Exhibit No.:
Issues: Overview of Electric Generation; Fuel and Purchased Power Expense; Fuel Prices; Demand Charges-Fuel Inventories; Pipeline Reservation Charge; Corporate Allocated Costs; MPS Generation Unit
Witness: Charles R. Hyneman
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case No.: ER-2007-0004
Date Testimony Prepared: January 18, 2007

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

CHARLES R. HYNEMAN

AQUILA, INC., d/b/a AQUILA NETWORKS-MPS - Electric and AQUILA NETWORKS-L&P – Electric

CASE NO. ER-2007-0004

Staff Exhibit No. 211
Case No(s). ER-2007-0004
Date 4-12-07 Rptr KF

Jefferson City, Missouri
January 2007

****Denotes Highly Confidential Information****

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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P, for authority to file tariffs increasing electric rates for the service provided to customers in the Aquila Networks-MPS and Aquila Networks-L&P service area.	))))))	Case No. ER-2007-0004

AFFIDAVIT OF CHARLES R. HYNEMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Charles R. Hyneman, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 28 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

Charles R. Hyneman
Charles R. Hyneman

Subscribed and sworn to before me this 18th day of January 2007.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
County of Cole
My Commission Exp. 07/01/2008

D. Suzie Mankin
Notary Public

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DIRECT TESTIMONY OF

CHARLES R. HYNEMAN

AQUILA, INC., d/b/a AQUILA NETWORKS-MPS - Electric

and AQUILA NETWORKS-L&P - Electric

CASE NO. ER-2007-0004

DIRECT TESTIMONY OF

CHARLES R. HYNEMAN

AQUILA, INC., d/b/a AQUILA NETWORKS-MPS - Electric

and AQUILA NETWORKS-L&P - Electric

CASE NO. ER-2007-0004

Q. Please state your name and business address.

A. Charles R. Hyneman, 615 East 13th Street, Kansas City, MO 64106.

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

A. I am employed by the Missouri Public Service Commission (Commission) as a Utility Regulatory Auditor.

Q. Please describe your educational background and work experience.

A. I have a Masters of Business Administration from the University of Missouri - Columbia. I also have a Bachelor of Science, cum laude, with a double major in Accounting and Business Administration from Indiana State University in Terre Haute, Indiana. I am a Certified Public Accountant (CPA) licensed in Missouri.

After serving my initial enlistment in the U.S. Air Force, I was commissioned as an officer after completing the Air Force Reserve Officer Training Corps program at Indiana State University. I served 12 years on active duty in the U.S. Air Force in the missile operations and contracting career fields. I was promoted to the rank of Captain in 1989. I was honorably discharged from the Air Force in 1992 and joined the Commission Staff in 1993.

Q. What is the nature of your duties while in the employ of this Commission?

A. Among other duties, I am responsible for performing audits of utility companies operating in the state of Missouri. These audits consist of reviewing the utility's operations and books and records as well as making recommendations through oral and written testimony to the Commission as an expert witness.

Q. With reference to Case No. ER-2007-0004 have you conducted an audit of the operations and books and records of Aquila, Inc. d/b/a Aquila Networks-MPS (MPS) and Aquila Networks-L&P (L&P), two divisions of Aquila Inc. (Aquila or Company) relating to its proposed rate increase application in this case?

A. Yes, in conjunction with other members of the Commission Staff (Staff).

Q. Have you participated in previous cases before this Commission?

A. Yes. Schedule 1 attached to this direct testimony identifies the cases in which I have participated.

EXECUTIVE SUMMARY

Q. What are your responsibilities with respect to the Staff's audit in this proceeding?

A. My major areas of responsibility are fuel and corporate overhead allocations. I am also sponsoring adjustments to add two 105 MW gas combustion turbines to Aquila's generation capacity.

In the area of fuel, I am responsible for developing the Staff's recommended prices of the fuel components included in the Staff's fuel model. These include both commodity and variable transportation prices for natural gas, coal and fuel oil. These prices are entered into the Staff's fuel model in order to compute the variable on-system fuel and purchased power expense. I am also responsible for developing the Staff's recommended level of fuel-related costs that are not included in the fuel model due to their nature of being more fixed than variable costs. These include cost of leasing unit trains to transport coal, natural gas pipeline reservation charges and miscellaneous non-labor fuel handling costs. I am also responsible for the Staff's proposed level of fixed capacity purchases or demand charges included in Account 555 Purchased Power Expense. My final area of responsibility in fuel is to compute the necessary investment in fuel inventories held at Aquila's power plants.

On the issue of corporate allocations, I will be supporting Staff adjustments to Aquila's proposed level of corporate overhead costs. I will also be sponsoring adjustments to remove corporate lobbying costs, adjust executive compensation costs, remove executive perquisites, remove supplemental executive retirement plan (SERP) costs, and adjust costs classified as employee gifts and awards.

I will also be sponsoring adjustments to continue the Staff's position in Aquila's last rate case, No. ER-2005-0436, that Aquila should have addressed its capacity needs by building and owning two additional natural gas fired combustion turbines. In Case No. ER-2005-0436, the Staff included costs in its revenue requirement schedules that were designed to satisfy MPS' electric capacity shortfall. The shortfall occurred upon the expiration of the purchase power agreement (PPA) relating to the Aires Combined Cycle Unit that MPS entered into with an Aquila affiliate, Aquila Merchant. The PPA expired on May 31, 2005.

In the last section of my testimony I will be proposing an amortization of transition costs incurred by Aquila in its acquisition of its L&P division in 2000.

Q. What knowledge, skills, experience, training, or education do you have in these subjects?

A. My undergraduate and graduate course work in accounting, auditing, finance, statistics, and business provide a basis for my knowledge in the audit areas I am responsible for in this case. Added to this coursework are the hundreds of hours of continuing professional education courses I have taken to maintain a CPA license in Missouri. Most of my continuing professional education is directly related to auditing and accounting.

As reflected in Schedule 1 to this testimony, I have been involved in many utility rate cases since accepting employment with the Commission in 1993. I have a substantial amount of experience and expertise in the area of allocation of corporate overhead costs. In the area of fuel, I was responsible for the determination of the Staff's proposed natural gas prices in Aquila's last rate case, Case Nos. ER-2005-0436 and HR-2005-0436. I was also responsible for the determination of the Staff's recommended fuel prices and fuel inventories in Kansas City Power & Light Company's (KCPL) last rate case, No.ER-2006-0314.

Q. What adjustments are you sponsoring in Case No. ER-2007-0004?

A. I am sponsoring the following adjustments to the Income Statement Accounting Schedule 9:

MPS: S-10.3, S-22.3, S-22.4, S-30.1, S-31.1, S-31.2, S-85.18, S-82.3, S-89.3, S-79.5, S-85.16, S-80.3, S-85.17, S-79.7

L&P: S-10.3, 12.1, S-23.3, S-29.1, S-30.1, S-31.1, S-78.5, S-78.6, S-78.7, S-81.3, S-84.13, S-84.14, S-84.15, S-88.3

I am also sponsoring the following additions to Schedule 2-Rate Base: Coal and oil fuel inventories.

OVERVIEW OF ELECTRIC GENERATION

Q. What generating facilities does the Company own and use for the production of electric power?

Missouri Public Service (MPS)

A. Aquila owns, wholly or in part, the following electrical power generating facilities the Staff has assigned to Aquila's MPS division:

Jeffrey Energy Center—Units 1, 2 and 3 (8% ownership share)
Sibley Units 1, 2 and 3
Greenwood 1, 2, 3 and 4
Nevada
South Harper Units 1, 2 and 3
Ralph Green Unit 3
KCI Units 1 and 2

Q. Please describe each of these plants, including the type of units at each plant and the primary and secondary fuel sources for each.

A. The Jeffrey Energy Center (JEC) is jointly owned by Westar Energy Inc. (Westar) and MPS, with MPS's ownership share being 8%, or 175 megawatts (MW). Westar is the operating partner of JEC's three generating units. These generation units are base load steam turbines using coal as primary fuel and No. 2 oil for start-ups and flame stabilization. The first unit at JEC went into service in 1978 and the last unit went into commercial operation in 1983.

Westar has a long-term coal supply contract with Foundation Coal West to supply coal to JEC from surface mines located in the Powder River Basin (PRB) in Wyoming. The contract contains a schedule of minimum annual MMbtu delivery quantities. All of the coal used at the JEC is purchased under this contract. The contract, which provides for price escalation based on certain costs of production, expires December 31, 2020. The next re-pricing is scheduled for 2008.

The coal for JEC is transported from Wyoming under a long-term rail transportation contract with Burlington Northern Santa Fe (BNSF) and Union Pacific railroads. The contract term continues through December 31, 2013. The contract price is subject to price escalation based on certain costs incurred by the rail carriers.

The Sibley power plant is Aquila's largest generation facility. Sibley is a base load station and consists of three coal-fired steam turbines totaling 500 MW. Units 1 and 2 are 50 MW units and Unit 3 has the capability of generating 400 MW. The three Sibley turbines went into operation in 1960, 1962, and 1969, respectively. This facility went through extensive upgrades in 1990 through 1993 resulting in a conversion from high Btu coal to western coal. Since 1997, Aquila has been burning tires as a fuel source at Sibley and burns about 1 million tires per year.

Aquila's South Harper Peaking Facility is a natural gas fired peaking facility located in Cass County, Missouri. South Harper is a Peaking Facility which means it typically operates during peak electricity demand periods, such as the hot summer days in June, July, August, and September. However, the facility may also be used in non-peak periods to support the power system grid during maintenance on other units or during generation shortages and emergencies.

Major construction was completed in June and July 2005. At full capacity the three Siemens-Westinghouse Combustion Turbines produce 315 Megawatts per hour of electricity using natural gas to produce heat input up to 1,455 million British Thermal Units (MMBtu) per hour.

The Greenwood plant consists of four combustion gas turbines, totaling 241 MW. The first went into service in 1975 and the last went into commercial operation in 1979. In 1996, this facility was converted from oil to natural gas as its primary fuel. Oil continues to be used mainly as an emergency backup fuel.

The Nevada generating facility, which consists of one 20 MW oil-fired combustion gas turbine used for peaking purposes, went into service in 1974.

The Ralph Green plant went into commercial operation in 1981 and consists of one 69 MW combustion gas turbine peaking unit.

The KCI plant was installed in 1970 and purchased by MPS in 1977. It consists of two combustion gas turbine peaking units totaling 31MW.

Light & Power (L&P)

L&P's generating facilities include the Lake Road station and the Iatan station. L&P owns 100% of the Lake Road station. KCPL is the operator and majority owner (70%) of the Iatan station, which went into commercial operation in May 1980. L&P owns 18% of the Iatan station, while The Empire District Electric Company owns the remaining 12%.

Q. Please describe the Iatan and Lake Road stations.

A. Iatan is a 670-megawatt (MW) base load unit with a steam turbine that uses low sulfur western coal for boiler fuel. No. 2 fuel oil is required for boiler start-ups and flame stabilization. Aquila's 18% ownership share of Iatan is 118 MW.

The Lake Road plant consists of four steam turbines, three combustion gas turbines, six steam boilers and one heat recovery steam generator. The station's generating units demonstrated a combined net electric generating capacity of 254 MW during the test year. The station consists of three separate systems: a steam system operating at 900 pounds per square-inch (PSI) of pressure, a steam system operating at 1,800 PSI, and a combustion gas turbine (CT) system. The 900 PSI system also supplies steam to industrial customers.

Q. What types of fuel do these systems use?

A. The 900 PSI system uses coal, oil, and natural gas. The 1,800 PSI system uses coal as the primary fuel and natural gas as the start-up fuel or as an alternative fuel.

The CT system consists of CT No. 5 and two aircraft jet turbines. CT No. 5 uses natural gas and the jets burn No. 2 fuel oil.

FUEL AND PURCHASED POWER EXPENSE

Q. What was your responsibility in this case with regard to fuel and purchased power expense?

A. I was responsible for establishing the fuel prices for coal, natural gas and fuel oil burned in the Company's generating facilities; I also calculated the annual level of capacity expense Aquila incurs under its existing purchased power contracts. I provided MPS and L&P fuel prices to Staff witness David W. Elliott (of the Engineering Section of the Energy Department) for input into the RealTime™ production cost model (production cost model or fuel model) used to develop fuel expense on a joint dispatch basis. Staff witness Elliott input these prices to the fuel model to compute normalized net on-system fuel and purchased power expense (exclusive of purchased power capacity charges, cost of off-system sales to other electric utilities, and cost of energy exchanged). I then added purchased power capacity (demand) charges to the fuel model's results. Finally, I added the following fixed costs to the fuel model's results to arrive at an overall total annualized level of on-system fuel and purchased power expense:

- Natural gas pipeline reservation charges
- Non-labor fuel handling costs
- Rail car expenses
- Fly ash removal
- Costs incurred at the coal mine

The RealTime™ production cost model is discussed in detail by Staff witness Elliott in his direct testimony.

FUEL PRICES

Q. Were the coal prices the same for each plant?

A. No. Most of Aquila's coal units are supplied by different coal suppliers under separate contracts and separate contract prices.

Q. How did the Staff determine the fuel prices for coal used in the Staff's analysis?

A. The delivered fuel prices were based on contractual coal and freight prices at September 30, 2006, as discussed below.

The Staff's coal prices reflect coal obtained under a contract with the Salt Lake City-based C.W. Mining Co. Aquila has sued C.W. Mining for canceling a contract for 550,000 tons annually. Aquila states that C.W. Mining Co. breached the companies' agreement when a labor dispute caused it to end the contract prematurely. Aquila's contract with C.W. Mining was supposed to run through December 31, 2006, with an option for an additional two years. The C.W. Mining issue is discussed in the direct testimony of Staff witnesses Cary G. Featherstone and Graham A. Vesely.

Sibley

The cyclone-type boilers at this plant were designed originally to run on Illinois coal with a heat content of about 10,900 Btu/lb. Due to eventual restrictions on sulfur emissions under the Clean Air Act of 1990, coal from that source was replaced in 1993 with a low-sulfur mix currently consisting of both bituminous (approx. 12,000 Btu/lb), referred to as high-Btu coal, and non-bituminous coal (8,800 Btu/lb) termed low-Btu, from mines in western states. Freight by railcar is provided by Union Pacific (UP) and Burlington Northern Santa Fe (BNSF). Aquila blends the two types of coal on location at Sibley, taking into consideration both boiler performance and the fact that the high-Btu bituminous coal is considerably more expensive due to its greater heat content. I provided Staff witness Elliott with prices and a blending percent for each coal, in accordance with the mix used historically at the plant.

Lake Road

As stated above in "Overview of Electric Generation", at this plant there are both steam and combustion turbines. Coal, natural gas, and oil can be used as fuel for generation of electricity at Lake Road.

With respect to coal burned at this plant, the situation is in some regards similar to that at Sibley. At Lake Road, Aquila uses a low-sulfur mix produced on location of bituminous (high-Btu) and non-bituminous (low-Btu) coals. Rail freight from coal mines in western states is provided by Union Pacific. I have provided for input to the Staff's fuel model the September 30, 2006, contract price of rail freight, low-Btu and high-Btu coal.

Jeffrey Energy Center

At this plant, all fuel for generation is non-bituminous coal of 8,300 Btu/lb contract heating value originating in the Powder River Basin, Wyoming. The terms of the contract provide for a certain price per ton for the first specified level of tons per year of coal received ("Tier 1" price), and another price for all coal received beyond that amount ("Tier 2" price). These facts are reflected in my computation of coal prices provided to Staff witness Elliott for input to the Staff's fuel model. Freight is provided by either UP or BNSF.

Iatan

At this plant, all fuel for generation is low-sulfur, non-bituminous, 8,300 Btu/lb coal from one source and 8,500 Btu/lb coal from the second source under contract. Both sources are located in the Powder River Basin, Wyoming. Rail freight is provided by BNSF. The

Staff's fuel run reflects the commodity and transportation prices in effect at September 30, 2006.

<u>Natural Gas and Fuel Oil Prices</u>

Q. What is the Staff's recommendation on the cost of natural gas used for generation this case?

A. I calculated a 21-month average (January 2005 through September 2006) of Aquila's actual commodity cost of the natural gas purchased for all of its gas-burning units. This cost is ** ________ **. To this single commodity cost, I added the average variable transportation costs of natural gas for each unit over this same period. Together, the commodity cost and the variable transportation cost equals Aquila's total variable natural gas cost that was input into the Staff's fuel model. Aquila's other costs related to natural gas generation, pipeline reservation charges, were added to the cost of natural gas calculated in the fuel model and the total amount is reflected in Account 547, Fuel (natural gas).

Q. Please describe MPS' and L&P's electric generation units that use natural gas as a fuel source.

A. The MPS generating units that use natural gas as a fuel source are Greenwood, Ralph Green, KCI and the newly constructed South Harper generating facilities. The L&P generating unit that uses natural gas as a fuel source is the Lake Road plant.

Q. Where will these natural gas prices be reflected?

A. Staff witness Elliot of the Commission's Energy Department used these natural gas prices as input data into the RealTime ™ production cost model (fuel model) to prepare the fuel and purchased power cost calculations used in the Staff's direct filing.

Q. Are there any independent studies, publicly available, that support the Staff's natural gas prices?

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A. Yes. Three recent publications or reports by the Department of Energy's Energy Information Administration (EIA) support the Staff's proposed level of natural gas prices as reasonable, if not conservative.

Q. What is the EIA?

A. The EIA was created by Congress in 1977. It is a statistical agency of the U.S. Department of Energy. The EIA provides policy-independent data, forecasts, and analyses to promote sound policy making, efficient markets, and public understanding regarding energy and its interaction with the economy and the environment. On its website, the EIA produces a weekly report entitled Natural Gas Weekly Update.

Q. What is the EIA's current projection for the price of natural gas?

A. The EIA reported in its December 2006 Short-Term Energy Outlook that Henry Hub Natural Gas Spot Prices are projected to be $7.87/Mcf in 2007. In response to Data Request No. 110, Aquila provided data which shows that the basis difference between natural gas prices at the Henry Hub and where Aquila purchases its natural gas has averaged ** _____ ** over period February through August 2006. Subtracting this amount from the Henry Hub 2007 estimated average gas price results in an estimated gas price to Aquila of ** __________________ **. This supports the reasonableness of the Staff's recommended prices of ** _________ **.

In its January 2007 Short-Term Energy Outlook, the EIA estimated that the first quarter 2007 natural gas prices will average $6.59/Mcf. Subtracting the ** _____ ** basis difference between the Henry Hub and Aquila source of natural gas from this current EIA projection results in a price of ** _____ ** for Aquila.

In its January 11, 2007, Natural Gas Weekly Update, the EIA stated that "the Henry Hub spot price averaged $6.94 per thousand cubic feet (Mcf) in 2006 and is expected to increase to $7.06 per Mcf in 2007 and $7.72 per Mcf in 2008." With the basis difference, this translates in to a price to Aquila in 2006 of ** _____ ** in 2006, ** _____ ** in 2007, and ** _____ ** in 2008.

Q. Are there other industry experts who have recently issued gas price forecasts?

A. Yes. On January 12, 2007, Lehman Brothers' Thomas Driscoll reduced his previous full-year 2007 forecast by 10% to $6.75/MMBtu and indicated that this price could go even lower.

Q. Do the EIA and other analysts' natural gas projections provide the basis for the Staff's proposed natural gas price?

A. No. The Staff's longstanding position is that natural gas prices in a rate case are best developed by using some type of average of actual gas prices paid by the utility. This method is more reliable in that it is a cost-based method and it avoids many of the problems associated with using predictions or commodity futures market prices as the basis of the natural gas price. The Staff may use natural gas price forecasts from reputable sources, such as the EIA and others as a reasonableness check against its proposed gas prices.

Q. How did the Staff address the issue of volatility in natural gas prices in this case?

A. Compared to what the energy market has been over the past two to three years, recent natural gas prices are at a low point. In fact, Aquila's commodity cost of natural gas in October 2006 was ** ________ **. Staff is using a 21-month average of natural gas prices actually paid by Aquila as the basis for its natural gas price recommendation in this case, in large part to address the high volatility of this commodity. This average included the very high gas prices paid during August through December 2005 that were affected by the

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hurricanes in the U.S. gulf region in 2005. The Staff's December 2006 revenue requirement update will reflect Aquila's more current lower natural gas prices.

Q. Where does Aquila purchase its natural gas?

A. According to Data Request No. 234, Aquila sources natural gas supply from the Mid-Continent region. The Mid-Continent region includes portions of Texas, Oklahoma and Kansas.

Q. How did the Staff determine the appropriate price for fuel oil?

A. I have continued the practice adopted in past cases of using the price paid by Aquila in its most recent purchase of fuel oil as being appropriate for use in the Staff's analysis. I have provided this single price for inclusion into the Staff's fuel model.

DEMAND CHARGES-PURCHASED POWER CAPACITY CONTRACTS

Q. How did you reflect the fixed capacity (demand) costs in this case?

A. I annualized the demand costs Aquila pays under these contracts by multiplying the respective monthly demand charges by time period the contract is in effect and annualized this amount. This annualized contract amount was compared to the test year level to develop the adjustment.

FUEL INVENTORIES

Q. What was your responsibility in this case regarding fuel inventories?

A. My responsibility was to determine a normal, prudent value for fuel inventory to include in rate base. Aquila maintains inventories of coal at its Sibley, JEC, Lake Road, and Iatan plants. It maintains fuel oil inventories for generation purposes at Greenwood, Nevada, and Lake Road. A small quantity of fuel oil for start-up is held in inventory at JEC and Iatan.

Q. What coal inventory levels have you included in this case?

A. The Staff has included a 61-day supply for coal inventories at the Sibley facility, a 72-day supply at the JEC facility, a 58-day supply at the Iatan facility and a 75-day supply at the Lake Road facility. The numbers of days are consistent with the Company's inventory policies, deemed reasonable and necessary by the Staff, of Sibley, JEC, Iatan and Lake Road generating facilities. The inventory tonnages represent coal quantities sufficient for the respective number of average-burn days, as per the results of the generation levels determined using the production cost model. A 13-month average cost and quantity ending September 30, 2006, has been used for fuel oil inventories in the Staff's case.

PIPELINE RESERVATION CHARGES

Q. Please explain your adjustment in this area.

A. To secure the ability to receive natural gas supply at its Greenwood and South Harper power plants, Aquila pays a fixed monthly cost to actually reserve a portion of the natural gas-carrying capacity of the respective pipelines serving those two plant sites. These monthly charges are separate from, and in addition to, the cost of any natural gas Aquila actually purchases and transports over the pipelines. I have adjusted the test year to reflect the annualized amount of these pipeline charges.

CORPORATE OVERHEAD CHARGES

Q. What are Aquila's corporate overhead charges?

A. Aquila provides executive management and centralized support services to its utility divisions. These services primarily include including customer service, billing, collections, information technology, accounting, tax, treasury, regulatory, gas supply, human resources and safety. The operating costs related to these functions are allocated to the utility divisions based on various cost drivers. Aquila witness Ron A. Klote describes how the Company allocates its corporate overhead costs to its different business units at page 20 through page 26, of his direct testimony in this case.

Q. Has Aquila made an attempt to remove nonrecurring and other costs that should not be charged to its customers from its pool of corporate overhead cost dollars?

A. Yes. Prior to filing a rate case, Aquila makes a review of the types of costs included in the pool of corporate costs to be allocated to its regulated business units and removes the costs it believes should not be included in the rate case. Aquila removed these costs through the seven adjustments described on pages 24 and 25, of Mr. Klote's direct testimony. In addition to these adjustments, Aquila also retains the costs of certain corporate departments at the corporate level. As such, none of these costs are included in the overhead costs that are allocated to Aquila's business units.

Q. Has there been changes in Aquila's corporate overhead costs allocations since its last rate case?

A. Yes. Over the past year, Aquila has announced the sale or pending sale of a substantial portion of its business operations, including its utility operations. Because it is reducing its number of utility divisions, Aquila's corporate overhead costs are being allocated over a smaller base. Beginning on January 1, 2006, Aquila's allocation drivers used to allocate costs were adjusted to reflect the elimination of business units that Aquila has sold or is in the process of selling. After January 1, 2006, these business units were no longer being allocated their pro rata share of corporate overhead costs. Mr. Klote's schedule RAK-1 shows that in 2005, for every $100 of corporate overhead costs, MPS was being allocated $20. With the new allocation factors; MPS will now be allocated $30, or an increase of 50 percent. Likewise, L&P's allocated costs increased from $7 in 2005 to $10 in 2006 for every $100 of corporate allocated costs.

Q. Does this raise a concern with the Staff?

A. Yes.

Q. Please explain.

A. The Staff is concerned that Aquila's corporate overhead costs will not be reduced in proportion to the reduction in Aquila's business operations. This will result in Aquila's Missouri regulated operations paying a higher price for corporate overhead service simply as a result of Aquila's business restructuring.

Q. Is Aquila currently attempting to reduce its corporate overhead costs?

A. Yes. In its 3rd quarter 2006 10-Q, Aquila said that:

> In connection with the sale of our Kansas electric and Michigan, Minnesota and Missouri gas utility operations, during the first quarter of 2006 our management adopted and communicated to employees a plan to reduce executive management and central services costs, which includes the elimination of approximately 220 positions through attrition and employee terminations.
>
> Employees who are involuntarily terminated will receive severance and other one-time termination benefits. This process is expected to be substantially completed in the first quarter of 2007, subject to the completion of the sale of our Kansas electric operations.

Q. Has Aquila proposed adjustments to its corporate overhead cost allocations to MPS and L&P that address the Staff's concern?

A. Yes. In its proposed adjustment CS-20, Aquila has addressed this specific concern. In its September 30, 2006 update to adjustment CS-20, Aquila shows that using

2006 allocation factors, MPS would be allocated $16,333,267. Aquila then reduced this amount by $4,704,489 to reflect the reduced level of corporate services needed to run the company after the completion of the sale of the properties it intends to sell. For L&P the annualized 2006 corporate costs that would be charged in the amount of $4,823,333 were reduced by $1,347,970.

Q. In addition to accepting Aquila's proposed adjustments to corporate allocated costs, is the Staff proposing additional adjustment?

A. Yes. In its revenue requirement schedules, the Staff made an adjustment to Account 930 for the total amount of Aquila's adjustment CS-20. By inputting this adjustment, the starting point for the Staff's adjustment is Aquila's proposed level of corporate overhead charges to MPS and L&P.

In addition to Aquila's adjustment CS-20, the Staff is proposing adjustments to remove the cost of executive perquisite programs and corporate lobbying costs, adjust employee gifts and awards and adjust the amount of chief executive officer (CEO) compensation costs that are allocated to Missouri operations. Finally, the Staff is proposing an adjustment to remove the cost of Aquila's supplemental executive retirement plan (SERP).

Q. Please explain the Staff's adjustment related to the cost of executive perquisite programs.

A. At page 14, of Aquila's 2005 proxy statement filed with the Securities and Exchange Commission (SEC) it stated that it provides executive officers with financial planning and tax preparation benefits, plus an additional lump sum ranging from $5,000 to $20,000 depending upon the level of the executive, which may be used at the discretion of the executive for such items as club membership dues, automobile expenses, and other items commonly covered in executive perquisite programs.

Aquila books the cost of its executive tax preparation benefits to Resource 1093, Tax Fringe Ben/Exec Tax Plan. In 2005, Aquila booked $205,382 of which MPS was charged 41.7 percent, or $85,703, and L&P was charged 12.6%, or $25,799. The Staff removed these costs as excessive and unnecessary.

Q. Please explain why these costs are excessive and unnecessary.

A. Aquila's employees, especially its executives are well compensated both in salary, pensions, and other compensation programs. It is the opinion of the Staff that such well-compensated employees can be responsible for their own tax preparation costs.

Q. Please explain the Staff's corporate lobbying adjustment.

A. The Staff's adjustment removes the test year costs charged to Department 6376, Regulatory Legislative Services. This department supervises the work of all of Aquila's outside lobbyists, conducts lobbying activities on behalf of Aquila and interacts with other utility-related lobbying groups such as the Missouri Energy Development Association (MEDA).

Q. What is the basis of you adjustment to Department 6376?

A. I reviewed the expense reports for the employee in this department for 2005 and determined that this individual is primarily engaged in lobbying activities and activities related to MEDA. The employee's job title is Manager, Legislative Services.

Q. Are there other Aquila employees who engage in lobbying activities that are not in Department 6376?

A. Yes. Mr. Keith Stamm, Aquila's Senior Vice President and Chief Operating Officer, and Mr. Jon Empson, Aquila's Senior Vice President, Regulated Operations have participated in lobbying activities to some extent. For example, Mr. Stamm is on the Board of Directors of Missouri Energy Development Association (MEDA), a Missouri utility-lobbying association, and Mr. Empson supervises Aquila's legislative activities. In my review, I have found that several employees of Aquila are involved in lobbying activities to some extent.

Q. How should Aquila have charged the costs of its Legislative Services Department?

A. The Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts for electric utilities, which this Commission has adopted for record keeping purposes, requires utilities to charge all lobbying costs to Account 426.4 Expenditures for certain civic, political and related activities. This is a below-the-line account. The Staff asserts that Aquila incorrectly accounts for its lobbying activities by not charging a percentage of the salary, benefits and travel costs of all Aquila employees who engage in lobbying activities to the required lobbying account. The Staff requests that the Commission order Aquila to account for all lobbying costs in Account 426.4. The description of Account 426.4 reads as follows:

> This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

Q. Please explain the Staff's adjustment to the amount of expenses described as employee gifts and awards that Aquila is proposing to allocate to MPS and L&P.

A. During the test year, Aquila recorded a total of $719,814 to Resource 1713, Employee Gifts and Awards. These costs include $248,446 in cash paid to employees as compensation for work performed, and $471,368 for employee gifts. Among other types of gifts, this cost also includes employee years of service awards.

I reviewed the description of the reasons for the cash awards and found that only $30,130 were related to activities that are appropriate for cash awards over and above regular employee compensation. The $30,130 is related employee performance that should lead to a reduction in Aquila's cost of providing utility service. These activities include safety, prevention of fuel diversion and health and wellness. Therefore, I removed the remainder of the employee cash payments.

For the remaining $471,368 classified as employee gifts, I found that several of the gifts, including two that cost Aquila more than $1,000 each, were excessive. In addition, it is misleading to call the cost of these items as "gifts" if they are being funded by the ratepayers. A gift from a company indicates that the company's owners are making some sort of sacrifice by giving a reward to an employee for longevity or other reasons. By including 100 percent of the cost of employee gifts in rates, Aquila's shareholders, or owners, are making no such sacrifice. This could very well be the reason for the very high value of the gifts Aquila provides to its employees. Based on my review of the cost of these employee gifts, I found it appropriate in this case to allocate 50 percent of the remaining $471,368 to Aquila's shareholders.

Q. Please explain the Staff's adjustment to CEO compensation cost.

A. While Aquila has made an adjustment to reduce non-payroll corporate overhead costs to recognize that Aquila is a much smaller company than in the past and is even getting smaller, it did not make an adjustment to the size of executive compensation costs to reflect this new reality. The Staff believes such an adjustment is necessary.

The Staff reviewed the base salaries of Aquila's highest paid corporate employees and compared these salaries to the top five highest paid executives of a group of companies that included the three Missouri electric companies and Westar, a Kansas electric utility. The Staff also had discussions with Aquila representatives concerning the issue of executive compensation and reviewed compensation studies and other materials provided by Aquila that were produced by Aquila's compensation consultant, Hewitt Associates, Inc.

Based on its review of this data, the Staff found that Aquila's CEO salary needed to be adjusted to reflect the reduced size and scope of Aquila's operations. The Staff adjusted this salary to the average of the 2005 salaries of the CEOs of Ameren Corporation, KCPL, The Empire District Electric Company, and Westar.

Q. What is a supplemental executive retirement plan, or SERP?

A. A SERP is a promise by a company to pay a future retirement benefit to its executives, over and above any qualified retirement plans that the company may sponsor. The purpose of Aquila's SERP, as described in the plan itself, is to "provide specified benefits to a select group of management and highly compensated employees."

Q. Please explain the Staff's adjustment to remove the costs of Aquila's SERP from MPS and L&P's cost of service.

A. Historically, the Staff has not been opposed to allowing rate recovery of SERP costs as long as the expense was not significant, was calculated on a pay-as-you-go, or cash basis, and the amount of the payment was strictly calculated to restore the amount of pension benefits that was disallowed by the IRS under the company's regular pension plan. In recent rate cases, Aquila has not met any of these requirements. Aquila has let its SERP evolve into an additional executive benefit and compensation program well above what is traditionally known as a SERP.

The Staff is opposing rate recovery of Aquila's MPS SERP in this case because it is calculated under Financial Accounting Standard No. 87, *Employers' Accounting for Pensions* (FAS 87). FAS 87 is the accounting standard used to calculated pension expense under a regular all-employee qualified pension plan. This accounting method allows for a reduction in expense due to the financial return on the assets in the pension fund. Since Aquila does not fund its SERP, there is no fund available to earn a return and reduce the amount of the SERP annual expense.

Aquila's regular all-employee pension plan is a "funded" plan. For ratemaking purposes, Aquila pension expense is based on the minimum required contribution as set forth by the Employee Retirement Income Security Act of 1974 (ERISA) and Internal Revenue Service (IRS) regulations. Under this method of accounting, the greater the return on the pension fund assets, the lower the required pension expense to be funded by ratepayers.

This expense reduction does not exist with Aquila's SERP because Aquila does not fund its SERP. Aquila's proposed SERP expense based on FAS 87 does not include a reduction for the return on plan assets. Instead of depositing any SERP expense recovered in rates in a SERP fund, Aquila would use these funds for general corporate purposes. The Staff does not believe the use of FAS 87 to account for SERPs for ratemaking purposes is appropriate.

Q. Has Aquila expressed some willingness to consider funding its SERP?

A. Yes. However, Aquila needs to obtain the approval of its board of directors. It expects the board to consider this issue sometime in the first quarter of 2007. The Staff believes an appropriate amount of SERP expense can be agreed to for ratemaking purposes outside of the requirements of FAS 87.

Q. You described the Staff's position on the MPS' SERP expense. Please continue with the L&P's SERP expense.

A. When Aquila purchased L&P in 2000, it also purchased the assets in L&P's funded SERP. The Staff believes these assets are sufficient to pay for a reasonable level of SERP expense over the lifetime of the former SJLP executives. Therefore, since Aquila purchased the assets in the SERP fund when it purchased L&P, there is no longer any SERP expense for the former SJLP executives.

Q. Does the Staff believe the amount of SERP expenses currently being paid to the former L&P executives out of the L&P SERP fund are reasonable?

A. No. The Staff has reviewed these payments and would characterize them as extremely excessive for at least one former L&P executive.

MPS GENERATION UNITS

Q. Please describe the Staff's adjustments to include ownership costs of two additional natural gas-fired combustion turbines (CT).

A. The Staff's revenue requirement schedules in this case include the fuel and ownership costs of five natural gas-fired CTs. The Staff is referring to these CTs as MPS CT Units 1 through 5. For a discussion of the costs of Units 1, 2 and 3, see the direct testimony of Staff witnesses Featherstone, and Phillip K. Williams. I will discuss the costs of Units 4 and 5. For a discussion of Aquila's current capacity needs, see the direct testimony of Staff witness Lena M. Mantle in this case.

Q. What is the basis of the Staff's proposal to include the costs of MPS Units 4 and 5?

A. The reason for the Staff's adjustment is to remedy Aquila's failure to replace the capacity it was obtaining from the Aires PPA, which expired on May 31, 2005, in a manner that will result in the lowest long-term revenue requirement for MPS' ratepayers. The Staff determined in Aquila's last MPS rate case, No. ER-2005-0436, that there was a need to remedy this failure protect MPS' ratepayers from imprudent decisions on the part of Aquila's management as it related to the acquisition of capacity.

In Aquila's last rate case, the Staff determined that the best way to protect MPS' ratepayers was to include in MPS' cost of service, the cost Aquila would incur by purchasing and owning two additional Siemens gas turbines, each with a capacity of 105 megawatts. Combined, these two units would provide an additional 210 megawatts of capacity, which was more than enough to meet MPS' projected 2006 capacity shortfall. At that time, the Staff believed this was the best way to ensure that MPS' ratepayers would not be harmed from Aquila's failure to build and own power plants through its continued reliance on purchase power contracts.

Q. Does the Staff believe today that this is still the best way to protect MPS' ratepayers?

A. Yes, it does. This is why the Staff is proposing the same adjustments it did in Case No. ER-2005-0436.

Q. Please describe the costs the Staff is including in this case that are intended represent, as close as possible, the costs to Aquila of owning two additional 105 megawatt Siemens gas turbines.

A. In the last case the Staff used documents containing the actual costs data from Aquila's purchase of 3 CTs at its South Harper plant as the basis for its calculation of the cost of MPS Units 4 and 5. This amount, which the Staff has included in rate base in this case is ** __________ **, less accumulated depreciation. This amount is calculated as follows:

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Q. Did the Staff include other costs related to owning MPS Units 4 and 5 in this case?

A. Yes. The Staff included costs of property taxes, maintenance and capacity reservation charges for the additional two units. In addition, by inclusion in rate base, the plant costs for MPS units 4 and 5 will generate depreciation expense and a overall rate of return on the net rate base amount. The Staff will also calculate the pro rata share of deferred income taxes for MPS Units 1 and 2 and include this amount in its December 31, 2006 update revenue requirement filing.

SJLP MERGER TRANSITION COSTS

Q. Has the Staff reflected the amortization of the SJLP merger transition costs in this case?

A. Yes. Aquila's current rates which went into effect on March 1, 2006, reflect a 10-year recovery of $4,959,664 in transition costs it incurred during the process of integrating L&P into Aquila's operations. The Staff is continuing this treatment in this case. Adjustment S-89.3, MPS and S-88.3, L&P reflects a continuation of the 10-year amortization of

$4,959,664 in merger transition costs. Approximately 60 percent of this total amount reflects the costs of non-officer severance payments and postretirement benefit settlements.

Q. Has the Staff reflected the amortization of any merger transaction costs in this case?

A. No.

Q. Please define "transaction costs."

A. Transaction costs are expenses that are incurred by combining companies usually prior to the close of the merger and that are necessary to consummate the merger. These include fees charged by the investment bankers related to the transaction; fees for outside consultants for legal, accounting and public relations services; and other merger-related costs directly associated with the acquisition. Since these costs are directly associated with the acquisition, they should be included with the acquisition premium and charged to the acquisition adjustment account.

Q. Please define "transition costs."

A. "Transition costs" are costs, which the combining companies incur in order to combine the systems and processes of the pre-merged companies. Generally, accounting systems need to be combined; computers may have to be reprogrammed; procedures and practices will have to be consolidated; customer service centers need be integrated, and human resources will redesign benefit packages for consistency. All these changes have costs associated with their development and implementation.

Q. What is the Staff's position on rate recovery of transaction and transition costs?

A. The Staff's position is that transition costs found to be prudent and appropriate should be amortized above-the-line to expense over an appropriate period of time. The Staff has proposed a 10-year amortization period for these types of costs in past merger cases and in Aquila's most recent rate case. The Staff believes that here is a correlation between the transition costs, which facilitate the joining of two utilities and the merger savings that result following the completion of the integration process. At that point, Aquila's customers should share in any savings that are generated from the merger, and therefore, should also pay for prudent "costs to achieve" these savings.

Q. Does this conclude your direct testimony?

A. Yes, it does.

CHARLES R. HYNEMAN

CASE PARTICIPATION

Date Filed	Issue	Case Number	Exhibit	Case Name
7/16/1993	Cash Working Capital; Other Rate Base Components	TR93181	Direct	United Telephone Company of Missouri
8/13/1993	Cash Working Capital	TR93181	Rebuttal	United Telephone Company of Missouri
8/25/1993	Cash Working Capital	TR93181	Surrebuttal	United Telephone Company of Missouri
4/11/1994	Pension Expense; Other Postretirement Benefits	ER94163	Direct	St. Joseph Light & Power Company
5/16/1994	Pension Expense; Other Postretirement Benefits	HR94177	Direct	St. Joseph Light & Power Company
4/20/1995	Pension Expense; OPEB Expense; Deferred Taxes; Income Taxes; Property Taxes	GR95160	Direct	United Cities Gas Company
5/7/1996	Merger Premium	EM96149	Rebuttal	Union Electric Company
8/9/1996	Income Tax Expense; AAO Deferrals; Acquisition Savings	GR96285	Direct	Missouri Gas Energy
9/27/1996	Income Tax Expense; AAO Deferrals; Acquisition Savings	GR96285	Rebuttal	Missouri Gas Energy
10/11/1996	Income Tax Expense; AAO Deferrals; Acquisition Savings	GR96285	Surrebuttal	Missouri Gas Energy
6/26/1997	Property Taxes; Store Expense; Material & Supplies; Deferred Tax Reserve; Cash Working Capital; Postretirement Benefits; Pensions; Income Tax Expense	GR97272	Direct	Associated Natural Gas Company Division of Arkansas Western Gas Company
8/7/1997	FAS 106 and FAS 109 Regulatory Assets	GR97272	Rebuttal	Associated Natural Gas Company Division of Arkansas Western Gas Company
11/21/1997	OPEB's; Pensions	ER97394	Surrebuttal	UtiliCorp United Inc. d/b/a Missouri Public Service
3/13/1998	Miscellaneous Adjustments; Plant; Reserve; SLRP; AMR; Income and Property Taxes;	GR98140	Direct	Missouri Gas Energy, A Division of Southern Union Company

Date Filed	Issue	Case Number	Exhibit	Case Name
4/23/1998	Service Line Replacement Program; Accounting Authority Order	GR98140	Rebuttal	Missouri Gas Energy, A Division of Southern Union Company
5/15/1998	SLRP AAOs; Automated Meter Reading (AMR)	GR98140	Surrebuttal	Missouri Gas Energy, A Division of Southern Union Company
7/10/1998	SLRP AAOs; Reserve; Deferred Taxes; Plant	GR98140	True-Up	Missouri Gas Energy, A Division of Southern Union Company
4/26/1999	Merger Premium; Merger Accounting	EM97515	Rebuttal	Western Resources Inc. and Kansas City Power and Light Company
9/2/1999	Accounting Authority Order	GO99258	Rebuttal	Missouri Gas Energy
3/1/2000	Acquisition Detriments	GM2000312	Rebuttal	Atmos Energy Company and Associated Natural Gas Company
5/2/2000	Deferred Taxes; Acquisition Adjustment; Merger Benefits; Merger Premium; Merger Accounting; Pooling of Interests	EM2000292	Rebuttal	UtiliCorp United Inc. / St. Joseph Light and Power
6/21/2000	Merger Accounting Acquisition	EM2000369	Rebuttal	UtiliCorp United Inc. / Empire District Electric Company
11/30/2000	Revenue Requirements	TT2001119	Rebuttal	Holway Telephone Company
4/19/2001	Revenue Requirement; Corporate Allocations; Income Taxes; Miscellaneous Rate Base Components; Miscellaneous Income Statement Adjustments	GR2001292	Direct	Missouri Gas Energy, A Division of Southern Union Company
12/6/2001	Corporate Allocations	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/6/2001	Corporate Allocations	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
1/8/2002	Acquisition Adjustment	EC2002265	Rebuttal	UtiliCorp United Inc. d/b/a Missouri Public Service

Date Filed	Issue	Case Number	Exhibit	Case Name
1/8/2002	Acquisition Adjustment	ER2001672	Rebuttal	UtiliCorp United Inc. d/b/a Missouri Public Service
1/22/2002	Acquisition Adjustment	ER2001265	Surrebuttal	UtiliCorp United Inc. d/b/a Missouri Public Service
1/22/2002	Acquisition Adjustment; Corporate Allocations;	EC2001265	Surrebuttal	UtiliCorp United Inc. d/b/a Missouri Public Service
4/17/2002	Accounting Authority Order	GO2002175	Rebuttal	Utilicorp United Inc. d/b/a Missouri Public Service & St. Joseph Light & Power
8/16/2002	Prepaid Pension Asset; FAS 87 Volatility; Historical Ratemaking Treatments-Pensions & OPEB Costs; Pension Expense-FAS 87 & OPEB Expense-FAS 106; Bad Debt Expense; Sale of Emission Credits; Revenues	ER2002424	Direct	The Empire District Electric Company
3/17/2003	Acquisition Detriment	GM20030238	Rebuttal	Southern Union Co. d/b/a Missouri Gas Energy
12/9/2003	Current Corporate Structure; Aquila's Financial Problems; Aquila's Organizational Structure in 2001; Corporate History; Corporate Plant and Reserve Allocations; Corporate Allocation Adjustments	HR20040024	Direct	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
12/9/2003	Corporate Plant and Reserve Allocations; Corporate Allocation Adjustments; Aquila's Financial Problems; Aquila's Organizational Structure in 2001; Corporate History; Current Corporate Structure	ER20040034	Direct	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
1/6/2004	Corporate Allocation Adjustments; Reserve Allocations; Corporate Plant	GR20040072	Direct	Aquila, Inc.

Date Filed	Issue	Case Number	Exhibit	Case Name
2/13/2004	Severance Adjustment; Supplemental Executive Retirement Plan; Corporate Cost Allocations	HR20040024	Surrebuttal	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
2/13/2004	Severance Adjustment; Corporate Cost Allocations; Supplemental Executive Retirement Plan	ER20040034	Surrebuttal	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
4/15/2004	Pensions and OPEBs; True-Up Audit; Cost of Removal; Prepaid Pensions; Lobbying Activities; Corporate Costs; Miscellaneous Adjustments	GR20040209	Direct	Missouri Gas Energy
6/14/2004	Alternative Minimum Tax; Stipulation Compliance; NYC Office; Executive Compensation; Corporate Incentive Compensation; True-up Audit; Pension Expense; Cost of Removal; Lobbying.	GR20040209	Surrebuttal	Missouri Gas Energy
1/14/2005	Accounting Authority Order	GU20050095	Direct	Missouri Gas Energy
2/15/2005	Accounting Authority Order	GU20050095	Direct	Missouri Gas Energy
10/14/05	Corporate Allocations, Natural Gas Prices Merger Transition Costs	ER-2005-0436	Direct	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
11/18/05	Natural Gas Prices	ER-2005-0436	Rebuttal	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
12/13/05	Natural Gas Prices; Supplemental Executive Retirement Plan Costs; Merger Transition Costs	ER-2005-0436	Surrebuttal	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
10/14/05	Corporate Allocations, Natural Gas Prices Merger Transition Costs	HR-2005-0450	Direct	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P

Date Filed	Issue	Case Number	Exhibit	Case Name
11/18/05	Natural Gas Prices	HR-2005-0450	Rebuttal	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
12/13/05	Natural Gas Prices; Supplemental Executive Retirement Plan Costs; Merger Transition Costs	HR-2005-0450	Surrebuttal	Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P
08/08/2006	Fuel Prices Miscellaneous Adjustments	ER-2006-0314	Direct	Kansas City Power and Light Company
10/06/2006	Severance, SO_2 Liability, Corporate Projects	ER-2006-0314	Surrebuttal	Kansas City Power and Light Company
11/07/2006	Fuel Prices	ER-2006-0314	True-Up	Kansas City Power and Light Company