

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

In the Matter of the Application of)	
Aquila, Inc., d/b/a Aquila Networks - MPS for)	Case No. GE-2004-0528
a waiver from the application of certain tariff)	
language regarding refunds.)	

RESPONSE TO PROTEST AND OBJECTION

Comes now Aquila, Inc. (“Aquila”), and, in response to the Sedalia Industrial Energy Users’ Association (“SIEUA”) Protest and Objection to Aquila’s Refund Report, states as follows to the Missouri Public Service Commission (“Commission”):

1. On October 12, 2004, Aquila submitted its Refund Report wherein Aquila identified that part of the Kansas ad valorem tax refund that it was unable to distribute to customers using the waiver and refund process approved by the Commission in its April 29, 2004, Order Granting Waiver Regarding Refunds. Aquila further indicated that it would include “all remaining *ad valorem* refund dollars in its 2003/2004 Annual ACA filing in accordance with Sheets 57-58 of its tariff.” Refund Rep., para. 6; see also Refund Rep., para. 7.

2. The approved method for providing the *ad valorem* refunds to customers was set out in paragraphs 8 - 13 of Aquila’s Application, as amended. This method included the notification of current Large Volume or Large Volume Transportation customers in order to provide them with the opportunity to share in the refund, if they were sales customers in the relevant 1983-1988 time frame. It also stated that “[a]ny portion of the refund that is not distributed to the current Transportation customers will be credited to the system PGA account as defined on MPS Sheet 37” (now found on Sheets 57-58 of Aquila’s tariff). App., para. 10D.

3. This being said, Aquila does not object to instead distributing the remaining large

volume/industrial customer dollars, along with the large volume/industrial customer share of the new refund checks received by Aquila, directly to the transportation customers that have previously qualified for those refunds, if so ordered by the Commission.

4. Marked Appendix A, and attached hereto, is a calculation of the amounts that would be available for refund to the transportation customers that have previously qualified for refunds. \$21,430 would be available for refund to these customers on the Southern System and \$6,932 would be available for refund to these customers on the Northern System. A calculation of the amount per Mcf that would be utilized for such refunds, based upon the volumes of the qualified customers, is also found on Appendix A.

5. Aquila does take issue with certain of the statements made by SIEUA in its Protest and Objection. SIEUA implies that unrefunded monies may somehow benefit Aquila (Aquila is “retaining the difference,” p. 2, para. 5; “leaving roughly \$20,000 to divert to other customers *or to Aquila*,” p. 2, para. 5; and, the difference “does not belong to any other customer group *nor to Aquila*,” p. 2, para. 6). There is no basis for such allegations. Whether these monies are refunded directly to SIEUA’s members, and other similarly situated entities, or they are included in the Annual ACA filing, as proposed by Aquila in its Application and again in its Refund Report, none of the dollars are retained by Aquila. Aquila is financially indifferent to whichever process is pursued.

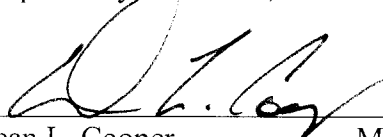
6. Further, the existence of a discrepancy does not “confirm that Aquila incorrectly made its refund calculation,” as alleged by SIEUA (p. 2, para. 5). Aquila calculated the refunds in accordance with the process approved by the Commission. That process was not objected to by any of the parties, to include SIEUA. This process necessarily included certain unknowns. Transportation customers were asked to establish their status during the relevant 1983-1988 time

frame because Aquila does not have sufficient records to make a determination as to every customers' status during that period. Aquila did eliminate from the calculation certain customers that were known to have not been on the system during the relevant period. App., para. 10B; Mot. for Leave to Amend.

7. Pending the Commission's resolution of this matter, Aquila has removed the large volume/industrial customer *ad valorem* refund amounts from its 2003/2004 Annual ACA filing and awaits the Commission's direction as to how to address the refund of those amounts.

WHEREFORE, Aquila respectfully requests the Commission consider this Response to Protest and Objection and issue such orders as it may find to be reasonable and just.

Respectfully submitted,



Dean L. Cooper MBE#36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102
(573) 635-7166
(573) 635-3847 facsimile
dcooper@brydonlaw.com

ATTORNEYS FOR AQUILA, INC.

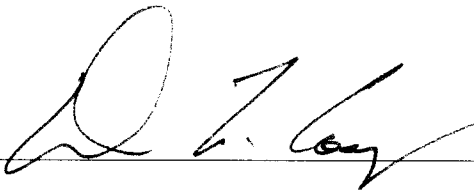
CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on October 21, 2004, to the following:

Thomas R. Schwarz, Jr.
Office of the General Counsel
Governor Office Building, 8th Floor
Jefferson City, Mo 65101

Douglas Micheel
Office of the Public Counsel
Governor Office Building, 6th Floor
Jefferson City, MO 65101

Mr. Stuart W. Conrad
Finnegan, Conrad & Peterson, L.C.
Penntower Office Center
3100 Broadway, Suite 1209
Kansas City, MO 64111



Appendix A

Southern Star Docket RP-98-52

Total Refund (CK# 700667) \$ 5,838

	Usage Percentage	Amount Per Class	March 03-Feb. 04 Usage	Amount Per MCF	Amt Refunded
Residential	48.51%	\$2,832	2,173,057	\$0.00130	\$2,832
Sm Comm/Other Sales	25.16%	\$1,469	1,160,559	\$0.00127	\$1,469
Company Use	0.05%	\$3	3,704	\$0.00076	\$3
Remaining Refund:	\$1,535		To Be refunded through PGA ->		
Lg/Industrial/Trans	26.29%	\$1,535	**Allocated portion of CK# 700667		
		\$19,895	**Amount remaining from Refund processed on May 10, 2004		
Total LV Refund		\$21,430	2,001,714	\$0.01071	\$21,430
Volumes reflect only customers with provided proof					

PEPL Docket KP-98-40
 CK# 0002090606 \$ 4,170
 CK# 0002083964 \$ 2,436
 Total Refund \$ 6,605

	Usage Percentage	Amount Per Class	March 03-Feb. 04 Usage	Amount Per MCF	Amt Refunded
Residential	48.51%	\$3,204	737,784	\$0.00434	\$3,204
Sm Comm/Other Sales	25.16%	\$1,662	404,357	\$0.00411	\$1,662
Company Use	0.05%	\$3	832	\$0.00383	\$3
Remaining Refund:	\$1,736		To Be refunded through PGA ->		
Lg/Industrial/Trans	26.29%	\$1,736	**Allocated portion of CK# 0002090606 & 0002083964		
		\$5,196	**Amount remaining from Refund processed on May 10, 2004		
Total LV Refund		\$6,932	437,069	\$0.01586	\$6,932
Volumes reflect only customers with provided proof					