

**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 ) Case No. ER-2009-0089  
Electric Service to Implement its Regulatory )  
Plan. )

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

**COMES NOW** the Kansas City Power & Light Company and states:

1. On September 5, 2008, Kansas City Power & Light Company (“KCP&L”) 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: KCP&L, 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. On April 13, 2009, the Commission issued its Notice And Order Regarding Issues And Witness List which ordered KCPL and Staff to file a proposed issues and witness list for the evidentiary hearings set to begin on April 20, 2009 no later than 5:00 p.m. on April 13, 2009.

6. Pursuant to the Commission’s April 13, 2009 Order, KCPL respectfully submits its proposed issues and witness list as follows:

## 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 Rate Base Additions”):
  - a. Should the Iatan 1 Rate Base Additions be included in rate base in this proceeding?
  - b. Should the Commission presume that the costs of the Iatan 1 Rate Base Additions were prudently incurred until a serious doubt has been raised as to the prudence of the investment by a party to this proceeding?
  - c. Has a serious doubt regarding the prudence of the Iatan 1 Rate Base Additions been raised by any party in this proceeding?
  - d. Should the Company’s conduct be judged by asking whether the conduct was reasonable at the time, under all the circumstances, considering that the Company had to solve its problem prospectively rather than in reliance on hindsight? (“prudence standard”)
  - e. Has KCP&L demonstrated that it properly managed this complex project and properly managed matters within its control?
  - f. Should the costs of the Iatan 1 Rate Base Additions that exceed KCP&L’s “definitive estimate” be included in rate base on an interim subject to refund basis?
  - g. Does the Commission have the authority to designate a portion of the rates “interim rates, subject to refund” if the Company has not voluntarily agreed to do so?
  - h. Should the Commission adopt the in-service criteria proposed by KCP&L and Staff for the Iatan 1 Rate Base Additions?
  - i. Have the Iatan Rate Base Additions met the in-service criteria (True-Up issue)?
2. Iatan Common Costs:
  - a. Should a portion of the Iatan Project Common Costs be included in rate base in this proceeding?
  - b. If so, what is the appropriate amount of Iatan Project Common Costs to be

included in rate base in this proceeding?

- c. Should a regulatory asset be established to defer carrying cost and depreciation expense associated with the Iatan 1 AQCS and identified Iatan common facilities costs appropriately recorded to Electric Plant in Service that are not included in rate base in the current rate case?

**3. Surface Transportation Board Litigation:**

- a. What is the appropriate assignment of reparations between Missouri and Kansas retail customers and the City of Independence?
- b. Should the amount of Missouri jurisdictional unrecovered costs be adjusted for the amount related to the return included in the revenue requirements in the 2007 KCP&L Rate Case?

**4. Materials & Supplies:**

- a. Should the rate base amount be based on a thirteen-month average or the most current balance?

**5. Injuries & Damages:**

- a. Should Injuries & Damages be a component of Cash Working Capital?
- b. If so, what are the appropriate lag days?

**6. Demand-Side Management:**

- a. Should the return on DSM unamortized costs be based on the overall rate of return or an AFUDC rate?
- b. Should KCP&L-GMO add its proposed Supplemental Weatherization and Minor Home Repair Program to the Affordability, Energy Efficiency and Demand Response programs established by KCP&L's Regulatory Plan?
- c. Should KCP&L-GMO add its Economic Relief Pilot Program to its demand side management programs.?
- d. Should the weatherization program be modified so that KCPL's Call Center will refer customers to the program?
- e. Should LIHEAP recipients be directed to the weatherization program and required to participate in it?

**7. Gross Receipts Taxes:**

- a. Are the 6% gross receipts taxes paid to the City of Kansas City and the gross receipts taxes paid to other Missouri cities excluding Grain Valley prepayments that should be included in the Prepayments component or payments in arrears that should be included in cash working capital?

- b. If the payments are considered paid in arrears what is the proper lag days for purposes of calculating cash working capital?
- c. What is the proper lag days for the 4% gross receipts taxes paid to the City of Kansas City?

## **COST OF CAPITAL**

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

## **EXPENSES**

- 1. Off-System Sales Margins:
  - a. Should KCP&L's rates continue to be set at the 25<sup>th</sup> percentile of non-firm off-system sales margin as projected in this case for 2009 as proposed by KCP&L, and accepted by the Staff, or at the level as proposed by Public Counsel?
  - b. Should the two adjustments to Mr. Schnitzer's 25<sup>th</sup> percentile projection as recommended by Company witness B. Crawford (purchases for resale and SPP line loss charges) be included as components of the Off-System sales margins ordered in this case?
  - c. Should non-asset-based off-system sales (also referred to as "Q Sales") be treated as a below-the-line item, or should these Q Sales be included in the revenue requirement in this case?
- 2. Executive Compensation: What is the appropriate level of executive compensation to be included in cost of service for setting KCP&L's rates?
- 3. Short-term Incentive Compensation: Should short-term incentive compensation plans be included in cost of service for setting KCP&L's rates?
- 4. Supplemental Executive Retirement Pension (SERP) Costs: What level of SERP costs should be included in KCP&L's cost of service for purposes of setting rates?
- 5. Talent Assessment: Should the severance costs and related costs associated with the Talent Assessment program be amortized over a five year period as authorized in Case No. ER-2007-0314, or should the amortization be terminated in this case?
- 6. Non-Talent--Severance Costs: Should the severance costs of KCP&L employees terminated for reasons other than KCP&L's talent assessment program be included in cost of service for setting KCP&L's rates?
- 7. Payroll Overtime: What level of payroll overtime should be included in KCP&L's cost of service for purposes of setting rates?
- 8. Other Benefits: How should Other Benefits transferred to joint partners be determined?

9. Fuel & Purchased Power Expense:
  - a. How should natural gas costs be determined?
  - b. How should Wolf Creek fuel oil expense be determined?
10. Hawthorn 5 SCR Warranty Settlement: Should a settlement payment related to Hawthorn 5 SCR warranty litigation that reimbursed KCP&L for past costs the Company incurred going back to 2001 be flowed to customers in this proceeding?
11. Hawthorn Transformer Settlement: Should a settlement payment related to Hawthorn 5 transformer litigation that reimbursed KCP&L for past costs the Company incurred going back to 2005 be flowed to customers in this proceeding?
12. Current Income Tax: Should the Company continue to compute current income tax expense on a stand-alone basis, or should the Company change its method to compute current income tax expense on a consolidated basis?
13. Property Tax Expense: Should property taxes in the amount of \$1,043,890 (total company amount) assessed and paid in 2008 on the new Air Quality Control System (“AQCS”) at the Iatan 1 generating station be excluded from the annualized property taxes expenses in this proceeding?
14. Fleet Fuel Costs: What is the appropriate level of fleet fuel costs to be included in KCP&L’s cost of service for purpose of setting rates?
15. Edison Electric Dues: Should 43.6% of the Company’s EEI dues expenses be disallowed?
16. Bad Debt Expense: What is the appropriate level of bad debt expense to be included in KCP&L’s cost of service for purpose of setting rates?
17. Wolf Creek Depreciation:
  - a. What is the appropriate level of depreciation expense to be included in KCP&L’s cost of service for purpose of setting rates?
  - b. Should DOE/NNSA’s proposed adjustment of \$4,429,884 to reduce depreciation expense be adopted?
18. Accumulated Depreciation: Are the concerns raised by DOE/NNSA regarding the relationship between KCP&L’s accumulated depreciation adjustment and the depreciation adjustment valid concerns?
19. Comparison of O&M Expenses: Should the Commission investigate the reasonableness of the increases in Account 909?
20. Forfeited Discount Revenue: Should a growth rate be used to normalize this revenue item?
21. Merger Transition Costs: What is the appropriate amount of merger transition costs to include in rates in this case?
22. Rate Case Expenses: Should rate case expenses be included in the cost of service in the proceeding? If so, how should the appropriate amount of rate case expense be determined?

**REVENUES:**

1. Test Period Revenues: Did KCP&L properly explain the overall determination of test period retail revenues?

**JURISDICTIONAL ALLOCATIONS:**

1. Allocation Methodology:
  - a. What method should be used for allocating fixed production and transmission plant and expense?
  - b. What methodology should be used for allocating environmental control plant and expense?
  - c. What methodology should be used for allocating off-system sales margins?
  - d. What methodology should be used for allocating steam plant non-labor boiler maintenance expense?

**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 an additional 10% above 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 an additional 5% above the equal percentage increase allocated to the class as a whole?
2. Large Power Rate Design: Should the Industrial Intevenor'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 KCP&L 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 that KCP&L proposes:

## ORDER OF ISSUES AND WITNESSES

Following are known witness conflict dates:

KCP&L: Chris Giles - unavailable April 30 and May 1; William Downey—April 23-24; April 28 and April 30; Kris Nielsen – unavailable April 20-24, April 30; Michael Schnitzer – unavailable April 20-22 and April 27-29; Hadaway-unavailable April 27.

Industrials: Maurice Brubaker - unavailable April 29- May 1

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

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

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

#### **Overview and Policy Giles (KCP&L) Featherstone (Staff)**

#### **Iatan 1 Rate Base Additions Giles (KCP&L) Nielsen (KCP&L)(unavailable April 20-24; ) Churchman (KCP&L) Davis (KCP&L) Jones (KCP&L) Roberts (KCP&L) Meyer (KCP&L)(to be adopted by Roberts) Downey (KCP&L) 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 (KCP&L)**

**Featherstone (Staff)**

**In-Service Criteria**

**Davis (KCP&L)**

**Nielsen (KCP&L)**

**Roberts (KCP&L)**

**Kumar (DOE/NNSA)**

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

**Rate Design/Timing of Next CCOS Study**

**Rush (KCP&L)**

**Scheperle (Staff)**

**Ross (Staff)**

**Meisenheimer (OPC)**

**Brubaker (MIEC/Praxair)**

**Jurisdictional Allocations**

**Loos (KCP&L)**

**Wells (Staff)**

**Featherstone (Staff)**

**Kumar (DOE/NNSA)**

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

**Cost of Capital**

**Return on Common Equity**

**Capital Structure**

**Hadaway (KCP&L)**

**Cline (KCP&L)**

**Murray (Staff)**

**Gorman (OPC)**

**Kumar (DOE/NNSA)**

**Amortizations**

**Giles (KCP&L)**

**Cline (KCP&L)**  
**Featherstone (Staff)**

**Rate Case Expenses**  
**Giles (KCP&L)**  
**Trippensee (Public Counsel)**

**Fuel & Purchased Power**  
**Blunk (KCP&L)**  
**Crawford, Burton (KCP&L)**  
**Harris (Staff)**

**Surface Transportation Board Litigation**  
**Blunk (KCP&L)**  
**Weisensee (KCP&L)**  
**Hyneman (Staff)**

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

**Executive Compensation**  
**Curry (KCP&L)**  
**Kumar (DOE/NNSA)**

**Severance Costs--Talent Assessment**  
**Giles (KCP&L)**  
**Curry (KCP&L)**  
**Hyneman (Staff)**

**Severance Costs--Non-Talent Assessment**  
**Curry (KCP&L)**  
**Harrison (Staff)**

**Short-Term Incentive Compensation**  
**Curry (KCP&L)**  
**Majors (Staff)**

**Supplemental Executive Retirement Pension (SERP) Costs**  
**Curry (KCP&L)**  
**Hyneman (Staff)**

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

**Current Income Tax**  
**Hardesty (KCP&L)**  
**Kumar (DOE/NNSA)**

**Property Taxes**

**Hardesty (KCP&L)**  
**Herrington (Staff)**

**Gross Receipts Taxes**

**Hardesty (KCP&L)**  
**Weisensee (KCP&L)**  
**Herrington (Staff)**  
**Prenger (Staff)**

**Merger Synergy Tracking and Transition Cost Recovery**

**Giles (KCP&L)**  
**Ives (KCP&L)**  
**Hyneman (Staff)**

**Fleet Fuel Costs**

**Herdegan (KCP&L)**  
**Trippensee (OPC)**

**Wolf Creek Depreciation Expense**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**Demand-Side Management**

**Weisensee (KCP&L)**  
**Hyneman (Staff)**  
**Wolfe (MDNR)**  
**Jackson (KCMO)**

**Weatherization/Minor Home Repair Program**

**Dennis (KCP&L)**  
**Kind (OPC)**  
**Jackson (KCMO)**

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

**Injuries & Damages**

**Weisensee (KCP&L)**  
**Herrington (Staff)**  
**Kumar (DOE/NNSA)**

**Hawthorn 5 SCR Warranty Settlement**

**Giles (KCP&L)**  
**Hyneman (Staff)**

**Hawthorn Transformer Settlement**

**Giles (KCP&L)**  
**Hyneman (Staff)**

**Thursday, April 30 8:30 a.m.**

**Off-System Sales**

**Giles (KCP&L)(unavailable April 30 and May 1)**  
**Schnitzer (KCP&L) (unavailable April 20-22 and April 27-29)**  
**Crawford, Burton (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 (KCP&L)**  
**Kind (OPC)**  
**Meyer (MIEC/Praxair/NNSA)**

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

**Accumulated Depreciation**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**Forfeited Discount Revenue**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**Comparison of O & M Expenses**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**Other Benefits**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**EEI Dues**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**Bad Debt Expense**

**Weisensee (KCP&L)**  
**Kumar (DOE/NNSA)**

**Overtime Costs**

**Weisensee (KCP&L)**  
**Majors (Staff)**

**Revenue**

**McCollister (KCP&L)**

**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:

**KCP&L witnesses**

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

**Staff witnesses**

AmerenUE, MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Hospitals, Public Counsel, KCP&L

**Public Counsel witnesses**

AmerenUE, MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Hospitals, Staff, KCP&L

**Praxair and MIEC witness**

AmerenUE, MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, Hospitals, Staff, Public Counsel, KCP&L

**DOE-NNSA/FEA witnesses**

AmerenUE, MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, Trigen-Kansas City, MIEC, Praxair, Hospitals, Staff, Public Counsel, KCP&L

**Hospitals witness**

AmerenUE, MGE, Aquila, Empire, MJMEUC, Kansas City, DNR, DOE-NNSA, FEA, Trigen-Kansas City, MIEC, Praxair, Staff, Public Counsel, KCP&L

**WHEREFORE**, KCP&L submits the foregoing list of issues, order of witnesses and order of cross-examination in response to the Commission's April 13, 2009 Notice And Order Regarding Issues And Witness List.

Respectfully submitted,

/s/ James M. Fischer  
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Attorneys for Kansas City Power & Light  
Company

**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 13th day of April, 2009, to all counsel of record.

/s/ James M. Fischer  
James M. Fischer