

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

In the Matter of the Application of Kansas City)
Power & Light Company for Approval to)
Make Certain Changes in its Charges for)
Electric Service to Implement its Regulatory)
Plan.)

Case No. ER-2009-0089

**Amended MDNR LIST OF ISSUES, ORDER OF WITNESSES AND ORDER OF
CROSS-EXAMINATION**

COMES NOW the Missouri Department of Natural Resources (MDNR) and states:

1. On September 5, 2008, Kansas City Power & Light Company (“KCPL”) filed with the Missouri Public Service Commission (“Commission”) tariff sheets designed to implement a general electric rate increase for service it provides to its Missouri customers in and about Kansas City, Missouri. The Commission opened Case No. ER-2009-0089 to address that filing.

2. On November 20, 2008, the Commission issued an *Order Setting Procedural Schedules* in which it stated the parties shall file a joint list of issues and that “[a]ny issue, or sub-issue, not included in the issues list will be presumed to not require determination by the Commission.” In its order the Commission also stated that each party is to file a list of witnesses to appear on each day of the hearing, the order in which they are called, and that the parties are to file a joint pleading proposing the order in which witnesses are to be cross-examined. In the ordered schedule, as proposed by the parties, the Commission set April 10, 2009, as the filing date for the list of issues, order of witnesses [and] order of cross-examination.

3. The Parties to this proceeding are: KCPL, the Staff, the Office of the Public Counsel (“OPC”), The Empire District Electric Company (“Empire”), Missouri Department of

Natural Resources (“MDNR”), United States Department of Energy--National Nuclear Security Administration (“DOE/NNSA”), Federal Executive Agencies (“FEA”), Praxair, Inc. (“Praxair”), Trigen-Kansas City Energy Corporation (“Trigen”), City of Kansas City (“KCMO”), Missouri Gas Energy (“MGE”), Missouri Industrial Energy Consumers and Ford Motor Company (collectively “MIEC”), Missouri Joint Municipal Electric Utility Commission (“MJMEUC”), Carondelet Health, Children’s Mercy Hospitals and Clinics, Crittenton Children’s Center, HCA Midwest Health System, North Kansas City Hospital, Research Medical Center, Research Psychiatric Center, Saint Luke’s Cancer Institute, Saint Luke’s Health System, Saint Luke’s Hospital of Kansas City, Saint Luke’s Northland Hospital—Barry Road Campus, and St. Joseph Medical Center (collectively “Hospitals”), and Union Electric Company d/b/a AmerenUE (“AmerenUE”).

4. In its November 20, 2008, *Order Setting Procedural Schedules* the Commission, at the parties’ request, waived the requirements of Commission Rule 4 CSR 240-2.080(2 1) regarding the format of the list of issues.

5. The parties agree the listing of issues below is not an agreement by any party that any particular listed issue is, in fact, a valid or relevant issue. Indeed, in their position statements, some parties may state that they consider a particular listed issue to not be a valid issue. This “non-binding” listing of issues is not to be construed as impairing any party’s ability to argue about any of these issues or related matters, or to restrict the scope of its response to arguments made by other parties.

6. The List of Issues, Order of Witnesses and Order of Cross-Examination filed by KCPL on April 13, 2009, does not include an issue raised by MDNR, which remains unresolved in the List of Issues and mistakenly to KCPL-GMO. Consequently, MDNR is filing this List of Issues, Order of Witnesses and Order of Cross-Examination to make the appropriate corrections

to Issue 6 on page 4.

7. In its List of Issues, Order of Witnesses and Order of Cross-Examination filed by MDNR on April 14, MDNR inadvertently failed to include an issue as yet unresolved regarding one of the programs KCPL proposes to add to its demand-side management programs. That issue is added below as Issue 6.f.

LIST OF ISSUES

REVENUE REQUIREMENT

Rate Base

1. Iatan 1 Selective Catalytic Reduction (“SCR”) facility, Flue Gas Desulphurization (“FGD”) unit and Baghouse (collectively “Iatan 1 AQCS-Air Quality Control Systems-Rate Base Additions”):
 - a. What criteria should the Commission use to determine when the Iatan 1 AQCS Rate Base Additions are “fully operational and used for service?”
 - b. Are the Iatan 1 AQCS Rate Base Additions fully operational and used for service?
 - c. Has KCPL carried its burden of proving the costs of its Iatan 1 AQCS Rate Base Additions?
 - d. Should the costs of the Iatan 1 AQCS Rate Base Additions that exceed KCPL’s “definitive estimate” of \$376.8 million before allocation be allocated and included in KCPL’s rate base on an interim subject to refund basis?
 - e. Is it lawful for the Commission to designate a portion of the rates in this case “interim rates, subject to refund,” if KCPL has not voluntarily agreed to any rates being interim subject to refund?
 - f. Should a regulatory asset be established to defer carrying cost and depreciation expense associated with the Iatan 1 AQCS Rate Base Additions appropriately recorded to Electric Plant in Service that are not included in KCPL’s rate base in the current rate case.
2. Iatan Common Costs:
 - a. Has KCPL carried its burden of proving the common costs of its Iatan 1 and Iatan 2 construction projects?

- b. What portion of the Common Costs of the Iatan 1 and Iatan 2 construction projects should be included in KCPL's rate base in this proceeding?
 - c. Should a regulatory asset be established to defer carrying cost and depreciation expense associated with the portion of the Common Costs of the Iatan 1 and Iatan 2 construction projects appropriately recorded to Electric Plant in Service that are not included in KCPL's rate base in the current rate case, or should these costs be considered Iatan 2 project costs?
3. Surface Transportation Board Litigation:
- a. What is the appropriate assignment between Missouri and Kansas retail customers and the City of Independence of the Surface Transportation Board Litigation reparations KCPL received?
 - b. Should the amount of Missouri jurisdictional unrecovered Surface Transportation Board Litigation costs be adjusted for the amount related to the return included in the revenue requirements in the 2007 KCPL Rate Case?
4. Materials & Supplies:
- a. Does the thirteen-month average or the most current balance best predict KCPL's material and supplies cost and, therefore, should be included in KCPL's rate base for setting rates in this case?
5. Injuries & Damages:
- a. Is there a mismatch between when KCPL pays Injuries & Damages and when it recovers those payments from its ratepayers such that Injuries and Damages should be a component of Cash Working Capital?
 - b. If so, what is the appropriate number of days of lag between when KCPL recovers Injuries & Damages payments from its ratepayers and when KCPL pays Injuries and Damages?
6. Demand-Side Management:
- a. Should the Commission waive the requirements of KCPL's Regulatory Plan and authorize a return on DSM unamortized costs different than the allowance for funds used during construction rate specified in the Regulatory Plan?
 - b. If the Commission authorizes a return on DSM unamortized costs different than the allowance for funds used during construction rate specified in KCPL's Regulatory Plan, then what return should the Commission authorize?
 - c. If the Commission authorizes a return on DSM unamortized costs different than the return specified in KCPL's Regulatory Plan, what impact will that have on KCPL's Regulatory Plan?

- d. Should the Commission require KCP&L to use a net incremental reduction in annual energy usage of at least 1% resulting from the on going implementation of demand side programs over a twenty year planning horizon as a target for KCPL's programs to meet? Should the net incremental reduction incorporate free-ridership and spill over factors?
- e. Should KCP&L add its proposed Supplemental Weatherization and Minor Home Repair Program to the Affordability, Energy Efficiency and Demand Response programs established by KCPL's Regulatory Plan?
- f. Should KCPL add its Economic Relief Pilot Program to its demand side management programs?
- g. Should the weatherization program be modified so that KCPL's Call Center will refer customers to the program?
- h. Should LIHEAP recipients be directed to the weatherization program and required to participate?

7. Gross Receipts Taxes:

- a. KCPL pays gross receipts taxes to the City of Kansas City and other Missouri cities. For each city that imposes a gross receipts tax, is there a mismatch between when KCPL pays the gross receipts tax and when it recovers for the tax payments from its ratepayers such that the gross receipt tax should be a component of Cash Working Capital?
- b. If so, for each such city, what is the appropriate number of days of lag between when KCPL recovers the gross receipts tax payments from its ratepayers and when KCPL pays the gross receipts tax?

COST OF CAPITAL

- 1. Return on Common Equity: What return on common equity should be used for determining KCPL's rate of return?
- 2. Capital Structure: What capital structure should be used for determining KCPL's rate of return?

EXPENSES

- 1. Fuel & Purchased Power Expense, and Off-System Sales Margins:

- a. How should natural gas costs be determined?
 - b. How should Wolf Creek fuel oil expense be determined?
 - c. How should the Commission determine the level of non-firm off-system sales margin to use for setting rates in this case?
 - d. Should non-asset-based off-system sales (also referred to as “Q Sales”) be excluded from KCPL’s revenue requirement (treated “below-the-line”), or should these Q Sales be included in KCPL’s revenue requirement?
 - i. If these non-asset-based off-system sales are treated “below-the-line,” has KCPL assigned an appropriate amount of its costs to the support of this non-regulated activity?
2. Executive Compensation: What is the appropriate level of executive compensation to be included in KCPL’s revenue requirement for setting KCPL’s rates?
 3. Short-term Incentive Compensation: Should short-term incentive compensation plans be included in KCPL’s revenue requirement for setting KCPL’s rates?
 4. Supplemental Executive Retirement Pension (SERP) Costs: What level of SERP costs should be included in KCPL’s revenue requirement for setting KCPL’s rates?
 5. Talent Assessment: Should the amortization of severance costs and related costs associated with the Talent Assessment program be included in KCPL’s revenue requirement for setting KCPL’s rates?
 6. Non-Talent--Severance Costs: What level of severance costs of KCPL employees terminated for reasons other than KCPL’s talent assessment program should be included in KCPL’s revenue requirement for setting KCPL’s rates?
 7. Payroll Overtime: What level of payroll overtime should be included in KCPL’s revenue requirement for purposes of setting KCPL’s rates?
 8. Other Benefits: What amount of Other Benefits transferred to joint partners should be included in KCPL’s revenue requirement for purposes of setting KCPL’s rates ?
 9. Hawthorn 5 SCR Warranty Settlement: Should a settlement payment from Hawthorn 5 SCR warranty litigation be used to offset the costs that KCPL seeks to charge customers now and into the future because the Hawthorn 5 SCR has not, does not and will not operate within its design parameters?
 10. Hawthorn Transformer Settlement: Should a settlement payment from defective product litigation over the Hawthorn 5 transformer be used to offset the increased costs KCPL is seeking to recover from its customers through rates in this case for the more expensive replacement transformer and the premature retirement of the defective transformer?
 11. Current Income Tax: Should the KCPL’s current income tax expense be calculated on a KCPL stand-alone basis, or as part of a consolidated group that includes Great Plains Energy, Inc. and KCP&L Greater Missouri Operations Company among others?

12. Property Tax Expense: Should property taxes in the amount of \$1,043,890 (total company, i.e., Missouri and Kansas) assessed and paid in 2008, and capitalized into the cost of the new Air Quality Control System (“AQCS”) at the Iatan 1 generating station (included in rate base) also be included as an annualized property tax expense to KCPL and included in KCPL’s revenue requirement for setting KCPL’s rates?
13. Fleet Fuel Costs: What is the appropriate level of fleet fuel costs that should be included in KCPL’s revenue requirement for setting KCPL’s rates?
14. Edison Electric Dues: What is the appropriate amount for EEI dues that should be included in KCPL’s revenue requirement for setting KCPL’s rates?
15. Bad Debt Expense: What is the appropriate level of bad debt expense that should be included in KCPL’s revenue requirement for setting KCPL’s rates?
16. Wolf Creek Depreciation:
 - a. What is the appropriate level of depreciation expense that should be included in KCPL’s revenue requirement for setting KCPL’s rates?
 - b. Should DOE/NNSA’s proposed adjustment of \$4,429,884 to reduce depreciation expense be adopted?
17. Accumulated Depreciation: Are the concerns raised by DOE/NNSA regarding the relationship between KCPL’s accumulated depreciation adjustment and the depreciation adjustment valid?
18. Comparison of O&M Expenses: Should the Commission investigate the reasonableness of the increases in operations and maintenance expense in Account 909?
19. Forfeited Discount Revenue: What is the appropriate level of Forfeited Discount Revenue that should be included in KCPL’s revenue requirement for setting KCPL’s rates?
20. Merger Transition Costs:
 - a. Has the Company satisfied its commitment to only seek recovery of transition costs if its synergy tracker indicates overall savings equal to or greater than level of transition costs sought to be included in rates?
 - b. What is the appropriate level of merger transition costs that should be included in KCPL’s revenue requirement for setting KCPL’s rates?
21. Rate Case Expenses: What is the appropriate amount of rate case expense that should be included in KCPL’s revenue requirement for setting KCPL’s rates?

JURISDICTIONAL ALLOCATIONS:

1. Allocation Methodology:
 - a. What method should be used for allocating KCPL’s fixed production and transmission plant and expense between the Missouri, Kansas and FERC jurisdictions?
 - b. What methodology should be used for allocating KCPL’s environmental control plant and expense between the Missouri, Kansas and FERC jurisdictions?

- c. What methodology should be used for allocating KCPL's off-system sales margins between the Missouri, Kansas and FERC jurisdictions?
- d. What methodology should be used for allocating KCPL's steam plant non-labor boiler maintenance expense between the Missouri, Kansas and FERC jurisdictions?

RATE DESIGN/TIMING OF NEXT CLASS COST OF SERVICE STUDY

1. All Electric/Space Heating for General Service:
 - a. Should the proposed increase to the general service all-electric winter energy rates be increased by 10% before applying the equal percentage increase allocated to the class as a whole?
 - b. Should the general service separately-metered space heating classes' winter energy rate and the service charge be increased by 5% before applying the equal percentage increase allocated to the class as a whole?
2. Large Power Rate Design: Should the Industrial Intervenor's proposal to selectively apply any approved increase to the billing components of the Large Power Customer Class be adopted?
3. Timing of Future Class Cost of Service Study: Should the Commission order KCPL to perform a Class Cost of Service Study as a part of the next rate case or after the next rate case?

REGULATORY AMORTIZATIONS

1. What is the appropriate level of amortization (True-up Issue)?

ORDER OF WITNESSES AND ORDER OF CROSS-EXAMINATION

1. In its *Order Setting Procedural Schedule*, as requested by the parties, the Commission scheduled the evidentiary hearings in this case for April 20-24 and April 27-May 1, 2009. Following is the hearing schedule the parties' propose:

ORDER OF ISSUES AND WITNESSES

Following are known witness conflict dates:

KCPL: Chris Giles - unavailable April 30 and May 1; Dan Meyer – unavailable April 20-24; Kris Nielsen – unavailable April 20-24; Michael Schnitzer – unavailable April 20-22 and April 27-29.

Industrials: Maurice Brubaker - unavailable April 29- May 1

Staff: Mike Proctor – unavailable May 13; Kofi Boateng – unavailable 4/24 and 5/1

Monday, April 20, 2009 8:30 a.m.

**Make Entries of Appearance Take Up Outstanding Matters
Opening Statements**

KCPL
Staff
Public Counsel
MIEC
Praxair
DOE/NNSA
FEA
Hospitals
MDNR
Kansas City
Trigen-Kansas City
MJMEUC
Empire
MGE
AmerenUE

Overview and Policy

**Giles (KCPL)
Featherstone (Staff)**

Iatan 1 Rate Base Additions

**Giles (KCPL)
Downey (KCPL)
Nielsen (KCPL)
Roberts (KCPL)
Meyer (KCPL)
Churchman (KCPL)
Davis (KCPL)
Jones (KCPL)
Featherstone (Staff)
Schallenberg (Staff)
Dittmer (Hospitals)
Kumar (DOE/NNSA/FEA)**

Tuesday, April 21, 2009 8:30 a.m.

Iatan 1 Issues (continued)

Wednesday, April 22, 2009 8:30 a.m.

Iatan 1 Issues (continued)

Iatan Common Plant Valuation
Jones (KCPL)
Davis (KCPL)
Featherstone (Staff)

In-Service Criteria
Davis (KCPL)
Nielsen (KCPL)
Roberts (KCPL)
Kumar (DOE/NNSA)
Taylor (Staff)

Thursday, April 23, 2009 8:30 a.m.

Rate Design/Timing of Next CCOS Study
Rush (KCPL)
Scheperle (Staff)
Meisenheimer (OPC)
Brubaker (MIEC/Praxair)

Jurisdictional Allocations
Loos (KCPL)
Bax (Staff)
Featherstone (Staff)
Brubaker (MIEC/Praxair)
Kumar (DOE/NNSA)

Friday, April 24, 2009 8:30 a.m.

Cost of Capital
Return on Common Equity
Capital Structure

Hadaway (KCPL)
Cline (KCPL)
Murray (Staff)
Gorman (OPC)
Kumar (DOE/NNSA)

Amortizations
Giles (KCPL)
Cline (KCPL)
Featherstone (Staff)

Rate Case Expenses Staff attorney conflict
Giles (KCPL)
Trippensee (Public Counsel)

Surface Transportation Board Litigation Staff attorney conflict

**Blunk (KCPL)
Weisensee (KCPL)
Hyneman (Staff)**

Monday, April 27, 2009 8:30 a.m.

Executive Compensation

**Curry (KCPL)
Kumar (DOE/NNSA)**

Severance Costs—Talent Assessment

**Giles (KCPL)
Curry (KCPL)
Hyneman (Staff)**

Severance Costs—Non-Talent Assessment

**Curry (KCPL)
Harrison (Staff)**

Short-Term Incentive Compensation

**Curry (KCPL)
Majors (Staff)
Kumar (DOE/NNSA)**

Supplemental Executive Retirement Pension (SERP) Costs

**Curry (KCPL)
Hyneman (Staff)**

Tuesday, April 28, 2009 8:30 a.m.

Current Income Tax

**Hardesty (KCPL)
Kumar (DOE/NNSA)**

Property Taxes

**Hardesty (KCPL)
Herrington (Staff)**

Gross Receipts Taxes

**Hardesty (KCPL)
Weisensee (KCPL)
Herrington (Staff)
Prenger (Staff)**

Merger Synergy Tracking and Transition Cost Recovery

Giles (KCPL)

Ives (KCPL)
Hyneman (Staff)

Fleet Fuel Costs
Herdegan (KCPL)
Trippensee (OPC)

Wolf Creek Depreciation Expense
Weisensee (KCPL)
Kumar (DOE/NNSA)

Demand-Side Management
Weisensee (KCPL)
Hyneman (Staff)

1% Target for Energy Savings
Dennis (KCP&L)
Wolfe

Weatherization/Minor Home Repair Program
Dennis (KCPL)
Kind (OPC)
Wolfe (MDNR)
Jackson (KCMO)

Wednesday, April 29, 2009 8:30 a.m.

Injuries & Damages
Weisensee (KCPL)
Herrington (Staff)
Kumar (DOE/NNSA)

Hawthorn 5 SCR Warranty Settlement
Giles (KCPL)
Hyneman (Staff)

Hawthorn Transformer Settlement
Giles (KCPL)
Hyneman (Staff)

Thursday, April 30 8:30 a.m.

Bad Debt Expense
Weisensee (KCPL)
Kumar (DOE/NNSA)
Boateng (Staff)

Forfeited Discount Revenue
Weisensee (KCPL)
Boateng (Staff)
Kumar (DOE/NNSA)

Fuel & Purchased Power, and Off-System Sales
Giles (KCPL)(unavailable April 30 and May 1)
Schnitzer (KCPL)
Crawford, Burton (KCPL)
Blunk (KCP&L)
Proctor (Staff)
Harris (Staff)
Meisenheimer (Public Counsel)
Kind (Public Counsel)
Brubaker (MIEC)(unavailable on April 29-May 1)
Meyer (MIEC/Praxair/NNSA)
Kumar (DOE/NNSA/FEA)

Q Sales
Crawford, Burton (KCPL)
Harris (Staff)
Kind (OPC)
Meyer (MIEC/Praxair/NNSA)

Friday, May 1, 8:30 a.m.

Accumulated Depreciation
Weisensee (KCPL)
Kumar (DOE/NNSA)

Comparison of O & M Expenses
Weisensee (KCPL)
Kumar (DOE/NNSA)

Other Benefits
Weisensee (KCPL)
Kumar (DOE/NNSA)

EEI Dues
Weisensee (KCPL)
Kumar (DOE/NNSA)

Overtime Costs
Weisensee (KCPL)
Majors (Staff)

Revenue

McCollister (KCPL)
Kumar (DOE/NNSA)

ORDER OF CROSS-EXAMINATION

While for specific issues a different order of cross-examination may be more appropriate, generally, the order of cross-examination, based on adversity, is the following:

KCPL witnesses

MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Hospitals, Public Counsel, Staff

Staff witnesses

MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Hospitals, Public Counsel, KCPL

Public Counsel witnesses

MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Hospitals, Staff, KCPL

Praxair and MIEC witness

MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, Hospitals, Staff, Public Counsel, KCPL

DOE-NNSA/FEA witnesses

MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, Trigen-Kansas City, MIEC, Praxair, Hospitals, Staff, Public Counsel, KCPL

Hospitals' witness

MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Staff, Public Counsel, KCPL

WHEREFORE, the MDNR submits the foregoing list of issues, order of witnesses and order of cross-examination in response to the Commission's November 20, 2008 *Order Setting Procedural Schedule*.

Respectfully submitted,

CHRIS KOSTER
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 16th day of April, 2009.

/s/ Shelley A. Woods