Exhibit No.:	
Issue:	Overview and Policy; Quarterly Cost Adjustment; Rate Design
Witness:	Tim M. Rush
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Aquila, Inc. dba KCP&L Greater Missouri Operations Company
Case No.:	HR-2009-____
Date Testimony Prepared:	September 5, 2008

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: HR-2009-____

DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

AQUILA, INC. dba
KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
September 2008

DIRECT TESTIMONY

OF

TIM M. RUSH

Case No. HR-2009-____

Q: Please state your name and business address.

A: My name is Tim M. Rush. My business address is 1201 Walnut, Kansas City, Missouri 64106-2124.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L") as Director, Regulatory Affairs.

Q: What are your responsibilities?

A: My general responsibilities include overseeing the preparation of the rate case, class cost of service and rate design of both KCP&L and Aquila, Inc., dba KCP&L Greater Missouri Operations Company ("GMO" or the "Company"). I am also responsible for overseeing the regulatory reporting and general activities as they relate to the Missouri Public Service Commission ("MPSC" or "Commission").

Q: Please describe your education, experience and employment history.

A: In addition to public schools, I received a Master's Degree in Business Administration from Northwest Missouri State University in Maryville, Missouri. I did my undergraduate study at both the University of Kansas in Lawrence and the University of Missouri in Columbia. I received a Bachelor of Science Degree in Business Administration with a concentration in Accounting from the University of Missouri in Columbia.

Q: Please provide your work experience.

A. I was hired by KCP&L in 2001, as the Director, Regulatory Affairs. Prior to my employment with KCP&L, I was employed by St. Joseph Light & Power Company ("Light & Power") for over 24 years. At Light & Power, I was Manager of Customer Operations from 1996 to 2001, where I had responsibility for the regulatory area, as well as marketing, energy consultant and customer services area. Customer services included the call center and collections areas. Prior to that, I held various positions in the Rates and Market Research Department from 1977 until 1996. I was the manager of that department for fifteen years.

Q. Have you previously testified in a proceeding before the MPSC or before any other utility regulatory agency?

A: I have testified on numerous occasions before the MPSC on a variety of issues affecting regulated public utilities. I have additionally testified at the Federal Energy Regulatory Commission and the Kansas Corporation Commission.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to provide a summary and overview of this case. I will describe the major drivers of and how the proposed rate increase was determined. I will ask for Commission authorization on certain additional matters. In addition, I will explain how GMO has satisfied the MPSC's minimum filing requirements ("MFR"). I am also sponsoring the Company annualized revenues and the proposal for rate design and modifications to the Quarterly Cost Adjustment ("QCA"), including rebasing of the fuel cost contained in the current adjustment mechanism.

SUMMARY AND OVERVIEW

Q: How was the test year and resultant rate increase amount determined?

A: The test year is based on the historical year ending December 31, 2007. The Company proposes an update based on October 31, 2008 financials and a true-up as of April 30, 2009. Accordingly, test year data was annualized and normalized based on projected amounts as of this true-up date. The cost of service and revenue requirement determination is supported by the Direct Testimony of GMO witness Ronald Klote and included in his attached schedules RAK-1 through RAK-5.

Q: What is the amount of the rate increase requested in this case?

A: The amount of the rate increase is 7.7%, or $1.3 million dollars based on test year base revenue of approximately $16.9 million.

Q: What is the return on equity the Company is requesting in this case?

A: The Company is requesting a return on equity of 10.75% based upon a 53.82% equity capital structure of GMO's parent holding company Great Plains Energy Incorporated ("Great Plains Energy"), as presented in the Direct Testimony of Company witness Samuel Hadaway.

Q: What are the primary drivers for the rate increase filing?

A: The primary driver in this steam case is fuel. While the Company has the QCA to recover fuel expenses, the QCA only recovers a portion of the actual fuel expense incurred by the Company. The fuel cost is adjusted to be only 80% of the incremental fuel expenses after adjusting for a coal usage target. This is discussed later on in my testimony.

Q: How has the QCA been addressed in the current case?

A: The Company is requesting to continue the QCA, but proposes to change the base amounts included in the tariff and to modify the recovery adjustment to reflect 100% recovery of the incremental costs. This is described later in my testimony.

Q: Has the Company included the revenue requirement impact of the recent acquisition of Aquila, Inc. by Great Plains Energy in this case?

A: Yes, the Company has included its allocable share of the merger savings and transition cost amortization in the revenue requirement in this case, as ordered by the Commission in Case No. EM-2007-0374 ("Merger Case"). This issue is discussed in the Direct Testimony of Company witness Darrin Ives.

Q: During the course of the Merger Case the Company agreed not to seek recovery of all of its actual debt costs, based on past commitments made by Aquila, Inc. with respect to certain specific debt issuances. Has the Company's cost of capital calculation been made consistent with this agreement?

A: Yes, consistent with prior rate cases the Company has not sought to recover actual debt costs for certain debt issued at non-investment grade interest rates.

Q: Does the Company request Commission authorization on any additional matters?

A: Yes, the Company requests Commission authorization on an accounting matter.

Q: Please briefly describe the accounting request.

A: Financial Accounting Standard ("FAS") 158 requires the Company to convert its other post-employment benefits ("OPEB") measurement date from September 30, 2008 to December 31, 2008. As a result, the Company will incur a "catch up" of three months of additional OPEB expense in 2008. As more fully discussed in the direct testimony of Company witness Ronald Klote, the Company requests the Commission to authorize the deferral of incremental FAS 158 OPEB expense in a regulatory asset account and the amortization of such costs into rates over a five-year period commencing with the effective date of new rates in this rate proceeding.

I. MINIMUM FILING REQUIREMENTS

Q: What is the purpose of this part of your testimony?

A: My purpose is to confirm that GMO has satisfied the MPSC's MFR, as set forth in 4 CSR § 240-3.030.

Q: How did GMO satisfy the MFR?

A: The following information was prepared addressing the specific requirements of the MFR as outlined in 4 CSR § 240-3.030(3):

A: Letter of transmittal

B: General information, including:

1. the amount of dollars of the aggregate annual increase and percentage over current revenues;
2. names of counties and communities affected;
3. the number of customers to be affected;
4. the average change requested in dollars and percentage change from current rates;
5. the proposed annual aggregate change by general categories of service and by rate classification;
6. press releases relative to the filing; and
7. a summary of reasons for the proposed changes.

Q: Are you sponsoring this information?

A: Yes, I am.

Q: Was this information prepared under your direct supervision?

A: Yes, it was.

II. ANNUALIZED REVENUES

Q: Are you sponsoring the annualized steam revenues?

A: Yes. The annualized steam revenues were developed under my supervision.

Q: Please explain how you developed the revenues sponsored in the case?

A: The first part of the annualized process was to look at each customer and determine an appropriate load level for each customer. The full tariff price was then applied to each customer's load to determine the annualized revenues for the steam system. The QCA revenues were excluded from the calculation to derive base revenues under full tariffs excluding the QCA.

III. INDUSTRIAL STEAM RATE DESIGN

Q: Are you sponsoring the Industrial Steam tariffs filed in this case?

A: Yes, I am.

Q: What rate design are you proposing be applied to the tariffs in this case?

A: I am proposing an equal percentage increase be applied to all the rate components of each tariff for the non-fuel portion of the rate increase. I am also proposing to rebase the fuel costs to equal the expected costs for fuel expenses filed in this case. The rebasing of the fuel component will be reflected as a per unit increase to the rates.

Q. Are there any other tariff changes you are recommending?

A. Yes. I am recommending two tariff changes. The industrial steam tariffs contain a tariff for "Standby or Supplementary Service." No customer takes service under this schedule and I am recommending that this tariff be deleted and no longer made available. In the future, if customers request such service, a tariff or contract would be developed based on the customers' specific needs and requirements as well as the needs of the Company. Also, a change is needed to clarify that fuel inputs are used in the current calculation for the QCA Rider. This change is shown in Schedule TMR-1.

Q. Please describe how you intend to rebase the fuel cost adjustment and any other changes you are recommending to the QCA Rider.

A. Currently, the industrial steam QCA Rider recovers incremental fuel costs above $3.0050 per MMBTU of input steam. The QCA is further adjusted by two factors. First, an adjustment is made to reflect the coal generation versus the natural gas generation. Second, a further adjustment is made to reduce the result by 20%. This essentially results in a recovery of about 80% of the incremental costs above the current fuel cost base in the industrial steam rates. By rebasing the fuel cost included in the rates, the rate will essentially recover all of the expected fuel costs and a new base will be established.

Q. Please describe how the tariffs will be adjusted to reflect the rebasing in the QCA?

A. The QCA is determined by looking at prior period fuel costs compared to the amount recovered in rates. This difference is then recovered over a future period. Because of the prior period reviews, I am proposing two separate QCA tariffs. One is the current tariff (Schedule TMR-1) that uses the base fuel component before the new rates go into effect. This tariff would be used to determine the QCA amounts up to the time the new rates go into effect and recover those costs in future QCA filings. The second tariff (Schedule TMR-2) is based on the proposed base amount and will be for rates that go into effect when the rates change and for the QCA which will be determined beginning after the rates go into effect.

Q. Beyond rebasing the fuel component in rates, are you recommending any other changes to the QCA tariff?

A. Yes. I am proposing no longer adjusting the industrial steam fuel cost to reflect a certain level of coal operations versus natural gas operations. I am also recommending that the industrial steam QCA no longer be adjusted by 80%. The fuel cost of providing industrial steam service has increased significantly since the last industrial steam rate increase. Recovering only 80% of the incremental fuel cost has resulted in a significant under-recovery of costs in the business.

Q. Why are you proposing to no longer adjust industrial steam fuel cost to reflect a certain level of coal generation versus natural gas generation?

A. The Company discovered that our ability to achieve the targeted level of coal operations is highly dependent on two factors outside of its control. First, the level of coal generation is heavily dependent on the level of our customers' operations. In the last steam case (HR-2005-0450), rates reflected a high level of normalized total steam production, approximately 63% over the 2004 actual test year. Actual 2007 total steam production still has not achieved the level reflected in the prior steam case. Second, the amount of coal allocated to the steam operation is determined by an allocation formula set in a prior rate case. If electricity production is higher in some years, the formula will allocate a greater portion of the steam produced from coal to the electric operation. Even if total steam production from coal achieves the rate case level, it is possible that less than the targeted level of coal generation will be allocated to the steam side of the utility. The production standard has resulted in under-recovery of approximately $2.4 million.

Q. Why are you proposing to discontinue the 80% adjustment?

A. Fuel is the largest item of expense the steam business incurs, comprising approximately 80% of total operations and maintenance expense. Total fuel costs more than doubled from 2004 to 2007, with significant increases in the cost of both coal and natural gas, as well as increased dependence on natural gas to serve incremental load. Since the inception of the QCA, the Company has under-recovered approximately $1.0 million as a result of the 80% adjustment. The magnitude and volatility of fuel costs to the steam business makes the 80% adjustment inappropriate.

Q. Why are fuel costs volatile?

A. Energy costs world wide have become more volatile in recent years. This has included not only oil and natural gas, but also to some degree coal. In our steam business, increasing demand over the past few years has shifted the mix of fuels. As we reach the limits of steam production from coal, natural gas is used to meet incremental load. Since 2004, the portion of the steam produced from natural gas has increased from about 19% to over 32%. This has increased both the fuel costs and the exposure to price volatility.

Q. Does the steam business control the price of coal or natural gas?

A. No. The Company purchases coal and natural gas in the national markets. Prices are set by these markets. While prices of natural gas can move dramatically in either direction, over the past few years and over the coming years, energy prices appear to be moving generally upward.

Q. Are there any additional changes to the QCA tariff?

A. Yes. Currently, each over- or under-collection of revenues is corrected with a new Reconciliation Factor collected over twelve months. I am proposing to add any over- or under- collection dollars to the next current quarterly cost adjustment recovery period. A separate factor would not be needed.

Q. Does that conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Aquila, Inc. dba KCP&L Greater Missouri Operations Company to Modify Its Steam Tariffs to Effectuate a Rate Increase	)))	Case No. HR-2009-____

AFFIDAVIT OF TIM M. RUSH

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Tim M. Rush, being first duly sworn on his oath, states:

1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Aquila, Inc. dba KCP&L Greater Missouri Operations Company consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Tim M. Rush

Subscribed and sworn before me this 5th day of ~~August~~ September 2008.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st Revised Sheet No. 6.1

Canceling P.S.C. MO. No. 1 Original Sheet No. 6.1

Aquila, Inc., dba

KCP&L Greater Missouri Operations Company For St. Joseph, MO & Environs

KANSAS CITY, MO 64106

QUARTERLY COST ADJUSTMENT RIDER
STEAM

AVAILABILITY

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts.

The Company will file rate adjustments quarterly to reflect eighty percent (80%) of the change in the actual fuel costs above or below a base amount of $3.0050 per million BTU on input. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCAs, plus reconciling adjustments, if any, plus the Reconciliation Rate will be billed in addition to all other charges under applicable tariff provisions.

This tariff will apply until recovery is complete for all time periods occurring before the effective date of a revised Quarterly Cost Adjustment Rider.

CALCULATIONS

Current Quarterly Cost Adjustment (CQCA):

The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants

Or, $CQCA = \dfrac{[AM \times (FCPM_{pq} - FCPM_{b})] \times FI_{pq}}{BD_{p12} + BDA_{f12}}$

Or, using spreadsheet software math conventions, except substituting variables for cell references:

CQCA = $((AM * (FCPM_{pq} - FCPM_{b})) * FI_{pq})$ /
$IF (OR (BD_{pq} > BD_{pq\text{-}4} * 1.05, BD_{pq} < BD_{pq\text{-}4} * .95), BD_{p12} + BDA_{f12}, BD_{p12})$

Where:

CQCA= Current Quarterly Cost Adjustment

AM= Alignment Mechanism = 80%

$FCPM_{pq}$= Fuel Cost per million BTU on input for the preceding quarter

$FCPM_{b}$= Base Fuel Cost per million BTU on input = $3.0050

FI_{pq} = Fuel Input (million BTUs of fuel for steam input) for the preceding quarter

BD_{pq}= Billing Determinants (million BTU delivered to retail customers) for the preceding quarter

$BD_{pq\text{-}4}$= Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter

BD_{p12}= Billing Determinants for the preceding year

BDA_{f12}= Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD_{pq} varies by more than five percent (5%) up or down from $BD_{pq\text{-}4}$ and Company determines that an adjustment is appropriate.

Note: Billing determinants shall reflect usage corresponding to the period of fuel cost computations, regardless of the "billing" or "revenue month" in which such usage is billed.

Issued: September 5, 2008 Effective: August 5, 2009

Issued by: Chris B. Giles, Vice-President

Schedule TMR-1

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STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	1		Original Sheet No. 6.6
Canceling P.S.C. MO. No.			Sheet No.

Aquila, Inc., dba
KCP&L Greater Missouri Operations Company — For St. Joseph, MO & Environs
KANSAS CITY, MO 64106

QUARTERLY COST ADJUSTMENT RIDER
STEAM

AVAILABILITY

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts.

The Company will file rate adjustments quarterly to reflect the change in the actual fuel costs above or below a base amount of $5.7112 per million BTU in sales. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCAs, plus true-up amounts will be billed in addition to all other charges under applicable tariff provisions.

This tariff will apply to time periods after the effective date of this tariff.

CALCULATIONS

Current Quarterly Cost Adjustment (CQCA):
The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants

Or, CQCA = $\dfrac{[(FC_{pq} - (FCPM_b \times BD_{pq})) + True]}{BD_{p12} + BDA_{f12}}$

Or, using spreadsheet software math conventions, except substituting variables for cell references:

CQCA = $((FC_{pq} - (FCPM_b * BD_{pq})) + True)$ /
$IF (OR (BD_{pq} > BD_{pq-4} * 1.05, BD_{pq} < BD_{pq-4} * .95), BD_{p12} + BDA_{f12}, BD_{p12})$

Where:

CQCA= Current Quarterly Cost Adjustment
FC_{pq} = Fuel Cost for the preceding quarter
$FCPM_b$= Base Fuel Cost per million BTU = $5.7112
BD_{pq}= Billing Determinants (million BTU delivered to retail customers) for the preceding quarter
BD_{pq-4}= Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter
BD_{p12}= Billing Determinants for the preceding year
BDA_{f12}= Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD_{pq} varies by more than five percent (5%) up or down from BD_{pq-4} and Company determines that an adjustment is appropriate.
True = The over or under collection amount from the prior CQCA recovery period.

Note: Billing determinants shall reflect usage corresponding to the period of fuel cost computations, regardless of the "billing" or "revenue month" in which such usage is billed.

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STATE OF MISSOURI, PUBLIC SERVICE COMMISSION
P.S.C. MO. No. 1 Revised Sheet No. 6.7
Canceling P.S.C. MO. No. 1 Original Sheet No.
Aquila, Inc., dba
KCP&L Greater Missouri Operations Company For St. Joseph, MO & Environs
KANSAS CITY, MO 64106

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

Reconciling Adjustments:

After a CQCA recovery period is complete, the over- or under-collection of the intended revenues (the numerator of the CQCA) will be applied to the next CQCA recovery period. Other fuel cost refunds, or credits related to the operation of this rider may also flow through the CQCA recovery periods, as ordered by the Commission.

DETAILS

1. The cost of fuel will be the amounts expensed in account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in these accounts and on the currently used cost allocation methods, as explained in some additional detail: the cost of gas will include the cost of physical gas deliveries and financial instruments associated with gas delivered in the quarterly period. The cost of coal expenses to account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) including but not limited to the following:

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel expense is allocated based on the following equations:

$F_S = [\ S\ /\ (\ E + S\ )\ ] \times F$
$F_E = F - F_S$

Where,

F is total 900-PSI boiler fuel
F_S is 900-PSI boiler fuel allocated to industrial steam sales
F_E is 900-PSI boiler fuel allocated to the electric turbines
S is industrial steam sales steam mmBtu from boilers
E is 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

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Issued: September 5, 2008 Effective: August 5, 2009
Issued by: Chris Giles, Vice-President

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

3. Aquila will make quarterly rate filings with the Commission to adjust the Quarterly Cost Adjustment Rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The Current Quarterly Cost Adjustment factors will be calculated by dividing the fuel costs by the preceding twelve (12) month billing determinants; provided, however, that in the event that steam BTU billing units in a computation period increase or decrease by more than five percent (5%) compared to the corresponding period one year earlier Company may make an adjustment to the historic billing determinants for use in the denominator of the Current Quarterly Cost Adjustment rate computation. Each Quarterly Cost Adjustment will remain in effect for twelve (12) months.

4. There are provisions for prudence reviews and the true-up of revenues collected with costs intended for collection. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the next Current Quarterly Cost Adjustment for collection unless a separate refund is ordered by the Commission.

5. The quarterly rate adjustments will not include carrying costs related to the timing of fuel cost recovery.

Deleted: 2. There shall be defined minimum amounts of coal generation. The BTUs from coal, for the purposes of the Quarterly Cost Adjustment mechanism shall be the actual BTUs for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 495,695 million for the most recent three (3) months, shall not be less than
1, 052,814 million for the most recent six (6) months, shall not be less than 1,617,803 million for the most recent nine (9) months, and shall not be less than 2,184,104 million for the most recent twelve (12) months. If coal generation falls below any defined minimum amount, additional coal generation will be imputed for the computation period up to the defined minimum that produces the largest adjustment and the amount of gas fired generation for the computation period will be reduced for the purposes of the Quarterly Cost Adjustment by a like amount. The cost attributed to any coal BTU imputed as a result of this coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3, 6, 9, or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less. The gas cost associated with any reduction in gas BTU occasioned by any coal imputation will be the average gas cost per BTU for the time period that is used to price any imputed coal usage. Aquila agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision.

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QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

6. In consideration of this Rider, and the intent to rely on an alignment of customer and Company interests in efficient operations, a two (2) step approach to the review of prudence review will be followed. In Step One, Commission Staff will review to ascertain:

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6.1. that the concept of aligning of Company and customer interests is working as intended; and,

6.2. that no significant level of imprudent costs is apparent.

7. This review may be entirely a part of surveillance activity. Customers will be given timely notice of the results of the Step One review no later than 75 days after the end of each year. In consideration of Step One results, the Staff may proceed with Step Two, a full prudence review, if deemed necessary. A full prudence review, if pursued, shall be complete no later than 225 days after the end of each year. Such full prudence review shall be conducted no more often than once every twelve (12) months and shall concern the prior twelve (12) month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.

8. Any customer or group of customers may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a full (Step Two) prudence review by Staff.

9. Pursuant to any prudence review of fuel costs, whether by the Staff process or the complaint process, there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10% of the total of the fuel costs incurred in an annual review period.