

Commission held an on-the-record question and answer session on May 26, 2011, in order to better understand the requests for rehearing and clarification regarding the Iatan allocation issue.

On May 27, 2011, the Commission issued its *Order of Clarification and Modification* in which it determined that:

Because of the magnitude of the rate increase and the effects on the ratepayers in the L&P service area, the Commission determines in its discretion that a just and reasonable method of implementing this large increase is by phasing it in over a reasonable number of years. The Commission further concludes that rates for L&P service area should initially be set at an amount equal to the \$22.1 million originally proposed by GMO with the remaining increase plus carrying costs being phased-in in equal parts over a two year period.

Following that order, GMO filed tariffs (Tariff File Nos. YE-2011-0608, YE-2011-0609, and YE-2011-0610) to implement the phase-in, including carrying costs. OPC and AGP objected to the proposed carrying costs and additional filings were made regarding the subject.

On June 24, 2011, GMO filed its Writ of Review of the Commission's *Report & Order* in Case No. ER-2010-0356 with the Cole County Circuit Court appealing issues not related to the phase-in plan. On or about June 30 and July 20, 2011, respectively, AGP and Public Counsel filed their Writ of Review with the Cole County Circuit Court. On August 1, 2011, the Circuit Court issued its Order Consolidating Cases. (Consolidated Case Nos. 11-AC-CC00415, 11 AC-CC00432, and 11AC-CC00474)

On June 25, 2011, the Commission issued its *Order Approving Tariff Sheets and Setting Procedural Conference* stating that additional evidence was needed to determine the appropriate carrying costs. On June 28, 2011, a procedural conference was held and the parties who participated at the conference filed a joint proposed procedural schedule, including the filing of pre-filed testimony, a list of issues, order of witnesses, order of cross-examination, and evidentiary hearings.

On July 25, 2011, the Commission issued its *Notice of Opening Case, and Notice Opening A New File and Adopting Procedural Schedule* in Case No. ER-2012-0024. The Commission also filed in Case No. ER-2012-0024 various tariffs and pleadings that had been previously filed in GMO's last rate case, Case No. ER-2010-0356. On July 25, 2011, the Commission also issued its *Notice Closing File* in Case No. ER-2010-0356.

On August 16, 2011, GMO file its Motion To Suspend Procedural Schedule to allow the parties to discuss settlement of the case. On August 17, 2011, the Commission issued its *Order Granting Motion To Suspend Procedural Schedule*.

On September 2, 2011, GMO and Staff filed a Non-Unanimous Stipulation And Agreement which recommended that the Commission approve the use of a 3.25 percent carrying cost in GMO's phase-in tariffs. In addition, Non-Unanimous Stipulation And Agreement recommended that the Commission should order that the attached tariff schedules for the second, third and fourth year of the phase-in plan shall become effective automatically in each subsequent year on June 25 without further order of the Commission, unless suspended by the Commission for good cause shown.

OPC, Robert Wagner, Dogwood, the Missouri Department of Natural Resources and Union Electric Company d/b/a Ameren Missouri have indicated that they do not oppose the Stipulation.

On September 8, 2011, AGP filed its Objection to the Non-Unanimous Stipulation And Agreement, and requested a hearing.

II. Issues

1. Does the Commission have jurisdiction in this case?

GMO Position: Yes. See Reply of KCP&L Greater Missouri Operations Company To AG Processing, Inc.'s Response And Objection To Motion (filed September 6, 2011).

2. Does the Commission decision consider all relevant factors?

GMO Position: GMO does not understand the reason that this issue was included in the List of Issues by AGP, and therefore does not take a position on this issue at this time. However, GMO reserves the right to assert a position on this issue at a later point in the proceeding.

3. Should GMO's carrying costs in the phase-in tariff schedules filed in this proceeding be 3.25% per year?

GMO Position: Yes. The Commission should adopt the position of GMO the Commission Staff, and OPC that the carrying costs in the phase-in tariff schedules filed in this proceeding should be 3.25% per year. (See Non-Unanimous Stipulation And Agreement; Direct and Rebuttal testimonies of Kevin E. Bryant, Tim M. Rush, David Murray, Matthew J. Barnes and Curt Wells; and OPC Position Statement).

4. Should the Commission order that the tariff schedules filed with the Non-Unanimous Stipulation And Agreement on September 2, 2011, for the second, third and fourth year of the phase-in plan be allowed to become effective automatically in each subsequent year on June 25 without further order of the Commission, unless suspended by the Commission for good cause shown?

GMO Position: Yes. The Commission should order that the tariff schedules filed with the Non-Unanimous Stipulation And Agreement on September 2, 2011, for the second, third and fourth year of the phase-in plan be allowed to become effective automatically in each subsequent year on June 25 without further order of the Commission, unless suspended by the Commission for good cause shown (See Direct Testimony of Tim M. Rush, David Murray, Matthew J. Barnes and Curt Wells). GMO intends to file compliance tariffs after the Commission approves the Non-Unanimous Stipulation And Agreement.

Respectfully submitted,

/s/ James M. Fischer

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 27th day of December, 2011, to all counsel of record.

/s/ James M. Fischer

James M. Fischer