

Earnings Call July 25, 2005Missouri Public
Service Commission

Q. Yes, it is, it's just a little bit, um, concerned as to what happened in the quarter with, you know, the 17 cent hit in fuel and purchased power price and, how, you know, how that's going to play out through the rest of the year. The hedged percentages are helpful, but can you give us a little bit more color as to why there was such a negative impact in the quarter?

A. Well, the negative impact in the quarter was because of our hedged position in the quarter and the volatility, you know the high prices, you know. If you look at . . . you gotta take a look also at some of the things that, I think it'll be helpful to tell you some of the things that we're doing to mitigate our exposure on, uhh, on fuel and purchased power prices. We're reexamining our outage schedules and moving a few of those around. We're putting some further emphasis on heat rate and utilizing the machines that we have in a more effective way. Um, you know, this is an issue that is, you know, at the top of our, the top of our priorities today. ***I think it's also important to note that on a 12 month ending basis, on fuel and purchased power, we're still below the bottom of the collar on fuel and purchased power.*** Um, I don't wanna, I don't want to leave you with the impression that the second quarter was an aberration, but there were a lot of factors that led to, um, led to our being over the collar in that quarter. Among those, plant outages, higher than normal weather, higher purchased power market, um, and as Greg reminds me, ***we were only hedged about 30% in the quarter.*** Um, I think it's also important to note that the top of that collar, on a total company basis is about \$25 million more than what was in base fuel and purchased power prices for the test year. ***Um, we're gonna, we're gonna manage this thing, Tim, just like we always have managed our fuel and purchased power, to do the very best we can to mitigate our risk of, uh, uh, those costs that would exceed the collar.***

* * * * *

Q. And then, could you give just a little more color on the outages you experienced in the quarter. Sounds like it was above what you were looking for.

A. No, no. It's just the timing was a little different. We, we had planned outages in the quarter for Iatan Unit 1 and for Asbury. Um, Iatan, of course we have a minority share, and Kansas City changed the outage schedule in the quarter, such that it moved it from one month, and delayed it and caused us to delay the outage on Asbury. You know, the timing, with changing weather between April and May is what had some impact there.

Praxair Exhibit No. 131
Case No(s). 22 2006-0315
Date 2-2-06 Rptr KT