Exhibit No.:
Issues: Policy
Witness: Jon R. Empson
Sponsoring Party: Aquila Networks-MPS & L&P
Case No.: ER-

Before the Public Service Commission
of the State of Missouri

# Direct Testimony

of

Jon R. Empson

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**BEFORE THE PUBLIC SERVICE COMMISSION**
**OF THE STATE OF MISSOURI**
**DIRECT TESTIMONY OF JON R. EMPSON**
**ON BEHALF OF AQUILA, INC.**
**D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P**
**CASE NO. ER-_____**

Q. Please state your name and business address.

A. My name is Jon R. Empson and my business address is 1815 Capitol Avenue, Omaha, Nebraska, 68102.

Q. By whom are you employed and in what capacity?

A. I am employed by Aquila, Inc. ("Aquila" or "Company") in the position of Senior Vice President of Regulated Operations.

Q. What are your responsibilities within Aquila?

A. I have overall responsibility for the state utility operations in Aquila's seven state service territory as well as the regulatory, legislative and central services functions.

Q. Please describe your previous work experience with Aquila.

A. Since 1986, I have held several officer positions in Aquila, responsible for many different functions including regulatory, legislative, legal, engineering, gas supply, human resources, accounting, measurement, and data processing. I also had a seven-year career at Northern Natural Gas/Enron in three different subsidiaries and an eight-year career at the Omaha Chamber of Commerce primarily dealing with economic development. I assumed my current responsibilities in January 2004.

## PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this case before the Missouri Public Service Commission ("Commission")?

A. The purpose of my testimony in this proceeding is to explain, generally, why Aquila is seeking rate relief at this time; to discuss the direction of the Company including its financial plan and proposed sale of some utility properties, including the Missouri L&P electric and steam properties; to describe our commitment to continued high quality customer service; and to introduce other witnesses and the topics they will be addressing.

## DESCRIPTION OF RATE REQUEST

Q. Please summarize the rate relief you are seeking in this proceeding.

A. This filing presents the necessary revenue requirement determinations for both of our Missouri electric operating divisions – MPS and L&P. For our MPS division we have shown the need for an increase of approximately $67.3 million, or 18.1% above what customers are currently paying in rates. However, because we recognize that customers are experiencing cost of living increases in other areas, particularly in energy prices, Aquila has made the decision to absorb over $14 million and has reduced its rate increase request to $53 million. Aquila recognizes that the resulting 14.3% request is still significant, but for the reasons I will describe later in my testimony, it is also unavoidable. For L&P, we have supported an increase of $7.0 million, or 6.2% above existing tariffs.

Q. What are the primary drivers of the rate requests?

A. Simply stated, the need for rate increases is primarily driven by higher fuel costs and new investments Aquila has made to serve the demand of our customers. The cost of fuel, both gas and coal, necessary to operate our generating facilities has continued to escalate dramatically since our last rate adjustment in 2004. In addition, we have added

significant investments in plant, particularly new generation facilities in our MPS service territory, to support customer growth.

## CONSTRUCTION CYCLE

Q. Why are new investments in generation facilities necessary at this time?

A. Aquila has constructed no new regulated generation facilities to serve its Missouri load since 1983. New growth and peaking requirements have been met through relatively low cost purchased power agreements. Company witness Jerry Boehm discusses in his direct testimony why Aquila needs to add self-build facilities to its generation portfolio to meet existing customer demand and usage requirements.

Q. If growth has occurred steadily over the period since 1983, how has Aquila been able to delay investment in new generation?

A. The construction of generation facilities occurs in increments or cycles. Customer demand has increased rather steadily over the past twenty years, but, as Mr. Boehm explains, Aquila has been able to avoid constructing new generation by entering into cost effective mid-term purchased power contracts. While customer growth occurs gradually over a period of years, new generation is constructed in large increments. Recovery of the costs associated with a regulated utility's construction of plant facilities is typically not allowed until a plant is complete and in service. Thus, purchased power contracts tend to levelize or smooth rate increases, whereas, because of the operation of rate regulation, construction of new plants results in stair-step changes in rates.

Q. Please explain.

A. The difference in rate treatment between construction of a plant and entering into a purchased power contract is analogous to home ownership versus renting. Renting a

home may be less costly initially. If a number of rental properties are available on the market, it may be economical to rent for some period of time; but renting leaves the occupant open to changes in the market and the possibility of increasing rents. On the other hand, home ownership typically requires a large initial investment and may strain the buyer's resources, but a traditional mortgage also locks in the homeowner's payments and may be beneficial over the longer term.

Q. How does this example translate to the rate setting process for Aquila?

A. As I said previously, Aquila has participated in no new regulated generation plants since 1983. During that time we have met our customers' growth requirements primarily through new purchased power agreements. While there have been fairly small rate increases and in some cases rate decreases to reflect inflation or operating efficiencies, the need for large rate increases have been mitigated. Aquila's rates, for example, have increased three times since our last generation construction project in 1983, but have been reduced four times during that same period. If the full amount of the request is granted, Aquila's MPS rates will have increased an average of less than 1% per year over that 23-year period.

Q. How does this compare to what transpires with other businesses?

A. Traditional businesses, outside the commodity market, generally implement relatively consistent price increases from year to year. A regulated utility's rate changes, however, are necessarily more sporadic, resulting in more frequent and larger rate requests during construction cycles.

Q. How does Aquila determine when it is more appropriate to construct plant versus purchasing power from others?

A. Aquila continually evaluates the market in comparison to our customers' needs through an integrated resource planning process as more fully explained by Mr. Boehm in his testimony.

Q. Is Aquila currently in a construction cycle?

A. In general, yes. Aquila, along with a number of other electric utilities in Missouri and the Midwest region, have identified the need for construction of new capacity particularly over the next five to ten years. Due to the need to replace existing purchased power contracts, comply with new stricter environmental requirements on existing generating stations and to provide for anticipated customer growth, Aquila is expecting to spend between $850 - $900 million in new capital investment between year end 2004 through the year 2010 on its Missouri operations.

## DIFFERENTIATION BETWEEN MPS AND L&P REQUESTS

Q. Why is there a disparity between the requested percentage increases for the MPS and L&P operations?

A. Aquila-MPS is currently in a construction cycle as mentioned previously and is committed to spending a significant amount of capital over the next five years to provide continued reliable service to its customers. At this time, the construction cycle for our L&P service territory is lagging that of the MPS service territory so not all of the same cost factors are impacting the two areas at the same time.

Q. Are there other differences between the cost structure of MPS and L&P service areas?

A. Yes. Aquila serves in general, and in the MPS service territory in particular, a largely rural customer base. The cost of a dispersed transmission and distribution grid spread over a smaller customer base creates a challenge to maintain customer rates comparable

to those of more geographically concentrated utilities. While our L&P territory does not constitute a major metropolitan area, its service area is fairly concentrated in St. Joseph, Missouri and surrounding communities.

Additionally, in terms of relative load percentages, our service territories are highly residential in terms of customer usage.

Q. What is the significance of this fact?

A. Generating capacity must be in place to meet the high air conditioning related load requirements in summer, but the relatively small industrial load limits the overall energy usage over which the cost of this capacity can be spread. By way of background, because of the significant residential load percentage in comparison to most other utilities, Aquila's Missouri properties experience a pronounced "needle peak". That is, we must have generation capacity to meet the peak created by air conditioning load in that one hour, on that single day when summer demand is highest. Yet, during the rest of the year the base load, or the demand not impacted by weather, is relatively low. MPS' peak is even more pronounced in comparison to its base load than is the peak experienced by L&P.

As a result of the unique operating characteristics, geographical concentration, age of existing plant and the point at which the two rate areas are in their particular construction cycles, the respective rates of the L&P and MPS service territories are at two extremes of the rate spectrum for the state. While both service areas have rates that are below the national average, L&P rates are currently the lowest regulated electric rates in the state and MPS residential rates are among the highest.

Q. What is Aquila doing to address this situation?

A. First, we have programs in place to assist local economic development efforts in attracting industry to the areas we serve. Rate design is one key aspect of our economic development effort. While MPS' residential rates are comparably high, through attention to rate design, our industrial rates have been maintained at attractive levels in an effort to attract new industry into our territory. A greater mix of industrial to residential load would help mitigate the needle peaking characteristics of our system.

Second, we strive to investigate new research and develop programs that will benefit our customers. For example, we currently have in place an experimental program that, if successful, would make broadband communication facilities available to communities over existing electric transmission and distribution lines. Many of the rural communities we serve currently have no broadband communication access. Research shows that industries are more likely to locate in rural communities that have access to broadband internet capability and the research and development of using our existing facilities for this purpose is intended to improve the economic development opportunities for the rural communities we serve. This Commission also recently approved Aquila's experimental "Fixed Bill" pilot program. The Fixed Bill experiment is currently being conducted in St. Joseph, Missouri and is designed to test our ability to provide electric service to customers at a fixed monthly cost that is not dependent upon usage, weather or other variable factors.

Finally, because of the earlier described operational challenges, particularly in our MPS service area, we understand and emphasize the need to control costs. In an effort to manage costs to a level consistent with other utilities in the state despite our unique circumstances, Aquila employs the Six Sigma approach to process review, improvement

and cost control. Six Sigma is a method of process improvement focusing on best practices that has been used successfully by key industrial leaders such as General Electric and Caterpillar, International, and is recognized by numerous universities as the world-class method for effective process management. To date, however, only a handful of regulated utilities have adopted the rigorous training and management focus necessary to successfully implement the Six Sigma program. We have cascaded the Six Sigma techniques of best practice identification and process improvement tools to hundreds of employees throughout our organization, and through these efforts are improving performance and controlling costs in all our operating service territories.

## MAJOR DRIVERS OF RATE INCREASE

Q. How do the factors you described impact the need for rate relief in each of Aquila's service areas?

A. With respect to MPS, the first of our major construction cycle investments, the South Harper peaking facility, is expected to go into service this summer. This peaking facility is dedicated to meet the unique peaking requirements of the MPS service territory and we are requesting that an investment of $155 million for South Harper be included in the MPS rate base used to establish rates in this case. The investment in the South Harper facility represents a 17% increase over MPS' existing net plant in service balance. At the same time, we are requesting recovery of an appropriate return on the South Harper investment and all other investments as described in the testimony of Company witness Dr. Sam Hadaway.

Q. Is it possible that the South Harper facility might not go into service this summer?

A. While the plant is currently on schedule to be completed this summer, due to pending litigation Aquila might be delayed or in the worst case not be able to use this resource.

Q. What would the Company do to meet its service obligations if the South Harper facility is not available?

A. Aquila would turn to other market alternatives. In particular, we have a temporary potential for a back-up contract from the Crossroads Energy Center that could be deployed. In addition, we are currently looking at other purchased power contracts and if necessary, could purchase power on the open market. Of course, if South Harper is not in-service this summer and we have to rely on alternative sources, the costs of those alternatives would have to be recovered in this case.

Q. What are the other major cost drivers in this case?

A. In addition to the plant investment or purchased power costs, Aquila, in this case, is asking to establish new depreciation rates that reflect the service lives of our investments and appropriately assign the cost of removal and salvage of our plant facilities to the customers who are using the energy provided by those facilities. Finally, the cost of fuel, particularly natural gas, used to fire the Company's generating facilities has escalated dramatically. We are requesting recovery of expected natural gas prices of $6.57 per Mcf compared to the $3.50 per Mcf price that is embedded in our existing rates.

Q. What about the L&P request?

A. The L&P rate request reflects many of the same factors as that of MPS, except for the fact that there has currently been relatively little need for increased plant investment in the L&P service territory and the requirement for rate relief is limited to other items such as general inflation and fuel price escalation. Moreover, as noted earlier, the L&P service

territory is not as residential in nature as MPS so we are able to meet a higher percentage of its load requirements through base load facilities that utilize lower cost fuels.

Q. Do these circumstances impact the type of generation capacity that the Company acquires to meet its load requirements?

A. Yes. From a total cost standpoint it does not make sense to construct base-load plants (typically coal or nuclear fuel plants) to meet needle peaks. Base-load plants are generally less expensive to operate, but have very high construction costs. Consequently, Aquila instead relies on intermediate load, peaking plants or purchased power to serve a high proportion of its energy requirements. These sources are typically fired by natural gas or fuel oil.

Q. How has this approach worked?

A. Over time, this approach has served us well and has been the most environmentally friendly and cost effective option for our customers. However, the combination of higher natural gas costs and our fuel mix has increased our cost of service.

## FUEL COST RECOVERY MECHANISMS

Q. How does Aquila, in this case, propose to recover its fuel and purchased power costs?

A. Aquila is proposing two alternative methods of recovering these costs. The first is the traditional method of including all of the fuel and purchased power costs in base rates. The amount to be so included would be determined through a production cost modeling approach. Aquila, however, does not recommend utilizing this approach if another method is available.

Q. Why?

A. Historically forecasting fuel costs in the context of a rate proceeding has been a contentious issue and given the current market conditions, especially the volatility of the price of natural gas, this approach would lead either to the under-recovery or over-recovery of fuel costs.

Q. What is the second method?

A. The second method of recovering fuel and purchased power costs that Aquila is proposing in this case is the utilization of some form of a fuel adjustment mechanism.

Q. What is a fuel adjustment mechanism?

A. Typically a fuel adjustment mechanism or fuel adjustment clause ("FAC") is a permanent rate mechanism that charges customers the actual costs of fuel as those costs increase or decrease during the period the mechanism is in effect. Customer protection is provided through prudence reviews of the fuel procurement practices of the involved utility.

Q. Why do you believe that a fuel adjustment mechanism could be utilized by the Company in this proceeding?

A. In the most recent legislative session which concluded on May 13, 2005, the Missouri General Assembly passed a statute which authorizes the Commission to permit periodic rate adjustments outside of general rate proceedings to reflect increases and decreases in prudently incurred fuel and purchased power costs. There are certain other requirements in the statute. Assuming that this legislation becomes law, Aquila is requesting, in this case, that it be allowed to implement periodic rate adjustments (a fuel adjustment mechanism) outside of general rate proceedings and that this rate case serve as the required general rate proceeding in which all relevant factors which may affect the costs or overall rates and charges of the Company are considered.

Q. Does Aquila propose that all of its fuel and purchased power costs be recovered through the fuel adjustment mechanism?

A. No. A portion would be recovered in base rates and the remainder in the adjustment mechanism.

Q. Has Aquila applied to the Commission for approval of a rate schedule to implement a fuel adjustment?

A. Yes, tariff sheet number 124 is a part of the Company's filing which initiated this case.

Q. Are customers currently paying an Interim Energy Charge ("IEC") in addition to the $3.50 per Mcf gas costs currently embedded in existing rates?

A. Yes. However, the IEC expires in April of 2006. Its expiration and the continued rise in the price of natural gas is a large driver of the need to increase MPS rates and the single largest reason that an increase in L&P rates is required. The IEC was established assuming a $5.14 gas price. However, when the IEC surcharge expires the recovery of gas costs embedded in Aquila's rates would drop back to $3.50 Mcf. While Aquila's rate request asks for the embedded price of gas to increase only $1.43 per Mcf (from $5.14 to $6.57) over what customers currently are paying, it is necessary to reflect an additional $1.64 per Mcf (from $3.50 to $5.14) in our rate request to reflect the expiration of the IEC.

## COMPANY RESTRUCTURING

Q. The Company announced in March, 2005 that it was considering the sale of several of its existing utility operations in other states. What is the purpose of this asset divestiture program?

A. As part of its ongoing "repositioning" plan to further reduce debt, Aquila has announced that it is considering the sale of gas utility assets in Michigan, Minnesota and Missouri and electric assets in the states of Kansas, Colorado and Missouri. Although the Company has listed all of the assets above for sale, no final decision has been made as to which, if any, of the assets listed will ultimately be sold. As a result, the Company could conceivably sell all or none of the properties listed for consideration. The decision to sell will be based on a comparison of the value the market brings to that value we can add ourselves by continuing to own and operate each of these respective properties.

Q. If Aquila-L&P is listed for sale why are you asking for the Commission to increase its rates as part of this proceeding?

A. The operations of our Aquila-L&P division are entitled to earn a fair return on investment regardless of whether or not those operations are potentially sold. Also, as mentioned previously, Aquila may decide to retain the L&P operations if the bids from outside parties are not sufficient to justify its sale. Finally, since the debt to be retired from the asset sales proceeds is the remaining debt from Aquila's "non-regulated" activities, and none of this debt has been assigned to either the MPS or SJLP operations, the asset sales program should have no impact on the present rate filing.

Q. Is the Company requesting that any of the costs directly associated with the asset sales process be recovered in rates from its Missouri ratepayers?

**A.** Absolutely not. There has not been, nor will there be, any attempt to include any costs directly associated with the divestiture program in rates for the Missouri ratepayers. The divestiture program is designed to strengthen the Company's balance sheet by reducing

debt and represents an additional step to move Aquila back to an "investment grade" rating.

## COMMITMENT TO UTILITY OPERATIONS

Q. In the past, Aquila has committed to the principle that the negative financial conditions being experienced as a result of its non-regulated merchant business will have no impact on the cost of service paid by the Company's utility customers. Have Aquila kept that commitment?

A. Yes. Utility customer rates have not been impacted as a result of our financial difficulties. Our books and records are organized to capture and retain at the corporate level the impacts of the negative financial results from our non-regulated businesses. I have asked all employees associated with the preparation of this rate request to insure that no negative impacts from our non-regulated businesses have inadvertently been charged to our Missouri divisions. The restructuring efforts I described earlier are an example of steps being taken to strengthen the financial condition of the Company without impacting customers, and the utility operations and integrated resource planning described are demonstrative of the fact that Aquila has returned to its regulated utility focus.

Q Please explain how Aquila intends to carry out its commitment to protect customers while restoring financial viability to the Company.

A. Aquila will maintain its focus on three key business principles: protection of customers from potential adverse financial impacts of events not directly associated with utility operations, maintenance of quality customer service, and enhancement of regulatory transparency.

Q. How can Aquila protect customers from potential adverse financial impacts?

A. Aquila instituted a capital assignment process shortly after its formation in the mid-1980s that was specifically designed to insulate each of its utility divisions from other operations of the Company. Aquila's regulated utility operating units receive capital based upon what a comparable utility would receive. We have presented this process to state commissions in every rate case since 1988. In his direct testimony in this case, Company witness Sam Hadaway more fully discusses our intent to maintain a capital structure for our Missouri operations equivalent to comparable utilities and our procedure to assign debt to utility operations at no higher cost than what could be obtained by a utility that carried an investment grade credit rating.

Q. What commitments has Aquila made to service quality?

A. Aquila is committed to customer service, both in terms of service reliability and customer response. We currently measure and monitor a number of service and customer metrics to insure that our service quality is sustained at high levels. These metrics are also shared with and reviewed by the Commission Staff each quarter.

Q. In terms of service quality, what metrics are used?

A. Aquila compiles and tracks the industry accepted outage statistics of SAIDI, SAIFI, and CAIDI to measure its reliability performance for both the MPS and L&P divisions.

SAIDI, System Average Interruption Duration Index, is defined as the total customer minutes interrupted divided by the total number of customers; i.e., the average length of interruption for each customer.

SAIFI, System Average Interruption Frequency Index, is defined as the total customers interrupted divided by the total number of customers; i.e., the average number of interruptions for each customer.

CAIDI, Customer Average Interruption Duration Index, is defined as the total customer minutes interrupted.

Q. Please summarize recent service reliability metrics.

A. The table below summarizes the three-year average normalized operational metrics for our MPS and L&P divisions in comparison to regional and national benchmarks. The figures reflect that the average customer on both systems has been without electric power for less than two hours in a full year's time. This record is better than both the regional and national benchmarks.

| Electric Measures | MPS Operations | L&P Operations | SW Power Pool Benchmark | USA Utility Average |
|---|---|---|---|---|
| Ave. Number of Interruptions | 1.16 outages | 1.99 outages | 1.40 outages | 1.25 outages |
| Ave. Duration per Interruption | 98.3 minutes | 52.2 minutes | 95.0 minutes | 107.9 minutes |
| Total Annual Customer Outage | 115.9 minutes | 105.2 minutes | 190.7 minutes | 140.9 minutes |

Q. What quantitative measurements does Aquila currently use to assess service quality in its call center?

A. Average speed of answer, abandoned call rate, and service levels. We currently report these statistics as aggregated numbers for all seven states in which we operate.

Q. Please describe how these metrics are calculated and why they are important.

A. Average speed of answer is the average length of time it takes to respond to a call from the moment it is received. The abandoned call rate is the percentage of calls that a customer discontinues for any reason prior to that call being fully serviced by a customer service representative. Service levels are used to determine what percentage of the total calling population is receiving live service within a specified number of seconds. These

metrics are used on a standardized basis throughout customer service organizations to measure the effectiveness of responding to customer inquiries. In addition, these metrics can be used to compare customer service levels between companies. Aquila's customer service metrics have steadily improved over the past two years and we are now performing at levels far better than industry standards.

Q. What were Aquila's customer service metrics for 2004?

A. In 2004 Aquila attained an Average Speed of Answer of 22 seconds, abandoned calls were 2% and 83% of our calls were answered in 20 seconds. All of these results are excellent in terms of customer service standards.

Q. Has Aquila received any outside recognition for its customer service performance?

A. Yes. Aquila received the Call Center Transition Award from the Professional Teleservices Management Association. The award was given to Aquila in recognition of its success in raising its customer service performance above industry standards. This award is not based on comparisons with other gas & electric companies alone, but included companies such as, Sprint, T-Mobile and other major firms with significant regional call centers.

Q. The final business principle you mentioned was regulatory transparency. What do you mean by enhancing regulatory transparency?

A. We are focused on proper identification of allocated costs and creation of a more transparent structure to facilitate review of our operations. We believe that use of common corporate platforms and provision of some services at a corporate level is not only necessary from a governance perspective, but also beneficial in terms of both cost control and consistency of performance. Our structure, however, creates a greater

operational focus in each state and reduces the total dollar amount of costs that are allocated. For costs that are allocated, Aquila maintains a detailed Cost Allocation Manual that is revised annually, or more frequently if a material change takes place. In addition, Aquila maintains detailed affiliate transaction reporting, procedures and monitoring in compliance with Commission rules. Finally, we are in the process of enhancing our accounting system, which will include streamlining of accounts and a focus on the traditional FERC Uniform System of Accounts.

## INTRODUCTION OF OTHER WITNESSES

Q. You earlier made reference to the testimony of other Company witnesses in this proceeding. Can you provide a summary of all witnesses and the topics that they will address?

A. Yes. While I have discussed the major drivers behind Aquila's request, there are a number of other topics for which testimony is presented in support of our proposal. The table below lists the witnesses and the major topics that they will address.

## Witness List and Issue Table

| | | | |
|---|---|---|---|
| **Michael R. Apprill**<br>PP Capacity Contracts | **Jerry G. Boehm**<br>Resource Planning<br>Annualized Fuel & PP<br>Fuel Prices for Generation | **Susan K. Braun**<br>Test year & True-up<br>Plant and Reserve<br>AAO<br>Materials and Supplies<br>Fuel Inventory<br>SO2 Inventory<br>Revenue<br>Off system Sales<br>PSC Assessment<br>Rate Case Expense<br>Depreciation | **Gary M. Denny**<br>Rate Design |
| **Samuel C. Hadaway**<br>Cost of Capital | **Ronald A. Klote**<br>Fuel and PP Energy<br>SO2 Expense<br>PP Capacity<br>Gas Reservation Charge<br>Corporate Allocations<br>Allocation Factors<br>Injuries and Damages<br>Bad Debts Expense<br>Transmission Expense<br>Dues & Donations<br>Advertising Expense<br>RTO Expense<br>Income Tax Expense<br>Income Taxes Offset<br>Cash Working Capital | **Amy S. Murray**<br>Payroll<br>Incentive<br>Employee Benefits<br>Insurance<br>Miscellaneous Test Year Adj<br>Payroll Tax<br>Prepayments | **James W. Okenfuss**<br>Spot Prices Fuel and PP |
| **Bryan S. Owens**<br>Major Maintenance<br>Customer Deposit Interest<br>JEC Expense<br>Iatan Expense<br>Customer Deposits<br>Customer Advances | **H. Davis Rooney**<br>Pensions<br>L&P Transistion & Transaction<br>Chapter 100 financing | **Eric L. Watkins**<br>Revenue Normalization | |

Q. Does this conclude your prefiled direct testimony?

A. Yes, it does.

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

| | | |
|---|---|---|
| In the matter of Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P, for authority to file tariffs increasing electric rates for the service provided to customers in the Aquila Networks-MPS and Aquila Networks-L&P area | ) ) ) ) ) ) | Case No. ER-_____ |

County of Jackson )
) ss
State of Missouri )

AFFIDAVIT OF JON R. EMPSON

Jon R. Empson, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Jon R. Empson;" that said testimony was prepared by him and under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.

Jon R. Empson

Subscribed and sworn to before me this 24th day of May, 2005.

Notary Public
TERRY D. LUTES

My Commission expires:

8-20-2008

Notary Public Notary Seal State of Missouri

TERRY D. LUTES
Jackson County
My Commission Expires
August 20, 2008