

10-06-06, 4:30 p.m.

## **LIST OF ISSUES:**

### **Revenue Requirement:**

#### **Incentive Compensation:**

What amount, if any, of incentive compensation should be included in rates?

#### **Pensions:**

How should the expense and contributions relating to pension benefits for (1) Joint Partners and (2) the Supplemental Executive Retirement Plan (SERP) be accounted for in the tracking of the regulatory asset required by the Stipulation and Agreement in Case No. EO-2005-0329?

Should FAS 88 pension expenses be treated consistently with the KCPL application in this proceeding and its application for an AAO in Case No. EU-2006-0560?

#### **Hawthorn 5:**

Should the insurance recoveries and lawsuit settlements related to the Hawthorn 5 explosion in 1999 have been accounted for differently?

Is the AFUDC amount overstated as a result of the way that KCPL accounted for the insurance recoveries and lawsuit settlements related to the Hawthorn 5 explosion?

Is the gross plant value of Hawthorne 5 overstated as a result of the way that KCPL accounted for the insurance recoveries and lawsuit settlements related to the Hawthorn 5 explosion?

Should an adjustment be made to KCPL's books and records regarding the amount for AFUDC to fund the Hawthorn 5 reconstruction?

#### **Ice Storm Costs:**

What amount of the amortization of the costs associated with the 2002 ice storm should be included in rates?

#### **EEI Dues:**

What amount of EEI dues should be included in rates?

### **Severance Costs:**

What amount, if any, of severance costs should be included in rates?

### **Bad Debts:**

Should the bad debt percentage be applied to reflect the total revenues, including any rate increase in Missouri jurisdictional retail revenues awarded in this proceeding?

### **Fuel & Purchased Power Expense**

What is the appropriate level of on-system fuel and purchased power expense that KCPL should be allowed to recover in its rates?

What level of natural gas fuel price should be used in the production cost modeling that is used, along with appropriate fuel adders, to quantify the level of on-system fuel and purchased power expense that KCPL should be allowed to recover in its rates?

### **Surface Transportation Board Litigation:**

Should the deferred expenses associated with the Surface Transportation Board rail rate complaint case that were incurred through June 30, 2006, be included in rate base?

### **SO2 Premiums:**

How should SO2 premiums related to lower-sulfur coal be recorded for book and ratemaking purposes?

What parameters does the Commission-approved Stipulation & Agreement in Case No. EO-2005-0329 impose on the treatment of SO2 premiums in this case?

### **Injuries and Damages:**

What is the appropriate amount of injuries and damages expense to include in rates?

### **Rate Case Expense:**

What amount of rate case expense should be included in rates?

Should rate case expense be normalized or deferred and amortized? If the latter, then what is the appropriate amortization period for the deferred rate case expense?

Should the costs deferred for future amortization be included in rate base?

**Corporate Projects and Strategic Initiatives:**

Should the costs of the LED-LDI and CORPDP-KCPL projects, which are being deferred and amortized over 5 years, be included in rate base?

**Payroll, Including A&G Salaries:**

How should annualized payroll costs of Great Plains Energy Services (GPES) employees be allocated to KCPL?

What is the proper method to be used in determining the allocation or assignment of A&G salaries to be capitalized or expensed?

**Other Benefits:**

What amount of other benefits should be included in rates?

**Maintenance Expense:**

Should an adjustment be made to normalize test year maintenance for production and distribution expenses? If so, how?

**Property Taxes:**

Should property taxes be adjusted to reflect changes in tax jurisdiction assessment values, levy rates, in plant additions, and other factors during the test period, including both the update period and true-up period?

**Decommissioning Expense:**

Should decommissioning expense be reduced to reflect the amount of annual accruals expected under a 60-year license?

**True-up:**

What elements of Cost of Service and Rate Base should be updated in the September True Up?

**Regulatory Plan Additional Amortizations:**

What amount of Regulatory Plan additional amortizations should be allowed to maintain KCPL's credit rating? Should a "gross up" for taxes be added to this amount? If so, what amount is appropriate?

What risk factor should be used in calculating the Regulatory Plan additional amortizations for off-balance sheet purchased power agreements?

Over what period of time should the Regulatory Plan additional amortizations be treated as an offset to rate base?

Should the capital structure be synchronized with the investment in Missouri jurisdictional electric operations? How should that be accomplished?

Should an amount be added to Missouri jurisdictional rate base to reflect additional investments related to Missouri jurisdictional electric operations?

#### **Weather Normalization/Customer Growth:**

What methodology should be used to compute Large Power class kWh sales and revenues?

#### **Jurisdictional Allocations:**

What is the appropriate method (4 CP vs. 12 CP) to use for allocating generation and transmission costs among jurisdictions?

How should A&G expenses be allocated to the Missouri retail, Kansas retail and FERC wholesale jurisdictions?

#### **Off-system Sales:**

What level of off-system sales margin should be included in determining KCPL's cost of service?

How should the off-system sales margin be allocated to the Missouri retail, Kansas retail and FERC wholesale jurisdictions?

What parameters does the Commission-approved Stipulation & Agreement in Case No. EO-2005-0329 impose on the treatment of off-system sales revenue in this case?

Should KCPL's customers receive the benefit of all margins of off-system sales or should it be shared between customers and shareholders? Should a mechanism be adopted to ensure that the benefit is received by the appropriate party or parties? If so, what mechanism?

### **Depreciation:**

What are the appropriate depreciation rates to be used in establishing rates in this proceeding?

### **Cost of Capital:**

What is the appropriate capital structure?

What is the appropriate return on common equity (ROE)?

Should ROE be adjusted either upwards or downwards to reflect increased or decreased risk or company performance? If so, what adjustment should be made?

### **Class Cost-of-Service and Rate Design:**

#### **Class Cost-of-Service:**

On what basis should distribution costs be allocated to classes? Should the allocation of primary distribution costs include any customer-related component? What type of demand should be used to allocate the cost of distribution substations and distribution lines?

On what basis should production capacity and transmission costs be allocated to classes?

What is the appropriate method to use for allocating margins on off-system sales among Missouri retail customer classes? (MIEC)

Do KCP&L's computation of coincident peak demands and class peak demands properly recognize line losses?

To what extent, if any, are current rates for each customer class generating revenues that are greater or less than the cost of service for that customer class?

What is the appropriate basis for allocating Administrative and General Expense Account Numbers 920, 922, 923, 930.2, and 931 among Missouri retail customer classes?

Should revenue adjustments among classes be implemented in order to better align class revenues to class cost-of-service? If so, what percentage increase or decrease should be assigned to each customer class?

Should class revenue adjustments be implemented even if no increase or decrease in revenue requirement is granted?

Should revenue adjustments be phased-in over multiple years?

Should revenue adjustments among the non-residential classes be applied uniformly or non-uniformly?

How should any increase in the revenue requirement be implemented?

### **Rate Design:**

Should a comprehensive analysis of KCPL's class cost-of-service issues and rate design be conducted after the conclusion of the regulatory plan and the in-service date of Iatan 2? Should the cost-basis of general service all-electric rates be included in this analysis?

Should KCPL's proposed changes to the General Service customer charge be implemented?

### **Availability of General Service Space-Heating Rate Discounts:**

In this case, should the qualification provision of the existing general service all-electric rate schedules be expanded as proposed by KCPL, and the all-electric winter energy rate increased an additional 5%, to make rate discounts available to existing and future customers who are not all-electric customers?

Should the existing general service all-electric rate schedules and the separately metered space heating provisions of KCPL's standard general service tariffs be (1) eliminated; or (2) restricted to existing customers only until there is a comprehensive class cost of service study and/or cost-effectiveness study which analyzes and supports such tariffs and provisions as well as KCPL's Affordability, Energy Efficiency and Demand Response programs?

### **Customer Programs:**

#### **Weatherization Program:**

Should the weatherization program be modified so that KCPL's Call Center will refer customers to the program?

Should LIHEAP recipients be directed to the weatherization program and be required to participate in it?

\*Should KCPL participate in an “Energy Conservation Program” that will provide consultation, weatherization materials and installation? If so, should the cost of the program to be underwritten by KCPL and charged to the customer?

\*The Missouri Department of Natural Resources and the City of Kansas City object to the inclusion of this issue and asserts that its is not properly before the Commission in this case.