

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

In the Matter of the Tariff Filing of Aquila, Inc.)
d/b/a KCP&L Greater Missouri Operations)
Company, to Implement a General Rate Increase)
for Retail Steam Heating Service Provided to)
Customers in its Missouri Service Area it formerly)
served as Aquila Networks—L&P.)

Case No. HR-2009-0092
Tariff No. YH-2009-0195

LIST OF ISSUES, ORDER OF WITNESSES AND ORDER OF CROSS-EXAMINATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and states:

1. On September 5, 2008, Aquila d/b/a KCP&L Greater Missouri Operations Company (“GMO”) filed with the Missouri Public Service Commission (“Commission”) tariff sheets designed to implement a general steam heating rate increase for service it provides to its Missouri customers. The Commission opened Case No. HR-2009-0092 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: GMO, Staff, the Office of the Public Counsel (“OPC”), and Ag Processing, Inc. (“AGP”).

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(21) regarding the format of the list of issues.

5. The Staff consulted with the parties in an effort to obtain a consensus as to the wording of the issues, list of witnesses and order of cross-examination. However, such consensus was not reached, and 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.

LIST OF ISSUES

REVENUE REQUIREMENT

RATE BASE

1. Cash Working Capital—Imputed AR Program in Lead Lag Study: Should the cost related to the termination of GMOs accounts receivable sales program caused by the loss of investment grade status be passed on to its customers?
2. Accumulated Depreciation:
 - a. Should the reserve deficiency related to plant retired prematurely as a consequence of GPE’s acquisition of Aquila be added back to the respective ECORP reserve account?
 - b. Should the reduction of reserve overstatement currently assigned to the two divisions as UCU Common General Plant be assigned on a weighted average per reserve account to the ECORP accumulated reserve for depreciation?
 - c. Should GMO maintain separate accounting of amounts accrued for recovery of its initial investment in plant and the amounts accrued for the cost of removal?
 - d. Is Commission authorization required for GMO to change its depreciation rate to zero (0)?
 - e. Should the accumulated depreciation for ECORP common plant asset

accounts reflect depreciation accrual of approximately \$4.2 million more than on GMO's books because the authorized depreciation rates for the ECORP common asset accounts are not zero?

f. Has GMO properly accounted for ECORP common plant asset retirements caused by Great Plains Energy's acquisition of GMO?

COST OF CAPITAL

1. Return on Common Equity: What return on common equity should be used for determining GMO's rate of return?
2. Capital Structure: What capital structure should be used for determining GMO's rate of return?
3. Cost of Debt (MPS and L&P): What cost of debt should be used for determining GMO's rate of return?

REVENUES

1. AGP Special Contract: For ratemaking purposes, should revenues forgone by GMO pursuant to an agreement with AGP be imputed into test-year revenues? If "yes" to the above, should such imputation include revenues forgone as a result of the billing treatment called for in the March 22, 2004 agreement between GMO and AGP?

EXPENSES

1. Short-term Incentive Compensation: Should the costs of short-term incentive compensation plans be included in GMO's revenue requirement for setting GMO's rates?
2. Supplemental Executive Retirement Pension (SERP) Costs: Should the costs of the SERP payments related to former Saint Joseph Light and Power Company officers be included in GMO's revenue requirement for purposes of setting GMO's rates?
3. Payroll Overtime: What level of payroll overtime should be included in GMO's revenue requirement for purposes of setting GMO's rates?
4. Fuel Expense: What level of fuel and purchased power expense should be included in GMO's revenue requirement for purpose of setting GMO's rates?

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 the level of transition costs being sought to be included in rates.

ORDER OF ISSUES AND WITNESSES

Following are known witness conflict dates: Mike Ensrud is not available May 5th and 6th

Monday, May 4, 2009 8:30 a.m.

Make Entries of Appearance Take Up Outstanding Matters Opening Statements

**GMO
Staff
Public Counsel
AGP**

Overview and Policy

**Rush (GMO)
Featherstone (Staff)**

Cost of Capital

**Return on Common Equity
Capital Structure**

**Hadaway (GMO)
Cline (GMO)
Murray (Staff)**

Cash Working Capital—Imputed AR Program in Lead Lag Study

**Cline (GMO)
Klote (GMO)
Herrington (Staff)**

Tuesday, May 5, 2009 8:30 a.m.

Short-Term Incentive Compensation

**Curry (GMO)
Klote (GMO)
Majors (Staff)**

Supplemental Executive Retirement Pension (SERP) Costs

**Curry (GMO)
Hyneman (Staff)**

Overtime Costs

Klote (GMO)

Majors (Staff)

Fuel

Nelson (GMO)

Harris (Staff)

Elliott(Staff)

Wednesday, May 6, 2009 8:30 a.m.

Depreciation

White (GMO)

Klote (GMO)

Schad (Staff)

Merger Synergy Tracking and Transition Cost Recovery

Ives (GMO)

Hyneman (Staff)

Thursday, May 7, 2009 8:30 a.m.

Revenues

Ensrud(Staff)

Rush (GMO)

Rate Design

Rush (GMO)

Ross (Staff)

Johnstone (AGP)

Quarterly Cost Adjustment Clause

Rush (GMO)

Mantle (Staff)

Johnstone (AGP)

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:

GMO witnesses

AGP, Public Counsel, Staff

Staff witnesses

AGP, Public Counsel, GMO

AGP witness

Public Counsel, Staff, GMO

WHEREFORE, the Staff 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,

/s/ Nathan Williams

Nathan Williams
Deputy General Counsel
Missouri Bar No. 35512

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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 14th day of April, 2009.

/s/ Nathan Williams