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

MOTION FOR CLARIFICATION AND/OR RECONSIDERATION AND APPLICATION FOR REHEARING OF KCP&L GREATER MISSOURI OPERATIONS COMPANY

KCP&L Greater Missouri Operations Company ("GMO" or "Company") moves for clarification and/or reconsideration of certain portions of the Commission's Report and Order issued on May 4, 2011 ("Report and Order"). The Company further applies, pursuant to MO. REV. STAT. § 386.500.1 (2000) and 4 CSR 240-2.160, for rehearing of the Report and Order. In support of its motion and application, the Company states as follows:

I. Issues on which Clarification Is Sought.

A. Crossroads Depreciation Period.

1. The Commission in its Report and Order determined that Crossroads plant valuation should be adjusted from the original costs expended by the Company to something less than net book value. As a result of lowering the value of Crossroads, the Commission further determined that is was appropriate to recalculate the depreciation expense and the accumulated reserve for depreciation based on the lower value placed on Crossroads.

2. GMO believes that the time period ordered by the Commission for determining the accumulated reserve for depreciation associated with Crossroads should be 29 months, not 32 months as set out in the Report and Order.

3. GMO requests clarification regarding the Commission's decision on page 100 of its Report and Order that the value of Crossroads in rate base should reflect 32 months of

depreciation. Subtracting 32 months of depreciation results in a depreciation calculation that is outside of the test year true-up period established in this case.

4. All modifications to GMO's test year trued-up rate base and other cost of service components reflected December 2010 balances. The use of 32 months depreciation means that increases in the accumulated depreciation reserve for the months of January, February, and March of 2011 will be reflected as an additional reduction in GMO's rate base and rates. Thus, GMO's net plant in rate base would be inconsistent with all other cost of service components established by the Commission and would be inconsistent with the Commission's long practice of the matching principle. The Company has conferred with Staff on this issue and Staff has suggested that this be submitted as a request for clarification.

5. GMO requests that the Commission clarify its Report and Order to indicate that based on the Commission Order that established the Crossroads value in rate base different than the original value as of August 2008, the corresponding adjustment for the accumulated reserve for depreciation should be consistent with the test year true-up period and should reflect 29 months of accumulated depreciation to account for the period August 2008 through December 2010.

B. <u>Crossroads Accumulated Deferred Income Tax Reserve Amount.</u>

6. As a result of the Commission's decision to lower the Crossroads value in rate base, GMO believes that, similar to the depreciation expense and the accumulated reserve for depreciation, the Commission should re-compute the accumulated deferred income tax reserve amount associated with Crossroads based on the lower value. The calculation of deferred income taxes is a straight forward calculation based on the value of the plant. When the Commission "recast" the value of the Crossroads plant as of August 2008, it likewise must recalculate the factors affected by this new valuation.

7. GMO requests clarification of the Commission's Deferred Income Tax decision found on page 96 of the Report and Order. GMO understands that the Commission wants the accumulated deferred taxes associated with Crossroads applied as an offset to GMO's rate base. Due to the new valuation ($61.8 million) that the Commission ordered for Crossroads, the amount of accumulated deferred income tax needs to be recalculated based on this number. **Attachment 1** represents the Company's calculation of the accumulated deferred income tax amount through December 31, 2010, reflecting the 29 months from August 2008 to December 2010, the end of the test year true-up period utilized in the case.

8. GMO requests that the Commission clarify that $2,970,184 (as shown on Attachment 1) is the amount of the accumulated deferred income tax for Crossroads to be reflected as rate base offset associated with Crossroads to be used in the calculation of the Company's revenue requirement. If 29 months is not the appropriate period for the computation of accumulated depreciation, then the amount above will have to be recomputed through March 31, 2011 utilizing the 32 month period.

C. Changes to Pension and Other Post-Employment Benefits ("OPEBs").

9. As a result of the Commission's decision to allocate the Iatan 2 plant based on a split of 53 megawatts for the L&P division and 100 megawatts to the MPS division, it became necessary to re-calculate between the L&P and MPS divisions all of the Iatan 2 related plant and costs. This included plant, accumulated reserve for depreciation, deferred income tax amounts, depreciation expenses, operating and maintenance expenses, payroll, payroll taxes, property taxes, fuel and purchased power expenses, etc. The Company and Staff worked on all of these allocations and have generally been able to value and properly determine the value of each allocation adjustment. One result of this new allocation will be the need to modify the Stipulation and Agreement for pensions and OPEBs that was filed and approved as part of this

case. This is because of the re-allocation of the Iatan 2 plant. The Staff and Company plan to file a revised Stipulation and Agreement addressing these changes in the very near future.

D. Rebased Fuel and Purchased Power Amounts.

10. The Commission, in its Report and Order, directed the Company to re-base the fuel and purchased power costs included in rates. As a result of the Iatan 2 allocation changes and other changes in the fuel and purchased power expenses ordered by the Commission, it was necessary to re-run the fuel and purchased power models in order to reflect the appropriate allocations, as well as the Commission's determination of natural gas prices and spot market prices. A controversy between the Company and Staff has resulted over what is the appropriate fuel and purchased power model to use, Staff's or the Company's. The Company believes that the Commission's Report and Order indicates the MIDAS™ model was the preferred modeling choice for GMO's fuel and purchased power expenses and therefore, the Company used MIDAS™ to model its fuel and purchased power expenses to reflect the Commission's direction.

11. GMO requests clarification of the Report and Order with respect to the changes ordered to its rebased fuel and purchased power amounts. The Report and Order does not specify whose revenue requirement fuel numbers are to be used and, therefore, the Commission should indicate whether the Company's MIDAS™ model or the Staff's historical model should be used for this calculation. The Staff's May 11, 2011, filing uses Staff's historical model for these costs. As explained below, this model omits many key elements of the rebased fuel and purchased power expenses.

12. The Company did not propose to increase base rates by resetting or rebasing its base energy costs. The Staff proposed to rebase the base energy costs. These base costs are the core energy costs to which are applied (a) variable fuel component costs, (b)

purchased power energy charges, (c) emission allowance costs, (d) adjustments for recovery period sales variations, and (e) interest on deferred energy costs. See Report and Order F/F[1] 558 at 205.

13. The Commission determined that rebasing was appropriate so that the net base fuel cost in GMO's fuel adjustment clause (FAC) should match with the base energy cost in the adjusted test year total revenue requirement used for setting rates in this case. See Report and Order C/L ¶ 70 at 208. However, the Commission's Order does not specify whose (Company's or Staff's) calculation of adjusted test year base energy cost should be used to accomplish the rebasing.

14. The Company recommended to Staff that its MIDAS™ model information be used to calculate the rebased test year energy cost. The Commission recognized the superiority of the nationally recognized MIDAS™ model as compared to Staff's historical model for determining spot market pricing. See Report and Order Decision – Fuel and Purchased Power Expense at 165-166. The Company believes the Commission should reach the same conclusion with respect to the other rebased fuel costs.

15. However, in its May 11, 2011 revenue requirement filing, Staff used its historical model to rebase GMO's fuel expenses. As the Company and Staff have recently uncovered, the Staff's historical model did not include many of the energy costs which the Commission ordered to be rebased to match the FAC. For example, Staff's model did not update emission allowance costs. This means that the Staff's May 11 revenue requirement filing did not comply with the Commission's determination that the amount of emission allowances in GMO's

[1] Report and Order Findings of Fact will be denoted as "Report and Order F/F" with reference to the paragraph and page number. Report and Order Conclusions of Law will be denoted as "Report and Order C/L" with reference to the paragraph and page number. Report and Order Decisions will be denoted as "Decision" with reference to the section header and page number.

FAC match the amount of emission allowances in GMO's revenue requirement. Staff's noncompliance with the Commission's order is also the case for fuel oil expense and transmission costs that will be incurred by the Company. These costs were originally included in the fuel modeling work of the Staff, but were later excluded as the annualization process netted the expenses in developing the overall fuel and purchased power expenses. Likewise, in the similar process of initially including these costs and then excluding the costs in the final numbers, Staff excluded all bio fuel costs, limestone and ammonia costs, power activated carbon costs, residuals or fly ash costs, natural gas transportation costs, all of which will be incurred by the Company in the test year. The difference between the Staff's fuel and purchased power expenses is summarized on Attachment 2, which shows a difference of $6,982,781 for MPS and $2,191,585 for L&P. Overall, this difference is $9,174,366 for GMO.

16. Because not all fuel and purchased power expenses are reflected in the FAC, some of the fuel and purchased expenses are reflected in base rate amounts. The chart below further breaks down the elements omitted by Staff's model.

	MPS $000's			L&P $000's		
	Staff	**Company**	**Difference**	**Staff**	**Company**	**Difference**
FAC Fuel	133,742	135,502	1,760	41,960	43,073	1,112
FAC Other	11,955	15,619	3,664	1,286	2,834	1,547
Total FAC	145,697	151,121	5,424	43,247	45,906	2,260
Non FAC Fuel	14,881	16,440	1,559	2,548	2,080	(468)
Total	160,578	167,561	6,983	45,794	47,986	2,192

17. The Company became aware of these missing elements necessary in the calculation of the fuel and purchased power expenses on May 10, while it was working with Staff to understand Staff's new fuel model and to provide the revenue requirements for the L&P and MPS divisions. The missing elements became apparent once GMO received and reviewed the fuel runs and modifications to Staff's modeling efforts. The Company had provided its fuel

and purchased power expense runs to Staff the prior week, after the Commission issued its Order. The Company's model included all of the elements necessary to properly re-base the fuel adjustment clause, based on the allocation of the Iatan 2 and other issues as ordered by the Commission.

18. It appears that the Staff has taken a narrow position that it can not correct errors that it has made to fuel and purchased power expenses. The Company disagrees with this interpretation. In fact, the Company throughout this case has helped Staff on numerous occasions correct errors in its revenue requirement model after the hearing had concluded and the Report and Order was issued, but before rates went into effect. There were several instances in both the KCP&L and GMO cases where the Company informed Staff of errors that Staff made when valuing the Commission's rate orders and where the errors would have been in the Company's favor if left uncorrected. In addition, there were many dozens of circumstances where Staff was notified of errors and these errors were corrected throughout the case, regardless of the direction of the error.

19. In order to effectuate the Commission's Report and Order regarding rebasing, GMO urges the Commission to indicate that the MIDAS^{TM} model should be used and that all of the fuel and purchased power elements in the GMO's revenue requirement are updated to match those same fuel and purchased power elements in GMO's fuel and purchased power expenses for the test period and the FAC. The use of Staff's model ensures that the Commission's expressed purpose of matching these costs through rebasing will not be met. Staff's model contains errors which, if adopted as filed by Staff, will not appropriately provide the Company its cost of fuel and purchased power.

II. Legal Principles That Govern Applications for Rehearing.

20. All decisions of the Commission must be lawful, with statutory authority to support its actions, as well as reasonable. State ex rel. Ag Processing, Inc. v. PSC, 120 S.W.3d 732, 734-35 (Mo. en banc 2003). An order's reasonableness depends on whether it is supported by substantial and competent evidence on the record as a whole. State ex rel. Alma Tel. Co. v. PSC, 40 S.W.3d 381, 387 (Mo. App. W.D. 2001). An order must be neither arbitrary, capricious, nor unreasonable, and the Commission must not abuse its discretion. Id.

21. In a contested case, the Commission is required to make findings of fact and conclusions of law. MO. REV. STAT. § 536.090 (2000); Deaconess Manor v. PSC, 994 S.W.2d 602, 612 (Mo. App. W.D. 1999). For judicial review to have any meaning, it is a minimum requirement that the evidence, along with the explanation thereof by the Commission, make sense to the reviewing court. State ex rel. Capital Cities Water Co. v. PSC, 850 S.W.2d 903, 914 (Mo. App. W.D. 1993). In order for a Commission decision to be lawful, the Commission must include appropriate findings of fact and conclusions of law that are sufficient to permit a reviewing court to determine if it is based upon competent and substantial evidence. State ex rel. Noranda Aluminum, Inc. v. PSC, 24 S.W.3d 243, 246 (Mo. App. W.D. 2000); State ex rel. Monsanto Co. v. PSC, 716 S.W.2d 791, 795 (Mo. en banc 1986); State ex rel. A.P. Green Refractories v. PSC, 752 S.W.2d 835, 838 (Mo. App. W.D. 1988); State ex rel. Fischer v. PSC, 645 S.W.2d 39, 42-43 (Mo. App. W.D. 1982), cert. denied, 464 U.S. 819 (1983).

22. In State ex rel. GS Technologies Operating Co. v. PSC, 116 S.W.3d 680, 691-92 (Mo. App. W.D. 2003), the court described the requirements for adequate findings of fact when it stated:

> In particular, the findings of fact must be sufficiently specific to perform the following functions:

> [F]indings of fact must constitute a factual resolution of the matters in contest before the commission; must advise the parties and the circuit court of the factual basis upon which the commission reached its conclusion and order; must provide a basis for the circuit court to perform its limited function in reviewing administrative agency decisions; [and] must show how the controlling issues have been decided[.]

23. The Commission cannot simply recite facts on which it bases a "conclusory finding," and must "fulfill its duty of crafting findings of fact which set out the basic facts from which it reached its ultimate conclusion" in a contested case. Noranda, 24 S.W.3d at 246. "Findings of fact that are completely conclusory, providing no insights into how controlling issues were resolved are inadequate." Monsanto, 716 S.W.2d at 795.

24. A review of the evidentiary record in this case demonstrates that the Report and Order failed to comply with these principles in certain respects and that rehearing and clarification should be granted as to the issues discussed below.

III. Issues on which Rehearing is Sought.

A. The Commission's Valuation and Disallowance of Transmission Costs May Result in a Very Significant Write Off on GMO's Books.

25. Due to the Commission's unreasonable and unsupported decision with respect to Crossroads, GMO may be required to write off from its financial books a significant portion of the net book value of Crossroads. This write-off analysis must take into account both the lower value that the Commission established for the asset and the denial of all of the annual transmission costs. The Company is evaluating the Order to determine the required financial book treatment for Crossroads; however, the Company believes that, as the Order is written, the Company may be required to write off between $50 million and the entire $104 million net book value of the plant. The magnitude of the Commission's Crossroads disallowance becomes apparent when one considers the differences between Iatan and the Crossroads facilities. The

Iatan generation facility total project costs through October 2010 were $1.8 billion. Of this amount only $24.1 million of construction expenditure costs were disallowed by the Commission or approximately 1.3%.

B. Valuation of Crossroads at $61.8 million.

26. The Commission determined that the fair market value of Crossroads at the time of transfer (August 2008) was $61.8 million, and that the fair market value of Crossroads for the purposes of establishing rate base should also reflect 32 months of depreciation on that unit. See Report and Order F/F ¶ 275 at 96; Report and Order Decision - Crossroads at 100. In making that determination, the Commission rejected GMO's inclusion of Crossroads in rate base at its net book value. However, the Commission failed to analyze, and did not consider, GMO testimony regarding its valuation disclosure to the Securities and Exchange Commission ("SEC") and regarding the independent third-party appraisal of Crossroads. Further, the Commission's use of the Goose Creek and Raccoon Creek units in making its valuation determination is not appropriate because those units and the circumstances surrounding their sale are not comparable to Crossroads.

27. The Commission makes much of Great Plains Energy's ("GPE") filings with the SEC regarding the "fair value" of Crossroads, yet completely disregards the Company's evidence as to why its valuation of the facility is higher than the preliminary salvage value included in the pro forma financial statements filed in its S-4 statement with the SEC. Noting that GMO claims that the fair market value of Crossroads is established by the March 2007 request for proposals ("RFP"), the Commission asserts that GMO "fails to explain … why it announced to the Securities and Exchange Commission, mere months later, that 'fair value' was only $51.6 million." See Report and Order F/F ¶268 at 93. This statement is incorrect and contrary to the facts of record. The Company extensively briefed this issue, and

this purported conundrum was thoroughly explained by no less than two Company witnesses. See Initial Post-Hearing Brief of Issues Related Only to KCP&L Greater Missouri Operations Company at 15-16; Reply Brief of KCP&L Greater Missouri Operations Company at 15-17; Crawford Surrebuttal at 3 (GMO Ex. 12); Ives Surrebuttal at 12-21 (GMO Ex. 25); GMO Ex. 47 at 2; Tr. at 4103. The Commission simply failed to consider this substantial and competent evidence in the record.

28. The Company included the cost of Crossroads at the net book value of $104 million. See Crawford Surrebuttal at 3 (GMO Ex. 12). This value was reflected in the response to GMO's 2007 RFP for capacity. Id. at 1-2. Around the same time, the Company reported the salvage value of Crossroads in an S-4 disclosure statement to the SEC at $51.6 million. Id. at 3. Despite the Commission's finding otherwise, the Company exhaustively explained in the record why this SEC valuation is a poor reflection of the "fair value" of Crossroads.

29. As Company witnesses Burton L. Crawford and Darrin R. Ives explained, the S-4 filing submitted to the SEC estimated the salvage value of Crossroads at $51.6 million, and was a preliminary, conservative, worst-case scenario premised on the unit being dismantled and sold. See Crawford Surrebuttal at 3 (GMO Ex. 12); Ives Surrebuttal at 12-13, 17-19 (GMO Ex. 25); GMO Ex. 47 at 2; Tr. at 4103.

30. Mr. Ives explained in his Surrebuttal Testimony,

> Great Plains Energy selected a very conservative option for valuing the Crossroads facility in its joint proxy filings - essentially the estimated salvage value if the Crossroads combustion turbines ("CTs") were dismantled and sold. This option was selected for the joint proxy filings reflecting Great Plains Energy's intent to be conservative in its disclosures due to the uncertainty, at that early stage in the acquisition process, as to what option would ultimately be chosen for the Crossroads facility.

See Ives Surrebuttal at 17-18 (GMO Ex. 25). See also Crawford Surrebuttal at 3 (GMO Ex. 12); GMO Ex. 47 at 2; Tr. at 4103.

31. Mr. Ives further explained that this salvage value estimate was not an appropriate basis for valuing Crossroads, which was not dismantled.

> [I]n 2008 Great Plains Energy senior management ultimately concurred with Aquila's recommendation to use Crossroads as the least cost and preferred option in MPS' resource planning process as a long-term supply option. This go-forward utilization is fundamentally different than dismantling the Crossroads facility and selling it for salvage value and resulted in ultimately transferring the Crossroads facility to MPS' financial records and requesting the assets to be included in rate base in the first case after acquisition. All of this was done at net book value, or as Mr. Featherstone refers to it, original cost as defined in the FERC USOA [Uniform System of Accounts].

See Ives Surrebuttal at 19 (GMO Ex. 25).

32. As GPE and Aquila explicitly stated in the May 8, 2007 joint proxy statement/prospectus filed with the SEC, the allocations disclosed there were preliminary and subject to change based on a final determination of fair value following the merger:

> [T]he pro forma purchase allocation adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information and are subject to revision based on a final determination of fair value following the closing of the merger. Final determinations of fair value may differ materially from those presented herein.

See Ives Surrebuttal at 20, quoting Great Plains Energy & Aquila Joint Proxy Statement/Prospectus filed with the SEC on May 8, 2007 at 167-68 (GMO Ex. 25) (emphasis added). GPE and Aquila reiterated this point later in the joint proxy statement/prospectus:

> The estimated purchase price and the allocation of the estimated purchase price discussed below are preliminary, as the proposed merger has not yet been completed. . . . The final allocation of the purchase price will be based upon the fair value of the assets acquired and liabilities assumed of Aquila on the date the merger is completed.

See Ives Surrebuttal at 20, quoting Great Plains Energy & Aquila Joint Proxy Statement/Prospectus filed with the SEC on May 8, 2007 at 172 (GMO Ex. 25)

33. GPE submitted a number of filings to the SEC subsequent to the May 8, 2007 joint proxy statement/prospectus, which included the Crossroads facility at its $117 million net book value in the purchase price allocation. See Ives Surrebuttal at 16-17 (GMO Ex. 25). In fact, all of GPE's SEC filings after May 2008 include no valuation adjustment of the Crossroads facility, thus reflecting Crossroads at its net book value. Id. at 16. In its filing with the SEC for the period ending September 30, 2009, GPE provided its final purchase price allocation in the Notes to its financial statement. Id. This final purchase price allocation reflected no valuation adjustment of the Crossroads facility, and thus reflected Crossroads at its net book value on the date the merger was completed. Id.

34. Reading the May 8, 2007 joint proxy statement/prospectus in its entirety, it is abundantly clear that the $51.6 million allocation was preliminary, subject to change, and could differ materially from the final purchase price allocation on the date the merger is completed. See Ives Surrebuttal at 20-21 (GMO Ex. 25). This preliminary figure did indeed change, and GPE's filing with the SEC reflected Crossroads at its net book value at the time of the acquisition. Id. at 16. The Commission's finding that GMO "fails to explain" the discrepancy between the fair market value established by the March 2007 capacity RFP and the value disclosed in its May 2007 joint proxy statement to the SEC thus is incorrect and contrary to the facts of record.

35. Despite its disregard of the Company's evidence explaining its disclosures to the SEC, the Commission considers the Company's $51.6 million salvage value figure in reaching its final valuation of Crossroads at $61.8 million. See Report and Order F/F ¶ 275 at 96. Because the Commission relied upon the $51.6 million figure reported to the SEC without

giving any consideration to the Company's explanation as to why this figure is not an accurate reflection of the fair value of the facility, the Commission's valuation of Crossroads is unreasonable, arbitrary, capricious, and not supported by adequate findings of fact.

36. The Commission further ignores the valuation of Crossroads at the time of its acquisition by Great Plains Energy, which was performed by an independent, third party and which appeared in GMO's September 2008 rate case in Case No. ER-2009-0090. See Ives Surrebuttal at 12-14, 21-22 (GMO Ex. 25). To determine the fair value of Crossroads for financial statement reporting, the Company engaged a third party, PricewaterhouseCoopers LLP ("PWC"), to appraise the facility as of the acquisition date of July 14, 2008. PWC concluded that the estimated fair value of Crossroads was $121 million at the acquisition date. Id.

37. While there is no fixed rule in determining fair value of property for ratemaking purposes, "[a]ll facts which shed light on the question must be given due consideration." State ex rel. Missouri Water Co. v. PSC, 308 S.W.2d 704, 717 (Mo. 1957). The fair value of property may be proved by an actual appraisal. Springfield Gas & Elec. Co. v. PSC, 10 F.2d 252, 255 (W.D. Mo. 1925). Yet the Commission failed to analyze, and did not consider, the Company's evidence of the actual appraisal of Crossroads. Thus, its valuation of Crossroads is unreasonable, arbitrary, capricious, and not supported by adequate findings of fact and conclusions of law.

38. The Commission's use of the average installed dollar per kilowatt basis that AmerenUE paid for the combustion turbines at the Goose Creek and Raccoon Creek units to arrive at a valuation of Crossroads also is arbitrary and capricious. See Report and Order F/F ¶¶ 269-275 at 93-95; Report and Order C/L ¶ 28 at 99. These transactions did not occur at the same time as the acquisition of Crossroads and have no connection to what GPE paid for the facility. The Commission determined that these transactions are a "good indicator of the fair market

value" and the sale of these turbines exhibits "the depressed market" at that time. See Report and Order F/F ¶¶ 270 at 94, 275 at 96. This determination, however, is contrary to the facts of the record, which show that Aquila entered into an asset purchase and sale agreement on December 16, 2005 with the final sale transaction completed in early 2006. See Featherstone Direct at 50 (Staff Ex. 215). The record shows that the Goose Creek and Raccoon Creek transactions occurred over two years before the acquisition of Crossroads in 2008. Id. Thus, there is no proper basis in the record for the Commission's findings that that these transactions are a "good indicator of the fair market value" and of "the depressed market" at that time. As a result, the Report and Order is unreasonable, arbitrary, capricious, and not supported by adequate findings of fact.

39. Furthermore, the process of valuing the Goose Creek and Raccoon Creek units is not comparable to the process of valuing Crossroads, and the Commission fails to consider the location of the units. The market value of generating capacity varies from location to location due to transmission availability. In areas where generating capacity significantly exceeds the load requirements, capacity may have very little market value. In areas where generating capacity closely matches load requirements, the market value of capacity can equal or even exceed the cost of building new generating capacity. Since the market value of capacity is dependent upon location, it is not appropriate to use the value of capacity from one location (such as the value of Raccoon Creek or Goose Creek in Illinois) as a proxy for the value of capacity in another location (such as from Crossroads to GMO's service territory) when the transmission transfer capability is insufficient. As Mr. Featherstone points out in his Direct Testimony, it is GMO's position that there was insufficient transmission to get power from these Illinois resources to the MPS and L&P systems. See Featherstone Direct at 52 (Staff Ex. 215).

40. GMO issued its March 2007 RFP to determine the market value of capacity at particular locations for meeting GMO customer needs. See Crawford Rebuttal at 8 (GMO Ex. 11); Crawford Surrebuttal at 1-2 (GMO Ex. 12). Through this open, competitive process, it was determined that after considering all costs (including transmission) the Crossroads capacity would meet the needs of GMO retail customers at the lowest long-term cost. Id. The Commission fails to address these considerations in its use of the average installed dollar per kilowatt basis that AmerenUE paid for the combustion turbines at the Goose Creek and Raccoon Creek units to arrive at a valuation of Crossroads. As a result, there is no proper basis in the record for these findings, and the Report and Order is unreasonable, arbitrary, capricious, and not supported by adequate findings of fact.

41. What's more, the Commission relies on conjecture in reaching its conclusion that GPE would not have paid book value for Crossroads, that the prices paid for the Goose Creek and Raccoon Creek units were likely favorably-negotiated by AmerenUE, and that GPE would have been in a similar position to AmerenUE when it purchased Crossroads. See Report and Order F/F ¶ 271 at 94. There is no proper basis in the record to support these findings and none is cited in the Commission's decision. Furthermore, it is arbitrary and conclusory to assume that individual assets were negotiated in the merger transaction for the entire company. As a result, the Report and Order is unreasonable, arbitrary, capricious, and not supported by adequate findings of fact.

C. Disallowance of Crossroads Transmission Costs from Recovery in Rates.

42. The Commission determined that GMO's decision to include the Crossroads Energy Center in its generation fleet was prudent when compared with Staff's proposal to build two more combustion turbines at the South Harper plant in Cass County, Missouri. See Report and Order F/F ¶ 262 at 90-91. Located in Clarksdale, Mississippi,

Crossroads is a 300 MW simple-cycle peaking plant. See Tr. 4052-53. It consists of four natural gas-fired combustion turbines. See Crawford Rebuttal, Sch. BLC 2010-10 at 13 (GMO Ex. 11).

43. The Commission also found that the combined cycle plant owned by Dogwood Energy LLC "has not been the lowest cost resource option." See Report and Order F/F ¶¶ 278-81 at 97. Nonetheless, despite its conclusion that Crossroads was the superior choice, the Commission determined that transmission costs from the Crossroads facility should be disallowed as an expense in rates. See Report and Order Decision - Crossroads at 100. In making that determination, the Commission failed to make appropriate findings of fact and conclusions of law, failed to analyze and consider GMO's evidence regarding its least cost analysis of Crossroads, and unreasonably removed from the lowest-cost Crossroads option the one element of cost that was higher than its other elements.

44. Furthermore, the Commission's decision to eliminate the transmission cost component from retail rates is unlawful and arbitrary. In excluding from rates the cost of transmission required to bring energy from Crossroads to GMO's service territory, the Commission improperly ordered the elimination of the tariff rate approved by the Federal Energy Regulation Commission ("FERC"), thus "trapping" such costs in violation of the Filed Rate Doctrine and the Supremacy Clause of the U.S. Constitution.

(1) The Commission's Decision Regarding the Disallowance of Transmission Costs Related to the Crossroads Plant Is Unlawful Since It Is Not Based Upon Appropriate Findings of Fact and Conclusions of Law.

45. The Commission's Report and Order fails to make sufficient findings of fact and conclusions of law related to the disallowance of transmission costs associated with the delivery of power from the Crossroads facility.

46. Rather than relying on specific findings of fact the Commission's Report and Order consists primarily of a general discussion of the parties' positions, a statement

regarding ongoing nature of the cost of transmission to bring power from Crossroads, and the following conclusory statement that does not explain the Commission's rationale for disallowing the transmission costs:

> It is not just and reasonable to require ratepayers to pay for the added transmission costs of electricity generated so far away in a transmission constricted location. Thus, the Commission will exclude the excessive transmission costs from recovery in rates.

See Report and Order F/F ¶ 247 at 87.

47. The section of the Report and Order entitled "Transmission Cost" set forth at pages 86-87 does not include appropriate findings of fact and citations to the record, and thus fails to meet the statutory requirements of Sections 386.420 and 536.090. See Noranda, 24 S.W.3d at 243, Monsanto, 716 S.W.2d at 795; A.P. Green, 752 S.W.2d at 838; GS Technologies, 116 S.W.3d at 691-92; see also Deaconess Manor, 994 S.W.2d at 612. The Commission's statements were completely conclusory, and the Report and Order provided little, if any, insight into the reasons why the transmission costs were disallowed from recovery when the Crossroads plant itself was found to be prudent and included in rate base.

(2) The Commission's Disallowance of Transmission Costs is Not Reasonable, As the Commission Determined Crossroads to be the Prudent, Low-Cost Option.

48. The Commission disregarded the evidence of transmission costs as part of the overall cost analysis of the Crossroads plant, contrary to its finding that it was the most prudent resource alternative. After a thorough analysis of the available options for adding additional resources to its supply portfolio, GMO concluded that the addition of the 300 MW Crossroads Energy Center and a baseload purchased power agreement was the lowest cost option for meeting GMO's requirements. See Crawford Rebuttal at 8-10, Sch. BLC 2010-9 (October 2007 presentation to Staff), and Sch. BLC 2010-10 (GMO April 2010 Capacity Study) (GMO

Ex. 11). Although GMO pays a transmission rate to move energy from Crossroads to its service territory, those costs are offset by lower natural gas reservation costs. See Crawford Rebuttal at 10 (GMO Ex. 11); Blunk Rebuttal at 2-7 (GMO Ex. 8). What's more, the cost of transmission service for Crossroads was included in the 2007 and 2010 analyses that demonstrated that Crossroads was the lowest cost solution in meeting GMO's requirements. See Crawford Rebuttal at 8-10, Sch. BLC2010-9, and Sch. BLC2010-10 (GMO Ex. 11).

49. At the hearing, Staff witness Lena Mantle stated that she did not believe the cost difference between the Company's preferred plan and Staff's five CT option over 20 years was significant. See Tr. at 4090. Ms. Mantle further stated that she did not find the Company's decision based on this difference to be imprudent. Id. at 4091. The Commission provided no support to dispute the analyses completed by the Company and, to the contrary, found that Crossroads was the lowest cost option. See Report and Order F/F ¶ 237 at 84, ¶ 241 at 85.

50. Nevertheless, in making its determination to disallow transmission costs, the Commission ignored that fact that transmission costs were factored into the analysis when considering capacity options in 2007 and that when all costs are considered, Crossroads was the lowest total cost option. See Crawford Rebuttal at 8-10, Sch. BLC2010-9, and Sch. BLC2010-10 (GMO Ex. 11). The Commission cannot accept the Company's total cost option analysis of Crossroads as prudent, and then arbitrarily remove a single element of that analysis. Such decision-making is not lawful or reasonable, and is not supported by substantial and competent evidence on the record as a whole because transmission costs were an essential element of the Company's overall cost analysis of Crossroads and alternative options that the Commission found to be prudent. See Crawford Rebuttal Sch. BLC2010-10 at 37-42 (GMO Ex. 11).

51. The Commission's disallowance of Crossroads transmission costs, after concluding that Crossroads was the lowest-cost option and that GMO's decision to include Crossroads in the general fleet was prudent, is not only unsupported by the evidence, but is illogical and unreasonable. The Commission determined that Crossroads was prudent because it was the lowest-cost option, but then removed a cost component that led to that finding. In so doing, the Commission has impeached its own prudence determination. This result is akin to a finding that the Company's decision to include Crossroads in the generation fleet was prudent, but that it nevertheless should have built two more combustion turbines at South Harper. The Commission found as much when it stated: "This ongoing transmission cost GMO incurs for Crossroads is a cost that it does not incur for South Harper, and is the cause of one of the biggest differences in the on-going operating costs between the two facilities." See Report & Order F/F ¶ 246 at 87. Because the Report and Order can be interpreted as finding that the Company should have built the two South Harper "phantom" turbines, the Commission's determination on this issue was arbitrary and unreasonable.

52. The Commission cannot accept Staff's argument that the transmission costs from Crossroads are imprudent while simultaneously finding that the inclusion of Crossroads in GMO's generation fleet is prudent. Therefore, the Commission's "Ultimate Finding Regarding Prudence of Crossroads" is neither lawful nor reasonable because it is inconsistent with and contrary to one of the cost factors that supports its overall determination of prudence. See Report & Order F/F ¶ 262 at 90-91.

(3) The Commission's Disallowance of FERC-approved Transmission Costs Violates the Filed Rate Doctrine and the Supremacy Clause of the U.S. Constitution Because it Unlawfully "Traps" such Costs and Prevents them from being Recovered by the Company.

53. In making its prudence determination regarding Crossroads, the Commission found "that the decision not to build two more 105 MW combustion turbines at South Harper was not imprudent" and that Dogwood was not the lowest cost option. See Report & Order F/F ¶¶ 262, 278-81. In short, after a review of all relevant cost factors, the Commission found that GMO acted prudently when it put Crossroads in its generation fleet. However, the Commission then improperly excluded from GMO's rates the transmission component of the cost of service to utilize Crossroads power, even though Crossroads was overall (including the transmission cost component) the least cost solution to meet GMO's resource needs. By excluding Crossroads transmission costs from rates, the Commission denied recovery of costs that are the subject of a FERC-approved tariff which is a violation of the Filed Rate Doctrine.

54. The Filed Rate Doctrine developed as an outgrowth of federal preemption and the U.S. Constitution's Supremacy Clause. It "holds that interstate power rates fixed by the FERC must be given binding effect by state utility commissions determining intrastate rates." See Associated Natural Gas Co. v. PSC, 954 S.W.2d 520, 530 (Mo. App. W.D. 1997). Consequently, "a state utility commission setting retail prices must allow, as reasonable operating expenses, costs incurred as a result of paying a FERC-determined wholesale price." Nantahala Power and Light Co. v. Thornburg, 476 U.S. 953, 965 (1986). "Once FERC sets such a rate, a State may not conclude in setting retail rates that the FERC-approved wholesale rates are unreasonable. A State must rather give effect to Congress' desire to give FERC plenary authority over interstate wholesale rates, and to ensure that the States do not interfere with this authority." Id. at 966.

55. This Commission has discussed the impact of the filed rate doctrine where a state commission's rate determinations touch upon federally-determined rates:

> The filed rate doctrine precludes the various state public utility commissions from treading on the authority of the Federal Energy Regulatory Commission (FERC) by second-guessing the rates for interstate transport of natural gas that are established by FERC. The filed rate doctrine recognizes that under the supremacy clause of the U.S. Constitution, the states must defer to the regulatory authority of the federal government.
>
> At its most obvious, the filed rate doctrine means that a state commission cannot decide that the FERC-approved interstate transportation rate that the local distribution company (LDC), such as MGE, is paying is too high and refuse to allow the LDC to include those costs in its rates.

See Order Consolidating Cases, Finding Jurisdiction to Proceed, and Directing the Parties to File a Proposed Procedural Schedule, In re Missouri Gas Energy's Purchased Gas Adjustment Tariff Revisions, Case No. GR-2001-382, 2002 WL 31492304 *2 (Sept. 10, 2002).

56. Ironically, in this proceeding the Commission has done exactly what it previously declared it lacks authority to do. It has decided that the FERC-approved interstate transmission rate that GMO is paying for power from Crossroads is too high, and has, in effect, ordered the FERC tariff to be reduced to zero by refusing to allow the Company to recover the costs related to such service in its rates. By determining that "it is not just and reasonable for GMO customers to pay the excessive cost of transmission from Mississippi," the Commission has explicitly treaded on the authority of FERC, violated the Filed Rate Doctrine, and run afoul of the Supremacy Clause. See Report and Order Decision - Crossroads 100 (emphasis added), Report and Order F/F ¶ 247 at 87. This is contrary to the record which demonstrates that the FERC-determined transmission costs from Crossroads are both just and reasonable. See Entergy Services, Inc., Point-To-Point Transmission Service Tariff and Network Integration Transmission Service Tariff (Dec. 31, 2009) (GMO Ex. 49).

57. By prohibiting the recovery in retail rates of any transmission costs, the Commission has effectively recalculated the federally-approved rates to zero and violated the Filed Rate Doctrine which bars a state regulatory commission from "trapping" FERC-determined costs.

58. The Supreme Court of the United States in Nantahala Power and Light Co. v. Thornburg, 476 U.S. 953 (1986), considered the preemptive effect of a FERC order that reallocated the respective shares of two affiliated companies' entitlement to low-cost power purchased from the Tennessee Valley Authority. FERC found that Nantahala, the regulated utility, was entitled to 22.5% of the low-cost power, while the non-regulated affiliate was entitled to the remainder. Subsequently, in a retail rate proceeding, the North Carolina Utilities Commission ("NCUC") ordered Nantahala to calculate its costs for retail ratemaking purposes as though it had received 24.5% of the low-cost power, finding that any share less than 24.5% was unfair. In its reallocation of the low-cost power, the North Carolina Commission not only rejected the fairness of the FERC-determined allocation, but it failed to take into account FERC's allocation of that power. Id. at 960-61.

59. The effect of the NCUC order was to force Nantahala to calculate its retail rates as though FERC had allocated it a greater share of the low-cost power, while denying Nantahala the right to recover the costs that it had incurred in paying rates that FERC had determined to be just and reasonable. "By adopting a different allocation, NCUC imputes to Nantahala a different average cost of power…. Consequently, Nantahala is exposed to 'trapped' costs." 476 U.S. at 971. The Supreme Court rejected the arguments that the North Carolina Commission's order did not require Nantahala to violate the FERC order and that the State commission was not expressly contradicting a FERC finding. Id. at 961-62, 970; Mississippi Power & Light Co. v. Mississippi ex rel. Moore, 487 U.S. 354, 371 (1988) (explaining in the

context of another Filed Rate Doctrine case, discussed below, the Court's reasoning in Nantahala).

60. The Supreme Court found instead that the effect of the North Carolina Commission's order was a substitution of its own determination of what would be just and fair. 476 U.S. at 970. "The filed rate doctrine ensures that sellers of wholesale power governed by FERC can recover the costs incurred by their payment of just and reasonable FERC-set rates. When FERC sets a rate between a seller of power and a wholesaler-as-buyer, a State may not exercise its undoubted jurisdiction over retail sales to prevent the wholesaler-as-seller from recovering the costs of paying the FERC-approved rate." Id. Therefore, Nantahala prohibited the "trapping" of the FERC-determined costs where a state commission denied a utility recovery of FERC-determined costs, in violation of the Filed Rate Doctrine. Id. at 970.

61. Two years after Nantahala, the Supreme Court revisited the doctrine in Mississippi Power & Light Co. v. Mississippi ex rel. Moore, 487 U.S. 354, 369-375 (1988), where it held that a state court cannot compel a state regulatory commission to set rates based on second-guessing a FERC order that a utility purchase certain amounts of wholesale power. Although the Mississippi Supreme Court directed the Mississippi Public Service Commission to conduct a "prudence review" to determine whether the costs FERC had directed the utility to pay were prudent, the Supreme Court held that such an order was improper. "In this case as in Nantahala we hold that 'a state utility commission setting retail prices must allow, as reasonable operating expenses, costs incurred as a result of paying a FERC-determined wholesale price…. Once FERC sets such a rate, a State may not conclude in setting retail rates that the FERC-approved wholesale rates are unreasonable. A State must rather give effect to Congress' desire to give plenary authority over interstate wholesale rates, and to ensure that the States do not interfere with this authority.' … Thus we conclude that the Supremacy Clause compels the

[Mississippi Public Service Commission] to permit [Mississippi Power & Light] to recover as a reasonable operating expense costs incurred as the result of paying a FERC-determined wholesale rate for a FERC-mandated allocation of power." 487 U.S. at 373.

62. Both cases involved a state's substitution of its judgment of what was a "just and reasonable" wholesale rate, which under the Federal Power Act, 16 U.S.C. Section 792, et seq., is a matter reserved for FERC's judgment. Because "States may not bar regulated utilities from passing through to retail consumers FERC-mandated wholesale rates," the trapping of federally-mandated costs was preempted. Mississippi Power & Light, 487 U.S. at 372.

63. State courts have recognized these concepts in determining the effect of FERC-approved wholesale power rates on retail rates for electricity. In Narragansett Elec. Co. v. Burke, 381 A.2d 1358, 1363 (R.I. 1977), the Rhode Island Supreme Court addressed whether a wholesale transmission rate, similar to the rate GMO pays for bringing power from the Crossroads unit to Missouri, must be included without adjustment or reduction in retail rates. Citing principles of preemption under the Supremacy Clause and the Federal Power Act, the Court stated that a state commission was precluded from disallowing the filed rates as an operating expense and that in the case before it, "the [Rhode Island] PUC must treat [New England Power Company's] R-10 interstate rate filed with the [Federal Power Commission] as a reasonable operating expense" of Narragansett Electric Co. Id. at 1362-63. Accord, Eastern Edison Co. v. Department of Pub. Utilities, 446 N.E.2d 684, 687-88 (Mass. 1983); Public Serv. Co. of Colorado v. Public Utilities. Comm'n, 644 P.2d 933, 938-940 (Colo. 1982).

64. Missouri courts have explicitly recognized and honored these concepts of federalism and the Filed Rate Doctrine. In Associated Natural Gas Co. v. PSC, 954 S.W.2d 520, 531 (Mo. App. W.D. 1997), the Court of Appeals noted that federal preemption principles require that a utility be allowed to recover all costs which have been approved by FERC. The

Court, therefore, found unlawful the Commission's determination that Associated Natural Gas could never recover its take-or-pay ("TOP") fuel costs because it had not yet filed the requisite PGA tariffs. It concluded that such a determination truly trapped the TOP costs and prevented recovery by the utility, all in violation of the Filed Rate Doctrine. Id. at 531-32.

65. The facts of GMO's Crossroads transmission rate are easily aligned with the holdings of Nantahala, Mississippi Power & Light and the state cases cited therein. Nantahala involved a recalculation of the FERC-determined allocation of low-cost power from 22.5% to 24.5%. 476 U.S. at 971-72. The Mississippi case questioned FERC's allocation to a utility of 33% of a power plant's capacity costs. 487 U.S. 365-66. In the Narragansett case the Rhode Island Commission reduced the utility's recovery of FERC-approved transmission expenses from $9.3 million to $5.3 million. 381 A.2d at 564. In GMO's case the Commission has not proposed a review, a recalculation, or a reduction a FERC transmission tariff rate, which would be problematic enough. Here the Commission has taken a far more draconian step.

66. Despite finding GMO's use of Crossroads to be prudent, the Commission has explicitly called the FERC-determined transmission costs to move wholesale power in interstate commerce from Crossroads to GMO "not just and reasonable" and "excessive" (Report & Order at 100), and has trapped those expenses by completely disallowing their recovery. Such a result intrudes on FERC's jurisdiction under the Federal Power Act, runs afoul of the Supremacy Clause, and violates the Filed Rate Doctrine.

67. The Commission's refusal to allow the Company to recover transmission costs from a generation source that is in rate base is unreasonable, arbitrary, and capricious, and runs afoul of federal jurisdiction.

68. As a result, the Report and Order is unjust, unreasonable, arbitrary, capricious, unlawful, not supported by substantial and competent evidence of record, and not supported by adequate findings of fact and conclusions of law.

D. Allocation of Iatan 2 Between L&P and MPS Service Areas.

69. The Commission should reconsider and rehear its decision related to the appropriate allocation of Iatan 2 between the L&P and MPS service areas, as the Commission's decision does not appropriately balance the interests of the respective groups of customers in these districts. As noted in Staff's pleading filed on May 11, 2011, the overall rate increase to the MPS and L&P service areas will be $29.3 (21%) and $30.1 million (6%) respectively. This disparate percentage rate impact among the districts results primarily from the Commission's decision to allocate 53 MW to L&P and 100 MW to MPS, and from the Commission's decision to order a re-basing of fuel costs in this case. For L&P, this translates to an approximate $3.960 million in additional revenue requirement over the Company's proposed allocation of 41 MW, prior to any fuel allocations and a reduction to MPS of the same amount. The Commission's decision on the allocation of Iatan 2 between L&P and MPS service areas is unreasonable since it does not strike the appropriate balance between the customers in the L&P and MPS service areas, and will result in adverse impacts on the L&P customers.

70. Assigning a fixed portion of Iatan 2 to MPS and L&P districts makes little sense today, as the relative load conditions of the districts changes over time. The Commission's decision ignores the Company's evidence on this issue. The Company recommended that the GMO portion of Iatan 2 be placed in its E-Corp business unit. The Company's proposal would allow the Commission to maintain flexibility since the Commission could allocate costs differently as conditions change. See Crawford Rebuttal at

14 (GMO Ex. 12) By selecting Staff's scenario the Commission has locked itself into a fixed allocation instead of giving itself flexibility in the future.

71. The Commission's decision is unjust and unreasonable as it ignores how the Company allocates capacity. GMO's allocation process was specifically designed to look at the baseload needs of the MPS and L&P customers and allocate Iatan 2 capacity accordingly. The Company's proposal considers contract expirations, current baseload capacity of the different districts, customer load growth, and customer load factor, over the next several years and attempts to balance the customer needs in the L&P and MPS areas. See Crawford Rebuttal, at 214 (GMO Ex. 12)

72. The Commission's decision is also incomplete in that it ignores the GMO capacity allocation between MPS and L&P. GMO had proposed to provide 60 MW of capacity to the L&P district from MPS's available capacity in the form of a capacity contract as well as the 41 MW of Iatan 2. The Order does not address whether GMO is supposed to provide this capacity to L&P. If the Commission were to utilize the Company's allocation, the impact of adding 85 MW of capacity to L&P from MPS would have been a transfer of $1.3 million in revenue requirement from MPS to L&P.

73. The overall impact of the shift from the Commission's Report and Order of 53 MW to L&P and 100 MW to MPS back to the Company's position would result in a net impact on revenue requirements of approximately $2.66 million reduction to L&P and an increase of $2.66 million to MPS, prior to the recalculation of fuel and purchased power expenses.

E. Rebased Fuel and Purchased Power Amounts.

74. Because the Report and Order does not indicate which fuel model to use for the rebasing of the Company's revenue requirement it is unjust, unreasonable, arbitrary,

capricious, unlawful, not supported by substantial and competent evidence of record, and not supported by adequate findings of fact and conclusions of law.

WHEREFORE, KCP&L Greater Missouri Operations Company respectfully requests that the Commission clarify and/or reconsider its May 4, 2011 Report and Order regarding the matters set forth above. KCP&L Greater Missouri Operations Company respectfully requests that the Commission grant rehearing of its Report and Order and order that the Crossroads Energy Center be valued at the net book value of $104 million as specified in the Surrebuttal testimony of GMO witnesses Burton L. Crawford and Darrin R. Ives. KCP&L Greater Missouri Operations Company respectfully requests that the Commission grant rehearing of its Report and Order and order that the Company be allowed to recover the transmission costs associated with the Crossroads Energy Center as specified in the Rebuttal testimony of GMO witness Burton L. Crawford. KCP&L Greater Missouri Operations Company respectfully requests that the Commission grant rehearing of its Report and Order and utilize the Company's allocation of Iatan 2 between L&P and MPS.

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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 13th day of May, 2011.

/s/ Karl Zobrist
Karl Zobrist

Value of Crossroads at August 2008		61,764,000
Depreciation		
5 months of 2008	1,031,341	
2009	2,475,218	
2010	2,475,218	
Total Accumulated Reserve		5,981,777
Net Value for Crossroads at December 31, 2010		55,782,223
Net Value for Crossroads at December 31, 2010		55,782,223
Tax Value of Crossroads at August 2008		61,764,000
Accelerated Tax Depreciation		
5 months of 2008	2,968,392	
2009	5,648,954	
2010	5,101,301	
Total Accumulated Reserve		13,718,647
Net Tax Basis for Crossroads at December 31, 2010		48,045,353
Accumulated Tax Temporary Differences at December 31, 2010		(7,736,870)
Tax Rate		38.39%
Accumulated Deferred Income Taxes at December 31, 2010		(2,970,184)

ATTACHMENT 1

KCP&L Greater Missouri Operations Company Fuel & Purchased Power Comparison Between Company and Staff
Rate Case No. ER-2010-0356

		MPS Staff Run	MPS Co Run	Difference	L&P Staff Run	L&P Co Run	Difference	
1	501 Coal	$ 88,048,394	$ 87,136,182	$ 912,212	$ 28,079,796	$ 28,438,560	$ (358,764)	
2	501 Gas		1,326,727	(1,326,727)		435,429	(435,429)	
3	501 OSS	1,077,910	1,077,910	-	513,096	513,096	-	
4	547 Natural Gas	10,019,963	3,600,741	6,419,223	3,195,499	698,023	2,497,475	
5	547 OSS	720,050	720,050	-	159,292	720,050	(560,758)	
6	555 Purchased Pwr (Energy)	37,617,327	45,869,312	(8,251,985)	11,996,663	14,251,561	(2,254,898)	
7	555 WAPA	487,444		487,444			-	
8	555 OSS	4,170,345	4,170,345	-	2,558,693	2,558,693	-	
9	447 OSS	(8,399,498)	(8,399,498)	-	(4,542,717)	(4,542,717)	-	
10	**Net MIDAS Model**	**$ 133,741,935**	**$ 135,501,769**	**$ (1,759,834)**	**$ 41,960,322**	**$ 43,072,695**	**$ (1,112,373)**	**$ (2,872,207)**
11	501 Gas Transport		96,076	(96,076)		31,532	(31,532)	
12	501 Oil		943,035	(943,035)		309,502	(309,502)	
13	501 TDF & Propane	1,512,901	1,194,635	318,266	126,622	392,076	(265,454)	
14	501 Bio Fuels		39,762	(39,762)		13,050	(13,050)	
15	501 JEC Additives	314,724	38,616	276,108		12,674	(12,674)	
16	501 Urea	2,278,586	1,715,548	563,038		563,039	(563,039)	
17	501 Limestone & Ammonia		545,674	(545,674)	410,039	179,089	230,950	
18	501 Power Activated Carbon		178,073	(178,073)	236,516	58,443	178,073	
19	501 Freeze & Dust	559,010	483,979	75,031	103,580	158,841	(55,261)	
20	501 Residuals		1,411,787	(1,411,787)		463,345	(463,345)	
21	509 Emissions Allowances	1,252,054	1,789,671	(537,617)	409,534	587,366	(177,832)	
22	547 Natural Gas Transportatoin		196,844	(196,844)		64,604	(64,604)	
23	547 Hedge Settlements	6,031,362	6,979,130	(947,768)		-	-	
24	565 OSS	5,974	5,974	-				
25	**Total non-modelled FAC Costs**	**$ 11,954,611**	**$ 15,618,803**	**$ (3,664,192)**	**$ 1,286,291**	**$ 2,833,560**	**$ (1,547,269)**	**$ (5,211,461)**
26	**Total FAC Costs**	**$ 145,696,546**	**$ 151,120,572**	**$ (5,424,026)**	**$ 43,246,613**	**$ 45,906,255**	**$ (2,659,642)**	**$ (8,083,668)**
27								
28	**Non-FAC Costs/Fixed Costs**	**$ 14,881,486**	**$ 16,440,241**	**$ (1,558,755)**	**$ 2,547,703**	**$ 2,079,646**	**$ 468,057**	**$ (1,090,698)**
29	**Total Fuel & PP Costs Net of OSS**	**$ 160,578,032**	**$ 167,560,813**	**$ (6,982,781)**	**$ 45,794,316**	**$ 47,985,901**	**$ (2,191,585)**	**$ (9,174,366)**
30								
31	NSI Used in Fuel Run	6,391,152,303	6,381,126,937	10,025,366	2,281,701,697	2,278,122,547	3,579,150	
32	Base Rate Calculation	$ 0.02280	$ 0.02368		$ 0.01895	$ 0.02015		
33	Old Base	$ 0.02348	$ 0.02348		$ 0.01642	$ 0.01642		
34	Difference	$ (0.00068)	$ 0.00020		$ 0.00253	$ 0.00373		
35								
36	**Revenue Change**	**$ (4,367,710)**	**$ 1,291,712**		5,781,071	8,499,483		

ATTACHMENT 2