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June 20, 2003

Secretary
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Aquila, Inc.

FILED²
JUN 20 2003
Missouri Public
Service Commission

Dear Mr. Roberts:

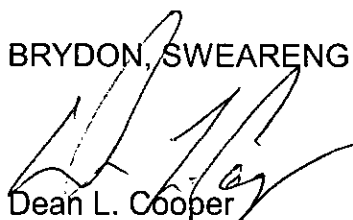
Enclosed please find an original and eight copies of an Application filed on behalf of Aquila, Inc. Please file stamp the enclosed extra receipt copy and return to me for my records.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:


Dean L. Cooper

DLC/tli

Enclosures

cc: General Counsel's Office
Office of the Public Counsel

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED²
JUN 20 2003
Missouri Public
Service Commission

In the Matter of Aquila, Inc. d/b/a)
Aquila Networks - MPS and Aquila Networks -)
L&P's Application to Join the Midwest)
Independent Transmission System Operator, Inc.)

Case No. _____

APPLICATION

COMES NOW Aquila, Inc. d/b/a Aquila Networks - MPS and Aquila Networks -L&P ("Aquila"), in accordance with §393.190, RSMo (2000) and 4 CSR 240-3.110, and, for its application to join the Midwest Independent Transmission System Operator, Inc. ("MISO"), states to the Missouri Public Service Commission ("Commission") as follows:

1. Aquila is a Delaware corporation with its principal office and place of business at 20 West 9th Street, Kansas City, MO 64138. Aquila is authorized to conduct business in Missouri through its Aquila Networks-MPS and Aquila Networks-L&P operating divisions and, as such, is engaged in providing electrical, natural gas and heating company utility service in Missouri in those areas certificated to it by the Commission. A certified copy of Aquila's Amended Certificate of Authority to do business in this state as a foreign corporation was filed with the Commission in Case No. EU-2002-1053 and said documents are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G). Likewise, copies of the registrations of fictitious name of Aquila Networks-MPS and Aquila Networks-L&P were filed in Case No. EU-2002-1053 and said documents are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G).

2. Aquila is an "electrical corporation," a "gas corporation," a "heating company"

and a "public utility" as those terms are defined in Section 386.020 RSMo 2000. Consequently, it is subject to the jurisdiction and supervision of the Commission as provided by law.

3. Aquila has pending or final judgments or decisions against it from state or federal regulatory agencies or courts which involve customer service occurring within the three (3) years immediately proceeding the filing of this application.

4. Aquila has no overdue Commission annual reports or assessment fees.

5. Pleadings, notices, orders and other correspondence and communications concerning this application should be addressed to the undersigned counsel and:

Mr. Dennis Williams, Manager
Missouri Electric Regulatory Affairs
Aquila, Inc.
10700 E. 350 Hwy.
P.O. Box 11739
Kansas City, MO 63138
Telephone: (816) 737-7857
Facsimile: (816) 737-7505
E-mail: denny.williams@aquila.com

3. On August 1, 2001, Aquila (then UtiliCorp United Inc.) filed with the Federal Energy Regulatory Commission ("FERC") an application to transfer operational control over certain designated transmission facilities to the Midwest Independent Transmission System Operator, Inc. ("MISO"), pursuant to section 203 of the Federal Power Act, 16 U.S.C. § 824b, as required by FERC Order 2000. A copy of the filing ("the FERC application") is attached as **Appendix A**.¹ The FERC application asks the FERC to approve of the transfer of operational control for portions of the Aquila transmission system in Missouri, 100 kv and above, and other

¹ The MPS & SJLP transmission facilities map originally supplied to the FERC in Exhibit K has been replaced with a more current map of the Aquila transmission system in Missouri.

systems in another state. The FERC, in an Order Authorizing Disposition of Jurisdictional Facilities issued September 13, 2001, approved the transfer subject to certain specified conditions. See 96 FERC ¶ 62,256 (attached hereto as **Appendix B**).

4. The purpose of this filing is to obtain Commission approval pursuant to Section 393.190.1, RSMo 2000.

5. As to the material required by 4 CSR 240-3.110(1)(A), Aquila states that the property involved in the transaction is Aquila's transmission facilities, 100 kv and above, in Missouri. A map showing the involved system is contained in **Appendix A**, Exhibit K.

6. As to the material required by 4 CSR 240-3.110(1)(B), Aquila states that there is no agreement to "sell." The agreement that is the subject of the transaction is contained in **Appendix A**, Exhibit I.. A subsequent agreement has been approved by the FERC and is now effective.²

7. As to the material required by 4 CSR 240-3.110(1)(D), Aquila states that there is no proposed sale. The transfer of operational control is not detrimental to the public interest because it furthers the interests of the MISO in accordance with the FERC's expressed desire to establish RTOs. Additionally, the FERC has found the transfer to be "consistent with the public interest" (See **Appendix B**).

8. As to the material required by 4 CSR 240-3.(1)(E), Aquila states that there is no "purchaser" because there is no sale. Additionally, Aquila does not anticipate that MISO will be subject to the jurisdiction of the Commission.

² The latest agreement can be found at www.midwestiso.org/to_miso_agreement.pdf.

9. As to the material required by 4 CSR 240-3.(1)(F), Aquila states that there is no expected impact on the tax revenues of any political subdivisions because there will be no transfer of title concerning any Aquila facilities. Aquila will continue to be the owner of the facilities and will continue to be responsible for taxes levied thereon.

10. Aquila also seeks Commission recognition as to the rate making implications of an approval of this application. In particular, Aquila seeks the Commission's acknowledgment that:

- A) The Commission will consider all of the administrative fees that Aquila is assessed for serving its bundled load under the agreement (i.e. all administrative fees pursuant to Schedules 10, 16 and 17 and any other schedule established in the future for the purpose of funding the MISO operations) to be prudently incurred expenses;
- B) The Commission will deem all costs Aquila incurs from the MISO to make prudent purchases of capacity and/or energy to serve its bundled retail customers (which include congestion charges, charges to cover energy losses or other ancillary services and lost revenue adders) to be prudently incurred expenses; and,
- C) As a consequence, these costs will be included by the Commission in the cost of service for rate making purposes for bundled retail customers in Aquila's next general rate case when the Commission determines the price to be charged for electricity after consideration of all relevant factors.

WHEREFORE, Aquila respectfully requests that the Commission issue its order:

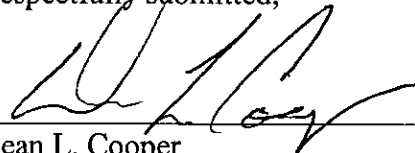
- (A) Authorizing Aquila to execute and perform in accordance with the terms

described in the Agreement contained in the FERC application, and to take any and all other actions which may be reasonably necessary and incidental to Aquila's performance thereunder, to include performance under such subsequent agreements as may be approved by the FERC;

(B) Acknowledging that if the Commission approves this application, the Commission will consider all of the FERC approved administrative fees Aquila is assessed and all costs Aquila incurs from the MISO to make prudent purchases of capacity and/or energy to serve its bundled retail load under the agreement to be prudently incurred expenses and, thus, will be included by the Commission in the cost of service for rate making purposes for bundled retail customers in Aquila's next general rate case when the Commission determines the price to be charged for electricity after consideration of all relevant factors; and,

(C) granting such other relief as may be deemed necessary and appropriate which is not inconsistent with this pleading.

Respectfully submitted,



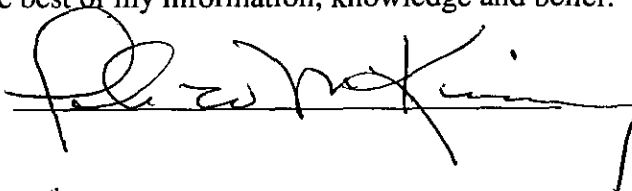
Dean L. Cooper MBE #36592
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312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102
(573) 635-7166 voice
(573) 635-3847 facsimile
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ATTORNEYS FOR AQUILA, INC.

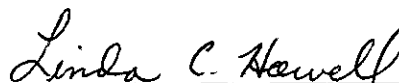
AFFIDAVIT

State of Missouri)
) ss
County of Jackson)

I, John W. McKinney, having been duly sworn upon my oath, state that I am the Vice President-Energy Resources of Aquila, Inc., that I am duly authorized to make this affidavit on behalf of Aquila, Inc., and that the matters and things stated in the foregoing application and appendices thereto are true and correct to the best of my information, knowledge and belief.



Subscribed and sworn before me this 12th day of June, 2003.



Notary Public

Linda C. Howell

Linda C. Howell
Notary Public-Notary Seal
State of Missouri
Jackson County
My Commission Expires: May4, 2004