

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)			
<p>1. Report particulars of gas purchases during the year in the manner prescribed below.</p> <p>2. Provide subheadings and totals for prescribed accounts as follow:</p> <p style="margin-left: 40px;">800 Natural Gas Well Head Purchases. 801 Natural Gas Field Line Purchases. 802 Natural Gas Gasoline Plant Outlet Purchases. 803 Natural Gas Transmission Line Purchases. 803.1 Off-System Gas Purchases. 804 Natural Gas City Gate Purchases. 804.1 Liquefied Natural Gas Purchases. 805 Other Gas Purchases.</p> <p>Purchases are to be reported in account number sequence, e.g. all purchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchases should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (h) and (i) and should agree with the books of account, or any differences reconciled.</p> <p>In some cases, two or more lines will be required to report a purchase, as when it is charged to more than one account.</p> <p>3. Purchases may be reported by gas purchase contract totals (at the option of the respondent) provided that the same price is being paid for all gas purchased under the contract. If two or more prices are in effect under the same contract, separate details for each price shall be reported. The name of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect the sellers at each price are to be listed separately.</p> <p>4. Purchases of less than 100,000 Mcf per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (b). Only Columns (a), (b), (h), (i), and (j) are to be completed for grouped purchases; however, the Commission may request additional details when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.</p>		<p>5. Column instructions are as follows:</p> <p><u>Column (b)</u> - Report the names of all sellers. Abbreviations may be used where necessary.</p> <p><u>Column (c)</u> - Give the name of the producing field only for purchases at the wellhead or from field lines. The plant name should be given for purchase from gasoline outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.</p> <p><u>Columns (d) and (e)</u> - Designate the state and county where the gas is received. Where gas is received in more than one county, use the name of the county having the largest volume and by footnote list the other counties involved.</p> <p><u>Column (f)</u> - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract, show the date of the original contract and the date of the renegotiated contract on the following line in brackets. If new acreage is dedicated by ratification of an existing contract show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir than the original dedicated acreage pursuant to Section 2.56(f)(2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.</p> <p>If the purchase was permanently discontinued during the reporting year, so indicate by an asterisk (*) in Column (f).</p> <p><u>Column (g)</u>. Show for each purchase the approximate Btu per cubic foot.</p> <p><u>Column (h)</u>. State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior years.</p> <p><u>Column (i)</u> - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).</p> <p><u>Column (j)</u> - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].</p>	

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805) (Continued)				
Line No.	Account Number (a)	Name of Seller* (Designate Associated Companies) (b)	Name of Producing Field or Gasoline Plant (c)	State (d)
1	800			
2	804			
3	805			
4	For additional information, please refer to the Gas Cost Reconciliation Report, Case No. U-13990-R, Exhibit A-6, to be filed in June 2005.			
5	*Natural gas suppliers to Michigan Gas Utilities:			
6	Anadarko			
7	BP Canada			
8	Christian Oil Company			
9	Cinergy			
10	Co Energy			
11	Conoco Phillips			
12	Eagle Energy			
13	Marathon			
14	Matrix Exploration			
15	Miller Exploration			
16	NG Energy			
17	Nexen			
18	Nicor			
19	Northern Indiana Trading Co.			
20	Oxy			
21	Tenaska			
22	United Energy			
23	West Hopkins Petroleum Co.			
24	Williams Power Co			
25				

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report: (Mo, Da, Yr)		Year of Report Dec. 31, 2004	
GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805) (Continued)							
County (e)	Date of Contract (f)	Approx. Btu Per Cu. ft. (g)	**Gas Purchased-Mcf (14.73 psia 60 F) (h)	Cost of Gas (i)	Cost Per Mcf (cents) (j)	Line No.	
			158,081	953,756	603.33	1	
			22,455,800	157,715,862	702.34	2	
			3,500	3,135	89.57	3	
						4	
						5	
						6	
						7	
						8	
						9	
						10	
						11	
						12	
						13	
						14	
						15	
						16	
						17	
						18	
						19	
						20	
						21	
						22	
						23	
						24	
						25	

** Volumes are reported in MMBtu

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2004	Year of Report Dec. 31, 2004
---	--	---	---------------------------------

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Mcf of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas			Manufactured Gas	
			Mcf of Gas Used (c)	Amount of Credit (d)	Amount of Mcf (In Cents) (e)	Mcf of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel - Cr	754	71,342	515,037	721.93		
2	811 Gas used for Products Extraction - Cr						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respdnt's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs--Cr (Rpt sep. for each prin. use. Group minor uses)						
6	812.1 Gas used in Util. Oprs--Cr (Nonmajor only)						
7	Operation of Buildings	Various	37,584	262,879	699.44		
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	TOTAL		108,926	777,916	714.17		

THIS PAGE INTENTIONALLY LEFT BLANK.

Name of Respondent Aquila Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr)	Year of Report Dec. 31, 2004
--	---	---------------------------------	---------------------------------

LEASED RENTALS CHARGED

1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.

2. Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000, the data called for in columns a, b (description only), f, g and j.

3. For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.

4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements** and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.

5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that is short-lived and replaced under terms of the lease or for pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option to purchase the property.

6. In column (a) report the name of the lessor. List lessors which are associated companies* (describing association) first, followed by non-associated lessors.

7. In column (b) for each leasing arrangement, report in order, classified by production plant, storage plant, transmission line, distribution system, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications.

A. LEASE RENTAL CHARGED TO GAS OPERATING EXPENSES

Name of Lessor (a)	Basic Details of Lease (b)	Terminal Dates of Lease, Primary (P) or Renewal (R) (c)
BLC Corporation	Vehicle Fleet	

** See Gas Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts.

THIS PAGE INTENTIONALLY LEFT BLANK.

Name of Respondent Aquila Inc d/b/a Aquila Networks - MGU		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)				
1	Industry association dues		\$	59,876
2	Experimental and general research expenses			0
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent			90,709
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.			
5				
6	MGD - Michigan Gas Utilities			1,091
7				
8	Intercompany Cost Allocations			101,563
9				
10	Miscellaneous Amortization of Computer Software			34,522
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49	TOTAL		\$	287,761

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3 405) (Except Amortization of Acquisition Adjustments)				
<p>1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.</p> <p>2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals between the report years (1971, 1974, and every fifth year thereafter).</p> <p>Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the</p>				
Section A. Summary of Depreciation, Depletion, and Amortization Charges				
Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Right (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant			
2	Production plant, manufactured gas			
3	Production and gathering plant,	24,210		
4	Products extraction plant			
5	Underground gas storage plant	258,742		105
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	789,022		
9	Distribution plant	4,689,169		
10	General plant	2,819,405	77	
11	Common plant-gas			
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL	8,580,548	77	105

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3 405) (Except Amortization of Acquisition Adjustments) (Continued)			
manner in which column (b) balances are obtained. If average balances, state the method averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine		depreciable charges, show at the bottom of Section B any revisions made to estimated gas reserves. 3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.	
Section A. Summary of Depreciation, Depletion, and Amortization Charges			
Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a) Line No.
	906	906	Intangible plant 1
		0	Production plant, manufactured gas 2
		24,210	Production and gathering plant, 3
		0	Products extraction plant 4
60,176	0	319,023	Underground gas storage plant 5
		0	Other storage plant 6
		0	Base load LNG terminating and processing plant 7
13,374	0	802,396	Transmission plant 8
229	0	4,689,398	Distribution plant 9
74,194	0	2,893,676	General plant 10
		0	Common plant-gas 11
			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
			22
			23
			24
147,973	906	8,729,609	TOTAL 25

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)				
Section B. Factors Used in Estimating Depreciation Charges				
Line No.	Functional Classifications (a)	Depreciable Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)	
1	Production and Gathering Plant			
2	Offshore			
3	Onshore			
4	Underground Gas Storage Plant	13,157	2.39	
5	Transmission Plant			
6	Offshore			
7	Onshore			
8	General Plant	19,351	5.07	
9				
10				
Notes to Depreciation, Depletion and Amortization of Gas Plant				

THIS PAGE INTENTIONALLY LEFT BLANK.

Name of Respondent Aquila, Inc. d/b/a Aquila Networks-MGU	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
---	--	--------------------------------	---------------------------------

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) *Miscellaneous Amortization* (Account 425) -- Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* --- Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, *Donations*; 426.2, *Life Insurance*; 426.3, *Penalties*; 426.4, *Expenditures for Certain Civic, Political and Related Activities*; and 426.5, *Other*

Deductions, of the Uniform System of Accounts. Amounts of less than \$10,000 may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) -- For each associated company to which interest on debt is incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425 - Miscellaneous Amortization - Utility Plant Acquisition	1,151,537
2		
3	Account 426.1 - Donations	
4	Charitable Contributions	98,234
5	Social & Community Gifts	10,079
6	Other	47
7	Total Donations	108,360
8		
9	Account 426.3 - Penalties	3,776
10		
11	Account 426.4 - Civic & Political Activities	
12	Legal Fees	-
13	Other	5,530
14	Total Civic & Political Activities	5,530
15		
16	Account 426.5 - Other Deductions	
17	Misc	6,273
18	Total Other Deductions	6,273
19		
20	Total Other Income Deductions 426	123,939
21		
22	Account 430 - Interest on Debt to Associated Companies	338,294
23		
24	Account 431 - Other Interest Expense	
25	Interest on Customer Deposits	97,255
26	Interest on Customer Refunds	0
27	GCR Interest Adjustment	(123,551)
28	Total Other Interest Expense	(26,296)
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

Name of Respondent Aquila, Inc. d/b/a Aquila Networks-MGU	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
---	--	--------------------------------	---------------------------------

PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization and net income before taxes, from the operation. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief

description of property, effective date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessees which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.

Line No.		Appliance Service Options (a)	Administrative Services (b)	Other (c)	Amount (d)
1	<u>Account 415</u> - Revenue on Merchandise Contracts				4
2	<u>Account 416</u> - Operating Exp on Merch Contracts				
3	Cost of Sales				-
4	Operating Expenses				-
5	EBIT				4
6					
7	<u>Account 417</u> - Operations				
8	Revenue	1,502	162,992		164,494
9	Cost of Sales	-	101,921		101,921
10	Operating Expenses	4,999	41,052		46,051
11	Maintenance Expense	-	-		-
12	Depreciation Expense	-	-		-
13	Amortization Expense	-	-		-
14	EBIT	(3,497)	20,019	-	16,522
15					
16	<u>Account 419</u> - Interest & Dividend Income				113,412
17					
18	<u>Account 421</u> - Misc. Nonoperating Income				5,584
19					
20					
21					
22					

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr)	Year of Report Dec. 31, 2004
---	---	---------------------------------	---------------------------------

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.

2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped with

the number of such transactions disclosed in column (a).

3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on Disposition of Property:				
2					
3	NONE				
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	0		0	

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr) Dec. 31, 2004	Year of Report Dec. 31, 2004
---	---	--	---------------------------------

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)(Continued)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on Disposition of Property:				
19					
20					
21	Loss on sale of land to TLR Investments at				
22	E. Elm and Detroit Avenue in Monroe, MI	5,000			3,737
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	5,000			3,737

Name of Respondent Aquila United Inc. d/b/a Aquila Nwtworks - MGU	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr)	Year of Report Dec. 31, 2004
---	---	---------------------------------	---------------------------------

EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES

(Account 426.4)

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.

2. Advertising expenditures in this Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customers' bills, (d) inserts in reports to stockholders;

(e) newspaper and magazine editorial services; and (f) other advertising.

3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions, clearly indicating the nature and purpose of the activity.

4. If respondent has not incurred any expenditures contemplated by the instructions of Account 426.4, so state.

5. For reporting years which begin during the calendar year 1963 only, minor amounts may be grouped by classes if the number of items so grouped is shown.

NOTE: The classification of expenses as nonoperating and their inclusion in this account is for accounting purposes. It does not preclude Commission consideration of proof of the contrary for ratemaking or other purposes.

Line No.	Item (a)	Amount (b)
1		
2	Cost to Influence Public Opinion	\$ 20,505
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		

THIS PAGE INTENTIONALLY LEFT BLANK.

Name of Respondent Aquila, Inc. d/b/a Aquila Networks-MGU		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004	
REGULATORY COMMISSION EXPENSES					
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous year, if being amortized) relating to formal cases before a regulatory body, or cases in which			such a body was a party. 2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.		
Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Michigan Public Utility Commission				
2	(03/03-02/06 amort period)				295,273
3					
4	Michigan Public Utility Commission	210,438		210,438	
5					
6	Other		1,284	1,284	
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	\$ 210,438		\$ 211,722	\$ 295,273

Name of Respondent Aquila, Inc. d/b/a Aquila Networks-MGU			This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report Dec. 31, 2004	
REGULATORY COMMISSION EXPENSES (Continued)								
3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.				Account 182.3.				
4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown on page 232 for				5. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.				
				6. Minor items (less than \$25,000) may be grouped.				
EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR				
CHARGED CURRENTLY TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 at End of Year (l)	Line No.	
Department (f)	Account No. (g)	Amount (h)						
Gas	928	-	-	928	131,232	164,041	1	
Gas	928	210,438					2	
Gas	928	1,284					3	
							4	
							5	
							6	
							7	
							8	
							9	
							10	
							11	
							12	
							13	
							14	
							15	
							16	
							17	
							18	
							19	
							20	
							21	
							22	
							23	
							24	
							25	
							26	
							27	
							28	
							29	
							30	
							31	
							32	
							33	
							34	
							35	
							36	
							37	
							38	
							39	
							40	
							41	
							42	
							43	
							44	
		\$ 211,722	\$ -		\$ 131,232	\$ 164,041	45	
							46	

Name of Respondent Aquila Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr)	Year of Report Dec. 31, 2004
DISTRIBUTION OF SALARIES AND WAGES				
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to <i>Utility Departments, Construction, Plant Removals, and Other Accounts</i> , and enter such amounts		in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.		
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation <i>(Total of lines 3 thru 9)</i>			
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maint. <i>(Total of lines 12 thru 15)</i>			
17	Total Operation and Maintenance			
18	Production <i>(Total of lines 3 and 12)</i>			
19	Transmission <i>(Total of lines 4 and 13)</i>			
20	Distribution <i>(Total of lines 5 and 14)</i>			
21	Customer Accounts <i>(Line 6)</i>			
22	Customer Service and Informational <i>(Line 7)</i>			
23	Sales <i>(Line 8)</i>			
24	Administrative and General <i>(Total of lines 9 and 15)</i>			
25	TOTAL Oper. & Maint. <i>(Total of lines 18 thru 24)</i>			
26	Gas			
27	Operation			
28	Production-Manufactured Gas	16,035		
29	Production-Natural Gas (Including Expl. and Dev.)	16,063		
30	Other Gas Supply	0		
31	Storage, LNG Terminating and Processing	63,317		
32	Transmission	19,895		
33	Distribution	2,600,159		
34	Customer Accounts	2,664,203		
35	Customer Service and Informational	290,173		
36	Sales	265,821		
37	Administrative and General	3,027,321		
38	TOTAL Operation <i>(Total of lines 28 thru 37)</i>	8,962,987		
39	Maintenance			
40	Production-Manufactured Gas	0		
41	Production-Natural Gas	0		
42	Other Gas Supply	0		
43	Storage, LNG Terminating and Processing	43,972		
44	Transmission	20,364		
45	Distribution	1,030,016		
46	Administrative and General	165,551		
47	TOTAL Maintenance <i>(Total of lines 40 thru 46)</i>	1,259,903		

Name of Respondent Aquila Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report: (Mo, Da, Yr)	Year of Report Dec. 31, 2004
DISTRIBUTION OF SALARIES AND WAGES (Continued)					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)	
Gas (Continued)					
48	Total Operation and Maintenance				
49	Production-Manufactured Gas (Lines 28 and 40)	16,035			
50	Production-Natural Gas (Including Expl. and Dev.) (Lines 29 and 41)	16,063			
51	Other Gas Supply (Lines 30 and 42)	0			
52	Storage, LNG Terminaling and Processing (Lines 31 and 43)	107,289			
53	Transmission (Lines 32 and 44)	40,259			
54	Distribution (Lines 33 and 45)	3,630,175			
55	Customer Accounts (Line 34)	2,664,203			
56	Customer Service and Informational (Line 35)	290,173			
57	Sales (Line 36)	265,821			
58	Administrative and General (Lines 37 and 46)	3,192,872			
59	TOTAL Oper. and Maint. (Total of lines 49 thru 58)	10,222,890	1,678,318		11,901,208
60	Other Utility Departments				
61	Operation and Maintenance				0
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	10,222,890	1,678,318		11,901,208
63	Utility Plant				
64	Construction (By Utility Departments)				
65	Electric Plant				
66	Gas Plant	1,044,066	1,450,399		2,494,465
67	Other				
68	TOTAL Construction (Total of lines 65 thru 67)	1,044,066	1,450,399		2,494,465
69	Plant Removal (By Utility Departments)				
70	Electric Plant				
71	Gas Plant	101,933	15,317		117,250
72	Other				
73	TOTAL Plant Removal (Total of lines 70 thru 72)	101,933	15,317		117,250
74	Other Accounts (Specify):				
75					
76	Nonutility Operation Expense	64,192	12,826		77,018
77	Stores Expense	191,659	33,008		224,667
78	Fleet Expense	764,766	(1,133,679)		(368,913)
79	Compensated Absences/Non-Productive Time	2,056,189	(2,056,189)		0
80					
81					
82					
83					
84					
85					
86					
87					
88					
89					
90					
91					
92					
93					
94					
95	TOTAL Other Accounts	3,076,806	(3,144,034)		(67,228)
96	TOTAL SALARIES AND WAGES	14,445,695	0		14,445,695

Name of Respondent Aquila, Inc. d/b/a Aquila Networks - MGU		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004	
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES					
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account</p>		<p>426.4 Expenditures for Certain Civic, Political and Related Activities.</p> <p>(a) Name and address of person or organization rendering services.</p> <p>(b) description of services received during year and project or case to which services relate.</p> <p>(c) basis of charges.</p> <p>(d) total charges for the year, detailing utility department and account charged.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.</p> <p>3. Designate with an asterisk associated companies.</p>			
1	Adams Electric	Construction	\$	50,764	107
2	P O Box 495				
3	Plainwell, MI 49080				
4					
5	Burns & McDonnell Engineering Co Inc	Engineering	\$	48,593	182
6	9400 Ward Pkwy	Services			
7	Kansas City, MO 64114				
8					
9	Corrpro Companies, Inc.	Construction	\$	275,356	107
10	1055 West Smith Road				
11	Medina, OH 44256				
12					
13	Kent Power, Inc.	Construction	\$	1,795,080	107
14	90 Spring Street			40,642	108
15	Kent City, MI 49330			930	874
16				346	879
17				16,830	887
18				186	889
19				388	891
20			\$	1,854,402	
21					
22	Mactec Engineering & Consulting, Inc.	Environmental	\$	276,305	182
23	7477 Collection Center Drive	Investigations			
24	Chicago, IL 60693				
25					
26	Muchmore Harrington Smalley & Assoc	Consulting	\$	27,000	923
27	124 West Allegan Street, Suite 500				
28	Lansing, MI 48933				
29					
30	Pescador	Environmental	\$	340,951	182
31	36 Highview	Consulting		860	816
32	Traverse City, MI 49686		\$	341,811	
33					
34	R L Coolsaet Construction	Construction	\$	901,651	107
35	P O Box 279				
36	Taylor, MI 48180				
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47	TOTAL		\$	3,775,882	

THIS PAGE INTENTIONALLY LEFT BLANK.

Name of Respondent Aquila Inc. d/b/a Aquila Networks - MGU	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2004
--	--	--------------------------------	---------------------------------

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company.
2. In column (b) describe the affiliation (percentage ownership, etc.)
3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.)
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Aquila Inc (ESF)	(1)	Corporate Costs	403, 404.9, 408.1, 430, 431,	\$ 6,817,956
2			Allocated	432, 735, 880, 901, 903, 905,	
3				909, 910, 920 to 926,	
4				930.1, 930.2, 931, 935	
5					
6					
7	Aquila Gas Supply Services	(1)	Gas Costs, Distribution,	408.1, 431, 487, 804, 902, 920	158,487,540
8			Administrative & General	921, 922, 923, 925, 926, 930.2	
9			Expenses Allocated		
10					
11					
12	Aquila Networks - PNG	(1)	Distribution, and	408.1, 874, 880, 887, 921	2,708
13			Administrative & General	922, 926, 930.2	
14			Expenses Allocated		
15					
16	Aquila US Networks (IBU)	(1)	Transmission, Distribu-	404.1, 408.1, 427, 431, 760,	10,370,978
17			tion, and Administrative	812, 818, 864, 870, 875, 877,	
18			and General Expenses	875, 877, 879, 880, 893, 894	
19			Allocated	901 to 905, 907, 909 to 912,	
20				916, 920 to 923, 925, 926,	
21				928, 930.1, 930.2, 931, 935	
22					
23	(1) Aquila Inc., through its United States Networks, operates regulated electric and gas utilities in seven				
24	states through eight operating divisions. The operating division of Aquila Inc., are Aquila Networks -				
25	MPS, Aquila Networks - L&P in Missouri, Aquila Networks - WPK, Aquila Networks -KGO in Kansas,				
26	Aquila Networks - WPC in Colorado, Aquila Networks - PNG, Aquila Networks -NMU in Minnesota,				
27	Aquila Networks - MGU in Michigan. Aquila Gas Supply Services is a unit of Aquila Inc., which is				
28	responsible for the procurement of gas supply for all divisions. Aquila US Networks is a unit of				
29	Aquila Inc., which is responsible for managing the electric and gas utilities in the United States.				
30					
TOTAL					\$ 175,679,182

Name of Respondent	This Report Is:	Date of Report:	Year of Report
Aquila Inc.	(1) X An Original	(Mo, Da, Yr)	
d/b/a Aquila Networks - MGU	(2) A Resubmission		Dec. 31, 2004

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.

6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which

reported.

7. In column (j) report the total.

8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
408.2, 417.1, 419, 421, 426.1, 426.3, 426.4 426.5	\$ 65,846			\$ 6,883,802	Cost	1
						2
						3
						4
						5
						6
408.2, 417.1, 419, 426.1	(52,858)			158,434,682	Cost	7
						8
						9
						10
						11
	0			2,708	Cost	12
						13
						14
						15
408.2, 417.1, 421, 426.1, 426.4, 426.5	106,052			10,477,030	Cost	16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
	\$ 119,040			\$ 175,798,222		