

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

In the Matter of the Application of Kansas City Power and Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Continue the Implementation of its Regulatory Plan.	) ) ) ) )	<b><u>Case No. ER-2009-0089</u></b> Tariff No. JE-2009-0192
---	-----------------------	--

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 Electric Service Provided to Customers in its Missouri Service Areas it formerly served as Aquila Networks—MPS and Aquila Networks— L&P.	) ) ) ) ) ) )	<b><u>Case No. ER-2009-0090</u></b> Tariff No. JE-2009-0913
--	---------------------------------	--

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.	) ) ) ) ) ) )	<b><u>Case No. HR-2009-0092</u></b> Tariff No. YH-2009-0195
--	---------------------------------	--

**STAFF’S PROPOSED PROCEDURAL SCHEDULES**

COMES NOW the Staff of the Missouri Public Service Commission and in proposing procedural schedules for the above captioned three cases states:

1. In each of its September 12, 2008 orders titled, *Order Directing Filing and Directing Notice* issued in Case Nos. ER-2009-0089, ER-2009-0090 and HR-2009-0092, the Commission set an early prehearing conference for 10:00 a.m. on October 15, 2008 and directed the parties to file a proposed procedural schedule by October 22, 2008. The Commission ordered the parties to include

in the procedural schedule additional filing dates for testimony, a second prehearing conference, local public hearings, the statement of issues and position papers of the parties, and a reconciliation.

2. As ordered by the Commission the parties attended the joint prehearing conference on October 15, 2008 and began discussions. They were unable to reach agreement by October 22, 2008, and requested and received in each of the cases extensions until October 29, 2008 to file proposed procedural schedules. Although they engaged in extensive discussions until October 28, 2008, the parties were unable, in any of the cases, to reach agreement on procedural schedules to propose to the Commission.

3. As the Commission will recall, in response to a Commission Order in each case, on October 14, 2008, the Staff filed a pleading in each case in which it stated, that if “the parties are able to agree to an appropriate procedural schedule in light of a 2007 test year, September 30, 2008 update date and April 30, 2009 true-up date, then a 2007 test year, September 30, 2008 update date and April 30, 2009 true-up date are acceptable to the Staff.” The Staff thus indicated that only under certain circumstances, *i.e.*, if the parties were able to agree to an appropriate procedural schedule, would an April 30, 2009 true-up date be acceptable to the Staff.

4. Although the above-caption cases are separate, because Kansas City Power & Light Company (KCPL) and Aquila, Inc. have common ownership, KCPL personnel provide services to Aquila, and KCPL and Aquila both have ownership interests in Iatan 1, the cases have interconnected issues. Further, because the Staff must develop four revenue requirement calculations—one for KCPL, two for Aquila electric operations and one for Aquila steam operations—common test years, update dates and true-up dates and related procedural schedule dates will facilitate processing of the cases, which were all filed on the same day—September 5,

2008—with the same proposed tariff rate sheet effective dates—August 5, 2009. Keeping these items linked between the Aquila rate cases—ER-2009-0090 and HR-2009-0092—is especially significant since much of the Aquila's steam revenue requirement is developed from the same information used to develop the revenue requirement for Aquila's L&P electric operations. In addition, since the acquisition of Aquila, much information regarding KCPL costs will impact costs allocated to Aquila in the Aquila rate cases, costs such as payroll and payroll related benefits, corporate costs and merger impacts.

5. The Staff notes that when the Commission approved the Stipulation and Agreement that embodied KCPL's Experimental Regulatory Plan, KCPL projected in-service dates of November 30, 2008 for construction of its SCR facility, Flue Gas Desulphurization ("FGD") unit and Baghouse at Iatan 1, and agreed to a true-up date of September 30, 2008. The most recent information the Staff has about the projected in-service dates for the construction of these and related items at Iatan 1 is that KCPL anticipates they will all be in service by \*\* [REDACTED] \*\* and the last reforecasted in-service date is \*\* [REDACTED] \*\*, both of which are well beyond November 30, 2008. Thus, the Staff believes the most prudent schedule for these cases uses an April 30, 2009 true-up cutoff which, to allow a reasonable time for the parties and the Commission to perform their functions requires a September 5, 2009 target date for new rates to take effect.

6. The most difficult obstacle to crafting workable procedural schedules for these cases is the date of the end of the true-up. Given that the true-up encompasses for both KCPL and Aquila the intended completion and in-service date of the Iatan 1 environmental enhancements,<sup>1</sup> the true-up has great potential for major contested issues. An April 30, 2009 true-up date and an August 5, 2009

**NP**

tariff effective date provides an intervening period of 97 days. The Staff is aware the Commission desires a period of at least 90 days between the close of all evidentiary hearings and the date a Commission order approving new tariff sheets becomes effective to allow sufficient time for briefing (about 30 days), Commission deliberations (about 30 days) and new tariff sheets review and approval (about 30 days).

7. It is the Staff's experience in this case that it takes KCPL and Aquila over three weeks from the end-of-a-month period to provide updates to their investment, revenues, fuel and purchased power, payroll and other costs through the end of that end-of-month period. Therefore, based on an April 30, 2009 true-up date and in light of the time needed to review that data, complete the adjustments necessary to update the revenue requirement from September 30, 2008 to the April 30, 2009 true-up date and draft true-up direct testimony yields the reasonable date of June 9, 2009 for filing true-up testimony and a June 15-16, 2009 true-up hearing date. Staff is also responsible to complete the true-up reconciliation during this time frame for the four revenue requirements. With briefs following the true-up hearing the earliest the case could reasonably be fully briefed to the Commission would be June 23, 2009. With an August 5, 2009 date for new tariff sheets to be effective the Commission would have to complete its deliberations on major true-up issues, if there are major true-up items in dispute, issue a Report and Order and approve tariff sheets all within a period of 43 days. Thus, the Staff is unable to propose a schedule that is reasonable to the Commission and to the parties when constrained by an April 30, 2009 true-up date—which KCPL and Aquila have stated they need to address the construction and in-service dates for its Iatan 1

---

<sup>1</sup> For Aquila is also encompasses construction at Aquila's Sibley and Jeffrey Energy Center generating facilities.

environmental enhancements, an August 5, 2009 new tariff sheets effective date and maintaining 90 days between the end of the main evidentiary hearing and the tariff effective date of August 5, 2009.

8. The only solutions apparent to the Staff are to either use an earlier true-up date or extend the anticipated effective date of new tariff sheets from August 5, 2009. The alternative procedural schedules the Staff proposes are based on these two approaches and are designed for Case Nos. ER-2009-0089, ER-2009-0090 and HR-2009-0092. Both schedules allow four weeks of main evidentiary hearing time for presenting the non-true-up evidence in all three cases—ER-2009-0089, ER-2009-0090 and HR-2009-0092. The first alternative is predicated on new tariff sheets being effective by August 5, 2009 and, therefore, necessarily, is also based on a true-up date of March 31, 2009. The second alternative is predicated on a true-up date of April 30, 2009 and, therefore, necessarily is also based on new tariff sheets being effective by September 5, 2009.

9. The Staff recognizes that the second alternative requires either that KCPL and Aquila extend the effective date of their pending tariff sheets, or that the Commission suspend them under the authority it has in Sections 393.150 and 393.290, RSMo. 2000.<sup>2</sup> The Commission will recall that the proposed tariff sheets filed by KCPL and Aquila on September 5, 2008 bear effectives date of August 5, 2009 and can be further suspended by KCPL and Aquila, on their own or by the Commission, pursuant to Section 393.150, RSMo. 2000. The Staff notes that the Stipulation and Agreement the Commission approved in Case No. EO-2005-0329 that embodies KCPL's Experimental Regulatory Plan provides a schedule for a rate case "filed with the Commission on February 1, 2008." KCPL filed Case No. ER-2009-0089 rate case on September 5, 2008, over seven

---

<sup>2</sup> Section 393.150, RSMo. 2000 expressly applies to electrical corporations and Section 393.290, RSMo. 2000 makes 393.150 RSMo. 2000 applicable to heating companies as well.

months after the rate case filing date specified in the KCPL Experimental Regulatory Plan Stipulation and Agreement. There is no similar regulatory plan for Aquila; however, it chose to file tariff sheets also bearing August 5, 2009 effective dates.

10. In crafting these alternatively proposed procedural schedules, the Staff has endeavored to make them reasonable. In doing so the Staff consulted with various parties, and considered matters raised by Public Counsel, Midwest Energy Users' Association, Praxair, Inc., KCPL, Aquila, Inc., Trigen-Kansas City Energy Corporation and others. Among other factors the Staff considered the need to essentially contemporaneously process four separate revenue requirements (KCPL electric, Aquila electric L&P, Aquila electric MPS and Aquila steam), the times needed to get information from the Company for the true-up, review and analyze that information, and prepare testimony based on data from the 2007 calendar year test year; the September 30, 2008 update date, the true-up date, the time needed by the Commission for its deliberations and Orders, and holidays (particularly Washington's Birthday—February 16, 2009, Truman Day—May 8, 2009 and Memorial Day—May 25, 2009).

11. The proposed schedules are predicated on KCPL and Aquila providing to Staff and the other parties by no later than "Closed book true-up data date" specified auditable accounting information through the true-up date consisting of KCPL's and Aquila's standard monthly documentation—such as monthly operating reports, ledgers, supporting invoices—that assures each item being true-up has occurred in fact or is in service, has been booked, payment is recorded in KCPL's, or Aquila's, accounts payable system and is auditable. If that predicate proves false, then the proposed true-up and briefing schedules are impracticable. Further, under each schedule to be included in the true-up revenue requirement adjustment, invoices must have been processed to

approve payment by the invoice cut-off date and received by the Staff by no later than the following day.

12. The proposed schedules attached are based on all the assumptions and conditions stated in this pleading, a change in any one of which may render all or part of either of the proposed schedules impracticable;

13. True-up Testimony should be limited to changes in quantification of new data from applying methodologies used by the party filing the true-up testimony when that party developed direct, rebuttal or surrebuttal testimony in this case, and shall not introduce changes in methodology.

The following items should be trued-up as of the true-up date:

**RATE BASE:**

- (1) Plant-in-service;
- (2) Depreciation reserve;
- (3) Deferred taxes;
- (4) Fuel inventories (oil and coal);
- (5) Related cash working capital;
- (6) Materials and supplies;
- (7) Prepayments;
- (8) Customer advances for construction, and contributions in aid of construction;
- (9) Customer deposits;
- (10) Income tax offsets; and
- (11) Interest expense offset.

**CAPITAL STRUCTURE:**

- (1) Rate of return—embedded cost of long-term debt, short-term debt and preferred stock (excludes return-on-equity);
- (2) Capital structure.

**INCOME STATEMENT:**

- (1) Revenues, customer count, and kWh sales to account for customer growth;
- (2) Margin from off-system sales;
- (3) Uncollectibles;
- (4) Payroll – employee levels, current wage rates, payroll-related benefits and payroll taxes;
- (5) Fuel prices for gas, oil, SO<sub>2</sub> allowances and freight;

- (6) Purchased power prices;
- (7) System loads;
- (8) Fuel and purchased power expense;
- (9) Rate case expense and MoPSC assessment;
- (10) Lease cost;
- (11) Property insurance;
- (12) Depreciation expense;
- (13) Property taxes – if applicable and appropriate;
- (14) Income tax effects; and
- (15) Allocation factors.

14. The following requirements should be ordered by the Commission in its order adopting procedural schedule in each of the three cases—ER-2009-0089, ER-2009-0090 and HR-2009-0092:

- (a) To be included in the true-up, standard monthly documentation must be available for all applicable items (i.e., monthly operating reports, KCPL general and plant ledgers, including accumulated depreciation reserve, Aquila general and plant ledgers, including accumulated depreciation reserve, and supporting invoices) which assure that the item in fact has occurred or is in service, has been booked, payment has been recorded in KCPL's, or Aquila's, accounts payable system and is auditable by the "Closed book true-up data" date specified.
- (b) The true-up should include all major changes to revenue, expenses, rate base and capital structure occurring through the true-up date.
- (c) Where practical Case Nos. ER-2009-0089, ER-2009-0090 and HR-2009-0092 should be consolidated for administrative purposes. Also, the evidentiary record for certain issues, for example pensions and OPEBs, likely will be the same for all three rate cases. Nonetheless, the evidentiary record for certain other issues will not be the same.



- (d) Answers to data requests submitted on or after the date established for rebuttal testimony shall be made within ten (10) business days of the request; however, objections and responses that additional time will be required to provide an answer shall be made within five (5) business days of the request.
- (e) Data request responses in one case may be used in any of the three cases—ER-2009-0089, ER-2009-0090 and HR-2009-00092.
- (f) All pleadings, testimony, exhibits and workpapers shall be served on the parties electronically in a commonly used format (.PDF, .DOC, .WPD, .XLS), unless the document is not readily reducible to an electronic format, *i.e.*, no party is required to scan a voluminous document not otherwise available electronically. These electronic service copies shall be served essentially contemporaneously with the filing of the pleading, testimony (associated testimony in the case of workpapers) or exhibit with the Commission.
- (g) While models that utilize spreadsheets may be filed with the Commission on the EFIS system in a protected or "locked" format where they cannot be readily manipulated, they shall, nevertheless, be provided to the attorneys for the parties in an "unlocked" and fully operable format with all formulas intact such that the respective consultants or experts for the parties will be able to inspect the formulas and modify and change the spreadsheets to model other results; further, such models included in workpapers shall also be provided in an "unlocked" and fully operable format with all formulas intact..

- (h) Witness's workpapers associated with their testimony shall be provided to the other parties (in an "unlocked" and fully operable electronic format with all formulas intact as provided earlier) within 2 business days following the filing of the respective testimony, without the necessity of other parties filing a request for such workpapers. If no associated workpapers exist, the party's attorney will so notify other parties within the same time period.
- (i) Parties making data requests shall serve the data request electronically on the attorneys for all parties contemporaneously with when the data request is served on the party from whom the response is requested. Any party seeking a copy of the response to a data request issued by another party shall serve that request on the party to whom the original request was directed.
- (j) Parties should be required to make an effort not to include in data request questions either highly confidential or proprietary information. If either highly confidential or proprietary information must be included in data request questions, the highly confidential or proprietary information should be appropriately designated as such.
- (k) Parties responding to data requests shall provide copies of their responses to the data requests contemporaneously to all parties that have requested the response before it is first due in response to the original request; and if the response to the original request is made before a request for a copy is served, then the response shall be made forthwith, i.e., responding parties shall not defer providing their response for the 20 or 10 day period (whichever is applicable) if the response is available, but will provide the response forthwith.

(l) Filings with the Commission shall be considered timely if made through EFIS by midnight of the day that they are due.

(m) Transcripts of the evidentiary hearings should be expedited.

WHEREFORE, the Staff moves the Commission to adopt for each of these three cases—ER-2009-0089, ER-2009-0090 and HR-2009-0092—one of the two schedules it proposes, preferably the one with an April 30, 2009 true-up date and anticipated new tariff sheets effective by September 5, 2009, as well as the true-up items listed and requirements specified above.

Respectfully submitted,

---

Nathan Williams  
Deputy Counsel  
Missouri Bar No. 35512  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8702 (Telephone)  
(573) 751-7468 (Fax)  
[nathanwilliams@psc.mo.gov](mailto:nathanwilliams@psc.mo.gov)

Attorney for the Staff of the  
Missouri Public Service Commission

---

Lewis Mills  
Public Counsel  
Missouri Bar No. 35275  
Office of the Public Counsel  
P. O. Box 2230  
Jefferson City, MO 65102  
(573) 751-1304 (Telephone)  
(573) 751-5562 (Fax)  
[opcservice@ded.mo.gov](mailto:opcservice@ded.mo.gov)

Attorney for the Office of the  
Public Counsel

John B. Coffman  
Missouri Bar No. 36591  
871 Tuxedo Boulevard  
St. Louis, MO 63119  
(314) 424-6779  
[john@johncoffman.net](mailto:john@johncoffman.net)

James B. Lowery  
Missouri Bar No. 40503  
P. O. Box 918  
111 South Ninth Street, Suite 200  
Columbia, MO 65202-0918  
(573) 443-3141 (Telephone)  
(573) 448-6686 (Fax)  
[lowery@smithlewis.com](mailto:lowery@smithlewis.com)

Attorney for AARP

Attorney for Union Electric Company

---

Stuart W. Conrad  
Missouri Bar No. 23966  
Finnegan, Conrad & Peterson, L.C.  
3100 Broadway, Suite 1209  
Kansas City, MO 64111  
(816) 753-1122 (Telephone)  
(816) 756-0373 (Fax)  
[stucon@fcplaw.com](mailto:stucon@fcplaw.com)

---

Mark Comley  
Missouri Bar No. 28847  
Newman, Comley & Ruth, P. C.  
601 Monroe Street, Suite 401  
P. O. Box 537  
Jefferson City, MO 65102  
(573) 634-2266 (Telephone)  
(573) 636-3306 (Fax)  
[comleym@ncrpc.com](mailto:comleym@ncrpc.com)

Attorney for Sedalia Industrial Energy Users' Association and AG Processing, Inc.

Attorney for City of Kansas City, Missouri

---

Shelley A. Woods  
Assistant Attorney General  
Missouri Bar No. 33525  
P. O. Box 899  
Jefferson City, MO 65102  
(573) 751-8795 (Telephone)  
(573) 751-8464 (Fax)  
[shelley.woods@ago.mo.gov](mailto:shelley.woods@ago.mo.gov)

---

Captain Frank Hollifield  
139 Barnes Drive, Suite 1  
AFCESA/ULT  
Tyndall Air Force Base, FL 32406  
(850) 283-6217/6350 (Telephone)  
(850) 283-6219 (Fax)  
[frank.hollifield@tyndall.af.mil](mailto:frank.hollifield@tyndall.af.mil)

Attorney for the Missouri Department of Natural Resources

Attorney for the Federal Executive Agencies

---

William D. Steinmeier

---

Paul Boudreau

Missouri Bar No. 25689  
William D. Steinmeier, P.C.  
P. O. Box 104595  
2031 Tower Drive  
Jefferson City, MO 65110-4595  
(573) 659-8672 (Telephone)  
(573) 636-2305 (Fax)  
[wds@wdspe.com](mailto:wds@wdspe.com)

Brydon, Swearengen and England, P.C.  
Missouri Bar No. 33155  
P. O. Box 456  
312 East Capitol Avenue  
Jefferson City, MO 65102-0456  
(573) 635-7166 (Telephone)  
(573) 634-7431 (Fax)  
[paulb@brydonlaw.com](mailto:paulb@brydonlaw.com)

Attorney for the City of St. Joseph, Missouri

Attorney for Aquila, Inc.

### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29<sup>th</sup> day of October 2008.

---

Nathan Williams