

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Tariff Filing of The)	
Empire District Electric Company to)	
Implement General Rate Increase for)	Case No. ER-2004-0570
Retail Electric Service Provided to)	
Customer in its Missouri Service Area)	

AQUILA, INC.
STATEMENT OF POSITION

COMES NOW, Aquila, Inc. ("Aquila"), and for its statement of position respectfully states to the Commission as follows:

I. DEPRECIATION

Aquila's interest in this case is limited solely to the issue of depreciation, and Aquila's position on depreciation is as follows:

Depreciation - Aquila Position

Empire's depreciation proposal should be adopted. Net salvage amounts should be included as a component of the depreciation accrual rate, charged to depreciation expense with an offsetting entry to accumulated depreciation reserve account 108. Actual net salvage amounts (cost of removal and gross salvage) should also be charged to accumulated depreciation reserve account 108.

Alternatively, Aquila recommends that depreciation expense be separated into two components: (1) depreciation expense related to asset life, and (2) depreciation expense related to the net salvage allowance. The offsetting entry would be to accumulated depreciation reserve account 108. Depreciation expense charged to accumulated depreciation reserve account 108 would be separated into a life component and a net salvage allowance component. Actual net salvage (cost of removal and gross salvage) would be charged to the accumulated depreciation reserve account 108.

II. ALL OTHER ISSUES

Aquila takes no position on any of the other issues in this case.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this 1st day of December, 2004, served the foregoing Statement of Position of Aquila, Inc. either by electronic means, or by U.S. Mail, postage prepaid addressed to all parties by their attorneys of record as provided by Secretary of Commission as shown.

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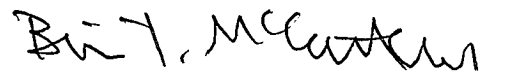
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