

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

In the Matter of the Application of Kansas City	)	
Power & Light Company for Approval to Make	)	<b><u>Case No. ER-2006-0314</u></b>
Certain Changes in its Charges for Electric	)	Tariff No. YE-2006-0594
Service to Begin the Implementation of Its	)	
Regulatory Plan	)	

**ORDER DIRECTING SCENARIOS**

Issue Date: December 12, 2006

Effective Date: December 12, 2006

The Commission will be aided in its deliberations by receiving information concerning the impact on the revenue requirement of Kansas City Power & Light Company under different scenarios. The Staff of the Commission, with the assistance and cooperation of the parties, will be ordered to file responses to the scenarios described herein. The Commission will also shorten the time for responses to the filed scenarios as ordered below.

**Assumptions Common to All Scenarios**

- Any stipulations filed shall be assumed approved by the Commission.
- Any settled issues shall be assumed withdrawn by the parties.
- Incentive Compensation shall be resolved in favor of Staff.
- Hawthorn 5 shall be resolved in favor of KCPL.
- Severance costs shall be resolved in favor of Staff.
- Bad debts shall be resolved in favor of KCPL.

- STB litigation shall be resolved in favor of KCPL.
- SO2 premiums shall be resolved in favor of KCPL.
- Injuries and damages shall be resolved in favor of KCPL.
- Rate case expense shall be resolved in favor of KCPL.
- Corporate projects and strategic initiatives shall be resolved in favor of Staff.
- Maintenance expense shall be resolved in favor of KCPL's alternative "middle ground" position.
- Property taxes shall be resolved in favor of Staff.
- The risk factor for calculating additional amortizations for off-balance sheet purchased power agreements shall be resolved in favor of KCPL.
- Weather normalization/customer growth shall be resolved in favor of Staff.
- Jurisdictional allocations for allocating generation and transmission (4 CP v. 12 CP) costs shall be resolved in favor of Staff.
- Allocations of off-system sales margins shall be resolved in favor of Staff.
- Depreciation shall be resolved in favor of KCPL.
- Availability of General Service Space-Heating Rate Discounts shall be resolved in favor of Trigen.
- Customer Programs shall be resolved in favor of KCPL.
- The true-up issue of 113 employees not on KCPL's payroll as of September 30, 2006, shall be resolved in favor of Staff.

### **Scenarios**

**A. The return on equity (ROE) is 10%.<sup>1</sup>**

- A.1. The level of off-system sales is as requested by KCPL. Ice storm costs are resolved in KCPL's favor.
- A.2. The level of off-system sales is as requested by KCPL. Ice storm costs are resolved in DOE's favor.
- A.3. The level off off-system sales is as requested by OPC. Ice storm costs are resolved in KCPL's favor.
- A.4. The level of off-system sales is as requested by OPC. Ice storm costs are resolved in DOE's favor.
- A.5. The level of off-system sales is as requested by Staff. Ice storm costs are resolved in KCPL's favor.
- A.6. The level off off-system sales is as requested by Staff. Ice storm costs are resolved in DOE's favor.
- A.7. The level of off-system sales is as requested by Praxair. Ice storm costs are resolved in KCPL's favor.
- A.8. The level off off-system sales is as requested by Praxair. Ice storm costs are resolved in DOE's favor.

**B. The same assumptions listed in A, but with ROE at 10.5%.**

**C. The same assumptions listed in A, but with ROE at 11%.**

**D. The same assumptions listed in A, but with ROE at 11.25%.**

Staff shall fully explain the impact on the revenue requirement of each variable described in the scenario, as well as the total revenue requirement for each scenario. Staff shall fully explain the way in which all calculations in the scenario were performed and shall also fully explain any additional assumptions made in the scenario.

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<sup>1</sup> For each scenario, the parties shall also show the amount of regulatory plan additional amortization needed to meet the credit metrics from the Stipulation and Agreement in Case No. EO-2005-0329.

**IT IS ORDERED THAT:**

1. The Staff of the Commission, with the assistance and cooperation of the parties, shall file a pleading as directed above no later than 11:00 a.m., December 13, 2006.
2. Any party that disagrees with the response filed by the Staff of the Commission shall file a pleading explaining why it disagrees with Staff, and setting forth its own response, no later than 5:00 p.m., December 13, 2006.
3. This order shall become effective on December 12, 2006.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Ronald D. Pridgin, Senior Regulatory Law  
Judge, by delegation of authority pursuant to  
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,  
on this 12<sup>th</sup> day of December, 2006.