

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

<p>IN RE:</p> <p>AQUILA, INC., d/b/a AQUILA NETWORKS, BLACK HILLS CORPORATION, AND BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC</p>	<p>DOCKET NO. SPU-07-12</p>
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ORDER REQUESTING ADDITIONAL INFORMATION

(Issued May 10, 2007)

On April 4, 2007, Aquila, Inc., d/b/a Aquila Networks (Aquila), Black Hills Corporation (Black Hills), and Black Hills/Iowa Gas Utility Company, LLC (BH Iowa Gas), filed a joint proposal for reorganization pursuant to Iowa Code §§ 476.76 and 476.77 (2007) and 199 IAC 32, along with an application for permission for Aquila to discontinue providing utility service in Iowa pursuant to Iowa Code § 476.20(1) and 199 IAC 7.1(6). The filing is the result of the Asset Purchase Agreement dated February 6, 2007, entered into by and among Aquila, Black Hills, Great Plains Energy Incorporated, and Gregory Acquisition Corporation. On April 12, 2007, the Board issued an order docketing the proposal for reorganization and application to discontinue service and establishing a procedural schedule.

The Board has begun its review of the information, testimony, and exhibits that were filed by Aquila, Black Hills, and BH/Iowa Gas. Based upon its preliminary review, the Board has determined that it needs some additional information prior to

the presentation of testimony at the hearing. The Board will direct Aquila, Black Hills, and BH/Iowa Gas to provide this information. The procedural schedule established in this docket provides a limited amount of time for review by the Board. Requesting the additional information at this point should allow the Board to complete its review to meet the procedural schedule. There may be additional information requested once the Board has seen the prefiled testimony of the other parties.

The Board requests that the following information be provided:

1. 199 IAC 32.4(3)"d" requires that a proposal for reorganization include current and proposed reorganization balance sheets and capital structure. Schedule 20 to the Application indicates that this information for BH Iowa Gas will be provided when it becomes available. Provide either the information required by this paragraph or a specific date when the information will be available.

2. In the prefiled direct testimony of Mark T. Thies, Mr. Thies states that post-transaction pro forma financial information for both Black Hills and for BH Iowa Gas will be filed when available. Provide the pro forma financial information or a specific date when the information will be filed.

3. In the prefiled direct testimony of Mr. Thies, Mr. Thies indicates that BH Iowa Gas will be segregated and insulated from the operating costs and liabilities of the non-utility subsidiaries of Black Hills and that the non-utility subsidiaries will not be able to borrow from the utility money pool, receive credit from a utility company, or have debt secured by a utility company's assets. Describe any other ring-fencing

mechanisms Black Hills has considered to protect its rate-regulated subsidiaries from the activities of non-regulated Black Hills subsidiaries.

4. Do Black Hills or any of its regulated subsidiaries have a minimum level of common equity ratio commitment with respect to total capitalization required by any federal or state agency? If the answer is yes, explain.

5. Do any of the Black Hills regulated subsidiaries have a limit on dividend payout to Black Hills imposed by a state or federal regulatory agency related to the level of the regulated subsidiary's common equity ratio? If the answer is yes, explain.

6. The Application indicates that Black Hills will retain the call center in Lincoln, Nebraska, as part of the acquisition and not the call center in Raytown, Missouri. Provide an explanation of any retraining or relocation of employees that may be necessary for the Lincoln call center to meet the requirements of customers of BH Iowa Gas and the other rate-regulated subsidiaries in Kansas, Nebraska, and Colorado.

7. Provide for the past 12 months the number of calls from Aquila's Iowa customers that were handled by the Raytown call center as compared to the number of customer calls handled by the Lincoln call center.

8. Does Black Hills anticipate that any substantial changes will need to be made at the Lincoln call center to meet the needs of the regulated subsidiaries in Iowa, Kansas, Nebraska, and Colorado?

IT IS THEREFORE ORDERED:

The additional information requested in this order shall be filed on or before
May 23, 2007.

UTILITIES BOARD

/s/ John R. Norris

/s/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Krista K. Tanner

Dated at Des Moines, Iowa, this 10th day of May, 2007.