

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE
OF MISSOURI

INFORMATION FILED IN ACCORDANCE WITH
4 CSR-240-3.030 MINIMUM FILING REQUIREMENTS

FOR
AQUILA, INC. d/b/a AQUILA NETWORKS – L&P
STEAM

INFORMATION FILED IN ACCORDANCE WITH
4 CSR-240-3.030 (3) (B) 1

ITEM 1 – AGGREGATE ANNUAL INCREASE

The aggregate annual increase over current revenues which the tariffs propose is \$5,029,944 for Aquila Networks – L&P steam business, an overall increase of 44.3% on a Pro Forma Basis.

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ITEM 2 – NAMES OF COUNTIES AND COMMUNITIES AFFECTED BY PROPOSED
ELECTRIC RATE INCREASE

COUNTIES FOR AQUILA NETWORKS – L&P

Buchanan

COMMUNITIES AQUILA NETWORKS – L&P

St. Joseph

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ITEM 3 – NUMBER OF CUSTOMERS AFFECTED BY PROPOSED ELECTRIC RATE
INCREASE

Line <u>No.</u>	Sheet <u>No.</u> (A)	Schedule <u>No.</u> (B)	Number of <u>Customers</u>
1	2	MO981	6

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ITEM 4. The average change requested in dollars and percentage change from current rates for each general category of service and for all rate classifications within each general category of service.

Line <u>No.</u>	Sheet <u>No.</u>	Schedule <u>No.</u>	Annualized <u>Revenue</u>	Proposed <u>Revenue</u>	<u>Proposed Increase</u>	
					<u>Amount</u>	<u>Percent</u>
	(A)	(B)	(C)	(D)	(E)	(F)
1	2	MO981	\$11,355,417	\$16,385,361	\$5,029,944	44.3%
2	3		\$0	\$0	\$0	0.0%
3	5	MO982	\$0	\$0	\$0	44.3%
4		Other Rev.	\$601	\$0	\$0	0.0%
5		TOTAL	\$11,356,018	\$16,385,361	\$5,029,944	44.3%

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ITEM 5. The proposed annual aggregate change by general categories of service and by rate classification within each general category of service including dollar amounts and percentage of change in revenues from current rates.

Line No.	Category (A)	Annualized Present Revenue (C)	Proposed Revenue (D)	Proposed Increase	
				Amount (E)	Percent (F)
Aquila Networks - L&P					
1	Steam Service	\$11,355,417	\$16,385,361	\$5,029,944	44.3%
2	Standby	\$0	\$0	\$0	
3	Contract Service	\$0	\$0	\$0	0.0%
7	Other Revenue	\$601	\$0	\$0	0.0%
8	Total Revenue	\$11,356,018	\$8,318,788	\$5,029,944	44.3%

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ITEM 6 – PRESS RELEASE

See Attached



Aquila

Jan Zimmers -- (816) 467-3617
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News Release

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AQUILA FILES RATE CASE FOR INDUSTRIAL STEAM CUSTOMERS IN ST. JOSEPH, MO.

Rate Case Reflects Increase in Fuel Costs and Removal of Subsidies

KANSAS CITY, MO, May 26, 2005 – Aquila, Inc. will be filing a request tomorrow with the Missouri Public Service Commission (MPSC) for a steam rate increase to recover higher generation fuel costs necessary to meet the growing customer demand for steam, a company official said today. Aquila currently serves five industrial steam customers in St. Joseph, Mo. and will extend service to an additional customer this summer.

The total proposed rate increase is \$5 million, or a 44.3 percent increase. The request is driven primarily by an increase in the cost of fuel, coal and natural gas, as well as the removal of previous subsidies that were originally borne by electric customers. Even with the sizable increase, the steam rates in St. Joseph will remain among the lowest in the Midwest.

“We realize this is a very large increase that will have a major impact on our customers’ operations, so we’re willing to work with them and with the MPSC on ways to mitigate the impact,” said Denny Williams, Regulatory Affairs Vice President for Aquila.

“One option to reduce the immediate impact of the increase is through a phased-in approach that would spread the increase over time, perhaps a three-year period for example,” said Williams. Aquila’s last steam rate increase was \$1.3 million, or 18.77 percent in April 2004.

An Interim Energy Charge similar to the charge that is currently in effect for all Missouri electric customers is another potential option to help protect steam customers from fluctuating fuel prices.

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A comparison of steam rates by We Energies, a subsidiary of Wisconsin Energy Corporation, indicates that Aquila’s current steam rates are the lowest of 12 Midwest cities. Aquila’s steam rate would remain the second lowest after this increase.

“Customer growth and increasing demand for steam are the primary reasons for the request,” said Williams. “In the past, we were able to produce a significant amount of the steam with coal, but demand for the product has exceeded our capacity to generate steam from our coal-fired unit. As a result, Aquila is producing a greater percentage of steam with natural gas to meet customer demand.”

Both natural gas and coal prices have been on the rise, impacting not only steam customers, but natural gas and electric customers as well.

According to Williams, past steam rates had been subsidized by electric rates, but that subsidy was not approved in Aquila’s last rate case. The full cost of service is included in this rate request.

Customers will not be affected by the increase until approval is received from the MPSC, which normally takes approximately 11 months.

Aquila serves 346,000 electric and natural gas customers in Missouri. Based in Kansas City, Mo., Aquila provides electricity and natural gas service to 1.3 million customers in Missouri, Kansas, Colorado, Michigan, Minnesota, Iowa and Nebraska.

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Note to Editor: A table and graph comparing Aquila’s St. Joseph steam rates to 11 other cities is available at www.aquila.com/investors/ratehistory/mo2005ratecases.shtml#steam. The We Energies 11-city comparison is available at http://webapps6.we-energies.com/ratecalc/bus/com_steam_national.cfm#self. Click “11 cities” for cost comparison.

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ITEM 7 – SUMMARY OF REASONS FOR THE PROPOSED CHANGES

The proposed changes represent a general rate increase request. The primary reason for this filing is driven by higher fuel costs and elimination of an existing steam rate subsidy.