

Exhibit No.:
Issue: *Depreciation*
Witness: *Gregory E. Macias*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2005-0436*
Date Testimony Prepared: *October 14, 2005*

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

DIRECT TESTIMONY
OF
GREGORY E. MACIAS

AQUILA, INC. d/b/a AQUILA NETWORKS-MPS
and AQUILA NETWORKS-L&P

CASE NO. ER-2005-0436

Jefferson City, Missouri
October 2005

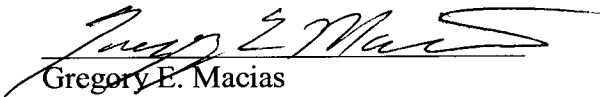
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Tariff Filing of Aquila, Inc.,)	
to Implement a General Rate Increase for)	Case No. ER-2005-0436
Retail Electric Service Provided to Customers)	Tariff No. YE-2005-1045
in Its MPS and L&P Missouri Service Areas.)	

AFFIDAVIT OF GREGORY E. MACIAS

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

Gregory E. Macias, being of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

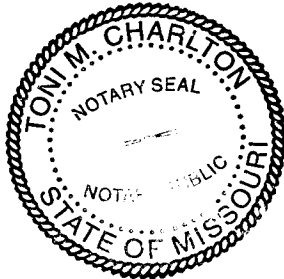


Gregory E. Macias

Subscribed and sworn to before me this 13th day of October 2005.



Notary



TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301

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GREGORY E. MACIAS

AQUILA, INC. d/b/a AQUILA NETWORKS-MPS

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DIRECT TESTIMONY

OF

GREGORY E. MACIAS

AQUILA, INC. d/b/a AQUILA NETWORKS-MPS

and AQUILA NETWORKS-L&P

CASE NO. ER-2005-0436

Q. Please state your name and business address.

A. Gregory E. Macias, P.O. Box 360, Jefferson City, MO 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (PSC or Commission) as a Utility Engineering Specialist II in the Engineering and Management Services Department.

Q. Please describe your educational background.

A. I earned a Bachelor of Science degree in Civil Engineering from the University of Missouri - Columbia.

Q. Please describe your work background.

A. I began working for the Commission in September 1997 as an Engineering Specialist in the Gas Safety Department. In December 2001 I joined the Engineering and Management Services Department in my current position.

Q. Please describe your duties while employed by the Commission.

A. While working in the Gas Safety Department, I conducted safety inspections and incident investigations of natural gas local distribution companies and intrastate pipeline companies. I am currently responsible for depreciation calculations and studies of companies regulated by the Commission.

1 Q. Have you previously filed testimony before this Commission?

2 A. Yes. See Schedule 1 for a list of cases in which I have previously filed testimony.

3 Q. What matters will you address in your testimony?

4 A. I will address the Commission Staff's (Staff's) recommendation regarding
5 depreciation rates.

6 Q. What knowledge, skill, experience, training or education do you have in these
7 matters?

8 A. I have made on-site visits to several Missouri-regulated electric, natural gas,
9 telecommunications, water and sewer companies. I have gained work related experience and
10 training from the Engineering and Management Services Department's engineering staff
11 regarding concepts of depreciation. I have completed the National Association of Regulatory
12 Commissioners (NARUC) Utility Rate School administered by the University of Florida and the
13 NARUC Water Committee. I have also completed the New Mexico State University Basic
14 NARUC Course. I have reviewed prior Commission decisions and portions of the testimony
15 regarding depreciation issues in previous cases. I have toured the major generating facilities of
16 three Missouri-regulated electric companies, including the majority of Aquila's facilities in
17 Missouri.

18 Q. What is the purpose of your testimony?

19 A. The purpose of my testimony is to recommend depreciation rates for Aquila,
20 Inc.'s (Aquila or Company) Aquila Networks-MPS (MPS) and Aquila Networks-L&P (L&P)
21 electric operations. The Staff's proposal in this case is:

1. The depreciation rates presented in Schedules 2.1 and 2.2 be effective for MPS and L&P, respectively, on the date of the Commission's order in this case.

2. The amount of the book depreciation reserve continue to be monitored, but not adjusted at this time.

EXECUTIVE SUMMARY

Q. Please summarize the remainder of your testimony.

A. The Staff conducted a depreciation study of Aquila's capital assets and has recommended depreciation rates which, when applied to the plant in service as of June 30, 2005, generated the depreciation expense used in the Staff's revenue requirement program. For MPS, the depreciation rates determined in this study would increase the currently ordered annual depreciation accrual from approximately \$38.5 million to approximately \$43.5 million, a difference of approximately \$5 million. For L&P, the depreciation rates determined in this study would increase the currently ordered annual depreciation accrual from approximately \$9.9 million to approximately \$10.6 million, a difference of approximately \$700,000.

The depreciation system used in this study is the straight line method, broad group procedure and whole life technique. The depreciation rates are based on Staff's estimate of average service life and future net salvage for each capital plant account, and are calculated by the following equation:

$$\text{Depreciation Rate} = (100\% - \text{Net Salvage}\%) \div \text{Average Service Life}$$

The Staff's depreciation rates are listed in Schedule 2. The elements of the Staff's depreciation rates are listed in Schedule 3. A comparison of the Staff's recommended

1 depreciation rates to the currently ordered depreciation rates and the Company's proposed
2 depreciation rates is presented in Schedule 4.

3 Staff also analyzed the accumulated reserve for depreciation by comparing it to a
4 theoretical depreciation reserve that was calculated using the mortality characteristics determined
5 in the depreciation study. This comparison is presented in Schedule 3.

6 **DEPRECIATION ISSUES**

7 Q. When were depreciation rates for the Company last adopted by a Commission
8 Order?

9 A. Depreciation rates were last adopted for the Company by an Order approving a
10 Stipulation And Agreement in Case No. ER-2004-0034 effective April 22, 2004.

11 Q. Has there been any change in the Staff's approach to determining depreciation
12 rates since Aquila's last rate increase proceeding?

13 A. Yes. The Staff's recommendation in this case is in conformance with the
14 guidelines set forth in the Commission's Report And Order in Case No. ER-2004-0570.

15 Q. Did you conduct and complete a depreciation study of Aquila's capital plant
16 accounts?

17 A. Yes. The recommended depreciation rates are presented in Schedule 2. The
18 depreciation rates determined in this study would increase the currently ordered annual
19 depreciation accrual by approximately \$5 million for MPS and approximately \$700,000 for L&P,
20 based on June 30, 2005 plant in service balances.

21 Q. Did you perform an analysis of the depreciation reserve?

22 A. Yes, as part of the depreciation study, I calculated a theoretical depreciation
23 reserve for comparison to the booked depreciation reserve. This comparison is presented in

Schedule 3. When compared to the theoretical depreciation reserve, the booked depreciation reserve is over-accrued by approximately \$120 million for MPS and by approximately \$61 million for L&P as of December 31, 2004.

Q. Has your depreciation study been subjected to an engineering peer review?

A. Yes. My workpapers have been reviewed by the Engineering and Management Services Department's Regulatory Engineer II, Guy C. Gilbert, P.E., R.G.

DEPRECIATION STUDY

Q. What is the definition of depreciation?

A. Depreciation is the loss, not restored by current maintenance, which is due to all factors causing ultimate retirement of the property. These factors include wear and tear, decay, inadequacy, obsolescence, changes in the art, and requirements of public authorities.

The purpose of depreciation in a regulatory setting is to recover the cost of capital assets allocated rationally over the assets' useful lives (return of equity). Annual depreciation expense, when distributed over the life of each asset, yields the recovery of all costs determined to be associated with the utility's assets.

Q. Please describe the depreciation study that you conducted in this case.

A. I performed a broad group-average life depreciation study, where all units of plant within a particular depreciation category are considered to be one group when analyzing mortality data to determine average service lives. The average service life (ASL), expressed in years, is the expected period of useful service of all units of the group, or account, regardless of placement date.

Q. What steps are involved in life estimation?

1 A. Determining an account's average service life begins with four primary steps.
2 The first step is to collect and review the historical placement and retirement plant data. The
3 mortality data is checked for reasonableness and to ensure that sufficient data exists to perform a
4 statistical analysis. Step two is touring utility facilities to gain familiarity with them and to
5 discuss with operations personnel, engineers, accountants and others, current trends and
6 developments that may influence the useful life of plant in service. Step three is to perform a
7 statistical analysis of the retirement experience of the utility plant accounts. The fourth primary
8 step in the process of determining average service life is applying experience and informed
9 judgment to the results of the actuarial analysis to confirm that the results are reasonable for the
10 type of plant in question.

11 Q. If the data is insufficient or the results of the statistical analysis are unreasonable,
12 how does Staff make life estimations?

13 A. Staff uses informed judgment and recognition of current developments to develop
14 service life estimations where the data is insufficient or the results of the analysis are unreliable.

15 Q. What method of analysis did you use to evaluate the retirement experience of the
16 Company's plant accounts?

17 A. I used the retirement rate method of analysis. The retirement rate method
18 analyzes historical plant data by calculating the ratio of retirements to exposures by age, then
19 solving for the percent surviving by age, to develop a survivor curve for an account. The
20 required data are plant additions in dollars by year, or vintage, and retirements from each vintage
21 in dollars by year. The exposures at a given age are the dollars remaining from the various
22 vintages that have lived to that age. The retirement ratio is the dollars retired during an age
23 interval divided by the exposures at the beginning of that interval. The survivor ratio is then

1 calculated by subtracting the retirement ratio from one. Multiplying each successive survivor
2 ratio by the percent surviving of the previous age will generate a survivor curve. This original
3 survivor curve can then be smoothed or fitted to an empirically developed statistical model
4 known as the Iowa type curves.

5 Q. What are the Iowa type curves?

6 A. The Iowa type curves are widely accepted models of the life characteristics of
7 utility property. The system of Iowa curves is a family of curve shapes empirically derived from
8 analyses of mortality data of 176 types of utility and industrial property. The curves were
9 developed at the Iowa Engineering Experiment Station at what is presently known as Iowa State
10 University. The Iowa curves were first published in 1935 and reconfirmed in 1980.

11 Q. How do the Iowa type curves help determine an accounts average service life?

12 A. Smoothing the original survivor curve by fitting it to an Iowa type curve
13 eliminates irregularities and extrapolates stub curves to zero percent. The original survivor curve
14 is mathematically and visually matched with various Iowa type curves to determine which has
15 the most appropriate fit. The average service life of an account's original survivor curve is
16 estimated as the area under the selected Iowa type curve.

17 Q. What can cause an account's average service life to change over time?

18 A. Current developments such as technological changes, environmental regulations,
19 regulatory requirements or accounting changes can all affect the average service life of property
20 in an account. Different vintages of plant being manufactured from different materials, changes
21 in installation practice or the development of a life extending maintenance procedure are some
22 examples.

23 Q. Are there any other elements factored into the depreciation rate calculation?

1 A. Yes. Consideration was given to the future net salvage that property in an
2 account may experience.

3 Q. What is net salvage?

4 A. Net salvage is gross salvage, or recovered marketable value of retired plant, less
5 cost of removal, or the cost associated with the retirement from service and disposition of plant.
6 Negative net salvage occurs when the cost of removal exceeds gross salvage; this is sometimes
7 referred to as net salvage expense or net cost of removal.

8 Q. How was net salvage calculated in your depreciation study?

9 A. To implement Commission policy, net salvage rates were developed by dividing
10 the experienced net salvage by the original cost of plant retired to calculate the net salvage rate
11 realized by the Company. This realized net salvage rate was used as an estimator for future net
12 salvage requirements for most accounts. For certain accounts where this ratio yielded an
13 unreasonable result, I accepted the Company's estimate of future net salvage. Additionally, net
14 salvage expense was capped at 100% by account.

15 For the production accounts, where terminal net salvage is generally not collected until
16 final retirement of a unit is eminent, I accepted the Company's estimate of future interim
17 retirement net salvage amounts and resulting rates. These estimates were accepted because they
18 are not excessive.

19 Q. How did you calculate depreciation rates for Aquila's various plant accounts?

20 A. Using the straight line method, broad group procedure, and whole life technique,
21 the annual depreciation accrual rate for an account was calculated as follows:

22
$$\text{Depreciation Rate} = (100\% - \text{Net Salvage}\%) \div \text{Average Service Life}$$

where, generally:

$$\text{Net Salvage\%} = (\text{Gross Salvage} - \text{Cost of Removal}) \div \text{Original Cost of Plant Retired}$$

This depreciation rate is designed to recover the original cost of an account's assets, less any estimated scrap value, plus an estimate of any cost of removal, over the useful average service life of the assets.

DEPRECIATION STUDY - MPS AND L&P

Q. Briefly describe the Company's assignment of capital plant to the different operating divisions.

A. The Company has Production, Transmission, Distribution and General plant categories for each electric operating division (MPS and L&P). The Company also has a Common category for plant shared by an operating division, i.e. electric, natural gas and steam services. The Corporate category designates the operating division's allocation of Aquila's corporate assets.

Q. How did Staff make a life estimate for the Company's Steam Production accounts?

A. Staff made average service life estimates for the Steam Production accounts by using judgment and statistical life analysis of the Sibley plant accounts. Staff believes that the data for the Jeffery Energy Center and Lake Road plant is not complete or reliable enough for actuarial review. For example, placements of all vintages of plant are not recorded in the L&P data file until 1979, and there are no retirements recorded until 1980. This results in plant being over 80 years old with no retirements occurring. These large data gaps can produce artificially long average service lives.

1 Staff rejected the Company's life span final retirement dates because the final retirement
2 of a production plant is too speculative and simply not persuasive. This position is in
3 conformance with the guidelines set forth in the Commission's Report And Order in Case No.
4 ER-2004-0570.

5 Q. How did Staff make a net salvage estimate for the Company's Steam Production
6 accounts?

7 A. The Staff accepted the Company's estimate of future interim retirement net
8 salvage amounts and resulting net salvage rates.

9 Q. How did Staff make a life estimate for the Company's Other Production,
10 Transmission, Distribution, and General plant accounts?

11 A. Staff used judgment and statistical life analyses of the MPS electric data to make
12 average service life estimates for both MPS's and L&P's Other Production, Transmission,
13 Distribution and General plant accounts. The L&P data file was not complete or reliable enough
14 for actuarial review as previously mentioned.

15 Additionally, the MPS electric data did not have sufficient placement and retirement
16 history to analyze Transmission plant Account 358.000, Underground Conductors and Devices.
17 Staff recommends the life analysis of the Distribution plant Account 367.000, Underground
18 Conductors and Devices be substituted for Account 358.000 because the items in the accounts
19 are similar.

20 Q. How did Staff make a net salvage estimate for the Company's Other Production,
21 Transmission, Distribution, and General plant accounts?

22 A. Staff used the realized net salvage as an estimate for future net salvage for most
23 accounts. Where the realized net salvage was an unrealistic predictor of future net salvage, Staff

1 accepted the Company's future net salvage estimate and corresponding net salvage rate. Where
2 the realized net salvage cost was greater than 100%, the Staff capped its net salvage rate at
3 negative 100%.

4 Q. How did Staff make a life estimate for the Company's Common and Corporate
5 plant accounts?

6 A. Again, because of Staff's concerns with incomplete and unreliable data, Staff
7 used the statistical analysis of the MPS electric General accounts to estimate average service
8 lives for the Common and Corporate plant accounts for both MPS and L&P.

9 Q. How did Staff make a net salvage estimate for the Company's Common and
10 Corporate plant accounts?

11 A. Staff used the MPS electric General net salvage rates for the Company's Common
12 plant account. Staff accepted the Company's net salvage rate of zero for the Corporate plant
13 accounts.

14 Q. What are the results of Staff's depreciation study?

15 A. The depreciation rates determined in this study would increase the currently
16 ordered annual depreciation accrual by approximately \$5 million for MPS and approximately
17 \$700,000 for L&P, based on June 30, 2005 plant in service balances.

18 Q. Please summarize Staff's recommendation for depreciation rates for the
19 Company's plant accounts.

20 A. Staff's recommended average service lives, net salvage rates, and depreciation
21 rates are summarized in Schedule 3. A comparison of Staff's recommendation to the existing
22 ordered depreciation rates and the Company's proposal is presented in Schedule 4.

DEPRECIATION RESERVE ANALYSIS

Q. Did Staff analyze the Company's accumulated provision for depreciation?

A. Yes. The revised estimate of average service life and selected Iowa type curve are used to compute the calculated accumulated depreciation, or theoretical reserve. The theoretical reserve is the amount that would be in the accumulated provision for depreciation, or book depreciation reserve, if the depreciation rate corresponding to the revised estimates had been applied from the original placement of plant to the date of the study. The theoretical reserve can be thought of as the difference between the original cost of plant currently in service and the summation of annual depreciation expense that is to be collected from the study date until the date of final retirement of the account.

Q. What are the results of your analysis of the book depreciation reserve?

A. My analysis indicates that the booked depreciation reserve is over-accrued by approximately \$120 million for MPS and by approximately \$61 million for L&P as of December 31, 2004. A comparison of the theoretical reserve to the book reserve is presented in Schedule 3.

Q. What caused the booked depreciation reserve to be over-accrued?

A. Current expectations varying from previous study estimates of average service life, retirement dispersion pattern and net salvage combined with actual plant experience created the theoretical over-accrual of the booked depreciation reserve.

Q. What is Staff's criteria for an adjustment of an over accrual of depreciation reserve?

A. The need for, magnitude of and timing of a reserve imbalance adjustment should be based on consideration of several factors including the characteristics of the account, the

causes for the difference, the magnitude of the imbalance, and the year-to-year volatility of the accumulated provision for depreciation.

Q. What is your recommendation for adjusting the depreciation reserve over-accrual?

A. I do not propose an adjustment of the depreciation reserve at this time. I believe that an adjustment would not be appropriate because of the recent change in the calculation of Aquila's depreciation rates. The depreciation rates previously ordered for MPS and L&P did not have a component for future net salvage. The rates recommended in this case do. I believe that the depreciation reserve should be allowed to "settle in" for a period of time during this transitional period.

As an example of the magnitude of the change in reserve imbalance caused by the addition of net salvage to the depreciation calculation, consider that in Staff's filing in Case No. ER-2004-0034 the reserve over-accrual was \$168 million for MPS and \$73 million for L&P [Ref: Schad Direct, pp.13 ll. 13-15]. This imbalance was noted, no adjustment was made, and a recommendation to monitor the reserve was made. The change in reserve imbalance of \$48 million for MPS and \$12 million for L&P in such a short period of time is a clear example of the volatility that the inputs can create when calculating a theoretical reserve. The depreciation reserve imbalance should again be noted and continue to be monitored in future depreciation studies.

RECOMMENDATION

Q. Please summarize Staff's proposal regarding depreciation in this case.

A. I recommend that the Commission order the depreciation rates proposed in Schedule 2.1 for MPS and Schedule 2.2 for L&P. Additionally, the accumulated reserve for

Direct Testimony of
Gregory E. Macias

1 depreciation over-accrual is noted and should continue to be monitored in future depreciation
2 studies.

3 Q. Does this conclude your direct testimony?

4 A. Yes.

ER-2005-0436
Aquila Networks, Inc.

Schedule 1. Case Proceeding Participation
Staff Witness Gregory E. Macias

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony Filed</u>	<u>Issue(s)</u>
Missouri American Water Company	WR-2003-0500	Direct, Rebuttal, Surrebuttal	Depreciation
Osage Water Company	ST-2003-0562 WT-2003-0563	Direct	Depreciation
Fidelity Telephone Company	IR-2004-272	Direct	Depreciation
The Empire District Electric Company	ER-2004-0570	Direct, Rebuttal, Surrebuttal	Depreciation

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AQUILA NETWORKS - MPS

SCHEDULE 2.1 Depreciation Rate Recommendation

Account Number	Description	Depreciation Rate
<u>STEAM PRODUCTION PLANT</u>		
<u>JEFFERY</u>		
311.110	Structures and Improvements	1.87%
312.110	Boiler Plant Equipment	2.10%
312.000	Boiler Pollution Equipment	2.10%
314.110	Turbogenerator Units	2.31%
315.110	Accessory Electric Equipment	2.37%
316.110	Miscellaneous Power Plant Equipment	2.59%
<u>SIBLEY</u>		
311.120	Structures and Improvements	1.87%
312.120	Boiler Plant Equipment	2.19%
312.000	Boiler Pollution Equipment	2.19%
314.120	Turbogenerator Units	2.33%
315.120	Accessory Electric Equipment	2.40%
316.120	Miscellaneous Power Plant Equipment	2.50%
<u>OTHER PRODUCTION PLANT</u>		
341.000	Structures and Improvements	1.75%
342.000	Fuel Holders, Producers and Access.	3.09%
343.000	Prime Movers	4.81%
343.100	Wind Turbines	4.77%
344.000	Generators	3.80%
345.000	Accessory Electric Equipment	2.85%
346.000	Miscellaneous Power Plant Equipment	3.57%
<u>GREENWOOD</u>		
341.000	Structures and Improvements	1.75%
342.000	Fuel Holders, Producers and Access.	3.09%
343.000	Prime Movers	4.81%
344.000	Generators	3.80%
345.000	Accessory Electric Equipment	2.85%
346.000	Miscellaneous Power Plant Equipment	3.57%

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AQUILA NETWORKS - MPS

SCHEDULE 2.1 Depreciation Rate Recommendation

Account Number	Description	Depreciation Rate
<u>SOUTH HARPER</u>		
341.000	Structures and Improvements	1.75%
342.000	Fuel Holders, Producers and Access.	3.09%
343.000	Prime Movers	4.81%
344.000	Generators	3.80%
345.000	Accessory Electric Equipment	2.85%
346.000	Miscellaneous Power Plant Equipment	3.57%
<u>TRANSMISSION PLANT</u>		
352.000	Structures and Improvements	1.83%
353.000	Station Equipment	1.70%
354.000	Towers and Fixtures	1.85%
355.000	Poles and Fixtures	2.93%
356.000	Overhead Conductors and Devices	2.32%
358.000	Underground Conductors and Devices	2.49%
<u>DISTRIBUTION PLANT</u>		
361.000	Structures and Improvements	1.61%
362.000	Station Equipment	2.08%
364.000	Poles, Towers and Fixtures	3.89%
365.000	Overhead Conductors and Devices	2.18%
366.000	Underground Conduit	1.70%
367.000	Underground Conductors and Devices	2.49%
368.000	Line Transformers	3.45%
369.001	Overhead Services	3.64%
369.002	Underground Services	3.05%
370.001	Meters	2.00%
370.002	Load Research Meters	7.14%
371.000	I.O.C.P.	5.12%
373.000	Street Lighting and Signal Systems	3.18%
<u>GENERAL PLANT</u>		
390.001	Structures and Improvements	2.73%
391.001	Office Furniture and Equipment	4.17%
391.003	Computer Hardware	12.50%

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AQUILA NETWORKS - MPS

SCHEDULE 2.1 Depreciation Rate Recommendation

Account Number	Description	Depreciation Rate
391.004	Computer Software	11.11%
391.005	Computer Systems Development	11.11%
392.000	Transportation Equipment	11.25%
393.000	Stores Equipment	3.70%
394.000	Tools, Shop and Garage Equipment	3.68%
395.000	Laboratory Equipment	3.43%
396.000	Power Operated Equipment	4.45%
397.000	Communication Equipment	3.70%
398.000	Miscellaneous Equipment	3.71%
<u>COMMON UTILITY</u>		
390.001	Structures and Improvements-Own	2.51%
391.001	Office Furniture and Equipment	4.17%
391.003	Computer Hardware	12.50%
391.004	Computer Software	11.11%
392.000	Transportation Equipment	11.25%
393.000	Stores Equipment	3.70%
394.000	Tools, Shop and Garage Equipment	3.68%
395.000	Laboratory Equipment	3.43%
396.000	Power Operated Equipment	4.45%
397.000	Communication Equipment	3.70%
398.000	Miscellaneous Equipment	3.71%
<u>CORPORATE (SHARE OF UCU)</u>		
390.001	Structures and Improvements-Own	2.22%
391.001	Office Furniture and Equipment	4.17%
391.003	Computer Hardware	12.50%
391.004	Computer Software	11.11%
391.005	Office Furniture & Equip Computer Dev	11.11%
392.000	Transportation Equipment	12.50%
394.000	Tools, Shop and Garage Equipment	3.57%
395.000	Laboratory Equipment	3.57%
397.000	Communication Equipment	3.70%
398.000	Miscellaneous Equipment	4.17%

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AQUILA NETWORKS - L&P Electric
SCHEDULE 2.2 Depreciation Rate Recommendation

Account Number	Description	Depreciation Rate
<u>STEAM PRODUCTION PLANT</u>		
<u>LAKE ROAD</u>		
311.120	Structures and Improvements	1.90%
312.120	Boiler Plant Equipment	2.16%
312.002	Boiler Plant - Pollution	2.16%
314.120	Turbogenerator Units	2.33%
315.120	Accessory Electric Equipment	2.37%
316.120	Miscellaneous Power Plant Equipment	2.90%
<u>IATAN</u>		
311.110	Structures and Improvements	1.84%
312.110	Boiler Plant Equipment	2.04%
314.110	Turbogenerator Units	2.30%
315.110	Accessory Electric Equipment	2.34%
316.110	Miscellaneous Power Plant Equipment	2.49%
<u>OTHER PRODUCTION PLANT</u>		
341.000	Structures and Improvements	1.75%
342.000	Fuel Holders, Producers and Access.	3.09%
343.000	Prime Movers	4.78%
344.000	Generators	4.11%
345.000	Accessory Electric Equipment	2.84%
346.000	Miscellaneous Power Plant Equipment	3.57%
<u>TRANSMISSION PLANT</u>		
352.000	Structures and Improvements	1.83%
353.000	Station Equipment	1.70%
353.000	Station Equipment - Lake Road	1.70%
353.000	Station Equipment - Iatan	1.70%
354.000	Towers and Fixtures	1.85%
355.000	Poles and Fixtures	2.93%
356.000	Overhead Conductors and Devices	2.32%
357.000	Underground Conduit	1.70%
358.000	Underground Conductors and Devices	2.49%
<u>DISTRIBUTION PLANT</u>		
361.000	Structures and Improvements	1.61%
362.000	Station Equipment	2.08%
364.000	Poles, Towers and Fixtures	3.89%
365.000	Overhead Conductors and Devices	2.18%

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AQUILA NETWORKS - L&P Electric
SCHEDULE 2.2 Depreciation Rate Recommendation

Account Number	Description	Depreciation Rate
366.000	Underground Conduit	1.70%
367.000	Underground Conductors and Devices	2.49%
368.000	Line Transformers	3.45%
369.001	Overhead Services	3.64%
369.002	Underground Services	3.05%
370.000	Meters	2.00%
371.000	I.O.C.P.	5.12%
373.000	Street Lighting and Signal Systems	3.18%
<u>GENERAL PLANT</u>		
390.000	Structures and Improvements	2.73%
391.001	Office Furniture and Equipment-Ele Gen	4.17%
391.001	Office Furniture and Equipment-Lake Rd	4.17%
391.001	Office Furniture and Equipment-latan	4.17%
391.003	Computer Hardware-Ele Gen	12.50%
391.003	Computer Hardware - Lake Rd	12.50%
391.003	Computer Hardware - latan	12.50%
391.004	Computer Software-Ele Gen	11.11%
391.004	Computer Software - Lake Rd	11.11%
391.004	Computer Software - latan	11.11%
391.011	SJ Off-Machines 1987 - Elec Gen	4.17%
391.011	SJ Off-Machines 1987 - Lake Rd	4.17%
392.000	Transportation Equipment - Elec Gen	11.25%
392.002	Transportation Equipment-cars LR	11.25%
392.003	Transportation Equipment-light trucks LR	11.25%
392.004	Transportation Equipment-med trucks LR	11.25%
392.004	Transportation Equipment-med trucks EG	11.25%
392.005	Transportation Equipment-heavy trucks LR	11.25%
392.005	Transportation Equipment-heavy trucks EG	11.25%
392.006	Transportation Equipment-trailers EG	11.25%
392.006	Transportation Equipment-trailers LR	11.25%
393.000	Stores Equipment - Lake Rd	3.70%
393.000	Stores Equipment - Elec Gen	3.70%
393.000	Stores Equipment	3.70%
394.000	Tools, Shop and Garage Equipment - Lake Rd	3.68%
394.000	Tools, Shop and Garage Equipment - Elec Gen	3.68%
394.000	Tools, Shop and Garage Equipment	3.68%
395.000	Laboratory Equipment - Lake Rd	3.43%
395.000	Laboratory Equipment - Elec Gen	3.43%
396.001	Power Operated Equipment-short life	4.45%

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AQUILA NETWORKS - L&P Electric

SCHEDULE 2.2 Depreciation Rate Recommendation

Account Number	Description	Depreciation Rate
396.002	Power Operated Equipment-long life EG	4.45%
396.002	Power Operated Equipment-long life LR	4.45%
397.000	Communication Equipment - Elec Gen	3.70%
397.000	Communication Equipment - Lake Rd	3.70%
397.000	Communication Equipment - Iatan	3.70%
398.000	Miscellaneous Equipment - Lake Rd	3.71%
398.001	Miscellaneous Equipment - Elec Gen	3.71%
<u>COMMON UTILITY</u>		
390.000	Structures and Improvements-Own	2.51%
391.001	Office Furniture and Equipment	4.17%
391.003	Computer Hardware	12.50%
391.004	Computer Software	11.11%
391.011	Office Machines	4.17%
392.001	Transportation Equipment-subunit	11.25%
392.002	Transportation Equipment-cars	11.25%
392.003	Transportation Equipment-light trucks	11.25%
392.004	Transportation Equipment-med trucks	11.25%
392.005	Transportation Equipment-heavy trucks	11.25%
392.006	Transportation Equipment-trailers	11.25%
393.000	Stores Equipment	3.70%
394.000	Tools, Shop and Garage Equipment	3.68%
395.000	Laboratory Equipment	3.43%
396.001	Power Operated Equipment-short life	4.45%
396.002	Power Operated Equipment-long life	4.45%
397.000	Communication Equipment	3.70%
398.000	Miscellaneous Equipment	3.71%
<u>CORPORATE (SHARE OF UCU)</u>		
390.001	Structures and Improvements-Own	2.22%
391.001	Office Furniture and Equipment	4.17%
391.003	Computer Hardware	12.50%
391.004	Computer Software	11.11%
391.005	Office Furniture & Equip Computer Dev	11.11%
392.000	Transportation Equipment	12.50%
394.000	Tools, Shop and Garage Equipment	3.57%
395.000	Laboratory Equipment	3.57%
397.000	Communication Equipment	3.70%
398.000	Miscellaneous Equipment	4.17%

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AQUILA NETWORKS - MPS

SCHEDULE 3.1 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
<u>STEAM PRODUCTION PLANT</u>									
<u>JEFFERY</u>									
310.000	Land and Land Rights	265,954							
311.110	Structures and Improvements	18,435,413	54	R4	-0.8%	1.87%	344,742	7,669,410	14,038,790
312.110	Boiler Plant Equipment	58,473,816	48	R1.5	-1.0%	2.10%	1,227,950	20,593,119	40,947,313
312.000	Boiler Pollution Equipment	812,162	48	R1.5	-1.0%	2.10%	17,055		
314.110	Turbogenerator Units	18,945,563	44	R2.5	-1.7%	2.31%	437,643	5,751,787	7,668,300
315.110	Accessory Electric Equipment	6,346,659	43	S0.5	-1.8%	2.37%	150,416	2,277,052	4,203,510
316.110	Miscellaneous Power Plant Equipment	1,554,834	40	R3	-3.4%	2.59%	40,270	437,070	488,237
	Total Jeffery	104,834,401					2,218,076	36,728,438	67,346,150
<u>SIBLEY</u>									
310.000	Land and Land Rights	394,762							
311.120	Structures and Improvements	37,065,651	54	R4	-1.1%	1.87%	693,128	12,684,098	23,643,688
312.120	Boiler Plant Equipment	140,433,874	48	R1.5	-5.2%	2.19%	3,075,502	39,233,534	74,161,551
312.000	Boiler Pollution Equipment	1,634,104	48	R1.5	-5.2%	2.19%	35,787		
314.120	Turbogenerator Units	55,626,418	44	R2.5	-2.6%	2.33%	1,296,096	17,900,766	26,860,373
315.120	Accessory Electric Equipment	15,198,783	43	S0.5	-3.0%	2.40%	364,771	5,929,266	9,660,175
316.120	Miscellaneous Power Plant Equipment	766,665	40	R3	-0.1%	2.50%	19,167	299,002	392,717
	Total Sibley	251,120,257					5,484,451	76,046,666	134,718,504
	Total Steam Production	355,954,658					7,702,527	112,775,104	202,064,654

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AQUILA NETWORKS - MPS

SCHEDULE 3.1 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
<u>OTHER PRODUCTION PLANT</u>									
340.000	Land and Land Rights	70,932							
341.000	Structures and Improvements	1,370,781	60	R0.5	-4.9%	1.75%	23,989	307,121	1,102,178
342.000	Fuel Holders, Producers and Access.	466,406	34	S6	-4.9%	3.09%	14,412	644,770	1,292,060
343.000	Prime Movers	6,833,091	22	R2.5	-5.8%	4.81%	328,672	7,386,717	8,542,985
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	43,224	47,544
344.000	Generators	8,639,626	28	R4	-6.4%	3.80%	328,306	5,359,057	7,396,634
345.000	Accessory Electric Equipment	1,986,720	37	R2.5	-5.4%	2.85%	56,622	1,356,853	2,441,363
346.000	Miscellaneous Power Plant Equipment	19,902	28	S3	0.0%	3.57%	711	7,458	(8,916)
	Total	19,387,458					752,712	15,105,200	20,813,848
<u>GREENWOOD</u>									
340.000	Land and Land Rights	232,517							
341.000	Structures and Improvements	1,733,568	60	R0.5	-4.9%	1.75%	30,337	combined with Other Production	
342.000	Fuel Holders, Producers and Access.	1,939,726	34	S6	-4.9%	3.09%	59,938		
343.000	Prime Movers	28,759,810	22	R2.5	-5.8%	4.81%	1,383,347		
343.100	Wind Turbines		22	R2.5	-5.0%	4.77%	-		
344.000	Generators	6,677,927	28	R4	-6.4%	3.80%	253,761		
345.000	Accessory Electric Equipment	5,114,696	37	R2.5	-5.4%	2.85%	145,769		
346.000	Miscellaneous Power Plant Equipment	65,253	28	S3	0.0%	3.57%	2,330		
	Total Greenwood	44,523,497					1,875,482		
<u>SOUTH HARPER</u>									
340.000	Land and Land Rights	1,020,471							
341.000	Structures and Improvements	6,168,808	60	R0.5	-4.9%	1.75%	107,954	combined with Other Production	
342.000	Fuel Holders, Producers and Access.	4,660,564	34	S6	-4.9%	3.09%	144,011		
343.000	Prime Movers	68,941,778	22	R2.5	-5.8%	4.81%	3,316,100		

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AQUILA NETWORKS - MPS

SCHEDULE 3.1 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
343.100	Wind Turbines		22	R2.5	-5.0%	4.77%	-		
344.000	Generators	29,669,380	28	R4	-6.4%	3.80%	1,127,436		
345.000	Accessory Electric Equipment	13,755,109	37	R2.5	-5.4%	2.85%	392,021		
346.000	Miscellaneous Power Plant Equipment	164,940	28	S3	0.0%	3.57%	5,888		
	Total South Harper	124,381,050					5,093,410		
	Total Other Production	188,292,005					7,721,604	15,105,200	20,813,848
	TOTAL PRODUCTION PLANT	544,246,663					15,424,131	127,880,304	222,878,502
	TRANSMISSION PLANT								
350.000	Land and Land Rights	11,724,032							2,239,374
352.000	Structures and Improvements	3,806,663	60	R4	-10.0%	1.83%	69,662	1,164,188	1,287,600
353.000	Station Equipment	87,945,075	60	R2	-2.0%	1.70%	1,495,066	18,691,675	27,196,112
354.000	Towers and Fixtures	322,053	54	L5	0.0%	1.85%	5,958	191,719	277,306
355.000	Poles and Fixtures	56,815,257	55	S0.5	-61.0%	2.93%	1,664,687	16,322,959	15,316,934
356.000	Overhead Conductors and Devices	47,503,251	62	R2.5	-44.0%	2.32%	1,102,075	15,626,845	17,271,864
357.000	Underground Conduit	-					-		-
358.000	Underground Conductors and Devices	57,675	49	S1.5	-22.0%	2.49%	1,436	33,319	42,175
	TOTAL TRANSMISSION PLANT	208,174,006					4,338,884	52,030,705	63,631,365
	DISTRIBUTION PLANT								
360.000	Land and Land Rights	3,827,125							1,560
361.000	Structures and Improvements	5,844,121	62	R3	0.0%	1.61%	94,090	998,550	1,251,415
362.000	Station Equipment	72,953,697	48	R1	0.0%	2.08%	1,517,437	13,066,157	19,665,351
364.000	Poles, Towers and Fixtures	115,011,761	46	L4	-79.0%	3.89%	4,473,958	66,166,652	51,475,886
365.000	Overhead Conductors and Devices	73,008,580	60	S1.5	-31.0%	2.18%	1,591,587	22,542,392	25,857,760
366.000	Underground Conduit	32,096,774	66	R2	-12.0%	1.70%	545,645	4,198,886	5,456,044
367.000	Underground Conductors and Devices	80,746,113	49	S1.5	-22.0%	2.49%	2,010,578	20,701,770	22,585,632

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AQUILA NETWORKS - MPS

SCHEDULE 3.1 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
368.000	Line Transformers	118,663,333	33	R2	-14.0%	3.45%	4,093,885	40,184,671	40,082,657
369.001	Overhead Services	12,458,912	55	R4	-100.0%	3.64%	453,504	9,728,522	10,101,633
369.002	Underground Services	43,893,043	38	R5	-16.0%	3.05%	1,338,738	15,519,729	18,571,684
370.001	Meters	23,334,056	53	S1	-6.0%	2.00%	466,681	7,377,328	11,135,173
370.002	Load Research Meters	2,033,977	14	S5	0.0%	7.14%	145,226	1,651,122	1,653,241
371.000	I.O.C.P.	12,810,991	26	R1.5	-33.0%	5.12%	655,923	5,035,077	6,150,389
373.000	Street Lighting and Signal Systems	22,412,724	34	L0	-8.0%	3.18%	712,725	4,097,138	7,457,666
TOTAL DISTRIBUTION PLANT		619,095,207					18,099,977	211,267,994	221,446,091
<u>GENERAL PLANT</u>									
389.000	Land and Land Rights	876,361							
390.001	Structures and Improvements	9,179,712	45	R1.5	-23.0%	2.73%	250,606	3,128,100	1,543,511
391.001	Office Furniture and Equipment	1,211,778	24	L4	0.0%	4.17%	50,531	527,696	514,331
391.003	Computer Hardware	1,581,530	8	R0.5	0.0%	12.50%	197,691	657,380	225,612
391.004	Computer Software	227,181	9	S1.5	0.0%	11.11%	25,240	153,165	64,681
391.005	Computer Systems Development	39,790	9		0.0%	11.11%	4,421		18,072
392.000	Transportation Equipment	2,690,354	8	S6	10.0%	11.25%	302,665	1,371,451	1,368,494
393.000	Stores Equipment	92,514	27	L1.5	0.0%	3.70%	3,423	43,132	75,193
394.000	Tools, Shop and Garage Equipment	3,255,387	28	L0	-3.0%	3.68%	119,798	804,940	2,491,826
395.000	Laboratory Equipment	1,947,256	28	R2.5	4.0%	3.43%	66,791	730,299	1,089,346
396.000	Power Operated Equipment	3,430,848	22	R4	2.0%	4.45%	152,673	1,532,565	1,683,515
397.000	Communication Equipment	6,992,027	27	S2	0.0%	3.70%	258,705	3,292,499	6,275,461
398.000	Miscellaneous Equipment	134,790	24	L3	11.0%	3.71%	5,001	59,706	100,487
TOTAL GENERAL PLANT		31,659,528					1,437,545	12,300,933	15,450,529

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AQUILA NETWORKS - MPS

SCHEDULE 3.1 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	lowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
<u>COMMON UTILITY</u>									
389.000	Land and Land Rights	145,274							
390.001	Structures and Improvements-Own	5,717,061	45	R1.5	-13.0%	2.51%	143,498	1,843,457	2,459,135
390.051	Structures and Improvements-Lease	137,331					-		1,127,256
391.001	Office Furniture and Equipment	1,018,889	24	L4	0.0%	4.17%	42,488	591,270	1,341,668
391.003	Computer Hardware	426,445	8	R0.5	0.0%	12.50%	53,306	174,883	28,527
391.004	Computer Software	1,940	9	S1.5	0.0%	11.11%	216	1,137	3,286,865
392.000	Transportation Equipment	83,553	8	S6	10.0%	11.25%	9,400	979,474	950,135
393.000	Stores Equipment	14,647	27	L1.5	0.0%	3.70%	542	6,575	1,361
394.000	Tools, Shop and Garage Equipment	137,538	28	L0	-3.0%	3.68%	5,061	34,203	172,112
395.000	Laboratory Equipment	17,773	28	R2.5	4.0%	3.43%	610	5,306	8,224
396.000	Power Operated Equipment	26,062	22	R4	2.0%	4.45%	1,160	77,203	108,221
397.000	Communication Equipment	1,583,468	27	S2	0.0%	3.70%	58,588	785,673	1,238,463
398.000	Miscellaneous Equipment	62,431	24	L3	11.0%	3.71%	2,316	33,693	135,758
TOTAL COMMON UTILITY		9,372,412					317,185	4,532,874	10,857,725
<u>CORPORATE (SHARE OF UCU)</u>									
389.000	Land and Land Rights	158,725							
390.001	Structures and Improvements-Own	15,326,447	45	R1.5	0%	2.22%	340,247	1,843,512	1,547,927
390.051	Structures and Improvements-Lease	1,558,061					-	-	1,144,381
391.001	Office Furniture and Equipment	3,557,972	24	L4	0%	4.17%	148,367	738,835	697,342
391.003	Computer Hardware	3,834,391	8	R0.5	0%	12.50%	479,299	1,223,830	(6,974)
391.004	Computer Software	20,088,744	9	S1.5	0%	11.11%	2,231,859	9,229,298	4,692,126
391.005	Office Furniture & Equip Computer Dev	5,318,062	9	S1.5	0%	11.11%	590,837	3,386,985	1,796,281
392.000	Transportation Equipment	-	8	S6	0%	12.50%	-	-	(1,553)

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AQUILA NETWORKS - MPS

SCHEDULE 3.1 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
394.000	Tools, Shop and Garage Equipment	93,039	28	L0	0%	3.57%	3,321	21,345	76,566
395.000	Laboratory Equipment	17,380	28	R2.5	0%	3.57%	620	6,368	2,684
397.000	Communication Equipment	2,661,228	27	S2	0%	3.70%	98,465	531,106	474,663
398.000	Miscellaneous Equipment	145,884	24	L3	0%	4.17%	6,083	39,783	90,423
TOTAL CORPORATE		52,759,933					3,899,098	17,021,062	10,513,866
301.000	Organization	21,550							
GRAND TOTAL		1,465,329,299					43,516,820	425,033,872	544,778,078
DEPRECIATION RESERVE OVER (UNDER) ACCRUAL									119,744,206

*Corporate accumulated reserve as of 6/30/2005.

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AQUILA NETWORKS - L&P Electric

SCHEDULE 3.2 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	lowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
(1)	(2)	(3)	(4)	(5)	(6)	(7)=[100%-(6)]/(4)	(8)=(7)*(3)	(9)	(10)
<u>STEAM PRODUCTION PLANT</u>									
<u>LAKE ROAD</u>									
310.000	Land and Land Rights	35,054							
311.120	Structures and Improvements	10,614,937	54	R4	-2.7%	1.90%	201,684	3,495,936	4,338,898
311.050	Structures and Improvements-Lease	10,278					-	-	-
312.120	Boiler Plant Equipment	29,863,161	48	R1.5	-3.7%	2.16%	645,044	10,935,890	19,288,534
312.002	Boiler Plant - Pollution	9,732,499	48	R1.5	-3.7%	2.16%	210,222	-	4,196,707
314.120	Turbogenerator Units	14,478,758	44	R2.5	-2.6%	2.33%	337,355	5,482,023	8,137,650
315.120	Accessory Electric Equipment	2,828,463	43	S0.5	-1.8%	2.37%	67,035	1,140,751	2,303,519
316.120	Miscellaneous Power Plant Equipment	174,464	40	R3	-15.8%	2.90%	5,059	77,730	132,921
	Total Lake Road	67,737,614					1,466,399	21,132,329	38,398,229
<u>IATAN</u>									
310.001	Land and Land Rights	250,326							
311.110	Structures and Improvements	4,358,684	54	R4	0.5%	1.84%	80,200	1,726,747	2,325,998
312.110	Boiler Plant Equipment	41,073,076	48	R1.5	2.3%	2.04%	837,891	15,125,928	31,482,134
314.110	Turbogenerator Units	10,958,015	44	R2.5	-1.2%	2.30%	252,034	5,064,379	7,303,376
315.110	Accessory Electric Equipment	7,150,920	43	S0.5	-0.6%	2.34%	167,332	1,949,889	3,564,415
316.110	Miscellaneous Power Plant Equipment	1,140,146	40	R3	0.6%	2.49%	28,390	292,235	545,589
	Total Iatan	64,931,167					1,365,846	24,159,178	45,221,512
	Total Steam Production	132,668,781					2,832,245	45,291,507	83,619,741
<u>OTHER PRODUCTION PLANT</u>									
341.000	Structures and Improvements	1,310,715	60	R0.5	-5.0%	1.75%	22,938	367,480	1,208,170
342.000	Fuel Holders, Producers and Access.	605,108	34	S6	-5.0%	3.09%	18,698	539,963	618,064
343.000	Prime Movers	10,802,125	22	R2.5	-5.1%	4.78%	516,342	7,128,659	9,769,383

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AQUILA NETWORKS - L&P Electric

SCHEDULE 3.2 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	lowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
344.000	Generators	3,112,011	28	R4	-15.2%	4.11%	127,904	2,430,241	2,761,326
345.000	Accessory Electric Equipment	1,126,064	37	R2.5	-5.0%	2.84%	31,980	546,066	709,401
346.000	Miscellaneous Power Plant Equipment	-	28	S3	0.0%	3.57%	-	-	-
	Total Other Production	16,956,023					717,861	11,012,409	15,066,344
	TOTAL PRODUCTION PLANT	149,624,804					3,550,106	56,303,916	98,686,085
	<u>TRANSMISSION PLANT</u>								
350.000	Land and Land Rights	2,271,911							
352.000	Structures and Improvements	469,590	60	R4	-10.0%	1.83%	8,594	96,080	166,305
353.000	Station Equipment	10,061,143	60	R2	-2.0%	1.70%	171,039	2,154,178	4,621,792
353.000	Station Equipment - Lake Road	24,586	60	R2	-2.0%	1.70%	418	-	-
353.000	Station Equipment - Iatan	1,166,882	60	R2	-2.0%	1.70%	19,837	-	138,049
354.000	Towers and Fixtures	-	54	L5	0.0%	1.85%	-	-	-
355.000	Poles and Fixtures	10,462,512	55	S0.5	-61.0%	2.93%	306,552	4,406,230	7,208,873
356.000	Overhead Conductors and Devices	8,838,212	62	R2.5	-44.0%	2.32%	205,047	4,035,789	5,811,739
357.000	Underground Conduit	16,148	66	R2	-12.0%	1.70%	275	2,971	3,686
358.000	Underground Conductors and Devices	31,692	49	S1.5	-22.0%	2.49%	789	16,392	26,865
359.000	Roads and Trails	-					-	-	-
	TOTAL TRANSMISSION PLANT	33,342,676					712,550	10,711,640	17,977,309
	<u>DISTRIBUTION PLANT</u>								
360.000	Land and Land Rights	768,264							-
361.000	Structures and Improvements	1,893,580	62	R3	0.0%	1.61%	30,487	237,164	314,529
362.000	Station Equipment	34,409,921	48	R1	0.0%	2.08%	715,726	7,417,886	15,177,446
363.000	Storage Battery Equipment	-					-	-	-

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AQUILA NETWORKS - L&P Electric

SCHEDULE 3.2 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
364.000	Poles, Towers and Fixtures	25,224,002	46	L4	-79.0%	3.89%	981,214	15,925,458	11,729,154
365.000	Overhead Conductors and Devices	21,431,550	60	S1.5	-31.0%	2.18%	467,208	7,746,638	9,629,237
366.000	Underground Conduit	6,887,428	66	R2	-12.0%	1.70%	117,086	1,111,926	1,477,524
367.000	Underground Conductors and Devices	14,870,430	49	S1.5	-22.0%	2.49%	370,274	4,060,780	3,870,865
368.000	Line Transformers	21,705,810	33	R2	-14.0%	3.45%	748,850	10,741,050	14,878,158
369.001	Overhead Services	1,173,617	55	R4	-100.0%	3.64%	42,720	938,934	407,717
369.002	Underground Services	7,399,827	38	R5	-16.0%	3.05%	225,695	2,294,879	2,046,495
370.000	Meters	7,011,888	53	S1	-6.0%	2.00%	140,238	2,289,300	4,411,959
371.000	I.O.C.P.	3,780,393	26	R1.5	-33.0%	5.12%	193,556	1,280,939	1,394,809
372.000	Leased Property on Customer Premises	-					-	-	-
373.000	Street Lighting and Signal Systems	4,240,462	34	L0	-8.0%	3.18%	134,847	728,895	1,827,208
TOTAL DISTRIBUTION PLANT		150,797,172					4,167,900	54,773,849	67,165,101
<u>GENERAL PLANT</u>									
389.000	Land and Land Rights	544,238							
390.000	Structures and Improvements	4,994,672	45	R1.5	-23.0%	2.73%	136,355	1,967,551	2,322,443
391.001	Office Furniture and Equipment-Ele Gen	297,010	24	L4	0.0%	4.17%	12,385	208,030	191,947
391.001	Office Furniture and Equipment-Lake Rd	379,767	24	L4	0.0%	4.17%	15,836	160,821	128,439
391.001	Office Furniture and Equipment-Iatan	1,742	24	L4	0.0%	4.17%	73	1,207	1,265
391.003	Computer Hardware-Ele Gen	630,129	8	R0.5	0.0%	12.50%	78,766	146,263	62,213
391.003	Computer Hardware - Lake Rd	311,010	8	R0.5	0.0%	12.50%	38,876	103,143	60,058
391.003	Computer Hardware - Iatan	-	8	R0.5	0.0%	12.50%	-	-	-
391.004	Computer Software-Ele Gen	308,290	9	S1.5	0.0%	11.11%	34,251	221,232	324,776
391.004	Computer Software - Lake Rd	99,778	9	S1.5	0.0%	11.11%	11,085	58,065	62,156

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AQUILA NETWORKS - L&P Electric

SCHEDULE 3.2 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	lowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
391.004	Computer Software - Iatan	157,762	9	S1.5	0.0%	11.11%	17,527	97,905	122,867
391.011	SJ Off-Machines 1987 - Elec Gen	26,472	24	L4	0.0%	4.17%	1,104	-	22,547
391.011	SJ Off-Machines 1987 - Lake Rd	5,379	24	L4	0.0%	4.17%	224	-	1,365
392.000	Transportation Equipment - Elec Gen	-	8	S6	10.0%	11.25%	-	1,246,771	-
392.002	Transportation Equipment-cars LR	-	8	S6	10.0%	11.25%	-	-	-
392.003	Transportation Equipment-light trucks LR	145,082	8	S6	10.0%	11.25%	16,322	-	91,260
392.004	Transportation Equipment-med trucks LR	16,389	8	S6	10.0%	11.25%	1,844	-	18,412
392.004	Transportation Equipment-med trucks EG	385,774	8	S6	10.0%	11.25%	43,400	-	157,079
392.005	Transportation Equipment-heavy trucks LR	126,317	8	S6	10.0%	11.25%	14,211	-	126,317
392.005	Transportation Equipment-heavy trucks EG	1,189,734	8	S6	10.0%	11.25%	133,845	-	880,846
392.006	Transportation Equipment-trailers EG	289,464	8	S6	10.0%	11.25%	32,565	-	854
392.006	Transportation Equipment-trailers LR	1,674	8	S6	10.0%	11.25%	188	-	-
393.000	Stores Equipment - Lake Rd	757	27	L1.5	0.0%	3.70%	28	164	207
393.000	Stores Equipment - Elec Gen	106,872	27	L1.5	0.0%	3.70%	3,954	61,719	113,624
393.000	Stores Equipment	-	27	L1.5	0.0%	3.70%	-	-	-
394.000	Tools, Shop and Garage Equipment - Lake	393,299	28	L0	-3.0%	3.68%	14,473	84,078	248,578
394.000	Tools, Shop and Garage Equipment - Elec	1,238,039	28	L0	-3.0%	3.68%	45,560	307,956	609,422
394.000	Tools, Shop and Garage Equipment	-	28	L0	-3.0%	3.68%	-	-	-
395.000	Laboratory Equipment - Lake Rd	323,715	28	R2.5	4.0%	3.43%	11,103	129,847	-
395.000	Laboratory Equipment - Elec Gen	319,145	28	R2.5	4.0%	3.43%	10,947	110,820	369,477
396.001	Power Operated Equipment-short life	145,767	22	R4	2.0%	4.45%	6,487	-	-
396.002	Power Operated Equipment-long life EG	60,097	22	R4	2.0%	4.45%	2,674	-	-
396.002	Power Operated Equipment-long life LR	895,471	22	R4	2.0%	4.45%	39,848	406,862	295,521

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AQUILA NETWORKS - L&P Electric

SCHEDULE 3.2 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	Iowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
397.000	Communication Equipment - Elec Gen	2,033,380	27	S2	0.0%	3.70%	75,235	825,099	1,284,122
397.000	Communication Equipment - Lake Rd	-	27	S2	0.0%	3.70%	-	-	-
397.000	Communication Equipment - Iatan	86,536	27	S2	0.0%	3.70%	3,202	22,624	25,997
398.000	Miscellaneous Equipment - Lake Rd	9,218	24	L3	11.0%	3.71%	342	4,157	-
398.001	Miscellaneous Equipment - Elec Gen	73,879	24	L3	11.0%	3.71%	2,741	30,110	44,511
TOTAL GENERAL PLANT		15,596,858					805,452	6,194,422	7,566,303
<u>COMMON UTILITY</u>									
389.010	Land and Land Rights	115,307							(86,405)
390.000	Structures and Improvements-Own	1,481,200	45	R1.5	-13.0%	2.51%	37,178	719,424	(692,024)
391.001	Office Furniture and Equipment	13,523	24	L4	0.0%	4.17%	564	126,180	(52,570)
391.003	Computer Hardware	151,055	8	R0.5	0.0%	12.50%	18,882	59,706	42,438
391.004	Computer Software	2,790	9	S1.5	0.0%	11.11%	310	2,211	1,028,114
391.005	System Development	-					-	-	524,133
391.011	Office Machines	36,818	24	L4	0.0%	4.17%	1,535	(103,236)	(28,830)
392.001	Transportation Equipment-subunit	-	8	S6	10.0%	11.25%	-	780,481	-
392.002	Transportation Equipment-cars	-	8	S6	10.0%	11.25%	-	-	(55)
392.003	Transportation Equipment-light trucks	-	8	S6	10.0%	11.25%	-	-	51,143
392.004	Transportation Equipment-med trucks	61,471	8	S6	10.0%	11.25%	6,915	-	322,586
392.005	Transportation Equipment-heavy trucks	-	8	S6	10.0%	11.25%	-	-	120,730
392.006	Transportation Equipment-trailers	-	8	S6	10.0%	11.25%	-	-	169,549
393.000	Stores Equipment	4,992	27	L1.5	0.0%	3.70%	185	1,817	3,185
394.000	Tools, Shop and Garage Equipment	68,915	28	L0	-3.0%	3.68%	2,536	-	64,233
395.000	Laboratory Equipment	-	28	R2.5	4.0%	3.43%	-	-	945

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AQUILA NETWORKS - L&P Electric

SCHEDULE 3.2 Depreciation Rate Determination, Corresponding Annual Accrual and Reserve for Depreciation

Account Number	Description	Original Cost 6/30/2005	Staff Proposed					Theoretical Reserve 12/31/2004	Accumulated Reserve 12/31/2004*
			ASL (Years)	lowa Curve	Average Net Salvage	Depreciation Rate	Annual Accrual		
396.001	Power Operated Equipment-short life	-	22	R4	2.0%	4.45%	-	-	168,651
396.002	Power Operated Equipment-long life	-	22	R4	2.0%	4.45%	-	208,481	108,526
397.000	Communication Equipment	369,992	27	S2	0.0%	3.70%	13,690	148,916	29,344
398.000	Miscellaneous Equipment	16,534	24	L3	11.0%	3.71%	613	8,106	-
TOTAL COMMON UTILITY		<u>2,322,597</u>					<u>82,409</u>	<u>1,952,087</u>	<u>1,773,693</u>
<u>CORPORATE (SHARE OF UCU)</u>									
389.000	Land and Land Rights	55,438							
390.001	Structures and Improvements-Own	5,353,298	45	R1.5	0.0%	2.22%	118,843	643,911	541,474
390.051	Structures and Improvements-Lease	530,178					-	-	266,834
391.001	Office Furniture and Equipment	1,230,400	24	L4	0.0%	4.17%	51,308	255,500	239,613
391.003	Computer Hardware	1,290,411	8	R0.5	0.0%	12.50%	161,301	411,863	8,582
391.004	Computer Software	6,105,002	9	S1.5	0.0%	11.11%	678,266	2,804,799	1,403,551
391.005	Office Furniture & Equip Computer Dev	2,000,176	9		0.0%	11.11%	222,220	1,273,879	638,841
392.000	Transportation Equipment	-	8	S6		12.50%	-	-	(517)
394.000	Tools, Shop and Garage Equipment	31,265	28	L0	0.0%	3.57%	1,116	7,173	25,691
395.000	Laboratory Equipment	6,073	28	R2.5	0.0%	3.57%	217	2,225	999
397.000	Communication Equipment	967,105	27	S2	0.0%	3.70%	35,783	193,007	188,035
398.000	Miscellaneous Equipment	50,886	24	L3	0.0%	4.17%	2,122	13,877	31,851
TOTAL CORPORATE		<u>17,620,232</u>					<u>1,271,175</u>	<u>5,606,233</u>	<u>3,344,954</u>
301.000	Organization	70,968							
303.000	Miscellaneous Intangible Plant	81,628							
GRAND TOTAL		<u>369,456,935</u>					<u>10,589,591</u>	<u>135,542,148</u>	<u>196,513,445</u>
DEPRECIATION RESERVE OVER (UNDER) ACCRUAL									<u>60,971,297</u>

*Corporate accumulated reserve as of 6/30/2005.

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AQUILA NETWORKS - MPS
SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
	A	B	H	I	J	K	L	C	D	E	F	G
<u>STEAM PRODUCTION PLANT</u>												
<u>JEFFERY</u>												
310.000	Land and Land Rights	265,954										
311.110	Structures and Improvements	18,435,413	54	R4	-0.8%	1.87%	344,742	45	R0.5	0%	2.22%	409,266
312.110	Boiler Plant Equipment	58,473,816	48	R1.5	-1.0%	2.10%	1,227,950	45	R2	0%	2.22%	1,298,119
312.000	Boiler Pollution Equipment	812,162	48	R1.5	-1.0%	2.10%	17,055	45	R2	0%	2.22%	18,030
314.110	Turbogenerator Units	18,945,563	44	R2.5	-1.7%	2.31%	437,643	45	R4	0%	2.22%	420,591
315.110	Accessory Electric Equipment	6,346,659	43	S0.5	-1.8%	2.37%	150,416	38	R1.5	0%	2.63%	166,917
316.110	Miscellaneous Power Plant Equipment	1,554,834	40	R3	-3.4%	2.59%	40,270	35	R5	0%	2.86%	44,468
	Total Jeffery	104,834,401					2,218,076					2,357,391
<u>SIBLEY</u>												
310.000	Land and Land Rights	394,762										
311.120	Structures and Improvements	37,065,651	54	R4	-1.1%	1.87%	693,128	45	R0.5	0%	2.22%	822,857
312.120	Boiler Plant Equipment	140,433,874	48	R1.5	-5.2%	2.19%	3,075,502	45	R2	0%	2.22%	3,117,632
312.000	Boiler Pollution Equipment	1,634,104	48	R1.5	-5.2%	2.19%	35,787	45	R2	0%	2.22%	36,277
314.120	Turbogenerator Units	55,626,418	44	R2.5	-2.6%	2.33%	1,296,096	45	R4	0%	2.22%	1,234,906
315.120	Accessory Electric Equipment	15,198,783	43	S0.5	-3.0%	2.40%	364,771	38	R1.5	0%	2.63%	399,728
316.120	Miscellaneous Power Plant Equipment	766,665	40	R3	-0.1%	2.50%	19,167	35	R5	0%	2.86%	21,927
	Total Sibley	251,120,257					5,484,451					5,633,327
	Total Steam Production	355,954,658					7,702,527					7,990,718
<u>OTHER PRODUCTION PLANT</u>												
340.000	Land and Land Rights	70,932										
341.000	Structures and Improvements	1,370,781	60	R0.5	-4.9%	1.75%	23,989	60	R2	0%	1.67%	22,892
342.000	Fuel Holders, Producers and Access.	466,406	34	S6	-4.9%	3.09%	14,412	35	R5	0%	2.86%	13,339
343.000	Prime Movers	6,833,091	22	R2.5	-5.8%	4.81%	328,672	30	R2	0%	3.33%	227,542
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	30	R2	0%	3.33%	-

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AQUILA NETWORKS - MPS
SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
	A	B	H	I	J	K	L	C	D	E	F	G
344.000	Generators	8,639,626	28	R4	-6.4%	3.80%	328,306	30	R5	0%	3.33%	287,700
345.000	Accessory Electric Equipment	1,986,720	37	R2.5	-5.4%	2.85%	56,622	38	R1.5	0%	2.63%	52,251
346.000	Miscellaneous Power Plant Equipment	19,902	28	S3	0.0%	3.57%	711	35	R5	0%	2.86%	569
	Total	19,387,458					752,712					604,293
<u>GREENWOOD</u>												
340.000	Land and Land Rights	232,517										
341.000	Structures and Improvements	1,733,568	60	R0.5	-4.9%	1.75%	30,337	60	R2	0%	1.67%	28,951
342.000	Fuel Holders, Producers and Access.	1,939,726	34	S6	-4.9%	3.09%	59,938	35	R5	0%	2.86%	55,476
343.000	Prime Movers	28,759,810	22	R2.5	-5.8%	4.81%	1,383,347	30	R2	0%	3.33%	957,702
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	30	R2	0%	3.33%	-
344.000	Generators	6,677,927	28	R4	-6.4%	3.80%	253,761	30	R5	0%	3.33%	222,375
345.000	Accessory Electric Equipment	5,114,696	37	R2.5	-5.4%	2.85%	145,769	38	R1.5	0%	2.63%	134,517
346.000	Miscellaneous Power Plant Equipment	65,253	28	S3	0.0%	3.57%	2,330	35	R5	0%	2.86%	1,866
	Total Greenwood	44,523,497					1,875,482					1,400,887
<u>SOUTH HARPER</u>												
340.000	Land and Land Rights	1,020,471										
341.000	Structures and Improvements	6,168,808	60	R0.5	-4.9%	1.75%	107,954	60	R2	0%	1.67%	103,019
342.000	Fuel Holders, Producers and Access.	4,660,564	34	S6	-4.9%	3.09%	144,011	35	R5	0%	2.86%	133,292
343.000	Prime Movers	68,941,778	22	R2.5	-5.8%	4.81%	3,316,100	30	R2	0%	3.33%	2,295,761
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	30	R2	0%	3.33%	-
344.000	Generators	29,669,380	28	R4	-6.4%	3.80%	1,127,436	30	R5	0%	3.33%	987,990
345.000	Accessory Electric Equipment	13,755,109	37	R2.5	-5.4%	2.85%	392,021	38	R1.5	0%	2.63%	361,759
346.000	Miscellaneous Power Plant Equipment	164,940	28	S3	0.0%	3.57%	5,888	35	R5	0%	2.86%	4,717
	Total South Harper	124,381,050					5,093,410					3,886,538
	Total Other Production	188,292,005					7,721,604					5,891,718
	TOTAL PRODUCTION PLANT	544,246,663					15,424,131					13,882,436

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AQUILA NETWORKS - MPS
SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
	A	B	H	I	J	K	L	C	D	E	F	G
<u>TRANSMISSION PLANT</u>												
350.000	Land and Land Rights	11,724,032										
352.000	Structures and Improvements	3,806,663	60	R4	-10.0%	1.83%	69,662	60	S6	0%	1.67%	63,571
353.000	Station Equipment	87,945,075	60	R2	-2.0%	1.70%	1,495,066	52	R1.5	0%	1.92%	1,688,545
354.000	Towers and Fixtures	322,053	54	L5	0.0%	1.85%	5,958	54	L5	0%	1.85%	5,958
355.000	Poles and Fixtures	56,815,257	55	S0.5	-61.0%	2.93%	1,664,687	54	S0.5	0%	1.85%	1,051,082
356.000	Overhead Conductors and Devices	47,503,251	62	R2.5	-44.0%	2.32%	1,102,075	60	R2	0%	1.67%	793,304
357.000	Underground Conduit	-					-	70	R2	0%	1.43%	-
358.000	Underground Conductors and Devices	57,675	49	S1.5	-22.0%	2.49%	1,436	52	L2	0%	1.92%	1,107
	TOTAL TRANSMISSION PLANT	208,174,006					4,338,884					3,603,567
<u>DISTRIBUTION PLANT</u>												
360.000	Land and Land Rights	3,827,125										
361.000	Structures and Improvements	5,844,121	62	R3	0.0%	1.61%	94,090	60	R3	0%	1.67%	97,597
362.000	Station Equipment	72,953,697	48	R1	0.0%	2.08%	1,517,437	52	R1	0%	1.92%	1,400,711
364.000	Poles, Towers and Fixtures	115,011,761	46	L4	-79.0%	3.89%	4,473,958	44	L4	0%	2.27%	2,610,767
365.000	Overhead Conductors and Devices	73,008,580	60	S1.5	-31.0%	2.18%	1,591,587	55	R2	0%	1.82%	1,328,756
366.000	Underground Conduit	32,096,774	66	R2	-12.0%	1.70%	545,645	70	R2	0%	1.43%	458,984
367.000	Underground Conductors and Devices	80,746,113	49	S1.5	-22.0%	2.49%	2,010,578	52	L2	0%	1.92%	1,550,325
368.000	Line Transformers	118,663,333	33	R2	-14.0%	3.45%	4,093,885	31	R2.5	0%	3.23%	3,832,826
369.001	Overhead Services	12,458,912	55	R4	-100.0%	3.64%	453,504	44	R5	0%	2.27%	282,817
369.002	Underground Services	43,893,043	38	R5	-16.0%	3.05%	1,338,738	44	S3	0%	2.27%	996,372
370.001	Meters	23,334,056	53	S1	-6.0%	2.00%	466,681	50	R3	0%	2.00%	466,681
370.002	Load Research Meters	2,033,977	14	S5	0.0%	7.14%	145,226	12	S6	0%	8.33%	169,430
371.000	I.O.C.P.	12,810,991	26	R1.5	-33.0%	5.12%	655,923	24	R2	0%	4.17%	534,218
373.000	Street Lighting and Signal Systems	22,412,724	34	L0	-8.0%	3.18%	712,725	30	L1	0%	3.33%	746,344
	TOTAL DISTRIBUTION PLANT	619,095,207					18,099,977					14,475,828

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AQUILA NETWORKS - MPS
SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
	A	B	H	I	J	K	L	C	D	E	F	G
<u>GENERAL PLANT</u>												
389.000	Land and Land Rights	876,361										
390.001	Structures and Improvements	9,179,712	45	R1.5	-23.0%	2.73%	250,606	45	R1.5	0%	2.22%	203,790
391.001	Office Furniture and Equipment	1,211,778	24	L4	0.0%	4.17%	50,531	22	L4	0%	4.55%	55,136
391.003	Computer Hardware	1,581,530	8	R0.5	0.0%	12.50%	197,691	7	S2	0%	14.29%	226,001
391.004	Computer Software	227,181	9	S1.5	0.0%	11.11%	25,240	7	S2	0%	14.29%	32,464
391.005	Computer Systems Development	39,790	9		0.0%	11.11%	4,421	7	S2	0%	14.29%	5,686
392.000	Transportation Equipment	2,690,354	8	S6	10.0%	11.25%	302,665	12	S5	0%	8.33%	224,106
393.000	Stores Equipment	92,514	27	L1.5	0.0%	3.70%	3,423	27	L1	0%	3.70%	3,423
394.000	Tools, Shop and Garage Equipment	3,255,387	28	L0	-3.0%	3.68%	119,798	27	L0	0%	3.70%	120,449
395.000	Laboratory Equipment	1,947,256	28	R2.5	4.0%	3.43%	66,791	29	R2.5	0%	3.45%	67,180
396.000	Power Operated Equipment	3,430,848	22	R4	2.0%	4.45%	152,673	16	S6	0%	6.25%	214,428
397.000	Communication Equipment	6,992,027	27	S2	0.0%	3.70%	258,705	29	S2	0%	3.45%	241,225
398.000	Miscellaneous Equipment	134,790	24	L3	11.0%	3.71%	5,001	23	L4	0%	4.35%	5,863
TOTAL GENERAL PLANT		31,659,528					1,437,545					1,399,751
<u>COMMON UTILITY</u>												
389.000	Land and Land Rights	145,274										
390.001	Structures and Improvements-Own	5,717,061	45	R1.5	-13.0%	2.51%	143,498	45	R1.5	0%	2.22%	126,919
390.051	Structures and Improvements-Lease	137,331					-					-
391.001	Office Furniture and Equipment	1,018,889	24	L4	0.0%	4.17%	42,488	22	L4	0%	4.55%	46,359
391.003	Computer Hardware	426,445	8	R0.5	0.0%	12.50%	53,306	7	S2	0%	14.29%	60,939
391.004	Computer Software	1,940	9	S1.5	0.0%	11.11%	216	7	S2	0%	14.29%	277
392.000	Transportation Equipment	83,553	8	S6	10.0%	11.25%	9,400	12	S5	0%	8.33%	6,960
393.000	Stores Equipment	14,647	27	L1.5	0.0%	3.70%	542	27	L1	0%	3.70%	542
394.000	Tools, Shop and Garage Equipment	137,538	28	L0	-3.0%	3.68%	5,061	27	L0	0%	3.70%	5,089
395.000	Laboratory Equipment	17,773	28	R2.5	4.0%	3.43%	610	29	R2.5	0%	3.45%	613

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AQUILA NETWORKS - MPS

SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
A		B	H	I	J	K	L	C	D	E	F	G
396.000	Power Operated Equipment	26,062	22	R4	2.0%	4.45%	1,160	16	S6	0%	6.25%	1,629
397.000	Communication Equipment	1,583,468	27	S2	0.0%	3.70%	58,588	29	S2	0%	3.45%	54,630
398.000	Miscellaneous Equipment	62,431	24	L3	11.0%	3.71%	2,316	23	L4	0%	4.35%	2,716
TOTAL COMMON UTILITY		<u>9,372,412</u>					<u>317,185</u>					<u>306,673</u>
<u>CORPORATE (SHARE OF UCU)</u>												
389.000	Land and Land Rights	158,725										
390.001	Structures and Improvements-Own	15,326,447	45	R1.5	0%	2.22%	340,247	45	R1.5		2.22%	340,247
390.051	Structures and Improvements-Lease	1,558,061										
391.001	Office Furniture and Equipment	3,557,972	24	L4	0%	4.17%	148,367	22	L4		4.55%	161,888
391.003	Computer Hardware	3,834,391	8	R0.5	0%	12.50%	479,299	7	S2		14.29%	547,934
391.004	Computer Software	20,088,744	9	S1.5	0%	11.11%	2,231,859	7	S2		14.29%	2,870,682
391.005	Office Furniture & Equip Computer Dev	5,318,062	9	S1.5	0%	11.11%	590,837	7	S2		14.29%	759,951
392.000	Transportation Equipment	-	8	S6	0%	12.50%	-	12	S5		8.33%	-
394.000	Tools, Shop and Garage Equipment	93,039	28	L0	0%	3.57%	3,321	27	L0		3.70%	3,442
395.000	Laboratory Equipment	17,380	28	R2.5	0%	3.57%	620	29	R2.5		3.45%	600
397.000	Communication Equipment	2,661,228	27	S2	0%	3.70%	98,465	29	S2		3.45%	91,812
398.000	Miscellaneous Equipment	145,884	24	L3	0%	4.17%	6,083	23	L4		4.35%	6,346
TOTAL CORPORATE		<u>52,759,933</u>					<u>3,899,098</u>					<u>4,782,902</u>
301.000	Organization	<u>21,550</u>										
GRAND TOTAL		<u>1,465,329,299</u>					<u>43,516,820</u>					<u>38,451,157</u>
Total Depreciation adjustment							<u>5,065,663</u>					<u>-</u>

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AQUILA NETWORKS - MPS

SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
	A	B	H	I	J	K	L	M	N	O	P	Q	R
<u>STEAM PRODUCTION PLANT</u>													
<u>JEFFERY</u>													
310.000	Land and Land Rights	265,954											
311.110	Structures and Improvements	18,435,413	54	R4	-0.8%	1.87%	344,742	54.36	200-SC	-0.8%	-0.92%	0.93%	171,449
312.110	Boiler Plant Equipment	58,473,816	48	R1.5	-1.0%	2.10%	1,227,950	53.40	200-SC	-1.0%	-0.88%	1.01%	590,586
312.000	Boiler Pollution Equipment	812,162	48	R1.5	-1.0%	2.10%	17,055	53.40	200-SC	-1.0%	-0.88%	1.01%	8,203
314.110	Turbogenerator Units	18,945,563	44	R2.5	-1.7%	2.31%	437,643	48.36	200-SC	-1.7%	-0.66%	1.44%	272,816
315.110	Accessory Electric Equipment	6,346,659	43	S0.5	-1.8%	2.37%	150,416	61.76	200-SC	-1.8%	-1.13%	0.52%	33,003
316.110	Miscellaneous Power Plant Equipment	1,554,834	40	R3	-3.4%	2.59%	40,270	44.06	200-SC	-3.4%	-0.41%	1.94%	30,164
	Total Jeffery	104,834,401					2,218,076						1,106,221
<u>SIBLEY</u>													
310.000	Land and Land Rights	394,762											
311.120	Structures and Improvements	37,065,651	54	R4	-1.1%	1.87%	693,128	24.68	200-SC	-1.1%	-0.52%	3.58%	1,326,950
312.120	Boiler Plant Equipment	140,433,874	48	R1.5	-5.2%	2.19%	3,075,502	23.36	200-SC	-5.2%	-0.54%	3.96%	5,561,181
312.000	Boiler Pollution Equipment	1,634,104	48	R1.5	-5.2%	2.19%	35,787	23.36	200-SC	-5.2%	-0.54%	3.96%	64,711
314.120	Turbogenerator Units	55,626,418	44	R2.5	-2.6%	2.33%	1,296,096	21.28	200-SC	-2.6%	-0.50%	4.32%	2,403,061
315.120	Accessory Electric Equipment	15,198,783	43	S0.5	-3.0%	2.40%	364,771	23.29	200-SC	-3.0%	-0.56%	3.86%	586,673
316.120	Miscellaneous Power Plant Equipment	766,665	40	R3	-0.1%	2.50%	19,167	28.72	200-SC	-0.1%	-0.62%	2.87%	22,003
	Total Sibley	251,120,257					5,484,451						9,964,579
	Total Steam Production	355,954,658					7,702,527						11,070,800
<u>OTHER PRODUCTION PLANT</u>													
340.000	Land and Land Rights	70,932											
341.000	Structures and Improvements	1,370,781	60	R0.5	-4.9%	1.75%	23,989	23.25	100-SC	-4.9%	-1.17%	3.34%	45,784
342.000	Fuel Holders, Producers and Access.	466,406	34	S6	-4.9%	3.09%	14,412	21.81	100-SC	-4.9%	-1.23%	3.58%	16,697
343.000	Prime Movers	6,833,091	22	R2.5	-5.8%	4.81%	328,672	19.46	100-SC	-5.8%	-0.66%	4.78%	326,622
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	23.45	100-SC	-5.0%	-0.26%	4.22%	-

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AQUILA NETWORKS - MPS

SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
	A	B	H	I	J	K	L	M	N	O	P	Q	R
344.000	Generators	8,639,626	28	R4	-6.4%	3.80%	328,306	23.45	100-SC	-6.4%	-1.15%	3.39%	292,883
345.000	Accessory Electric Equipment	1,986,720	37	R2.5	-5.4%	2.85%	56,622	21.58	100-SC	-5.4%	-1.18%	3.70%	73,509
346.000	Miscellaneous Power Plant Equipment	19,902	28	S3	0.0%	3.57%	711	13.66	100-SC		-0.19%	7.13%	1,419
	Total	19,387,458					752,712						756,914
<u>GREENWOOD</u>													
340.000	Land and Land Rights	232,517											
341.000	Structures and Improvements	1,733,568	60	R0.5	-4.9%	1.75%	30,337	23.25	100-SC	-4.9%	-1.17%	3.34%	57,901
342.000	Fuel Holders, Producers and Access.	1,939,726	34	S6	-4.9%	3.09%	59,938	21.81	100-SC	-4.9%	-1.23%	3.58%	69,442
343.000	Prime Movers	28,759,810	22	R2.5	-5.8%	4.81%	1,383,347	19.46	100-SC	-5.8%	-0.66%	4.78%	1,374,719
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	23.45	100-SC	-5.0%	-0.26%	4.22%	-
344.000	Generators	6,677,927	28	R4	-6.4%	3.80%	253,761	23.45	100-SC	-6.4%	-1.15%	3.39%	226,382
345.000	Accessory Electric Equipment	5,114,696	37	R2.5	-5.4%	2.85%	145,769	21.58	100-SC	-5.4%	-1.18%	3.70%	189,244
346.000	Miscellaneous Power Plant Equipment	65,253	28	S3	0.0%	3.57%	2,330	13.66	100-SC		-0.19%	7.13%	4,653
	Total Greenwood	44,523,497					1,875,482						1,922,341
<u>SOUTH HARPER</u>													
340.000	Land and Land Rights	1,020,471											
341.000	Structures and Improvements	6,168,808	60	R0.5	-4.9%	1.75%	107,954	23.25	100-SC	-4.9%	-1.17%	3.34%	206,038
342.000	Fuel Holders, Producers and Access.	4,660,564	34	S6	-4.9%	3.09%	144,011	21.81	100-SC	-4.9%	-1.23%	3.58%	166,848
343.000	Prime Movers	68,941,778	22	R2.5	-5.8%	4.81%	3,316,100	19.46	100-SC	-5.8%	-0.66%	4.78%	3,295,417
343.100	Wind Turbines	-	22	R2.5	-5.0%	4.77%	-	23.45	100-SC	-5.0%	-0.26%	4.22%	-
344.000	Generators	29,669,380	28	R4	-6.4%	3.80%	1,127,436	23.45	100-SC	-6.4%	-1.15%	3.39%	1,005,792
345.000	Accessory Electric Equipment	13,755,109	37	R2.5	-5.4%	2.85%	392,021	21.58	100-SC	-5.4%	-1.18%	3.70%	508,939
346.000	Miscellaneous Power Plant Equipment	164,940	28	S3	0.0%	3.57%	5,888	13.66	100-SC		-0.19%	7.13%	11,760
	Total South Harper	124,381,050					5,093,410						5,194,794
	Total Other Production	188,292,005					7,721,604						7,874,049
	TOTAL PRODUCTION PLANT	544,246,663					15,424,131						18,944,849

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AQUILA NETWORKS - MPS

SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
	A	B	H	I	J	K	L	M	N	O	P	Q	R
TRANSMISSION PLANT													
350.000	Land and Land Rights	11,724,032											
352.000	Structures and Improvements	3,806,663	60	R4	-10.0%	1.83%	69,662	60.36	S2	-10.2%	-0.23%	1.60%	60,907
353.000	Station Equipment	87,945,075	60	R2	-2.0%	1.70%	1,495,066	60.17	S0	-4.8%	-0.11%	1.63%	1,433,505
354.000	Towers and Fixtures	322,053	54	L5	0.0%	1.85%	5,958	53.92	R4		-0.50%	1.35%	4,348
355.000	Poles and Fixtures	56,815,257	55	S0.5	-61.0%	2.93%	1,664,687	55.05	L1.5	-60.1%	-0.20%	2.71%	1,539,693
356.000	Overhead Conductors and Devices	47,503,251	62	R2.5	-44.0%	2.32%	1,102,075	59.92	S1.5	-40.2%	-0.22%	2.12%	1,007,069
357.000	Underground Conduit	-					-						-
358.000	Underground Conductors and Devices	57,675	49	S1.5	-22.0%	2.49%	1,436	60.27	S1.5	-20.0%	-0.30%	1.69%	975
TOTAL TRANSMISSION PLANT		208,174,006					4,338,884						4,046,497
DISTRIBUTION PLANT													
360.000	Land and Land Rights	3,827,125											
361.000	Structures and Improvements	5,844,121	62	R3	0.0%	1.61%	94,090	60.04	S2	-9.7%	-0.01%	1.82%	106,363
362.000	Station Equipment	72,953,697	48	R1	0.0%	2.08%	1,517,437	54.62	R0.5	-3.4%		1.89%	1,378,825
364.000	Poles, Towers and Fixtures	115,011,761	46	L4	-79.0%	3.89%	4,473,958	43.16	S3	-75.3%	-0.03%	4.03%	4,634,974
365.000	Overhead Conductors and Devices	73,008,580	60	S1.5	-31.0%	2.18%	1,591,587	54.82	S1	-30.0%	-0.01%	2.36%	1,723,002
366.000	Underground Conduit	32,096,774	66	R2	-12.0%	1.70%	545,645	54.91	R4	-10.0%		2.00%	641,935
367.000	Underground Conductors and Devices	80,746,113	49	S1.5	-22.0%	2.49%	2,010,578	44.91	S2	-20.1%	-0.01%	2.66%	2,147,847
368.000	Line Transformers	118,663,333	33	R2	-14.0%	3.45%	4,093,885	30.02	S1.5	-14.9%	-0.03%	3.80%	4,509,207
369.001	Overhead Services	12,458,912	55	R4	-100.0%	3.64%	453,504	55.07	S3	-154.7%	-0.05%	4.58%	570,618
369.002	Underground Services	43,893,043	38	R5	-16.0%	3.05%	1,338,738	35.05	R4	-15.0%	-0.02%	3.26%	1,430,913
370.001	Meters	23,334,056	53	S1	-6.0%	2.00%	466,681	50.18	S1	-5.1%	-0.01%	2.08%	485,348
370.002	Load Research Meters	2,033,977	14	S5	0.0%	7.14%	145,226	12.16	R4		-0.27%	7.95%	161,701
371.000	I.O.C.P.	12,810,991	26	R1.5	-33.0%	5.12%	655,923	24.97	S1	-30.4%	-0.03%	5.19%	664,890
373.000	Street Lighting and Signal Systems	22,412,724	34	L0	-8.0%	3.18%	712,725	30.36	L0.5	-9.5%	-0.02%	3.59%	804,617
TOTAL DISTRIBUTION PLANT		619,095,207					18,099,977						19,260,240

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AQUILA NETWORKS - MPS

SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
	A	B	H	I	J	K	L	M	N	O	P	Q	R
GENERAL PLANT													
389.000	Land and Land Rights	876,361											
390.001	Structures and Improvements	9,179,712	45	R1.5	-23.0%	2.73%	250,606	40.26	R2.5	-22.7%	-0.31%	2.74%	251,524
391.001	Office Furniture and Equipment	1,211,778	24	L4	0.0%	4.17%	50,531	18.17	S2	-0.1%	-0.75%	4.76%	57,681
391.003	Computer Hardware	1,581,530	8	R0.5	0.0%	12.50%	197,691	5.99	L1.5	-0.1%	-3.61%	13.10%	207,180
391.004	Computer Software	227,181	9	S1.5	0.0%	11.11%	25,240	6.02	R5		-8.28%	8.33%	18,924
391.005	Computer Systems Development	39,790	9		0.0%	11.11%	4,421	6.02			-8.28%	8.33%	3,315
392.000	Transportation Equipment	2,690,354	8	S6	10.0%	11.25%	302,665	13.46	S3	10.0%	-1.31%	5.38%	144,741
393.000	Stores Equipment	92,514	27	L1.5	0.0%	3.70%	3,423	26.25	L0.5		-0.72%	3.09%	2,859
394.000	Tools, Shop and Garage Equipment	3,255,387	28	L0	-3.0%	3.68%	119,798	23.37	L0.5	-1.0%	-0.53%	3.79%	123,379
395.000	Laboratory Equipment	1,947,256	28	R2.5	4.0%	3.43%	66,791	27.98	S1.5	0.7%	-0.61%	2.94%	57,249
396.000	Power Operated Equipment	3,430,848	22	R4	2.0%	4.45%	152,673	14.65	L1	0.1%	-1.40%	5.42%	185,952
397.000	Communication Equipment	6,992,027	27	S2	0.0%	3.70%	258,705	26.50	L1.5	-0.2%	-0.70%	3.08%	215,354
398.000	Miscellaneous Equipment	134,790	24	L3	11.0%	3.71%	5,001	22.41	S1.5	3.4%	-1.08%	3.23%	4,354
TOTAL GENERAL PLANT		31,659,528					1,437,545						1,272,512
COMMON UTILITY													
389.000	Land and Land Rights	145,274											
390.001	Structures and Improvements-Own	5,717,061	45	R1.5	-13.0%	2.51%	143,498	39.73	S0.5	-12.9%	-0.40%	2.44%	139,496
390.051	Structures and Improvements-Lease	137,331					-						-
391.001	Office Furniture and Equipment	1,018,889	24	L4	0.0%	4.17%	42,488	19.72	L0	5.1%	-0.93%	3.88%	39,533
391.003	Computer Hardware	426,445	8	R0.5	0.0%	12.50%	53,306	10.04	R2.5	6.7%	-1.64%	7.65%	32,623
391.004	Computer Software	1,940	9	S1.5	0.0%	11.11%	216	10.04	R2.5	6.7%	-1.64%	7.65%	148
392.000	Transportation Equipment	83,553	8	S6	10.0%	11.25%	9,400	11.23	L2	9.3%	-4.95%	3.13%	2,615
393.000	Stores Equipment	14,647	27	L1.5	0.0%	3.70%	542	15.91	O4		-1.96%	4.33%	634
394.000	Tools, Shop and Garage Equipment	137,538	28	L0	-3.0%	3.68%	5,061	15.77	S3		-3.15%	3.19%	4,387
395.000	Laboratory Equipment	17,773	28	R2.5	4.0%	3.43%	610	15.20	S3		-2.18%	4.40%	782

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AQUILA NETWORKS - MPS

SCHEDULE 4.1 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
	A	B	H	I	J	K	L	M	N	O	P	Q	R
396.000	Power Operated Equipment	26,062	22	R4	2.0%	4.45%	1,160	13.11	L1	5.2%	-2.64%	4.59%	1,196
397.000	Communication Equipment	1,583,468	27	S2	0.0%	3.70%	58,588	26.31	L1.5		-0.97%	2.83%	44,812
398.000	Miscellaneous Equipment	62,431	24	L3	11.0%	3.71%	2,316	24.79	L0		-1.02%	3.01%	1,879
	TOTAL COMMON UTILITY	9,372,412					317,185						268,105
	<u>CORPORATE (SHARE OF UCU)</u>												
389.000	Land and Land Rights	158,725											
390.001	Structures and Improvements-Own	15,326,447	45	R1.5	0%	2.22%	340,247					2.36%	361,704
390.051	Structures and Improvements-Lease	1,558,061											
391.001	Office Furniture and Equipment	3,557,972	24	L4	0%	4.17%	148,367					5.57%	198,179
391.003	Computer Hardware	3,834,391	8	R0.5	0%	12.50%	479,299					29.59%	1,134,596
391.004	Computer Software	20,088,744	9	S1.5	0%	11.11%	2,231,859					12.75%	2,561,315
391.005	Office Furniture & Equip Computer Dev	5,318,062	9	S1.5	0%	11.11%	590,837					17.34%	922,152
392.000	Transportation Equipment	-	8	S6	0%	12.50%	-					37.46%	-
394.000	Tools, Shop and Garage Equipment	93,039	28	L0	0%	3.57%	3,321					6.93%	6,448
395.000	Laboratory Equipment	17,380	28	R2.5	0%	3.57%	620					12.87%	2,237
397.000	Communication Equipment	2,661,228	27	S2	0%	3.70%	98,465					14.36%	382,152
398.000	Miscellaneous Equipment	145,884	24	L3	0%	4.17%	6,083					14.75%	21,518
	TOTAL CORPORATE	52,759,933					3,899,098						5,590,301
301.000	Organization	21,550											
	GRAND TOTAL	1,465,329,299					43,516,820						49,382,504
	Total Depreciation adjustment						5,065,663						10,931,347

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
<u>STEAM PRODUCTION PLANT</u>												
<u>LAKE ROAD</u>												
310.000	Land and Land Rights	35,054										
311.120	Structures and Improvements	10,614,937	54	R4	-2.7%	1.90%	201,684	45	R0.5	0%	2.22%	235,652
311.050	Structures and Improvements-Lease	10,278										
312.120	Boiler Plant Equipment	29,863,161	48	R1.5	-3.7%	2.16%	645,044	45	R2	0%	2.22%	662,962
312.002	Boiler Plant - Pollution	9,732,499	48	R1.5	-3.7%	2.16%	210,222	45	R2	0%	2.22%	216,061
314.120	Turbogenerator Units	14,478,758	44	R2.5	-2.6%	2.33%	337,355	45	R4	0%	2.22%	321,428
315.120	Accessory Electric Equipment	2,828,463	43	S0.5	-1.8%	2.37%	67,035	38	R1.5	0%	2.63%	74,389
316.120	Miscellaneous Power Plant Equipment	174,464	40	R3	-15.8%	2.90%	5,059	35	R5	0%	2.86%	4,990
	Total Lake Road	67,737,614					1,466,399					1,515,482
<u>IATAN</u>												
310.001	Land and Land Rights	250,326										
311.110	Structures and Improvements	4,358,684	54	R4	0.5%	1.84%	80,200	45	R0.5	0%	2.22%	96,763
312.110	Boiler Plant Equipment	41,073,076	48	R1.5	2.3%	2.04%	837,891	45	R2	0%	2.22%	911,822
314.110	Turbogenerator Units	10,958,015	44	R2.5	-1.2%	2.30%	252,034	45	R4	0%	2.22%	243,268
315.110	Accessory Electric Equipment	7,150,920	43	S0.5	-0.6%	2.34%	167,332	38	R1.5	0%	2.63%	188,069
316.110	Miscellaneous Power Plant Equipment	1,140,146	40	R3	0.6%	2.49%	28,390	35	R5	0%	2.86%	32,608
	Total Iatan	64,931,167					1,365,846					1,472,530
	Total Steam Production	132,668,781					2,832,245					2,988,012
<u>OTHER PRODUCTION PLANT</u>												
341.000	Structures and Improvements	1,310,715	60	R0.5	-5.0%	1.75%	22,938	60	R2	0%	1.67%	21,889
342.000	Fuel Holders, Producers and Access.	605,108	34	S6	-5.0%	3.09%	18,698	35	R5	0%	2.86%	17,306
343.000	Prime Movers	10,802,125	22	R2.5	-5.1%	4.78%	516,342	30	R2	0%	3.33%	359,711
344.000	Generators	3,112,011	28	R4	-15.2%	4.11%	127,904	30	R5	0%	3.33%	103,630
345.000	Accessory Electric Equipment	1,126,064	37	R2.5	-5.0%	2.84%	31,980	38	R1.5	0%	2.63%	29,615
346.000	Miscellaneous Power Plant Equipment	-	28	S3	0.0%	3.57%	-	35	R5	0%	2.86%	-
	Total Other Production	16,956,023					717,861					532,151
	TOTAL PRODUCTION PLANT	149,624,804					3,550,106					3,520,163

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
TRANSMISSION PLANT												
350.000	Land and Land Rights	2,271,911										
352.000	Structures and Improvements	469,590	60	R4	-10.0%	1.83%	8,594	60	S6	0%	1.67%	7,842
353.000	Station Equipment	10,061,143	60	R2	-2.0%	1.70%	171,039	52	R1.5	0%	1.92%	193,174
353.000	Station Equipment - Lake Road	24,586	60	R2	-2.0%	1.70%	418	52	R1.5	0%	1.92%	472
353.000	Station Equipment - Iatan	1,166,882	60	R2	-2.0%	1.70%	19,837	52	R1.5	0%	1.92%	22,404
354.000	Towers and Fixtures	-	54	L5	0.0%	1.85%	-	54	L5	0%	1.85%	-
355.000	Poles and Fixtures	10,462,512	55	S0.5	-61.0%	2.93%	306,552	54	S0.5	0%	1.85%	193,556
356.000	Overhead Conductors and Devices	8,838,212	62	R2.5	-44.0%	2.32%	205,047	60	R2	0%	1.67%	147,598
357.000	Underground Conduit	16,148	66	R2	-12.0%	1.70%	275	70	R2	0%	1.43%	231
358.000	Underground Conductors and Devices	31,692	49	S1.5	-22.0%	2.49%	789	52	L2	0%	1.92%	608
359.000	Roads and Trails	-										
TOTAL TRANSMISSION PLANT		33,342,676					712,550					565,885
DISTRIBUTION PLANT												
360.000	Land and Land Rights	768,264										
361.000	Structures and Improvements	1,893,580	62	R3	0.0%	1.61%	30,487	60	R3	0%	1.67%	31,623
362.000	Station Equipment	34,409,921	48	R1	0.0%	2.08%	715,726	52	R1	0%	1.92%	660,670
363.000	Storage Battery Equipment	-					-					
364.000	Poles, Towers and Fixtures	25,224,002	46	L4	-79.0%	3.89%	981,214	44	L4	0%	2.27%	572,585
365.000	Overhead Conductors and Devices	21,431,550	60	S1.5	-31.0%	2.18%	467,208	55	R2	0%	1.82%	390,054
366.000	Underground Conduit	6,887,428	66	R2	-12.0%	1.70%	117,086	70	R2	0%	1.43%	98,490
367.000	Underground Conductors and Devices	14,870,430	49	S1.5	-22.0%	2.49%	370,274	52	L2	0%	1.92%	285,512
368.000	Line Transformers	21,705,810	33	R2	-14.0%	3.45%	748,850	31	R2.5	0%	3.23%	701,098
369.001	Overhead Services	1,173,617	55	R4	-100.0%	3.64%	42,720	44	R5	0%	2.27%	26,641
369.002	Underground Services	7,399,827	38	R5	-16.0%	3.05%	225,695	44	S3	0%	2.27%	167,976
370.000	Meters	7,011,888	53	S1	-6.0%	2.00%	140,238	50	R3	0%	2.00%	140,238
371.000	I.O.C.P.	3,780,393	26	R1.5	-33.0%	5.12%	193,556	24	R2	0%	4.17%	157,642
372.000	Leased Property on Customer Premises	-										
373.000	Street Lighting and Signal Systems	4,240,462	34	L0	-8.0%	3.18%	134,847	30	L1	0%	3.33%	141,207
TOTAL DISTRIBUTION PLANT		150,797,172					4,167,900					3,373,736

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
GENERAL PLANT												
389.000	Land and Land Rights	544,238										
390.000	Structures and Improvements	4,994,672	45	R1.5	-23.0%	2.73%	136,355	45	R1.5	0%	2.22%	110,882
391.001	Office Furniture and Equipment-Ele Gen	297,010	24	L4	0.0%	4.17%	12,385	22	L4	0%	4.55%	13,514
391.001	Office Furniture and Equipment-Lake Rd	379,767	24	L4	0.0%	4.17%	15,836	22	L4	0%	4.55%	17,279
391.001	Office Furniture and Equipment-Iatan	1,742	24	L4	0.0%	4.17%	73	22	L4	0%	4.55%	79
391.003	Computer Hardware-Ele Gen	630,129	8	R0.5	0.0%	12.50%	78,766	7	S2	0%	14.29%	90,045
391.003	Computer Hardware - Lake Rd	311,010	8	R0.5	0.0%	12.50%	38,876	7	S2	0%	14.29%	44,443
391.003	Computer Hardware - Iatan	-	8	R0.5	0.0%	12.50%	-	7	S2	0%	14.29%	-
391.004	Computer Software-Ele Gen	308,290	9	S1.5	0.0%	11.11%	34,251	7	S2	0%	14.29%	44,055
391.004	Computer Software - Lake Rd	99,778	9	S1.5	0.0%	11.11%	11,085	7	S2	0%	14.29%	14,258
391.004	Computer Software - Iatan	157,762	9	S1.5	0.0%	11.11%	17,527	7	S2	0%	14.29%	22,544
391.011	SJ Off-Machines 1987 - Elec Gen	26,472	24	L4	0.0%	4.17%	1,104	22	L4	0%	4.55%	1,204
391.011	SJ Off-Machines 1987 - Lake Rd	5,379	24	L4	0.0%	4.17%	224	22	L4	0%	4.55%	245
392.000	Transportation Equipment - Elec Gen	-	8	S6	10.0%	11.25%	-	12	L2			-
392.002	Transportation Equipment-cars LR	-	8	S6	10.0%	11.25%	-	12	S5	0%	8.33%	-
392.003	Transportation Equipment-light trucks LR	145,082	8	S6	10.0%	11.25%	16,322	12	S5	0%	8.33%	12,085
392.004	Transportation Equipment-med trucks LR	16,389	8	S6	10.0%	11.25%	1,844	12	S5	0%	8.33%	1,365
392.004	Transportation Equipment-med trucks EG	385,774	8	S6	10.0%	11.25%	43,400	12	S5	0%	8.33%	32,135
392.005	Transportation Equipment-heavy trucks LR	126,317	8	S6	10.0%	11.25%	14,211	12	S5	0%	8.33%	10,522
392.005	Transportation Equipment-heavy trucks EG	1,189,734	8	S6	10.0%	11.25%	133,845	12	S5	0%	8.33%	99,105
392.006	Transportation Equipment-trailers EG	289,464	8	S6	10.0%	11.25%	32,565	12	S5	0%	8.33%	24,112
392.006	Transportation Equipment-trailers LR	1,674	8	S6	10.0%	11.25%	188	12	S5	0%	8.33%	139
393.000	Stores Equipment - Lake Rd	757	27	L1.5	0.0%	3.70%	28	27	L1	0%	3.70%	28
393.000	Stores Equipment - Elec Gen	106,872	27	L1.5	0.0%	3.70%	3,954	27	L1	0%	3.70%	3,954
393.000	Stores Equipment	-	27	L1.5	0.0%	3.70%	-	27	L1	0%	3.70%	-
394.000	Tools, Shop and Garage Equipment - Lake	393,299	28	L0	-3.0%	3.68%	14,473	27	L0	0%	3.70%	14,552
394.000	Tools, Shop and Garage Equipment - Elec	1,238,039	28	L0	-3.0%	3.68%	45,560	27	L0	0%	3.70%	45,807
394.000	Tools, Shop and Garage Equipment	-	28	L0	-3.0%	3.68%	-	27	L0	0%	3.70%	-

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
395.000	Laboratory Equipment - Lake Rd	323,715	28	R2.5	4.0%	3.43%	11,103	29	R2.5	0%	3.45%	11,168
395.000	Laboratory Equipment - Elec Gen	319,145	28	R2.5	4.0%	3.43%	10,947	29	R2.5	0%	3.45%	11,011
396.001	Power Operated Equipment-short life	145,767	22	R4	2.0%	4.45%	6,487	16	S6	0%	6.25%	9,110
396.002	Power Operated Equipment-long life EG	60,097	22	R4	2.0%	4.45%	2,674	16	S6	0%	6.25%	3,756
396.002	Power Operated Equipment-long life LR	895,471	22	R4	2.0%	4.45%	39,848	16	S6	0%	6.25%	55,967
397.000	Communication Equipment - Elec Gen	2,033,380	27	S2	0.0%	3.70%	75,235	29	S2	0%	3.45%	70,152
397.000	Communication Equipment - Lake Rd	-	27	S2	0.0%	3.70%	-	29	S2	0%	3.45%	-
397.000	Communication Equipment - Iatan	86,536	27	S2	0.0%	3.70%	3,202	29	S2	0%	3.45%	2,985
398.000	Miscellaneous Equipment - Lake Rd	9,218	24	L3	11.0%	3.71%	342	23	L4	0%	4.35%	401
398.001	Miscellaneous Equipment - Elec Gen	73,879	24	L3	11.0%	3.71%	2,741	23	L4	0%	4.35%	3,214
TOTAL GENERAL PLANT		15,596,858					805,452					770,116
COMMON UTILITY												
389.010	Land and Land Rights	115,307										
390.000	Structures and Improvements-Own	1,481,200	45	R1.5	-13.0%	2.51%	37,178	45	R1.5	0%	2.22%	32,883
391.001	Office Furniture and Equipment	13,523	24	L4	0.0%	4.17%	564	22	L4	0%	4.55%	615
391.003	Computer Hardware	151,055	8	R0.5	0.0%	12.50%	18,882	7	S2	0%	14.29%	21,586
391.004	Computer Software	2,790	9	S1.5	0.0%	11.11%	310	7	S2	0%	14.29%	399
391.005	System Development	-					-	7	S2	0%	14.29%	-
391.011	Office Machines	36,818	24	L4	0.0%	4.17%	1,535	22	L4	0%	4.55%	1,675
392.001	Transportation Equipment-subunit	-	8	S6	10.0%	11.25%	-	12	S5	0%	8.33%	-
392.002	Transportation Equipment-cars	-	8	S6	10.0%	11.25%	-	12	S5	0%	8.33%	-
392.003	Transportation Equipment-light trucks	-	8	S6	10.0%	11.25%	-	12	S5	0%	8.33%	-
392.004	Transportation Equipment-med trucks	61,471	8	S6	10.0%	11.25%	6,915	12	S5	0%	8.33%	5,121
392.005	Transportation Equipment-heavy trucks	-	8	S6	10.0%	11.25%	-	12	S5	0%	8.33%	-
392.006	Transportation Equipment-trailers	-	8	S6	10.0%	11.25%	-	12	S5	0%	8.33%	-
393.000	Stores Equipment	4,992	27	L1.5	0.0%	3.70%	185	27	L1	0%	3.70%	185
394.000	Tools, Shop and Garage Equipment	68,915	28	L0	-3.0%	3.68%	2,536	27	L0	0%	3.70%	2,550
395.000	Laboratory Equipment	-	28	R2.5	4.0%	3.43%	-	29	R2.5	0%	3.45%	-
396.001	Power Operated Equipment-short life	-	22	R4	2.0%	4.45%	-	16	S6	0%	6.25%	-

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Existing Ordered				
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual
396.002	Power Operated Equipment-long life	-	22	R4	2.0%	4.45%	-	16	S6	0%	6.25%	-
397.000	Communication Equipment	369,992	27	S2	0.0%	3.70%	13,690	29	S2	0%	3.45%	12,765
398.000	Miscellaneous Equipment	16,534	24	L3	11.0%	3.71%	613	23	L4	0%	4.35%	719
TOTAL COMMON UTILITY		<u>2,322,597</u>					<u>82,409</u>					<u>78,498</u>
CORPORATE (SHARE OF UCU)												
389.000	Land and Land Rights	55,438										
390.001	Structures and Improvements-Own	5,353,298	45	R1.5	0.0%	2.22%	118,843	45	R1.5	0%	2.22%	118,843
390.051	Structures and Improvements-Lease	530,178					-					
391.001	Office Furniture and Equipment	1,230,400	24	L4	0.0%	4.17%	51,308	22	L4	0%	4.55%	55,983
391.003	Computer Hardware	1,290,411	8	R0.5	0.0%	12.50%	161,301	7	S2	0%	14.29%	184,400
391.004	Computer Software	6,105,002	9	S1.5	0.0%	11.11%	678,266	7	S2	0%	14.29%	872,405
391.005	Office Furniture & Equip Computer Dev	2,000,176	9		0.0%	11.11%	222,220	7	S2	0%	14.29%	285,825
392.000	Transportation Equipment	-	8	S6		12.50%	-	12	S5	0%	8.33%	-
394.000	Tools, Shop and Garage Equipment	31,265	28	L0	0.0%	3.57%	1,116	27	L0	0%	3.70%	1,157
395.000	Laboratory Equipment	6,073	28	R2.5	0.0%	3.57%	217	29	R2.5	0%	3.45%	210
397.000	Communication Equipment	967,105	27	S2	0.0%	3.70%	35,783	29	S2	0%	3.45%	33,365
398.000	Miscellaneous Equipment	50,886	24	L3	0.0%	4.17%	2,122	23	L4	0%	4.35%	2,214
TOTAL CORPORATE		<u>17,620,232</u>					<u>1,271,175</u>					<u>1,554,402</u>
301.000	Organization	70,968										
303.000	Miscellaneous Intangible Plant	81,628										
GRAND TOTAL		<u>369,456,935</u>					<u>10,589,591</u>					<u>9,862,800</u>
Total Depreciation adjustment							<u>726,791</u>					<u>-</u>

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
STEAM PRODUCTION PLANT													
LAKE ROAD													
310.000	Land and Land Rights	35,054											
311.120	Structures and Improvements	10,614,937	54	R4	-2.7%	1.90%	201,684	20.82	200SC	-2.7%	-0.61%	4.32%	458,565
311.050	Structures and Improvements-Lease	10,278											
312.120	Boiler Plant Equipment	29,863,161	48	R1.5	-3.7%	2.16%	645,044	20.26	200SC	-3.7%	-0.59%	4.53%	1,352,801
312.002	Boiler Plant - Pollution	9,732,499	48	R1.5	-3.7%	2.16%	210,222	20.26	200SC	-3.7%	-0.59%	4.53%	440,882
314.120	Turbogenerator Units	14,478,758	44	R2.5	-2.6%	2.33%	337,355	24.16	200SC	-2.6%	-0.71%	3.54%	512,548
315.120	Accessory Electric Equipment	2,828,463	43	S0.5	-1.8%	2.37%	67,035	23.29	200SC	-1.8%	-0.69%	3.68%	104,087
316.120	Miscellaneous Power Plant Equipment	174,464	40	R3	-15.8%	2.90%	5,059	19.26	200SC	-15.8%	-0.47%	5.54%	9,665
	Total Lake Road	67,737,614					1,466,399						2,878,549
IATAN													
310.001	Land and Land Rights	250,326											
311.110	Structures and Improvements	4,358,684	54	R4	0.5%	1.84%	80,200	29.64	200SC	0.5%	-0.52%	2.84%	123,787
312.110	Boiler Plant Equipment	41,073,076	48	R1.5	2.3%	2.04%	837,891	32.14	200SC	2.3%	-0.56%	2.48%	1,018,612
314.110	Turbogenerator Units	10,958,015	44	R2.5	-1.2%	2.30%	252,034	32.62	200SC	-1.2%	-0.55%	2.55%	279,429
315.110	Accessory Electric Equipment	7,150,920	43	S0.5	-0.6%	2.34%	167,332	31.72	200SC	-0.6%	-0.54%	2.63%	188,069
316.110	Miscellaneous Power Plant Equipment	1,140,146	40	R3	0.6%	2.49%	28,390	25.41	200SC	0.6%	-0.45%	3.46%	39,449
	Total Iatan	64,931,167					1,365,846						1,649,347
	Total Steam Production	132,668,781					2,832,245						4,527,896
OTHER PRODUCTION PLANT													
341.000	Structures and Improvements	1,310,715	60	R0.5	-5.0%	1.75%	22,938	35.49	100SC	-5.0%	-2.62%	0.34%	4,456
342.000	Fuel Holders, Producers and Access.	605,108	34	S6	-5.0%	3.09%	18,698	38.64	100SC	-5.0%	-2.78%	-0.06%	(363)
343.000	Prime Movers	10,802,125	22	R2.5	-5.1%	4.78%	516,342	28.00	100SC	-5.1%	-2.10%	1.65%	178,235
344.000	Generators	3,112,011	28	R4	-15.2%	4.11%	127,904	33.49	100SC	-15.2%	-2.31%	1.13%	35,166
345.000	Accessory Electric Equipment	1,126,064	37	R2.5	-5.0%	2.84%	31,980	29.36	100SC	-5.0%	-2.22%	1.36%	15,314
346.000	Miscellaneous Power Plant Equipment	-	28	S3	0.0%	3.57%	-						
	Total Other Production	16,956,023					717,861						232,809
	TOTAL PRODUCTION PLANT	149,624,804					3,550,106						4,760,705

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
TRANSMISSION PLANT													
350.000	Land and Land Rights	2,271,911											
352.000	Structures and Improvements	469,590	60	R4	-10.0%	1.83%	8,594	60.02	S3	-10.0%	-0.45%	1.38%	6,480
353.000	Station Equipment	10,061,143	60	R2	-2.0%	1.70%	171,039	30.17	L2	3.4%	-1.43%	1.77%	178,082
353.000	Station Equipment - Lake Road	24,586	60	R2	-2.0%	1.70%	418	30.17	L2	3.4%	-1.43%	1.77%	435
353.000	Station Equipment - Iatan	1,166,882	60	R2	-2.0%	1.70%	19,837	31.43	L2	-10.0%	-0.48%	3.02%	35,240
354.000	Towers and Fixtures	-	54	L5	0.0%	1.85%	-						
355.000	Poles and Fixtures	10,462,512	55	S0.5	-61.0%	2.93%	306,552	60.76	R1.5	-30.8%	-0.51%	1.64%	171,585
356.000	Overhead Conductors and Devices	8,838,212	62	R2.5	-44.0%	2.32%	205,047	60.30	R2.5	-29.1%	-0.77%	1.37%	121,084
357.000	Underground Conduit	16,148	66	R2	-12.0%	1.70%	275	60.00	R4	-5.0%	-0.20%	1.55%	250
358.000	Underground Conductors and Devices	31,692	49	S1.5	-22.0%	2.49%	789	60.75	R1.5	-5.0%	-0.41%	1.32%	418
359.000	Roads and Trails	-											
TOTAL TRANSMISSION PLANT		33,342,676					712,550						513,575
DISTRIBUTION PLANT													
360.000	Land and Land Rights	768,264											
361.000	Structures and Improvements	1,893,580	62	R3	0.0%	1.61%	30,487	50.15	R3	-10.0%	-0.03%	2.16%	40,901
362.000	Station Equipment	34,409,921	48	R1	0.0%	2.08%	715,726	50.27	R2	-19.3%	-0.11%	2.26%	777,664
363.000	Storage Battery Equipment	-					-						
364.000	Poles, Towers and Fixtures	25,224,002	46	L4	-79.0%	3.89%	981,214	45.37	R3	-65.1%	-0.28%	3.36%	847,526
365.000	Overhead Conductors and Devices	21,431,550	60	S1.5	-31.0%	2.18%	467,208	55.30	R2	-37.1%	-0.15%	2.33%	499,355
366.000	Underground Conduit	6,887,428	66	R2	-12.0%	1.70%	117,086	55.03	R4	-40.0%	-0.09%	2.45%	168,742
367.000	Underground Conductors and Devices	14,870,430	49	S1.5	-22.0%	2.49%	370,274	49.98	R3	-15.0%	-0.08%	2.22%	330,124
368.000	Line Transformers	21,705,810	33	R2	-14.0%	3.45%	748,850	40.22	S2	-19.3%	-0.22%	2.75%	596,910
369.001	Overhead Services	1,173,617	55	R4	-100.0%	3.64%	42,720	50.22	R4	-101.8%	-0.38%	3.64%	42,720
369.002	Underground Services	7,399,827	38	R5	-16.0%	3.05%	225,695	35.07	S3	-10.0%	-0.18%	2.96%	219,035
370.000	Meters	7,011,888	53	S1	-6.0%	2.00%	140,238	40.63	R3	0.1%	-0.26%	2.20%	154,262
371.000	I.O.C.P.	3,780,393	26	R1.5	-33.0%	5.12%	193,556	17.07	L0.5	9.1%	-0.33%	5.00%	189,020
372.000	Leased Property on Customer Premises	-											
373.000	Street Lighting and Signal Systems	4,240,462	34	L0	-8.0%	3.18%	134,847	25.29	L1	-17.7%	-0.21%	4.44%	188,277
TOTAL DISTRIBUTION PLANT		150,797,172					4,167,900						4,054,535

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
GENERAL PLANT													
389.000	Land and Land Rights	544,238											
390.000	Structures and Improvements	4,994,672	45	R1.5	-23.0%	2.73%	136,355	40.19	R3	-9.2%	-1.06%	1.66%	82,912
391.001	Office Furniture and Equipment-Ele Gen	297,010	24	L4	0.0%	4.17%	12,385	16.11	L0	2.6%	-4.08%	1.97%	5,851
391.001	Office Furniture and Equipment-Lake Rd	379,767	24	L4	0.0%	4.17%	15,836	18.64	L0		-0.18%	5.18%	19,672
391.001	Office Furniture and Equipment-Iatan	1,742	24	L4	0.0%	4.17%	73	21.26	L0		-0.50%	4.20%	73
391.003	Computer Hardware-Ele Gen	630,129	8	R0.5	0.0%	12.50%	78,766	10.01	SC	4.2%	-3.83%	5.74%	36,169
391.003	Computer Hardware - Lake Rd	311,010	8	R0.5	0.0%	12.50%	38,876	12.82	SC		-0.43%	7.37%	22,921
391.003	Computer Hardware - Iatan	-	8	R0.5	0.0%	12.50%	-		SC				-
391.004	Computer Software-Ele Gen	308,290	9	S1.5	0.0%	11.11%	34,251	11.09	SC		-4.43%	4.59%	14,151
391.004	Computer Software - Lake Rd	99,778	9	S1.5	0.0%	11.11%	11,085	12.37	SC		-0.24%	7.84%	7,823
391.004	Computer Software - Iatan	157,762	9	S1.5	0.0%	11.11%	17,527	12.38	SC		-0.25%	7.83%	12,353
391.011	SJ Off-Machines 1987 - Elec Gen	26,472	24	L4	0.0%	4.17%	1,104	16.11		2.6%	-4.08%	1.97%	522
391.011	SJ Off-Machines 1987 - Lake Rd	5,379	24	L4	0.0%	4.17%	224	18.64			-18.00%	-12.64%	(680)
392.000	Transportation Equipment - Elec Gen	-	8	S6	10.0%	11.25%	-	12.99	L1.5	18.8%	-3.08%	3.17%	-
392.002	Transportation Equipment-cars LR	-	8	S6	10.0%	11.25%	-	15.04	L1.5	19.4%	-1.28%	4.08%	-
392.003	Transportation Equipment-light trucks LR	145,082	8	S6	10.0%	11.25%	16,322	15.04	L1.5	19.4%	-1.28%	4.08%	5,919
392.004	Transportation Equipment-med trucks LR	16,389	8	S6	10.0%	11.25%	1,844	15.04	L1.5	19.4%	-1.28%	4.08%	669
392.004	Transportation Equipment-med trucks EG	385,774	8	S6	10.0%	11.25%	43,400	12.99	L1.5	18.8%	-3.08%	3.17%	12,229
392.005	Transportation Equipment-heavy trucks LR	126,317	8	S6	10.0%	11.25%	14,211	15.04	L1.5	19.4%	-1.28%	4.08%	5,154
392.005	Transportation Equipment-heavy trucks EG	1,189,734	8	S6	10.0%	11.25%	133,845	12.99	L1.5	18.8%	-3.08%	3.17%	37,715
392.006	Transportation Equipment-trailers EG	289,464	8	S6	10.0%	11.25%	32,565	12.99	L1.5	18.8%	-3.08%	3.17%	9,176
392.006	Transportation Equipment-trailers LR	1,674	8	S6	10.0%	11.25%	188	12.99	L1.5	18.8%	-3.08%	3.17%	53
393.000	Stores Equipment - Lake Rd	757	27	L1.5	0.0%	3.70%	28	30.00	S1.5		-0.05%	3.28%	25
393.000	Stores Equipment - Elec Gen	106,872	27	L1.5	0.0%	3.70%	3,954	26.78	S1.5		-2.68%	1.05%	1,122
393.000	Stores Equipment	-	27	L1.5	0.0%	3.70%	-		S1.5				-
394.000	Tools, Shop and Garage Equipment - Lake	393,299	28	L0	-3.0%	3.68%	14,473	25.21	L2		-0.22%	3.75%	14,749
394.000	Tools, Shop and Garage Equipment - Elec	1,238,039	28	L0	-3.0%	3.68%	45,560	24.38	L2	-53.6%	0.48%	6.78%	83,939
394.000	Tools, Shop and Garage Equipment	-	28	L0	-3.0%	3.68%	-		L2				-

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
395.000	Laboratory Equipment - Lake Rd	323,715	28	R2.5	4.0%	3.43%	11,103	25.74	S1		-0.34%	3.55%	11,492
395.000	Laboratory Equipment - Elec Gen	319,145	28	R2.5	4.0%	3.43%	10,947	23.27	S1	0.8%	-5.02%	-0.76%	(2,426)
396.001	Power Operated Equipment-short life	145,767	22	R4	2.0%	4.45%	6,487	18.40	R1	25.0%	-0.45%	3.63%	5,291
396.002	Power Operated Equipment-long life EG	60,097	22	R4	2.0%	4.45%	2,674	18.40	R1	25.0%	-0.45%	3.63%	2,182
396.002	Power Operated Equipment-long life LR	895,471	22	R4	2.0%	4.45%	39,848	18.40	R1	25.0%	-0.45%	3.63%	32,506
397.000	Communication Equipment - Elec Gen	2,033,380	27	S2	0.0%	3.70%	75,235	25.36	L1.5	-4.4%	-3.57%	0.55%	11,184
397.000	Communication Equipment - Lake Rd	-	27	S2	0.0%	3.70%	-		L1.5				-
397.000	Communication Equipment - Iatan	86,536	27	S2	0.0%	3.70%	3,202	25.03	L1.5	-5.1%	-0.15%	4.05%	3,505
398.000	Miscellaneous Equipment - Lake Rd	9,218	24	L3	11.0%	3.71%	342	25.49	L1	-3.1%	-0.22%	3.82%	352
398.001	Miscellaneous Equipment - Elec Gen	73,879	24	L3	11.0%	3.71%	2,741	25.69	L1	-25.4%	-1.84%	3.04%	2,246
TOTAL GENERAL PLANT		15,596,858					805,452						438,846
COMMON UTILITY													
389.010	Land and Land Rights	115,307											
390.000	Structures and Improvements-Own	1,481,200	45	R1.5	-13.0%	2.51%	37,178	40.19	R3	-9.2%	-1.06%	1.66%	24,588
391.001	Office Furniture and Equipment	13,523	24	L4	0.0%	4.17%	564	20.17	L0		-1.53%	3.43%	464
391.003	Computer Hardware	151,055	8	R0.5	0.0%	12.50%	18,882	13.97	SC		-3.14%	4.02%	6,072
391.004	Computer Software	2,790	9	S1.5	0.0%	11.11%	310	13.40	SC		-2.31%	5.15%	144
391.005	System Development	-					-						-
391.011	Office Machines	36,818	24	L4	0.0%	4.17%	1,535	20.17			-1.53%	3.43%	1,263
392.001	Transportation Equipment-subunit	-	8	S6	10.0%	11.25%	-	12.99	L1.5	18.8%	-3.08%	3.17%	-
392.002	Transportation Equipment-cars	-	8	S6	10.0%	11.25%	-	12.99	L1.5	18.8%	-3.08%	3.17%	-
392.003	Transportation Equipment-light trucks	-	8	S6	10.0%	11.25%	-	12.99	L1.5	18.8%	-3.08%	3.17%	-
392.004	Transportation Equipment-med trucks	61,471	8	S6	10.0%	11.25%	6,915	12.99	L1.5	18.8%	-3.08%	3.17%	1,949
392.005	Transportation Equipment-heavy trucks	-	8	S6	10.0%	11.25%	-	12.99	L1.5	18.8%	-3.08%	3.17%	-
392.006	Transportation Equipment-trailers	-	8	S6	10.0%	11.25%	-	12.99	L1.5	18.8%	-3.08%	3.17%	-
393.000	Stores Equipment	4,992	27	L1.5	0.0%	3.70%	185	30.66	S1.5		-1.81%	1.45%	72
394.000	Tools, Shop and Garage Equipment	68,915	28	L0	-3.0%	3.68%	2,536	25.59	L2		-1.20%	2.71%	1,868
395.000	Laboratory Equipment	-	28	R2.5	4.0%	3.43%	-	26.34	S1		-1.76%	2.04%	-
396.001	Power Operated Equipment-short life	-	22	R4	2.0%	4.45%	-	18.91	R1	20.4%	-2.14%	2.07%	-

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AQUILA NETWORKS - L&P Electric

SCHEDULE 4.2 Depreciation Position Comparison

Account Number	Description	Original Cost 6/30/2004	Staff Proposal					Company Proposal					
			ASL (Years)	Iowa Curve	Net Salvage	Depreciation Rate	Annual Accrual	ASL (Years)	Iowa Curve	Net Salvage	Amorti- zation	Remain. Life Dep. Rate	Annual Accrual
396.002	Power Operated Equipment-long life	-	22	R4	2.0%	4.45%	-	18.91	R1	20.4%	-2.14%	2.07%	-
397.000	Communication Equipment	369,992	27	S2	0.0%	3.70%	13,690	25.62	L1.5	-5.0%	-0.87%	3.23%	11,951
398.000	Miscellaneous Equipment	16,534	24	L3	11.0%	3.71%	613	25.62	L1	-5.0%	-0.91%	3.19%	527
TOTAL COMMON UTILITY		<u>2,322,597</u>					<u>82,409</u>						<u>48,898</u>
<u>CORPORATE (SHARE OF UCU)</u>													
389.000	Land and Land Rights	55,438											
390.001	Structures and Improvements-Own	5,353,298	45	R1.5	0.0%	2.22%	118,843					2.36%	126,338
390.051	Structures and Improvements-Lease	530,178					-						-
391.001	Office Furniture and Equipment	1,230,400	24	L4	0.0%	4.17%	51,308					5.57%	68,533
391.003	Computer Hardware	1,290,411	8	R0.5	0.0%	12.50%	161,301					29.59%	381,833
391.004	Computer Software	6,105,002	9	S1.5	0.0%	11.11%	678,266					12.75%	778,388
391.005	Office Furniture & Equip Computer Dev	2,000,176	9		0.0%	11.11%	222,220					17.34%	346,831
392.000	Transportation Equipment	-	8	S6		12.50%	-					37.46%	-
394.000	Tools, Shop and Garage Equipment	31,265	28	L0	0.0%	3.57%	1,116					6.93%	2,167
395.000	Laboratory Equipment	6,073	28	R2.5	0.0%	3.57%	217					12.87%	782
397.000	Communication Equipment	967,105	27	S2	0.0%	3.70%	35,783					14.36%	138,876
398.000	Miscellaneous Equipment	50,886	24	L3	0.0%	4.17%	2,122					14.75%	7,506
TOTAL CORPORATE		<u>17,620,232</u>					<u>1,271,175</u>						<u>1,851,252</u>
301.000	Organization	70,968											
303.000	Miscellaneous Intangible Plant	81,628											
GRAND TOTAL		<u>369,456,935</u>					<u>10,589,591</u>						<u>11,667,810</u>
Total Depreciation adjustment							<u>726,791</u>						<u>1,805,010</u>