

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)	<u>Case No. ER-2006-0314</u>
Certain Changes in its Charges for Electric)	Tariff No. YE-2006-0594
Service to Begin the Implementation of Its)	
Regulatory Plan)	

SECOND ORDER DIRECTING SCENARIOS

Issue Date: December 18, 2006

Effective Date: December 18, 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 scenario responses may include any supplemental pleadings the parties wish to include, but the scenario shall include a one-page sheet substantially similar to Appendix A of KCPL's December 14, 2006 response to the Commission's Order Directing Scenarios. 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.

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- Any settled issues shall be assumed withdrawn by the parties.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.
- Ice storm costs shall be resolved in favor of KCPL.
- 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.
- 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.
- Off-systems sales shall be resolved in favor of KCPL, with the provisions that any amount over the 25th percentile being set aside in a regulatory liability account, with that money flowing back to ratepayers in the next rate case, and any amount under the 25th percentile being set aside in a regulatory asset account to be recovered from ratepayers in the next rate case.
- Unused energy allocator in favor of Staff.
- The return on equity is 11.0%.

Scenarios

1. **Jurisdictional allocation¹ in KCPL's favor, severance costs in KCPL's favor, weather normalization/customer growth in KCPL's favor.**
2. **Jurisdictional allocation in Staff's favor, severance Jurisdictional allocation in KCPL's favor, weather normalization/customer growth in KCPL's favor.**
3. **Jurisdictional allocation in KCPL's favor, severance costs in Staff's favor, weather normalization/customer growth in KCPL's favor.**
4. **Jurisdictional allocation in KCPL's favor, severance costs in KCPL's favor, weather normalization/customer growth in Staff's favor.**

¹ All references to jurisdictional allocation in the Scenarios refer to the 4 Coincident Peak versus 12 Coincident Peak issue.

5. **Jurisdictional allocation in Staff's favor, severance costs in Staff's favor, weather normalization/customer growth in KCPL's favor.**
6. **Jurisdictional allocation in Staff's favor, severance costs in KCPL's favor, weather normalization/customer growth in Staff's favor.**
7. **Jurisdictional allocation in KCPL's favor, severance costs in Staff's favor, weather normalization/customer growth in Staff's favor.**
8. **Jurisdictional allocation in Staff's favor, severance costs in Staff's favor, weather normalization/customer growth in Staff's favor.**

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.

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 3:00 p.m., December 19, 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 noon, December 20, 2006.

3. This order shall become effective on December 18, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

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 18th day of December, 2006.