BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service.	))))	Case No. ER-2010-0356

RESPONSE OF KCP&L GREATER MISSOURI OPERATIONS COMPANY TO APPLICATIONS FOR REHEARING FILED BY DOGWOOD ENERGY, LLC, PUBLIC COUNSEL, AND AG PROCESSING INC. AND RESPONSE TO ORDER DIRECTING RESPONSES AND DIRECTING FILING

COMES NOW KCP&L Greater Missouri Operations Company ("GMO" or "Company"), pursuant to 4 CSR 240-2.080 and 4 CSR 240-2.160, and for its response to the Applications For Rehearing filed by Dogwood Energy, LLC's ("Dogwood"), the Office of the Public Counsel ("Public Counsel"), and AG Processing Inc. A Cooperative ("AGP") and related objections to tariffs, states as follows:

1. On May 13, 2011, Dogwood filed an application for rehearing requesting a rehearing related to the decision to include the Crossroads Energy Center ("Crossroads") in rate base. The same day, Public Counsel and AGP filed applications for rehearing requesting a rehearing related to the decision to increase the rates in GMO's L&P division.[1] For the reasons stated herein, the applications for rehearing filed by Dogwood, Public Counsel, and AGP should be denied.

[1] On May 16, 2011, Public Counsel and AGP filed Objections To Tariff which raised the same issue as their respective applications for rehearing.

I. The Application for Rehearing Filed by Dogwood Should be Denied.

A. The Commission's Findings On Which Dogwood Seeks Rehearing are Supported By the Record.

2. Dogwood has failed to provide any sufficient reason for the Commission to grant rehearing. The Commission's findings in its May 4, 2011 Report and Order ("Report and Order") that Dogwood challenges in its application are based on competent and substantial evidence on the whole record. See State ex rel. Ag Processing, Inc. v. PSC, 120 S.W.3d 732, 734-35 (Mo. 2003); State ex rel. Midwest Gas Users' Assoc. v. PSC, 976 S.W.2d 485, 491 (Mo. App. W.D. 1998). All of the issues raised in Dogwood's application for rehearing were addressed extensively in the parties' pleadings, witness testimony, and during the course of the hearings conducted in February 2011, as well as in the parties' post-hearing briefs. There is no need to burden the record further with repetitive argument and citations of authority.

3. Dogwood's assertion that there is no evidence of any transfer of Crossroads to GMO, and that the Commission therefore erroneously presumed that there was a change in ownership that has not happened, is plainly false. See Dogwood Application at 4-5. A GPE memo attached to Staff witness Cary Featherstone's Rebuttal Testimony describes in detail the reason for and the timing of the property accounting move of Crossroads to the books and records of GMO's MOPUB business unit. See Featherstone Rebuttal at Sch. 1-1 to 1-2 (Staff Ex. 216). This Schedule documents the placement of Crossroads on the books and records of Aquila, and the transfer of the facility to MOPUB's books and records after the merger. Id. Furthermore, Mr. Featherstone summarizes the timeline of transfer of Crossroads in his Rebuttal testimony. See Featherstone Rebuttal at 4-5 (Staff Ex. 216). Thus, the Commission has not presumed a change in ownership that has not happened, as Dogwood alleges.

4. Contrary to Dogwood's assertion that the Commission "erroneously implies that GMO satisfied" the Non-Unanimous Stipulation and Agreement in Case No. ER-2009-0090, the record is replete with evidence demonstrating that GMO complied with that stipulation and conducted a thorough analysis of the available options to determine that Crossroads was the lowest cost option. See Dogwood Application at 5-6. As explained by GMO witness Burton Crawford, GMO evaluated several options to add generating capacity to GMO's system, pursuant to that stipulation. See Tr. at 4046-4049; see also Crawford Rebuttal at 8-9 (GMO Ex. 11). Among those options evaluated was purchasing Dogwood at different increments (e.g., 655 MW, 300 MW, and 150 MW shares). Id.; see also Crawford Rebuttal at Sch. BLC2010-03, Sch. BLC2010-09, Sch. BLC2010-10 (GMO Ex. 11). Furthermore, contrary to Dogwood's assertion, there is nothing in the Stipulation requiring GMO to contact Dogwood prior to conducting its evaluation. Thus, Dogwood incorrectly asserts in its rehearing application that the Commission "erred in finding that GMO considered Dogwood in that study" and that it "erroneously implies that GMO satisfied the aforesaid stipulation." See Dogwood Application at 6.

5. So too does the evidence in the record demonstrate that Dogwood is not the lowest cost resource option, contrary to Dogwood's assertion otherwise. See Dogwood Application at 6-7. Dogwood notes that its witness, Judah Rose, testified that Dogwood is the preferred option. Id. at 6. However, Dogwood's analysis contains several errors that are explained in GMO's briefing. See Initial Post-Hearing Brief of Issues Related Only to KCP&L Greater Missouri Operations Company at 18. The most egregious of Dogwood's errors is the input used for Crossroads' transmission cost is significantly overstated. See Rose Surrebuttal at 60 (Dogwood Ex. 3603). Another error is that the capacity factor used for Dogwood is overstated. Id. Correcting either of these errors makes Crossroads the superior option. What's

more, Dogwood's statement that "the evidence shows that Dogwood is the preferred option even taking into account the reduced valuation of Crossroads applied by the Commission" clearly is unsupported by the record, as there is absolutely no evidence to compare the cost of Dogwood to the cost of Crossroads at the reduced valuation applied by the Commission. See Dogwood Application at 6. Thus, Dogwood provides no valid support for its assertion that the Commission erred in finding that Dogwood is not the lowest cost resource option.

6. Dogwood further incorrectly alleges that the Commission erred in finding that delivered natural gas prices are lower at Crossroads than at South Harper or Dogwood. The Company clearly demonstrated on the record that the cost for natural gas shipped to Crossroads was less than that shipped to South Harper. See Blunk Rebuttal at 2, 4-5 (GMO Ex. 8). Staff also acknowledged that delivered prices to South Harper were higher than to Crossroads in 2009 and 2010. See Staff's Initial Brief at 39-40. What's more, Dogwood's claim that natural gas shipped to Dogwood is cheaper than that shipped to Crossroads is unsubstantiated. The evidence Dogwood presented ignores the market reality that natural gas prices vary by day and pricing point. See Janssen Surrebuttal at 7, Table 1 (Dogwood Ex. 3602). The record shows how prices averaged over a period of time can be significantly different than daily prices used for actual natural gas purchases. See Blunk Rebuttal at 4-5 (GMO Ex. 8). Thus, there is no evidence on the record contrary to the Commission's conclusion that delivered natural gas prices are lower at Crossroads than at South Harper or Dogwood.

7. Finally, Dogwood claims that the unreliable nature of Crossroads transmission is grounds for excluding Crossroads from rate base. However, the record shows that GMO has firm transmission service from Crossroads, and that the odds of the special protection scheme ever being invoked are extremely small. See Tr. at 4050-4051. Thus, the Commission did not err in finding that transmission from Crossroads is reliable.

B. The Issues on which Dogwood Seeks Rehearing are Founded on an Incorrect Interpretation of the Law.

i. Crossroads is a Capital Lease Properly Included in Rate Base.

8. Dogwood's primary concern in its rehearing application appears to be its conclusion that Crossroads cannot lawfully or reasonably be included in GMO's rate base because Crossroads is owned and operated by the City of Clarksdale, Mississippi. See Dogwood Application at 1-3. This conclusion simply is incorrect.

9. Dogwood mistakenly states that there is no authority that would allow a public utility to include in rate base property owned and operated by someone else, who sells capacity and energy to the utility. In fact, the South Harper facility, located in Cass County, Missouri near the City of Peculiar is financed, owned, and operated under circumstances nearly identical to those surrounding Crossroads, and is properly included in rate base as a capital lease.

10. Aquila, which owned land in Cass County near Peculiar, sought authority from Cass County and from Peculiar to construct electric power generating facilities that would become the South Harper Station and a transmission substation facility. Under an "Economic Development Agreement" between Peculiar and Aquila, Peculiar issued $140 million in 30–year revenue bonds to finance the project, Aquila sold the land and facilities to Peculiar in exchange for the bonds, Peculiar then leased the land and facilities back to Aquila during the term of the bonds, and Aquila has an option to purchase the power plant for a nominal amount upon retirement of the bonds. See StopAquila.org v. City of Peculiar, 208 S.W.3d 895, 897-98 (Mo. 2006) (affirming Peculiar's issuance of the revenue bonds). Aquila sold to and leased back from the City of Peculiar three combustion turbines on December 30, 2004. South Harper is included in MPS' rate base. See Featherstone Rebuttal at 16 (Staff Ex. 216).

11. The financial and, ownership arrangements for Crossroads are analogous to that for South Harper. The City of Clarksdale, Mississippi financed the Crossroads plant under an arrangement similar to Chapter 100 financing in Missouri, Sections 100.010-100.200.[2] See Tr. at 4052-4053. As is the case for the South Harper facility, Crossroads is owned by a third party and leased back to the Company. See Tr. at 4052-4053, 4070-4071, 4078-4079. Crossroads is recorded in GMO's books and records as a capital lease. Id.; see also Featherstone Rebuttal at 3 and Sch. 1-3 (Staff Ex. 216). Per the Code of Federal Regulations Title 18, Part 101, capital leases are recorded to property account 101.1 and then classified in functional plant accounts 301-399 prescribed for electric plant in service. See Featherstone Rebuttal at Sch. 1-3 (Staff Ex. 216).

12. Furthermore, similar to South Harper, Crossroads is controlled by GMO through a long-term tolling agreement. See Featherstone Rebuttal at Sch. 1-1 (Staff Ex. 216); Tr. at 4052-4053. Also the case for South Harper, GMO holds a purchase option that provides the opportunity for GMO to purchase the plant from the City of Clarksdale for a nominal amount. Id.

13. GMO included Crossroads in its rate base for the same reason that it has consistently, and without objection from any party in this or prior rate cases, included South Harper in rate base. Both are long-term agreements for capacity and energy properly classified as capital leases in property assets account 101.1 on the Company's books and includable in rate base like any other generating facility. See Featherstone Rebuttal at Sch. 1-3 (Staff Ex. 216). Because capital leases are appropriate for rate base treatment in Missouri, and because the Company leases South Harper from the City of Peculiar under an arrangement nearly identical to that with the City of Clarksdale, Dogwood's statement that there is no authority that would allow

[2] All statutory references are to the Missouri Revised Statutes (2000), as supplemented and amended, unless otherwise noted.

a public utility to include in rate base property owned and operated by someone else is erroneous and contrary to law.

14. Nevertheless, Dogwood alleges that "[t]here is no investment, and no corresponding risk, when power is simply purchased from a plant owned by another entity as in this instance," thus shareholders should not earn the fair return required on rate base. See Dogwood Application at 2. The case that Dogwood cites for this assertion is inapposite. State ex rel. Public Counsel v. PSC, 274 S.W.3d 569 (Mo. App. W.D. 2009), involved the construction of a power plant to generate electricity to sell to the federal government by Electric Energy, Inc., a company formed by Union Electric Company ("UE") and four independent utilities. Electric Energy financed construction primarily with debt, and the utilities that formed Electric Energy agreed to purchase Electric Energy electricity if the federal government terminated its program for which it was buying the electricity. After a market for wholesale electricity emerged, and Electric Energy made more selling its electricity in that market, the parties did not renew their contract when it expired during 2005. UE replaced the electricity that it had purchased from Electric Energy with more expensive electricity produced by its own combustion turbine generators.

15. The issue in State ex rel. Public Counsel was whether the Commission should impute to UE ratepayers a percentage of Electric Energy's windfall profits from the sale of electricity in the wholesale market. Rejecting the State's argument that UE financed the plant's construction and maintenance at the expense of UE's ratepayers, the Commission found that "[t]he purchase of power does not give the purchaser an ownership interest in the supplier of power any more than the purchase of a new car gives the purchaser an ownership interest in Ford Motor Company." Id. at 581. The court agreed, finding that UE's shareholders, not its ratepayers, bore entire risk of constructing and operating the plant from which the utility

purchased low price electricity, and the only money plant received from UE's ratepayers was for power. Id.

16. In State ex rel. Public Counsel, UE purchased plant stock using shareholder funds and never included the plant in its rate base. Consequently, there was no investment or risk borne by UE ratepayers for which those ratepayers should earn a fair return. This case is wholly irrelevant to the arrangement at Crossroads, whereby Crossroads is financed in an arrangement similar to Chapter 100 financing in Missouri, is controlled by GMO through a long-term tolling agreement, and is properly recorded as a capital lease to property account 101.1, per the Code of Federal Regulations Title 18, Part 101. See Featherstone Rebuttal at Sch. 1-1 to 1-4 (Staff Ex. 216). GMO has included Crossroads in its rate base, as it is a long-term lease for capacity properly classified as a capital lease in property assets account 101.1 on GMO's books and includable in rate base.

ii. Crossroads Does Not Require A CCN to Operate.

17. Despite its conclusion that GMO cannot lawfully include in rate base a plant owned by the City of Clarksdale, Mississippi, Dogwood next asserts that this out-of-state plant is further unlawfully included in GMO's rate base because GMO did not obtain a certificate of convenience and necessity ("CCN") pursuant to Section 393.170 in advance of its inclusion in rate base. Dogwood fails to explain how Missouri law extends to property located in another state. Indeed, it does not.

18. Dogwood cites two cases, StopAquila.org v. Aquila, Inc., 180 S.W.3d 24 (Mo. App. W.D. 2005), and State ex rel. Cass Co. v. PSC, 259 S.W.3d 544 (Mo. App. W.D. 2008), in support of its proposition that the GMO cannot lawfully include Crossroads in rate base because it did not obtain advance Section 393.170 approval to acquire the plant. See Dogwood Application at 3-4. The plaintiffs in those cases challenged the authority of the PSC to grant the

CCNs for South Harper, and the reasonableness of the PSC's decision to grant them without requiring Aquila to secure local zoning approval for the facilities. Again, the caselaw Dogwood cites is inapposite here. Contrary to the assertions of Dogwood, Missouri law does not extend to property located in other states and cannot be invoked regarding a CCN for facilities in Mississippi.

19. CCNs are only required for electrical plants that exist within the State of Missouri, as the Commission's jurisdiction does not extend beyond Missouri borders. For this reason, no CCN was issued by the Commission for the Wolf Creek nuclear plant in Burlington, KS, the Spearville wind turbines near Spearville, KS, or the two coal-fired units at the LaCygne Generating Station in LaCygne, KS, nor has a CCN been issued for any other plant outside of Missouri that is used to serve Missouri customers. Yet there has never been any question that a part of those facilities has been placed in KCP&L's Missouri rate base. Dogwood's assertion that the Commission failed to recognize that GMO cannot lawfully include Crossroads in rate base because it did not obtain advance approval to acquire the plant under Section 393.170 is premised upon a faulty jurisdictional understanding. Clearly, no such advance approval is required, as such approval extends beyond the jurisdiction of the Commission.

II. The Applications for Rehearing Filed by Public Counsel and AGP Should be Denied.

20. Without citing any case law in support of their positions, both Public Counsel and AGP argue that the Commission's Report and Order grants GMO's L&P division a rate increase in excess of the increase originally proposed by GMO, and that this portion of the Commission's decision is unlawful.

21. On June 4, 2010, GMO filed its application and tariffs that were designed to increase the total revenues of the Company by $97.9 Million with $75.8 Million

proposed to be recovered from the MPS division and $22.1 Million to be recovered from the L&P division.

22. In its May 4, 2011 Report and Order, the Commission determined that the Company should file tariff sheets that comport with the Report and Order no later than May 12, 2011. Staff was also directed on May 4, 2011 to file a pleading reporting the revenue requirement increase, the customer effect of that increase, and the new rates per kWh per customer class after the increase.[3] On May 11, 2011, the Staff filed a pleading identifying the overall revenue requirement increase authorized by the Report and Order was $59,436,131 (9.3%)[4], approximately $38.4 Million less than originally requested by the Company. The Staff also reported that the Commission's Report and Order authorized an increase of $30,142,949 (6.0%) for the MPS and $29,293,182 (21.0%) for L&P divisions.[5] The Company filed its compliance tariffs on May 12, 2011,[6] and Staff filed its Staff Recommendation To Approve Tariffs on May 17, 2011.

23. In its Report and Order, the Commission determined that it was appropriate to adopt a different method of allocating the costs of Iatan 2 between the MPS and L&P divisions than that proposed by GMO, based largely upon the recommendations of the Commission Staff. See Report and Order at 195-204. In its findings of fact, the Commission specifically found: "The Iatan 2 Allocation is more akin to a rate design issue since it determines the relative amount of the rate increase that will be received by both the MPS and the L&P service areas rather than the overall revenue requirement impact of Iatan 2." See Report and Order at 196. As a result of this

[3] Order Directing Filing (issued on May 4, 2010).
[4] See Staff Fourth Response To Order Directing Filing filed on May 11, 2011.
[5] Id.
[6] GMO also filed revised and substituted tariffs sheets in compliance with the Report and Order on May 16 and 17, respectively.

rate design determination, a larger increase was adopted for the L&P division than originally proposed by GMO.

24. Section 393.140 requires the Commission to determine the "just and reasonable" rates for public utilities under its jurisdiction. Section 393.140 contains no limitation on the Commission's exercise of this ratemaking authority that would prohibit the Commission from allocating a rate increase among the Company's various divisions on a different basis than proposed by the Company,[7] based upon competent and substantial evidence in the record.

25. In fact, the Commission has in the past exercised its ratemaking authority and discretion to increase the rates to customers in different divisions or districts of a public utility in a manner different and in excess of the rates proposed by the public utility. For example, in Re Missouri-American Water Company, Case No. WR-2000-281, 9 Mo.P.S.C3d 254, 290-93 (2000), Missouri-American Water Company proposed to continue to move toward single-tariff pricing ("STP") for all of its various districts. Under the STP approach, the cost of the water company's new water plant would have been spread across all districts of the Company on an across-the-board basis. However, the Commission rejected the Missouri-American's proposal to allocate the increase on a single-tariff pricing basis, and instead adopted the proposals of Public Counsel, AGP, and other intervenors to adopt a district-specific pricing approach. Like in this case, the Commission authorized a substantially larger increase to the St. Joseph District than was originally proposed by Missouri-American Water Company. In Missouri-American, Public Counsel and AGP, proponents of district-specific pricing, did not allege that the Commission's decision to increase the rates to the St. Joseph District by substantially more than proposed by Missouri-

[7] While the Commission's allocation was lawful, GMO believes, as set forth in its Application for Rehearing, that the Commission's should have utilized GMO's requested Iatan 2 allocation.

American was unlawful because the Commission authorized a larger increase for St. Joseph than proposed by Missouri-American. In fact, they argued that Missouri-American's single-tariff pricing proposal, which would have spread the costs evenly across the various districts, was unlawful. Id. at 290.[8]

26. Public Counsel also argues that it is unconstitutional to impose a rate increase in excess of the rate increase described in the Company's notices. However, Public Counsel's argument is misplaced. In State ex rel. Jackson County v. PSC, 532 S.W.2d 20, 31-32 (Mo. en banc 1975), the Missouri Supreme Court held that consumers have no constitutionally protected property rights in fixed public utility rates, and therefore consumers are not entitled constitutional guarantees of "due process" or "equal protection" rights. Id. As a result, consumers have no constitutionally protected rights to a specific "notice" prior to the imposition of a rate change. See also State ex rel. Laclede Gas Company v. PSC, 535 S.W.2d 561, 567-68 (Mo. App. K.C. 1976) (rejecting the consumers' argument that notice is required before a rate increase may be implemented under the "file and suspend" method).

27. As further evidence that the Commission has authority to establish "just and reasonable" rates that exceed the public utility's initial rate request, the Commission should review its recently adopted Small Company Rate Case procedure, 4 CSR 240-3.050. Subsection (25) of this rule states:

> The commission shall set just and reasonable rates, which may result in a revenue increase more or less than the increase originally sought by the utility, or which may result in a revenue decrease. In doing so, the commission may approve,

[8] See also Re Southwestern Bell Telephone Company, 24 Mo.P.S.C.2d (N.S) 606, 656-60 where the Commission approved rate increases proposed by Public Counsel on private line, general exchange and mobile services even though "SWB did not propose increases in rates for these services through its initial filing in this case." Id. at 660.

reject or alter a disposition agreement, or an arbitration opinion and any related partial disposition agreement.

28. In its Objection To L&P Tariff filed by AGP on May 16, 2011, AGP also suggests another phase-in "option" may exist for dealing with the increases to the L&P district. This "option" must also be rejected since there is no competent and substantial evidence in the record that addresses this proposal. In addition, if the increase were phased-in under Section 393.155.1, carrying costs would need to be added to the overall increase authorized: "Any such phase-in shall allow the electrical corporation to recover the revenue which would have been allowed in the absence of a phase-in and shall make a just and reasonable adjustment thereto to reflect the fact that recovery of a part of such revenue is deferred to future years." Section 393.155(1). See also Re Kansas City Power & Light Company, 28 Mo.P.S.C.2d 228, 415-23 (1986); Re Union Electric Company, 27 Mo.P.S.C.2d 183, 270-73 (1985). Since there is nothing in the record that calculates the required carrying costs and develops a "phase-in" proposal, the phase-in option proposed by AGP must be rejected by the Commission.

III. GMO Response To Order Directing Filing.

29. On May 17, 2011, the Commission issued its Order Directing Responses And Directing Filing. This Order specifically directed GMO "to explain in more detail and clarify (with citations to the record) its statement in paragraph 72 of its application for rehearing that, 'GMO had proposed to provide 60 MW of capacity to the L&P district from MPS's available capacity contract as well as the 41 MW of Iatan 2.'"

30. The statement in paragraph 72 in the Company's Application for Rehearing contained an error. The Company actually proposed to provide 85 MW of capacity from MPS to L&P. The transfer of the 85 MW is depicted on pages 2-3 and 5-6 of the Company's fuel workpapers which were provided to staff and are attached hereto as **Exhibit 1**

(HC). The revenue requirement impact of the transfer of the 85 MW is also reflected in Staff's true up reconciliation at line 33, filed on April 18, 2011 in this docket. This 85 MW is inexpensive peaking capacity.

31. The allocation of the 85 MWs from MPS to L&P in GMO's allocation plan balanced the capacity needs of the two divisions in concert with the Iatan 2 allocation. The Commission recognized that the L&P's NPPD contract of 100 MWs of coal generation expired in May 2011. See Report and Order ¶ 544 at 198. As GMO's allocation of 41 MWs of Iatan 2 to L&P does not make up for the expired contract, an additional 85 MW from MPS was required in order to balance the generation requirements to the load for L&P. Since the Commission did not address the 85 MW proposal, the replacement of the NPPD contract is not fully addressed by the Commission's Iatan 2 allocation. The NPPD shortfall is fully addressed by the Company's 85 MW proposal and the Company's proposed Iatan 2 allocation..

32. This allocation issue was discussed in an exchange between GMO witness Tim Rush and Commissioner Davis. See Tr. 3801-11. During the discussion, Mr. Rush explained that GMO turned to its energy analysis group and performed a study to evaluate the right allocation between the two rate jurisdictions. See Tr. 3802-03. He explained that the Company proposed to transfer the capacity between the rate jurisdictions at cost. See Tr. 3803. He explained that what the Company proposes is to evaluate the proper allocation of the capacity in each future rate case and balance the interests of both divisions, depending on the capacity needs of the areas at the time of the rate case. Id. Mr. Rush explained: "If we put this Iatan 2 in this ECorp[9] above the L&P and MPS divisions, and we do that in the next case, we can look at allocating it that way. We can look at it just like we do when we look at the Kansas/Missouri properties at KCP&L." Id. See also Crawford Rebuttal at 14 (GMO Ex. 12).

[9] Ecorp is a cost center to track common GMO costs that need to be allocated to L&P and MPS.

33. The Commission also requested that GMO address the legal authority of the Commission to require either GMO or Kansas City Power & Light Company to provide electricity to the L&P division at cost from their portion of Iatan 2 as a condition of approving the allocation of Iatan 2 as requested by GMO.

34. The electricity sales between MPS and L&P would not be an affiliated transaction since MPS and L&P are merely separate rate jurisdictions, and not separate companies. As a result, all allocations of capacity and energy between these two rate jurisdictions would be at cost, and not under a FERC wholesale tariff.

35. GMO already allocates energy between L&P and MPS at cost as a result of a Stipulation and Agreement concerning balancing methodology filed in Case No. ER-2009-0090 (attached hereto as **Exhibit 2**). Under this agreement, GMO agreed to a methodology that requires that both L&P and MPS have access to the generation resources at cost for the purpose of determining the L&P and MPS Fuel Adjustment Clause rates.

36. As for KCP&L, capacity and energy sales between GMO and KCP&L are governed by the Commission's Order in Case No. EM-2007-0374 regarding the affiliate transactions rule. The Commission granted a variance for all transactions between the companies except for wholesale power transactions, which the Commission indicated would be based on rates approved by FERC. See Report and Order, Case No. EM-2007-0374, at 264.

WHEREFORE, KCP&L Greater Missouri Operations Company respectfully requests that the Commission deny Dogwood Energy LLC's Application for Rehearing, the Public Counsel's Application For Rehearing, and the Application For Rehearing By AG Processing Inc. A Cooperative filed on May 13, 2011, and further deny the Public Counsel's Objection To

Tariffs and AGP's Objection To L&P Tariff filed on May 16, 2011, and approve the filed tariffs as recommended by the Commission Staff.

Respectfully submitted,

/s/ Roger W. Steiner

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing was served upon counsel of record on this 23rd day of May, 2011.

/s/ Roger W. Steiner
Roger W. Steiner