Questions for Aquila Witness:

(1) With respect to Section 2, Paragraph 2(G), Pages 5-6 of the Settlement Agreement (Settlement) and Settlement Attachment A, Schedule 3, Column D.

(a) Indicate where in the initial filing the $6,091,800 out-of-period capacity adjustments are identified.

(b) Reconcile the $6,091,800 amount referred to in the Settlement for out-of-period capacity adjustments associated with 33 MW of capacity purchased through the contract with Public Service Company of Colorado and with 12 MW of capacity purchased through the contract with Aquila Networks-WestPlains Kansas with the $4,098,600 amount referred to in Ms. Starkebaum's direct testimony (page 7 lines 5-9) associated with the increase in capacity (from 177 MW to 210 MW = 33 MW) purchased from Public Service Company of Colorado through June, 2003 and with the $1,124,112 amount referred to in Ms. Starkebaums's direct testimony (page 7 lines 15-16) associated with the increase in capacity (from 20 MW to 32 MW = 12 MW) purchased from WestPlains Kansas through June, 2003. (NOTE: $4,098,600 + $1,124,112 = $5,222,712 ≠ $6,091,800)

(2) With respect to Settlement Attachment A, Schedule 2, Column H

Explain how the Cash Working Capital (CWC) Adjustment was calculated.

(3) With respect to Settlement Attachment B

(a) What does Line 5 represent?

(b) Explain why this adjustment is being made.

(c) Explain the reason for rolling in only 50% of the ICA increase in the determination of the rider, as shown on Line 9.

(d) Explain why Line 9 uses $2.85 instead of the $2.41 which appears in the text of the Settlement.

(e) Explain whether Line 9 is the critical figure to keep the rider on line 23 at 15.60%.

(f) Explain the reason for rolling in 75% of ICA increase in the determination of the rider, as shown on Line 13.

(4) With respect to Cost Allocations and Fully Distributed Cost Studies

(a) Within the Company’s prefiled case, Mr. Tyrrell’s testimony describes how cost allocations are made to the Aquila operating divisions and subsidiaries. Beginning on page 3 of his testimony, he discusses how Aquila prefers to directly assign costs wherever possible to facilitate proper matching of costs to the appropriate division or subsidiary that is serviced by that cost. And when direct assignment is not possible, costs are allocated using predetermined cost drivers. He then explains that departmental allocations can come from either: Enterprise Support Function (ESF) departments (i.e., Human Resource department) or from Intra-Business Unit Functions (IBU) departments (i.e., Customer Service). Is the Company's FDC study prepared in a manner consistent with Aquila's CAM? Is Aquila's FDC study in compliance with Commission rules?

(b) Explain whether and how the Company's FDC study complies with Commission Rule 4 CCR 723-5.2.2 (transfers of services and assets from a utility to a nonregulated division, subsidiary, or affiliate).

(c) On October 15, 2002, Aquila filed its 2002 CAM. Within the 2002 CAM is a 67 page Section F, which describes the cost allocation process for the various departments. Included with Mr. Tyrrell’s testimony is a 105 page exhibit, Section 12, Schedule 1 which also describes the cost allocation process for the various departments. Is this intended to be a complete replacement of Section F within the 2002 CAM?

(d) The 2002 CAM describes certain nonregulated serviced offered by Aquila Network – WPC, namely, ServiceOne Service Contracts, On Demand Appliance Repair, Bill Inserts, and Customer Financing. How can the Commission confirm that no ratepayer funds were used to subsidize nonregulated activities of Aquila Networks – WPC?

(e) Using the 105 page exhibit, Section 12, Schedule 1 and the FDC study, explain how Common Plant has been allocated to the nonregulated activities.

(f) Using the 105 page exhibit, Section 12, Schedule 1 and the FDC study, explain how Customer Accounting overheads have been allocated to the nonregulated activities.

(g) Using the 105 page exhibit, Section 12, Schedule 1 and the FDC study, explain how Administrative and General overheads have been allocated to the nonregulated activities.

(h) Mr. Tyrrell's exhibits include Schedule 8, the Changes Log for the 2001 CAM, and Schedule 9, the Changes Log for the 2002 CAM.

(1) Explain whether all of the changes contained in the 2001 log have been incorporated into the CAM Aquila filed on October 15, 2002.

(2) Explain whether all of the changes contained in the 2002 log have been incorporated into the CAM Aquila filed on October 15, 2002.

(3) Are these all of the modifications which the Commission needs to approve in this proceeding pursuant to 4 CCR 723-47 Rule 6.3, or are there any more?

<u>Questions for Staff Witness:</u>

(1) With respect to Settlement Attachment A, Schedule 2, Column H:

Explain how the Cash Working Capital (CWC) Adjustment was calculated.

(2) With respect to Cost Allocations and Fully Distributed Cost Studies

(a) Explain whether, in the preparation of Staff's testimony or exhibits in this case, Staff investigated any cost allocation issues or FDC study issues.

(b) If so, provide a copy of Staff's workpapers on cost allocations and FDC studies for entry as an exhibit into the record in this case.

(c) Explain whether it is Staff's recommendation that the Commission approve changes to Aquila's CAM and its FDC study.

Questions for OCC Witness:

(1) With respect to Settlement Attachment A, Schedule 2, Column H

Explain how the Cash Working Capital (CWC) Adjustment was calculated.

(2) With respect to Cost Allocations and Fully Distributed Cost Studies

(a) Explain whether, in the preparation of the OCC's testimony or exhibits in this case, the OCC investigated any cost allocation issues or FDC study issues.

(b) If so, provide a copy of the OCC's workpapers on cost allocations and FDC studies for entry as an exhibit into the record in this case.

(c) Explain whether it is the OCC's recommendation that the Commission approve changes to Aquila's CAM and its FDC study.