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BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS
Evidentiary Hearing
February 17, 2011
Jefferson City, Missouri
Volume 42

In the Matter of the)
Application Of Kansas City)
Power And Light Company for)
Approval To Make Certain)
Changes In Its Charges) File No. ER-2010-0355
For Electric Service To)
Continue Implementation Of)
Its Regulatory Plan)

In The Matter Of The)
Application Of KCP&L Greater)
Missouri Operations Company)
For Approval To Make Certain) File No. ER-2010-0356
Changes In Its Changes For)
Electric Service)

NANCY M. DIPPELL, Presiding
SENIOR REGULATORY LAW JUDGE

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1 JUDGE DIPPELL: Company?

2 MR. ZOBRIST: Well, I guess since Staff
3 decided to say a few words, I'll just do it from the
4 counsel table here.

5 JUDGE DIPPELL: Okay.

6 MR. ZOBRIST: The two issues we'll be
7 talking about are rebasing energy rates and the
8 sharing mechanism for the fuel adjustment clause.

9 The rebasing issue was dealt with in the
10 2009 case, and in consideration of the opposition to
11 rebasing in 2009, the Company did not rebase in this
12 case. Staff proposes now that we should do that, and
13 the Company believes that the lack of rebasing is in
14 the best interests of both the Company and the
15 ratepayers and, indeed, if it were rebased, it would
16 probably lead to unprecedented further increases in
17 rates that are not necessary at this time because we
18 have a fuel adjustment clause mechanism.

19 The sharing mechanism that is proposed by
20 Staff is a radical departure from the 95-5 sharing
21 mechanism we have right now whereby 95 percent of the
22 prudent energy costs are plugged through the
23 ratepayers and 5 percent are borne by the Company.
24 They propose to shift that to 25 percent that would
25 be borne by the Company and 75 percent by the

1 ratepayers.

2 The witnesses that we will be presenting
3 on this issue to you will illustrate why this is not
4 simply bad financial policy but bad regulatory
5 policy, our own Mr. Tim Rush from the Company and
6 Gary Rygh -- that's R-y-g-h -- from Barclays
7 Capital. That's all the Company has, Judge.

8 JUDGE DIPPELL: Thank you.

9 And Staff?

10 MR. WILLIAMS: Thank you, Judge.

11 May it please The Commission. The
12 purpose of a fuel adjustment clause is to protect the
13 utility from regulatory lag associated with recovery
14 through retail rates of increasing fuel-related
15 costs.

16 KCP&L Greater Missouri Operations
17 Company's purpose in not rebasing net-base fuel costs
18 in its fuel adjustment clause to match with the same
19 net fuel-related costs in its revenue requirement for
20 setting general rates in this case. It's an effort
21 to maximize its revenue stream from its retail
22 customers that results from this case.

23 The Staff's position is that KCP&L Greater
24 Missouri Operations Company should continue to have a
25 fuel adjustment clause, but that clause should be

1 modified. To accomplish the purpose of a fuel
2 adjustment clause, tech utilities, and ancillary to
3 protect their customers from delays in recognizing
4 changes in the costs of fuel and purchase power, the
5 net-based fuel costs in KCP&L Greater Missouri
6 Operation Company's fuel adjustment clause should
7 match with the base energy costs in the test year
8 total revenue requirement used for setting rates in
9 this case.

10 Primarily because of the 95 percent,
11 5 percent sharing mechanism currently in place, it
12 is not sufficient incentive to cause KCP&L Greater
13 Missouri Operations Company to file to reset the base
14 energy costs in its fuel adjustment clause to match
15 the based energy costs used to set rates in this rate
16 case.

17 The sharing mechanism should be changed
18 to do a 75 percent, 25 percent sharing. Consistent
19 with its position that KCP&L Greater Missouri
20 Operation Company's ratepayers should pay costs based
21 on two 105-megawatt combustion turbines built in 2005
22 and located at the South Harper site, KCP&L Greater
23 Missouri Operation Company's fuel adjustment clause
24 should be modified so that its customers do not bear
25 the costs associated with the higher gas prices and

1 transmission costs because Crossroads is located in
2 Mississippi.

3 Because they do not vary in direct
4 relationship with fuel or purchase power and are
5 inconsistent with the definitions of fuel and
6 purchase power costs in 4 CSR 240-20.090(1)(B),
7 transmission expenses should not be included in KCP&L
8 Greater Missouri Operation Company's fuel adjustment
9 clause, and therefore the two FERC accounts now
10 included in the definition of purchase power costs in
11 its fuel adjustment clause should be removed from
12 that definition.

13 Fuel adjustment factor RNSI, forecasted
14 retail net system input, should be redefined to be
15 RNSI equals forecasted recovery, period, net system
16 input at the generator for the calculation of the
17 cost adjustment factor. The definition of OSSR in
18 the fuel adjustment clause should be changed to
19 clarify that only sales to Missouri municipalities
20 are excluded from OSSR.

21 Finally, the example tariff sheets filed
22 with the surrebuttal testimony of Staff witness John
23 Rogers is scheduled JAR-1-10 Revised, JAR-2-14
24 Revised, and JAR-2-15 Revised, should be the exemplar
25 tariff sheets for the fuel adjustment clause the

1 Commission orders to be implemented in this case.

2 JUDGE DIPPELL: Thank you, Mr. Williams.

3 All right. Is there anyone else that wanted to make
4 a mini opening?

5 MR. MILLS: (Indicated.)

6 JUDGE DIPPELL: Okay, Mr. Mills.

7 MR. MILLS: Just very briefly, Judge.

8 There are also a couple of additional
9 issues with respect to the fuel adjustment clause
10 that we'll be talking about this morning, and I
11 wanted to briefly point those out.

12 One is the requirement in the in 4 CSR
13 240-3.161(3) that requires that it lists the
14 requirements to continue or modify the fuel
15 adjustment clause. And the second one is the
16 question of whether revenues from the sale of
17 renewable energy credits should be flown through the
18 fuel adjustment clause. Both of these issues are
19 raised in the rebuttal testimony of Mr. Kind in this
20 case, and we'll be talking about them briefly this
21 morning. Thank you.

22 JUDGE DIPPELL: Thank you.

23 Is there be anybody else that would like
24 to make a brief opening?

25 MR. COFFMAN: (Indicated.)

1 JUDGE DIPPELL: Mr. Coffman.

2 MR. COFFMAN: Your Honor, thank you.

3 May it please the Commission, Judge
4 Dippell. My clients, AARP and Consumers Council,
5 have a considerable concern about the fuel adjustment
6 clause, and I believe it to be an anticonsumer
7 mechanism, and to the extent that it is used, it
8 unfairly tilts the scales against consumer interests
9 and in favor of the utility.

10 Our position on this issue is that the
11 Commission discontinue the fuel adjustment clause and
12 go back to the method that has been sufficient for
13 this utility in the past, whereby a -- reasonable
14 projection costs are set in the rates and a proper
15 incentive is placed on the utility to manage those
16 fuel costs efficiently.

17 We believe that the fuel adjustment
18 clause takes the volatility to which the utility
19 admits it's one of the most volatile components of
20 their rates and transfers it to the consumer, and
21 while we acknowledge that KCP&L, GMO does not have
22 complete control over its fuel and purchase power
23 costs, we know that it does have some, and we would
24 hope that the record will show that consumers have no
25 control over this particular issue, and so if the

1 Commission is not going to discontinue it, we would
2 hope that it would adopt a mechanism that is more
3 even-handed in the way that it allocates this risk of
4 volatility between consumers and the utility
5 shareholders.

6 We believe that the law does not favor a
7 fuel adjustment clause and instead is balanced. The
8 Commission has the option of either continuing,
9 discontinuing, or taking a middle-of-the-road
10 approach that modifies it.

11 We strongly believe that 5 percent
12 sharing on behalf of the utility is not sufficient
13 nor balanced and fair under Missouri law and, again,
14 if the -- if despite the concerns and objections to
15 this mechanism the Commission does feel compelled to
16 go ahead with a fuel adjustment clause, we would then
17 as an alternative position adopt the adjustments that
18 Staff and public counsel have raised, which would
19 require at least a 25 percent sharing and would make
20 adjustments and require rebasing the costs. That
21 would at least make the mechanism somewhat less
22 onerous, and that's what we ask the Commission.

23 Thank you.

24 JUDGE DIPPELL: Thank you, Mr. Coffman.
25 Is there any other party who wishes to make a mini

1 opening statement on this?

2 (No response.)

3 JUDGE DIPPELL: All right then. Seeing
4 none, I believe then we are ready for the Company's
5 first witness, Mr. Rush.

6 Mr. Rush, you were previously sworn in
7 earlier this week --

8 MR. RUSH: Yes.

9 JUDGE DIPPELL: -- so you remain under
10 oath in this room.

11 MR. RUSH: Okay.

12 JUDGE DIPPELL: I won't need to do that
13 again.

14 Mr. Zobrist.

15 MR. ZOBRIST: Thank you.

16 DIRECT EXAMINATION BY MR. ZOBRIST:

17 Q. Mr. Rush, I believe they've already been
18 admitted into evidence, but did you prepare in this
19 case direct highly-confidential and public versions,
20 which have been marked as Exhibit 32, rebuttal
21 testimony which has been marked as Exhibit 33 for
22 cost of service, rebuttal Exhibit 34 for rate design
23 issues, and surrebuttal testimony marked as Exhibit
24 35?

25 A. Yes, I did.

1 Q. Do you have any additional corrections to
2 any of those pieces of testimony?

3 A. No, I do not.

4 Q. And if you were to be asked those
5 questions, would you be giving the same answers today
6 here under oath?

7 A. I would.

8 Q. And will you also be adopting portions of
9 Mr. Blanc's rebuttal testimony from pages 5, line 13,
10 to page 7, line 18?

11 A. Yes, I do.

12 Q. And Mr. Blanc's surrebuttal testimony from
13 page 2, line 3, to page 4, line 3, which deal with
14 the rebasing of the fuel adjustment clause issues?

15 A. Yes, I do.

16 MR. WILLIAMS: Judge, if I might.

17 JUDGE DIPPELL: Yes, Mr. Williams?

18 MR. WILLIAMS: It's my understanding that
19 the exhibits from which Mr. Zobrist has sited and
20 asked Mr. Rush if he was adopting have already been
21 admitted into evidence, so I think it would be more
22 than sufficient if Mr. Rush is just available to
23 respond to any questions regarding those as opposed
24 to the necessity of actually adopting the testimony.
25 It's already in the record.

1 JUDGE DIPPELL: Either way. I mean, it is
2 already in the record. I think it makes it clear
3 that Mr. Rush is available for cross-examination on
4 that particular issue since it didn't come up while
5 Mr. Blanc was here.

6 MR. ZOBRIST: There being nothing further,
7 I tender the witness for cross-examination, Judge.

8 JUDGE DIPPELL: All right. Thank you.

9 So what cross-examination will I have
10 today? Three? Okay. And will Staff be going first
11 or last? I've got you last on my --

12 MR. WILLIAMS: Last is fine.

13 JUDGE DIPPELL: -- on my list. Is that --

14 MR. MILLS: That's fine with me.

15 JUDGE DIPPELL: All right. The way I have
16 the list is AARP, then public counsel, and then
17 Staff. Is that the way everyone understands it?

18 MR. COFFMAN: That's fine.

19 JUDGE DIPPELL: Go ahead, Mr. Coffman,
20 then.

21 MR. COFFMAN: Good morning, Mr. Rush.

22 THE WITNESS: Good morning.

23 CROSS-EXAMINATION BY MR COFFMAN:

24 Q. Let me just ask a few basic questions
25 about this issue. I know we've been over it many

1 times in the past. Would you -- first, would you
2 agree with me that the utility has some control over
3 fuel and purchase power costs?

4 A. I would, yes.

5 Q. Would you agree with me that the utility
6 shareholders have no control over the level or
7 volatility of fuel and purchase power costs, that the
8 utility --

9 A. The shareholders?

10 Q. Ratepayers. I'm sorry.

11 Let me ask it -- would you agree with me
12 that the utility's ratepayers have no control over
13 the Company's fuel and purchase power costs?

14 A. That's correct.

15 Q. Okay. And would you agree with me that to
16 the extent that there is a sharing mechanism built
17 into a fuel adjustment clause, that that sharing
18 mechanism allocates the risk of volatility; in other
19 words, would you agree that the current mechanism
20 that is a 95-5 sharing allocates 95 percent of the
21 risk of fuel and purchase power cost volatility to
22 ratepayers?

23 A. I would not agree with that.

24 Q. Would you agree with me that a sharing
25 mechanism divides up the risk of volatility between

1 shareholders and ratepayers?

2 A. I don't agree with that.

3 Q. Who bears the risk of volatility under
4 your current fuel adjustment clause between
5 shareholders and ratepayers?

6 A. I think they both share in it.

7 Q. To what degree do they share that, the
8 risk of fuel and purchase power cost volatility?

9 A. I think the overall incremental cost above
10 the base is totally shared by, essentially, the
11 Company moving through whatever's happening in the
12 fuel markets. I mean, we really -- the differential
13 between the base and the fuel adjustment is something
14 that is just simply -- it's a -- it's a risk that --
15 that we all live with.

16 Q. You say that -- I think your words were
17 that they "totally shared." Are you saying that
18 under the current mechanism the sharing of risk of
19 fuel and purchase power volatility is equal between
20 ratepayers and shareholders?

21 A. Maybe we need to talk -- maybe we need to
22 understand -- maybe I need to understand the word
23 "risk" and what you mean by "risk."

24 Q. Well, tell me what you mean by it in this
25 context.

1 A. Well, I -- I look at risk as -- as
2 something that has some opportunity or not
3 opportunity. I think what happens with the utility
4 right now is that we have to -- we absorb 5 percent
5 of the cost regardless of what's going on in the
6 markets, and the customer simply is paying the market
7 prices.

8 I mean, there's a significant lag to that
9 period of time, but they -- they pay that 95 percent
10 of the cost that -- that is being incurred. To
11 indicate that the utility should absorb 5 percent is
12 simply saying we need to have some way to not allow
13 the Company to recover its full costs.

14 Q. When you say that "we absorb 5 percent" --

15 A. I refer to the Company. I'm sorry.

16 Q. I'm sorry. You would agree with me,
17 though, wouldn't you, that to the extent that fuel
18 costs go down lower than base rate, that the utility
19 would then benefit more than that 5 percent they
20 would if --

21 A. There -- there could be that opportunity.
22 I mean, it's -- I'm not aware of any fuel adjustment
23 that's experienced that because we currently have
24 been in a rising cost industry for fuel costs.

25 Q. Would you agree with me that costs that

1 are volatile will go up and eventually go down as
2 well?

3 A. I would agree that in volatile markets
4 things go up and down, yes.

5 Q. I mean, if -- it's your testimony, is it
6 not, that this is the most volatile cost that you
7 have, fuel and purchase power costs; correct?

8 A. I believe that it is, yes.

9 Q. When you use the word "volatility" to
10 describe these costs, does that not assume that this
11 is a cost that's likely to go up as it is to go down?

12 A. It is, yes.

13 Q. Would that -- if the Commission does its
14 job correctly, and the portion of fuel and purchase
15 power costs that are in the base rates is based on a
16 reasonable estimate and projection going forward,
17 would you expect that the risk of those costs
18 increasing as opposed to decreasing would be
19 essentially 50-50?

20 A. If there were no inflationary factors, if
21 there were -- I mean, you have to look at all the
22 other market conditions. I think traditionally in
23 our world we've seen things increase, inflate --
24 because of inflation and other things happen, but if
25 there were all constants in a perfect world, you're

1 right. I think the pressure to set the base has
2 always been somewhat to push it down at a lower
3 price, from just my experience in the utility
4 industry.

5 Q. Well, if KCP&L, GMO were to receive the
6 projection of fuel costs that is the Company's
7 projection of fuel costs and built that into rates,
8 would on a going-forward basis the risk that that
9 would be, you know, too high or too low be
10 approximately 50-50?

11 A. I think that would be a wonderful idea. I
12 do believe, though, we don't use projected fuel
13 costs. We use historic. I mean, as you can look at
14 in the example that I've provided as far as the
15 surveys, most utilities use projected costs. They
16 look out a year and project it. What happens in
17 Missouri regulations, we use historic, so I think it
18 would be wonderful to use projected costs.

19 Q. Does the utility have an amount of fuel
20 and purchase power cost that it believes would be an
21 amount that would be in the middle, that is, between
22 50 percent chance that it would increase and 50
23 percent chance it would decrease in absence of a fuel
24 adjustment clause the Company would expect to be
25 fair?

1 A. I mean, I'm sure we could come up with
2 one, but we have been constrained by past regulations
3 of how fuel costs are set, so I don't think that
4 exists. That number does not exist.

5 Q. You're not prepared at this point to state
6 what that might be, what that level of fuel and
7 purchase power costs?

8 A. It would be a significant change in the
9 regulatory mechanisms that have historically been
10 used in this commission. In Kansas we do that. In
11 Kansas with our Kansas Division we actually look at
12 projected costs, so the numbers, while that's a
13 KCP&L, Kansas City Power & Light Company, and not
14 GMO, that effort could be done. Just the mechanism
15 and the way the fuel adjustment clause works, it
16 bases everything on historic costs.

17 Q. Is it not true that in this case the
18 utility is asking for an off-system sales amount that
19 is more likely to be over the 50-50 split between the
20 chances it's too high or too low?

21 A. No, that's for our Kansas City Power &
22 Light Division. For the GMO operation, it's based on
23 the actual numbers of history. It doesn't have
24 anything to do with what may or may not occur in the
25 future.

1 Q. Do you have an opinion about whether that
2 amount, that is the KCP&L, GMO position on off-system
3 sales, whether that amount would be more than 50
4 percent likely to be sufficient?

5 A. I don't have an opinion. I -- I do have
6 an opinion of when you talk about off-system sales
7 what would be very beneficial, and I address that in
8 my testimony. I think one of the things that you see
9 throughout the country, particularly in the Midwest,
10 is an incentive rather than a penalty, and I think
11 what you see happening in the industry -- and I
12 address in my testimony and I provided it in the work
13 papers -- is you see almost half of the Midwest
14 utilities receiving a sharing mechanism of off-system
15 sales to incentize the utility to perform better with
16 more of a carrot rather than a stick.

17 Q. If the Public Service Commission does its
18 job right in setting the appropriate level of
19 off-system sales in your rate components, and if they
20 do that correctly, shouldn't the chances that that is
21 too high and too low be approximately 50-50?

22 A. I'll ask it this way -- and it doesn't
23 always happen, but do you think that the cost of
24 gasoline today will be the same as it is tomorrow?
25 And the question I have is: I don't know. My answer

1 is: I don't know.

2 So to say if I set the base today, is it
3 a 50-50 chance that things will equal out? I don't
4 know. I mean, it's obvious it's all based on
5 historic information. The test period is set -- I
6 mean, the metrics of how the FAC work have been
7 established, not that I necessarily -- I mean, I
8 could see things that would benefit, for example,
9 what you're saying.

10 Q. So am I hearing you correct in that your
11 testimony is that you have no reason to believe that
12 the amount of fuel and purchase power costs and
13 off-system sales in this case would be too high or
14 too low?

15 A. I'm saying that it's based on a historic
16 period in a mechanism the way the Commission works.
17 We have a fuel adjustment clause that addresses the
18 variability above that of which the Company has to
19 absorb 5 percent and the consumer pays 95 percent,
20 and whether it's 50-50, I don't have any idea.

21 Q. By absorbing 5 percent, you mean that the
22 utility may do better or worse on that 5 percent;
23 correct?

24 A. History shows that they've never done
25 better. That's the only thing I can say. They've

1 never profited from the 5 percent.

2 Q. So is it your testimony that it is more
3 likely that the 5 percent of fuel that is baked into
4 the base rates will be less than actual experience?

5 A. Five percent's not baked into the base
6 rates. Five percent's baked into the fuel adjustment
7 clause. It's -- it's increment above the base, so I
8 didn't understand your question.

9 Q. Is it your testimony that it is more
10 likely that fuel costs will increase beyond what the
11 Commission sets in the base rates in this case?

12 A. From our current projections, yes. We
13 have escalations in freight rates from coal. We have
14 escalations that are essentially -- I don't know if
15 the number is set, but the mechanics of how they're
16 derived is set. We have escalations in other fuel
17 components, gas prices. I don't know. There's a lot
18 of volatility and variability, but I do know in the
19 freight areas for coal I believe there's expected
20 increases.

21 Q. In the -- your testimony and the testimony
22 that you have adopted, you describe the sharing
23 amount as an automatic disallowance.

24 A. Yes.

25 Q. So if this commission were to adopt the

1 Staff's position of a 25 percent amount, are you
2 saying that it's your testimony that you believe that
3 utility will lose that 25 percent?

4 A. I believe based on history, if you look
5 back at the last -- since the inception of the fuel
6 adjustment clause in 2007, and you use that as a
7 benchmark, yes, absolutely, and I actually quantified
8 that in my testimony, and it would actually be a
9 penalty of about 1 percent return on equity to the
10 Company from the start.

11 Q. Is it really your testimony that there's
12 no possibility that the utility could actually do
13 better and that fuel costs would drop and that 25
14 percent would work out to be a surplus?

15 A. I'm not saying that it would -- it's not
16 pos-- I'm not saying that it's not possible. I'm
17 saying that it's -- I'm saying that our current
18 projections would say it's not likely.

19 Q. If that percentage is considered an
20 automatic disallowance, wouldn't it be fair to say
21 that the method of putting fuel and purchase power
22 into rates prior to the fuel adjustment clause a few
23 years ago led to a 100 percent automatic disallowance
24 in previous --

25 A. Absolutely, yes, and, in fact, the Staff,

1 in their testimony, demonstrated the significant loss
2 that the utility had experienced during that time.

3 Q. So in the previous decades before this
4 current fuel adjustment clause mechanism, the utility
5 lost 100 percent of its fuel and purchase power
6 costs?

7 A. I said in the last couple of -- I'm
8 sorry. I would define it as not decades. I would
9 define it in the last two years, and I would say
10 that --

11 Q. I'm sorry. Maybe you didn't understand my
12 question.

13 A. Okay.

14 Q. I phrased it poorly.

15 I'm referring to the experience that this
16 utility had prior to the fuel adjustment clause. Are
17 you testifying that in those previous periods before
18 the most recent fuel adjustment clause was adopted
19 that the utility experienced a 100 percent automatic
20 disallowance of fuel and purchase power costs?

21 A. No, I'm not saying that.

22 MR. COFFMAN: Okay. I think that's all I
23 have. Thank you.

24 JUDGE DIPPELL: Thank you, Mr. Coffman.

25 Mr. Mills.

1 MR. MILLS: Thank you.

2 CROSS-EXAMINATION BY MR. MILLS:

3 Q. Mr. Rush, just to follow up in that a
4 little bit. There's a certain amount that's included
5 in utilities' rates for paper for the utilities'
6 operations; is that correct?

7 A. Yes, there is.

8 Q. Is it your testimony that if the cost of
9 paper goes up after the rates are set in this case
10 that the Company will experience a 100 percent
11 automatic disallowance of the increase in paper
12 costs?

13 A. Absolutely not. What I was trying --

14 Q. Thank you though. That was an answer to
15 my question.

16 Turning to another topic, would you agree
17 that it's important for a utility to have a credible
18 resource planning process in place for that utility
19 to use a fuel adjustment clause?

20 A. I think that's one of the requirements,
21 yeah. I think, yes.

22 Q. And do you agree that that's a valid
23 requirement?

24 A. I believe it is a requirement.

25 Q. Now, do you have your direct testimony

1 there in front of you?

2 A. I do.

3 Q. Could I get you to turn to the schedule
4 for that direct testimony, the first one. It's TMR
5 2010-1.

6 A. I'm there.

7 Q. And just so that my understanding is clear
8 and that the record is clear, in part what you're
9 doing there is running through the various
10 requirements under 4 CSR 240-3.161(3); is that
11 correct?

12 A. I believe that's what it is.

13 Q. And you paraphrase or quote the various
14 sections of that rule and then give sort of a brief
15 response of what the Company's doing.

16 A. For who's responding to it, yes. I do it
17 both ways.

18 Q. And if I can get you to turn to the
19 second-to-last page of that exhibit --

20 A. All right.

21 Q. -- and about a quarter of the way down
22 that page you are discussing Subsection R of that
23 rule --

24 A. I'm there.

25 Q. -- of that section. What does Subsection

1 R state on TMR 2010-1?

2 A. Do you mean the requirement?

3 Q. Yes.

4 A. It says, Information that shows that the
5 electric utility has in place a long-term resource
6 planning process, important objectives which are to
7 minimize overall delivered energy costs and provide
8 reliable service.

9 Q. Does the Company currently have a plan in
10 place to minimize overall delivered energy costs and
11 provide reliable service?

12 A. We are right in the middle of our IRP
13 process with the Commission right now. We made a
14 filing in -- I believe it was in January --
15 associated with a number of conditions that we had
16 agreed to with all of the parties.

17 We intend to file sometime this spring,
18 actually the overall plan that would address all
19 these pieces. We've -- and so I would say we're all
20 in the process of doing that. There's a plan that
21 has been in existence of the past, and we're working
22 through the current IRP process with the Commission.

23 Q. Okay. Is that a "no"?

24 The question was, Does the Company
25 currently have a plan in place to minimize overall

1 delivered energy costs and provided reliable
2 service? Yes or no?

3 A. I would say, yes, we do.

4 Q. What is that plan and where is it filed?

5 A. I believe it's the plan for our supply and
6 generation. I think the issues that are currently
7 being addressed are DSM-oriented, and so I think the
8 supply plans that we provided in the January filing
9 address that.

10 Q. So you're saying that you can have an
11 entirely supply-side-oriented plan that minimizes
12 overall delivered energy costs and provides reliable
13 service?

14 A. I think you can -- you can incorporate a
15 supply plan that if nothing is -- if nothing is
16 required to be built in the next few years, three,
17 five years out, that you can have a supply plan. You
18 can have DSM plans that are in process or in
19 progress.

20 Q. So you're saying that -- first of all, let
21 me go back and backtrack. Is the plan that you are
22 referencing on file with the Commission anywhere?

23 MR. ZOBRIST: Judge, I'm going to object
24 at this point just because I thought we were here
25 talking about fuel adjustment clause and the rebasing

1 issue, and I'm not sure where we're going with this
2 line of questioning.

3 MR. MILLS: Well, it's unfortunate
4 Mr. Zobrist is unclear where we're going with this
5 line of questioning. We're addressing the issues
6 having to do with the fuel adjustment clause that
7 were raised in Mr. Kind's rebuttal testimony.

8 JUDGE DIPPELL: I'm going to overrule the
9 objection. Go ahead.

10 THE WITNESS: Ask your question again.

11 BY MR. MILLS:

12 Q. Is that plan on file with the Commission
13 anywhere?

14 A. I don't remember if it was filed with the
15 Commission. I know it was supplied to all the
16 parties. I don't know if it was actually filed with
17 the Commission. I have a tendency to believe it was,
18 but I don't remember.

19 Q. You don't know. Okay.

20 Do you know and can you explain to me
21 what a preferred resource plan is under the
22 Commission's integrated resource planning process?

23 A. I don't think I can do it. I don't have
24 information to say specifically what it means as far
25 as the Commission's rule goes.

1 Q. What does it mean to you in the context --

2 A. It is our preferred plan. It is the plan
3 that we intend to implement.

4 MR. MILLS: Judge, I'd like to have an
5 exhibit marked.

6 JUDGE DIPPELL: All right. Just a moment
7 to find your next number, unless you know what it is.

8 MR. MILLS: I'm fairly sure it would be
9 GMO 405.

10 JUDGE DIPPELL: That's what I have also.

11 (GMO Exhibit No. 405
12 was marked for identification.)

13 BY MR. MILLS:

14 Q. Mr. Rush, I've handed you a copy of what's
15 been marked as an exhibit -- for identification
16 purposes as Exhibit GMO 405. Do you recognize that
17 as a pleading filed by the Company in January of this
18 year --

19 A. I do.

20 Q. -- having to do with the GMO's integrated
21 resource planning analysis?

22 Is that the filing that you referred to
23 just a moment ago?

24 A. It is not but, I mean, I know we filed
25 this.

1 Q. Okay.

2 A. I think one of the things you're missing
3 in your statement about us not having a plan --

4 MR. MILLS: Judge, I don't have a question
5 pending and I'm not testifying about whether or not
6 they have a plan or not, so I have not -- I have not
7 made any statements.

8 THE WITNESS: I thought you had made a
9 number of statements about that. I'm sorry.

10 MR. MILLS: I've been asking questions.
11 You've been making statements.

12 THE WITNESS: All right.

13 BY MR. MILLS:

14 Q. Can I get you to turn to the second page
15 of that filing. Paragraph six, would you agree that
16 the first sentence of that paragraph states that as a
17 result of this additional analysis completed per the
18 stipulation and agreement in Case No. EE-2009-0237,
19 GMO has determined that the preferred resource plan
20 filed in August 2009 is no longer appropriate?

21 A. That's what it says.

22 MR. MILLS: Judge, with that I'd like to
23 offer GMO 405.

24 JUDGE DIPPELL: Would there be any
25 objection to GMO 405?

1 MR. ZOBRIST: No objection.

2 JUDGE DIPPELL: I will admit it.

3 (GMO Exhibit No. 405 was admitted.)

4 BY MR. MILLS:

5 Q. Has the Company filed anything to apprise
6 the Commission of the date on which GMO's management
7 will choose a new preferred resource plan?

8 A. I believe here on page 2 it indicates that
9 GMO will be conducting this additional analysis and
10 expects to have results available in the summer of
11 2011.

12 Q. Okay. That's -- so what you're referring
13 to is having results of an analysis available in the
14 fairly indefinite period of time referred to as the
15 summer of 2011; is that correct?

16 A. That's correct.

17 Q. And is the result of the analyze the same
18 as a management-approved preferred resource plan?

19 A. It may be.

20 Q. But not necessarily?

21 A. I don't know at this time. I mean, yes,
22 but not necessarily.

23 Q. Okay. Now, in the case that's pending
24 before the Commission right now, GMO is currently
25 requesting that the Commission approve continuation

1 of its FAC; is that correct?

2 A. Yes.

3 Q. Are you aware of the Commission ever
4 having had a request before it to initiate or
5 continue an FAC from a utility that does not have a
6 preferred resource plan in place?

7 A. I'm uncertain.

8 Q. You don't know of any; is that correct?

9 A. I said I'm uncertain. I don't know.

10 Again, if you read paragraph R that you mentioned, it
11 says -- it shows that the electric utility has in
12 place a long-term resource planning process.

13 I don't see anywhere where it says it has
14 to have an approved plan by this commission. In
15 fact, they don't approve plans. The issue is
16 process, and I think clearly what we demonstrated --

17 MR. MILLS: Judge, can I ask you to cut
18 him off, please?

19 JUDGE DIPPELL: Mr. Rush, there's no
20 question pending. If you would please wait for
21 Mr. Mills to ask a question.

22 MR. MILLS: Actually, in fact, I'm done,
23 so he can now wait for Mr. Zobrist to ask a question.

24 JUDGE DIPPELL: All right. Mr. Williams,
25 you had --

1 MR. WILLIAMS: I have some questions, yes.

2 CROSS-EXAMINATION BY MR. WILLIAMS:

3 Q. I think because it's a bit more
4 convenient, can you agree that it's okay if I refer
5 to KCP&L Greater Missouri Operations company as GMO?

6 A. That would be great. Sure.

7 Q. When GMO made its filing in this case, did
8 it base its filing on seeking the maximum rate
9 increase it could and still have cost-based rates?

10 A. The Company weighed all of the information
11 that we had and determined what level the Company
12 needed to achieve and balance with what the -- we
13 felt that the customers of the Company could address
14 those interests also, so we did not make an effort to
15 maximize the increase, by any means. We -- certain
16 things were excluded from requesting.

17 Q. Certain things were excluded that you
18 would've been able to rely upon as being cost-based
19 for seeking a rate increase?

20 A. Yes.

21 Q. Do you agree that the Commission has a lot
22 of discretion in setting cost-based rates for GMO?

23 A. I believe the Commission has their
24 decision power to look over the costs, and I think
25 that they have obligations under the statutes to

1 comply with that.

2 Q. On a percentage basis, aren't there rate
3 requests that GMO sought for MPS and L&P on the basis
4 of 14 to 15 percent?

5 A. That's correct, yes.

6 Q. Had GMO included what it has in its
7 net-based fuel costs, those components, had it
8 included that as costs upon which it based its
9 increase requests, do you know approximately what
10 percentage increase it would've been for MPS and
11 L&P?

12 A. I don't at this time. I had provided that
13 information to Staff quite some time back initially.
14 It would've been higher.

15 Q. Substantially higher? Are you talking
16 about 30 percent? 20 percent?

17 A. I don't remember what I -- the
18 information. I mean, I can see the schedule that I
19 provided to the Staff, but I don't have that with me.

20 Q. You don't have any idea at all? Did it
21 double the increase?

22 A. I believe for the L&P area it would've
23 doubled the increase. As far as the total dollars to
24 be increased -- now what the Company received would
25 not have been anything like that. It would've been

1 5 percent of that doubling.

2 What the increase would be for MPS would
3 have been approximately 30 percent higher, not a 30
4 percent increase, but 30 percent higher than the 15
5 that we were asking, so that would make it somewhere
6 around 22 percent or so. No. I'm sorry. 20
7 percent.

8 Q. You mentioned something, the Company would
9 get 5 percent of that doubling. Would you explain
10 what you meant by that.

11 A. If we increase the base fuel cost in
12 comparison to recovering it through the fuel
13 adjustment clause, the only thing that the Company
14 would obtain to its benefit would be the 5 percent
15 that we currently absorb in the 95-5 sharing
16 mechanism that exists in the FAC.

17 So, for example, if the costs went up a
18 dollar for fuel and you rolled that in to the base
19 rates, the Company would only receive five cents'
20 contribution to that fuel cost because it's already
21 receiving 95 percent in the fuel adjustment
22 mechanism.

23 Q. Well, let's ignore the fuel adjustment
24 clause recovery portion of it.

25 A. Okay.

1 Q. Well, let's start with this: Do you agree
2 with me that the charge that you get through a fuel
3 adjustment clause is recovered, you know, past
4 expenses as opposed to future?

5 A. I do.

6 Q. And do you agree with me that the rates
7 that come out of a general rate case, the general
8 rate increase perspective in that they're designed
9 for recovering costs the Company's to incur in the
10 future?

11 A. Well, it sets rates that will be charged
12 for rates in the future, but it's not for costs of
13 the future because you use a historic test period to
14 establish the rates.

15 Q. So you're saying that the general rate
16 increase rates are the recover of costs the Company
17 has already incurred?

18 A. No, I said that they're based on the
19 rates -- on costs that the Company has already
20 incurred. They set their rates for the future, but
21 they're based on historic information.

22 Q. And isn't it the purpose to recover future
23 costs?

24 A. Yes.

25 Q. And aren't those historical costs

1 normalized and annualized to reflect what's projected
2 or believed to be what those future costs will be for
3 purposes of setting rates?

4 A. I know that they're annualized and
5 normalized, but I don't think they're designed to --
6 I mean, that's the mechanism that's used. They're
7 not -- we're not looking forward to what the budgets
8 or expected costs will be in the future.

9 Q. Well, what is the purpose of annualizing
10 and normalizing, then, as far as you know?

11 A. To get as close to the date as possible
12 that rates go into effect. So, for example, when you
13 use a true-up period that ends December, rather than
14 saying, well, what would happen in January, eleven
15 months ago, you try to bring everything up to reflect
16 the most current information you have at that instant
17 to set your rates, so that's what annual-- that's
18 what -- I'm sorry -- that's what annualization is.

19 Normalization tries to address what is
20 normally expected, so you can look, for example, at
21 weather. What is a normal expectation of weather
22 rather than what has historically happened or what
23 may happen in the future. You use that as a
24 foundation. So it's really trying to get things as
25 close to the date rates go into effect, but it does

1 not go out ahead of that.

2 Q. Am I understanding you correctly that
3 you're saying that the purpose of annualization and
4 normalization is to try to get the rates that are set
5 at the end of a rate case to match as close as
6 possible the cost the Company is incurring at that
7 point in time?

8 A. I would say that's -- that's a fair
9 statement, yes.

10 Q. Has Staff ever advocated that a fuel
11 adjustment clause should not be rebased?

12 A. I'm not aware of any time they've
13 advocated that fuels shouldn't be rebased. I know
14 that in our last case we settled the case, which was
15 a settled case. We all agreed --

16 MR. WILLIAMS: Judge, I believe he's
17 answered the question.

18 THE WITNESS: I thought I did.

19 MR. ZOBRIST: Judge, I think he was
20 explaining exactly, I think, what Mr. Williams was
21 getting into. I don't think that was going to --

22 MR. WILLIAMS: He started talking about
23 settlement. All I asked is whether or not he was
24 aware if -- whether Staff has ever advocated a fuel
25 adjustment clause should not be rebased. I believe

1 he answered "no" and then started wanting to --

2 THE WITNESS: I did not say "no."

3 MR. ZOBRIST: He was explaining that -- he
4 was explaining how the resolution of the 2009 case,
5 what Staff's position was and how it may relate to
6 Mr. Williams' question.

7 JUDGE DIPPELL: Let's start again.

8 Mr. Williams, can you ask him the question again.

9 MR. WILLIAMS: Sure.

10 BY MR. WILLIAMS:

11 Q. Has Staff ever advocated that a fuel
12 adjustment clause should not be rebased?

13 A. Let me ask you a -- in written testimony
14 or in settlement discussions?

15 Q. I get to ask the questions. You get to
16 answer.

17 A. I don't have an an--

18 JUDGE DIPPELL: If you don't understand
19 the question --

20 THE WITNESS: I don't understand the
21 question.

22 JUDGE DIPPELL: -- Mr. Rush, say so.

23 BY MR. WILLIAMS:

24 Q. Outside of confidential settlement
25 discussions, which parties agree are not to be used

1 for purposes of any precedent, has Staff ever
2 advocated that a fuel adjustment clause should not be
3 rebased?

4 A. I -- I do not know.

5 Q. With regard to GMO, has Staff ever
6 advocated that its fuel adjustment clause should not
7 be rebased outside of the context of privileged
8 settlement discussion?

9 A. They have not.

10 Q. If GMO's fuel adjustment clause was based
11 on projected costs as opposed to historical, would
12 that cause any change in how GMO would approach
13 rebasing its fuel adjustment clause?

14 A. It may.

15 Q. Under what circumstances would it do so,
16 if you could elaborate?

17 A. Just like in this case, if the Company
18 believed that the customers as well as the Company
19 were both better off to rebase fuel costs on a
20 projected basis, we would definitely proceed to do
21 that. If we felt that it was not in the interest of
22 either the Company or the customer, then we would
23 not.

24 Q. Why in this case did the Company believe
25 it was not in the best interest of itself and its

1 customers to rebase the fuel costs in the fuel
2 adjustment clause?

3 A. The Company was putting in the most
4 significant increased investment that the Company has
5 made in many, many years with the Iatan project, and
6 the rate increase, the Company felt, was going to be
7 significant.

8 In evaluating all of the things that we
9 looked at, we tried to determine what things we
10 should ask for, what things we needed to ask for, and
11 what things we were willing to absorb as a company to
12 mitigate the needs to help address the issue of the
13 consumer.

14 One of the things that we considered is
15 trying to rebase -- whether we rebase the fuel cost
16 or not. In my testimony I demonstrated that if we
17 would have rebased, it would've put a significant
18 increase to the consumer on an immediate basis, and
19 we felt that spreading that out over a longer period
20 of time after we get through the hurdles of a
21 significant increase in our rates would be much
22 better to the consumer, and the Company was willing
23 to absorb that.

24 Q. Couldn't spreading those costs have been
25 done through a phase-in of general rate increase as

1 opposed to leaving -- or putting costs in a fuel
2 adjustment clause?

3 A. No.

4 Q. Why not?

5 A. I believe the FASB regulations that have
6 been implemented since the use of phase-ins many,
7 many years ago has changed to where any type of
8 phase-in results in an immediate write-off to the
9 utility financially, and so I don't think what we
10 once considered phase-ins as a means to mitigate the
11 increases is beneficial to the utility at all.

12 Q. What impact, if any, would using projected
13 fuel costs in the fuel adjustment clause as opposed
14 to historical have on GMO's position with regard to a
15 sharing mechanism?

16 A. I think our position would still be the
17 same.

18 MR. WILLIAMS: No further questions at
19 this time.

20 JUDGE DIPPELL: Thank you. I don't have
21 any questions, and there are no other questions from
22 the bench for Mr. Rush. Is there redirect?

23 MR. ZORIST: I've got a couple questions,
24 Judge.

25 MR. ZORIST: What's the next number for

1 the utility, for GMO?

2 JUDGE DIPPELL: GMO 50, which, just to
3 clarify on the record, was one we marked yesterday
4 and realized we didn't need.

5 (GMO Exhibit No. 50 was marked for identification.)

6 REDIRECT EXAMINATION BY MR. ZOBRIST:

7 Q. Mr. Rush, I've marked as GMO 50 the first
8 two-pages of the nonunanimous stipulation and
9 agreement that was reached in Case No. ER-2009-0090.
10 Do you have that before you?

11 A. No, I don't.

12 Q. Okay.

13 A. Sorry.

14 Q. That's all right.

15 MR. WILLIAMS: Mr. Zobrist, do you have
16 the entirety of the --

17 MR. ZOBRIST: I'm only going to ask one
18 question on page 2, but I have the whole agreement if
19 you want it available to you. I didn't make copies
20 for everybody.

21 MR. MILLS: I would like to look at a copy
22 of the entire document before you ask the question.

23 MR. WILLIAMS: So would I.

24 MR. ZOBRIST: Okay. You can share my
25 copy.

1 MR. MILLS: I think I know what it says.

2 JUDGE DIPPELL: Shall we go off the record
3 for a couple of minutes just to let counsel look at
4 that document?

5 MR. ZOBRIST: That's fine.

6 Let's go off the record.

7 (A discussion was held off the record.)

8 JUDGE DIPPELL: Let's go back on the
9 record.

10 Go ahead, Mr. Zobrist.

11 BY MR. ZOBRIST:

12 Q. Mr. Rush, on GMO Exhibit 50, is the
13 first -- what does the first section deal with?

14 MR. MILLS: Judge, I'm going to object to
15 any questions that have to do with the provisions of
16 a stipulation and agreement in a prior case which
17 explicitly provides that it has absolutely no
18 precedential value, so I'm going to object to
19 questions on this document to the extent -- the
20 objection is based that this document, and therefore
21 any questions based upon it, are not relevant to the
22 issues before the Commission in this case.

23 MR. ZOBRIST: Well, Judge, there are two
24 parts to that. One is a legal objection, and as far
25 as precedential value, I think that's something that

1 the Court could rule on -- the Commission could rule
2 on.

3 I think we're not offering it for any
4 precedential value but to clarify the record based on
5 a series of questions asked by Mr. Williams and I
6 believe maybe Mr. Mills. The second point is, this
7 is a document that was filed with the Commission and
8 deals with the rebasing issue, and there's a sentence
9 in here that I think certainly the Commission could
10 probably take administrative notice of. That's all I
11 intend to get into.

12 MR. MILLS: And my objection was
13 relevance. I don't see that there is any relevance
14 to the provisions of a stipulation which expressly
15 provides that it has no precedential value.

16 MR. ZOBRIST: Well, the issue was brought
17 up by the other parties in cross-examination in
18 regards to rebasing, and rebasing is specifically
19 dealt with in a sentence in this document, and I
20 think it's proper rebuttal.

21 MR. MILLS: And, Judge, I did not bring
22 that up, and to the extent that Mr. Zobrist thought
23 it was irrelevant then, he should have objected to
24 it, but simply because some other party brought it up
25 and the Company didn't object to it, it doesn't make

1 it relevant here.

2 MR. ZOBRIST: Well, Mr. Williams asked
3 questions about the fuel adjustment clause and
4 rebasing, and it certainly is relevant in rebuttal to
5 Mr. Williams' questions.

6 MR. WILLIAMS: Judge, I'm going to object
7 as well on the basis that the agreement -- the
8 Company's agreed in that agreement that this document
9 has no precedential value in any other case, and it
10 has no precedence for any rate -- I believe any
11 ratemaking purpose. On that base I'm objecting.

12 JUDGE DIPPELL: Let me ask one question
13 here. Is this a stipulation that was approved and in
14 the Commission's order in the previous rate case?

15 MR. ZOBRIST: Yes.

16 MR. MILLS: Yes.

17 MR. WILLIAMS: Yes.

18 JUDGE DIPPELL: Go ahead, Mr. Zobrist.
19 You were about to say something else.

20 MR. ZOBRIST: Well, I was going to say,
21 the sentence that I was going to ask Mr. Rush to read
22 into the record relates to how rates were set as a
23 result of this stipulation and rates that are in
24 effect today in tariffs approved by the Commission.

25 JUDGE DIPPELL: Mr. Williams?

1 MR. WILLIAMS: Judge, I don't have the
2 Commission's order in front of me, but I know
3 typically it directs the parties to comply with the
4 terms of the agreement they've entered into.

5 JUDGE DIPPELL: I believe that's correct,
6 and for that reason I'm going to overrule it so we
7 can have some clarification about the rates that are
8 in effect at this time, which seems very relevant to
9 me.

10 BY MR. ZOBRIST:

11 Q. Mr. Rush, would you turn to page 2 of
12 Exhibit 50. Do you see the sentence that begins, The
13 signatories?

14 A. I do.

15 Q. Would you read that into the record.

16 A. The signatories agree that GMO's base
17 energy cost included in the new rates and for GMO's
18 FAC will be \$.02348 for MPS and .01642 for L&P,
19 period.

20 Q. What effect did that have on the base
21 energy rates for the Company in this case -- in that
22 case?

23 MR. MILLS: And I object to that
24 question. That goes beyond what the rates are
25 currently now, and this goes to the effect of the

1 stipulation and agreement in that case, which is
2 expressly why we always agreed that it's not going to
3 be precedential value.

4 MR. ZOBRIST: Judge, this stipulation
5 reset the rates. Those rates were agreed to by all
6 the parties to the stipulation and approved by the
7 Commission.

8 MR. WILLIAMS: Judge, it's the Commission
9 that reset the rates.

10 MR. ZOBRIST: Well, I'll -- that's fine.
11 If they simply are objecting to what we're talking
12 about the parties agreed to and they want to go to
13 what the Commission approved, I've got no problem
14 rephrasing my question.

15 MR. CONRAD: Judge, I don't know if I have
16 anything helpful. I thought I had put -- the point
17 in time that this material might have been relevant
18 would be when, the very next sentence, which is
19 talking about whether and how the Company complied
20 with the agreement, and it's -- it would be my
21 recollection that the Company made a filing pursuant
22 to that.

23 Staff reviewed that filing, and perhaps
24 other parties, and either concluded or chose to
25 remain silent that it was in compliance. That's it.

1 The whole document is part of the administrative
2 record of the Commission, so the Commission can take
3 official or administrative notice of it, and I'm
4 just -- like the others, I guess I'm a little curious
5 as to how we get into -- we've had a -- we've had a
6 squabble with this company in another case in another
7 matter about getting into confidential information,
8 and these stipulations and agreements are clearly --
9 explicitly said that they create no precedent at
10 all. They're just a settlement in a particular case.

11 The time to have raised any issue about
12 compliance was when those tariffs were filed, if they
13 complied, if they didn't comply. That's over and
14 done with and the rates are what the rates are, and
15 you can go pick up the Commission's record.

16 If Mr. Zobrist wants to have the
17 Commission take official notice of what the tariffs
18 right now are, that's fine. I mean, they're public
19 record. And the Commission can obviously take
20 administrative notice of its -- of tariffs that are
21 in force and effect. That's -- that's it.

22 I mean, the language here, what parties
23 agreed on and why, is -- just seems to me to go
24 behind a stipulation and for no apparent purpose.
25 It's not -- it's not clarification. You don't need

1 clarification. Find out what the rates are. Pick up
2 the tariff book.

3 JUDGE DIPPELL: Mr. Coffman, you wanted to
4 say something?

5 MR. COFFMAN: Yes. I just wanted to
6 simply concur in the objections of the other
7 interveners and point out that it is very difficult
8 under, you know, normal circumstances for the varying
9 parties in these proceedings to reach agreement, and
10 that's why this common disclaimer language is in
11 there, to the extent that these agreements then wind
12 up to coming back to haunt other parties for
13 unrelated reasons to what had been an issue then. It
14 has the unfortunate effect of discouraging
15 settlements, so I hope the Commission is aware why
16 that's in there.

17 JUDGE DIPPELL: Okay. After all this,
18 Mr. Zobrist, I've actually forgotten what your
19 question was. What exactly was your question?

20 MR. ZOBRIST: I did too because, like
21 Mr. Williams, I was excluding -- and I'm not
22 interested, and I'm not sure I was a part of any of
23 the settlement negotiations. I'm simply dealing with
24 the stipulation here and what the Commission did. So
25 given the parties' comments, I will rephrase my

1 question in terms of action by the Commission, so may
2 I rephrase my question?

3 JUDGE DIPPELL: Yes. Go ahead.

4 BY MR. ZOBRIST:

5 Q. Mr. Rush, as a result of the action which
6 the Commission took on the stipulation, what happened
7 to the Company's rates?

8 A. The Company increased its rates by the \$48
9 million as stated in the revenue requirements of
10 number one, under bullet one on page 1. On the
11 second page it addresses the fuel adjustment that
12 will be in base rates, and it was not rebased. We
13 simply made it very, very --

14 MR. MILLS: Judge. Judge. Judge. Judge.

15 JUDGE DIPPELL: Excuse me, Mr. Rush.

16 MR. MILLS: I object, and I ask that that
17 last part of that answer be stricken. He's not
18 talking about what the Commission did. He's talking
19 about what he believed that the Company did as part
20 of the stipulation and agreement, and that's exactly
21 what I was trying to avoid here.

22 MR. ZOBRIST: Well, first of all,
23 Mr. Mills didn't let Mr. Rush finish his answer, and
24 I think the proper thing is to let the witness finish
25 the answer and then a motion to strike or an

1 objection is appropriate.

2 I think Mr. Rush was simply responding to
3 my question and I think he ought to be permitted to
4 answer, and then we can take up any objections or
5 motions to strike.

6 JUDGE DIPPELL: Okay. I'll permit him to
7 answer.

8 THE WITNESS: I was simply saying that as
9 a result of the agreement with the parties, the
10 Commission authorized the Company to increase rates
11 by \$48 million. There were very minor modifications
12 made to the fuel adjustment clause, which was not
13 rebased, is all I was trying to say.

14 MR. MILLS: May I voir dire?

15 JUDGE DIPPELL: Yes.

16 VOIR DIRE EXAMINATION BY MR. MILLS:

17 Q. Were the base energy costs prior to the
18 approval of the Commission's stipulation and
19 agreement in Case No. ER-2009-0090 exactly the same
20 as what's set forth on page 2 of the stipulation and
21 agreement?

22 A. As I said, they are, with the exception of
23 the modifications made to adjust some numbers. Not
24 numbers. Excuse me. Some components of the fuel
25 adjustment.

1 Q. So it's your testimony that the base
2 energy costs before the stipulation and agreement
3 were exactly the same as the base energy costs after
4 the stipulation and agreement?

5 A. As I said, with the exception of the items
6 that were included in that previously were not in the
7 adjustment.

8 Q. I'm not talking about items that were or
9 weren't included. I'm talking about the numbers
10 reflected on page 2. Is it your testimony that the
11 base energy costs were exactly those numbers before
12 the stipulation and agreement as they were after the
13 stipulation and agreement?

14 A. The components of the base energy costs
15 were, yes.

16 Q. You're saying that the numbers were
17 exactly the same?

18 A. I said the -- the energy costs --

19 Q. My question is about the numbers. Will
20 you answer that question, please.

21 MR. ZOBRIST: Judge, Mr. Mills needs to
22 let Mr. Rush at least get his answer out.

23 MR. MILLS: He's trying to avoid answering
24 the question.

25 JUDGE DIPPELL: I believe Mr. Rush can

1 answer the question yes or no or he does not know.

2 BY MR. MILLS:

3 Q. Were the numbers the same?

4 A. Would you ask your question again?

5 Q. Were the numbers that are identified as
6 the base energy costs on page 2 of the document that
7 Mr. Zobrist handed you exactly the same before the
8 stipulation and agreement as after the stipulation
9 and agreement?

10 A. No, they're not.

11 MR. MILLS: Thank you.

12 JUDGE DIPPELL: All right. Mr. Zobrist.

13 REDIRECT EXAMINATION (CONT) BY MR. ZOBRIST:

14 Q. Then I'm going to ask him, What
15 differences were there in the numbers?

16 A. There were several additions included in
17 the fuel adjustment that were not previously
18 included, but the numbers that made that up were
19 identical. All the other components were the same.

20 Q. Just a couple more questions. Mr. Mills
21 asked you a question about paper costs, that if paper
22 costs were built into rates and there were certain
23 excesses, as I understand excess costs and paper
24 rates, would the Company experience 100 percent loss,
25 and I think you said "no." I wanted you to explain

1 your answer. What was your explanation as to what
2 the losses would be?

3 A. What I was trying to distinguish is the
4 difference between a fuel adjustment clause and other
5 costs that are not -- do not have a tracking control
6 mechanism. The fuel adjustment clause says, Here's
7 the total cost, 100 percent of the cost of fuel. You
8 do not receive -- and that is -- that is a bucket of
9 dollars, and the Company absorbs 5 percent of the
10 difference in the base, so we absorb that cost and
11 eat it. We do not get to profit from it. We do not
12 get to -- we do not get to profit from it. We have
13 to absorb 5 percent the way it currently operates.

14 With regard to paper, what I was trying
15 to describe, if sales to the utility increase and we
16 recover additional margins, we always have the
17 opportunity to recover those increases in costs, so
18 there's always the opportunity to recover those
19 increases in paper costs, increases in labor,
20 et cetera. There is no opportunity in the fuel
21 adjustment mechanism. That's what I was trying to
22 describe.

23 Q. In response to one of Mr. Coffman's
24 questions dealing with projected costs and
25 incentives, you mentioned that you have relied upon a

1 survey that was prepared at your direction; is that
2 correct?

3 A. That's correct.

4 (GMO Exhibit No. 51
5 was marked for identification.)

6 BY MR. ZOBRIST:

7 Q. Mr. Rush, do you have before you what I've
8 had marked as Exhibit 51?

9 A. I do, yes.

10 Q. Would you identify that, please.

11 A. It is the summary of a survey that was
12 performed by -- under my direction to look at the
13 states, the major investor-owned utilities, and I
14 noted under note number one of the -- a sample
15 reflects the major investor-owned utilities in
16 nonrestructured states either bordering Missouri or
17 within the Midwest defined as states within Census
18 Bureau of West North Central and East North Central,
19 and there is a summary of 37 utilities that were
20 looked at that either have or do not have a fuel
21 adjustment clause.

22 Q. Was this document contained in your work
23 papers?

24 A. It was.

25 Q. Was it produced to the other parties?

1 A. It was.

2 Q. And what does it indicate in terms of what
3 other Midwestern utilities have with regard to
4 sharing mechanisms?

5 A. With regard -- first of all, with regard
6 to sharing mechanisms, it would demonstrate that a
7 significant amount of utilities -- I believe there
8 are 12 of the 36 utilities that have fuel adjustment
9 clauses -- have some form of a sharing mechanism;
10 however, the sharing mechanism really looks at a
11 carrot. It looks at an opportunity for the Company,
12 not a penalty to the Company, and so in the sharing
13 mechanisms they typically say you're able to retain a
14 certain portion of your off-system sales, is
15 typically what they say, so it goes anywhere from 50
16 percent of your off-system sales the Company's
17 allowed to share in and retain or not so -- and it's
18 simply -- you know, the concept is it addresses how
19 to provide an incentive to the Company to do its best
20 job possible in a fuel adjustment mechanism.

21 Q. Does the Company's current fuel adjustment
22 clause contain that kind of an incentive mechanism?

23 A. No, it does -- does not. In fact, as I
24 described it in my testimony, I look at more as a
25 stick. It's going to -- or a -- maybe somewhat of a

1 stick in this case where it says, We're going to make
2 you absorb 5 percent rather than we're going to
3 incentivize you to do something that you could also
4 have a benefit from.

5 MR. ZOBRIST: Judge, I offer Exhibit 51.

6 JUDGE DIPPELL: Would there be any
7 objection to Exhibit 51?

8 MR. WILLIAMS: I object to Exhibit 51 for
9 lack of foundation.

10 MR. ZOBRIST: Well, he testified that he
11 prepared -- his direction and control he prepared his
12 work papers. It supports part of his rebuttal
13 testimony, as I believe he explained to Mr. Coffman,
14 so I believe that sufficient foundation has been
15 laid.

16 MR. WILLIAMS: I don't believe he's
17 testified that people that do his work rely upon this
18 type of work product in preparing their opinion.
19 He's attempting to testify as an expert, which I
20 believe he is.

21 JUDGE DIPPELL: Mr. Coffman.

22 MR. COFFMAN: I'd just like to join in the
23 Staff's objection. We've not had an opportunity to
24 discover or explore on cross-examination what's
25 actually behind these numbers. I don't believe

1 foundation is sufficient.

2 JUDGE DIPPELL: I'm going to overrule the
3 objection and allow it.

4 (GMO Exhibit No. 51 was admitted.)

5 MR. ZOBRIST: No further questions, Judge.

6 JUDGE DIPPELL: Okay. Mr. Zobrist, you
7 also had marked Exhibit 50. Were you intending to
8 offer that?

9 MR. ZOBRIST: I will offer it. I will
10 also ask the Commission to --

11 JUDGE DIPPELL: I'm not requesting that
12 you offer it. I'm just asking if you --

13 MR. ZOBRIST: Well, I'm going to move it
14 be admitted. It's only two pages, but I would ask in
15 addition to that offer that the Commission take
16 administrative notice of, as Mr. Conrad suggested,
17 the stipulation and agreement that was filed with the
18 Commission as well as the orders. I'll be glad to
19 detail those later where the Commission approved this
20 stipulation and agreement in the subsequent tariffs.

21 MR. WILLIAMS: Do I understand you're
22 asking the Commission take notice of the stipulation
23 and agreement in its entirety as well as orders in
24 that case?

25 MR. ZOBRIST: Yes.

1 MR. MILLS: Okay. May I respond?

2 JUDGE DIPPELL. Yes.

3 MR. MILLS: First of all, I object to its
4 admission on the grounds of relevance for the same
5 reasons that I objected to the relevance of the
6 questions directed to it.

7 Second, with all due respect to
8 Mr. Zobrist, I think he misunderstands the purpose of
9 administrative notice. Administrative notice is
10 designed to allow the Commission to take notice of
11 facts, not to take administrative notice of entire
12 orders, particularly orders that have not even been
13 provided and not identified in this case, so I object
14 to both the Commission taking administrative notice
15 of some orders in the case, and I object to the
16 relevance of the admission of Exhibit 50.

17 MR. ZOBRIST: Judge, let me clarify. I'm
18 asking -- and administrative notice can be taken of
19 the Commission's files in its pleadings, so I believe
20 it's proper under the rules, but I'm asking
21 specifically for the nonunanimous stipulation and
22 agreement, of which GMO Exhibit 50 is two-pages, and
23 I have the full copy here that I can have marked as
24 perhaps Exhibit 50-A, that the Commission take
25 administrative notice of that particular nonunanimous

1 stipulation and agreement, and the order, that one
2 order that approved that, as well as the order
3 implementing the tariffs pursuant to the -- that were
4 filed pursuant to this stipulation and agreement, so
5 it's really three things.

6 JUDGE DIPPELL: Mr. Coffman.

7 MR. COFFMAN: I would like to join in
8 objections of Staff and public counsel on this
9 matter. In addition, I would object to Exhibit 50
10 because it is two-pages, and it's not a complete
11 representation of the document.

12 And to the extent that the Commission
13 would allow this into the record or administrative
14 notice, I would ask that it be allowed in only for
15 purposes that are not related to the existence of
16 facts and that if you were to make such an order that
17 it be clear that it be for purposes other than
18 establishing the truth or the lack of truth of what's
19 in that document.

20 JUDGE DIPPELL: Okay. I'm going to
21 overrule the objections and admit GMO 50. I -- I
22 would rather have the entire document.

23 MR. ZOBRIST: And I have it, Judge, and I
24 will withdraw the two-page version of Exhibit 50 and
25 submit the copy of the stipulation, the nonunanimous

1 stipulation and agreement that was filed on May 22,
2 2009.

3 JUDGE DIPPELL: And with those objections
4 noted and overruled, I will take administrative
5 notice of the Commission's order approving that
6 stipulation and agreement as well as the order
7 approving the compliance tariff, implementing that.

8 (GMO Exhibit No. 50 was admitted.)

9 MR. MILLS: Judge, may I ask a clarifying
10 question?

11 JUDGE DIPPELL: Yes.

12 MR. MILLS: Pursuant to what authority are
13 you taking official notice? Are you taking this
14 official notice pursuant to 536.070(6) or (5)?

15 JUDGE DIPPELL: Well, I'd have to look at
16 the statute.

17 I believe (6) is the only thing that
18 actually deals with official notice. (5) deals with
19 when the records must be presented into the evidence.

20 MR. MILLS: So you are -- your ruling is
21 that you're taking notice of those two orders
22 pursuant to Subsection 6.

23 JUDGE DIPPELL: I was taking notice of
24 decisions of this Commission the same that any court
25 would take notice of decisions of any other

1 judicial --

2 MR. MILLS: Thanks. I just wanted to get
3 that clarified.

4 JUDGE DIPPELL: Give me just a minute. I
5 want to make sure I have everything written down.

6 I believe with that, then, Mr. Rush, your
7 testimony is concluded. Thank you.

8 MR. ZORIST: Do you want to proceed with
9 our next witness or take a break?

10 JUDGE DIPPELL: Would you-all like a
11 break?

12 MR. ZORIST: That'd be nice.

13 JUDGE DIPPELL: All right. Let's take a
14 short break. Let's take a 10-minute break and come
15 back at five after.

16 (A recess was taken.)

17 JUDGE DIPPELL: Let's go ahead and go
18 back on the record.

19 MR. CONRAD: Judge, now that you're back
20 on --

21 JUDGE DIPPELL: Yes.

22 MR. CONRAD: -- I just to want to get a
23 little clarification. We had a brief talk with
24 counsel for KCPL, and I think the exhibit that was
25 marked as 50 really needed to include or should be

1 the order. I think that's what your ruling was. And
2 my recollection is the stipulation usually gets
3 attached as an exhibit to that order, and then you
4 also wanted to have the order that approved the
5 tariffs.

6 JUDGE DIPPELL: Yes.

7 MR. CONRAD: And my recollection there is
8 that those -- I'm not sure if those are appended to
9 that order given the fact of an order usually, but
10 they are referenced, and as far as PSC MO number
11 whatever, sheet number such and such, and I think the
12 way 50 ended up is it was just the nonunanimous
13 stipulation rather than those orders, so I just --

14 JUDGE DIPPELL: What got marked as Exhibit
15 50 was, yes, just the stipulation and agreement, and
16 I took official notice of the two orders, which I do
17 not have.

18 MR. CONRAD: So they would be part of 50?

19 JUDGE DIPPELL: Well, I did not mark
20 them. I did not give them a number. I could do that
21 and we could submit them, if you think that --

22 MR. CONRAD: Well, I just --

23 JUDGE DIPPELL: -- that would clarify
24 things.

25 MR. CONRAD: -- wanted to see what we --

1 relevance objection to Exhibit 52. I do not have an
2 objection to Exhibit 53.

3 JUDGE DIPPELL: Okay. And I ruled on
4 those objections earlier.

5 MR. MILLS: Right, but the actual exhibit
6 had not been offered, so now that the exhibit is
7 being offered, I'm simply reiterating my objection.

8 JUDGE DIPPELL: All right. And I'm
9 overruling your objection.

10 Let's get back on track here. I believe
11 we are ready, then, for the next company witness.

12 MR. ZOBRIST: Correct. The Company calls
13 Gary M. Rygh to the stand.

14 JUDGE DIPPELL: Would you please raise
15 your right hand.

16 GARY M. RYGH,
17 produced, sworn, and examined, testified as follows:

18 JUDGE DIPPELL: Go ahead, Mr. Zobrist.

19 MR. ZOBRIST: Thank you, Judge.

20 DIRECT EXAMINATION BY MR. ZOBRIST:

21 Q. Please state your name.

22 A. Gary Rygh.

23 Q. And by whom are you employed?

24 A. Barclays Capital.

25 Q. And what's your position there?

1 A. Managing director.

2 Q. Did you prepare in this case surrebuttal
3 testimony that's now been marked as GMO Exhibit 37?

4 A. Yes.

5 Q. And do you have any corrections to your
6 surrebuttal testimony?

7 A. No.

8 Q. And if I were to ask you those questions,
9 would your answers be the same as depicted on Exhibit
10 37?

11 A. Yes.

12 MR. ZOBRIST: Judge, I move the admission
13 of Exhibit 37 at this time.

14 JUDGE DIPPELL: Would there be any
15 objection to GMO 37?

16 (No response.)

17 JUDGE DIPPELL: Seeing none, then I will
18 admitted it.

19 (GMO Exhibit No. 37 was admitted.)

20 MR. ZOBRIST: I tender the witness for
21 cross-examination.

22 JUDGE DIPPELL: Same parties, cross-
23 examination?

24 MR. MILLS: No questions.

25 JUDGE DIPPELL: No questions.

1 Mr. Coffman, any questions?

2 MR. COFFMAN: No questions.

3 JUDGE DIPPELL: Mr. Williams.

4 MR. WILLIAMS: Thank you, Judge.

5 CROSS-EXAMINATION BY MR. WILLIAMS:

6 Q. Mr. Rygh, are you aware that KCP&L Greater
7 Missouri Operations Company is not seeking to rebase
8 the net-based fuel costs in its fuel adjustment
9 clause?

10 A. I'm aware. I read it in the testimony,
11 yes.

12 Q. And as a result of that, it's foregoing 5
13 percent of the revenues it would have gotten had it
14 chosen to rebase and collect those rates through its
15 general rates, is it not?

16 A. I was -- you know, I've -- my focus of my
17 testimony was on the sharing mechanism, not on the
18 rebasing and how that works, so it's certainly not my
19 area of expertise, but if you say that's the case, I
20 believe it.

21 But, as I said, I'm not an expert on that
22 portion of the -- of the fuel adjustment clause. I
23 was focused on the capital markets and investor
24 perception of the importance of the fuel adjustment
25 clause and the sharing mechanism. The rebasing of it

1 is -- was, you know, not the focus of my testimony.

2 Q. Well, let me back up a little bit. The
3 Company incurs a certain amount of level of costs for
4 its fuel and purchase power and gets a certain level
5 of revenue from its off-system sales, does it not?

6 A. Yes.

7 Q. And as it's set up, it either collects
8 that through its general rates or through its fuel
9 adjustment clause, does it not?

10 A. Yes.

11 Q. And if it collects these -- recovers those
12 costs through its fuel adjustment clause, it only
13 gets 95 percent of those, does it not?

14 A. Yes.

15 Q. So if the costs that it's collecting
16 through its fuel adjustment clause currently are not
17 shifted into being collected in its permanent rates,
18 it's foregoing 5 percent of those costs, is it not?

19 A. By definition, yes.

20 Q. Do you think that's a good management
21 decision to forego collecting that 5 percent, which
22 it could've sought to obtain those in its general
23 rates?

24 A. Not -- you know, not my place to judge.
25 It's what the investors deal with, the credit spreads

1 and stock prices and proxy votes every year. They'll
2 make the -- they're, obviously, hypersensitive and
3 digging into the details of all the rate cases. I'm
4 sure if they have objections, they'll come to
5 light -- so I -- I -- like I said, it's not my -- not
6 my place to make a determination on that.

7 Q. So is your answer you don't know?

8 A. Yes, long-winded, but don't know.

9 MR. WILLIAMS: No further questions.

10 JUDGE DIPPELL: Thank you.

11 Is there redirect?

12 MR. ZOBRIST: Just briefly.

13 REDIRECT EXAMINATION BY MR. ZOBRIST:

14 Q. Mr. Williams asked you about the foregoing
15 of the 5 percent pursuant to 95-5 percent sharing
16 mechanism, and you talked about investors' reaction
17 to that. What would investors' reaction be to a
18 different sharing agreement whereby only 75 percent
19 of the costs would be recovered?

20 A. I think it would be very negative. The
21 reason being, from an investor perspective, when they
22 invest in utilities, they have -- they put zero value
23 on commodity upside, but are very concerned with
24 commodity downside.

25 It's just -- even if they shared equally

1 in how it works, that's not why they're investing in
2 a -- in a regulated utility. If they wanted to plug
3 the commodity market, they would do it somewhere else
4 in a more efficient vehicle to do so.

5 They're very focused on the stability of
6 a regulated utility and having, you know, not taken
7 the risk of volatile commodities that, you know,
8 there's -- you know, that's -- you know, that's not
9 related to the -- obviously related to the utility
10 business, but not a utility risk, essentially, and
11 that's why you see the majorities that talk about
12 before of utilities have fuel adjustment clauses.

13 MR. ZOBRIST: Thank you. Nothing further.

14 JUDGE DIPPELL: All right then. Mr. Rygh,
15 thank you very much. You may step down.

16 JUDGE DIPPELL: I believe that was the
17 last Company witness on that issue.

18 MR. ZOBRIST: That's correct.

19 JUDGE DIPPELL: Mr. Rogers is already
20 stepping up. Mr. Rogers, have you testified this
21 week already?

22 MR. ROGERS: Not this week.

23 JUDGE DIPPELL: Not this week. All
24 right. I'll swear you in.

25 JOHN ROGERS,

1 produced, sworn, and examined, testified as follows:

2 JUDGE DIPPELL: Thank you.

3 Go ahead, Mr. Williams.

4 MR. WILLIAMS: Thank you, Judge.

5 DIRECT EXAMINATION BY MR. WILLIAMS:

6 Q. Please state your name.

7 A. John A. Rogers.

8 Q. By whom are you employed and in what
9 capacity?

10 A. Missouri Public Service Commission as
11 utility regulatory manager in the energy department.

12 Q. Mr. Rogers, did you contribute to the
13 Staff report, Revenue Requirement Cost of Service,
14 that's been marked for identification as GMO 210?

15 A. Yes.

16 Q. And the particular portions of that report
17 for which you are primarily responsible, do they
18 appear on pages 144 to 148 and 190 through 201?

19 A. Yes.

20 Q. And would you have any corrections or
21 clarifications or revisions to any of those
22 particular pages of that particular exhibit?

23 A. No.

24 Q. And did you also prepare rebuttal
25 testimony that's been marked for identification as

1 GMO 240?

2 A. Yes.

3 Q. And have you testified previously and has
4 that exhibit been admitted, do you know?

5 A. Yes.

6 Q. Did you also prepare surrebuttal testimony
7 that's been marked for identification as GMO 241?

8 A. Yes.

9 Q. And did you previously testify and has
10 that exhibit also been admitted into evidence?

11 A. Yes, it has.

12 Q. And sitting here today, do you have any
13 further -- any clarifications or corrections to
14 either of those exhibits pertaining to this issue of
15 fuel adjustment clause?

16 A. I have a correction to the surrebuttal
17 testimony. Sorry. I don't know the exhibit number.

18 Q. And what would that change be?

19 A. What I'd like to do is delete the entire
20 testimony that is on page 10, beginning at line 10,
21 through page 11, line 11.

22 Q. And why would you like to delete that
23 question and answer -- or that testimony?

24 A. Upon reflection, I believe there are some
25 possible inaccuracies within the answer to that

1 question.

2 Q. Changing your testimony here today, I'd
3 like for you to explain why you're changing it.

4 A. Well, there was a lot of confusion around
5 the issue of the FAC in the last general rate case
6 for GMO, and I was very new at the Commission at the
7 time that issue was being discussed, and there's -- I
8 believe there's still a lot of confusion about how
9 that case was filed, and so upon reflection, I
10 thought it best to just remove that entire question
11 and answer from my testimony.

12 Q. And what does that particular question and
13 answer pertain to?

14 A. It has to do with whether the base energy
15 cost as filed by the Company in their last -- in a
16 previous rate case was filed to rebase both the base
17 energy cost and the FAC for the FAC tariff as well as
18 the permanent rates.

19 Q. And how is it you're changing your
20 testimony with regard to that?

21 A. Well, I believe I -- well, my testimony
22 states that GMO did not change the base energy cost
23 in the test year revenue requirement for the rate
24 increase application, and that's the part that I'm
25 very uncertain about, what exactly they did in the --

1 in the application with respect to base energy costs
2 in the revenue requirements.

3 Q. So you're changing that testimony because
4 you're not certain that what you said originally is
5 accurate?

6 A. Correct.

7 Q. Did you also contribute to the Staff's
8 rate design and class cost of service report that's
9 been marked for identification as GMO 211?

10 A. Yes.

11 Q. And are you primarily responsible for
12 pages 32 through 34 of that report?

13 A. Yes, I am.

14 Q. And are those pages part of your testimony
15 here today, those pages 32 through 34 of that
16 section, that you're shown as being responsible for?

17 A. Yes.

18 MR. WILLIAMS: Judge, at this time I offer
19 pages 32 through 34 of Exhibit GMO it 211.

20 JUDGE DIPPELL: I'm sorry. Was that part
21 of 211 or 210? Is this the rate design?

22 MR. WILLIAMS: This is the rate design
23 report.

24 JUDGE DIPPELL: Okay. Okay. So it is
25 211. All right.

1 MR. ZOBRIST: I don't know what that says,
2 because I've not been assigned a rate design issue,
3 and I thought Mr. Rogers was going to testify to a
4 different portion of the hearing on those issues, so
5 I'm just not prepared to -- well, I'm --

6 MR. WILLIAMS: (Indicated.)

7 MR. ZOBRIST: Well, I'm not --

8 JUDGE DIPPELL: I guess I'm slightly
9 confused because I -- I thought we were offering
10 those reports in total rather than --

11 MR. WILLIAMS: I'm fine with doing that.

12 JUDGE DIPPELL: -- an issue at a time.

13 MR. WILLIAMS: My understanding is it has
14 not been offered at all.

15 JUDGE DIPPELL: Right.

16 MR. WILLIAMS: And I want it into evidence
17 if he's testifying to it, so if no one has an
18 objection, I'll just offer the entirety of Exhibit
19 211.

20 MR. ZOBRIST: If those are portions that
21 deal with the fuel adjustment clause and what he's
22 already testified to in his others, then I don't have
23 an objection.

24 JUDGE DIPPELL: Okay. Can you state those
25 pages for me again, Mr. Williams.

1 MR. WILLIAMS: There's a section
2 entitled -- Roman Numeral VII, Fuel and Purchase
3 Power Adjustment Clause, that starts on page 32 and
4 continues through to page 34 on line 21.

5 JUDGE DIPPELL: Okay. Thank you.

6 Would there be any objection to those
7 portions of GMO 211?

8 MR. ZOBRIST: No objection.

9 JUDGE DIPPELL: Seeing none, then I will
10 admit those portions of GMO 211.

11 (GMO Exhibit No. 211, pages 32 through 34
12 line 21, is admitted.)

13 JUDGE DIPPELL: And then I'm sorry. Had
14 you offered the other exhibit?

15 MR. WILLIAMS: It's my understanding the
16 other exhibits are already in evidence. If they're
17 not, certainly I'll offer --

18 JUDGE DIPPELL: Okay. Now let me -- I
19 have -- yes, I have that they have both been admitted
20 already, 240 and 241, with his testify.

21 But let me ask again, because I missed --
22 was the corrections -- can you give me the page and
23 line numbers of that again, the portion that was --

24 MR. WILLIAMS: I believe it starts on page
25 10 of his surrebuttal testimony, which would be

1 Exhibit GMO 241, and continues -- page 10, line 10, I
2 believe, to page 11 line 11.

3 JUDGE DIPPELL: Okay. Would there be any
4 objection to those corrections? I'm not sure if they
5 had been previously -- if those -- had those
6 corrections been made when it was admitted earlier?

7 MR. WILLIAMS: I don't believe so, but I'm
8 not -- we're not asking that his prior testimony be
9 withdrawn. We're just providing a clarification,
10 correction, to it based on what he filed at that
11 point in time is not his testimony here today.

12 JUDGE DIPPELL: But it is a change in his
13 direct testimony, so I want to make sure that
14 everyone has the opportunity to object to a change in
15 direct testimony.

16 MR. WILLIAMS: Actually, it's surrebuttal.

17 JUDGE DIPPELL: I'm sorry.

18 MR. ZORRIST: As long as it's preserved in
19 the record, and I think Mr. Williams' point is that
20 it is in the record --

21 JUDGE DIPPELL: Okay.

22 MR. ZORRIST: -- but that Mr. Rogers is
23 essentially abandoning --

24 JUDGE DIPPELL: Okay.

25 MR. ZORRIST: -- those portions, I have no

1 objection to him saying this is no longer my opinion.

2 JUDGE DIPPELL: All right. I certainly
3 sympathize with Mr. Rogers' confusion about this
4 particular issue, and I hope that counsel will
5 enlighten me in their briefs, because I thought I
6 understood it until I came in here today. Now I feel
7 like I do not.

8 All right. I believe, then, everything's
9 been offered and admitted.

10 MR. WILLIAMS: I hope so, at least with
11 regard to this witness at this point in time, and
12 with that I'll offer the witness for examination.

13 JUDGE DIPPELL: Thank you, Mr. Williams.

14 What cross-examination will I have for
15 Mr. Rogers? Mr. Mills.

16 CROSS-EXAMINATION BY MR. MILLS:

17 Q. Mr. Rogers, have you read the rebuttal
18 testimony of Ryan Kind in this case?

19 A. Actually, I have not.

20 Q. Let me go about this another way then.

21 A. Uh-huh.

22 Q. Are you familiar with the fuel adjustment
23 clause for the Empire District Electric Company?

24 A. Yes.

25 Q. Are you aware that in the Empire fuel

1 adjustment clause that Empire flows through revenues
2 that it receives from the sale of renewable energy
3 credits?

4 A. Yes.

5 Q. Do you believe that it would be
6 appropriate to change GMO's FAC to achieve the same
7 result?

8 A. Yes, I do.

9 Q. Okay. Now, with respect to GMO's
10 integrated resource planning, did the Staff file a
11 complaint recently with the Commission related to GMO
12 compliance with the Commission's orders with respect
13 to GMO's IRP?

14 MR. ZOBRIST: Judge, I object to that on
15 the basis of relevance.

16 MR. MILLS: And I think a couple of
17 questions will tie up the relevance, your Honor, if I
18 may.

19 JUDGE DIPPELL: Okay. I'm going to
20 overrule. You can go ahead, Mr. Mills.

21 THE WITNESS: Yes, it did.

22 BY MR. MILLS:

23 Q. And can you briefly explain the basis for
24 Staff's complaint?

25 MR. ZOBRIST: Just a continuing objection,

1 Judge, on relevancy.

2 JUDGE DIPPELL: All right. Noted.

3 Go ahead. You may answer, Mr. Rogers.

4 THE WITNESS: In GMO's last IRP, there
5 were a number of deficiencies that were filed by
6 Staff and other parties that were intentionless to
7 resolve those through a stipulation and agreement
8 that required the Company to conduct a stakeholder
9 process, which they did, to address specific
10 deficiencies and then to file a revised Chapter 22
11 compliance filing by December of 2010, to include a
12 revised resource acquisition strategy and preferred
13 resource plan, and the filing was not made in
14 December 2010.

15 It was made in January of 2011, and it
16 included revisions through the integrated resource
17 analysis rule, which is Chapter 22.060, but it did
18 not include anything to comply with the requirements
19 of Chapter 22.070, which was the risk analysis and
20 strategy selection or the other filing requirements
21 that are contained in Rule Chapter 22.080.

22 Q. Okay. Now, in your opinion, does the lack
23 of that analysis which is alleged in the Staff's
24 complaint -- does that bear on the question of
25 whether or not GMO has in place now a long-term

1 resource planning process, important objections of
2 which are to minimize overall delivered energy costs
3 and provide reliable service?

4 MR. ZOBRIST: Judge, I again object. This
5 is now taking it further to asking this witness to
6 comment upon allegations that have been made that are
7 pending before the Commission. These are not the
8 issues in this case at this time, and I believe they
9 are not relevant.

10 JUDGE DIPPELL: I'm going to overrule the
11 objection. You may answer the question.

12 THE WITNESS: Can you ask the question
13 again, please.

14 BY MR. MILLS:

15 Q. And the question goes to 4 CSR
16 240-3.161(3)(R). Is it your opinion that based on
17 the allegations raised in the Staff complaint that
18 GMO has or does not have in place -- and I'm quoting
19 now -- "a long-term resource planning process, comma,
20 important objections of which are to minimize overall
21 delivered energy costs and provide reliable service,"
22 closed quotes?

23 MR. ZOBRIST: Same objection.

24 JUDGE DIPPELL: Overruled.

25 MR. WILLIAMS: Judge, if I might, I

1 believe Mr. Mills misquoted slightly. I think he
2 said "objections" instead of "objectives."

3 MR. MILLS: Actually, I've just been
4 saying "objection" too much today and it just slipped
5 out.

6 MR. ZOBRIST: I'll stipulate to that.

7 MR. MILLS: "Objectives" is the word that
8 I was looking for. Thank you.

9 JUDGE DIPPELL: Mr. Rogers, can you answer
10 the question?

11 THE WITNESS: I think the planning
12 process -- there is a planning process right now.
13 There's no preferred -- adopted preferred resource
14 plan, and that is -- that is the real problem.

15 BY MR. MILLS:

16 Q. And why is that a problem in the context
17 of the -- why is that a problem?

18 A. Well, without an adopted preferred
19 resource plan, the Company has no plan to -- to
20 follow.

21 Q. And without a plan to follow, is there any
22 way for the Staff to know what the plan's objectives
23 are?

24 A. No.

25 MR. MILLS: Judge, that's all I have.

1 Thank you.

2 JUDGE DIPPELL: Thank you.

3 Mr. Zobrist, there's no questions from
4 the bench. Do you have any questions? Oh, I'm
5 sorry. We're still on cross.

6 Do you have any cross-examination?

7 MR. ZOBRIST: Nobody else? All right.

8 Thank you.

9 CROSS-EXAMINATION BY MR. ZOBRIST:

10 Q. Good morning, Mr. Rogers.

11 A. Good morning.

12 Q. Would you turn, please, to the Staff
13 report at page 193.

14 MR. WILLIAMS: Would you clarify which
15 Staff report.

16 JUDGE DIPPELL: 210 or 211?

17 MR. ZOBRIST: It's page 193, I think.
18 It's the cost of service Staff report.

19 THE WITNESS: I'm there.

20 BY MR. ZOBRIST:

21 Q. Am I correct that beginning on line two
22 you state that Staff has filed two prudence review
23 reports concerning its review of the costs of the
24 Company's fuel adjustment clause? Is that correct?

25 A. Correct.

1 Q. And those two cases were EO-2009-0115 and
2 EO-2010-0167; is that correct?

3 A. Yes.

4 Q. And is it true that Staff found no
5 evidence of imprudent decisions by the Company's
6 management related to procurement of fuel for
7 generation purchase power and off-system sales?

8 A. That's what my testimony reflects.

9 Q. Well, I had a whole lot of questions about
10 the 2009 case and the rebasing, but since we're --
11 we've moved on that, I take it from Mr. Williams'
12 clarification of your surrebuttal testimony, you're
13 not offering any opinions on what happened back as a
14 result of the 2009 GMO rate case concerning rebasing
15 of energy rates?

16 A. The energy rate -- the rates -- the base
17 energy cost was settled as a -- as a part of a
18 stipulation and agreement in that case.

19 Q. And that's all you're prepared to say at
20 this point?

21 A. Yes.

22 Q. Okay. Now, if there is no rebasing of
23 rates in this case, would you agree that the increase
24 in permanent rates would be lower if base energy
25 costs are not changed?

1 A. Yes.

2 Q. And, in fact, you state in the report that
3 the increase in permanent rates would be lower;
4 correct?

5 I think you actually say -- pardon me --
6 in your rebuttal at page 9, line 21 -- and that
7 reference, again, was your rebuttal at page 9, line
8 21, and it states, quote --

9 A. If there's no rebasing of the base energy
10 costs in this case, then the permanent rates would be
11 lower than if there were rebasing.

12 Q. Thank you. And in your surrebuttal at
13 page 9 you state that there is no requirement for
14 rebasing in the pertinent regulation, which is
15 Section 240-20.090; correct?

16 A. Correct.

17 Q. And is it also correct that the statute
18 itself does not require rebasing?

19 A. Correct.

20 Q. Now, in the Staff report, page 199 --
21 pardon me -- 199, you say, Correctly setting base
22 energy costs in the FAC tariff sheets is critical to
23 both a good FAC and a good FAC sharing mechanism; is
24 that correct?

25 A. Correct.

1 Q. But then in your surrebuttal at page 6 you
2 state, Staff's proposal to rebase the GMO FAC and its
3 proposal to change the FAC sharing mechanism are not
4 related in any way.

5 So my question to you is: Are these two
6 related? Are you proposing to rebase energy costs
7 because the Company continues to advocate the 95-5
8 percent sharing mechanism, or is it the other way
9 around, because they've refused to rebase or did not
10 propose it that Staff then advocates the 75-25 split?

11 A. Staff advocates rebasing the base energy
12 costs for GMO's FAC and for their permanent rates in
13 each rate case regardless of what the sharing
14 mechanism is.

15 Q. Would you turn to your rebuttal testimony,
16 please, at page 18 -- pardon me -- page 10, line 18.

17 A. I'm there.

18 Q. Okay. Now, here you state, quote, "In
19 fact, Staff's proposed change to GMO's incentive
20 sharing mechanic is due in part to GMO's having
21 chosen not to propose that the base energy costs be
22 rebased in this rate case; is that correct?

23 A. That's right.

24 Q. So because the Company chose not to rebase
25 its rates, Staff has decided that the Company needs

1 to absorb more of the energy expenses, 25 percent as
2 opposed to 5 percent?

3 A. Can you ask the question again?

4 Q. Well, isn't it true that because GMO did
5 not propose to rebase rates, Staff now wants to cause
6 GMO to absorb not 5 percent of net fuel costs, but 25
7 percent of those costs?

8 A. No, that -- that's not -- no. The
9 sentence you referred to says "in part." That is a
10 consideration that I had when I -- when I made my
11 recommendations in this case. Yes, definitely it's a
12 consideration, the fact that GMO has not proposed to
13 rebase in this case, but it's not the -- it's not the
14 entire reason. I've explained my reasoning
15 throughout my testimony.

16 Q. But it is a reason for Staff --

17 A. In part.

18 Q. -- endorsing the 75-25 split?

19 A. It's a part.

20 Q. Would you agree with Mr. Rush that the
21 true purpose of that shift was to discipline the
22 Company for its position on not rebasing costs?

23 A. No.

24 Q. Now, in your testimony you talk about
25 benefits and penalties to both utilities and

1 customers. Do you generally recall that discussion
2 in your testimony?

3 A. I don't -- I don't talk about benefits or
4 penalties. The Company did.

5 Q. Well, at one point you talk about the
6 Company, I believe in your chart in your rebuttal
7 testimony, about the Company keeping certain costs,
8 correct, or keeping certain revenues?

9 A. If you want to refer to the testimony, I
10 may be able to answer your question.

11 Q. Maybe it's the chart in the -- it's the
12 chart on page 200 of the Staff report. Do you recall
13 that, sir?

14 A. Yes.

15 Q. When you talk about, like, on lines -- I
16 think it's "G" where it says kept or paid by the
17 Company, I mean, in truth, the Company doesn't really
18 get to keep anything; it either pays the costs or it
19 flows through the costs, but it doesn't get to keep
20 anything.

21 A. No, the company would have the opportunity
22 to keep. If -- if the fuel costs go down and the
23 Company overcollects through permanent rates, to the
24 extent that they overcollect, they will keep 5
25 percent of the overcollection, all else equal.

1 That's what this analysis is intended to show.

2 Q. But that's not intended effect, because
3 rates aren't designed to assure an overcollection,
4 are they?

5 A. No, there can be either an overcollection
6 or undercollection.

7 Q. So that's -- that's inadvertent. I mean,
8 that just -- that's -- that happens, overcollection,
9 undercollection, but that's not really part of the
10 plan here because rates are set to try to avoid
11 overcollection or undercollection.

12 A. Yes, and that's one important reason to
13 rebase in each rate case.

14 Q. But in the fuel adjustment mechanism,
15 there is -- there is no incentive whereby the Company
16 would actually get to keep anything to share anything
17 with ratepayers, as Mr. Rush indicated, certain other
18 jurisdictions do allow utility companies to do?

19 A. I think I've answered that already. To
20 the extent that there is an overcollection of
21 revenue, the Company would, under the current
22 mechanism, keep 5 percent of that overcollection.

23 Q. But that is not like an incentive
24 mechanism for keeping, for example, a percentage of
25 off-system sales margin; correct?

1 A. Staff's proposal for a 75-25 percent
2 sharing mechanism would provide a further incentive
3 to the Company to increase off-system sales revenue
4 above what is in the base revenue requirements,
5 because they would get to keep 25 percent of the
6 increase in off-system sales revenue above what is
7 built into the base revenue requirement.

8 Q. Only if the rates are not properly
9 implemented; if there is an unintended overcollection
10 to consumers; correct?

11 A. Please restate your question. I'm not
12 quite following it.

13 Q. There's nothing in the fuel adjustment
14 proposal, either in existence today or that Staff
15 proposes, that says that if the Company makes a
16 certain amount of off-system sales that its
17 shareholders can keep a certain percent and that
18 customers get to share in the other percent? There's
19 no sharing mechanism like that, is there?

20 A. Not specifically, but through the clause
21 that opportunity does exist.

22 Q. Now, if Staff's proposal is adopted, you
23 stated in your surrebuttal testimony that the MPS
24 division of the Company would see a 6.5 increased
25 percent in rates; is that correct?

1 A. 6.5 percent increase in base energy rates
2 for the FAC, correct.

3 Q. And the L&P division would receive a 21.2
4 percent increase in base energy rates?

5 A. That's -- that's Staff's analysis at the
6 time the cost of service revenue requirement was
7 filed. We -- we intend to update our analysis for
8 the true-up in this case.

9 Q. And am I correct that those increases do
10 not include any shifts in rates as a result of
11 Staff's proposal regarding the allocation of more of
12 the Iatan 2 unit to L&P customers than the Company
13 proposed?

14 A. These rates include -- include the
15 allocation of Iatan 2 that Staff included in its
16 direct case.

17 Q. So they include both your proposal here as
18 well as the reallocation of Unit 2?

19 A. Yes.

20 Q. Now, at page 9 of your surrebuttal,
21 beginning on line 7, you state that if there's no
22 rebasings, the amount of interest related to under- or
23 overcollection of actual fuel and purchase power
24 costs will be much higher and may result in customers
25 paying interest that would not be necessary if the

1 FAC had been rebased; is that correct?

2 A. Correct.

3 Q. Have you done any calculation as to what
4 those interest costs would be to an average
5 residential consumer?

6 A. No.

7 Q. Have you done any order of magnitude as to
8 what those costs would be?

9 A. No.

10 Q. Now, if Staff's proposal is implemented in
11 this case, the 75-25 split, and if the investment
12 community reacts negatively, could that be reflected,
13 that negative investment community reaction, in
14 higher borrowing cost to the Company?

15 A. I don't know.

16 Q. Have you done any analysis of the
17 potential increases in additional borrowing costs
18 that could burden the Company and its ratepayers?

19 A. It's not in my area of responsibility, no.

20 Q. Now, in your surrebuttal at page 16, you
21 state that GMO would benefit more from increased
22 off-system sales revenues under Staff's proposal than
23 it would under the current 95-5 sharing mechanism; is
24 that correct?

25 A. Correct.

1 Q. And you go on to quote Mr. Rush's cost of
2 service rebuttal regarding GMO being permitted to
3 retain a portion of the off-system sales as creating
4 an incentive to pursue them; is that correct?

5 A. Yes.

6 Q. Do you agree that permitting GMO to retain
7 some portion of its off-system sales margin would be
8 a proper incentive to encourage the Company to manage
9 its fuel costs effectively?

10 A. It could be.

11 Q. Now, it's your surrebuttal on page 17, you
12 set forth the amount of money that GMO undercollected
13 when it was Aquila during the years 2004 through
14 2006. Do you see that?

15 A. Yes.

16 Q. And what figure is that?

17 A. Are you asking for the dollar amount?

18 Q. Yes, sir. Is it \$116 million?

19 A. Yes.

20 Q. Okay. Do you have an opinion whether that
21 contributed to Aquila's financial problems during
22 that time?

23 A. I'm sure it did.

24 Q. Now in June of 2007, after the passage of
25 Senate Bill 197 that became Section 386.266, since

1 the time that that fuel adjustment clause was
2 implemented, you stated that there was \$121 million
3 of undercollections; is that correct?

4 A. That's my analysis, yes.

5 Q. And your opinion is that customers paid
6 \$115 million and GMO paid approximately \$6 million;
7 correct?

8 A. Correct.

9 Q. Okay. So Staff would like to go back to
10 the days of at least greater undercollections that
11 would not be recovered by the Company. Is that a
12 fair statement?

13 A. Yes.

14 Q. Isn't it true that Staff's proposal on
15 this case is not consistent with the spirit of Senate
16 Bill 179 where the legislature believed that cost
17 recovery for prudent fuel expenses made by electric
18 utilities was a good thing?

19 A. I'm not really familiar with the
20 legislation itself. You know, I've been here two
21 years and I've been working with the rule, but I'm
22 not familiar with the legislation or the history
23 behind it.

24 Q. Now, Mr. Rogers, I know earlier in your
25 career you worked for some other investor-owned

1 utilities.

2 A. Yes.

3 Q. Did you offer any opinions on fuel
4 adjustment clauses to the California, Arizona, or
5 Arkansas commissions?

6 A. No.

7 Q. Did you offer any opinions with regard to
8 what we call here in Missouri the purchase gas
9 adjustment and then the follow-up in audit process?
10 Did you ever offer any opinions on those mechanisms
11 in the other jurisdictions where you testified?

12 A. No.

13 MR. ZOBRIST: That's all I have, Judge.

14 JUDGE DIPPELL: As I said earlier, there
15 are no questions from the bench.

16 Is there redirect?

17 MR. WILLIAMS: Yes, Judge.

18 REDIRECT EXAMINATION BY MR. WILLIAMS:

19 Q. Mr. Rogers, do you recall when Mr. Zobrist
20 directed you to page 9 of your rebuttal testimony at
21 line 21?

22 A. What page?

23 Q. Let me double-check, because my notes are
24 not matching up with what I was looking for.

25 Mr. Rogers, do all of KCP&L Greater

1 Missouri Operations companies net fuel costs flow
2 through its fuel adjustment clause?

3 A. I believe so, yes.

4 Q. So KCP&L Greater Missouri Operations
5 Company doesn't recover any of its net fuel costs in
6 its general rates?

7 A. Oh, yes they do.

8 Q. Well, then let me ask you the first
9 question again: Do all of KCP&L Greater Missouri
10 Operations Companies have fuel costs flow through its
11 fuel adjustment clause?

12 A. No, only the over- or undercollection
13 does.

14 Q. When you say over- or undercollection,
15 what do you mean by that?

16 A. It's the -- an overcollection would occur
17 when the revenue through permanent rates exceeds --
18 or excuse me -- when the revenue recovery for base
19 energy costs in the permanent rates exceeds the
20 amount of actual base energy cost experienced during
21 a recovery -- during an accumulation period.

22 Q. When you're talking about the over-
23 recovery, are you talking about recovery through
24 general rates?

25 A. Yes.

1 Q. And you mentioned over-recovery. What
2 about in a situation of under-recovery then?

3 A. Same thing: The under-recovery would flow
4 through the FAC.

5 Q. Then what is the purpose of a fuel
6 adjustment clause?

7 A. Fuel adjustment clause is -- primary
8 purpose is to allow the utility to recover 95 percent
9 of any over- or under-collection amounts through
10 interim rate adjustments between rate cases.

11 Q. Do you recall when Mr. Zobrist asked you
12 some questions regarding Staff's prudence reviews,
13 that you mentioned on page 193 of the Staff's revenue
14 requirement cost of service report that's been marked
15 for identification as GMO 210?

16 A. Yes.

17 Q. And he mentioned some specific case
18 numbers, did he not?

19 A. Yes.

20 Q. Was there a time frame during which --
21 were those cases with reference to particular time
22 periods?

23 A. Yes, they were.

24 Q. And do you know what those time periods
25 were related to each case?

1 A. Both prudence reviews were to cover one
2 year, and so the first prudence review is to cover
3 the first two accumulation periods for the Company's
4 FAC. The second prudence review would be for the
5 accumulation periods three and four.

6 Q. And do you know when the last of those
7 accumulation periods ended then?

8 A. I do. I would have to look it up. Okay.
9 The dates that you're asking for are in my testimony
10 in the class cost of service revenue requirements
11 Staff report on page 193, line 7. The first prudence
12 review covered June 1, 2007 through May 31, 2008, and
13 the second prudence review covered June 1, 2008
14 through May 31, 2009.

15 Q. Has Staff completed any prudence review
16 for any subsequent periods?

17 A. No.

18 MR. WILLIAMS: No further questions.

19 JUDGE DIPPELL: Thank you.

20 Thank you, Mr. Rogers. I believe that
21 concludes your testimony.

22 Is Mr. Kind available at this time?

23 MR. MILLS: Absolutely.

24 JUDGE DIPPELL: Very good. Let me ask if
25 anyone needs a brief break before we start with what

1 appears to be our last witness for the day, or at
2 least I assume when you ask for a break you meant for
3 the rest of the day.

4 MR. WILLIAMS: Not necessarily.

5 JUDGE DIPPELL: Not necessarily?

6 MR. WILLIAMS: Not necessarily.

7 JUDGE DIPPELL: Okay. Well, we'll talk
8 about that after we do Mr. Kind.

9 RYAN KIND,

10 produced, sworn, and examined, testified as follows:

11 JUDGE DIPPELL: Thank you.

12 Go ahead, Mr. Mills.

13 DIRECT EXAMINATION BY MR. MILLS:

14 Q. Would you please state your name for the
15 record.

16 A. My name is Ryan Kind.

17 Q. And by whom are you employed and in what
18 capacity?

19 A. I'm employed by the Missouri Office of the
20 Public Counsel as chief energy economist.

21 Q. Are you the same Ryan Kind who caused to
22 be filed in this case rebuttal testimony?

23 A. Yes.

24 Q. And for your information, your testimony
25 has been marked as Exhibit 403. Do you have any

1 additions or corrections to make to your rebuttal
2 testimony?

3 A. Yes, I have just one. Due to an event
4 that occurred subsequent to the time that I wrote and
5 finalized this testimony, I have a change to make on
6 page 4 of my testimony in line 15. And that change
7 is that the answer to question there in line 15 was
8 "no," and that answer should be changed to "yes,"
9 and, in addition, I would insert the following
10 sentence after that "yes" -- the sentence insert
11 would be read, This was communicated to the
12 Commission in GMO's January 18, 2011 IRP filing. And
13 I just explain that change is made to make my answer
14 accurate in light of the January 18, 2011 filing.

15 Q. Do you have any other changes?

16 A. No.

17 Q. With that change, if I were to ask you the
18 same questions that are contained in your rebuttal
19 testimony here today, would your answers be the same?

20 A. Yes.

21 Q. And are those answers true and correct to
22 the best of your knowledge, information, and belief?

23 A. Yes, they are.

24 MR. MILLS: Judge, with that I will offer
25 GMO 403 and tender the witness for cross-

1 examination.

2 JUDGE DIPPELL: Would there be any
3 objection to GMO 403 as corrected?

4 MR. ZOBRIST: No objection.

5 JUDGE DIPPELL: Seeing none, then I will
6 admitted it.

7 (GMO Exhibit No. 403 was admitted.)

8 JUDGE DIPPELL: And what cross-examination
9 am I going to have for Mr. Kind? Just the Company?

10 MR. ZOBRIST: Company does not have any
11 questions.

12 JUDGE DIPPELL: All right. If there is no
13 cross-examination for Mr. Kind then --

14 MR. MILLS: I have no redirect.

15 JUDGE DIPPELL: And I have no questions
16 for him either, so Mr. Kind, you may step down.
17 Thank you.

18 MR. KIND: Thank you.

19 JUDGE DIPPELL: All right then. Well, it
20 is ten after 11:00, and that has concluded the
21 witnesses on the FAC issue.

22 What is the parties' preference then?
23 You requested earlier a break to have some more
24 settlement discussions. Do we need to have a short
25 break to discuss when we will come back on the

1 record, or are you --

2 MR. WILLIAMS: I think that would probably
3 be good.

4 JUDGE DIPPELL: Okay. Let's go ahead and
5 go off record.

6 (A recess was taken.)

7 JUDGE DIPPELL: We are back on the
8 record. Does someone want to give us an update on
9 the negotiations and where we go from here?

10 MR. WILLIAMS: I think it would be fair to
11 say that we are nearly done with a couple of
12 stipulation and agreements, but there's still a
13 little bit of cleanup, I suppose, that needs to be
14 done to get them in final form, or at least one of
15 them.

16 It's my understanding that Staff does
17 have something to tell the Commission regarding LED
18 lighting issues for KCP&L Greater Missouri Operations
19 Company.

20 JUDGE DIPPELL: Okay.

21 MR. WILLIAMS: Jennifer Hernandez is here
22 and can do that.

23 JUDGE DIPPELL: Okay. Ms. Hernandez, do
24 you want to -- whichever you prefer.

25 MS. HERNANDEZ: Yes, at the end of the

1 KCP&L case, the Staff, along with the Company,
2 entered some language into the record for both the
3 KCP&L and GMO joint issue of LED lighting. We
4 entered that language with the caveat that it was
5 pending final division director approval. We now
6 have that approval, so I just wanted to make the
7 record clear on that and that there is an agreement
8 as to that language now.

9 JUDGE DIPPELL: Okay.

10 MS. HERNANDEZ: Thank you.

11 JUDGE DIPPELL: Thank you.

12 All right then. So you have tentatively
13 reached an agreement in principle, at least, with
14 regard to the remaining rate design issues?

15 MR. WILLIAMS: It's, I believe, actually,
16 a couple of agreements, but I think they will
17 ultimately resolve all of the remaining issues unless
18 something happens, but I don't expect that to occur;
19 in other words, I expect these agreements to be
20 finalized.

21 JUDGE DIPPELL: Okay. And when are you
22 thinking the actual final documents will be --

23 MR. WILLIAMS: Well, we were shooting for
24 1:30.

25 JUDGE DIPPELL: Okay. So by tomorrow.

1 MR. MILLS: Yeah. I would think we can --
2 we have the right people here. I think we can
3 finalize this within a matter of minutes, really.

4 MR. FISCHER: Judge, I would also mention
5 we tried the Lee's Summit lighting issue earlier.

6 JUDGE DIPPELL: Yes.

7 MR. FISCHER: I think this should resolve
8 that issue as well.

9 JUDGE DIPPELL: All right. So how do you
10 want to proceed today? You've got some exhibits that
11 you would like to offer at this time, or do you want
12 to wait until your agreement is finalized?

13 MS. CUNNINGHAM: I would like to introduce
14 the prefiled GMO rate design class cost of service
15 testimony of Paul Normand on behalf of the Company at
16 this time.

17 MR. MILLS: Judge, I don't have any
18 objection to admitting the rate design exhibits into
19 the record now. You're here. We've got a court
20 reporter here, and if things go as expected, we won't
21 need either you or the court reporter to come back,
22 so as long as we're here, I think we might as well do
23 all the exhibits.

24 JUDGE DIPPELL: Okay.

25 MS. CUNNINGHAM: And that would entail GMO

1 Exhibits 28, 29, and 30 that I would offer into
2 evidence at this time.

3 JUDGE DIPPELL: And would there be any
4 objection to Exhibits GMO 28, 29, and 30?

5 MR. WOODSMALL: Your Honor, in the KCP&L
6 case we have a standing objection, which allowed
7 those to be offered and accepted, but no waiver of
8 cross-examination in case the Commission does reject
9 the stipulation for some reason and still come back
10 and do that, and I'd ask to make that a standing
11 objection.

12 JUDGE DIPPELL: I will continue that
13 objection, and I will assume that will be the thing
14 for all of the parties for each of the exhibits on
15 this issue.

16 MR. COOPER: Your Honor, similarly, MGE
17 would offer the testimony of Mr. Noack, who has not
18 appeared prior to today in either of the hearings,
19 and the Exhibit Numbers that we would offer would be
20 GMO 2202, 2204, KCP&L 2202 and KCP&L 2204.

21 JUDGE DIPPELL: Okay. And let me --
22 before I forget, I will admit Exhibits 28 and 29 and
23 30, GMO 28, 29, and 30 with those objections, and
24 those being objections will, like I say, apply for
25 all of the parties to each of these should the

1 Commission reject any stipulation and agreement on
2 these issues.

3 (GMO Exhibit Nos. 28, 29, and 30 were admitted.)

4 JUDGE DIPPELL: And then with that, would
5 there be any objection to KCP&L 2202, and 2204 and
6 GMO 2202 and 2204?

7 None other than the standing objection.
8 With that, I will admit those exhibits.

9 (KCP&L Exhibit Nos. 2202 and 2204 and GMO
10 Exhibit Nos. 2202 and 2204 were admitted.)

11 JUDGE DIPPELL: Who's next?

12 MR. MILLS: I have just one. GMO 404,
13 which is the direct testimony of Barbara A.
14 Meisenheimer.

15 JUDGE DIPPELL: I'm sorry. What was the
16 number?

17 MR. MILLS: I believe it's 404.

18 JUDGE DIPPELL: Right. Okay. Would there
19 be any objection other than the standing objection to
20 GMO 404?

21 (No response.)

22 JUDGE DIPPELL: Seeing none, then it is
23 admitted.

24 (GMO Exhibit No. 404 was admitted.)

25 JUDGE DIPPELL: Staff has additional

1 exhibits?

2 MR. WILLIAMS: Yes, Judge. Staff offers
3 GMO 211, which is Staff's rate design report.
4 Portions have already been admitted, but I offer its
5 entirety at this time.

6 JUDGE DIPPELL: Would there be any
7 additional objections to Staff's report -- I'm
8 sorry. That was number 211; correct?

9 MR. WILLIAMS: Yes.

10 JUDGE DIPPELL: -- No. 211?

11 (No response.)

12 JUDGE DIPPELL: Seeing none then, I will
13 admit GMO 211.

14 (GMO Exhibit No. 211 was admitted.)

15 MR. WILLIAMS: Staff also offers at this
16 time the direct testimony of Michael Sheperle, which
17 has been marked for identification as GMO 242, the
18 rebuttal testimony of Michael Sheperle, which has
19 been marked for identification as 243, and the
20 surrebuttal testimony of Michael Sheperle, which has
21 been marked as GMO 244.

22 JUDGE DIPPELL: Would there be any
23 additional objection besides the standing objection
24 to GMO 242, 243, and 244?

25 (No response.)

1 JUDGE DIPPELL: Seeing none, then I will
2 admit those.

3 (GMO Exhibit Nos. 242, 243, and 244 were admitted.)

4 MR. WILLIAMS: I also offer at this time
5 the direct testimony of Kurt Wells, which has been
6 marked for identification as GMO 248.

7 JUDGE DIPPELL: Would there be any
8 objection to GMO 248?

9 (No response.)

10 JUDGE DIPPELL: Seeing none other than our
11 standing objection, I will admit those -- or that
12 document. I'm sorry.

13 (GMO Exhibit No 248 was admitted.)

14 MR. WILLIAMS: Judge, I believe there's
15 some other testimony that has not yet been entered
16 into the record that pertains to issues that have
17 settled earlier that pertain to Kansas City Power &
18 Light -- or KCP&L Greater Missouri Operations
19 Company. And there may be other testimony that has
20 not as well. I'm not certain, but according to my
21 records, which may not be correct, has the
22 surrebuttal testimony of Paul A. Harrison, which has
23 been marked for identification as GMO 222 -- has not
24 yet been offered and received?

25 JUDGE DIPPELL: It has not.

1 MR. WILLIAMS: Staff offers GMO 222.

2 JUDGE DIPPELL: Would there be any
3 objection to GMO 222?

4 (No response.)

5 JUDGE DIPPELL: Seeing none, I will admit
6 that.

7 (GMO Exhibit No. 222 was admitted.)

8 MR. WILLIAMS: And then the rebuttal
9 testimony and surrebuttal testimony of Keith Majors,
10 which are marked for identification as GMO 229 and
11 GMO 230. Staff offers those, if it's not already
12 been admitted.

13 JUDGE DIPPELL: I have those as being
14 admitted on Monday.

15 MR. WILLIAMS: Thank you, Judge.

16 The surrebuttal testimony of Amanda
17 McMillin, which has been marked for identification as
18 GMO 234. I offer that at this time.

19 JUDGE DIPPELL: Would there be any
20 objection to GMO 234?

21 Seeing none, I will admit that.

22 (GMO Exhibit No. 234 was admitted.)

23 MR. WILLIAMS: The surrebuttal testimony
24 of Bret Prenger, which has been marked for
25 identification as GMO 237, I offer that at this time.

1 JUDGE DIPPELL: Would there be any
2 objection to GMO 237?

3 (No response.)

4 JUDGE DIPPELL: Hearing none, I will admit
5 that.

6 (GMO Exhibit No. 237 was admitted.)

7 MR. WILLIAMS: Judge, in addition to the
8 prefile testimony, as you may recall, Mr. Sheperle
9 omitted a couple of schedules from his surrebuttal
10 testimony.

11 JUDGE DIPPELL: Yes.

12 MR. WILLIAMS: And his surrebuttal
13 testimony has been marked for identification as GMO
14 244. I propose that the two schedules be marked as
15 GMO 244-A and 244-B, and I offer those schedules,
16 those exhibits, at this time.

17 JUDGE DIPPELL: And does the court
18 reporter -- do you have copies of those for the court
19 reporter?

20 MR. WILLIAMS: I'll provide them. I have
21 them right here.

22 JUDGE DIPPELL: Those were schedules that
23 were previously filed in a motion that I granted at
24 the beginning of the hearing. Would there be any
25 objection to Exhibits 244-A and 244-B? That's GMO

1 244-A and 244-B.

2 (No response.)

3 JUDGE DIPPELL: So was there any
4 contemplation of an objection, Mr. Mills?

5 MR. MILLS: No.

6 JUDGE DIPPELL: Seeing none then, I will
7 admit those.

8 (GMO Exhibit Nos. 244-A and 244-B were admitted.)

9 MR. WILLIAMS: Judge, do your records
10 reflect now that Staff has offered all of its
11 prefiled exhibits for the GMO case?

12 JUDGE DIPPELL: I believe so.

13 MR. FISCHER: I would ask a similar
14 question for the Company.

15 JUDGE DIPPELL: Yeah, I will -- let me
16 double-check. Let me just start at the top of my
17 list with the Company. I show that all of the
18 Company's prefiled exhibits have been offered and
19 admitted.

20 MR. FISCHER: Thank you.

21 JUDGE DIPPELL: And I show that all of
22 Staff's prefiled exhibits have been offered and
23 admitted.

24 But I do not show all of OPC's -- I do
25 not show that Mr. Robertson's testimony for GMO was

1 offered and admitted.

2 MR. MILLS: And I would propose to offer
3 at this time -- I believe that would be GMO 401 and
4 402.

5 JUDGE DIPPELL: Yes, and it's possible
6 that that could have been admitted in the last
7 hearing, but I don't show it on my list.

8 MR. MILLS: I think Mr. Robertson's issues
9 in the GMO hearing settled, and so he would not have
10 taken the stand, so it probably has not been
11 offered. I would like to offer it at this time.

12 JUDGE DIPPELL: Okay. Would there be any
13 objection to GMO 401 and 402?

14 (No response.)

15 JUDGE DIPPELL: Hearing none, then I will
16 admit those documents.

17 (GMO Exhibit Nos. 401 and 402 were admitted.)

18 JUDGE DIPPELL: I also do not show that
19 Mr. Brubaker's testimony has been offered.

20 MR. WOODSMALL: You're correct, your
21 Honor. I believe that's GMO 1406 through 1408. Is
22 that correct?

23 JUDGE DIPPELL. Yes.

24 MR. WOODSMALL: At this time we'd offer
25 that, those pieces of testimony.

1 JUDGE DIPPELL: Would there be any
2 objection to GMO 1406, 1407, and 1408?

3 (No response.)

4 JUDGE DIPPELL: Hearing none then I will
5 admit those.

6 (GMO Exhibit Nos. 1406, 1407
7 and 1408 were admitted.)

8 MR. WOODSMALL: Do you show that Mr. Meyer
9 and Mr. Gorman's testimony, 1401 through 1405, have
10 all been admitted?

11 JUDGE DIPPELL: Yes.

12 MR. WOODSMALL: Thank you, your Honor.

13 JUDGE DIPPELL: Mr. Gorman's being during
14 the first weeks of KCP&L hearings.

15 MR. WOODSMALL: Correct.

16 JUDGE DIPPELL: And I show all of MGE's
17 being admitted. I do not show Missouri Retailers
18 Association's, Mr. Grabinski's testimony, as being
19 offered. Anyone?

20 MR. SCHWARZ: I would offer
21 Mr. Grabinski's testimony at this stage. I'd
22 actually ask the Commission to take notice of the
23 testimony and schedules that were admitted in the
24 0355 case.

25 JUDGE DIPPELL: Are they different than

1 the --

2 MR. SCHWARZ: No, they are precisely the
3 same.

4 JUDGE DIPPELL: So let me just ask that
5 again. Are they the -- these were all of the common
6 issues in Mr. Grabinski's testimony?

7 MR. SHWARZ: Correct.

8 JUDGE DIPPELL: Are the exhibits exactly
9 the same, just with different numbers?

10 MR. SCHWARZ: I think we did them
11 jointly. We did the same -- we did both numbers on
12 the testimony, so it says ER-2010-0355 and 2010-0356.

13 JUDGE DIPPELL: Okay. I guess I'm just
14 asking --

15 MR. SCHWARZ: Do you want me to submit all
16 of that paper again?

17 JUDGE DIPPELL: I don't want it to be in
18 there twice, if it's the same thing.

19 MR. SCHWARZ: It is the same thing.

20 JUDGE DIPPELL: And it has basically
21 already been admitted.

22 MR. SCHWARZ: Yes, ma'am.

23 JUDGE DIPPELL: All right. Then let's
24 just leave it that way and not bulk up the record
25 anymore.

1 And I show all of Dogwood's having
2 been -- Lee's Summit, and that's the only premarked
3 exhibits that I had.

4 Is there anything else that you-all need
5 to put on the record at this time? Mr. Dottheim.

6 MR. DOTTHEIM: Yes, there's another
7 outstanding matter. I'm glad to see that Mr. Fischer
8 is here. I mentioned it earlier in the day to him,
9 and it goes to the Iatan issues. There were three
10 depositions -- I addressed this at the end of the
11 hearings on the KCP&L, the 0355 case -- the
12 depositions of Mr. Terry Bashem, Ms. Denise Shumaker,
13 and Mr. David McDonald.

14 The Commission had ruled in those three
15 cases that the depositions as specified and
16 responded -- as specified by the Staff and responded
17 to by the Company and ruled by the Commission would
18 be received into evidence in lieu of the three
19 individuals taking the stand.

20 I have submitted to KCPL a draft pleading
21 identifying a portion of Mr. Bashem's testimony and
22 the entirety of Ms. Shumaker's and Mr. McDonald's
23 testimony for receipt into evidence. The depositions
24 need to be reviewed by KCPL for determination as to
25 what portions the Company might seek to designate as

1 highly-confidential or proprietary, and there are
2 also exhibits regarding Ms. Shumaker's and
3 Mr. McDonald's depositions for which that
4 determination must be made, so that is still pending,
5 and hopefully that should be resolved shortly.

6 JUDGE DIPPELL: So are you proposing to
7 mark those as exhibits?

8 MR. DOTTHEIM: Yes. I proposed that to
9 KCPL. I'm waiting to hear back if they have some
10 other proposal, but I -- frankly, waiting to see if
11 they have some other suggestion other than marking
12 the depositions as exhibits and the deposition
13 exhibits as either schedules or in some other manner
14 for receipt into evidence.

15 JUDGE DIPPELL: Mr. Fischer?

16 MR. FISCHER: We'd be happy to do it
17 however the judge would like. I think the latter
18 makes some sense, to mark the depositions as exhibits
19 and then the other exhibits to the depositions as
20 schedules. That's fine.

21 We do need to review the highly-
22 confidential information yet. We have not had the
23 time to do that.

24 MR. DOTTHEIM: And that is because I have
25 been tardy in getting those materials to the Company,

1 exhibits in both cases.

2 JUDGE DIPPELL: Yeah.

3 MR. WILLIAMS: I don't have an issue
4 with the number. I just wanted some
5 clarification.

6 JUDGE DIPPELL: Yeah. No, you're
7 correct, because to stay consistent -- and we
8 may never do it this way again given the
9 confusion it has caused, but to stay consistent,
10 you're right. That would actually be giving
11 that a KCP&L number, so let me get the next
12 three on the KCP&L number.

13 Okay. I show the next numbers for
14 KCP&L would be 298, 299, and 300. 300 doesn't
15 go into somebody else's exhibit number, does
16 it? No, I don't think so.

17 MR. MILLS: We don't start until 400.
18 I don't think there's anybody in the 300s.

19 JUDGE DIPPELL: I think 300s were
20 reserved for Staff as well.

21 So instead of the GMO numbers that I
22 previously said, we will designate those as 298,
23 299, and 300 in the same order. And when those
24 are submitted, I will send out a notice saying
25 about response times for any objections to that.

1 Is there anything else that needs to
2 be included in the record today?

3 MR. DOTTHEIM: Yes. One other
4 thing. There is an impending true-up filing in
5 both the KCP&L and the GMO cases next week. The
6 Staff previously made a filing -- Mr. Williams
7 did -- on February 9 titled, Staff Notice
8 Regarding True-up Information. I don't know
9 whether he had anything to further address with
10 that. I have a not-unrelated item, if he has
11 nothing to address further regarding that
12 matter.

13 MR. WILLIAMS: I do not. I haven't
14 heard from Staff if we've gotten the information
15 that we notified the Commission we hadn't
16 received as of that time.

17 MR. FISCHER: Judge, it's my
18 understanding that information now has been
19 provided. I think the Company is hoping to yet
20 file a response to that notice probably yet
21 today.

22 MR. DOTTHEIM: And without having
23 visited with the Staff, that doesn't necessary
24 address the issue of whether that information
25 has been provided in a timely-enough basis for

1 the Staff to process that information in time
2 for the filing next week, so the mere provision
3 of the information, depending upon when it was
4 provided, may not have resolved the issue.

5 And that information that I believe
6 Mr. Williams filed that notice on was, I think,
7 basically nonIatan-related. The Company
8 objected on February 4 as part of the Staff's
9 Iatan true-up. The Company objected to three
10 Staff data requests.

11 I addressed those data requests with
12 Mr. Steiner last Friday and on Monday of this
13 week. With the subsequent events of the week, I
14 haven't had a chance to visit with him further.
15 The Staff was somewhat at a loss as to how to
16 deal with the issue to begin with in that with
17 the shortness of the time for the true-up and
18 the length of time that dealing with discovery
19 objections may take, but I don't know if that
20 matter might resolve itself or whether it will
21 be reflected in some manner or another in the
22 true-up, but I just thought I might note that in
23 passing.

24 And again, these matters in the --
25 regarding the provision of information when it

1 comes to a true-up, when the information is not
2 timely provided, but even if it is ultimately,
3 that is, the information is ultimately provided,
4 depending upon when it is provided determines
5 whether it can be processed or not in time for
6 the true-up, so that's --

7 MR. FISCHER: Judge, I just might
8 note, I guess, that we are planning to answer
9 those three DRs Mr. Dottheim just referenced,
10 hopefully today or tomorrow, and that should not
11 be an issue that the judge has to deal with.

12 JUDGE DIPPELL: Well, and I will say
13 that, you know, as with any discovery dispute,
14 if it is -- you know, time is of the essence,
15 then you need to go through the proper channels
16 and bring that to the judge's attention and let
17 them know that you need an answer by "X" date or
18 it's going to interfere with your testimony
19 filing and so forth so that we can get those
20 things all T'd up appropriately before the
21 Commission, if needed.

22 MR. DOTTHEIM: Thank you.

23 JUDGE DIPPELL: Mr. Williams.

24 MR. WILLIAMS: I was just going to
25 say, Staff, I think, will make a timely filing,

1 but what is filed may change depending on what
2 information's available because the purpose of
3 the true-up is to update for several areas, not
4 just one or two.

5 JUDGE DIPPELL: And I understand
6 that, and I understand -- we received your
7 notice about the issue before, but if you're
8 going to need more time, you're going to have to
9 ask for it so -- but I guess this is what I'm
10 saying is --

11 MR. FISCHER: And Judge, I think as I
12 mentioned, we'd like to file a response to that
13 to explain the nature of this information.

14 JUDGE DIPPELL: In any event, is
15 there anything else? Any other scheduling
16 issues or matters of the true-up? Is two days
17 going to be sufficient for true-up? That's both
18 cases. That's what's set right now.

19 MR. DOTTHEIM: That is yet to be
20 seen.

21 JUDGE DIPPELL: Okay. We may be down
22 to crunch time.

23 Also with regard to the briefing
24 schedule, earlier this week Commissioner Davis
25 showed some interest in expediting a portion of

1 this hearing, the one issue on the tax credit
2 issue. I believe the Commission may be
3 discussing that at their agenda next week, so
4 just keep in mind you may be seeing something
5 about briefing an issue early.

6 I have asked the court reporter from
7 that day to speed up that transcript a little
8 bit, but at this point I have not expedited the
9 other transcripts from this week's hearing.

10 MR. WOODSMALL: As you mentioned a
11 briefing schedule, will that be set after the
12 transcripts are finished --

13 JUDGE DIPPELL: Well, right now it is
14 set.

15 MR. WOODSMALL: Oh.

16 JUDGE DIPPELL: It was ordered in the
17 procedural order.

18 MR. WOODSMALL: I'm always one
19 behind. Do you have dates?

20 MR. DOTTHEIM: The initial brief was
21 due yesterday, David.

22 MR. WOODSMALL: Judging from me, we
23 are all in trouble.

24 JUDGE DIPPELL: Judge Pridgen would
25 like those yesterday, for sure.

1 The way it's set in the order is
2 initial post-hearing briefs on March 10, both --
3 and the briefs are the same for both cases --
4 reply briefs on March 18, and proposed findings
5 of fact and conclusions of law optional, but
6 very, very welcome.

7 Is there anything else? I think I
8 had -- the Company was going to be looking into
9 the HC status of some exhibits or testimony. We
10 were -- Ms. Hardisty was on the stand at the
11 time, but I didn't write down which thing that
12 was, and there are some late-filed exhibits and
13 so forth that will be coming in, and I will set
14 a response time for those things, and that's
15 needed.

16 And I think that that is all, then.
17 I hope that your settlement goes through as you
18 planned so that you're not trying to run back in
19 here at the last minute, but I thank you-all for
20 your cooperation this week. Thank you.

21 We can go off the record.

22 (WHEREUPON, the hearing adjourned.)

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CERTIFICATE

I, Nancy L. Silva, RPR, a Certified Court Reporter, CCR No. 890, the officer before whom the foregoing hearing was taken, do hereby certify that the witness whose testimony appears in the foregoing hearing was duly sworn; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Nancy L. Silva, RPR, CCR

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16	Company Pleading	4421	4423
17			
18	STAFF EXHIBITS:		
19	GMO Exhibit No. 211		
20	Class Cost of Service Report		4469
21	GMO Exhibit No. 222		
22	Surrebuttal Testimony of Paul Harrison		4502
23	GMO Exhibit No. 234		
24	Surrebuttal Testimony of Amanda McMillin		4502
25	GMO Exhibit No. 237		
26	Surrebuttal Testimony of Bret Prenger		4503
27			
28			
29			
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31			
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	EXHIBITS (cont)	MARKED	RECD
1			
2			
3	GMO Exhibit No. 242		
	Direct Testimony of Michael Sheperle		4501
4			
	GMO Exhibit No. 243		
5	Rebuttal Testimony of Michael Sheperle		4501
6			
	GMO Exhibit No. 244-A		
	Michael Sheperle Schedule		4504
7			
	GMO Exhibit No. 244-B		
8	Michael Sheperle Schedule		4504
9			
	GMO Exhibit No. 248		
	Direct Testimony of Kurt Wells		4501
10			
	KCP&L Exhibit No. 298-HC		
11	Late-Filed		
	Deposition of Terry Bashem		
12			
	KCP&L Exhibit No. 299-HC		
13	Late-Filed		
	Deposition of Denise Shumaker		
14			
	KCP&L Exhibit No. 300-HC		
15	Late-Filed		
	Deposition of David McDonald		
16			
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18			
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