

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

In The Matter of the Application of Aquila, )  
Inc. for Approval of its Experimental )  
Regulatory Plan and for a Certificate of )  
Convenience and Necessity Authorizing )  
it to Participate in the Construction, Ownership, )  
Operation, Maintenance, Removal, )  
Replacement, Control and Management of )  
a Steam Electric Generating Station in )  
Platte County, Missouri, or alternatively for an )  
Order specifically confirming that Aquila, Inc. )  
has the requisite authority for said Generating )  
Station Under its Existing Certificate(s). )

Case No. \_\_\_\_\_

**APPLICATION**

COMES NOW Aquila, Inc., (hereinafter "Aquila" or "Company") pursuant to §§386.250, 393.140, 393.170 RSMo 2000, 4 CSR 240-2.060, 4 CSR 240-3.105(1)(B), and 4 CSR 240-3.110 and for its Application to the Missouri Public Service Commission ("Commission") states as follows:

**Overview**

1. This Application is being filed by Aquila to obtain from the Commission approval of Aquila's proposed Experimental Regulatory Plan and a certificate of convenience and necessity to participate in the construction, ownership, operation, maintenance, removal, replacement, control and management of a steam electric generating station in Platte County, Missouri, or alternatively for an order specifically confirming that Aquila has the requisite authority for said generating station under its existing certificate(s).

### **General Information About Aquila**

2. Aquila is a Delaware Corporation with its principal office and place of business at 20 W 9<sup>th</sup> Street, Kansas City, Missouri 64105-1711. The Company 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 industrial steam utility service in those areas of the State certificated to it by the Commission. A Certificate of Authority for a foreign corporation to do business in the State of Missouri evidencing Aquila's authority under the law to conduct business in the State of Missouri 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 names of Aquila Networks-MPS and Aquila Networks L&P were 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).

3. Aquila has pending actions or final unsatisfied judgments or decisions against it involving customer service or rates having occurred within three (3) years from the date of this Application.

4. Aquila has no annual report or assessment fees that are overdue.

5. All pleadings, notices, orders and other communications and correspondence regarding this Application and proceeding should be directed to:

Dennis R. Williams  
Aquila Networks  
10700 East 350 Hwy.  
Kansas City, MO 64138  
(816) 737-7857

James C. Swearengen  
Brydon, Swearengen & England, P.C.  
312 East Capitol Avenue  
P.O. Box 456  
Jefferson City, Missouri 65102  
(573) 635-7166

### **KCPL Activities**

6. On May 6, 2004, Kansas City Power & Light Company ("KCPL") filed its Application To Establish Investigatory Docket And Workshop Process Regarding Kansas City Power & Light Company. In its Application, KCPL requested that the Commission issue an order (a) opening an investigatory docket regarding the future supply and pricing of the electric service provided by KCPL; and (b) authorizing the use of the Commission's workshop process to address certain issues related to the future supply and pricing of electricity for KCPL and its customers, and any other issues impacting KCPL that may arise from discussion among the interested parties.

7. The Commission later issued an Order Establishing Case which granted KCPL's Application to Establish Investigatory Docket and Workshop Process Regarding Kansas City Power & Light Company, filed by KCPL on May 6, 2004, and established an informal, investigatory case designated as Case No. EW-2004-0596. Aquila has participated in this docket.

8. The discussions in Case No. EW-2004-0596 have included issues related to KCPL's future capacity needs, capital investments related to compliance with

environmental regulations, infrastructure investments, and customer programs, as well as the likely impact of these investments and programs upon KCPL's future revenue requirements. In particular, the discussions have included the potential development of approximately 800-900 MW of new coal-fired, regulated generation capacity located at the Iatan Electric Generating Station site near Weston ("Iatan Unit 2"). Iatan Unit 1 is co-owned by KCPL, Aquila, and The Empire District Electric Company ("Empire").

### **Generation Plant Investments**

9. As a result of the facts described above and its discussions with the Commission Staff ("Staff"), the Office of the Public Counsel ("Public Counsel"), KCPL and others, Aquila is considering significant investments in the following construction projects:

- A) 800-900 MW of new regulated generation capacity located at the Iatan Electric Generating Station site near Weston, Missouri, (Iatan Unit 2), of which Aquila proposes to own up to 200 MWs; and,
- B) Environmental upgrades related to Iatan Unit 1. These upgrades for Iatan Unit 1 include a Flue Gas Desulphurization unit and a Baghouse.

10. The identified investments are expected to involve substantial expenditures. In order to negotiate and to potentially participate in these projects, Aquila needs regulatory guidance and certainty from the Commission to assist in obtaining the optimal financing options for these amounts.

### **Certificate of Convenience and Necessity**

11. At the appropriate time, Aquila intends to supplement the subject Application to include the information traditionally provided in connection with a request for a certificate of convenience and necessity, specifically in this case a certificate of convenience and necessity authorizing the Company to participate in the construction, ownership, operation, maintenance, removal, replacement, control and management of Iatan Unit 2. In the alternative, Aquila may request that the Commission specifically confirm that Aquila has the requisite authority for these undertakings under its existing certificate(s).

### **Experimental Regulatory Plan**

12. Aquila is now in the process of modeling the rate and financing impacts of participating in a jointly-owned second unit at Iatan (Iatan Unit 2). It is clear that the assurance to investors of adequate cash flow from Missouri regulated electric operations resulting from future electric retail rate cases will be important in the financial options available to the Company. Aquila may not be able to move forward with Iatan 2 and the investments described above in a timely manner. Therefore, by February 28, 2005, Aquila will supplement this Application and present to the Commission in this docket a detailed Experimental Regulatory Plan and will request that the Commission take up, consider and approve this Experimental Regulatory Plan in a time frame that allows Aquila to participate in whatever ownership, leasehold, purchase power arrangement and/or other form by which Aquila may secure the capacity and

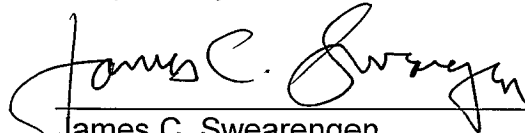
associated energy that will serve the best interests of the Company's Missouri customers.

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

(A) Providing public notice of this filing and establishing a deadline for intervention in this proceeding not later than February 18, 2005; and;

(B) Granting such other relief as may be deemed necessary and appropriate which is not inconsistent with this Application.

Respectfully submitted,



James C. Swearengen MBE #21510  
BRYDON, SWEARENGEN & ENGLAND P.C.  
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P. O. Box 456  
Jefferson City, MO 65102  
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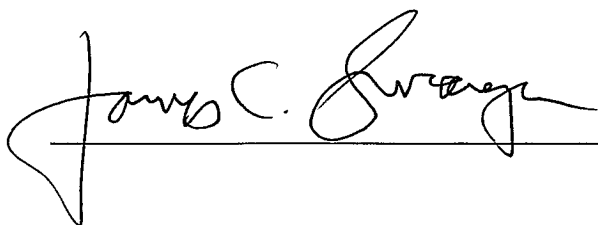
ATTORNEYS FOR AQUILA, INC.

## CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was hand-delivered, or sent by electronic mail, on February 1, 2005, to the following:

Dana K. Joyce  
General Counsel  
Missouri Public Service Commission  
Governor Office Building, 8<sup>th</sup> Floor  
Jefferson City, Mo 65101

John Coffman  
Public Counsel  
Governor Office Building, 6<sup>th</sup> Floor  
Jefferson City, MO 65101



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AFFIDAVIT

State of Missouri )  
County of Jackson ) ss

I, Keith Stamm, having been duly sworn upon my oath, state that I am the Senior Vice President of Aquila, Inc. ("Aquila"), that I am duly authorized to make this affidavit on behalf of Aquila, and that the matters and things stated in the foregoing application are true and correct to the best of my information, knowledge and belief.

Keith Stamm

Subscribed and sworn before me this 1<sup>st</sup> day of February, 2005.



Sara L. Henning  
Notary Public

SARA L. HENNING  
Notary Public-Notary Seal  
STATE OF MISSOURI  
County of Jackson  
My Commission Exp. 12/28/2005