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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

CARY G. FEATHERSTONE

**KCP&L GREATER MISSOURI OPERATIONS COMPANY
(L&P STEAM OPERATIONS)
CASE NO. HR-2009-0092**

**Jefferson City, Missouri
February 2009**

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KCP&L GREATER MISSOURI OPERATIONS COMPANY
(L&P STEAM OPERATIONS)
CASE NO. HR-2009-0092

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1 increases, earnings investigations, and complaint cases as well as cases relating to mergers
2 and acquisitions and certification cases.

3 Q. Have you previously testified before this Commission?

4 A. Yes. Schedule 1 to this testimony is a list of rate cases in which I have
5 submitted testimony. In addition, I also identify in Schedule 1 other cases where I directly
6 supervised and assisted Commission Staff in audits of public utilities, but where I did not
7 testify.

8 Q. With reference to Case No. HR-2009-0092, have you examined and studied
9 the books and records of KCP&L Greater Missouri Operations Company regarding its steam
10 operations?

11 A. Yes, with the assistance other members of the Commission Staff (Staff).

12 Q. What knowledge, skill, experience, training and education do you have with
13 regard to KCP&L Greater Missouri Operations Company's general rate increase tariff filing
14 that is the subject of Case No. HR-2009-0092?

15 A. I have acquired knowledge of the ratemaking and regulatory process through
16 my employment with the Commission. I have participated in numerous rate cases, complaint
17 cases, merger cases and certificate cases, and filed testimony on a variety of topics. I have
18 also acquired knowledge of these topics through review of Staff work papers from prior rate
19 cases filed before this Commission relating to KCP&L Greater Missouri Operations
20 Company (GMO or Company) and its predecessors over a span of many years. I have
21 previously examined generation and generation-related topics, and conducted and
22 participated in several construction audits involving plant and construction records,
23 specifically the costs of construction projects relating to power plants. I have also been

1 involved in the fuel and fuel-related areas for power plant production, purchased power and
2 off-system sales on numerous occasions.

3 I have participated in many electric and steam rate cases involving KCP&L Greater
4 Missouri Operations Company (GMO), Kansas City Power & Light Company's new
5 affiliate, when it was named Aquila, Inc., and before that UtiliCorp United, Inc. (UtiliCorp).
6 Before UtiliCorp acquired St. Joseph Light & Power Company (Light & Power Company or
7 SJLP) in December 2000, I participated in electric, natural gas and steam rate cases involving
8 those operations. Aquila operated its Missouri utility systems under the names Aquila
9 Networks-MPS (MPS) and Aquila Networks-L&P (L&P electric and L&P steam). After
10 Great Plains Energy Inc. acquired GMO on July 14, 2008, GMO maintains MPS and L&P
11 electric and L&P steam for regulatory purposes. MPS and L&P electric and L&P steam have
12 separate rate structures and separate rate tariffs under which they operate.

13 Since GMO became an affiliate of KCPL, both affiliated entities have engaged in
14 much consolidation of their operations; essentially, operationally, KCPL runs GMO.
15 Therefore, specifically, as to this rate case, I reviewed testimony, work papers and responses
16 to data requests from both KCPL and GMO, along with prior documents such as data request
17 responses and work papers from Aquila for the pre-acquisition MPS, L&P and L&P steam
18 entities that support the rate filings. I conducted and participated in interviews of KCPL and
19 GMO personnel relating to this rate case and performed extensive discovery concerning
20 aspects of the construction and operation of GMO's electric operations. Over the years
21 I have had many discussions with GMO and KCPL regarding both of these entities' rate case
22 & regulatory activities, earnings reviews, regulatory plan, and merger, acquisition and sale
23 transactions, and only for KCPL de-commissioning trust funds for Wolf Creek.

1 I also participated in the 1996 merger application of KCPL and Aquila to consolidate
2 their operations and also, after that merger did not close, the two failed attempts of KCPL
3 and Westar Energy (then called Western Resources) to merge in 1998 and 1999.

4 **EXECUTIVE SUMMARY**

5 Q. Please summarize your testimony.

6 A. Curt Wells, of the Commission's Utility Operations Division, and I sponsor
7 Staff's Cost of Service Report in this proceeding that is being filed concurrently with this
8 testimony and the testimony of Mr. Wells. Staff's Cost of Service Report supports Staff
9 recommendation regarding the amount of the rate increases for L&P steam that Staff expects
10 will be needed in this case.

11 I present an overview of the results of Staff's review into the general rate increase
12 request made by GMO on September 5, 2008. Several members of the Commission Staff
13 conducted Staff's review by examining all relevant and material components making up the
14 revenue requirement calculation. These components can be broadly defined as capital
15 structure and return on investment, rate base investment and income statement results
16 including revenues, operating and maintenance expenses, depreciation expense, and related
17 taxes, including income taxes. I provide an overview of the Staff's work on each.

18 Q. At this time, what is Staff's recommendation regarding GMO's requested rate
19 increase?

20 A. Staff recommends that GMO be permitted to increase its electric rates to
21 recover an additional \$1 million per year for 1 for L&P steam. This amount includes an
22 amount for an allowance for known and measurable changes that are expected to occur as
23 result of the true-up in this case.

1 Major plant additions are expected to be completed in the first quarter of 2009 which
2 will result in higher plant investment requiring increases in return, depreciation expenses and
3 operating costs. Other plant additions will be added through the time of the true-up in this
4 case causing costs to increase. Other cost increases will likely include payroll, payroll
5 related benefits such as pensions and medical costs. Maintenance costs are expected to go up
6 for the Commission's new rules on vegetation management and infrastructure inspection and
7 repairs of the distribution and transmission system.

8 Q. What are the major areas of this case?

9 A. The following represent a non-exhaustive list of areas that make up Staff's
10 filing:

- 11 € Rate of Return proposed by Staff
- 12 € Depreciation rates proposed by Staff
- 13 € Fuel costs and purchased power costs
- 14 € Pension costs
- 15 € Acquisition savings and transition costs

16 Q. Did you review any specific components of the revenue requirement
17 calculations for the steam operations of GMO?

18 A. Yes. I addressed the area of the assignment and allocation of costs between
19 the L&P electric and L&P steam to identify the ratebase investment and income statement
20 expenses to the each of those operations.

1 **OVERVIEW OF KCP&L GREATER MISSOURI**
2 **OPERATIONS COMPANY FILING**

3 Q. What is the purpose of your direct testimony?

4 A. Mr. Wells and I present an overview of the results of Staff's review into the
5 general rate increase requests made by GMO on September 5, 2008, and provide an overview
6 of the Staff's work on each component making up Staff's revenue requirement calculations
7 for GMO. Several members of Commission Staff had specific assignments in this rate case
8 and were responsible for the actual calculations used to develop the overall revenue
9 requirements for L&P contained in the Accounting Schedule (the Staff's revenue requirement
10 model is referred to Exhibit Model System or EMS run) being filed as part of Staff's direct
11 case. The revenue requirements are derived from the work product of both the Utility
12 Services and the Operations Divisions and the results are found in Accounting Schedules
13 being separately filed as an exhibit in this case. My direct testimony and that of Mr. Wells,
14 along with the Cost of Service Report and Accounting Schedules, represent the final revenue
15 requirement calculations for MPS and L&P electric and L&P steam. These documents
16 should be reviewed in total in support of Staff's recommendations in this case.

17 Q. Why did Staff audit GMO in this case?

18 A. On September 5, 2008, GMO filed an L&P steam rate case for an increase of
19 \$1.3 million, representing a 7.7% increase, for its steam customers, which are in the area
20 formerly served as Aquila Networks-L&P. This was designated as Case No. HR-2009-0092.

21 On September 5, 2008, GMO filed general rate increase case for its electric
22 operations. The Commission assigned this filing Case No. ER-2009-0090. GMO is seeking
23 a rate increase in the amount of \$66 million, representing a 14.4% increase, for its customers
24 in the area around Kansas City it formerly served as Aquila Networks-MPS. GMO is

1 seeking an increase in the amount of \$17.1 million, representing a 13.6% increase for its
2 electric customers for the area in and around St. Joseph, Missouri is formerly served as
3 Aquila Networks-L&P. GMO's MPS, L&P and L&P steam rate cases are based on a rate of
4 return on equity of 10.75% applied to a 53.82% equity capital structure for their parent
5 company, GPE.

6 Q. Did any affiliate of GMO also file for rate increases in Missouri?

7 A. Yes. GMO's new affiliate, KCPL, also filed for electric rate increase on
8 September 5, 2008, which is designated Case No. ER-2009-0089. KCPL filed tariffs
9 designed to implement an increase in its electric retail rates, exclusive of gross receipts, sales,
10 franchise or occupational fees or taxes, corresponding to a revenue increase of
11 \$101.5 million. This represents an overall 17.5% increase to existing KCPL rates. KCPL
12 proposes a rate of return on equity of 10.75% applied to a 53.82% equity capital structure for
13 its parent, Great Plains Energy Incorporated.

14 Q. When did Staff file direct testimony in the KCPL rate case?

15 A. Staff filed the KCPL electric rate increase case (Case No. ER-2009-0089) on
16 February 11, 2009.

17 **BRIEF HISTORY OF GREAT PLAINS ENERGY**
18 **INCORPORATED AND KCP&L GREATER MISSOURI**
19 **OPERATIONS COMPANY**

20 Q. Please provide a brief history of GPE's utility operations.

21 A. GPE is a holding company that was incorporated in Missouri in 2001. It has
22 two wholly-owned subsidiaries—KCPL and GMO (MPS, L&P and L&P steam)—that
23 provide regulated utility services. It also owns KLT Inc. which has very small non-regulated

1 operations that are presently not active. GPE also wholly owns Great Plains Energy Services
2 Incorporated (GPES). GPES provides corporate services at cost to GPE and its subsidiaries.
3 On December 16, 2008, in a restructuring, all GPE and GPES employees were transferred to
4 KCPL. The employees of KCPL perform all the work for GPE and its subsidiaries, including
5 KCPL and GMO.

6 Q. What is GMO?

7 A. GMO is an integrated, regulated electric utility that provides generation,
8 transmission, distribution and sale of electricity to retail customers in the states of Missouri
9 and, under the jurisdiction of the Federal Energy Regulatory Commission (FERC), also
10 provides wholesale electric service to several municipalities. GMO also provides steam
11 service to a small number of industrial customers in and around its Lake Road Generating
12 Facilities close to downtown St. Joseph, Missouri. GMO is a Missouri corporation
13 incorporated in 2008. The Company, through its predecessors, began providing public
14 electric utility services to customers in the late 19th century.

15 GMO's most recent prior name was Aquila, Inc., and when it had that name it
16 provided utility service about Kansas City as Aquila Networks-MPS and in and about
17 St. Joseph as Aquila Networks-L&P, with different rate schedules for each. The GPE
18 organization is now made up of its KCPL and the former Aquila entities operating in
19 Missouri.

20 In 2000, GMO, then using the name UtiliCorp United, Inc., merged with St. Joseph
21 Light & Power Company. At that time GMO provided service about Kansas City and
22 St. Joseph Light & Power Company provided service in and about St. Joseph. The
23 Commission approved that merger in Case No. EM-2000-292, and the merger closed late

1 December 2000. In obtaining Commission approval for that merger UtiliCorp committed to
2 not changing the SJLP rates in effect in the former SJLP territory although they were lower
3 than UtiliCorp's rates. To do so, UtiliCorp created two operating divisions-- Aquila
4 Networks- MPS ("MPS") for the premerger UtiliCorp Missouri operations and Aquila
5 Networks-L&P ("L&P") for the premerger SJLP operations. The electric rates for MPS and
6 L&P are based on differing costs of service and the books and records kept separate, the
7 electric rates in these areas are still disparate. Even though GMO no longer recognizes the
8 divisional structure, a separation still must be maintained for regulatory purposes because of
9 the separate tariff rates. GMO must continue to maintain separate books and records for each
10 of the former divisional entities of the former Aquila. For ease of reference Staff will refer to
11 MPS and L&P for purposes of these rate cases to refer to separately developing costs of
12 service for the two areas where rates remain disparate.

13 Q. In addition to GMO you have mentioned KCPL would you please briefly
14 describe KCPL?

15 A. KCPL is also a wholly-owned subsidiary of GPE and it provides electricity to
16 customers in Missouri and Kansas and, under the jurisdiction of the Federal Energy
17 Regulatory Commission (FERC), also provides wholesale electric service to several
18 municipalities in both Missouri and Kansas.

19 **STAFF FINDINGS AND RECOMMENDATIONS FOUND IN**
20 **THE COST OF SERVICE REPORT AND ACCOUNTING**
21 **SCHEDULES**

22 Q. How did Staff conduct its audit of GMO?

1 A. Staff interviewed GMO (KCPL) personnel. Staff reviewed GMO's and
2 KCPL's responses to data requests issued in this and other previous cases. Staff reviewed the
3 minutes of meetings of GPE's and KCPL's Boards of Directors as well as the minutes of the
4 former Aquila Board of Directors. Staff relied on GMO's books and records including: the
5 general ledger, plant ledgers and various other documents including the FERC Form 1 for the
6 last several years.

7 Q. What Staff experts were assigned to this case?

8 A. Several Staff experts from the Commission's Utility Services Division were
9 assigned to this case. Their names follow with a brief description of their contribution to the
10 Staff's Cost of Service Report:

11 **Financial Analysis Department--**

12 David Murray -- Rate of Return and Capital Structure

13 **Engineering and Management Services Department--**

14 Rosella L. Schad-- Depreciation Rates

15 **Auditing Department--**

16 Cary G. Featherstone-- Overall Revenue Requirement Results

17 Karen Herrington-- Plant in Service, Accumulated Depreciation Reserve,

18 Depreciation Expense; Operation and Maintenance Expense-- Non-wage

19 V. William Harris-- Fuel Costs, Fuel Inventories,

20 Paul R. Harrison-- Income Taxes, Deferred Income Taxes, Deferred Income Tax

21 Reserve; Pensions and Other Post-Retirement Employment Benefits, Corporate Costs

22 Charles R. Hyneman-- Corporate Costs, merger costs

1 Keith A. Majors-- Payroll, Payroll Related Benefits, Payroll Taxes and Incentive
2 Compensation

3 Bret G. Prenger-- material and supplies, prepayments, advertising and rate case
4 expenses

5 Additionally, Commission Staff experts from the Utility Operations Division were
6 assigned to the development of the revenue requirement as follows:

7 **Operations Division--**

8 David W. Elliott-- Fuel Costs; Planned and Forced Outages

9 Michael J. Ensrud-- Special Contract Revenues

10 Lena M. Mantle-- Fuel Adjustment Clause

11 Thomas A. Solt-- Rate Revenue

12 Curt Wells-- Project Coordinator for Operations Division

13 Each of these Staff experts' work product was used as a direct input to the various
14 adjustments contained in Staff's revenue requirement recommendations for MPS and L&P.

15 Q. Would you provide an overview of how the Staff assigned to this case worked
16 together to arrive at Staff's revenue requirement recommendations for L&P steam?

17 A. All of the Staff members assigned to this case are experts by education and
18 experience in performing their regulatory responsibilities as members of the Commission
19 Staff. Regulatory experts rely on the work of many individual experts who provide inputs as
20 result of individual and collective review and evaluation of the public utility rate filings made
21 before the Commission - in this case by GMO. As such, all inputs developed by these
22 regulatory experts were an integral part of the Cost of Service Report and Accounting
23 Schedule containing the results of Staff findings and recommendations. Mr. Wells and

1 I relied on these findings and recommendations to develop Staff's direct filing. Many of the
2 individual sections presented include references indicating reliance on the work of other
3 contributing experts.

4 As sponsoring witnesses, Mr. Wells and I relied on the work product of every Staff
5 expert assigned to this case. Each Staff expert provided the results of their review and
6 analysis as inputs to the revenue requirement calculation, and is identified in the sections of
7 the report drafted by that expert. An affidavit, credentials, and the qualifications of each
8 Staff expert are attached to the Report. Each Staff expert assigned to the GMO rate cases
9 will provide work papers supporting the findings and recommendations to the Company and
10 any party to the case requesting such be provided. Finally, each Staff expert assigned to this
11 rate case will be available to answer questions and stand cross examination by the
12 Commission and any party requiring information on how Staff's findings and
13 recommendations were developed and presented in the Cost of Service Report and
14 Accounting Schedules.

15 Q. What was your overall responsibility in this case?

16 A. I was one of two project coordinators assigned to identify the work scope for
17 the case, make Staff assignments, and supervise and oversee all work product development.
18 I specifically supervised all areas of the audit work assigned to and the responsibility of the
19 Auditing Department. I worked closely with other Staff experts assigned to this rate case.
20 I worked with the depreciation and rate of return experts as well as the Utility Operations
21 experts assigned to revenues and fuel costs.

22 I have overall responsibility to ensure the revenue requirement calculation using the
23 Staff's computer model is timely completed. This involves all aspects of the elements

1 making up the revenue requirement recommendation. To this end, I, along with those under
2 my direct supervision, either developed directly, or were provided with, the information used
3 to support the revenue requirement calculations.

4 Q. What information was provided to the Auditing Department to develop Staff's
5 revenue requirement recommendations for L&P steam?

6 A. Staff expert David Murray's recommendations from his capital structure and
7 rate of return analyses were provided as an input into the revenue requirement calculations
8 and appears as part of Accounting Schedule 12. His findings are also in Staff's Cost of
9 Service Report, along with his schedules.

10 Staff expert Rosella L. Schad provided the results of her depreciation analysis, which
11 also are reflected in Staff's Cost of Service Report, and in a schedule.

12 Staff experts Thomas A. Solt and Michael J. Ensrud worked closely together and are
13 sponsoring the revenue adjustment results.

14 Staff experts David W. Elliott and V. William Harris worked together in developing
15 the Staff's fuel costs in this case.

16 Staff expert Lena M. Mantle addresses the area of the fuel adjustment clause.

17 Q. Did the Staff develop its revenue requirement recommendations in this rate
18 case consistently with how Staff has developed its revenue requirements for other utilities
19 when they have made requests to increase their rates?

20 A. Yes. Based on my experience as a regulatory auditor and on my many years
21 of experience as a project coordinator in numerous rate cases and the effect of the inputs
22 provided by the various Staff experts assigned to the GMO and KCPL rate cases on Staff's
23 overall revenue requirement for GMO as presented in the Accounting Schedules and the

1 results discussed in the Staff Cost of Service Report, Staff has developed its revenue
2 requirements for GMO and KCPL consistently with how Staff has developed its revenue
3 requirements for other utilities and the inputs provided by the various Staff experts assigned
4 to the GMO and KCPL rate cases are reasonable.

5 Q. Does this February 13, 2009 filing by Staff present all of Staff's direct case?

6 A. No. Staff will file its rate design recommendations on February 27, 2009 for
7 MPS and L&P electric and L&P steam operations.

8 **Test Year and Known & Measurable Period**

9 Q. What is a test year?

10 A. A test year is an historical year used as the starting point for determining the
11 basis for adjustments which are necessary to reflect annual revenues and operating costs in
12 calculating any shortfall or excess of earnings by the utility. It is important to identify the
13 utility's ongoing costs to provide utility service in the future and what rates will need to be
14 set at to collect those ongoing costs in the future. In determining ongoing revenues and costs
15 to develop the revenue requirement the first step is to identify the test year costs levels,
16 which serve as the starting point for all the adjustments to the case.

17 Q. What is the test year in this case?

18 A. The test year selected for this case, Case No.
19 HR-2009-0092, is the year ended December 31, 2007. The December 31, 2007 test year was
20 chosen by GMO, agreed to by Staff, and approved by the Commission in its September 12,
21 2008 Order Directing Filing and Directing Notice. Annualization and normalization
22 adjustments are made to the test year results when the unadjusted results do not fairly
23 represent the utility's most current annual level of existing revenue and operating costs.

1 Selecting a “known and measurable date” or “known and measurable period”
2 is important to synchronize and capture all revenues and expenses. A proper determination
3 of revenue requirement is dependent upon considering all material components of the rate
4 base, return on investment, current level of revenues, along with operating costs, all at the
5 same point in time. This ratemaking principle is commonly referred to as the
6 “matching” principle. The known and measurable date established for this case, Case HR-
7 2009-0092, is December 31, 2007 (test year), September 30, 2008 (update period end) and
8 March 31, 2009 (true-up period end). The Staff’s direct case filing represents a
9 determination of L&P steam's revenue requirements based upon known and measurable
10 results as of September 30, 2008. The September 30, 2008 date for the known and
11 measurable period was chosen to enable the parties and Staff an update period that provide
12 time to obtain actual information obtained from GMO and KCPL upon which to perform
13 analyses and make calculations regarding various components to the revenue requirements.
14 This date represents the latest time frame to reflect known changes that can be measured or
15 quantified with respect to the timing of this filing.

16 Q. What is the purpose of the test year?

17 A. The purpose of a test year is to develop a relationship between the various
18 components of the ratemaking process and keep those relationships in synchronization. In
19 order to determine the appropriate level of utility rates, Staff examines the major elements of
20 the utility’s operations. These include rate base items such as plant in service and
21 accumulated depreciation and deferred income tax reserves, fuel stocks, material & supplies
22 and other investment items. Also essential in this process is a review of the revenues and
23 expenses, making adjustments through the annualization and normalization processes. These

1 items include: payroll, payroll related benefits, payroll taxes, fuel and purchased power costs
2 including the updating of current fuel prices, operation and maintenance costs for non-payroll
3 related costs such as material and equipment costs, small tool costs, and outside vendor costs
4 for equipment repairs. Depreciation expense and taxes, including federal, state, and property
5 taxes, are all considered in the setting of rates.

6 It is important to maintain a representative relationship between rate base, revenues
7 and expenses in order for a public utility to have an opportunity to earn a fair and reasonable
8 return. An attempt is made in the regulatory process to set rates to properly reflect the levels
9 of investment and expenses necessary to serve a customer base which provides revenues to
10 the utility. The Commission stated in its Order in KCPL's 1983 general rate case, Case No.
11 ER-83-49:

12 The purpose of using a test year is to create or construct
13 a reasonable expected level of earnings, expenses and
14 investments during the future period in which the rates, to be
15 determined herein, will be in effect. All of the aspects of the
16 test year operations may be adjusted upward or downward to
17 exclude unusual or unreasonable items, or include unusual
18 items, by amortization or otherwise, in order to arrive at a
19 proper allowable level of all of the elements of the Company's
20 operations. The Commission has generally attempted to
21 establish those levels at a time as close as possible to the period
22 when the rates in question will be in effect.

23 In Case No. ER-83-49, regarding the need for a true-up, the Commission stated that it
24 would not "consider a true-up of isolated adjustments, but will examine only a package of
25 adjustments designed to maintain the proper revenue-expense-rate base match at a proper
26 point in time. [26 Mo P.S.C. (N.S.) 104, 110 (1983)] This concept of developing a revenue
27 requirement calculation based on consideration of all relevant factors has been a long-
28 standing approach to ratemaking in this state.

1 The ratemaking process includes making adjustments to reflect normal, on-going
2 operations of a utility. This process generally uses four approaches to reflect changes
3 determined to be reasonable and appropriate. These are commonly referred to as
4 annualization adjustments, normalization adjustments, disallowances, and pro forma
5 adjustments.

6 **True-up**

7 In addition, since GMO and KCPL have several construction projects nearing
8 completion that are not scheduled to be in-service until late 2008 or early 2009, at KCPL's
9 and GMO's request the Commission established a true-up through the end of March 31, 2009
10 or, at KCPL's and GMO's election made by January 20, 2009, April 30, 2009. Although the
11 parties agreed to a 2007 test year, all parties did not agree regarding the update and true-up
12 periods. The Commission authorized the true-up period in its Order Setting Procedural
13 Schedules issued November 20, 2008. The Commission authorized the use of the test year in
14 its Order Directing Filing and Directing Notice issued September 12, 2008. In the
15 Commission's November 20, 2008 Order for the procedural schedule it stated the following
16 regarding the test year and true up:

17 In balancing the benefits and detriments to all the
18 parties and making certain that the Commission has sufficient
19 time to hear all arguments, review all the evidence, and make a
20 sound decision with a reasonable effective date, the
21 Commission determines that the proposal as set out by the
22 Companies and Staff is the most appropriate schedule with
23 slight modifications. The Commission shall set the true-up
24 period to end on March 31, 2009, and shall adopt Staff's
25 proposed procedural schedule that includes the March 31, 2009
26 true-up date and August 5, 2009 tariff effective dates. The
27 Commission recognizes, however, that the inclusion in the
28 true-up period of the Iatan projects could be significant. Thus,
29 the Commission shall also set a date for the Companies to

1 request that the Commission extend the true-up period, suspend
2 the tariffs, and alter the procedural schedules.

3 [Commission Order issued November, 2008, page 4-5]

4 Thus, the Commission authorized that the true-up in this case be through March 31, 2009,
5 unless an extension becomes necessary as a result of the construction projects currently
6 undertaken by GPE and its subsidiaries.

7 GMO and KCPL notified the Commission on January 20, 2009 that they did "not
8 seek to extend the true-up period in these cases beyond the March 31, 2009 established in the
9 Order Setting Procedural Schedules." Therefore, the true-up in this case, as well as the
10 KCPL electric and GMO electric rate cases, will be through March 31, 2009.

11 **Revenue Requirement Ratemaking Adjustments**

12 Q. What is an annualization adjustment?

13 A. An annualization adjustment is made when costs or revenues change during
14 the audit period that will be ongoing at a level different than they existed during the audit
15 period. Typical examples are payroll increases granted to employees or employees starting
16 employment mid-year which would require an annualization adjustment to reflect a full
17 annual period of payroll costs-- without such an adjustment payroll would be understated.
18 Reflecting new customers that start taking service at the end of the test year or update period
19 would also require an annualization to properly reflect a full 12-month of revenues. If a
20 customer takes service the last month of the update period, no revenues from that customer
21 will be included in the test year. Consequently, if that customer's only month of revenues is
22 not reflected for a full twelve-month period, then revenues will be substantially understated,
23 to the benefit of the utility.

1 Staff annualized many aspects of the current GMO rate cases, such as payroll and
2 revenues.

3 Q. What is a normalization adjustment?

4 A. A normalization adjustment is an adjustment made to reflect normal, on-going
5 operations of the utility. Revenues or costs that were incurred in the test year that are
6 determined to be untypical or abnormal will get specific rate treatment. These abnormal
7 events will generally require some type of adjustment to reflect normal or typical operations.
8 The ratemaking process removes abnormal or unusual events from the cost of service
9 calculations and replaces those events with normal levels of revenues or costs. An example
10 of an abnormal event is the impact that unusually hot or cold weather has on revenues for
11 those customers that are weather sensitive. Extreme temperatures can have significant
12 impacts on revenues resulting in a distortion to test-year results. Since utility rates are set
13 using normalized processes, adjustments to test-year levels must be made when it is
14 determined that unusual or abnormal events cause unusually high or low results. In the case
15 of weather impacts on utility results, detailed information is examined to determine if
16 revenues, and related fuel costs must be adjusted for the effects that warmer or colder than
17 normal temperatures have on the utility operations. Weather results in the test year will be
18 compared to actual temperatures over a substantial period of time, many times a 30-year time
19 horizon. An adjustment is made to weather sensitive revenues in the test year to reflect
20 normal weather conditions for steam sales and resulting revenues. These weather-normalized
21 sales volumes are used as basis for the fuel and purchased power costs so that abnormal
22 weather impacts are isolated and removed from those costs.

1 Another example of the normalization process is the examination of maintenance and
2 operation costs relating to production equipment such as coal-fired generating plants. Costs
3 are examined to determine if unusual events like major maintenance on turbines have
4 occurred during the test year. It is common in the ratemaking process to reflect
5 normalization adjustments. If these types of adjustments were not made, the utility revenues
6 and costs, which both directly impact earnings, would be either over or understated. For
7 example, warmer than normal weather in the winter will negatively impact revenues for
8 utilities with steam and natural gas operations. Staff proposes adjustments to normalize the
9 events to reduce impacts on revenues.

10 In the current GMO cases, Staff has made both a weather adjustment for revenues and
11 also normalized operation and maintenance expenses for non-payroll operation and
12 maintenance expenses based on an examination of actual historical occurrences.

13 Q. What is a disallowance adjustment?

14 A. This type of adjustment results in removing cost elements from the cost of
15 service for test-year results because the items are either non-recurring, not necessary to the
16 provision of utility service, or the expenditures were imprudent. A disallowance adjustment
17 results when the cost recovery in rates is considered inappropriate. Disallowances are made
18 to eliminate costs from test year results either entirely or on a partial basis. One example is
19 the removal from test results of certain advertising costs. While some advertising costs
20 should be included in rates, others should be eliminated because they are not necessary to the
21 provision of utility service.

22 In this case Staff disallowed the costs for certain advertisements GMO incurred
23 during the test year.

1 Q. What is a pro forma adjustment?

2 A. This type of adjustment is made to reflect increases and decreases to revenue
3 requirement because of a rate increase or decrease. Pro forma adjustments are made because
4 of the need to reflect the impact of items and events occur subsequent to the test year. These
5 items or events significantly impact revenue, expense and the rate base relationship and
6 should be recognized to address the forward-looking objective of the test year. Caution must
7 be taken when recognizing pro forma adjustments to ensure that all items and events
8 subsequent to the test year are examined to avoid not recognizing offsetting adjustments. In
9 addition, some post-test year items and events may not have occurred yet and or may not
10 have been sufficiently measured. As a result, quantification of some pro forma adjustments
11 may be more difficult than the quantification of other adjustments. A true-up audit that
12 considers a full range of items and events that occur subsequent to the test year and update
13 period attempts to address the maintenance of proper relationship among revenues, expenses
14 and investment as well as address the difficulty in quantification associated with making pro
15 forma adjustments.

16 The most common example of a pro forma adjustment is the grossing up of net
17 income deficiency for income tax purposes. This involves calculating the revenue
18 requirement before income taxes. If rates need to be adjusted to increase utility revenues,
19 then those revenues need to be factored up for income taxes. This is necessary because every
20 additional revenue dollar collected in rates requires income taxes to be paid.

21 As an illustration, if the utility needs to increase rates by \$1 million, then it must
22 increase rates by a significantly greater amount to receive the full \$1 million increase because
23 of the income taxes that must be paid to the taxing authorities. As an example, the revenue

1 requirement model (Accounting Schedule 1) used by Staff to determine the findings of the
2 cost of service review calculates the revenue requirement as follows using illustrative dollar
3 amounts only:

4	Net Income Required	\$1,000,000
5	Net Income Available	<u>600,000</u>
6	Additional Net Income Required	\$400,000
7	Income Tax Gross Up Factor (using a 38.39% effective tax rate)	<u>x 1.6231</u>
8	Recommended Revenue Requirement Increase	\$649,240

9 For the utility to recover the full \$400,000 of additional revenues on an after-tax basis
10 as required based on the cost of service results found in Staff's analysis, rates would have to
11 increase an additional amount of \$249,240, for payment of income taxes. This results in the
12 total revenue requirement of \$649,240 that rates would have to be increased so the company
13 would be left with \$400,000 needed to earn an appropriate return and recover allowed costs.

14 Another way of considering the affects of income taxes in the ratemaking process is:

15	Additional Revenue Collected in Rates from Rate Increase	\$649,240
16	Less: Income Tax Based on 38.39% Effective Tax Rate	<u>(249,240)</u>
17	Additional Net Income from Rate Increase	\$400,000

18 **Revenue Requirement Calculation**

19 Q. What is the revenue requirement as it is used in the determination of rates for
20 public utilities?

21 A. Generally, the term revenue requirement is used to identify the incremental
22 differences that result from a comparison of the utility's rate of return and capital structure on

1 the investment with the revenues and costs to provide a particular utility service. This
2 difference occurs when the results of a cost of service calculation is compared to existing
3 rates which identifies any revenue shortfall (positive revenue requirement) or excess
4 (negative revenue requirement).

5 Q. Did Staff examine GMO's cost of service for steam?

6 A. Yes. Staff reviewed all the material and relevant components making up the
7 GMO's revenue requirements separately for L&P, which components are: rate of return and
8 capital structure, rate base investment, and revenues and expenses, maintaining the
9 relationship between each of these components through the update period through
10 September 30, 2008.

11 Q. How do each of these elements relate to one another?

12 A. The ratemaking process for regulated utilities is a process whereby the
13 Commission makes rate decisions regarding how utilities charge customers for the provision
14 of utility services using a prescribed formula. The revenue requirement calculation can be
15 identified by a formula as follows:

16 Revenue Requirement = Cost of Providing Utility Service

17 or

18 $RR = O + (V - D) R$ where,

19 RR = Revenue Requirement

20 O = Operating Costs

21 (such as fuel, payroll, maintenance, etc., Depreciation and Taxes)

22

23 V = Gross Valuation of Property Used for Providing Service

24 D = Accumulated Depreciation Representing the Capital Recovery of Gross Property
25 Investment

26

1 (V - D) = Rate Base (Gross Property Investment less Accumulated Depreciation =
2 Net Property Investment)

3

4 (V - D) R = Return Allowed on Net Property Investment

5 This formula provides the traditional rate of return calculation this Commission uses
6 to set just and reasonable rates. The result provides a total revenue requirement amount.

7 That amount represents the incremental change in revenues over existing rates for the test
8 year necessary to allow the utility the opportunity to earn the Commission's authorized

9 return. That return is collected on the appropriate level of rate base investment. The revenue
10 requirement calculation also allows for the recovery of the proper level of utility costs,

11 including income taxes.

12 **ORGANIZATION OF STAFF'S COST OF SERVICE REPORT**

13 Q. How is the Cost of Service Report organized?

14 A. The Cost of Service Report is organized by each major revenue requirement
15 category:

16 I. Background of Great Plains Energy and
17 KCP&L-Greater Missouri Operations Company

18 II. Executive Summary

19 III. KCP&L Greater Missouri Operations Company's Rate Case Filing

20 IV. Rate of Return

21 V. Rate Base

22 VI. Income Statement- Revenues

23 VII. Income Statement- Expenses

24 VIII. Depreciation Summary

- 1 IX. Current and Deferred Income Tax
- 2 X. Fuel Adjustment Rider
- 3 XI. Allocations Between Electric and Steam Operations
- 4 XII. Transition Cost Recovery Mechanism
- 5 XIII. Acquisition Detriment- Depreciation

6 These categories have several subsections which identify in detail the specific
7 elements of the revenue requirements being supported by Staff regarding GMO general rate
8 increase requests.

9 **OVERVIEW OF STAFF'S FILING, FINDINGS AND** 10 **RECOMMENDATIONS**

11 Q. Please identify the findings of Staff's review of GMO's steam rate increase
12 request.

13 A. Staff conducted a review of GMO's September 5, 2008 steam rate increase
14 filing and has identified the following areas in its findings and recommendations:

15 **Overall Revenue Requirement--**

16 Q. What are Staff's findings regarding any recommendation for changes to
17 GMO's steam rates?

18 A. Staff is recommending a revenue requirement increase of \$1.0 million for
19 L&P steam based on mid-point rate of return on equity of 9.75% and the calculations made
20 by the various Staff members assigned to this case. Staff initial revenue requirement
21 calculations are the result of examining the changes in revenues, expenses and investment
22 costs for L&P through the known and measurable period of September 30, 2008.

1 Part of these recommendations, however is relating to an Allowance for Known and
2 Measurable Changes for the substantial increases expected as result of the true-up through
3 March 31, 2009.

4 **Rate of Return--**

5 The rate of return used to calculate the revenue requirement in this case is based on a
6 consolidated capital structure and corporate results. David Murray, of the Commission's
7 Financial Analysis Department, determined that the rate of return on equity should be in a
8 range from 9.25% to 10.25% with a mid-point of 9.75% resulting in an overall rate of return
9 on investment of 8.03% to 8.54% with a mid-point of 8.28%. Mr. Murray examined the
10 Company's capital structure and cost of money and provided the Staff's proposed rate of
11 return used to calculate the revenue requirement in this case. Staff will review the capital
12 structure for the true-up.

13 **Rate Base--**

14 Plant in Service and Accumulated Depreciation Reserve are reflected in the rate bases
15 of L&P as of September 30, 2008. All plant additions and retirements were included in the
16 revenue requirement calculations as of September 30, 2008. Staff will add plant additions
17 and retirements through the end of the true-up period, currently March 31, 2009.

18 Cash Working Capital has been included in the rate bases of L&P using a lead-lag
19 study developed by GMO and Staff over the last several rate cases.

20 Fuel Stock (Coal) Inventories, Material & Supplies and Prepayments were included in
21 the rate base L&P as of the September 30, 2008. These items will be re-examined in the
22 true-up.

1 Prepaid Pension Asset relates to previous Stipulations and Agreements approved in
2 Case No. ER-2007-0004.

3 Accumulated Deferred Income Taxes Reserves were included as an offset to rate base
4 as of September 30, 2008. Deferred tax reserves will be updated for the true-up.

5 **Income Statement--**

6 **Revenues-**

7 Staff annualized and normalized L&P steam revenues through September 30, 2008 to
8 reflect annual level of normalized revenues. Revenues will be trued-up through March 31,
9 2009.

10 **Expenses--**

11 Fuel costs in this case were based on using coal and natural gas prices through
12 September 30, 2008. Other inputs such as fuel mix, and station outages and distribution
13 losses were determined using historical information. Fuel and purchased power costs will be
14 trued-up through March 31, 2009.

15 Payroll, payroll related benefits, and payroll taxes were annualized through
16 September 30, 2008. Payroll will be updated in the true-up to as of March 31, 2009.

17 Operations and maintenance costs, other than payroll costs, were included in the case
18 either at test year 2007 levels or using historical averages based on the circumstances.

19 Rate Case Expense was included in the case for actual invoiced expenditures that
20 were reviewed by Staff during the audit through the most current and will continue to be
21 reviewed to the end of the case to develop on-going levels for these costs for L&P. Because
22 these costs are unique to the rate case process with major costs incurred to review Staff and
23 other parties' direct filings, participate in the prehearing conference, prepare responsive

1 testimony and, if needed, going to trial, Staff will examine additional costs as the process
2 develops further to include those costs that can be verified and supported as reasonable and
3 justified.

4 Outside Services Expenses were analyzed and amounts that were verified and
5 supported related to on-going company operations were included in the case.

6 Depreciation Expense was annualized based on depreciation rates developed
7 Rosella L. Schad of the Commission's Depreciation Engineering and Management Services
8 Department. The depreciation rates were applied to Staff's recommended plant values as
9 adjusted plant-in-service jurisdictional amounts, resulting in total annualized Missouri steam
10 depreciation expense for L&P steam.

11 Staff calculated Income Taxes based on the results of the revenue requirement
12 calculation as of September 30, 2008. The income tax expense amount will be trued-up as of
13 March 31, 2009. Deferred income tax reserve will also be trued-up as of March 31, 2009
14 from the level reflected as of September 30, 2008.

15 **ALLOWANCE TO THE REVENUE REQUIREMENT**

16 Q. What is the allowance for known and measurable changes that appears on the
17 Staff Accounting Schedule 1 (Revenue Requirement)?

18 A. In the revenue requirement run for L&P steam, Staff has made an allowance
19 based on a rough estimate designed to cover an expected or anticipated increase to the overall
20 revenue requirement being recommended in this case due to events in the true-up period.
21 The allowance is commonly used when true-ups or additional updates are authorized for the
22 rate case. If higher costs are expected beyond the update period, in this case September 30,
23 2008, then an allowance can approximate the impact on the case for those higher costs. For

1 | purposes of this case, Commission has authorized the use of updating the revenue
2 | requirement through the end of March 31, 2009.

3 | Q. What higher costs does Staff believe may exist when the update period of
4 | March 31, 2009 is completed?

5 | A. Staff will examine fuel and purchased power costs through March 31, 2009.
6 | Staff anticipates additional costs for payroll, payroll- related benefits such as pensions, and
7 | other costs through the end of the March 31, 2009, update period.

8 | Q. Does this conclude your direct testimony?

9 | A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of KCP&L)
Greater Missouri Operations Company for)
Approval to Make Certain Changes in its)
Charges for Steam Heating Service)

Case No. HR-2009-0092

AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Cary G. Featherstone, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 29 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


Cary G. Featherstone

Subscribed and sworn to before me this 13th day of February, 2009.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071


Notary Public

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1980	Case No. ER-80-53	St. Joseph Light & Power Company (electric rate increase)	Direct	Stipulated
1980	Case No. OR-80-54	St. Joseph Light & Power Company (transit rate increase)	Direct	Stipulated
1980	Case No. HR-80-55	St. Joseph Light & Power Company (industrial steam rate increase)	Direct	Stipulated
1980	Case No. GR-80-173	The Gas Service Company (natural gas rate increase)	Direct	Stipulated
1980	Case No. GR-80-249 Coordinated	Rich Hill-Hume Gas Company (natural gas rate increase)	No Testimony filed- revenues & rate base	Stipulated
1980	Case No. TR-80-235	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress Rebuttal	Contested
1981	Case No. ER-81-42	Kansas City Power & Light Company (electric rate increase)	Direct-payroll & payroll related benefits; cash working capital Rebuttal	Contested
1981	Case No. TR-81-208	Southwestern Bell Telephone Company (telephone rate increase)	Direct-cash working capital; construction work in progress; income taxes-flow-through Rebuttal Surrebuttal	Contested
1981	Case No. TR-81-302	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1981	Case No. TO-82-3	Investigation of Equal Life Group and Remaining Life Depreciation Rates (telephone-- depreciation case)	Direct- construction work in progress	Contested
1982	Case Nos. ER-82-66 and HR-82-67	Kansas City Power & Light Company (electric & district steam heating rate increase)	Direct- fuel & purchased power; fuel inventories Rebuttal Surrebuttal	Contested
1982	Case No. TR-82-199	Southwestern Bell Telephone Company (telephone rate increase)	Direct- revenues & directory advertising	Contested
1983	Case No. EO-83-9	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1983	Case No. ER-83-49	Kansas City Power & Light Company (electric rate increase)	Direct- fuel & fuel inventories Rebuttal Surrebuttal	Contested
1983	Case No. TR-83-253	Southwestern Bell Telephone Company (telephone rate increase - ATT Divestiture Case)	Direct- revenues & directory advertising	Contested
1984	Case No. EO-84-4	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1985	Case Nos. ER-85-128 and EO-85-185 Coordinated	Kansas City Power & Light Company (electric rate increase- Wolf Creek Nuclear Generating Unit Case)	Direct- fuel inventories; coordinated construction audit	Contested
1987	Case No. HO-86-139 Coordinated	Kansas City Power & Light Company (district steam heating-- discontinuance of public utility and rate increase)	Direct- policy testimony on abandonment of steam service Rebuttal Surrebuttal	Contested

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1988	Case No. TC-89-14 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Surrebuttal	Contested
1989	Case No. TR-89-182	GTE North, Incorporated (telephone rate increase)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1990	Case No. GR-90-50 Coordinated	Kansas Power & Light - Gas Service Division (natural gas rate increase)	Direct- prudency review of natural gas explosions	Stipulated
1990	Case No. ER-90-101 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric rate increase- Sibley Generating Station Life Extension Case)	Direct- Corporate Costs and Merger & Acquisition Costs Surrebuttal	Contested
1990	Case No. GR-90-198 Coordinated	UtiliCorp United, Inc., Missouri Public Service Division (natural gas rate increase)	Direct- Corporate Costs and Merger & Acquisition Costs	Stipulated
1990	Case No. GR-90-152	Associated Natural Gas Company (natural gas rate increase)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1991	Case No. EM-91-213	Kansas Power & Light - Gas Service Division (natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested
1991	Case Nos. EO-91-358 and EO-91-360 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric-- accounting authority orders)	Rebuttal- plant construction cost deferral recovery; purchased power cost recovery deferral	Contested

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1991	Case No. GO-91-359 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (natural gas-- accounting authority order)	Memorandum Recommendation- Service Line Replacement Program cost recovery deferral	Stipulated
1993	Case Nos. TC-93-224 and TO-93-192 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1993	Case No. TR-93-181	United Telephone Company of Missouri (telephone rate increase)	Direct- directory advertising Surrebuttal	Contested
1993	Case No. GM-94-40	Western Resources, Inc. and Southern Union Company (natural gas-- sale of Missouri property)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated
1994	Case No. GM-94-252 Coordinated	UtiliCorp United Inc., acquisition of Missouri Gas Company and Missouri Pipeline Company (natural gas--acquisition case)	Rebuttal- acquisition of assets case	Contested
1994	Case No. GA-94-325 Coordinated	UtiliCorp United Inc., expansion of natural gas to City of Rolla, MO (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested
1995	Case No. GR-95-160 Coordinated	United Cities Gas Company (natural gas rate increase)	Direct- affiliated transactions; plant	Contested
1995	Case No. ER-95-279 Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel & purchased power; fuel inventories	Stipulated
1996	Case No. GA-96-130	UtiliCorp United, Inc./Missouri Pipeline Company (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1996	Case No. EM-96-149 Coordinated	Union Electric Company merger with CIPSCO Incorporated (electric and natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1996	Case No. GR-96-285 Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Direct- merger savings recovery; property taxes Rebuttal Surrebuttal	Contested
1996	Case No. ER-97-82	Empire District Electric Company (electric-- interim rate increase case)	Rebuttal- fuel & purchased power	Contested
1997	Case No. GA-97-132	UtiliCorp United Inc./Missouri Public Service Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	Case No. GA-97-133	Missouri Gas Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	Case Nos. EC-97-362 and EO-97-144	UtiliCorp United Inc./Missouri Public Service (electric rate complaint case)	Direct- - fuel & purchased power; fuel inventories Verified Statement	Contested Commission Denied Motion
1997	Case Nos. ER-97-394 and EC-98-126 Coordinated	UtiliCorp United Inc./Missouri Public Service (electric rate increase and rate complaint case)	Direct- fuel & purchased power; fuel inventories; re-organizational costs Rebuttal Surrebuttal	Contested
1997	Case No. EM-97-395	UtiliCorp United Inc./Missouri Public Service (electric-application to spin-off generating assets to EWG subsidiary)	Rebuttal- plant assets & purchased power agreements	Withdrawn

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1998	Case No. GR-98-140 Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Testimony in Support of Stipulation And Agreement	Contested
1999	Case No. EM-97-515 Coordinated	Kansas City Power & Light Company merger with Western Resources, Inc. (electric acquisition/ merger case)	Rebuttal-acquisition adjustment; merger costs/savings tracking	Stipulated (Merger eventually terminated)
2000	Case No. EM-2000-292 Coordinated	UtiliCorp United Inc. merger with St. Joseph Light & Power Company (electric, natural gas and industrial steam acquisition/ merger case)	Rebuttal-acquisition adjustment; merger costs/savings tracking	Contested (Merger closed)
2000	Case No. EM-2000-369 Coordinated	UtiliCorp United Inc. merger with Empire District Electric Company (electric acquisition/ merger case)	Rebuttal-acquisition adjustment; merger costs/savings tracking	Contested (Merger eventually terminated)
2001	Case No. ER-2001-299 Coordinated	Empire District Electric Company (electric rate increase)	Direct- income taxes; cost of removal; plant construction costs; fuel- interim energy charge Surrebuttal True-Up Direct	Contested
2001	Case Nos. ER-2001-672 and EC-2002-265 Coordinated	UtiliCorp United Inc./Missouri Public Service Company (electric rate increase)	Verified Statement Direct- capacity purchased power agreement; plant recovery Rebuttal Surrebuttal	Stipulated
2002	Case No. ER-2002-424 Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel-interim energy charge Surrebuttal	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
2003	Case Nos. ER-2004-0034 and HR-2004-0024 (Consolidated) Coordinated	Aquila, Inc., (formerly UtiliCorp United Inc) d/b/a Aquila Networks-MPS and Aquila Networks-L&P (electric & industrial steam rate increases)	Direct- acquisition adjustment; merger savings tracking Rebuttal Surrebuttal	Stipulated
2004	Case No. GR-2004-0072 Coordinated	Aquila, Inc., d/b/a Aquila Networks-MPS and Aquila Networks-L&P (natural gas rate increase)	Direct- acquisition adjustment; merger savings tracking Rebuttal	Stipulated
2005	Case No. HC-2005-0331 Coordinated	Trigen-Kansas City Energy [Jackson County Complaint relocation of plant for Sprint Arena] (steam complaint case)	Cross examination- relocation of plant assets	Contested
2005	Case No. EO-2005-0156 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS (electric- South Harper Generating Station asset valuation case)	Rebuttal- plant valuation Surrebuttal	Stipulation pending
2005	Case No. ER-2005-0436 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct- interim energy charge; fuel; plant construction; capacity planning Rebuttal Surrebuttal	Stipulated
2005	Case No. HR-2005-0450 Coordinated	Aquila, Inc., d/b/a Aquila Networks- L&P (industrial steam rate increase)	Direct	Stipulated
2006	Case No. ER-2006-0314 Coordinated	Kansas City Power & Light Company (electric rate increase)	Direct-construction audits Rebuttal- allocations Surrebuttal- allocations	Contested
2006	Case No. WR-2006-0425 Coordinated	Algonquin Water Resources (water & sewer rate increases)	Rebuttal- unrecorded plant; contributions in aid of construction Surrebuttal	Contested

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
2007	Case No. ER-2007-0004 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P	Direct-fuel clause, fuel, capacity planning Rebuttal Surrebuttal	Contested
2007	Case No. HO-2007-0419 Coordinated	Trigen-Kansas City Energy [sale of coal purchase contract] (steam)	Recommendation Memo	Stipulated
2007	Case Nos. HR-2007-0028 and HR-2007-0399	Aquila, Inc., d/b/a Aquila Networks- L&P [Industrial Steam Fuel Clause Review] (industrial steam fuel clause review)		Pending
2008	Case No. HR-2008-0300 Coordinated	Trigen-Kansas City Energy (steam rate increase)	Direct - sponsor Utility Services portion of the Cost of Service Report, overview of rate case, plant review and plant additions, fuel and income taxes	Stipulated
2009	Case No. ER-2009-0089 Corrdinated	Kansas City Power & Light (electric rate increase)	Direct - sponsor Utility Services portion of the Cost of Service Report, overview of review requirement, allowance for changes, additional amortizations	Pending

CASES SUPERVISED AND ASSISTED:

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	<u>Case Disposition</u>
1986	Case No. TR-86-14 Coordinated	ALLTEL Missouri, Inc. (telephone rate increase)		Stipulated
1986	Case No. TR-86-55 Coordinated	Continental Telephone Company of Missouri (telephone rate increase)		Stipulated
1986	Case No. TR-86-63 Coordinated	Webster County Telephone Company (telephone rate increase)		Stipulated
1986	Case No. GR-86-76 Coordinated	KPL-Gas Service Company (natural gas rate increase)		Withdrawn
1986	Case No. TR-86-117 Coordinated	United Telephone Company of Missouri (telephone rate increase)	Withdrawn prior to filing	Withdrawn
1988	Case No. GR-88-115 Coordinated	St. Joseph Light & Power Company (natural gas rate increase)	Deposition	Stipulated
1988	Case No. HR-88-116	St. Joseph Light & Power Company (industrial steam rate increase)	Deposition	Stipulated
1994	Case No. ER-94-194	Empire District Electric Company (electric rate increase)		
2003	QW-2003-016 QS-2003-015	Tandy County (water & sewer informal rate increase)	Recommendation Memo	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	<u>Case Disposition</u>
2004	Case No. HM-2004-0618 Coordinated	Trigen- Kansas City Energy purchase by Thermal North America (steam - sale of assets)		Stipulated
2005	Case No. GM-2005-0136 Coordinated	Partnership interest of DTE Enterprises, Inc. and DTE Ozark, Inc in Southern Gas Company purchase by Sendero SMGC LP (natural gas -- sale of assets)	Recommendation Memo	Stipulated
2005	Case No. WO-2005-0206 Coordinated	Silverleaf sale to Algonquin (water & sewer- sale of assets)		Stipulated
2006	Case No. WR-2006-0250	Hickory Hills (water & sewer- informal rate increase)	Recommendation Memo	Contested
2006	Case No. HA-2006-0294 Coordinated	Trigen Kansas City Energy (steam- expansion of service area)		Contested
2007	Case No. SR-2008-0080 Tracking No. QS-2007-0008	Timber Creek (sewer- informal rate increase)	Recommendation Memo	Stipulated
2008	QW-2008-0003	Spokane Highlands Water Company (water- informal rate increase)	Recommendation Memo	Stipulated