

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

AG PROCESSING INC A COOPERATIVE,)	
Complainant,)	
)	
vs.)	HC-2010-0235
)	
KCP&L GREATER MISSOURI OPERATIONS)	
COMPANY,)	
Respondent.)	

LIST OF ISSUES, WITNESSES AND ORDER OF CROSS

Comes now Complainant AG Processing Inc a Cooperative ("AGP") and pursuant to the Commission's Scheduling Order of July 16, 2010 and responds as follows:^{1/}

I. LIST OF ISSUES

- A. Given that the Quarterly Cost Adjustment ("QCA") mechanism contained in the Stipulation approved in Case No. HR-2005-0450 included a price volatility mitigation mechanism, was Aquila/GMO imprudent in implementing a natural gas steam hedging program in order to mitigate price volatility?

- B. Given that a price volatility mitigation mechanism was established in the Stipulation approved in Case No. HR-2005-0450, was Aquila/GMO imprudent in failing to take

^{1/} AGP regrets that a combined statement of issue could not be submitted. A draft listing of issues was transmitted to GMO attorneys and Staff on 11/3/2010, but no response ensued until 3:00 p.m. on 11/5, when AGP counsel was telephonically advised by GMO counsel that GMO's attorneys had not yet heard from their client. GMO counsel suggested that separate issue lists be filed. At 4:05 p.m. GMO counsel called again to advise that they had just received an issue listing from their client. In the experience of undersigned counsel it would not have been possible to reconcile the differences in listings consistent with the filing deadline. Although briefly discussed, no agreement was reached regarding seeking to defer filing until the following business day.

into appropriate consideration that mitigation mechanism before proceeding to implement a financial hedging program for natural gas fuel that was used to raise steam?

- C. Given that a price mitigation mechanism was approved by the Commission in the Stipulation in Case No. HR-2005-0450 and that there were only six steam customers, was Aquila/GMO imprudent in failing to discuss its proposed steam hedging program with its customers before implementing such a program?
- D. Given that natural gas is used as a "swing" fuel for raising steam and that analysis is required to establish the amount of natural gas to be hedged, was Aquila/GMO imprudent in adopting a steam hedging program design without analyzing the nature of its natural gas usage and quantifying the amount of natural gas fuel that should have been subject to any steam hedging program?
- E. Given that analysis is required to establish the amount of natural gas to be hedged for use as a "swing" fuel, did Aquila/GMO act imprudently in failing to analyze the nature of natural gas usage and the quantity to be hedged and in failing to properly use information purportedly obtained from consultations with its customers regarding their projected steam usage resulting in forecasts that were over twice the actual usage in many months?
- F. Given that Aquila/GMO claimed to be seeking to mitigate price volatility through its hedging program, did Aquila/GMO act imprudently in making a forecast of natural gas usage requirements that was two or more times actual usage thereby creating volatility in fuel costs and price spikes that moved prices up in a market when they should have been going down?
- G. Given that Aquila/GMO claimed to be seeking to mitigate price volatility through its hedging program, did Aquila/GMO act imprudently by implementing a hedge program that sold puts for profit thereby contributing to costs of a steam hedging program that caused a spike in the October 2006 cost of natural gas and that was counterproductive to the stated volatility mitigation purpose of the hedge program?
- H. Given that a forecast of natural gas usage was shown by actual consumption to have been excessive, did Aquila/GMO act imprudently in not adjusting its natural

gas usage forecast and its hedging program in response to actual consumption data?

- I. Given that divergence between actual steam sales and the Aquila/GMO budget first became manifest in 2006 and continued to be manifest in 2007, was Aquila/GMO imprudent in not adjusting its natural gas steam fuel hedging program to be more aligned with actual experience?
- J. What is the amount that is subject to refund to steam customers for the 2006 collection period?
- K. What is the amount that is subject to refund to steam customers for the 2007 collection period?

II. **LIST OF WITNESSES**

A. AGP

- 1. Donald E. Johnstone

B. GMO

- 1. Timothy Rush
- 2. Edward Blunk
- 3. Gary L. Clemens
- 4. Joseph G. Fangman
- 5. Gary Gottsch

III. **PROPOSED ORDER OF CROSS-EXAMINATION**

A. AGP Witnesses

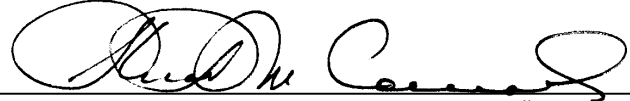
- 1. Commission Staff
- 2. GMO

B. GMO Witnesses

- 1. Commission Staff
- 2. AGP

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.

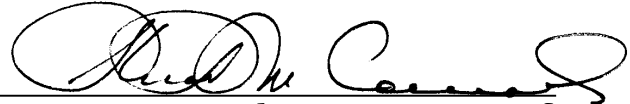


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ATTORNEYS FOR AG PROCESSING INC.

SERVICE CERTIFICATE

I certify that I have served a copy of the foregoing pleading upon identified representatives of the parties hereto per the EFIS listing maintained by the Secretary of the Commission by electronic means as an attachment to e-mail, all on the date shown below.



Stuart W. Conrad, an attorney for
Ag Processing Inc a Cooperative

November 5, 2010