

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

In the Matter of the Joint Application of)	
Great Plains Energy Incorporated, Kansas City)	
Power & Light Company, and Aquila, Inc. for)	Case No. EM-2007-0374
Approval of the Merger of Aquila, Inc. with a)	
Subsidiary of Great Plains Energy Incorporated)	
and for Other Related Relief)	

**SECOND LIST OF ISSUES AND ORDER OF OPENING STATEMENTS,
WITNESSES AND CROSS-EXAMINATION**

Comes now the Staff of the Missouri Public Service Commission ("Staff") and files the instant Second List Of Issues And Order Of Opening Statements, Witnesses And Cross-Examination. The Staff notes that it has distributed by electronic means to the other parties various iterations of the schedule of issues and witnesses set out below. The other parties have had an opportunity to review the schedule set out below. Undersigned counsel apologizes for the delay in filing the instant document.

1. On April 4, 2007, Great Plains Energy Incorporated ("Great Plains Energy"), Kansas City Power & Light Company ("KCPL") and Aquila, Inc. ("Aquila") filed with the Commission a Joint Application requesting approval of the merger of Aquila with a direct, wholly-owned subsidiary of Great Plains Energy, Gregory Acquisition Corp., a Delaware corporation, and other related relief. The Commission opened Case No. EM-2007-0374 to address that filing.

2. On June 19, 2007, the Commission issued an *Order Adopting Procedural Schedule* in which it stated the parties are to agree on a list of issues to be filed by the Staff and that "[a]ny issue not included in the issues list will be presumed to not require determination by the Commission."

3. The Parties to this proceeding are: Great Plains Energy, KCPL, Aquila, the Missouri Public Service Commission Staff, the Office of the Public Counsel (Public Counsel), Ag Processing, Inc./Praxair, Inc./Sedalia Industrial Energy Users Association (SIEUA), City of Kansas City, IBEW Locals 412, 1464 and 1613, IBEW Locals 695 and 814, Dogwood Energy, Missouri Joint Municipal Electric Utility Commission (MJMEUC), City of St. Joseph, Cass County, Black Hills Corporation, City of Lee's Summit, City of Independence, and South Harper Residents.

4. In its June 19, 2007, *Order Adopting Procedural Schedule* 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 evidentiary hearing commenced on December 3, 2007. On December 6, 2007, pursuant to a request of the Joint Applicants, the Commission suspended the evidentiary hearings.

6. On December 13, 2007, the Commission issued an Order continuing the hearings pending a revised merger plan or revised settlement offer from the Joint Applicants.

7. On February 25, 2008, GPE/KCPL filed supplemental testimony.

8. On March 11, 2008, the Commission issued its *Second Order Adopting Procedural Schedule* establishing a new schedule for the processing of this case. This procedural schedule requires the filing of the Second List of Issues, Proposed Order of Witnesses, Opening Statements and Cross-Examination and additional Prehearing Briefs on April 15, 2008. On April 14, 2008, the Staff filed Staff Motion For Extension To File Second List Of Issues, Proposed Order Of Witnesses, Opening Statements, And Cross-Examination And Updated Prehearing Briefs. The Commission issued an Order on April 14, 2008 granting an

extension for the filing of the Second List of Issues and updated prehearing briefs.

9. The parties agree 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 prehearing briefs, 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.

10. Following is the list of issues the Staff has assembled for this case with the assistance of various other parties. The Staff believes the list includes all contested issues and properly identifies them as they have been identified by the Staff and various other parties.

ORDER OF OPENING STATEMENTS, WITNESSES AND CROSS-EXAMINATION

11. In its *Second Order Setting Procedural Schedule*, as requested by the parties, the Commission scheduled the evidentiary hearings in this case for April 21-25, April 28 – May 2, and May 5-7, 2008. Following is the hearing schedule the parties propose:

Following are known witness conflict dates:

Dittmer (Public Counsel) – May 2, May 5-7 not available
Janssen (Dogwood) – April 21-23, April 30-May 2 not available
Mahlberg (Independence) – April 22-23 not available
Volpe (Independence) – April 24-25, April 28 not available
Grotzinger (MJMEUC) – April 30, May 1 not available
Brubaker (AgProcessing/Praxair/SIEUA) – April 28 not available
Cauthen (Kansas City) – April 22, April 29, May 6 not available

Herdegen (GPE/KCPL) – April 22 not available
Spring (GPE/KCPL) – April 22 not available
Cheatum (GPE/KCPL; called in part by Staff): 5/1, 5/2, and 5/7 not available
Chesser (GPE/KCPL; called by Staff): 4/21, 4/22, 5/5, and 5/6 not available
Cline (GPE/KCPL): 5/6 not available
Downey (GPE/KCPL; called by Staff): 4/21, 4/23, 4/28, 5/5, and 5/6 not available

Easley (GPE/KCPL; called by Staff): 5/6 and 5/7 not available
Uffelman (Aquila; called by Staff): 5/5-7 not available

Monday, April 21, 2008 8:30 a.m.

Make Entries of Appearance
Take Up Outstanding Matters

Order of Opening Statements

Great Plains/KCPL
Aquila
Black Hills Corporation
Staff
Public Counsel
AgProcessing/Praxair/ SIEUA
City of Independence
Dogwood Energy
Missouri Joint Municipal Electric Utility Commission
City of Kansas City
IBEW Locals 412, 1464 and 1613
IBEW Locals 695 and 814
City of St. Joseph
City of Lee's Summit
Cass County
South Harper Residents

I. Overview of Current Merger Proposal / Policy – Hearing Day: Mon. April 21, 2008

GPE/KCPL

Bassham (GPE/KCPL) (2/25/08) (April 21)
Cline (GPE/KCPL) (2/25/08) (April 21)
Giles (GPE/KCPL) (2/25/08) (April 21) (Mr. Giles is only available April 21-22 – he will stand cross-examination on all issues for which he has testimony when he takes the stand)

II. Merger Synergy Savings – Hearing Days: April 21-23, 2008

1. Are the estimates of savings from synergies reliable?
 - A. Could any of the synergy savings be achieved by KCPL or Aquila on a stand-alone basis absent the acquisition/consolidation/integration?
 - B. Are any of the identified synergy savings dependent on KCPL and Aquila consolidating/integrating/merging their operations?

2. Is it likely that the actual synergy savings exceed the sum of the transaction, transition and incremental interest costs that the Joint Applicants propose to recover over the first five (5) years following the acquisition/merger/consolidation? If not, is the proposed merger not detrimental to the public interest?

GPE/KCPL Overview

Kemp (Supplemental Direct and Surrebuttal) (completed Dec.)

Marshall (Direct, Supplemental Direct, and Surrebuttal) (completed Dec.)

- (a) Bassham (2/25/08 Testimony) (April 21)
- (b) Zabors (Direct and Supplemental Direct) (April 21)

GPE/KCPL Specific Areas of Impacts and Synergies

- (c) Cheatum (Supply Chain) (Supplemental Direct) (April 21)
- (d) Buran (Supply Chain) (Supplemental Direct) (April 22)
- (e) Herdegen (Delivery Systems) (Direct and Supplemental Direct) (April 28)
- (f) Crawford (Generation) (Direct and Supplemental Direct) (April 22)
- (g) Steinke (Generation) (Supplemental Direct) (April 22)
- (h) Spring (Transmission/RTO) (Direct and Surrebuttal) (April 23)
- (i) Tickles (Information Technology) (Supplemental Direct) (April 22)
- (j) Van Dyne (Integration of Employee Benefits) (Supplemental Direct) (April 23)
- (k) Bryant (Customer Programs) (Direct and Supplemental Direct) (April 23)

GPE/KCPL Synergy Allocations, Operations¹ and Tracking

- (l) Giles (Surrebuttal and 2/25/08) (April 21)
- (m) Rush (Supplemental Direct and Surrebuttal) (April 23)
- (n) Wright (Direct) (April 23)

AgProcessing/Praxair/SIEUA (Including Authorization Under Section 393.190.1 Issue)

- (a) Brubaker (Rebuttal) (April 23)

Public Counsel (Including Authorization Under 393.190.1 Issue)

- (a) Dittmer (Rebuttal) (April 23)

Staff (Including Authorization Under Section 393.190.1 Issue)

- (a) Schallenberg (Rebuttal) (April 23)

III. Transaction Cost Recovery – Hearing Day: April 24

1. Should transaction costs be directly charged to ratepayers through cost of service amortizations? Would the proposed merger be detrimental to the public interest if the Commission did so?

¹ What some parties, the Staff, Public Counsel, and AgProcessing/Praxair/SIEUA, refer to as the authorization under Section 393.190.1 issue, the Joint Applicants refer to as Operations.

GPE/KCPL

- (a) Bassham (Direct, Supplemental Direct, Surrebuttal, Supplemental and 2/25/08) (April 24)
- (b) Wright (Direct) (April 24)
- (c) Zabors (Direct and Supplemental Direct) (April 24)
- (d) Rush (Surrebuttal) (April 24)

Public Counsel

- (a) Dittmer (Rebuttal) (April 24)

Staff

- (a) Schallenberg (Rebuttal) (April 24)

IV. Affiliate Transactions Rule Waiver/Variance – Hearing Day: April 25

1. Should GPE/KCPL and Aquila be granted a waiver/variance from the provisions of the affiliate transactions rule under 4 CSR 240-20.015 as it might pertain to transactions between Aquila and KCPL? Will the proposed merger be not detrimental to the public interest if the Commission does so?
2. Have GPE/KCPL and Aquila complied with the Commission's rules regarding a request for a waiver or variance from the affiliate transactions rule, such as the requirement regarding making a showing of good cause?
3. Have GPE/KCPL and Aquila provided adequate details for there to be clarity respecting what provisions of the affiliate transactions rule that GPE/KCPL and Aquila are seeking relief from?

GPE/KCPL

- (a) Wright (Direct) (April 25)
- (b) Bassham (Direct, Supplemental Direct, and Surrebuttal) (April 25)
- (c) Giles (Surrebuttal) (April 21)

Staff

- (a) Schallenberg (Rebuttal) (April 25)

V. Service Quality – Hearing Day: April 28

1. Can service quality problems resulting from a merger/consolidation/acquisition of a works or system necessary or useful in the performance of duties to the public preclude the merger/consolidation/acquisition from being not detrimental to the public interest?

2. Has GPE/KCPL taken adequate measures to ensure that its proposed post-consolidation/post-merger/post-acquisition operations will not be detrimental to the public interest by precluding service quality issues arising from the consolidation/merger/acquisition?

GPE/KCPL

- (a) Herdegen (Direct and Supplemental Direct) (April 28)

Staff

- (a) Schallenberg (Direct) (April 28)

VI. Transmission and RTO/ISO Criteria – Hearing Day: April 28

1. Have Applicants demonstrated that the proposed transaction is not detrimental to the public interest even though they have not addressed the rate and other impacts of their intent to have Aquila participate in the Midwest ISO rather than SPP?

GPE/KCPL

- (a) Spring (Direct and Surrebuttal)

Independence

- (a) Mahlberg (Rebuttal)
- (b) Volpe (Rebuttal) April 29

MJMEUC

- (a) Grotzinger (Cross-Surrebuttal)

2. Have Applicants demonstrated that the proposed transaction is not detrimental to the public interest even though they have not addressed the rate and other impacts of potential joint dispatch of the combined companies' generation resources, including the impacts on transmission and interconnection availability?

GPE/KCPL

- (a) Spring (Direct and Surrebuttal)

Independence

- (a) Mahlberg (Rebuttal)
- (b) Volpe (Rebuttal) April 29

MJMEUC

- (a) Grotzinger (Cross-Surrebuttal)

3. Should Commission approval of the Joint Application be conditioned upon Aquila being required to join and operate its generation and transmission facilities under the auspices of the Southwest Power Pool (SPP) Regional Transmission Organization (RTO) with KCPL within four (4) months of approval of the merger.

GPE/KCPL

(a) Spring (Direct and Surrebuttal)

Dogwood

(a) Janssen (Rebuttal)

MJMEUC

(a) Grotzinger (Cross-Surrebuttal)

4. Should Commission approval of the Joint Application be conditioned upon Aquila and KCPL being required to consolidate their balancing authority areas within six (6) months of approval of the merger.

GPE/KCPL

(a) Spring (Direct and Surrebuttal)

Dogwood

(a) Janssen (Rebuttal)

MJMEUC

(a) Grotzinger (Cross-Surrebuttal)

VII. Municipal Franchise – Hearing Day(s): April 28-29

1. Should Commission approval of the Joint Application be conditioned upon the negotiation of a single, unitary franchise between KCPL/Aquila and the City of Kansas City within nine (9) months of the Commission’s approval of the merger?

KCMO

(a) Wayne Cauthen April 28

GPE/KCPL

(a) John Marshall

VIII. Quality of Service Plan and Earnings Sharing Mechanism – Hearing Day: April 29

1. Should Commission approval of the Joint Application be conditioned upon requiring KCPL/Aquila to file an application for a Quality of Service Plan within 90 days of the Commission’s final decision in this proceeding?

KCMO

(a) Bob Hix

GPE/KCPL

(a) John Marshall

2. Should Commission approval of the Joint Application be conditioned upon establishment of an Earnings Sharing Mechanism that returns to customers excess earnings of KCPL/Aquila above an authorized level.

KCMO

(a) Bob Hix

GPE/KCPL

(a) Chris Giles (April 21)

IX Future Rate Case – Hearing Day: April 29

1. Should Commission approval of the Joint Application be conditioned upon requiring KCPL/Aquila to file a comprehensive rate case with respect to the merged operations within three (3) years of the Commission’s approval of the merger?

KCMO

(a) Bob Hix

GPE/KCPL

(a) John Marshall

X. Additional Amortization / Credit Worthiness – Hearing Days: April 30 – May 1

Is the credit worthiness of KCPL and Aquila as a result of the GPE acquisition of Aquila dependent on the expectation that GPE/KCPL will seek and the Commission will authorize a regulatory plan similar to that contained in the KCPL Stipulation and Agreement in Case No. EO-2005-0329 subsequent to Commission authorization of GPE’s acquisition of KCPL?

If yes, will KCPL’s credit worthiness, and thereby the purpose of the KCPL Regulatory Plan, be negatively affected if Aquila is unable to obtain such a Regulatory Plan?

Is the current expected cost and schedule outcome relating to KCPL’s infrastructure commitments from the Case No. EO-2007-0329 Regulatory Plan an indication of GPE and KCPL’s ability to complete the acquisition transaction in a manner that is not detrimental to the public interest?

Is KCPL's creditworthiness affected by GPE's decision not to seek recovery from Missouri ratepayers of any of the debt repurchase costs of Aquila's existing debt that GPE will refinance post-closing?

GPE/KCPL

- (a) Bassham (Direct, Supplemental Direct, Surrebuttal and 2/25/08) (April 25)
- (b) Cline (Direct, Supplemental Direct, Surrebuttal, and 2/25/08) (April 25)

Public Counsel

- (a) Trippensee (Rebuttal)
- (b) Dittmer (Rebuttal)

Staff

- (a) Michael Chesser (GPE/KCPL) (Called by Staff)
- (b) William Downey (GPE/KCPL) (Called by Staff)
- (e) Terry Bassham (GPE/KCPL) (Called by Staff)
- (g) Steve Jones (GPE/KCPL) (Called by Staff)
- (f) Lora Cheatum (GPE/KCPL) (Called by Staff)
- (c) Stephen Easley (GPE/KCPL) (Called by Staff)
- (d) John Grimwade (GPE/KCPL) (Called by Staff)
- (h) Brent Davis (GPE/KCPL) (Called by Staff)
- (i) Terry Foster (GPE/KCPL) (Called by Staff)
- (j) Chris Giles (GPE/KCPL) (Called by Staff) (April 21)
- (k) Scott Heidtbrink (Aquila) (Called by Staff)
- (l) Max Sherman (Aquila) (Called by Staff)
- (m) James Rose (Aquila) (Called by Staff)
- (n) Daryl Uffelman (Aquila) (Called by Staff)
- (o) Lynn Fountain (Aquila) (Called by Staff)
- (p) Schallenberg (Rebuttal)

XI. Anonymous Public Allegations/Comments Related to Proposed Acquisition – Hearing Days: May 2 - 5

- (a) Would the adoption of GPE/KCPL's gift and gratuity practice for Aquila be detrimental to the public interest?
- (b) Does KCPL have adequate control of the Iatan projects to be able to operate the non-dispatch functions of Aquila in addition to those of KCPL in a manner not detrimental to the public interest?
- (c) Does the Commission have adequate information to determine whether the public allegations/comments it has received regarding GPE/KCPL are accurate and such conduct in the operation of the non-dispatch functions of Aquila would be detrimental to the public interest?

Staff

- (a) Michael Chesser (GPE/KCPL) (Called by Staff)
- (b) William Downey (GPE/KCPL) (Called by Staff)
- (c) Terry Bassham (GPE/KCPL) (Called by Staff)
- (d) Steve Jones (GPE/KCPL) (Called by Staff)
- (e) Lora Cheatum (GPE/KCPL) (Called by Staff)
- (f) Stephen Easley (GPE/KCPL) (Called by Staff)
- (g) John Grimwade (GPE/KCPL) (Called by Staff)
- (h) Brent Davis (GPE/KCPL) (Called by Staff)
- (i) Terry Foster (GPE/KCPL) (Called by Staff)
- (j) Chris Giles (GPE/KCPL) (Called by Staff) (April 21)
- (k) Scott Heidtbrink (Aquila) (Called by Staff)
- (l) Max Sherman (Aquila) (Called by Staff)
- (m) James Rose (Aquila) (Called by Staff)
- (n) Daryl Uffelman (Aquila) (Called by Staff)
- (o) Lynn Fountain (Aquila) (Called by Staff)

XII. Legal Issues

The Staff chose to raise in its Report, which is appended to the Rebuttal Testimony of Staff witness Robert E. Schallenberg, certain legal issues, which GPE/KCPL has responded to in the Surrebuttal Testimony of Chris B. Giles. It is anticipated that these issues also will be addressed in briefs and/or other pleadings. Other parties may have chosen, or may choose, to raise legal issues solely through pleadings. The Staff also asks below whether the net detriment test being used by the Joint Applicants is the actual legal standard that is applicable in Missouri. Finally, KCPL has raised the legal issue that appears last in the list that follows:

1. Have the Joint Applicants, Great Plains Energy, Incorporated, Kansas City Power & Light Company and Aquila, Inc. obtained from their Boards of Directors the authorizations necessary to effectuate actions required to merge, consolidate, combine, or integrate the systems, works and operations of KCPL and Aquila Networks – MPS and Aquila Networks – L&P proposed in the instant case?
2. Have the Joint Applicants, Great Plains Energy, Incorporated, Kansas City Power & Light Company and Aquila, Inc., applied to the Missouri Commission for the authorizations necessary to effectuate the merger, consolidation, combination, or integration of the systems, works and operations of KCPL and Aquila Networks – MPS and Aquila Networks – L&P proposed in the instant case?
3. What is the legal effect for future Commission cases of the present Commission adopting the GPE/KCPL/Aquila proposals contained in their Joint Application filed on April 4, 2007 and/or addressed in testimony?
 - (a) Future regulatory plan additional amortizations
 - (b) Future ratemaking treatment for transaction and transition costs

4. Is the net detriment test utilized by the Joint Applicants as the not detrimental to the public interest standard, the criteria required by law for determining whether the proposed acquisition and related transactions are not detrimental to the public interest? Will the proposed merger cause a net detriment to the public interest because the cost of service on which rates for Missouri ratepayers of Aquila and KCPL will be established will be higher as a direct result of the merger than the cost of service would be for Aquila and KCPL absent the proposed transaction?
5. Does the Affiliate Transactions Rule, 4 CSR 240-20.015, apply to transactions between regulated electrical corporations that are wholly owned by the same parent company?

ORDER OF CROSS-EXAMINATION

GPE/KCPL witnesses

Aquila, Black Hills Corporation, IBEW Locals 412, 1464 and 1613, IBEW Locals 695 and 814, Dogwood Energy, MJMEUC, City of Kansas City, City of St. Joseph, City of Lee's Summit, City of Independence, Cass County, and South Harper Residents, AgProcessing/Praxair/SIEU, Public Counsel, Staff

Aquila witness

GPE/KCPL, Black Hills Corporation, IBEW Locals, Dogwood Energy, MJMEUC, City of Kansas City, City of St. Joseph, City of Lee's Summit, City of Independence, Cass County, and South Harper Residents, AgProcessing/Praxair/SIEU, Public Counsel, Staff

Staff witnesses

Public Counsel, AgProcessing/Praxair/SIEU, South Harper Residents, Cass County, City of Kansas City, City of Independence, City of Lee's Summit, City of St. Joseph, MJMEUC, Dogwood Energy, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

Public Counsel witnesses

Staff, AgProcessing/Praxair/SIEU, South Harper Residents, Cass County, City of Kansas City, City of Independence, City of Lee's Summit, City of St. Joseph, MJMEUC, Dogwood Energy, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

AgProcessing/Praxair/SIEU witness

Staff, Public Counsel, South Harper Residents, Cass County, City of Kansas City, City of Independence, City of Lee's Summit, City of St. Joseph, MJMEUC, Dogwood Energy, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

Dogwood witness

South Harper Residents, Cass County, City of Kansas City, City of Independence, City of Lee's Summit, City of St. Joseph, MJMEUC, Public Counsel, Staff, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

Independence witnesses

South Harper Residents, Cass County, City of Kansas City, City of Lee's Summit, City of St. Joseph, MJMEUC, Dogwood Energy, Public Counsel, Staff, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

MJMEUC witness

South Harper Residents, Cass County, City of Kansas City, City of Independence, City of Lee's Summit, City of St. Joseph, Dogwood Energy, Public Counsel, Staff, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

Kansas City witnesses

South Harper Residents, Cass County, City of Independence, City of Lee's Summit, City of St. Joseph, MJMEUC, Dogwood Energy, Public Counsel, Staff, IBEW Locals, Black Hills Corporation, Aquila, and GPE/KCPL.

Wherefore, the Staff submits the foregoing list of issues and order of opening statements, witnesses and cross-examination in response to the Commission's March 11, 2008 *Second Order Adopting Procedural Schedule* establishing a new schedule for the processing of this case.

Respectfully submitted,

/s/ Steven Dottheim

Steven Dottheim
Chief Deputy General Counsel
Missouri Bar No. 49142

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7489 (Telephone)
(573) 751-9285 (Fax)
steve.dottheim@psc.mo.gov

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 16th day of April, 2008.

/s/ Steven Dottheim