

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

In The Matter of the Application of Aquila,)
Inc. for Permission and Approval and a)
Certificate of Public Convenience and)
Necessity Authorizing it to Acquire,)
Construct, Install, Own, Operate,)
Maintain, and otherwise Control and)
Manage Electrical Transmission)
Substation and Related Facilities in St.)
Clair County, Missouri (Near the City of)
Osceola).)

Case No. _____

APPLICATION

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

General Information About Aquila

1. Aquila is a Delaware Corporation with its principal office and place of business at 20 W. 9th 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. Aquila is an “electrical corporation,” “heating company,” and “public utility” as those terms are defined by §386.020 RSMo 2000 and as such is engaged in providing electrical and industrial steam utility service in those areas of the state certificated to it by the Commission. The Company filed its Certificate of Authority as a foreign corporation authorized to conduct business in the State of Missouri with the Commission in Case No. EU-2002-1053. That Certificate of Authority is incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G) and made a part hereof for all purposes. The Company filed copies of the registrations of

the fictitious names of Aquila Networks-MPS and Aquila Networks L&P with the Commission in Case No. EU-2002-1053. Those copies are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G) and made a part hereof for all purposes.

2. Neither Aquila Networks-MPS nor Aquila Networks L&P have pending actions or final unsatisfied judgments or decisions against them involving customer service or rates within the three (3) year period prior to the date of this application. Aquila has no annual report or assessment fees that are overdue.

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

Dennis R. Williams
Aquila Networks
20 West Ninth
Kansas City, MO 64105
(816) 467-3534

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

Relief Requested

4. Aquila is filing this application to obtain from the Commission permission, approval and a certificate of public convenience and necessity authorizing the Company to acquire, construct, install, own, operate, maintain, and otherwise control and manage an electrical transmission substation and related facilities to be located within unincorporated St. Clair County, near the City of Osceola, Missouri (the "Osceola

Substation”), as more specifically described below. The Tract (as defined below) upon which the Osceola Substation is to be built is situated within the geographic service area previously certificated to Aquila’s predecessors-in-interest pursuant to the Commission’s prior decisions and orders in various cases, including Case Nos. 9470 and 11,892 certificating this service area to Aquila.

The Osceola Substation and Related Facilities

5. The Commission has previously authorized Aquila, or its predecessors-in-interest, to construct, operate and maintain electrical facilities, transmission lines and distribution systems and to render electrical service throughout portions of St. Clair County, Missouri, to further the public convenience and necessity, pursuant to various Orders, including decisions in Case Nos. 9470 and 11,892, authorizing construction of facilities and provision of service. The location of the Osceola Substation will be within the general electric service area certificated to Aquila by the Commission in Case Nos. 9470 (1938) and 11,892 (1950).

6. By this application, Aquila requests permission, approval, and a certificate of public convenience and necessity, authorizing the Company to acquire, construct, install, own, operate, maintain, and otherwise control and manage an electrical transmission substation and all associated fixtures, buildings, transformers, breakers, and other equipment and all other facilities to be constructed at the location described in paragraph 7, *infra*.

7. Marked **Appendix A**, attached hereto, and made a part hereof for all purposes, is the legal description of the property where the substation is proposed to be constructed (the “Tract”). Although Aquila has not yet acquired the substation property,

KAMO Electric Cooperative, Inc. ("KAMO") has agreed to sell a portion of this larger parcel to Aquila in fee. KAMO currently operates a transmission substation on this larger parcel. Once the purchase is complete, Aquila will supplement its application to include a detailed rendering of the proposed substation design and site as well as an updated legal description. The Tract on which the Osceola Substation is proposed to be built consists of less than one acre of land to be acquired from KAMO. The larger KAMO parcel abuts St. Clair County Road C on its eastern edge, and is located near the City of Osceola, and further is generally located in Section 21, Township 38 North, Range 25 West in St. Clair County. The transmission substation and associated facilities are expected to occupy the majority of an approximately 3/4 acre Tract, with Aquila accessing the Tract through a driveway easement. Transmission interconnect will be to KAMO's existing 161KV line, and outbound 34.5KV transmission line will interconnect with Aquila's existing transmission system through an easement also purchased from KAMO.

8. Marked **Appendix B**, attached hereto and made a part hereof for all purposes, are the current plans and specifications for the project. While these plans and specifications are accurate as of the date of this application, they remain subject to change and supplementation. The estimated cost of the project is \$1.15 million, and it will cost an additional \$0.5 million to construct an associated 34.5KV transmission line. Aquila plans to finance construction of the Osceola Substation with funds on hand or available to it through existing lines of credit. It will not be project-financed.

9. Except for possible shared facilities and integration with the existing KAMO substation, no lines or facilities of other utilities or the tracks of railroads will be

crossed by the fixtures, buildings, transformers, breakers or other equipment to be constructed on the Tract.

10. The approval of this application is in accordance with and will promote the public convenience and necessity. The Osceola Substation will be located in unincorporated St. Clair and serve customers of the Company in both St. Clair and the surrounding counties bordering the Deepwater Arm of Truman Lake. This area is currently underserved by existing infrastructure and the electrical grid is subject to sudden and unpredictable service outages. The construction and operation of the Osceola Substation will stabilize this volatile region and additionally provide capability for growth and expansion. While the Osceola Substation will support the increased load in the Osceola area, more importantly, it will reduce the possibility of the failure of the transmission structure of the Truman Lake Deepwater Arm, currently radial-sourced from the City of Clinton across the lake. Presently, this transmission system consistently operates in a near-failure mode, especially during peak demand periods, and many existing transmission poles are in poor condition despite ongoing maintenance and repair efforts, see pictures included at **Appendix C**, attached hereto and made a part hereof for all purposes. The Osceola Substation will be located adjacent to an existing 161/69KV KAMO transmission substation and receive electricity from an existing KAMO 161KV transmission line. The Osceola substation will reduce the electrical voltage from that line to the 69KV and 34.5KV and transmission voltages needed to safely and effectively serve this region. In contrast, the KAMO substation does not have sufficient capability to provide reliable electrical service to the existing customer load, and cannot support additional demand. This specific location was

selected because of its proximity to the KAMO Substation and existing transmission line. The Tract and the right-of-way access to the KAMO line are being separately acquired from KAMO, a willing seller. The Company will hold the tract in fee, and obtain easements for the transmission line interconnect, both from KAMO, a willing seller. This Commission has previously established, in Case Nos. 9470 and 11, 892 that the public convenience and necessity is served by Aquila's extension of its electrical facilities and services throughout those areas of St. Clair County currently served by the Company, including at the location of the Tract. For the foregoing reasons, the Osceola Substation will promote the public interest.

11. A copy of the St. Clair County Court's 1922 Order of assent pursuant to §229.100 RSMo was filed as Exhibit B-9 in Commission Case No. 9470 in 1937, and is incorporated herein by reference under 4 CSR 240-2.060(1)(G), as required by 4 CSR 240-3.105(D), and is made a part hereof for all purposes.

12. St. Clair County's zoning and land use plan do not place any restrictions on the location of substations, and the project will comply with all applicable ordinances and laws.

13. Prior to purchasing the Tract, Aquila will commission a Phase I environmental study, but it is not expected to reveal any conditions or issues requiring remediation, further action, or additional study.

WHEREFORE, Aquila requests that the Commission issue its order:

- (A) Granting Aquila permission and approval and a certificate of public convenience and necessity, to construct, install, own, operate, maintain, and otherwise control and manage an electrical

transmission substation together with any and all other facilities, structures, fixtures, equipment and installations related thereto, to be constructed for the transmission of electrical power and energy at the following described location in St. Clair County, Missouri:

A 660' by 660' parcel of land located in the Southeast quarter of the Northeast Quarter of the Southeast quarter, Section 21, Township 38 North, Range 25 West recorded at Book 317, Page 107 in the Recorder of Deeds office in the County of St. Clair, Missouri.

- (B) Finding that the granting of the authority requested by this application is required by the public convenience and necessity; and
- (C) Making such other orders and findings as are appropriate in the circumstances.

Respectfully submitted,

/s/ Paul A. Boudreau

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail, electronic mail or hand delivery, on this 23rd day of June, 2006 to the following:

General Counsel
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102-0360

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

/s/ Paul A. Boudreau

LIST OF APPENDICES

Appendix A: Map of Tract with survey data
Appendix B: Current Plans and Specifications
Appendix C: Illustrative Photographs

MATERIALS INCORPORATED BY REFERENCE

Certificate of Authority to conduct business in the State of Missouri
Registrations of fictitious names
1922 Order of St. Clair County Court