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*Missouri Public Service Commission*

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General Counsel

November 5, 2004

Nanette L. Trout  
10710 E. 233rd Street  
Peculiar, MO 64078

Dear Ms. Trout:

The Missouri State Auditor's office forwarded your letter to me and asked that I review it and provide assistance if possible. Thank you for taking the time to write and express your concerns. If you have additional questions after reviewing the information below, please don't hesitate to call one of the phone numbers at the end of this letter or send me an e-mail.

The Missouri Public Service Commission (MoPSC) is aware of Aquila's plans to construct additional natural gas fired generation in their service territory and in this particular case, near Peculiar, MO. However, since the planned plant, associated transmission, and substation facilities are being built within Aquila's service territory, current state statutes do not require Aquila to receive MoPSC approval for the construction of these facilities. This limitation in our authority was further confirmed by a court case in the 1960s where it was clearly noted that utilities constructing facilities within their service territory do not require further authorization from the MoPSC after they have been granted a certificate of public convenience and necessity in a particular region. Such certification was provided to Aquila when the service territory surrounding the region in question in this case was granted to Aquila.


The MoPSC is involved in the resource planning of Aquila and in review of its generation addition plans and timing but this authority does not extend to an ability to order that a utility not construct a generation facility in a particular location within their service territory unless they voluntarily agree to such a limitation. MoPSC authority in this generation facility's size, fuel type, timing and location will be of particular interest when Aquila request that this plant be included in its rates — which will typically happen after a plant is constructed and operating.

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The Missouri Department of Natural Resources (DNR) has the responsibility for assuring that any plant operated in Missouri has a minimal impact on the environment as determined by compliance with associated regulations. Air quality permits and possibly land and water disturbance permits will be required from DNR before Aquila can construct and operate this plant.

If you have any questions on this matter, please don't hesitate to call me at (573) 751-3048 or our Energy Department Manager, Warren Wood, at (573) 751-2978.

Sincerely,

  
Robert J. Quinn, Jr.  
Executive Director  
MO Public Service Commission

cc: The Honorable Claire C. McCaskill, Missouri State Auditor  
John Blattel, Audit Manager