

MICHIGAN PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF NONMAJOR NATURAL GAS UTILITIES

This form is authorized by 1919 PA 419, as amended, being MCL 460.51 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you in violation of the Acts.

Report submitted for year ending: December 31, 2005
Present legal name of respondent: Aquila, Inc.
Present DBA name in Michigan if different from legal name: d/b/a Aquila Networks - PNG, State of Michigan
Address of principal place of business: 1815 Capitol Avenue, Omaha, NE 68102
Utility representative to whom inquiries regarding this report may be directed: Name Steven M. Jurek Title Vice President, Regulatory Services Address 1815 Capitol Avenue City Omaha State NE Zip Code 68102 Telephone(402) 221-2262 E-mail: steve.jurek@aquila.com
If the utility name has been changed during the past year: Prior Name _____ Date of Change _____
Two copies of the published annual report to stockholders: <input checked="" type="checkbox"/> were forwarded to the Commission (enclosed) <input type="checkbox"/> will be forwarded to the Commission on or about _____, 20 _____
Annual reports to stockholders: <input checked="" type="checkbox"/> are published. <input type="checkbox"/> are not published

Should you have any questions regarding this report, please contact:

Brian Ballinger, Financial Analysis Section Supervisor
(517) 241-6103 OR blballi@michigan.gov

Michigan Public Service Commission (Regulated Energy Division)
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

MICHIGAN NONMAJOR NATURAL GAS UTILITIES

ANNUAL REPORT OF

Aquila Networks - PNG, State of Michigan

TO THE

MICHIGAN PUBLIC SERVICE COMMISSION

FOR THE CALENDAR YEAR 20 05

(Read instructions on Last Page Carefully Before Filling Out Report)

1. Name of Company (print) Aquila Networks - PNG
2. Post Office Address (print) 1815 Capitol Avenue, Omaha NE 68102
3. Organization: (corporation, partnership, or individual) Division
4. Date of Organization April 1, 1987 Under the laws of what State Delaware
5. Who prepared this report? (Person or firm other than regular company employee)
Signature
6. If incorporated, give the titles, names and addresses of all company officials, at close of year:

Official Title	Name	Address
President		
Secretary		
Treasurer		
Manager		

7. If not incorporated, state name and address of owner or owners and extent of their respective interests:

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8. Name of any stockholders owning or controlling 10% or more of the stock, and number of votes to which each said stockholder is entitled:

Name (print)	Post Office Address (print)	Number of Votes
Horizon Asset Mgmt, Inc.	470 Park Ave South, NY, NY	37,373,847

9. Name and address of person to whom correspondence regarding this report should be addressed:

Steven M. Jurek Vice President, Regulatory Services 1815 Capital Ave, Omaha, NE 68102

(Name) (Title) (Address)

MICHIGAN

10. PROPERTIES USED IN OPERATION: (For additional space use typewritten schedule)

Detailed statement of the real estate owned by the Company, which is used in its business in Michigan at close of year, where situated, and the cost thereof.

Line No.	Description and Location, Incl. County and City or Township	Date Purchased	Date Placed in Service	Original Cost
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Total.....				

Aquila Networks-PNG provides sales and transportation service to two customers in Marquette County. The entire investment in Michigan consists of personal property for measuring and regulating service of \$34,708 and intangible plant of \$22,684 which totals \$57,392.

No Corporate balance sheet items have been assigned to Michigan.

MICHIGAN

Balance Sheet

Balance
Beginning
of Year

Balance
End of
Year

Investments.

	2005	2005
1. Total Utility Plant in Service		
2. Construction Work in Progress		
3. Total Utility Plant (1 + 2)		
4. Accum. Provision for Depreciation		
5. Net Utility Plant (3 - 4)		
6. Other Property		
7. Other Investments		
8. Total Property & Investments (5 thru 7)		
9. <u>Current Assets</u>		
10. Cash		
11. Notes Receivable - Net		
12. Accounts Receivable - Net		
13. Material & Supplies		
14. Prepayments		
15. Other Current + Accrued Assets		
16. Total Current + Accrued Assets (10 thru 15)		
17. Deferred Debits		
18. Total Assets (8 + 16 + 17)		
19. <u>Liabilities and Stockholders Equity</u>		
20. <u>Stockholders Equity</u>		
21. Capital Stock		
22. Retained Earnings		
23. Total Stockholders Equity (22 + 23)		
24. Long-Term Debt		
25. Current + Accrued Liabilities		
26. Notes Payable		
27. Accounts Payable		
28. Customer Deposits		
29. Other Current + Accrued Liabilities		
30. Total Current + Accrued Liabilities (29 thru 32)		
31. Deferred Credits		
32. Total Liabilities + Equity (24 + 26 + 33 + 34)		

Notes to Balance Sheet:

Notes to Balance Sheet:

Aquila Networks - PNG is a division of Aquila, Inc. Due to being a division, as well as the extremely small size of operation in Michigan, a separate balance sheet is not maintained.

Aquila Networks - PNG
State of Michigan

Statement of Operations for the Period January 1, 2005 to December 31, 2005

Line No.		Year-to-Date	
		Last Year a	This Year b
1.	Operating Revenues	\$239,130	\$255,255
2.	Natural Gas Production Expense		
3.	Cost of Purchased Gas	0	0
4.	Transmission Expense	0	0
5.	Distribution Expense Operation	0	0
6.	Distribution Expense - Maintenance	0	0
7.	Administrative & General Expense	4,959	53,506
8.	Other Expenses	0	0
9.	Total Operation & Maintenance Expense (2 thru 8)	4,959	53,506
10.	Depreciation & Amortization Expense	1,722	1,721
11.	Tax Expense	81,269	69,717
12.	Interest Expense	1,096	1,015
13.	Other Deductions	0	0
14.	Total Cost of Gas Service (9 thru 13)	89,046	125,959
15.	Income From Operations (1 - 14)	150,084	129,296
16.	Miscellaneous Non-operating Income	0	0
17.	Miscellaneous Non-operating Deductions	0	0
18.	Total Non-operating Income (Loss) (15 - 16)	0	0
19.	Net Income (15+ 18)	\$150,084	\$129,296

Notes to Statement of Operations:

Sales and transportation revenues to two customers are based on negotiated contracts. Total income includes sales and transportation.

625-B. SALES DATA BY RATE SCHEDULES FOR THE YEAR.

1. Report below the distribution of customers, sales and revenue for the year by individual rate schedules. (See definitions on first page of this section).

2. Column (a).--List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rate in different zones, cities or districts, list separately data for each such area in which the schedule is available.

3. Column (b).--Give the type of service to which the rate schedule is applicable, i.e., cooking, space heating, commercial heating, commercial cooking, etc.

4. Column (c).--Using the classification shown in Schedule 625A, column (a), indicate the class or classes of customers served under each rate schedule, e.g., (A) for Residential Service, (B) Heating Service, etc.

5. Column (d). --Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 17, Schedule 625A.

6. Columns (e) and (f).--For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12 Schedule 625A.

7. When a rate schedule was not in effect during the entire year, indicate in a foot note the period in which it was effective.

Line No.	Rate schedule designation (a)	Type of service to which schedule is applicable (b)	Class of service (c)	Average number of customers per month (d)	Net Sold (e)	Revenue (show to nearest dollar (f))
1.	MI500	Transportation related		2	6,334,366	255,255
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Name of Respondent Aquila, Inc. Aquila Networks - PNG, State of Michigan		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, 20 05
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OFF-SYSTEM SALES - NATURAL GAS

Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule sales.

Line No.	Name (a)	Point of Delivery (City or town and state) (b)	Account (c)	Mcf of Gas Sold (Approx. B.T.U. per Cu. Ft.) (d)	Revenue for Year (See Instr. 5) (e)	Average Revenue Per Mcf (in cents) (f)	Peak Day Delivery to Customers		
							Date (g)	Noncoincidental (h)	Coincidental (i)
1	None								
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Name of Respondent Aquila, Inc. Aquila Networks - PNG, State of Michigan	This report is: (1) <input checked="" type="checkbox"/> An original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo., Da, Yr) Dec. 31, 20 05	Year of Report Dec. 31, 20 05
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REVENUE FROM TRANSPORTATION OF GAS OF OTHERS - NATURAL GAS (Account 489)

- | | | |
|---|---|--|
| <p>1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for Interstate pipeline companies and others.</p> <p>2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. Designate</p> | <p>with an asterisk, however, if gas transported or compressed is other than natural gas.</p> <p>3. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Also specify the Commission order or regulation authorizing such transaction.</p> | <p>4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.</p> <p>5. Enter Mcf at 14.73 psis at 60° F.</p> <p>6. Minor Items (less than 1,000,000 Mcf) may be grouped.</p> |
|---|---|--|

Line No.	Name of Company and Description of Service Performed <i>(Designate with an asterisk associated companies)</i>	Distance Transported (in miles)	Mcf of Gas Received	Mcf of Gas Delivered	Revenue	Average Revenue per Mcf of Gas Delivered (in cents)	FERC Tariff Rate Schedule Designation
	(a)	(b)	(c)	(d)	(e)	(f)	
1	Refer to Page 5. Peoples Natural Gas has only two customers in Michigan served on negotiated contracts. Annual throughput for sales and transportation for 2005 totaled 6,334,366 Mcf.						
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28	TOTAL						

INSTRUCTIONS

1. This form for Annual Report should be filled out and typed in duplicate and one copy returned to the office of the Michigan Public Service Commission by March 31, following the year for which made. The remaining copy should be retained by the Utility Company in its permanent files in case correspondence with regard to this report becomes necessary.
2. Additional statements inserted for the purpose of further explanation of accounts or schedules should be made on durable paper the same size as this report and securely attached.
3. There should always appear some notation to indicate that the questions asked have not been overlooked. The word "None" may be used against any particular item or items where that word expresses the facts.
4. The Oath on this page must be administered by a Notary Public or other officer authorized to administer oaths.

OATH

State of Nebraska
 County of Douglas ss.

I, the undersigned on oath do say that I am Vice President, Regulatory Services
 (State official position as owner or officer)

of the Utility Company for whom the foregoing annual report was prepared; that the same was prepared by myself or under my direction; that I have full and complete knowledge of the affairs of the said Utility Company that I have examined the foregoing annual report and declare the same to be a correct and complete statement of the business and affairs of said Utility Company in respect to each and every matter and thing therein set forth, to the best of my knowledge, information and belief.

[Handwritten Signature]

 (Signature of person executing this report)
 1815 Capitol Avenue, Omaha, NE 68102

 (Address)

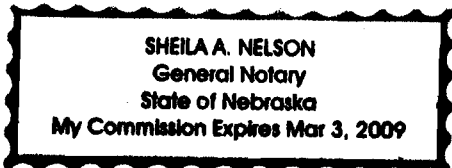
SUBSCRIBED AND SWORN TO BEFORE ME
 at Omaha, Nebraska

this 11 th day of April, 20 06

[Handwritten Signature: Sheila A. Nelson]

 (Signature of officer administering oath)
General Notary

 (official title)



My commission expires March 3, 2009