

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

In the Matter of Kansas City Power & Light)
Company's Request for Authority to)
Implement a General Rate Increase for)
Electric Service)

Case No. ER-2014-0370
Tariff No. YE-2015-0194
Tariff No. YE-2015-0195

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

COMES NOW the Staff of the Missouri Public Service Commission ("Staff")
and states:

In preparing this list of issues Staff has solicited input from the parties, attempted to list all the issues, and attempted to obtain consensus on the descriptions of the issues. This is Staff's best effort to list and describe all the issues in this case. To the extent errors in issues or listed witnesses are discovered, the Commission will be advised as soon as possible. Staff also worked closely with the parties in developing the hearing schedule that follows.

The parties are:

- Brightergy—Brightergy, LLC
- CCM—Consumers Council of Missouri
- DE—Missouri Division of Energy
- DOE/FEA—The United States Department of Energy and the Federal Executive Agencies.
- Kansas City—City of Kansas City
- KCPL—Kansas City Power & Light Company
- MECG—Midwest Energy Consumers Group
- MIEC—Missouri Industrial Energy Consumers
- OPC—The Office of the Public Counsel
- Sierra Club
- Staff
- MGE—Laclede Gas Company d/b/a Missouri Gas Energy
- UE—Union Electric Company d/b/a Ameren Missouri
- Unions—IBEW Local Unions 412, 1464 & 1613

LIST OF ISSUES

I. Cost of Capital

- A. Return on Common Equity – what return on common equity should be used for determining rate of return?
- B. Capital structure – what capital structure should be used for determining rate of return?
- C. Cost of debt – what cost of debt should be used for determining rate of return?

II. Fuel Adjustment Clause

- A. Does KCPL's fuel adjustment clause request violate the Stipulation and Agreement from Case No. EO-2005-0329? If so, should it be rejected?
- B. Has KCPL met the criteria for the Commission to authorize it to have a fuel adjustment clause?
- C. Should the Commission authorize KCPL to have a fuel adjustment clause?
- D. If the Commission authorizes KCPL to have a fuel adjustment clause, how should it be structured?
 - i. What percentage (customers/company) of changes in costs and revenues should the Commission find appropriate to flow through the fuel adjustment clause?
 - ii. Should the costs and revenues that are to be included in the FAC be approved by the Commission and explicitly identified along with the FERC account, subaccount and the resource code in which KPCL will record the actual cost/revenue? If so, what costs and revenues should be included and what are their corresponding FERC accounts, subaccounts and resource codes?
 - iii. Should the FAC tariff sheets reflect the accounts, subaccounts, resource codes, and the cost/revenue description?
 - iv. Should Southwest Power Pool ("SPP") and other regional transmission organization/independent system operator transmission fees be included in the FAC, and at what level?
 - v. Should SPP and FERC Administrative fees (SPP Schedule 1-A and 12) be included in the FAC?
 - vi. Should all realized gains and losses from KCPL's hedging and/or cross hedging practices be included in the FAC?
 - vii. Should SO₂ amortizations, bio fuels, propane, accessorial charges, broker commissions, fees and margins, be included in the FAC?
 - viii. Should the FAC include costs and revenues that KCPL is not currently incurring or receiving other than insurance recoveries, subrogation recoveries and settlement proceeds related to costs and revenues included in the FAC?
 - ix. Does the FAC need to have exclusionary language added to insure that NERC and FERC penalties are not included?

- x. Should the phrase “miscellaneous SPP IM charges, including but not limited to,” be included in KCPL’s FAC tariff?
 - xi. How should OSSR be defined?
 - xii. How should the "J" component be defined, i.e., how should “Net System Input” be defined for KCPL’s operations?
 - xiii. Should the rate schedules implementing the FAC have an amount for the Base Factor when the Commission initially approves them, or not until after the end of the first FAC accumulation period?
 - xiv. How many different voltage levels of service should be recognized for purposes of applying loss factors?
 - xv. What are the appropriate recovery periods and corresponding accumulation periods for the FAC?
 - xvi. Should FAC costs and revenues be allocated in the accumulation period's actual net energy cost in a manner consistent with the allocation methodology utilized to set permanent rates in this case?
- E. If the Commission authorizes KCPL to have a fuel adjustment clause, what FAC-related reporting requirements should it order KCPL to comply with?
- F. If the Commission authorizes KCPL to have a FAC, should KCPL be allowed to add cost and revenue types to its FAC between rate cases?
- G. If the Commission authorizes KCPL to have a FAC, should KCPL be required to clearly differentiate itself from GMO on customer bills?

III. Transmission Fees Expense

- A. What level of transmission fees expense should the Commission recognize in KCPL’s revenue requirement?
- B. Should a tracker be implemented for KCPL’s future transmission fees expense that varies from the level of transmission fees expense the Commission recognizes in KCPL’s revenue requirement and that KCPL will not recover through a fuel adjustment clause?
- i. Should KCPL get a return on as well as return of the tracked amounts?
 - ii. Should KCPL get carrying costs on the tracked amounts?

IV. Property Tax Expense

- A. What level of property tax expense should the Commission recognize in KCPL’s revenue requirement?
- B. Should a tracker be implemented for KCPL’s property tax expense that varies from the level of property tax expense the Commission recognizes in KCPL’s revenue requirement?
- i. Should KCPL get a return on as well as return of the tracked amounts?
 - ii. Should KCPL get carrying costs on the tracked amounts?

V. CIP/cyber-security Expense

- A. What level of CIP/cyber-security expense should the Commission recognize in KCPL's revenue requirement?
- B. Should a tracker be implemented for KCPL's CIP/cyber-security expense that varies from the level of CIP/cyber-security expense the Commission recognizes in KCPL's revenue requirement?
 - i. Should KCPL get a return on as well as return of the tracked amounts?
 - ii. Should KCPL get carrying costs on the tracked amounts?

VI. Vegetation Management Expense

- A. What level of vegetation management expense should the Commission recognize in KCPL's revenue requirement?
- B. Should a tracker be implemented for KCPL's vegetation management expense that varies from the level of vegetation management expense the Commission recognizes in KCPL's revenue requirement?
 - i. Should KCPL get a return on as well as return of the tracked amounts?
 - ii. Should KCPL get carrying costs on the tracked amounts?

VII. La Cygne Environmental Retrofit project – what level of KCPL's investment in the La Cygne Environmental Retrofit project should be included in KCPL's Missouri rate base?

VIII. La Cygne Environmental Retrofit project construction accounting deferrals

- A. Should the depreciation expense and carrying costs of the La Cygne Environmental project that KCPL has deferred by construction accounting be amortized over a period of years and the resulting annual amount included in KCPL's rate base?
- B. If so, over what period of years should they be amortized?

IX. Wolf Creek overtime – what level of overtime for Wolf Creek should the Commission recognize in KCPL's revenue requirement?

X. Wolf Creek OPEBs – what level of OPEBs for Wolf Creek should the Commission recognize in KCPL's revenue requirement?

XI. Amortization Periods Ending Before the End of the True-up Period

- A. Should the Commission recognize in KCPL's revenue requirement the amounts associated with the periods between when each of the amortization periods for (which rate cases) rate case expense, Wolf Creek refueling, R&D tax credit amortizations ended until new rates in this case?
- B. If so, how?

XII. DOE Spent Nuclear Fuel Fees

- A. Should the Commission recognize in KCPL's revenue requirement the aggregate amount of the DOE spent nuclear fuel fees from May 16, 2014, until new rates in this case that KCPL ceased incurring on May 16, 2014?
- B. If so, how?

XIII. Bad Debt Gross-Up – should bad debt expense be grossed-up for the revenue requirement change the Commission finds for KCPL in this case?

XIV. Rate Case Expense

- A. Were any rate case expenses claimed by KCPL imprudently incurred?
- B. Should the Commission require KCPL shareholders to cover a portion of KCPL's rate case expense?
- C. What level of rate case expense for this rate case should the Commission recognize in KCPL's revenue requirement?

XV. Transition cost amortization – what is the appropriate level of transition cost amortization to be included in KCPL's revenue requirement?

XVI. Affiliate Transactions and Corporate Cost Allocations –what adjustments, if any, are necessary to ensure that affiliate company subsidies and inappropriate cost allocations are not being passed on to KCPL's regulated customers in electric utility rates?

XVII. Management audit – should the Commission order a management audit of KCPL?

XVIII. Clean Charge Network

- A. Should all issues associated with KCPL's Clean Charge Network be considered in a separate case, and not considered in this case?
- B. Is the Clean Charge Network a public utility service?
- C. If so, who pays for it?

XIX. Income tax-related issues (including accumulated deferred income taxes or "ADIT") – what adjustments, if any, are necessary to ensure that KCPL's income tax allowance, including ADIT matters, is calculated appropriately?

XX. Missouri corporate franchise tax – Should KCPL's year 2015 Missouri corporate franchise tax liability be used to develop rates?

XXI. Jurisdictional allocations – Production and Transmission Demand component

- A. In developing the demand allocation factor, should the Commission rely on calculations based on data contained in the test year, ending March 2014, or the update period ending December 2014, which include the four summer months of June, July, August and September 2014?
- B. Should the corresponding data the Commission relies on for developing the demand factor be annualized and normalized?

XXII. Transmission ROE – should transmission revenues received from SPP OATT be reduced for the difference between FERC authorized ROE and the ROE granted in this case?

XXIII. Swissvale/Stillwell and West Gardner – region-wide transmission projects – should rate base, expense and revenue associated with these projects be excluded from Missouri jurisdictional cost of service?

XXIV. Revenues – what is the appropriate level of revenues for the large general service and large power classes to account for customers switching from one rate class to another?

XXV. Class cost of service, rate design, tariff rules and regulations

- A. Class cost of service
 - a) Production Plant
 - 1) What methodology should the Commission use to allocate fixed production plant costs among customer classes?
- B. Rate design
 - a) What methodology is most reasonable for allocating net cost of service among the customer classes in this case?
 - b) How should any revenue increase be allocated among rate schedules?
 - c) What, if any, interclass shift in revenue responsibilities should the Commission make?
 - d) Residential
 - 1) Customer charge – at what level should the Commission set KCPL’s residential customer charge?
 - 2) Energy charge – at what level should the Commission set KCPL’s residential energy charges?
 - 3) Time of day – should the time of day rate be frozen from the addition of future customers (KCPL proposal) or should KCPL be required to file modified time of day tariff provisions in its next rate case?
 - 4) Should the ResB rate structure be changed to make it consistent with ResA and ResC rate structures?

- e) Commercial and industrial
 - 1) SG, MG, LP and LGS energy charges – at what level should the Commission set KCPL’s SG, MG, LP and LGS energy charges?
 - 2) SG, MG, LP and LGS separate meter space heating energy charges and the first energy block rate for the winter rates – at what level should these energy charges be set?
 - 3) Should the Commission adopt MIEC/MECG’s rate design proposal for the LGS and LP rate classes, or some a variant of it?
 - f) Special rates
 - 1) Two-part time of use – should the two-part time of use rate be eliminated from the addition of future customers (KCPL proposal) or should KCPL file a modified two-part time of use tariff provisions in its next rate case?
 - 2) Special interruptible – should the special interruptible rate be frozen from the addition of future customers?
 - 3) Real time pricing tariffs – should the real time pricing rate be frozen from the addition of future customers or should KCPL file modified real time pricing tariff provisions in its next rate case?
- C. Tariff rules and regulations
- 1) Return check charge – should the return check charge be applied to payment forms beyond checks (electronic payments)?
 - 2) Collection charge – should the collection charge be increased to reflect the cost of this service?
 - 3) Economic development rider/urban core development rider – should the Commission approve DE’s proposal to link MEEIA participation to receipt of EDR and UCD incentives?
 - 4) Standby service – should KCPL be required to establish a working group to review its Standby Service Tariff to ensure that rates are cost-based and reflect best practices?

XXVI. Low-income Weatherization

- A. Should the unexpended low-income weatherization program funds collected through KPCL’s base rates be used to offset any expenditures relating to the low-income weatherization program the costs of which KCPL is otherwise to recover through its MEEIA recovery mechanism?
- B. Should the low-income weatherization program costs be collected in base rates on a going forward basis, or should those program costs be collected as part of KCPL’s MEEIA recovery mechanism?

XXVII. Economic Relief Pilot Program - should the program be expanded to serve additional customers as proposed by KCPL?

XXXVIII. Decoupling (Sierra Club proposal) – should the Commission consider, in File No. AW-2015-0282 or a similar proceeding, decoupling of KCPL’s revenues from customer usage?

HEARING SCHEDULE

Hearings will start each day at 8:30 a.m. and, to the extent possible given many participants’ travel requirements, issues will be handled upon the conclusion of the preceding issue. The parties intend to maintain this hearing schedule and acknowledge that it may be necessary to hold hearings after 5:00 p.m.

June 15/16 Opening Statements

- KCPL
- Staff
- OPC
- DE
- DOE/FEA
- MIEC
- MECG
- Unions
- Brightergy
- Laclede
- City of Kansas City
- CCM
- Sierra Club
- Ameren

Cost of Capital (Issue I)

- Hevert (KCPL)
- Marevangapo (Staff)
- Reno (DOE/FEA)
- Gorman (MIEC/MECG)

June 16 Class Cost of Service/Rate Design/Misc. Tariff Issues (all issues under XXV, XXVII (Economic Relief Pilot Program) and XXVIII (Decoupling) of the issue list)

- Rush (KCPL)
- Scheperle (Staff)
- R. Kliethermes (Staff)
- S. Kliethermes (Staff)
- Boustead (Staff)

- Young (Staff)
- Marke (OPC)
- Dismukes (OPC)
- Schmidt (DOE/FEA)
- Brubaker (MIEC/MECG)
- Meyer (MIEC)
- Lohraff (DE)
- Hyman (DE)
- Woolf (Sierra Club)

June 17 **Clean Charge Network (Issue XVIII)**

- Ives (KCPL)
- Murray (Staff)
- Majors (Staff)
- Stahlman (Staff; on all topics covered in his testimony)
- Addo (OPC)
- Dismukes (OPC)
- Kollen (MECG/OPC; to take the stand only once, during affiliate transactions and corporate cost allocations and management audit request on June 19)
- Hyman (DE)
- Blake (Brightergy)

La Cygne Environmental Project (Issue VII)

- Archibald (KCPL; potentially available by phone only during week of June 15; available week of June 29th)
- Bell (KCPL)
- Blunk (KCPL)
- Crawford (KCPL)
- Ling (KCPL)
- Wilson (Sierra Club)

June 18 **La Cygne Environmental project construction accounting deferrals (Issue VIII)**

- Klote (KCPL)
- Majors (Staff)

Bad Debt Gross-Up (Issue XIII)

- Klote (KCPL)
- Majors (Staff)

Rate Case Expense (Issue XIV)

- Ives (KCPL)
- Young (Staff)
- Majors (Staff)
- Oligschlaeger (Staff)
- Addo (OPC)

Wolf Creek OPEBs (Issue X)

- Klote (KCPL)
- Majors (Staff)

June 19

Revenues (Issue XXIV)

- Rush (KCPL)
- R. Kliethermes (Staff)

Affiliate transactions and corporate cost allocations and management audit request (Issues XVI & XVII)

- Bresette (KCPL)
- Klote (KCPL)
- Hyneman (Staff)
- Kremer (Staff)
- Kollen (MECG/OPC; to take the stand only once, during affiliate transactions and corporate cost allocations and management audit request on June 19)

June 29

Policy/FAC/Trackers

- Heidtbrink (KCPL)
- Ives (KCPL)
- Overcast (KCPL)
- Featherstone (Staff)
- Hyneman (Staff)
- Oligschlaeger (Staff)
- Mantle (OPC)
- Robertson (OPC)
- Brosch (MECG)

June 30

FAC (including transmission fees) (Issues II & III)

- Blunk (KCPL)
- Bresette (KCPL)
- Carlson (KCPL)
- Crawford (KCPL)
- Rush (KCPL)

- Dietrich (Staff)
- Eaves (Staff)
- Bax (Staff)
- Lyons (Staff)
- Mantle (OPC)
- Dauphinais (MIEC/OPC)

Property Taxes (Issue IV)

- Hardesty (KCPL)
- Lyons (Staff)
- Addo (OPC)

CIP/cyber security (Issue V)

- Roper (KCPL)
- Gross (Staff)
- Lyons (Staff)
- Addo (OPC)
- Marke (OPC)

Vegetation management (Issue VI)

- Kiely (KCPL)
- Beck (Staff)
- Lyons (Staff)
- Addo (OPC)

July 1

Wolf Creek overtime (Issue IX)

- Klote (KCPL)
- Young (Staff)

Transition cost amortization (Issue XV)

- Ives (KCPL)
- Majors (Staff)

Jurisdictional cost allocations (Issue XXI)

- Klote (KCPL)
- Bax (Staff)
- Featherstone (Staff)

Amortization periods ending before the end of the true-up (Issue XI)

- Klote (KCPL)
- Ives (KCPL)
- Featherstone (Staff)

DOE spent nuclear fuel fees (Issue XII)

- Klote (KCPL)
- Ives (KCPL)
- Majors (Staff)

July 2

Missouri corporate franchise tax (Issue XX)

- Hardesty (KCPL)
- Addo (OPC)

Income taxes (Issue XIX)

- Hardesty (KCPL)
- Majors (Staff)
- Brosch (MECG)

Transmission revenues – ROE (Issue XXII)

- Klote (KCPL)
- Dauphinais (MECG/OPC)
- Lyons (Staff)

Swissvale/Stillwell and West Gardner (Issue XXIII)

- Klote (KCPL)
- Dauphinais (MECG/OPC)
- Lyons (Staff)

Low-income weatherization (Issue XXVI)

- Rush (KCPL)
- Boustead (Staff)
- Imhoff (Staff)
- Marke (OPC)
- Buchanan (DE)

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:

KCPL Witnesses:

Ameren, Laclede, Unions, Kansas City, Brightergy, DE, CCM, DOE/FEA, Sierra Club, MIEC, MECG, OPC, Staff

Staff Witnesses:

OPC, Unions, MIEC, MECG, DOE/FEA, Sierra Club, Kansas City, Brightergy, DE, CCM, Laclede, Ameren, KCPL

OPC Witnesses:

Staff, Unions, MIEC, MECG, DOE/FEA, Sierra Club, Kansas City, Brightergy, DE, CCM, Laclede, Ameren, KCPL

MIEC/MECG Witnesses:

OPC, Staff, Unions, DOE/FEA, Sierra Club, Kansas City, Brightergy, DE, CCM, Laclede, Ameren, KCPL

Sierra Club Witness:

OPC, Staff, Unions, MIEC, MECG, DOE/FEA, Kansas City, Brightergy, DE, CCM, Laclede, Ameren, KCPL

DE Witness:

Staff, OPC, Unions, MIEC, MECG, DOE/FEA, Sierra Club, Kansas City, Brightergy, CCM, Laclede, Ameren, KCPL

DOE/FEA Witnesses:

Staff, OPC, Unions, MIEC, MECG, Sierra Club, Kansas City, Brightergy, DE, CCM, Laclede, Ameren, KCPL

Respectfully submitted,

/s/ Nathan Williams

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 9th day of June, 2015.

/s/ Nathan Williams