



**Federal Energy Regulatory Commission
FACT SHEET
October 18, 2007
Commission Approves Aquila
Acquisitions
MA07-17
Docket No. EC07-99-000 and EL07-75-000**

The Federal Energy Regulatory Commission today approved the two-step transaction under which Aquila Inc. will sell its Colorado-based electric utility and its Colorado, Iowa, Kansas and Nebraska natural gas operations to Black Hills Corporation, and will merge its Missouri electric utility assets with Great Plains Energy Inc.

Background and Order

Great Plains Energy, Kansas City Power & Light Company, Aquila and Black Hills filed an application May 25 seeking Commission authorization under section 203 of the Federal Power Act for the disposition and acquisition of Aquila's jurisdictional facilities through a two-step transaction.

The Commission found that the merger would not harm competition through the horizontal combination of generation capacity because it will not materially increase the merged firm's market share, or market concentration, and thus not increase its ability to exercise market power. It also found that the applicants had shown that the merger would not create or enhance the ability or incentive to use control of upstream transmission and natural gas assets to harm competition in downstream wholesale electricity markets, because the merged company does not control fuel inputs serving electric generation in any of the markets potentially affected by the merger and because the merged company would continue to provide open access transmission service.

The Commission further found that the merger would not adversely affect wholesale power or transmission rates because none of the existing wholesale contracts will change and all other sales by the merged company will be made at market-based rates. It found that the merger would have no adverse effect on federal or state regulation because the Commission will retain regulatory authority over the merged company and no state commission requested that the Commission address the issue of state regulation. Finally, the Commission found that the applicants had met all of the Commission's standards to show that the merger would not result in improper cross-subsidization of a non-utility associate company.