiple fuel inputs and produces steam for multiple
10 turbines as well as the steam customers. The 200-PSI system also operates via multiple
11 sources and has no dedicated production equipment.

12 II. Production Modeling System

13 Q. What method is used to allocate Lake Road's operating costs between the electric and
14 steam customers.

15 A. Aquila uses production costing modeling software to simulate the electric system and
16 steam customer loads. Schedule TMN 2 entitled "Steam Production Model for Lake
17 Road" is a diagram that describes the process flow for the calculation method.

18 Q. What is a production costing model?

19 A. Aquila uses the production costing model, RealTime®, to perform an hour-by-hour
20 chronological simulation of the Company's electric system, where the generators are

1 “dispatched” to meet the hourly system electric load, to determine the energy costs and
2 fuel consumption.

3 Q. What is meant by “hour-by-hour chronological simulation”?

4 A. RealTime® solves each hour’s demand chronologically before moving onto the next
5 hour. Using this methodology, RealTime® can more accurately simulate real world
6 operating conditions and constraints.

7 Q. How are the fuel expenses associated with the operation of the 900-PSI and 200-PSI
8 systems allocated between the L&P division’s electric and industrial steam operations?

9 A. Aquila allocates fuel expense between its L&P division’s electric operations and
10 industrial steam operations using the allocation methodology approved by the
11 Commission in its Case No. EO-94-36.

12 Q. Please describe the steam/electric fuel and purchase power expense model used by
13 Aquila.

14 A. Aquila created two models in RealTime®, one for electric and one for steam, and two
15 Microsoft Excel® spreadsheets to determine the annualized fuel and purchase power
16 expense costs for the electric system. The RealTime® “electric” model is used first to
17 dispatch the electric system to meet the system load

18 After the electric model has been run the 900-PSI electric turbines hourly MW
19 load is exported to a text file. This text file is then imported into the “Unit 123 to Steam”
20 spreadsheet where the steam input necessary for each of the three generators is calculated
21 using the respective unit heat rate curves. In this spreadsheet, the total steam required for

1 the turbines is calculated and then exported to a comma separated value (csv) file. The
2 csv file is imported into the RealTime® steam model as another steam load for the steam
3 system.

4 In the RealTime® steam model the electric turbine steam input from above is
5 combined with the hourly steam sales loads too produce 900-PSI boiler hourly steam load
6 input to the model. Boilers 1, 2, 3, and 4 are modeled as burning natural gas and Boiler 5
7 burns coal. The RealTime® steam model is then run using these steam loads to
8 determine the total fuel burn and fuel cost for the Lake Road 900-PSI boilers.

9 After running the RealTime® steam model the fuel allocation is performed on a
10 daily basis in the "Steam electric model" spreadsheet. To perform the allocation several
11 inputs are required. From the steam model: 1) daily fuel quantity burned, by fuel type, 2)
12 daily fuel cost by fuel type, and, 3) industrial steam sales mmBtu. From the electric model:
13 1) daily MW generated by the 900-PSI electric turbines, and, 2) the 900-PSI electric
14 turbines steam mmBtu from the "Unit to Steam" spreadsheet.

15 The fuel allocation is performed on a daily basis as is done in actual operations at
16 the Lake Road Generating Station. Fuel is expense allocated based on the following
17 equations:

$$F_S = [S / (E + S)] \times F$$

$$F_F = F - F_S$$

20 Where,

21 F is total 900-PSI boiler fuel

1 F_S is 900-PSI boiler fuel allocated to industrial steam sales

2 F_E is 900-PSI boiler fuel allocated to the electric turbines

3 S is industrial steam sales steam mmBtu from boilers

4 E is 900-PSI electric turbine steam mmBtu from boilers

5 The remaining fuel not allocated to the industrial steam sales system in the first equation
6 is allocated to the electric system as shown in the second equation. Because the variable
7 “F” shown above includes fuel burned for Lake Road plant auxiliary steam, fuel
8 consumed for that purpose is properly allocated between the electric and industrial steam
9 sales systems.

10 Q. Has the significant increase in steam load caused fuel costs charged to steam to change?

11 A. Yes.

12 Q. Why?

13 A. The steam capacity from Boiler 5 that burns coal for its fuel source has reached its
14 maximum output. Boilers 1, 2, 3 and 4, which use gas as the primary fuel, have to be
15 used to supply any additional steam load. Steam from Boilers 1, 2, 3 and 4 cost per
16 mmBtu is significantly higher than Boiler 5 causing the cost of service to increase.

17 **III. Natural Gas Pricing**

18 Q. What does Aquila propose as the price of natural gas?

19 A. Attached is Schedule TMN 3. This is the average of NYMEX futures prices for the 2006
20 time frame. Aquila proposes to use this average of actual market transactions as the
21 estimate for market prices.

Confidential and Privileged Settlement Document
Confidential Draft January 12, 2006

Aquila Steam
Coal System Performance Standard

Month	Coal	Test Period Fuel Million BTU per Aquila Direct Case		
		Coal - Quarterly Totals	Coal - Sorted Quarterly Totals	Coal - Cumulative Performance Standards
J	202,635			
F	195,170			
M	159,314	557,119	495,695	495,695
A	177,341			
M	198,924			
J	188,724	564,989	557,119	1,052,814
J	187,991			
A	187,887			
S	190,423	566,301	564,989	1,617,803
O	110,912			
N	188,695			
D	196,088	495,695	566,301	2,184,104

Coal Performance Standard:

The btus from coal, for the purposes of the rate adjustment mechanism shall be the actual btus for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 495,695 million for the most recent 3 months, shall not be less than 1,052,814 million for the most recent six months, shall not be less than 1,617,803 million for the most recent nine months, and shall not be less than 2,184,104 million for the most recent 12 months.

Cost of Imputed Coal fired production

The Cost attributed to any coal BTU imputed as a result of the coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3, 6, 9, or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less.

Aquila Networks - L&P
Management Report - Steam
Comparing Current Period to HR-2005-0450
As of Month_Year

Line No.	Description	12 Months Ended		12 Months Ended		12 Months Ended	
		HR-2005-0450	As of Month_Year	As of Month_Year	Prior Month Variance	As of Month_Year Adjusted	
1	Rate Base						
2	Rate of Return						
3	Net Operating Income Required						
4	Net Operating Income Available						
5	Net Operating Income Needed						
6	Revenue Requirement Effect						
7	Expected Disallowances						
8	Final Revenue Requirement						
9	Operating Revenues						
10	Electric						
14	Total Revenues						
15	Operating/Maintenance Expenses:						
16	Steam Power Generation - Fuel						
17	Other Power Generation - Fuel						
18	Total Fuel Used for Generation						
19	Purchased Power (Energy)						
20	Total Fuel and Purchased Power						
21	Net Margin						
22	Capacity Charge (Demand)						
23	Net Margin After Capacity						
27	Steam Power Generation						
28	Other Power Generation						
29	Other Power Supply Expenses						
30	Transmission Expenses						
31	Distribution Expenses						
32	Total Operating Expenses						
36	Steam Power Generation						
37	Other Power Generation						
38	Transmission Expenses						
39	Distribution Expenses						
40	A&G General Plant Maintenance						
41	Total Maintenance Expenses						
42	Customer Accounting						
43	Customer Service						
44	Sales						
45	A&G Operating						
46	Depreciation & Amortization						
47	Taxes:						
48	General Taxes						
49	Current Income Taxes						
50	Deferred Income Taxes						
51	Investment Tax Credit						
	Total Income Taxes						
52	Total O&M, A&G and Taxes Expense						
53	Earnings Before Interest & Taxes (EBIT)						
54	Net Operating Income						
55	Carrying Costs - AAO						
56	Adjusted NOI						
57	Return on Rate Base						
58	Return on Equity-Divisional Target						
59	Return on Equity-Divisional Actual						
60	Return on Equity-Corporate						

**SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year**

	CURRENT MONTH MWH			Fuel Cost per MWH		
	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>
NET GENERATION						
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						
	CURRENT MONTH MWH			Energy Charge per MWH*		
	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>
PURCHASED POWER						
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						
TOTAL OUTPUT						
Less: Company Use						
TOTAL DELIVERED TO SYSTEM						
SJD MWH Sales (net of co. use)						
SJG Book 1 Sales						
SJG Book 2 Sales						
TOTAL MWH SALES						

*Excludes Demand

% of MWH Unaccounted For

Peak Load (KW)

Date of Peak

**SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year**

	YEAR-TO-DATE MWH			Fuel Cost per MWH		
	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>
<u>NET GENERATION</u>						
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						

	YEAR-TO-DATE MWH			Energy Charge per MWH*		
	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>
<u>PURCHASED POWER</u>						
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						

TOTAL OUTPUT						
Less: Company Use						
TOTAL DELIVERED TO SYSTEM						

SJD MWH Sales (net of co. use)						
SJG Book 1 Sales						
SJG Book 2 Sales						
TOTAL MWH SALES						

% of MWH Unaccounted For

Peak Load (KW)
Date of Peak

**SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year**

Generation Expense:

Dollars in 000's

	CURRENT MONTH			YEAR-TO-DATE		
	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>	<u>This Year</u>	<u>Last Year</u>	<u>Variance</u>
Lake Road #1,2,3						
Fuel						
Operations						
Maintenance						
Steam Processor						
Fuel						
Operations						
Maintenance						
Lake Road #4/6						
Fuel						
Operations						
Maintenance						
Lake Road #5,6,7						
Fuel						
Operations						
Maintenance						
Iatan						
Fuel						
Operations						
Maintenance						
TOTAL GENERATION EXPENSE						
Fuel						
Operations						
Maintenance						
PURCHASED POWER EXPENSE						
Purchased Power						
Capacity Demand Charge						
Transmission						
TOTAL PURCH. POWER EXPENSE						
TOTAL POWER SUPPLY COSTS						

**SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year**

	CURRENT MONTH MWH			Fuel Cost per MWH		
	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>
NET GENERATION						
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						
	CURRENT MONTH MWH			Energy Charge per MWH*		
	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>
PURCHASED POWER						
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						
TOTAL OUTPUT						
Less: Company Use						
TOTAL DELIVERED TO SYSTEM						
SJD MWH Sales (net of co. use)						
SJG Book 1 Sales						
SJG Book 2 Sales						
TOTAL MWH SALES						

% of MWH Unaccounted For

Peak Load (KW)

Date of Peak

*Excludes Demand

**SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year**

<u>NET GENERATION</u>	<u>YEAR-TO-DATE MWH</u>			<u>Fuel Cost per MWH</u>		
	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						

<u>PURCHASED POWER</u>	<u>YEAR-TO-DATE MWH</u>			<u>Energy Charge per MWH*</u>		
	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						

TOTAL OUTPUT						
Less: Company Use						
TOTAL DELIVERED TO SYSTEM						

SJD MWH Sales (net of co. use)						
SJG Book 1 Sales						
SJG Book 2 Sales						
TOTAL MWH SALES						

% of MWH Unaccounted For

Peak Load (KW)
Date of Peak

**SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year**

Generation Expense:
Dollars in 000's

	CURRENT MONTH			YEAR-TO-DATE		
	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>	<u>This Year</u>	<u>Budget</u>	<u>Variance</u>
Lake Road #1,2,3						
Fuel						
Operations						
Maintenance						
Steam Processor						
Fuel						
Operations						
Maintenance						
Lake Road #4/6						
Fuel						
Operations						
Maintenance						
Lake Road #5,6,7						
Fuel						
Operations						
Maintenance						
Iatan						
Fuel						
Operations						
Maintenance						
TOTAL GENERATION EXPENSE						
Fuel						
Operations						
Maintenance						
PURCHASED POWER EXPENSE						
Purchased Power						
Capacity Demand Charge						
Transmission						
TOTAL PURCH. POWER EXPENSE						
TOTAL POWER SUPPLY COSTS						

SJLP MISSOURI OPERATIONS
PLANT STATISTICS
As of Month_Year

Current Month

	<u>Steam Process</u>				
	<u>Lake Rd. #1,2,3</u>	<u>Boiler</u>	<u>Lake Rd. #4/6</u>	<u>Lake Rd. #5,6,7</u>	<u>Total Lake Rd.</u>
					<u>Iatan</u>

Maintenance Expenses:

Labor Related
Loadings
Materials
Office Expense
Outside Services
Other

Total Maintenance Expense

Maint. Cost per Net MWH Gen.

Total Maint. Cost per Net MWH Gen.

Operating Expenses:

Labor Related
Loadings
Materials
Office Expense
Outside Services
Other

Total Operating Expense

Optg. Cost per Net MWH Gen.

Total Optg. Cost per Net MWH Gen.

Production Expenses:

Total Production Expense

Prod. Exp. per Net MWH Gen.

Total Prod. Exp. per Net MWH Gen.

Impact of Capital Investment on Earnings

Plant Value (12 Mo. Avg Bal)
Less: Depr. Cost (12 Mo. Avg Bal)
Net Book Value (12 Mo. Avg Bal)
Carrying Cost (Approx 10% APR)
Capital Cost

Capital Cost per Net MWH Gen.

Total Capital Cost per Net MWH Gen.

Statistics:

MWH Generated

MWH Station

MWH Net Generation

Tons/Coal

Gal/Oil

MCF Gas Used

Cost per Ton Coal

Cost per Gal. Oil

Cost per MCF Gas

Fuel Cost - Coal

Fuel Cost - Oil

Fuel Cost - Gas

Emissions

MMBTU of Fuel Used

Fuel Cost per MMBTU

Fuel Cost per Net MWH Gen.

Fuel HHV (btu/lb,cf, mbtu/gal)

Net Heat Rate (Btu/Kwh)

SJLP MISSOURI OPERATIONS
PLANT STATISTICS
 As of Month _ Year

Year to Date

Lake Rd. #1,2,3 Steam Processor Lake Rd. #4/6 Lake Rd. #5,6,7 Total Lake Rd. Iatan

Maintenance Expenses:

Labor Related
 Loadings
 Materials
 Office Expense
 Outside Services
 Other

Total Maintenance Expense

Maint. Cost per Net MWH Gen.

Total Maint. Cost per Net MWH Gen.

Operating Expenses:

Labor Related
 Loadings
 Materials
 Office Expense
 Outside Services
 Other

Total Operating Expense

Optg. Cost per Net MWH Gen.

Total Optg. Cost per Net MWH Gen.

Production Expenses:

Total Production Expense

Prod. Exp. per Net MWH Gen.

Total Prod. Exp. per Net MWH Gen.

Impact of Capital Investment on Earnings

Plant Value (12 Mo. Avg Bal)
 Less: Depr. Cost (12 Mo. Avg Bal)
 Net Book Value (12 Mo. Avg Bal)
 Carrying Cost (Approx 10% APR)
 Capital Cost

Capital Cost per Net MWH Gen.

Total Capital Cost per Net MWH Gen.

Statistics:

MWH Generated
 MWH Station
 MWH Net Generation

Tons/Coal
 Gal/Oil
 MCF Gas Used
 Cost per Ton Coal
 Cost per Gal. Oil
 Cost per MCF Gas

Fuel Cost - Coal
 Fuel Cost - Oil
 Fuel Cost - Gas
 Emissions
 MMBTU of Fuel Used
 Fuel Cost per MMBTU
 Fuel Cost per Net MWH Gen.

Fuel HHV (btu/lb,cf, mbtu/gal)
 Net Heat Rate (Btu/Kwh)

CALCULATION OF FUEL COSTS FOR STEAM CUSTOMERS

SJG

As of Month Year

PER DOE REPORT

Gas MCF's Used

Tons Coal Used

PER MARGIN QUERY

Lake Road Coal Costs

Gas Costs

Units

Avg. Unit Costs

MCF's Used

Steam costs for gas

input

	High BTU	Tons	Low BTU	Tons	Total Coal Costs	Allocation		Total Tons	% Alloc
Coal Burn					\$ -	actual charges	High BTU	-	
Freight Expense					\$ -	25/75	Low BTU	-	
Undistrib Coal					\$ -	50/50		-	
Fly Ash					\$ -				
GPS Inventory Adj					\$ -				
					\$ -				
					\$ -				

Unit Costs	Steam costs High BTU	Steam costs Low BTU	Tons Used	
			-	
			\$ -	Steam costs for coal