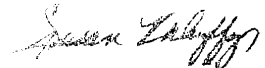


STATE CORPORATION COMMISSION

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

SEP 11 2003

 Docket
Room

In the Matter of the Application of Aquila, Inc. for)
an Order to Permit the Company Establish Rates)
for a Weather Normalization Adjustment.)

Docket No. 03-AQLG-1076-TAR

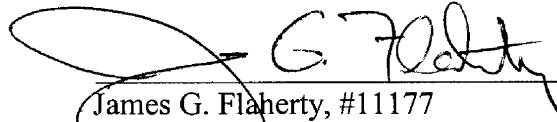
JOINT MOTION TO APPROVE STIPULATION AND AGREEMENT

COMES NOW Aquila, Inc., d/b/a Aquila Networks - KGO ("Aquila"), and the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively), collectively referred to herein as "Joint Movants," and move the Commission for an Order approving the proposed Stipulation and Agreement described below. In support of their request, Joint Movants state:

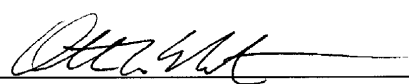
1. Aquila is a jurisdictional public utility as defined by K.S.A. 66-104 and is providing natural gas utility service in Kansas pursuant to grants of authority from the Commission.
2. On June 19, 2003, Aquila filed its Application with the Commission seeking an Order permitting it to implement a Weather Normalization Adjustment (WNA) Mechanism.
3. On June 25, 2003, the Commission issued a Suspension Order pending a full investigation of the Application.
4. On June 26, 2003, Citizens' Utility Ratepayer Board (CURB) filed a petition to intervene in this matter and on July 10, 2003, the Commission granted CURB's intervention.
5. Pursuant to negotiations between Aquila and Staff, the two parties executed a Stipulation and Agreement dated September 10, 2003, (Stipulation and Agreement), the terms of which modify the WNA Mechanism proposed by Aquila in its Application. The Stipulation and Agreement is attached hereto as Attachment A. CURB does not join in the Stipulation and Agreement

or the Joint Motion, but does not oppose the Joint Motion.

WHEREFORE, Aquila and Staff request the Commission issue its Order granting Joint Movant's motion approving the proposed Stipulation and Agreement; approving the Weather Normalization Adjustment Mechanism for Aquila, as conditioned by the Stipulation and Agreement; and grant such other relief as the Commission may deem appropriate.



James G. Flaherty, #11177
**ANDERSON, BYRD, RICHESON,
FLAHERTY & HENRICHS, LLP**
216 S. Hickory, P. O. Box 17
Ottawa, Kansas 66067
(785) 242-1234
Attorneys for Aquila, Inc., d/b/a Aquila Networks-KGO



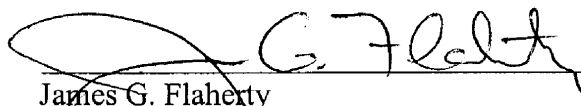
Otto A. Newton, #8760
Assistant General Counsel
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604-4027
(785) 271-3157
Attorney for the Kansas Corporation Commission Staff

VERIFICATION

STATE OF KANSAS)
)ss:
COUNTY OF FRANKLIN)

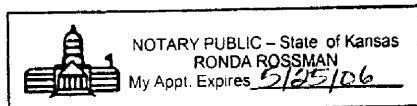
James G. Flaherty, of lawful age, being first duly sworn on oath, states:

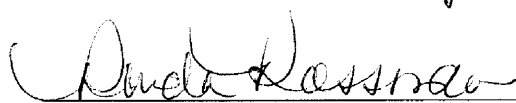
That he is the attorney for Aquila, Inc., d/b/a Aquila Networks-KGO, named in the foregoing Application, and is duly authorized to make this affidavit; that he has read the foregoing Application, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 10th day of September, 2003.





Notary Public

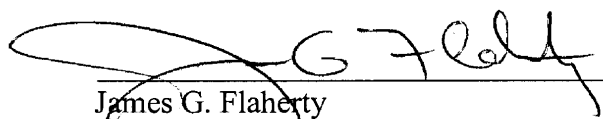
My Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was mailed, postage prepaid, this 11th day of September, 2003, addressed to:

Otto A. Newton
Assistant General Counsel
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604

David R. Springe
Niki Christopher
Consumer Counsel
Citizens Utility Ratepayer Board
1500 S.W. Arrowhead Road
Topeka, Kansas 66604



James G. Flaherty

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In The Matter of The Application of Aquila, Inc. for)
an Order to Permit the Company Establish Rates) Docket No. 03-AQLG-1076-TAR
For a Weather Normalization Adjustment.)

STIPULATION AND AGREEMENT

COMES NOW Aquila, Inc., d/b/a Aquila Networks - KGO ("Aquila"), and the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) and stipulate and agree as follows:

1. Aquila is a jurisdictional public utility as defined by K.S.A. 66-104 and is providing natural gas utility service in Kansas pursuant to grants of authority from the Commission.
2. On June 19, 2003, Aquila filed its Application with the Commission seeking an Order permitting it to implement rates for a Weather Normalization Adjustment (WNA) Mechanism with initialization of the Mechanism beginning October 1, 2003.
3. During the course of the investigation of the WNA, Staff requested various data and work papers and Aquila promptly responded to each request. Staff and representatives of Aquila also engaged in several discussions in furtherance of Staff's review and investigation of the Application. Staff and CURB have reviewed and investigated the Application and the proposed tariff rider as described in the Application and the supporting pre-filed testimony and exhibits. In the course of Staff's investigation of the Application and Staff's further discussions with Aquila, Staff and Aquila have agreed that certain modifications should be made to Aquila's proposed WNA Mechanism. Those modifications are set forth below in Paragraph 4 of this Agreement and have been included in the WNA tariff rider attached hereto as Exhibit A and incorporated herein by reference.

TERMS OF AGREEMENT

4. Aquila and Staff stipulate and agree as follows:

A. Aquila WNA Rider

If the Commission approves the instant Stipulation and Agreement, then the Commission would effectively approve Aquila's proposed WNA Rider attached hereto as Exhibit A, which has incorporated modifications agreed to by Staff and Aquila. The agreed upon modifications are set forth in paragraph 4C herein. The initial WNA Calculation Period would begin October 1, 2003, ending September 30, 2004. The initial WNA Factors would appear on monthly bills rendered after November 1, 2004, making the WNA Rider fully effective with sales service rendered on and after October 1, 2003, as provided in the Application. The WNA Factor shall appear as a separate item on customers' monthly bills.

B. Customer Education Materials

In order to describe and explain the WNA Factors which will appear on customers' bills, Aquila agrees to work closely with the Commission's Staff, including the Public Affairs and Consumer Protection Division in developing and implementing consumer education materials, and will provide copies of any and all such customer education materials to Staff for review and comment, prior to its use.

C. Modifications to the WNA Filing that Have Been Agreed to by Staff and Aquila

(1) Coefficients. Staff and Aquila agree that the Coefficients set forth in Exhibit B hereto shall be included and used in the calculation of WNA Factors instead of the Coefficients that were proposed and included in Aquila's Application.

(2) Determination of Normal Weather. For purposes of determining "normal" weather, the "30-year normals" published by NOAA will be utilized for the following weather stations: Dodge City, Garden City, Goodland, Hutchinson, Lawrence, Liberal and Wichita.

D. WNA-Related Risk Adjustment to ROE in Future Rate Case

Aquila and Staff agree that implementation of a WNA Rider may influence the local distribution company's weather-related risk and, therefore, its financial risk. Staff specifically reserves its right to take the position in Aquila's future rate cases that any

reduced risk associated with the implementation of the WNA Rider should be considered in the determination of the utility's return on equity (ROE) and that it could be appropriate for the Commission to lower the Company's allowed ROE to reflect this reduction in weather-related risk. Aquila specifically reserves its right when determining the appropriate ROE in future rate cases to consider the experience of other local distribution utilities that may or may not have WNA Riders and to take the position that the Commission would be justified in making no change to the Company's ROE as a result of having a WNA Rider.

5. This Stipulation and Agreement fully resolves issues specifically addressed in this document between the signatories. The terms of this Stipulation and Agreement constitute a reasonable resolution of the issues addressed herein.

6. The terms and provisions of this Stipulation and Agreement have resulted from negotiations among the signatories and are interdependent. In the event the Commission does not approve and adopt the terms of this Stipulation and Agreement in total, any party to this agreement has the option to terminate this Stipulation and Agreement and, if so terminated, none of the signatories hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise provided herein.

7. It is the signatories' intent to incorporate into the record the pre-filed testimony and exhibits filed with the Application in support of this Stipulation and Agreement. Staff agrees to waive cross examination on said testimony and exhibits. Staff shall have the right to submit a Memo to the Commission outlining its support for the Stipulation and Agreement and said Memo shall be incorporated into the record without objection in support of this Stipulation and Agreement.


8. Unless (and only to the extent) otherwise specified in this Stipulation and Agreement, the signatories to this Stipulation and Agreement shall not be prejudiced, bound, or affected in any

way by the terms of this Stipulation and Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Stipulation and Agreement in total or in any way conditions its approval of the same. The Commission's approval of this Stipulation and Agreement shall not create any precedent applicable in any other proceeding.

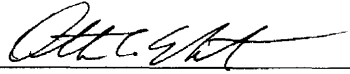
9. This Stipulation and Agreement does not prejudice or waive any party's rights, positions, claims, assertions or arguments in any proceeding in this docket, or any other proceedings before this Commission or in any court.

10. If the Commission accepts this Stipulation and Agreement in its entirety and incorporates the same into its final order in this docket, the signatories intend to be bound by its terms and the Commission's Order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's Order on those issues.

AGREED AND ACCEPTED this 10th day of September, by:


James G. Flaherty, #11177
**ANDERSON, BYRD, RICHESON,
FLAHERTY & HENRICH, LLP**
216 S. Hickory, P. O. Box 17
Ottawa, Kansas 66067
(785) 242-1234
Attorneys for Aquila, Inc., d/b/a Aquila Networks - KGO

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Otto A. Newton, #8760
Assistant General Counsel
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Attorney for the Kansas Corporation Commission Staff

EXHIBIT A

WEATHER NORMALIZATION ADJUSTMENT RIDER

APPLICABILITY

This rider is applicable to all service provided under rate schedules RS-1, SC-1, SVF, and LVF. Service is subject to the NOTES AND DEFINITION OF TERMS section below.

NET ANNUAL CHARGE

A Weather Normalization Adjustment (WNA) Factor shall be applied to each monthly bill to refund revenue excesses or collect revenue deficiencies that occur as a result of deviations from normal weather. The WNA Factor shall be calculated by the formulas:

Formula (1):

$$WNAF_f = \frac{\left[\sum_{12} ((nHDD_m - aHDD_m) \times HSF_i + (nPHDD_m - aPHDD_m) \times PHSF_i) \times CC_{mi} \right] \times r_i}{aSalesTot} + ADJ$$

Formula (2):

$$ADJ = \frac{(PreviousCalculatedADJ - ActualRevenueADJ)}{aSalesTot}$$

Notes and Definition of Terms:

1. All terms and calculations are applicable to specific weather stations. Formulas (1) and (2) are calculated on an annual basis.
2. Data from the following weather stations shall be utilized: Dodge City, Garden City, Goodland, Hutchison, Lawrence, Liberal, and Wichita.
3. The *WNA Calculation Period* shall consist of the twelve-month period ending September 30.
4. Company shall file a report with the Commission by October 25th of each year showing the calculation of the WNA Factor for the WNA Calculation Period.
5. The *WNA Collection Period* shall consist of the twelve-month period ending October 31. Therefore, the Annualized WNA Factor will appear over the WNA Collection Period starting with monthly bills rendered after November 1st.

6. The *Previous Calculated Revenue ADJ* is the total revenue excess/deficiency for the prior WNA Calculation Period.

7. The *Actual Revenue ADJ* is the total revenue actually collected/refunded during the prior WNA Collection Period.

Where:

WNAF = Annualized WNA Factor, calculated in accordance with Formula (1)

nHDD_m = normal heating degree days (HDDs) for month m, determined according to provisions approved in Docket No. 03-AQLG-1076-TAR

aHDD_m = actual HDDs for month m, determined according to provisions approved in Docket No. 03-AQLG-1076-TAR

HSF_i = heat sensitive factor for current month, applicable to service schedule i, as approved in Docket No. 03-AQLG-1076-TAR

nPHDD_m = normal HDDs for month prior to month m, determined according to provisions approved in Docket No. 03-AQLG-1076-TAR

aPHDD_m = actual HDDs for month prior to month m, determined according to provisions approved in Docket No. 03-AQLG-1076-TAR

PHSF_i = heat sensitive factor for prior month, applicable to service schedule i, as approved in Docket No. 03-AQLG-1076-TAR

CC_{mi} = customer count for month m, applicable to Service Schedule i

r_i = applicable margin rate for Service Schedule i

aSalesTot = the sum of actual monthly sales over the current WNA Calculation Period applicable to Service Schedule i

8. The WNA Account Balance may be periodically reviewed by the Company, and the WNA Factor may be revised if it appears at any time on review that the WNA Account Balance at the end of the WNA Collection Period will be substantial.

9. The WNA Factor shall be calculated to the nearest \$0.0001/Mcf.

EXHIBIT B**PROPOSED HSF COEFFICIENTS**

Rate Class	Weather Station	Current Month	Previous Month
Residential	Dodge City	0.004596	0.010095
	Garden City	0.004683	0.009551
	Goodland	0.002475	0.013305
	Hutchinson	0.004210	0.009627
	Lawrence	0.005328	0.009122
	Liberal	0.004758	0.010689
	Wichita	0.004856	0.009355
Small Commercial	Dodge City	0.005796	0.020801
	Garden City	0.006784	0.021729
	Goodland	0.000000	0.026907
	Hutchinson	0.008131	0.018587
	Lawrence	0.007762	0.021414
	Liberal	0.008204	0.024424
	Wichita	0.011186	0.022491
Small Volume	Dodge City	0.031913	0.076661
	Garden City	0.037567	0.081392
	Goodland	0.001269	0.104639
	Hutchinson	0.027992	0.130061
	Lawrence	0.040308	0.121810
	Liberal	0.030266	0.100422
	Wichita	0.056450	0.122807
Large Volume	Dodge City	0.030330	0.259162
	Garden City	0.470528	0.004731
	Goodland	0.000000	0.677180
	Hutchinson	0.000000	0.000000
	Lawrence	0.441795	0.870674
	Liberal	0.000000	0.558648
	Wichita	0.194988	0.748469