

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

In the Matter of the Joint Application of Great Plains)
Energy Incorporated, Kansas City Power & Light)
Company, and Aquila, Inc., for Approval of the Merger)
of Aquila, Inc., with a Subsidiary of Great Plains)
Energy Incorporated and for Other Related Relief.)

Case No. EM-2007-0374

BLACK HILLS CORPORATION'S REPLY TO THE RESPONSE OF STAFF ET AL

COMES NOW BLACK HILLS CORPORATION (“Black Hills”) and respectfully submits its Reply to the Response of Staff et al concerning the proposed procedural schedule. Black Hills supports the expeditious processing and determination of the Joint Application. In furtherance of its position Black Hills states as follows:

Black Hills acknowledges that it currently has no Missouri customers nor will it have Missouri customers when the proposed transactions close. Black Hills further recognizes the responsibility and obligation of the Commission to only approve those transactions found to not be detrimental to the public interest. In making its determination Black Hills urges the Commission take into account the entirety of the proposed transactions. Significant effort on the part of Black Hills, Great Plains Energy and Aquila has to date yielded the following results;

- February 7, 2007 - Aquila, Great Plains Energy and Black Hills announced definitive agreements which result in Aquila’s sale to Black Hills for \$940 million of its utility operations serving 616,000 [523,000 gas and 93,000 electric] customers in Colorado, Iowa, Kansas and Nebraska.
- April 4, 2007 – Black Hills and Aquila filed Applications seeking approval of the transaction in Colorado, Iowa, Kansas and Nebraska.
- April 4, 2007 – Great Plains Energy, KCPL and Aquila filed Applications seeking approval of the transaction in Missouri and Kansas.

- August 27, 2007 – FTC granted early termination of Black Hills' Hart-Scott-Rodino Act filing
- October 19, 2007 – FERC approval of Colorado electric utility purchase and Great Plains/Aquila merger was received.
- August 31, 2007 – The Iowa Utilities Board issued its Order approving Black Hills's purchase of the gas utility operations.
- October 16, 2007 – The Nebraska Public Service Commission issued its Order approving Black Hills' purchase of the Nebraska utility operations.
- February 12, 2008 – The Kansas Corporation Commission conducted a hearing on the merits of a Stipulation and Agreement filed by all parties. The record has been closed and a Decision and Order are pending. With a favorable decision in Kansas, Black Hills will have all of its required regulatory approvals.
- February 29, 2008 – The Colorado Public Utilities Commission issued its Order approving Black Hills's purchase of the Colorado gas and electric utility operations.
- March 7, 2008 – The Kansas Corporation Commission will conduct a hearing regarding KCPL's Application and the Stipulation and Agreement filed by all parties.

Black Hills has focused its efforts on being in a position to close the transaction and integrate the Aquila properties it is acquiring by April 1, 2008. Further Black Hills has remodeled several floors of its corporate offices to accommodate the needs of approximately one hundred new employees; built a new data center in Omaha, Nebraska; purchased hardware and software for the new data center; all in preparation to commence expanded operations immediately upon closing.

Black Hills continues to believe the proposed transactions promote the public interest and provide value to customers, shareholders and regulators. Pursuant to the terms of the asset purchase agreement between the parties closing must occur within eighteen months of February 6, 2007. Consistent with that provision Black Hills' bridge financing, which is in

place to allow it to consummate the transaction, expires August 5, 2008. Black Hills again urges the Commission to expeditiously process the Joint Application and issue a Report and Order that will allow timely closing of the transactions.

WHEREFORE, Black Hills respectfully requests that the Commission approve the proposed procedural schedule submitted by the Joint Applicants.

Respectfully submitted,

LATHROP & GAGE, L.C.

Dated: March 7, 2008

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CERTIFICATE OF SERVICE

I hereby certify that a correct copy of the foregoing was sent via U.S. Mail or electronic transmittal on this 7th day of March, 2008, to:

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