

NEWS RELEASE
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October 14, 2005

**OFFICE OF THE PUBLIC COUNSEL FILES COMPLAINT
AGAINST AQUILA FOR FAILING TO FUND RETIREMENT
TRUST FUND SINCE 2002**

The Office of the Public Counsel, Missouri's utility consumer advocate, today filed a complaint with the Public Service Commission alleging that Aquila, Inc., a Raytown-based utility company, has failed since 2002 to make required contributions – totaling \$8.5 million – to a trust that funds its retiree benefits. Public Counsel's complaint claims that Aquila failed to deposit contributions to the retirement benefit fund even though it collected money to do so from its customers as part of the utility's gas and electric rates.

Missouri law and recognized Financial Accounting Standards required Aquila to establish and fund a Voluntary Employee Beneficiary Association (VEBA) trust as a vehicle to cover retiree benefits other than pensions (such as retiree medical expenses).

According to the complaint, Aquila collected money through its rates from its customers to cover the contributions to the fund, but has not made any contributions since 2002. Public Counsel Lewis Mills said, "The whole point of requiring an independent external funding mechanism is so utilities cannot use money earmarked for retiree benefits for some other purpose. By failing to put the money into the trust, Aquila has diverted money that should have been held in trust for retirees, and used it instead for operating expenses like executive salaries."

Public Counsel asks the Public Service Commission to: 1) find that Aquila violated the law and Commission orders; 2) direct that the Commission's general counsel seek penalties and criminal sanctions against Aquila in circuit court; and 3) order Aquila to immediately fund the \$8.5 million deficiency.

The Office of Public Counsel is the state's designated advocate on behalf of the consumers of regulated utilities.

Aquila provides electric and natural gas utility service to 346,000 customers in western Missouri.