

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

In the Matter of the Tariff Filing of 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.)

Case No. ER-2009-0090
Tariff No. JE-2009-0913

STAFF’S POSITION STATEMENTS

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

1. On April 14, 2009, the Staff filed a List of Issues, List of Witnesses and Order of Cross-Examination. Following are the Staff’s statement of the Staff’s position on each issue appearing immediately following the statement of the issue and changes to the list of witnesses shown in tracked changes:

LIST OF ISSUES

REVENUE REQUIREMENT

RATE BASE

1. Iatan 1 Selective Catalytic Reduction (“SCR”) facility, Flue Gas Desulphurization (“FGD”) unit and Baghouse (collectively “Iatan 1 AQCS-Air Quality Control Systems-Rate Base Additions”):

a. What criteria should the Commission use to determine when the Iatan 1 AQCS Rate Base Additions are “fully operational and used for service?”

Staff’s position: The Commission should determine when the Iatan 1 AQCS Rate Base Additions are “fully operational and used for service” based on the Staff’s in-service criteria developed in accordance with the Report and Order issued in Case No. EO-2005-0329 and whether there are meritorious legal challenges to the lawful operation of the Iatan 1 AQCS Rate Base Additions.

b. Are the Iatan 1 AQCS Rate Base Additions fully operational and used for service?

Staff's position: The Staff is unaware of any meritorious legal challenges to the lawful operation of the Iatan 1 AQCS Rate Base Additions, but the Staff's in-service criteria are not met at this time.

- c. Should the costs of the Iatan 1 AQCS Rate Base Additions that exceed KCPL's "definitive estimate" of ** [REDACTED] ** before allocation be allocated and included in L&P's rate base on an interim subject to refund basis?

Staff's position: Yes. The KCPL Regulatory Plan provides in paragraph III.B.1.q.: "KCPL must develop and have a cost control system in place that identifies and explains any cost overruns above the definitive estimate during the construction period of the Iatan 2 project, the wind generation projects and the environmental investments." A definitive estimate is a bottom-up estimate, and the most accurate of estimate types.

- d. Should a regulatory asset be established to defer carrying cost and depreciation expense associated with the Iatan 1 AQCS Rate Base Additions appropriately recorded to Electric Plant in Service that are not included in L&P's rate base in the current rate case?

Staff's position: No. The Staff is opposed to special treatment for the costs of Iatan 1 AQCS Rate Base Additions that are not included in L&P's rate base in the current rate case. These costs should be treated consistent with expenditures of other plant additions, and considered in GMO's next rate case.

2. Iatan Common Costs (L&P only):

- a. What portion of the Common Costs of the Iatan 1 and Iatan 2 construction projects should be included in L&P's rate base in this proceeding?

Staff's position: Currently, the Staff knows of no testimony filed in this case identifying the amount of common costs that GMO is seeking to add to the rate base of L&P.

- b. Should a regulatory asset be established to defer carrying cost and depreciation expense associated with the portion of the Common Costs of the Iatan 1 and Iatan 2 construction projects appropriately recorded to Electric Plant in Service that are not included in L&P's rate base in the current rate case, or should these costs be considered Iatan 2 project costs?

Staff's position: Staff is not opposed to an accounting authority order with proper terms and conditions that maintains the same cost impacts as if these costs were not transferred from the Iatan 2 project.

- c. Should the reduction of reserve overstatement currently assigned to MPS and L&P as UCU Common General Plant be assigned on a weighted average per reserve account to the ECORP accumulated reserve for depreciation?

Staff's position: Yes. This reserve overstatement was created by the existence of Aquila's multi-jurisdictional depreciation rates for corporate accounts that were different than the

authorized depreciation rates for corporate accounts for Aquila's Missouri jurisdiction. Assignment on a weighted average per reserve account to the ECORP accumulated reserve for depreciation is the most rational approach to assignment of this reduction.

- d. Should GMO maintain separate accounting of amounts accrued for recovery of its initial investment in plant and the amounts accrued for cost of removal of plant?

Staff's position: Yes. This requirement is consistent with recent treatment of other large Missouri utilities.

3. Sibley 3 and Jeffrey Energy Centers (collectively "Sibley and Jeffrey Rate Base Additions") (MPS only):

- a. Are the Sibley and Jeffrey Rate Base Additions fully operational and used for service?

Staff's position: No. The Sibley and Jeffrey Energy Center rate base additions were not fully operational and used for service at the conclusion of the test year and update period. In-service evaluation for these rate base additions will be made during the true-up.

- b. Should the costs of the Sibley and Jeffrey Rate Base Additions that exceed GMO's "definitive estimates" of ** [REDACTED] ** and approximately ** [REDACTED] **, respectively, be included in MPS's rate base, on an interim subject to refund basis?

Staff's position: Yes.

4. Is it lawful for the Commission to designate a portion of the rates in this case "interim rates, subject to refund," if GMO has not voluntarily agreed to any rates being interim subject to refund?

Staff's position: Yes, after taking evidence.

5. Prudence of MPS Generating Capacity Additions (MPS only):

- a. Was the decision of MPS to wait to add the approximately 300 MW of capacity GMO is obtaining from Crossroads prudent?

Staff's position: No. The Staff position is that including the amount of the Crossroads Energy Center in MPS's rate base sought by GMO would result GMO's ratepayers being forced to pay for the cost of past imprudent capacity planning decisions made by the former management of GMO when it was named Aquila, Inc.

- b. For purposes of setting rates for MPS, should be the revenue requirement for the approximately 300 MW of capacity GMO is obtaining from Crossroads be based on the depreciated net book value of Crossroads on MPS's books and

included in MPS's rate base?

Staff's position: No. If the Commission allows the Crossroads Energy Center plant to be included in GMO's rate base, the correct amount to include is the historical cost of this plant to GPE. GPE management and Aquila management agreed prior to GPE's acquisition of Aquila that the cost of this plant is \$59 million.

- c. For purposes of setting rates for MPS, should be the revenue requirement for the approximately 300 MW of capacity GMO is obtaining from Crossroads be based on the present cost of two additional 105 MW combustion turbines installed in 2005 at a GMO site that would permit the building of six such combustion turbines (rate base) plus a short-term 100 MW purchased power agreement (expense) because GMO was imprudent by not acquiring the capacity of those two additional combustion turbines in 2005?

Staff's position: Yes. The former management of Aquila, Inc. was imprudent in its continued reliance on higher long-term cost short-term capacity contracts. The cost of this imprudence is the issue in this case. The Staff is including in its revenue requirement in this case, as it did in GMO's two prior rate cases, the cost that GMO would have incurred in 2005 to install two additional 105 MW combustion turbines at its South Harper plant.

- d. For purposes of setting rates for MPS, should be the revenue requirement for the approximately 300 MW of capacity GMO is obtaining from Crossroads be based on the present cost of Crossroads based on the cost to GMO of acquiring Crossroads as a regulated site in 2005 because GMO was imprudent by not owning that capacity in 2005? If the revenue requirement for the approximately 300 MW of capacity GMO is obtaining from Crossroads is included in rate base at the 2007 depreciated net book value of Crossroads, should the accumulated deferred taxes associated with Crossroads be used as an offset to rate base?

Staff's position: Rates should be set on GMO's cost of acquiring this capacity in 2005, when it should have prudently constructed these assets and included them in its regulated rate base. If the Commission includes the Crossroads Energy Center in MPS's rate base, all accumulated deferred taxes related to depreciation timing differences since the plant's construction should be included in rate base as well.

- e. Was transfer on GMO's books of Crossroads from non-regulated operations to the regulated operations of MPS at cost permitted by the Commission's Affiliated Transaction Rule without a variance from the Commission?

Staff's position: Yes. This transaction between affiliates was not made at the lower of cost or market. GMO transferred this asset between its non-regulated and regulated affiliates at a net book value amount that was substantially higher than its fair market value as determined by GMO's management.

- f. If a value of Crossroads is included in rate base, should the transmission expense to get the energy from Crossroads to MPS's territory be included in expenses? If so, should the Commission reflect any transmission cost savings to the Company resulting in its future participation in SPP as a network service customer related

to the Crossroads plant?

Staff's position: No.

- g. Would GMO be prudent to delay building additional combustion turbine capacity in order to utilize the power and asset sales offers by Dogwood in response to GMO's RFPs?

Staff's position: Staff takes no position on this issue.

6. Southwest Power Pool Transmission (MPS and L&P): Should the Commission reflect any transmission cost savings to the Company resulting in its future participation in SPP as a network service customer?

Staff's position: Staff takes no position on this issue.

7. Cash Working Capital—Imputed AR Program in Lead Lag Study (MPS and L&P): Should the cost related to the termination of GMO's accounts receivable sales program caused by the loss of investment grade status be passed on to its customers?

Staff's position: No it should not. The cost is directly related to the poor financial decisions GMO made as result of its non-regulated operations. KCPL, GMO's affiliate, has an accounts receivable sales program that should be utilized for GMO also. The non-regulated operations caused a lowering of investment grade which resulted in the loss of the accounts receivable program. The acquisition of GMO by Great Plains Energy has allowed the re-establishment of investment grade rating for GMO. As such, nothing prevents GMO from reinstating the accounts receivable sales program or the combining of the GMO program with KCPL. Thus, the A/R program should be included in this rate case for GMO.

8. Accumulated Depreciation (MPS and L&P): Should the reserve deficiency related to plant retired prematurely as a consequence of GPE's acquisition of Aquila be added back to the respective ECORP reserve account?

Staff's position: Yes. Reserve deficiencies, realized through the effective date of the Commission's Order in this matter, for premature retirement of plant attributable to the Company's acquisition by GPE should be added back to the respective ECORP reserve accounts. Under normal plant retirement accounting, the original cost of the plant is removed from the plant accounts and the same dollar amount (original cost of the plant retired) is removed from the associated plant reserve accounts. However, the plant retirement that is in question was not a normal retirement. It was a premature retirement that was made as a direct consequence of the Company being acquired by GPE. The loss in the case of GMO's premature retirement of computer hardware and software plant assets is a loss created by the acquisition and needs to be treated as an acquisition detriment. The appropriate ratemaking treatment at the time of retirement of this plant was for GMO to remove from the respective ECORP reserve accounts only the depreciation expense on this plant that was charged to the reserve.

If the reserve deficiency associated with these premature retirements is not added back to the respective ECORP reserve accounts, should this amount be considered an acquisition detriment?

Staff's position: Yes. If the accumulated reserve for depreciation is not credited for the reserve deficiency due to premature retirement of ECORP plant assets, the loss should be an acquisition detriment and netted against merger synergies realized.

- a. Should the reduction of reserve overstatement currently assigned to the two divisions as UCU Common General Plant be assigned on a weighted average per reserve account to the ECORP accumulated reserve for depreciation?

Staff's position: Yes. This reserve overstatement was created by the existence of Aquila's multi-jurisdictional depreciation rates for corporate accounts that were different than the authorized depreciation rates for corporate accounts for Aquila's Missouri jurisdiction. Assignment on a weighted average per reserve account to the ECORP accumulated reserve for depreciation is the most rational approach to assignment of this reduction.

- b. Should GMO maintain separate accounting of amounts accrued for recovery of its initial investment in plant and the amounts accrued for the cost of removal?

Staff's position: Yes. This requirement is consistent with recent treatment of other large Missouri utilities.

- c. Is Commission authorization required for GMO to change its depreciation rate to zero (0)?

Staff's position: Yes. Commission authorization is required for GMO to change any of its currently authorized depreciation rates. When depreciation rates were ordered in the Company's last rate case, those currently authorized depreciation rates were a ratemaking component that was used to develop the Company's revenue requirement. They remain in effect until at which time the Commission orders new effective depreciation rates.

- d. Should the accumulated depreciation for ECORP common plant asset accounts reflect depreciation accrual of approximately \$4.2 million more than on GMO's books because the authorized depreciation rates for the ECORP common asset accounts are not zero?

Staff's position: Yes. The Company has failed to maintain the ordered depreciation rates on ECORP accounts 391.02, Computer Hardware, 391.05, Computer Systems Development, 394.00, Tools, Shop & Garage Equipment, and 398.00, Miscellaneous Equipment. The imputed amounts of depreciation accrual for these accounts are \$7,142, \$4,168,503, \$11,497, and \$34,036, respectively. These amounts should be added back to the respective ECORP reserve accounts because the authorized depreciation rates for these accounts is not zero percent (0%).

- e. Has GMO properly accounted for ECORP common plant asset retirements caused by Great Plains Energy's acquisition of GMO?

Staff's position: No. Under normal plant retirement accounting, the original cost of the plant is removed from the plant accounts and the same dollar amount (original cost of the plant retired) is removed from the associated plant reserve accounts. However, the plant retirement that is in question was not a normal retirement. It was a premature retirement that was made as a direct consequence of the Company being acquired by GPE. The loss in the case of GMO's premature retirement of computer hardware and software plant assets is a loss created by the acquisition and needs to be treated as an acquisition detriment. The appropriate ratemaking treatment at the time of retirement of this plant was for GMO to remove from the respective ECORP reserve accounts only the depreciation expense on this plant that was charged to the reserve. Reserve deficiencies, realized through the effective date of the Commission's Order in this matter, for premature retirement of plant attributable to the Company's acquisition by GPE should be added back to the respective ECORP reserve accounts.

- 9. Prepaid Pension Asset: What level of prepaid pension asset should be included in rate base?

Staff's position: Staff has determined the appropriate amounts to reflect prepaid pension asset in rate bases, and has included those amounts in Staff's revenue requirement calculations

10. Demand-Side Management

- a. Should the Commission require GMO to use a net incremental reduction in annual energy usage of at least 1% resulting from the ongoing implementation of demand side programs over a twenty year planning horizon as a target for GMO's programs to meet? Should the net incremental reduction incorporate free-ridership and spill over factors?

Staff's position: Staff takes no position on this issue.

- b. Should GMO add its proposed Supplemental Weatherization and Minor Home Repair Program to GMO's energy efficiency portfolio?

Staff's position: Staff takes no position on this issue.

- c. Should GMO add its Economic Relief Pilot Program to its demand-side management programs?

Staff's position: No. As a result of changes made in the Company's Surrebuttal Economic Relief Pilot Program tariff submission, Staff has no issues with this program. However, it believes that the program does not meet the criteria for a DSM program.

- d. Should the weatherization program be modified so that GMO's Call Center will refer customers to the program?

Staff's position: Staff takes no position on this issue.

- e. Should LIHEAP recipients be directed to the weatherization program and be required to participate in it?

Staff's position: Staff takes no position on this issue.

11. Service Quality: Has Great Plains Energy's acquisition of Aquila affected the quality of GMO's service?

Staff's position: Yes. During post-consolidation transition periods and periods of regulated utility financial constraint, opportunities for service declines are increased. Commission customer complaints have declined slightly for GMO from the prior year, but call center performance in two key indicator areas has generally declined from the levels GMO customers previously experienced. The Staff intends to continue close monitoring of KCPL's call center performance and continue quarterly meetings to address service quality topics.

COST OF CAPITAL

1. Return on Common Equity (MPS and L&P): What return on common equity should be used for determining GMO's rate of return?

Staff's position: The appropriate return on common equity is 9.75%, which is the mid-point of Staff's estimated cost of common equity range of 9.25% to 10.25%.

2. Capital Structure (MPS and L&P): What capital structure should be used for determining GMO's rate of return?

Staff's position: The appropriate capital structure ratios are 51.03 percent common equity and 48.97 percent long-term debt. The common equity balance should be based on the September 30, 2008 balance reported to Great Plains Energy's investors.

3. Cost of Debt (MPS and L&P): What cost of debt should be used for determining GMO's rate of return?

Staff's position: The cost of debt should be based on a proxy cost of debt of 6.75%.

EXPENSES

1. Short-term Incentive Compensation (MPS and L&P): Should the costs of short-term incentive compensation plans be included in MPS and L&P's revenue requirements for setting GMO's rates?

Staff's position: The Staff has eliminated all short-term incentive compensation costs from the cost of service because the KCPL short-term incentive compensation plans allocated to GMO did not pay awards for plan years 2007 and 2008. Additionally, if the Company's methodology averaging short-term incentive compensation costs over the three year period of 2005-2007 is used for inclusion in the cost of service then amounts removed by Staff and authorized by the Commission in KCPL Cases ER-2006-0314 and ER-2007-0291 should also be removed for the determination of this average.

2. Supplemental Executive Retirement Pension (SERP) Costs (L&P only): Should the costs of the SERP payments related to former Saint Joseph Light and Power Company officers be included in L&P's revenue requirement for purposes of setting rates?

Staff's position: No. Any SERP payments made to the former executives of St. Joseph Light & Power Company were paid for by SJLP at the time of its merger with UtiliCorp United, Inc., now GMO. Not only are these payments not a cost to GMO, but they are related to the merger transaction and are the nature of transaction costs that this Commission has not allowed to be included in utility rates.

3. Payroll Overtime (MPS and L&P): What level of payroll overtime should be included in MPS and L&P's revenue requirements for purposes of setting rates?

Staff's position: Staff found no support to include wage increases in its three-year average of overtime costs to be included in the cost of service. The Commission should not use for overtime costs the test year 2007 expense proposed by the Company.

4. Fuel & Purchased Power Expenses, and Off-System Sales Margins (MPS and L&P):

- a. What level of fuel and purchased power expense should be included in MPS and L&P's revenue requirements for purpose of setting rates?

Staff's position: Fuel and purchased power expense levels that should be used in this case are GMO's actual levels of fuel and purchased power expense for the update period ended September 30, 2008.

- b. What level of off-system sales margins should be reflected in MPS and L&P revenue requirements for purposes of setting rates?

Staff's position: The level of off-system sales margins that should be reflected in MPS and L&P revenue requirements for purposes of setting rates are the actual MPS and L&P levels for the update period ended September 30, 2008.

- c. Should non-asset-based off-system sales (also referred to as "Q Sales") be excluded from the revenue requirements of MPS and L&P (treated "below-the-line") or should these Q Sales be included in the revenue requirements of MPS and L&P?

- i. If these non-asset-based off-system sales are treated "below-the-line" has GMO assigned an appropriate amount of its costs to the support of this non-regulated activity?

Staff's position: Off-system sales referred to as Q sales should not be excluded from the revenue requirements of MPS and L&P. To Staff's knowledge, GMO has not assigned an appropriate amount of its costs to the support of this non-regulated activity if these non-asset-based off-system sales are treated "below-the-line."

5. MPS and L&P Fuel Allocations:

- a. Should the Commission adopt Staff's methodology to allocate fuel and purchased power expense in this case?

Staff's position: Yes.

- b. Should the Commission direct the parties to work toward agreement of allocation of purchased power sales and environmental costs prior to the filing of the first change under the Fuel Adjustment Clause (January 1, 2010)?

Staff's position: Yes.

6. Property Tax Expense (L&P only): Should property taxes in the amount of \$126,425 assessed on the new Air Quality Control System ("AQCS") at the Iatan 1 generating station be included in the GMO's revenue requirement in this proceeding before they are paid?

Staff's position: No. Property Taxes are based on plant in service as of January 1 of any given year. The new Air Quality Control System is not currently in service and will not be assessed for property taxes until January 1 2010 with payments due December 31, 2010. Therefore, the property taxes of \$126,425, assessed as CWIP, for the new environmental upgrades should not be included in property tax expense but will be capitalized and transferred to plant once it is placed in service.

7. Cost of Removal (MPS and L&P): Should the Company be allowed to charge current customers for tax benefits related to plant retired from service prior to 2001 that is no longer in service where the tax benefit was provided to customers in the years when the plant was retired?

Staff's position: No.

8. Prepaid Pensions (MPS only):

 - a. Should Public Counsel's proposal to include MPS' prepaid pension balance at the effective date of the tariffs in rate base be adopted?

Staff's position: Staff takes no position on this issue.

- b. Should the amount included in rate base in a. above be amortized over the period between the current case effective date of tariffs and the expected effective date of tariffs for the Company's next general rate case?

Staff's position: Staff takes no position on this issue.

9. Rate Case Expense (MPS and L&P): What levels of rate case expense should be included in the revenue requirements of MPS and L&P?

Staff's position: The appropriate amount of rate case expense that should be included in rates are expenses incurred to the level the Company has actually incurred current to the case that Staff deemed necessary and prudent in the development of rate case ER-2009-0090. This amount will be updated for the true-up through April 30, 2009 for additional prudent and reasonable expenditures.

10. Merger Transition Costs (MPS and L&P):

 - a. Has the Company satisfied its commitment to only seek recovery of transition costs if its synergy tracker indicates overall savings equal to or greater than the level of transition costs being sought to be included in rates.

Staff's position: KCPL/GMO has not provided a synergy savings tracking mechanism using a 2006 base year compared to current actual post-acquisition costs. This was required by the Commission in its EM-2007-0374 Acquisition Order approving the acquisition. Therefore, GMO should not only not be allowed to recover any transition costs directly in rates, but it should not even be seeking direct rate recovery of these costs.

- b. What are the appropriate levels of merger transition costs that should be included in the revenue requirements of MPS and L&P for setting the rates of MPS and L&P?

Staff's position: Zero.

11. Bad Debt Expense (MPS and L&P): What is the appropriate level of bad debt expense to be included in the revenue requirements of MPS and L&P for setting rates?

Staff's position: Staff has annualized bad debts using an appropriate factor. However, Staff does not believe there is sufficient direct relationship to bad debts and any increase in rates determined by the Commission to warrant an additional amount for bad debts.

DEPRECIATION/GENERAL PLANT:

1. Depreciation Rates (MPS and L&P): What are the appropriate levels of depreciation rates to be established in this case?

Staff's position: The depreciation rates should be set as described by Staff witness Rosella Schad in Schedules 1-1 and 1-2 for MPS and L&P electric, respectively, to her Surrebuttal Testimony. These results are very similar to those achieved by the Company's remaining life depreciation study, which recognizes and addresses the large over-accrual in the accumulated reserve for depreciation. The Company's depreciation study should not be used as it makes use of the life-span method of determining depreciation rates for production plant accounts, which the Commission has previously rejected in recent electric utility cases for similar production plant accounts.

2. Should life-span method be rejected for developing depreciation rates for the Company's production plant accounts?

Staff's position: Yes. GMO has not produced reliable retirement dates of the generating facilities reflected in these accounts. Further, as the Commission has noted in prior cases, generation sites tend to be utilized indefinitely, as the coincidence of the infrastructure situated adjacent to them increases their value. Additionally, GMO's current rates were not developed using the life-span method.

3. Should establishment of GMO's depreciation rates be postponed until completion of a consolidated KCPL and GMO depreciation study?

Staff's position: No. A comprehensive study including KCPL assets has no bearing on the current issues regarding depreciation rates for the assets of GMO in the current rate case. Staff's depreciation study indicates that the over-accrual of the depreciation reserve has grown since its last study in the Company's Case No. ER-2005-0436 and the

Company's study in that same case. The Company's 2008 depreciation study submitted to Staff indicates reduced depreciation rates and illustrates that the over-accrual of the depreciation reserve has grown since the Company's last depreciation study in Case No. ER-2005-0436. Further delay of conducting a depreciation study or failure to change depreciation rates at this time increases the likelihood that accounts become even more over-accrued.

4. If establishment of GMO's depreciation rates is postponed until completion of a consolidated KCPL and GMO depreciation study, does that delay constitute an acquisition detriment?

Staff's position: Yes. The reduction in customer rates not effectuated by a correction of the depreciation rates should be treated as an acquisition detriment, because customer rates would be lower if more appropriate depreciation rates were Ordered in this case, with the difference in annual depreciation accrual netted against merger synergies realized. Because the only reason the Company has presented for postponing the modification of the currently authorized depreciation rates is a delay until the completion of a depreciation study of both GMO's assets and KCPL's assets, that delay is plainly a result of the acquisition of GMO by Great Plains Energy.

5. Should the Company review its unit property catalog for proper and consistent placement of Combustion Turbine units?

Staff's position: Yes. This requirement to consistently apply asset investments according to the unit property catalog is a duty of all regulated Missouri utilities.

RATE DESIGN/TIMING OF NEXT CLASS COST OF SERVICE STUDY

1. Allocations Among Customer Classes (MPS and L&P): How should the rate increase be allocated among the various customer classes?

Staff's position: There should be an equal percentage increase to each class that is applied to each rate component of all rate schedules.

- a. Should the Company's proposal to allocate the rate increase on an equal percentage for the non-fuel portion of the increase, and rebase the fuel costs on an equal cents per kilowatt-hour basis to equal the expected costs for the test period, be adopted?

Staff's position: No, this would result in unequal increases among the classes.

- b. Should Staff's proposal to increase the rates on an equal percentage basis be adopted?

Staff's position: Yes.

- c. Should the Industrials' proposal that first the fuel costs be re-based on an equal cents per kilowatt-hour basis to reflect the overall fuel costs, purchased power and off-system sales, then the non-fuel increase be applied on an equal percentage basis to the non-fuel portion of the existing rates, be adopted?

Staff's position: No, this would result in unequal increases among the classes.

2. Timing of Future Class Cost of Service Study (MPS and L&P): Should the Commission order GMO to perform a Class Cost of Service Study as a part of the next rate case or after the next rate case?

Staff's position: The Staff takes no position on this issue at this time.

FUEL ADJUSTMENT CLAUSE

1. Expense and Revenue Components (MPS and L&P): What expense and revenue components should be included in the Fuel Adjustment Clause?

Staff's position: True-up Expenses and Revenues as listed in Schedule JR-2 in Staff witness John Rogers' surrebuttal testimony.

2. Q Sales (MPS and L&P): Should revenues and expenses associated with Q sales be included in the Fuel Adjustment Clause?

Staff's position: Yes, but only if GMO knows that it has a buyer for the energy at the time the energy is purchased.

3. Should GMO be required to submit the information requested by Staff in its Cost-of-Service Report on pages 145-146?

Staff's position: Yes.

4. Were off-system sales a component of GMO's FAC since the FAC was first implemented?

Staff's position: Yes,

5. Should the FAC tariff sheet follow the example tariff sheet filed with the surrebuttal testimony of Staff witness John Rogers or the example tariff sheet filed with the rebuttal testimony and surrebuttal testimony of GMO witness Tim Rush?

Staff's position: The FAC tariff sheet follow the example tariff sheet filed with the surrebuttal testimony of Staff witness John Rogers.

ORDER OF WITNESSES AND ORDER OF CROSS-EXAMINATION

1. In its *Order Setting Procedural Schedule*, as requested by the parties, the Commission scheduled the evidentiary hearings in this case for May 11-15, 2009.

Following is the hearing schedule the parties' propose:

ORDER OF ISSUES AND WITNESSES

Following are known witness conflict dates:

Staff: John Rogers is unavailable May 15; Mike Proctor – unavailable May 13

Dogwood: Janssen will need to appear on 5/14

Monday, May 11, 2009 8:30 a.m.

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

GMO
Staff
Public Counsel
Industrials
FEA
Hospitals
MDNR
Kansas City
Dogwood
Unions
AmerenUE

Overview and Policy

Giles (GMO)
Featherstone (Staff)

Iatan 1 Rate Base Additions

Giles (GMO)
Davis (GMO)
Featherstone (Staff)
Schallenberg (Staff)

Sibley/Jeffrey Rate Base Additions

Giles (GMO)
Hedrick (GMO)
Crawford, Dana (GMO)
Featherstone (Staff)
Schallenberg (Staff)

Tuesday, May 12, 2009 8:30 a.m.

Prudency of MPS Generating Capacity Additions

Rooney (GMO) (adopted by Crawford, Burton)
Crawford, Burton (GMO)
Hedrick (GMO)
Hardesty (GMO)
Hyneman (Staff)
Mantle (Staff)
Featherstone (Staff)
Meyer (Industrials)
Janssen (Dogwood) (taken on May 14, 2009)

Rose (Dogwood)

Cost of Capital

Return on Common Equity

Capital Structure

Hadaway (GMO)

Cline (GMO)

Murray (Staff)

Gorman (OPC)

Cash Working Capital—Lost AR Program Benefits

Cline (GMO)

Klote (GMO)

Prenger (Staff)

Wednesday, May 13, 2009 8:30 a.m.

Service Quality

Alberts(GMO)

Kremer(Staff)

Short-Term Incentive Compensation

Curry (GMO)

Klote (GMO)

Majors (Staff)

Supplemental Executive Retirement Pension (SERP) Costs

Curry (GMO)

Hyneman (Staff)

Overtime Costs

Klote (GMO)

Majors (Staff)

Prepaid Pensions

Klote (GMO)

Robertson (OPC)

Rate Case Expense

Klote (GMO)

Prenger (Staff)

Trippensee (OPC)

Bad Debt Expense

Klote(GMO)

Boateng (Staff)

Forfeited Discount Revenue

**Klote (GMO)
Boateng (Staff)**

Southwest Power Pool Transmission Expense Savings

**Crawford, Burton (GMO)
Meyer (Industrials)**

Property Taxes

**Hardesty (GMO)
Herrington (Staff)**

Cost of Removal

**Hardesty (GMO)
Harrison (Staff)**

Thursday, May 14, 2009 8:30 a.m.

Prudency of MPS Generating Capacity Additions

Janssen (Dogwood)

Fuel & Purchased Power Expenses, and Off-System Sales Margins

**Blunk (GMO)
Crawford, Burton (GMO)
Harris (Staff)
Beck (Staff)
Elliott (Staff)
Proctor (Staff)
Kind (OPC)**

Divisional Fuel Allocations

**Mantle
Maloney**

Fuel Adjustment Clause

**Rogers (Staff)
Mantle (Staff)
Rush (GMO)**

Depreciation

**White (GMO)
Klote (GMO)
Schad (Staff)**

Merger Synergy Tracking and Transition Cost Recovery

**Giles (GMO)
Ives (GMO)
Hyneman (Staff)**

Friday, May 15, 2009 8:30 a.m.

Rate Design/Timing of Next CCOS Study

Rush (GMO)

Normand (GMO)

Cecil (Staff)

Kind (OPC)

Brubaker (MIEC/Praxair)

Demand-Side Management

Dennis (GMO)

Wolfe (MDNR)

Kind (OPC)

Johnson (City of Kansas City)

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:

GMO witnesses

AmerenUE, Kansas City, Unions, Dogwood, MDNR, FEA, Industrials, Hospitals, Public Counsel, Staff

Staff witnesses

AmerenUE, Kansas City, Unions, Dogwood, MDNR, FEA, Industrials, Hospitals, Public Counsel, GMO

Public Counsel witnesses

AmerenUE, Kansas City, Unions, Dogwood, MDNR, FEA, Industrials, Hospitals, Staff, GMO

Industrial witnesses

AmerenUE, Kansas City, Unions, Dogwood, MDNR, FEA, Hospitals, Staff, Public Counsel, GMO

Dogwood witnesses

AmerenUE, Kansas City, Unions, MDNR, FEA, Industrials, Hospitals, Staff, Public Counsel, GMO

WHEREFORE, the Staff submits the foregoing statements of position in response to the Commission's November 20, 2008 *Order Setting Procedural Schedule* and updates its list of witnesses

Respectfully submitted,

/s/ Nathan Williams
Nathan Williams #35512
Deputy General Counsel

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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 15th day of April, 2009.

/s/ Nathan Williams