

Public Hearing
EXHIBIT 11/17/05
mcm/Aquila

AQUILA RATE CASE INFORMATION SHEET

(Case No. ER-2005-0436 & HR-2005-0450)

Who is the Missouri Public Service Commission?

It is the state government agency charged by statute with ensuring that consumers receive safe, adequate and reliable utility services at a reasonable rate from the investor-owned utilities that the Commission regulates. The Commission regulates more than 1,000 investor-owned electric, natural gas, water and sewer and telephone companies in Missouri. In addition, the Commission regulates the state's rural electric cooperatives and municipally-owned natural gas utilities for operational safety. Before a utility changes its rates, it must first seek approval from the Public Service Commission. Changes to the rates reflected on your utility bills, except for certain surcharges, can only occur after a thorough review of evidence gathered in a rate case (including information received at local public hearings as well as formal hearings in Jefferson City). The statute establishing the Commission requires the Commission to balance the interests of the public--ratepayers as well as company shareholders. In proceedings before the Commission, rates are set to give the utility company an opportunity, **but not a guarantee**, to earn a reasonable return on its investment after recovering its prudently incurred expenses. Utility services and infrastructure are essential to the economy of Missouri. Virtually every Missouri citizen receives some form of utility service (electric, natural gas, telecommunications, water or sewer) from a company regulated by the Missouri Public Service Commission.

Missouri Public
Service Commission

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When did Aquila, Inc. file its rate requests with the Public Service Commission and what is the Company seeking?

On May 24, 2005, Aquila, Inc. filed a rate case with the Missouri Public Service Commission seeking to increase annual electric revenues in its MPS and L&P service areas. Aquila, Inc. seeks an increase of approximately \$69.2 million in its MPS service area and an increase of approximately \$9.4 million in its L&P service area. For the average MPS residential customer using 1,000 kilowatt-hours of electricity a month, the proposed increase would be approximately \$11.48 a month. For the average L&P residential customer using 1,000 kilowatt-hours of electricity a month, the proposed increase would be approximately \$4.54 a month.

On May 27, 2005, Aquila, Inc. filed a rate case with the Missouri Public Service Commission seeking to increase annual steam revenues in its L&P service area by approximately \$5 million. Aquila, Inc. provides service to five industrial steam customers in St. Joseph.

Why is Aquila seeking to increase rates at this time?

According to the Company, "the reason 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. The investment in system improvements that are required to provide safe and reliable service to Aquila's Missouri customers."

At this local public hearing, the Commission is also seeking public comment on a case examining Aquila's class cost of service and rate design. What is that case about?

Prior to the rate case filings made in May, 2005, a case examining Aquila's class cost of service and rate design began (EO-2002-384). This case was established as a result of a 2001 electric rate case agreement. Customers are divided into "classes" depending on their electric usage characteristics. For example, residential customers have similar usage patterns, which are different from electric usage patterns of industrial customers. In this class cost of service and rate design case, the cost of providing service to specific classes of customers (residential, small general service, etc.) is examined. The total revenues generated by Aquila, Inc. will not change as a result of this case, but there could be a shifting of cost within the customer classes. This means that while Aquila, Inc.'s total revenues will not change, classes of customers could receive a rate increase or decrease.

When will the Public Service Commission decide this rate request?

The Commission is seeking testimony (information and comments) from affected customers during this local public hearing. Parties in this case have filed testimony and may present additional testimony through cross-examination during the January formal hearings if no settlement is reached between all the parties in this case. The Commission will review all of the information filed in this case and then render a decision based on the evidence. By law, the Commission has 11 months from Aquila's May 2005 filing to make a decision based on the evidence.

What is the PSC Staff recommending in this case?

Based upon a thorough audit of the books and records of Aquila, Inc., the PSC Staff is recommending a mid-range revenue increase of approximately \$34 million for the MPS service territory and \$5.9 million for the L&P service area. In addition, the PSC Staff has recommended a \$4.1 million increase in annual steam revenues in the L&P service area. Those recommendations are subject to change with the updating of information provided throughout this rate case proceeding. The PSC Staff recommendation is just one of the many that will be thoroughly reviewed by the Commission in making its decision in the Aquila rate request.

Who are the parties in these cases?

The Staff of the Missouri Public Service Commission, the Office of the Public Counsel, Aquila, Inc., The Missouri Department of Natural Resources, the Sedalia Industrial Energy Users Association, AG Processing, Inc., the City of Kansas City, The

Empire District Electric Company, the United States Federal Executive Agencies, the City of St. Joseph, AARP and Calpine Central. The Office of the Public Counsel is a separate state agency which represents the general public in matters before the Public Service Commission.

Can I comment on service quality issues at this local public hearing?

Yes. Local public hearings are designed to give YOU, the consumer, the opportunity to speak directly to the Public Service Commission. These are the officials who will make the decisions in the Aquila rate case. You are invited to express your views, opinions and concerns about these rate cases and also bring any service related problems to the Commission's attention.

Will I be able to ask the Commissioners questions?

No. Commissioners may have follow-up questions for you regarding your testimony as a customer of Aquila; however, the Commissioners will not be able to respond to your questions. Please keep in mind that the Commissioners are acting as judges in this matter and are holding this hearing to gather information, or testimony, from Aquila's customers. It is not appropriate for Commissioners to respond to questions. You are invited and encouraged to address any questions that you may have to representatives of the Commission Staff, the Company, the Office of the Public Counsel and other parties involved in this case either prior to (during the 30 minute general information session before the local public hearing) or following the formal portion of this local public hearing.

Written comments may be mailed to:

Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

**(Please include a reference to the case numbers
ER-2005-0436, HR-2005-0450 & EO-2002-384)**

**PSC TOLL-FREE CONSUMER SERVICES HOTLINE
1-800-392-4211**

THANKS FOR ATTENDING TONIGHT'S HEARING!