



Aquila

News Release

Media Contact:

Roger Kort – (719) 546-6468
Aquila Media Line – (816) 467-3000

Investor Contact:

Neala Hackett – (816) 467-3652

**AQUILA ELECTRIC BILLS MAY INCREASE 1 PERCENT STARTING SEPT. 1
TO RECOVER COSTS OF POPULAR RENEWABLE ENERGY PROGRAM**

Customers flock to sign up to cut solar installation costs by thousands of dollars

PUEBLO, CO., Aug. 1, 2006 – Aquila's 92,000 Colorado electric customers may see a one percent adjustment in their energy bills starting September 1, 2006, if the state utility commission approves tariffs submitted Monday to help pay for a state-sanctioned program to promote renewable energy.

Aquila filed a request to the Public Utilities Commission to add a Renewable Energy Standard Adjustment (RESA) to electric bills starting September 1.

The proposed RESA will pay for the Aquila Rebates and Incentives for Solar Energy (ARISE) program, which provides financial incentives for Aquila electric customers who install photovoltaic (PV) systems – equipment which converts sunlight into electricity.

The program is part of Aquila's ongoing commitment to developing renewable energy, as well as a response to Colorado's Amendment 37, an initiative passed in 2004 which mandated that utilities meet several minimum requirements for generating or selling renewable energy starting in 2007.

Under Aquila's proposed RESA, the average residential customer would receive an increase of approximately \$7.68 annually, or about \$0.64 per month. An average small business customer would receive an increase of approximately \$62.70 annually, or about \$5.23 per month. The funds received from this tariff, which will total \$1.48 million in 2007, will be used solely for the purpose of complying with Colorado's renewable energy standard.

- more -

-- page 2 -- *Aquila's electric bills -- Aug. 1, 2006*

The Aquila Rebates and Incentives for Solar Energy program was approved by the commission on June 27 and launched on July 3. Since then, said Gary Stone, Aquila's vice president of Colorado electric operations, 22 customers have applied, representing 172 kilowatts of renewable energy. Half of those customers have been certified by Aquila to receive the payments and may begin installing the PV panels this year.

Aquila's declining incentive structure allows rebates from \$3.50 per watt to \$5.00 per watt, depending on when applications are approved. A three-kilowatt PV system installed on a typical 3,000-square-foot house would cost about \$27,000. That price could be reduced as much as \$15,000 under the Aquila rebate program. Incentives could be much higher for larger homes and businesses.

Aquila's program provides a two-part incentive to qualifying customers:

- Direct rebates for equipment and installation costs, based on the PV system's rating.
- Renewable Energy Credits (REC), which are primarily based on the environmental attributes associated with renewable energy generation.

For PV systems up to 10 kilowatts, the REC would be paid in a one-time lump sum. For systems from 10 kilowatts to 100 kilowatts, the REC would be an annual payment.

Additionally, on days when panels generate more power than customers use, customers will earn a bill credit from Aquila.

Customers interested in the program should contact a PV contractor qualified by the Colorado Solar Energy Industries Association. A list of qualified PV contractors is available at www.coseia.org. Next, the customer needs to complete a rebate application form, available from the contractor or online at pv.aquilaprograms.com, and submit the form to Aquila. More information is available at (800) 454-8651.

Aquila's Colorado electric operations are based in Pueblo and serve 92,000 customers in Canon City, Cripple Creek, Florence, Penrose, Pueblo, Rocky Ford, Westcliffe and several other south-central Colorado communities.

Based in Kansas City, Mo., Aquila (NYSE:ILA) operates electricity and natural gas distribution utilities serving one million customers in Colorado, Iowa, Kansas, Missouri and Nebraska. More information is available at www.aquila.com.

###