

Exhibit No.:

Issues: Test Year & True-up,  
Plant and Reserve,  
Materials and Supplies,  
Fuel Inventory,  
Revenue,  
PSC Assessment,  
Rate Case Expense and  
Depreciation

Witness: Susan K. Braun

Sponsoring Party: Aquila Networks-L&P

Case No.: HR-

Before the Public Service Commission  
of the State of Missouri

Direct Testimony

of

Susan K. Braun

## TABLE OF CONTENTS

TEST YEAR.....	2
TRUE-UP.....	3
SCHEDULES.....	4
PLANT IN SERVICE.....	5
ACCUMULATED RESERVE FOR DEPRECIATION.....	6
MATERIALS AND SUPPLIES.....	7
FUEL INVENTORY.....	8
ANNUALIZATION OF STEAM REVENUE (AG PROCESSING).....	9
ANNUALIZATION OF STEAM REVENUE (ALBAUGH CHEMICAL).....	10
ANNUALIZATION OF STEAM REVENUE (TRIUMPH).....	10
PSC ASSESSMENT.....	11
RATE CASE EXPENSE.....	11
DEPRECIATION EXPENSE.....	12

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
DIRECT TESTIMONY OF SUSAN K. BRAUN  
ON BEHALF OF AQUILA, INC.  
D/B/A AQUILA NETWORKS-L&P  
CASE NO. HR-\_\_\_\_\_**

1 Q. Please state your name and business address.

2 A. My name is Susan K. Braun and my business address is 10700 East 350 Highway, Kansas  
3 City, Missouri.

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

5 A. I am presently employed by Aquila, Inc. (“Aquila” or “Company”) as Manager of Electric  
6 Regulatory Services.

7 Q. Please describe your educational background and professional experience.

8 A. I graduated from Friends University in December 1989 with a Bachelors of Science  
9 Degree in Business Administration, with a major in Accounting. Prior to employment  
10 with Aquila, I held the position of Senior Accountant with Sunflower Electric Power  
11 Corporation and as Accountant with IBP, Inc.

12 Q. What is the purpose of your testimony in this proceeding before the Missouri Public  
13 Service Commission (“Commission”)?

14 A. The purpose of my testimony is to present certain schedules and to describe varies  
15 accounting adjustments made to Aquila Networks – L&P (“L&P”) steam rate case filing.

16 Q. Please identify the schedules and any adjustments that you are sponsoring.

17 A. I am sponsoring the following adjustments for L&P:

18 Rate Base

19 • Plant in Service

- Accumulated Reserve for Depreciation

- WC-10 Materials & Supplies

- WC-30 Fuel Inventory

Revenue

- R-50 Annualization of Steam Revenue (AG Processing Inc.)

- R-51 Annualization of Steam Revenue (Albaugh Chemical)

- R-52 Annualization of Steam Revenue (Triumph Foods)

Cost of Service

- CS-40 PSC Assessment

- CS-50 Rate Case Expense

- CS-95 Depreciation Expense

**TEST YEAR**

Q. What test year did Aquila use to develop the revised tariffs that are the subject of this case?

A. Aquila used the test-year ending December 31, 2004 for the purposes of its rate case filing. In addition, we made certain adjustments to reflect changes through June 30, 2005 to make this test period more representative of the periods during which the requested rates would actually be in effect.

Q. Should the adjusted test period used to develop revised rates be updated in this case?

A. No. Aquila will be asking for a true-up because of fuel cost associated with the steam customers, therefore, updating the test period is not necessary. Aquila recommends that in this case the Commission use a historical test year ending December 31, 2004 adjusted and updated for any known and measurable changes through June 30, 2005.

1 Q. Are there any other additional items past June 30, 2005, which you are seeking the  
2 Commission to consider in the final rate order in this rate case filing?

3 A. Yes. We will ask for a “true-up” to include certain items that will be known as of  
4 November 30, 2005.

5 **TRUE-UP**

6 Q. Is Aquila requesting a true-up audit and hearing if necessary?

7 A. Yes.

8 Q. What is the purpose of a true-up?

9 A. A true-up of financial information to a date closer to the effective date of the revised  
10 tariffs often provides a better match of rate base, operating revenues and operating  
11 expenses.

12 Q. Why is Aquila requesting a true-up in this proceeding?

13 A. Aquila’s additional steam load is an effort to include major steam business during the  
14 true-up period.

15 Q. Are there any other reasons a true-up is needed?

16 A. Yes. The volatility of the costs of fuel is another reason a true-up is needed. The true-up  
17 will allow fuel costs that most represent those that will be in effect during the period these  
18 new rates, if changed, will be in place.

19 Q. What items should be included in the true-up audit?

20 A. A true-up should recognize all significant increases and decreases that have occurred  
21 through the true-up date. Some of those key items are listed below:

22 (1) Plant and reserve

23 (2) Revenues

- 1 (3) Cost of fuel
- 2 (4) Payroll and payroll taxes
- 3 (5) Depreciation expense
- 4 (6) Corporate allocations

5 Q. Are there any other items that need to be updated?

6 A. Aquila anticipates that it will work with the other parties in the case to determine a final  
7 list of items to be included in the true-up.

8 Q. What true-up period are you requesting?

9 A. The above items should be trued-up through November 30, 2005.

10 **SCHEDULES**

11 Q. Have you included Schedule's SKB-1 through SKB-4 for L&P steam in your direct  
12 testimony?

13 A. Yes. The accounting schedules for L&P steam are attached to my direct testimony.

14 Q. Please describe Schedule SKB-1.

15 A. Schedule SKB-1 represents the revenue deficiency calculated with a return on equity of  
16 11.5%. Aquila witness Samuel C. Hadaway supports the return on equity and capital  
17 structure.

18 Q. What information is included on Schedule SKB-2?

19 A. This Schedule illustrates the detailed components of rate base. Rate base is Aquila's  
20 investment to provide safe and reliable service to customers in the L&P service territory.

21 Q. Please describe Schedule SKB-3.

22 A. Schedule SKB-3 is the adjusted income statement, which reflects the net income  
23 available after all known and measurable changes have been made.

1 Q. Are you sponsoring all of the adjustments on Schedule SKB-4?

2 A. No. There will be several other Aquila witnesses sponsoring various adjustments.

3 **PLANT IN SERVICE**

4 Q. Please explain how Plant in Service was derived.

5 A. L&P direct plant in service starts with per book balances at December 31, 2004. These  
6 balances are derived from the fixed asset system, which details asset records at Aquila.

7 Q. Explain what you mean by “direct plant in service”.

8 A. Direct plant in service represents assets that specifically relate to L&P’s steam operations  
9 and are useful in providing customers with industrial steam utility service. It also  
10 includes an allocated portion of direct electric utility plant for items used in producing  
11 both steam and electric products. Examples of these items include boilers, land and land  
12 rights, accessory equipment, and other structures and improvements.

13 Q. Are there other components of electric assets allocated to steam operations?

14 A. Yes, a portion of electric general assets is allocated to steam operations. These assets  
15 include items such as office furniture and equipment, certain computer hardware and  
16 software, vehicles, tools and shop equipment and power-operated equipment.

17 Q. How are the direct electric and general electric assets allocated to steam plant?

18 A. The methodology employed in allocating plant in service to steam operations is explained  
19 in the direct testimony of Company witness Ronald A. Klote.

20 Q. How is common plant derived for steam operations?

21 A. L&P’s allocated common plant in service starts with per book balances at December 31,  
22 2004. Once again, the balances are derived from the Aquila fixed asset system, which  
23 details the asset records of Aquila.

1 Q. Explain what is meant by “allocated common plant in service”.

2 A. Allocated common plant in service assets include assets that support Aquila’s overall  
3 infrastructure. These assets include items such as Aquila’s general ledger system and its  
4 billing system. These assets serve to benefit all operations of Aquila and are  
5 subsequently allocated to operating units and divisions within the Aquila corporate  
6 umbrella in accordance with the Aquila corporate allocations policy.

7 Q. What is the direct and allocated steam plant in service for L&P filed in this rate case?

8 A. Please see my schedule SKB-2 for L&P’s direct and allocated plant in service balance  
9 that has been included in this rate filing.

10 **ACCUMULATED RESERVE FOR DEPRECIATION**

11 Q. Please explain how the accumulated reserve for depreciation was derived.

12 A. L&P’s direct accumulated reserve for depreciation begins with per book balances derived  
13 from Aquila’s fixed asset ledger system at December 31, 2004.

14 Q. Does the accumulated reserve for depreciation follow the same reporting methodology as  
15 the gross plant in service?

16 A. Yes.

17 Q. Does the reserve also follow the utility allocation methods used in deriving gross plant in  
18 service?

19 A. Yes.

20 Q. What is the direct and allocated accumulated reserve for depreciation for L&P steam  
21 operations?

22 A. Please see my schedule SKB-2 for L&P’s direct and allocated balance for accumulated  
23 reserve for depreciation that has been included in this rate filing.



**MATERIALS & SUPPLIES**

1

2 Q. Why are materials and supplies (“M&S”) inventories included in rate base?

3 A. M&S is considered working capital which is defined as the economic input of funds, in  
4 excess of the amount used to provide for utility plant, which is necessary to operate the  
5 business.

6 Q. Please explain the computation of the M&S rate base adjustment.

7 A. A thirteen-month average is used for most working capital items. For M&S, the month-  
8 end balances of Federal Energy Regulatory Commission accounts 154 (Materials and  
9 Supplies) and 163 (Stores Expense) were averaged for the months of December 2003  
10 through December 2004. By their general ledger product code, they were designated by  
11 utility (electric, gas, steam, common or non-regulated) and function (generation,  
12 transmission or distribution).

13 Q. Please explain why a thirteen-month average calculation was selected.

14 A. The use of a thirteen-month average is a better measure than the investment at any one  
15 single month since monthly amounts fluctuate, and no one single month is representative.  
16 The application of thirteen-month averaging has been utilized in previous cases by L&P  
17 and the Commission Staff (“Staff”).

18 Q. Please continue with your explanation of the M&S adjustment.

19 A. Next, product allocation factors were applied to both electric and steam products. For  
20 common products, the allocated plant base factor was applied to distinguish between  
21 electric and steam.

22 Q. What is the level of M&S that has been included in L&P’s steam rate base for purposes of  
23 this rate proceeding?

1 A. Please refer to my Schedule SKB-2 for the annualized level of M&S included in the  
2 steam filing.

3 **FUEL INVENTORY**

4 Q. Please explain the purpose of working capital Adjustment No. WC-30 for fuel inventory  
5 for L&P's steam operations.

6 A. Fuel inventories are properly includable in the working capital computation. A utility  
7 must carry the appropriate level of fuel stock to ensure that customer service is not  
8 interrupted. As a result of maintaining minimum levels of fuel stock, the utility incurs  
9 carrying costs. By including fuel stock in rate base, the utility is appropriately allowed to  
10 earn a return on those fuel inventory levels.

11 Q. How were the annualized levels of fuel inventory for coal calculated for inclusion in rate  
12 base?

13 A. L&P's recommendation in this case for the coal inventory level at Lake Road is  
14 equivalent to a 75-day burn. First, the annualized fuel price and number of tons of coal  
15 were obtained from the L&P fuel run for Lake Road and were used to calculate  
16 annualized price per ton of coal. After quantifying the tons of coal burned for the 75-day  
17 inventory level recommended at Lake Road, the quantity of coal burned for the inventory  
18 level mentioned above was multiplied by the annualized price per ton of coal to arrive at  
19 the annualized amount of fuel inventory to include in rate base for L&P's steam  
20 operation.

21 Q. Please explain why a 75-day supply of coal for Lake Road was chosen as the target level  
22 of coal inventory to include in rate base.

1 A. A 75-day supply of coal was used for L&P's Lake Road steam operation because it is  
2 representative of the current day inventory level. This quantity has proven to be adequate  
3 but not excessive for the risks assessed for the Lake Road facility to ensure that customers  
4 are protected against disruption of service.

5 Q. What level of fuel inventory is included in this case?

6 A. The level of fuel inventory included in this case is provided in my Schedule SKB-2.

7 **ANNUALIZATION OF STEAM REVENUE (AG PROCESSING)**

8 Q. Please explain the purpose of Aquila Networks - L&P revenue Adjustment No. R-50,  
9 annualization of steam revenue for AG Processing, Inc. ("AGP").

10 A. Based on the stipulation and agreement in Case No. ER-2004-0034, L&P steam customer  
11 AGP receives a \$35,000 per month credit on their monthly steam invoice from Aquila.  
12 This credit, per the stipulation, is not to be included in the revenue total for any  
13 subsequent rate proceeding. Therefore, this adjustment removes the credit from the  
14 annual revenues recorded in 2004 for AGP.

15 Q. Please explain how Adjustment No. R-50 was calculated for Aquila Networks – L&P's  
16 steam operations.

17 A. The \$35,000 per month credit commenced on April 22, 2004 to coincide with the general  
18 rate increase for L&P. A prorated credit was provided to AGP for the month of April  
19 2004 and for each subsequent month the full \$35,000 credit was recorded. The total  
20 adjustment is the sum of the monthly credits for the test year ending December 31, 2004.

21 Q. What is the adjustment amount in the case for the annualization of the AGP steam  
22 revenue?

23 A. The adjustment amount is provided in my Schedule SKB-4.

**ANNUALIZATION OF STEAM REVENUE (ALBAUGH CHEMICAL)**

Q. Please explain the purpose of Aquila Networks - L&P revenue Adjustment No. R-51, annualization of steam revenue for existing steam customer Albaugh Chemical (“Albaugh”).

A. Albaugh has committed to increase its steam consumption significantly beginning June 2005. Adjustment No. R-51 annualizes the increased consumption.

Q. Please explain how Adjustment R-51 was calculated for L&P.

A. The demand and energy components of the new steam load was calculated utilizing load forecast information provided by Albaugh. The revenue stream expected from the additional load was combined with the per book revenues recorded during the test-year end 2004 to produce an annualized level of revenue for Albaugh. The new annualized level of steam revenues for Albaugh was then compared to actual per book revenues recorded for the year ending December 31, 2004 resulting in an adjustment to revenue.

Q. What is the adjustment amount in the case for the annualization of the Albaugh steam revenue?

A. The adjustment amount is provided in my Schedule SKB-4.

**ANNUALIZATION OF STEAM REVENUE (TRIUMPH)**

Q. Please explain the purpose of Aquila Networks - L&P revenue Adjustment No. R-52, annualization of steam revenue for new steam customer Triumph Foods (“Triumph”).

A. Triumph has committed to a new steam load commencing June 2005. Adjustment No. R-52 annualizes the new revenue stream from Triumph for inclusion in this rate case.

Q. Please explain how Adjustment R-52 was calculated for L&P.

1 A. The demand and energy components of the new steam load were calculated utilizing load  
2 forecast information provided by Triumph. The total demand and energy components  
3 were combined to produce an annualized increase in revenue.

4 Q. What is the adjustment amount in the case for the annualization of the Triumph steam  
5 revenue?

6 A. The adjustment amount is provided in my Schedule SKB-4.

7 **PSC ASSESSMENT**

8 Q. Please explain the purpose of Adjustment No. CS-40.

9 A. Adjustment No. CS-40 annualizes the Commission's assessment for the fiscal year  
10 beginning July 1, 2004 through June 30, 2005.

11 Q. How was the annualized assessment computed?

12 A. The actual assessment for the fiscal year beginning July 1, 2004 was obtained from the  
13 Commission's letter of assessment notice. The total steam assessment, as stated on the  
14 letter of assessment notice, was compared to per books data for the test year. Since it is  
15 known that this cost will be incurred, an adjustment was made for the difference to  
16 account for the increase over the prior year's assessment. Current assessments are known  
17 and measurable and should be reflected in the rates established in this case.

18 Q. What is the adjustment amount in the case for the Commission assessment?

19 A. The adjustment amount is provided in my Schedule SKB-4.

20 **RATE CASE EXPENSE**

21 Q. Please explain Adjustment No. CS-50.

22 A. This adjustment estimates the rate case expense that L&P expects to incur during this rate  
23 proceeding applicable to L&P's steam operations. The estimate is based on the level of

1 actual expenses incurred in L&P's prior rate case, Case No. HR-2004-0024. The estimated  
2 amount is amortized over a three-year period.

3 Q. Why was a three-year amortization period chosen?

4 A. Based on L&P's rate case history over the past ten years, a three-year average seems most  
5 indicative of future rate case proceedings.

6 Q. What is the adjustment amount in the case for rate case expense?

7 A. The adjustment amount is provided in my Schedule SKB-4.

8 **DEPRECIATION EXPENSE**

9 Q. Please explain the depreciation adjustment.

10 A. This adjustment computes the annualized depreciation expense on plant in service for  
11 both direct and allocated plant at December 31, 2004. Earlier in my testimony, I  
12 discussed the definition of direct and allocated plant.

13 Q. How was the plant-in-service computed for the depreciation calculation?

14 A. The plant-in-service for the depreciation calculation is calculated using the ending  
15 balance of gross plant, both direct and allocated, at December 31, 2004.

16 Q. What depreciation rates are used in your depreciation calculation?

17 A. The rates used for the depreciation annualization calculation L&P direct plant are from  
18 depreciation study performed by Foster Associates, Inc. using actual plant data at  
19 December 31, 2001. A separate depreciation study was performed by Foster Associates,  
20 Inc. for Aquila's corporate assets using plant data forecasted through December 31, 2002.  
21 This separate study and corresponding rates are applied to all allocated corporate plant.  
22 Aquila witness Ronald E. White of Foster Associates, Inc. filed testimony in Case No.

1 ER-2004-0034 and HR-2004-0024 on the actual rates and the methodology applied in  
2 calculating these rates.

3 Q. Were any changes made from the depreciation rates filed in ER-2004-0034 and HR-2004-  
4 0024?

5 A. Yes. Aquila adjusted the rates to exclude net terminal salvage to reflect the recent policy  
6 change by this Commission as discussed in the Empire rate order in Case No. ER-2004-  
7 0570.

8 Q. Are there any adjustments to depreciation expense?

9 A. Yes. There is an adjustment to eliminate from the computed annualized depreciation  
10 expense the costs associated with the depreciation of transportation equipment charged to  
11 capital projects.

12 Q. What is the amount of the depreciation expense adjustment for L&P steam operations?

13 A. Please see my schedule SKB-4 for L&P's depreciation expense balance that has been  
14 included in this rate filing.

15 Q. Does this conclude your testimony?

16 A. Yes.

**Aquila Networks - L&P (Steam)**  
**Case No. HR-**  
**Twelve Months Ended December 31, 2004**

**Revenue Requirement**

Line	(a)	Low	Mid	High
		<b>9.406%</b> Return	<b>9.643%</b> Return	<b>9.881%</b> Return
	(b)	(c)	(d)	
1 Net Orig Cost of Rate Base (Sch 2)	\$ 6,476,104	\$ 6,476,104	\$ 6,476,104	
2 Rate of Return	9.406%	9.643%	9.881%	
3 Net Operating Income Requirement	\$ 609,142	\$ 624,497	\$ 639,904	
4 Net Income Available (Sch 7)	\$ (2,330,643)	\$ (2,330,643)	\$ (2,330,643)	
5 Additional NOI BT Needed	2,939,785	2,955,140	2,970,547	
6 Additional Current Tax Required	\$ 2,064,023	\$ 2,074,804	\$ 2,085,621	
7 Gross Revenue Requirement	5,003,808	5,029,944	5,056,168	



**Aquila Networks - L&P (Steam)**  
**Case No. HR-**  
**Twelve Months Ended December 31, 2004**

**Rate Base**

Line No.	Line Description (A)	Amount (B)
<b>Total Plant :</b>		
1	Total Plant in Service-L&P Only (Sch 3)	12,721,925
1a	Total Plant in Service-L&P' Share of UCU (Sch 3a)	20,758
	<b>Total Plant</b>	<b>12,742,683</b>
<b>Subtract from Total Plant:</b>		
2	Depr Reserve-L&P Share (Sch 5)	7,142,008
	<b>Total Depreciation Reserve</b>	<b>7,142,008</b>
	<b>Net (Plant in Service)</b>	<b>5,600,675</b>
<b>Add to Net Plant:</b>		
3	Cash Working Capital	(47,619)
4	Materials and Supplies	25,155
5	Prepayments	1,026,560
6	Fuel Inventory - Oil & Propane	-
7	Fuel Inventory - Coal	608,514
<b>Subtract from Net Plant:</b>		
8	Customer Deposits	-
9	Deferred Income Taxes	736,699
10	Regulatory Liability - ERISA Minimum Tracker	482
	<b>Total Rate Base</b>	<b>6,476,104</b>

**Aquila Networks - L&P (Steam)**  
**Case No. HR-**  
**Twelve Months Ended December 31, 2004**

**Income Statement**

<b>Line No.</b>	<b>Description</b>	<b>Total Electric</b>	<b>Adjustment</b>	<b>Jurisdictional As Adjusted</b>
	(A)	(B)	(C)	(D)
1	Operating Revenue	6,968,888	4,387,130	11,356,018
2	Operating & Maintenance Expenses:			
3	Production	6,408,975	7,380,195	13,789,170
4	Transmission	-	-	-
5	Distribution	100,637	-	100,637
6	Customer Accounting	-	-	-
7	Customer Services	-	-	-
8	Sales	-	-	-
9	A & G Expenses	752,562	175,739	928,301
10	Total O & M Expenses	7,262,174	7,555,934	14,818,108
11	Depreciation Expense	93,677	530,320	623,997
12	Amortization Expense	-	-	-
13	Taxes other than Income Tax	21,158	44,861	66,019
14	Net Operating Income before Tax	(408,122)	(3,743,984)	(4,152,106)
15	Income Taxes	723,156	(2,540,616)	(1,817,460)
16	Income Taxes Deferred	(132,290)	131,692	(598)
17	Investment Tax Credit	(3,405)	-	(3,405)
18	Total Taxes	587,461	(2,408,924)	(1,821,463)
19	Total Net Operating Income	(995,583)	(1,335,060)	(2,330,643)

**Aquila Networks - L&P (Steam)**  
**Case No. HR-**  
**Description of Adjustments to Net Operating Income**  
**Twelve Months Ended December 31, 2004**

Adj No.	Description of Adjustment (A)	Witness (B)	Increase (Decrease) (C)
R-50	<b>Annualization of Steam Revenue</b> Annualize AGP's steam (credit) revenue for the test year.	S. Braun	\$ 290,500
R-51	<b>Annualization of Steam Revenue</b> Annualize Albaugh's steam revenue for the test year.	S. Braun	\$ 1,093,212
R-52	<b>Annualization of Steam Revenue</b> Annualize Triumph's steam revenue for the test year.	S. Braun	\$ 3,003,418
FPP-10	<b>Fuel and Purchased Power Energy</b> This adjustment annualizes fuel expense for the test year.	T. Nelson R. Klote	\$ 7,351,111
CS-5	<b>Payroll</b> This adjustment annualizes payroll expense for the test year.	A. Murray	\$ 38,152
CS-6	<b>Incentive</b> This adjustment annualizes incentive expenses for the test year.	A. Murray	\$ (547)
CS-11	<b>Benefits</b> This adjustment annualizes benefits for the test year.	D. Rooney A. Murray	\$ 181,787
	CS-12 - Medical, Dental & Vision		45,885
	CS-13 - Pension		96,173
	CS-13a - Pension Costs - Annual provision and ERISA minimum		76
	CS-14 - OPEB SFAS 106		31,983
	CS-15 - 401 (k)		2,576
	CS-16 - ESOP Contribution		6,074
	CS-17 - LTIP		(980)
CS-20	<b>ESF/IBU Adjustments</b> This adjustment updates the ESF and IBU corporate allocation factors to December 2004 drivers.	R. Klote	\$ (1,046)
CS-21	<b>Insurance</b> This adjustment annualizes insurance for the test year.	A. Murray	\$ (9,002)
CS-30	<b>Injuries and Damages</b> This adjustment annualizes injuries and damages for the test year.	R. Klote	\$ (6,065)
CS-40	<b>PSC Assessment</b> This adjustment annualizes the PSC assessment to the most current assessment received.	S. Braun	\$ 9,039
CS-50	<b>Rate Case Expense</b> This adjustment annualizes the expense related to the preparation of the rate case and amortizes it over 3 years.	S. Braun	\$ 11,426
CS-60	<b>Dues and Donations</b> This adjustment eliminates all dues and donations except EEI, EPRI and Power Pool dues.	R. Klote	\$ (5,848)
CS-65	<b>Advertising</b> This adjustment eliminates all advertising except safety and informational.	R. Klote	\$ (618)
CS-83	<b>Miscellaneous Test Year Adjustment</b>	A. Murray	\$ (12,455)

**Aquila Networks - L&P (Steam)**  
**Case No. HR-**  
**Description of Adjustments to Net Operating Income**  
**Twelve Months Ended December 31, 2004**

Adj No.	Description of Adjustment	Witness	Increase (Decrease)
	This adjustment eliminates miscellaneous expenses in the test year.		
CS-85	<b>Payroll Taxes</b> This adjustment annualizes FICA and Medicare tax expense for the test year.	A. Murray	\$ 44,861
CS-95	<b>Depreciation</b> This adjustment annualizes depreciation expense for plant balances as adjusted.	S. Braun	\$ 530,320
TAX-1	<b>Current Income Tax Expense</b> This adjustment annualizes the current income tax based on adjusted net operating income.	R. Klote	\$ (2,540,616)
TAX-1	<b>Deferred Income Tax Expense</b> This adjustment annualizes deferred income tax associated with tax straight-line vs. tax timing differences.	R. Klote	\$ 131,692

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

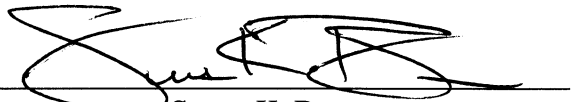
In the matter of Aquila, Inc. d/b/a Aquila                     )  
Networks-L&P, for authority to file tariffs                     )  
Increasing steam rates for the service provided                     )  
To customers in the Aquila Networks-L&P area                     )

Case No. HR-\_\_\_\_\_

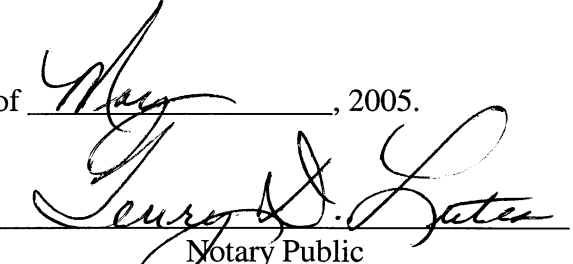
County of Jackson     )  
                                   )       ss  
State of Missouri     )

**AFFIDAVIT OF SUSAN K. BRAUN**

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

  
\_\_\_\_\_  
Susan K. Braun

Subscribed and sworn to before me this 27th day of May, 2005.

  
\_\_\_\_\_  
Notary Public  
Terry D. Lutes

My Commission expires:

8-20-2008



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