

FILE COPY

**AQUILA, INC.
CASE NO. EF-2003-0465
DATA REQUEST NO. MPSC-66**

DATE OF REQUEST: July 17, 2003

DATE RECEIVED: July 17, 2003

DATE DUE: July 31, 2003

REQUESTOR: Joan Wandel

QUESTION:

Please provide copies of the following Sedalia Industrial Energy Users Association's Data Request responses:

- Nos. 3 through 8;
- No. 9 Working Capital Analysis;
- Nos. 10 and 11;
- No. 12 Credit Reports; and
- No. 13 Security Analysts Reports on Aquila.

RESPONSE: Please see attachments.

ATTACHMENT: SIE DRs as requested.

ANSWERED BY: Mark Reed

SIGNATURE OF RESPONDER

Schedule TJR-28.1

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**AQUILA, INC.
CASE NO. EF-2003-0465
SEDALIA INDUSTRIAL ENERGY USERS ASSOCIATION
AND AG PROCESSING INC.
DATA REQUEST NO. SIE-12**

DATE OF REQUEST: June 5, 2003
DATE RECEIVED: June 5, 2003
DATE DUE: June 25, 2003
REQUESTOR: Stuart W. Conrad

QUESTION:

Please provide a copy of all Aquila and Missouri utility operation's credit reports issued over the last 24 months.

RESPONSE: Please see attachments.

ATTACHMENT: Credit reports as requested

ANSWERED BY: John Hardt



Rating Action: Aquila, Inc.

MOODY'S ASSIGNS B2 TO SECURED BANK CREDIT FACILITY OF AQUILA, INC.

New York, April 09, 2003 – Moody's Investor Service assigned a B2 rating to the proposed \$430 million three year secured credit facility of Aquila, Inc. and confirmed the company's existing ratings. The rating on the three year secured credit facility reflects the terms and conditions of the facility, including an assessment of the benefits and limitations of the collateral in the event of default. The facility benefits from collateral that includes assets of two regulated utility divisions. Coverage by directly pledged hard assets of the regulated utility divisions is relatively thin at closing, excluding properties on which the lenders will hold a second lien. The facility also is secured by the common stock of Aquila's substantial Canadian subsidiary, but Moody's does not attribute substantial value for notching purposes because of the residual nature of this claim. However, the facility also provides for the addition of further collateral upon regulatory approval for pledge of assets by five regulated divisions. Moody's considers it likely that regulatory approval will be received in at least some cases in the near term, resulting in an augmentation of the collateral coverage.

Ratings confirmed are:

Senior Implied B3

Senior Secured B2

Senior Unsecured Caa1

Subordinate Debt Rating Caa3

Preferred Stock Ca

Subordinate Shelf (P)Caa3

Junior Sub. Shelf (P)Caa3

The rating outlook is negative for the three year secured credit facility, consistent with the negative outlook for Aquila's other ratings.

Aquila's ratings reflect (1) weak cash flow generation relative to total debt despite recent asset divestitures; (2) asset sales proceeds which do not reduce debt incurred to purchase the same assets; (3) liquidity concerns related to unwinding its trading business, and (4) the quality of the collateral as mostly stock in subsidiaries. The ratings reflect Moody's concern that asset sales do not allow sufficient cash flow to repay parent debt to a level consistent with the expected cash generation of the remaining businesses. While cash flow from the remaining regulated utilities are expected to be less volatile, Aquila's efforts to unwind its trading business continue to pressure its operating performance and its asset sales have not resulted to debt reduction consistent with its ratings.

The negative outlook reflects the fact that the company continues to face liquidity pressure and substantial need to sell assets or obtain additional financing over the next year.

Aquila, Inc. headquartered in Kansas City, MO, is a regulated electric and gas networks business in the US, Canada, Australia and the UK.

New York
Daniel Gates
Managing Director
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
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Schedule TJR-28.3

New York
Robert Johnson