

**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.)

**REPLY OF AQUILA TO THE STAFF'S MOTION FOR PROCEDURAL
SCHEDULE AND MOTION TO CONSOLIDATE**

Comes now Aquila, Inc. ("Aquila" or "Company"), by counsel, and for its Reply to the Motion for Procedural Schedule and Motion to Consolidate filed in this matter by the Staff of the Missouri Public Service Commission ("Staff") respectfully states as follows:

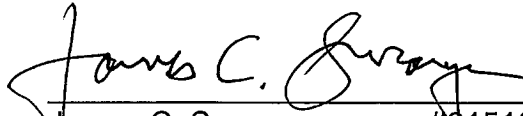
1. Aquila reaffirms its support for the proposed procedural schedule set out in paragraph B.2. of the Joint Motion for Procedural Schedule filed in this matter by Sedalia Industrial Energy Users' Association ("SIEUA") and the Federal Executive Agencies ("FEA") on July 8, 2005.
2. Aquila opposes the Staff's request to consolidate this Class Cost of Service and Rate Design case with Aquila's pending electric rate case for reasons hereinafter stated. However, recognizing that the Staff seeks an interval of 30 days between the time Aquila provides its proposed rate structure changes, billing units and related proof of revenue, Aquila can support the Staff's alternative request. That is, if the schedule proposed by SIEUA and FEA is adopted by the Commission, it can be modified to require that Aquila provide the requested information at a date earlier than set out in the proposed schedule. The Staff, in its Motion, requests that said information be provided no later than August 15, 2005. Aquila cannot meet that deadline, but can provide the information on August 19, 2005 which is 28 days prior to the September 16, 2005, date proposed for the filing of direct testimony. Then, if the date for the filing of

direct testimony is moved from September 16, 2005 to September 19, 2005, the Staff will have its 30 day interval. Accordingly, Aquila urges the Commission to reject both the Staff's Motion to Consolidate and the Staff's Proposed Consolidated Procedural Schedule. Aquila also urges the Commission to adopt the procedural schedule proposed by SIEUA and FEA, but with the modification that Aquila provide the indicated information no later than August 19, 2005 and the further modification that direct testimony be filed on September 19, 2005.

3. The Staff's Motion to Consolidate should be denied. This Class Cost of Service and Rate Design proceeding began as a spin-off from Aquila's 2002 electric rate case, Case No. ER-2002-0672. It was established to study, on a revenue neutral basis, Aquila's class cost of service and much work has already been accomplished by the parties. The remaining objectives have been noted in the Joint Motion for Procedural Schedule submitted by SIEUA and FEA. A stipulated settlement is possible. Again, as noted, this case was established to perform basic load research to identify load characteristics and to develop revenue neutral shifts to properly balance class rates. These are all matters more appropriately resolved in an independent proceeding rather than in the context of an ongoing rate case. This is why this case was divorced from a rate case in the first place. The parties and the Commission recognized that the development of revenue neutral shifts to properly balance class rates is different than the distribution of a revenue increase or decrease that may result from a rate proceeding. Historically these matters have been kept separate and there is no reason to change that practice in this case. Simply stated, the balancing of rate relationships and elimination of any subsidies through a revenue neutral process is best handled in a proceeding which is independent from a rate proceeding.

WHEREFORE, Aquila respectfully requests the Commission to deny the Staff's Motion to Consolidate and Motion for Procedural Schedule, but to accept the Staff's alternative recommendation as modified herein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James C. Swearengen", written over 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 26th day of July, 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

