

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

In the Matter of an Examination of Class Cost of Service)
and Rate Design in the Missouri Jurisdictional Electric) **Case No. EO-2002-384**
Service Operations of Aquila, Inc., formerly known as)
UtiliCorp United Inc.)

AQUILA'S REPLY TO ORDER DIRECTING FILING

Comes now Aquila, Inc. ("Aquila" or "Company"), by counsel, and for its Reply to Order Directing Filing states to the Missouri Public Service Commission ("Commission") as follows:

1. Aquila did not comment earlier on the Public Counsel's request for local public hearings. While Aquila generally believes that its customers should have the opportunity to comment on matters which have a bearing on their utility rates and service, the pending class cost of service case may be an exception to that rule.

2. The purpose of this proceeding is to study, on a revenue neutral basis, Aquila's class cost of service, to identify load characteristics and to develop revenue neutral shifts to properly balance class rates. These revenue neutral shifts would then be implemented in a rate proceeding. In other words, the undertaking in this case is different than the distribution of a revenue increase or decrease which is the purpose of a revenue requirements rate case.

3. It is not anticipated that any rate increase or decrease will result at the conclusion of this case. Rather, that will occur in the context of Aquila's pending rate case, Case No. ER-2005-0436. Moreover, given the highly technical nature of the class cost of service study process, it is difficult to imagine

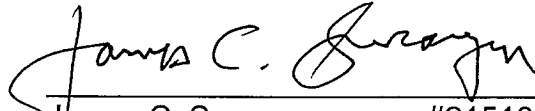
what input could be provided by the public under these circumstances other than a request that the Commission "hold down", to the extent possible, any rate increases which may be implemented in the "companion" rate case. In other words, the public will likely not distinguish between an increase in rates resulting from revenue neutral shifts to balance class rates and an increase in rates resulting from a revenue deficiency.

4. In this regard, local public hearings have already been established in connection with Aquila's now pending electric rate case. Those hearings will be held on November 17 at the City Council Chamber in St. Joseph, Missouri and November 29, 2005 at the City Council Chamber in Raytown, Missouri. Scheduling additional local public hearings in connection with the class cost of service case 30 days in advance of the rate case hearings may have the unintended result of confusing the public and causing it to believe that it is faced with two revenue requirements rate case proceedings.

5. Finally, there is not a sufficient time for Aquila to provide notice of these contemplated local public hearings during the week of October 17 to every affected ratepayer by bill insert. Accordingly, if the Commission decides to proceed with local public hearings, a separate mailing will be required. Aquila anticipates that such a separate mailing will cost approximately \$135,000.¹

¹ Details of estimate: 300,000 customers; \$.21 or \$.31 postage per customer (depending on type of mailing, standard rate, or first class) = \$63,000 or \$93,000; printing and applying 300,000 mailing labels = \$7,500; printing 300,000 postcards = \$30,000 to \$35,000

Respectfully submitted,

A handwritten signature in cursive script, reading "James C. Swearengen". The signature is written in black ink and is positioned above a horizontal line.

James C. Swearengen #21510
BRYDON, SWEARENGEN & ENGLAND, P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
Telephone: (573) 635-7166
Facsimile: (573) 634-7431

ATTORNEYS FOR AQUILA, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail or by hand delivery, on this 21ST day of September, 2005, to the following:

Steve Dottheim/Nathan Williams
General Counsel's Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102-0360

Lewis Mills
Office of the Public Counsel
Governor Office Building
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102-2230

Stuart Conrad
Finnegan, Conrad & Peterson
3100 Broadway, Suite 1209
Kansas City, MO 64111

Jeremiah Finnegan
Finnegan, Conrad & Peterson
3100 Broadway, Suite 1209
Kansas City, MO 64111

Major Craig Paulson
Federal Executive Agencies
139 Barnes Drive
Tyndall Air Force Base, FL 32403

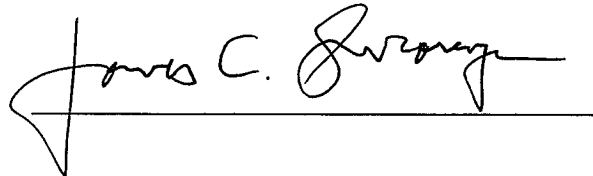
Shelley Woods
Attorney General's Office
P.O. Box 899
Jefferson City, MO 65102

Mark Comley
Newman, Comley & Ruth
Monroe Bluff Executive Ctr.
601 Monroe Street, Suite 301
P.O. Box 537
Jefferson City, MO 65102-0537

Judge Kevin Thompson
Missouri Public Service Commission
200 Madison Street, Suite 900
P.O. Box 360
Jefferson City, MO 65102-0360

John Coffman
1623 University Avenue
Columbia, MO 65201

William Steinmeier
William D. Steinmeier, PC
2031 Tower Drive, P.O. Box 104595
Jefferson City, MO 65110

A handwritten signature in black ink, reading "James C. Swearingen", is written over a horizontal line. The signature is stylized with a large, sweeping initial 'J' and a long, horizontal stroke at the end.