

Missouri Public Service Commission

Adjudication Division - Data Center

P.O. Box 360

Jefferson City, Missouri 65102-0360

MO 419-2651 (9-01)

FILED²

DEC 27 2006

Missouri Public
Service Commission

W. Bill Dias
8358 Drury Circle
Kansas City, MO 64132

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

SECOND ORDER DIRECTING SCENARIOS

Issue Date: December 18, 2006

Effective Date: December 18, 2006

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

The scenario responses may include any supplemental pleadings the parties wish to include, but the scenario shall include a one-page sheet substantially similar to Appendix A of KCPL's December 14, 2006 response to the Commission's Order Directing Scenarios. For each scenario, the parties shall also show the amount of regulatory plan additional amortization needed to meet the credit metrics from the Stipulation and Agreement in Case No. EO-2005-0329.

The Commission will also shorten the time for responses to the filed scenarios as ordered below.

Assumptions Common to All Scenarios

- Any stipulations filed shall be assumed approved by the Commission.
- Any settled issues shall be assumed withdrawn by the parties.
- Incentive Compensation shall be resolved in favor of Staff.
- Hawthorn 5 shall be resolved in favor of KCPL.
- Ice storm costs shall be resolved in favor of KCPL.
- Bad debts shall be resolved in favor of KCPL.
- STB litigation shall be resolved in favor of KCPL.
- SO2 premiums shall be resolved in favor of KCPL.
- Injuries and damages shall be resolved in favor of KCPL.
- Rate case expense shall be resolved in favor of KCPL.
- Corporate projects and strategic initiatives shall be resolved in favor of Staff.
- Maintenance expense shall be resolved in favor of KCPL's alternative "middle ground" position.
- Property taxes shall be resolved in favor of Staff.
- The risk factor for calculating additional amortizations for off-balance sheet purchased power agreements shall be resolved in favor of KCPL.
- Depreciation shall be resolved in favor of KCPL.
- Availability of General Service Space-Heating Rate Discounts shall be resolved in favor of Trigen.
- Customer Programs shall be resolved in favor of KCPL.

- The true-up issue of 113 employees not on KCPL's payroll as of September 30, 2006, shall be resolved in favor of Staff.
- Off-systems sales shall be resolved in favor of KCPL, with the provisions that any amount over the 25th percentile being set aside in a regulatory liability account, with that money flowing back to ratepayers in the next rate case, and any amount under the 25th percentile being set aside in a regulatory asset account to be recovered from ratepayers in the next rate case.
- Unused energy allocator in favor of Staff.
- The return on equity is 11.0%.

Scenarios

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

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

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

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

IT IS ORDERED THAT:

1. The Staff of the Commission, with the assistance and cooperation of the parties, shall file a pleading as directed above no later than 3:00 p.m., December 19, 2006.
2. Any party that disagrees with the response filed by the Staff of the Commission shall file a pleading explaining why it disagrees with Staff, and setting forth its own response, no later than noon, December 20, 2006.

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

BY THE COMMISSION

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

Colleen M. Dale
Secretary

(S E A L)

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

Dated at Jefferson City, Missouri,
on this 18th day of December, 2006.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

**I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 18th day of December 2006.**



**Colleen M. Dale
Secretary**

MISSOURI PUBLIC SERVICE COMMISSION

December 18, 2006

Case No. ER-2006-0314

General Counsel's Office
P.O. Box 360
200 Madison Street, Suite 800
Jefferson City, MO 65102

Lewis R. Mills, Jr.
P.O. Box 2230
200 Madison Street, Suite 650
Jefferson City, MO 65102

1.PayStation.com
W. Bill Dias
8358 Drury Circle
Kansas City, MO 64132

AARP
John Coffman
871 Tuxedo Blvd
St. Louis, MO 63119

Aquila Networks
Dean Cooper
312 East Capitol
P.O. Box 456
Jefferson City, MO 65102

Aquila Networks
Diana Carter
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102

City of Kansas City, Missouri
Mark Comley
601 Monroe Street, Suite 301
P.O. Box 537
Jefferson City, MO 65102-0537

County of Jackson, Missouri
Jeremiah Finnegan
3100 Broadway, Suite 1209
Kansas City, MO 64111

Empire District Electric Company, The
Dean Cooper
312 East Capitol
P.O. Box 456
Jefferson City, MO 65102

Empire District Electric Company, The
Diana Carter
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102

Explorer Pipeline
Stuart Conrad
3100 Broadway, Suite 1209
Kansas City, MO 64111

Explorer Pipeline
David Woodsmall
428 E. Capitol Ave., Suite 300
Jefferson City, MO 65102

Ford Motor Company
Carole Iles
221 Bolivar St., Suite 101
Jefferson City, MO 65101

Ford Motor Company
Diana Vuylsteke
211 N. Broadway, Suite 3600
St. Louis, MO 63102

IBEW Local Union 1464
James Richard Waers
753 State Avenue, Suite 475
Kansas City, KS 66101

IBEW Local Union 1464
Jane Williams
753 State Avenue, Suite 475
Kansas City, KS 66101

IBEW Local Union 1613
James Richard Waers
753 State Avenue, Suite 475
Kansas City, KS 66101

IBEW Local Union 1613
Jane Williams
753 State Avenue, Suite 475
Kansas City, KS 66101

IBEW Local Union 412
James Richard Waers
753 State Avenue, Suite 475
Kansas City, KS 66101

IBEW Local Union 412
Jane Williams
753 State Avenue, Suite 475
Kansas City, KS 66101

Kansas City Power & Light Company
James Fischer
101 Madison--Suite 400
Jefferson City, MO 65101

Kansas City Power & Light Company
Karl Zobrist
4520 Main Street
Suite 1100
Kansas City, MO 64111

Kansas City Power & Light Company
Larry Dority
101 Madison--Suite 400
Jefferson City, MO 65101

Kansas City Power & Light Company
Roger Steiner
4520 Main Street
Suite 1100
Kansas City, MO 64111

Kansas City Power & Light Company
William Riggins
1201 Walnut
Kansas City, MO 64141

Kansas City Power & Light Company
Curtis Blanc
1201 Walnut, 20th Floor
Kansas City, MO 64106

Missouri Department of Natural
Resources
Shelley Woods
P.O. Box 899
Jefferson City, MO 65102-0899

Missouri Gas Energy
Diana Carter
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102

Missouri Industrial Energy Consumers
Carole Iles
221 Bolivar St., Suite 101
Jefferson City, MO 65101

Missouri Industrial Energy Consumers
Diana Vuylsteke
211 N. Broadway, Suite 3600
St. Louis, MO 63102

Praxair, Inc.
Stuart Conrad
3100 Broadway, Suite 1209
Kansas City, MO 64111

Praxair, Inc.
David Woodsmall
428 E. Capitol Ave., Suite 300
Jefferson City, MO 65102

Trigen-Kansas City Energy Corporation
Charles Stewart
4603 John Garry Drive, Suite 11
Columbia, MO 65203

Trigen-Kansas City Energy Corporation
Jeffrey Keevil
4603 John Garry Drive, Suite 11
Columbia, MO 65203

US Department of Energy NNSA
Kansas City Plant
Paul Phillips
1000 Independence Ave. S.W.
Washington, DC 20585

US Department of Energy NNSA
Kansas City Plant
Stephanie Bogart
P.O. Box 410202
Kansas City, MO 64141-0202

W. Bill Dias
W. Bill Dias
8358 Drury Circle
Kansas City, MO 64132

Wal-Mart Stores East, LP
Staci Schorgl
3500 One Kansas City Place
1200 Main Street
Kansas City, MO 64105

Wal-Mart Stores East, LP
Edward Downey
221 Bolivar Street, Suite 101
Jefferson City, MO 65101

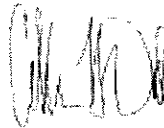
Wal-Mart Stores East, LP
Grace Wung
c/o McDermott, Will & Emery
28 State Street
Boston, MA 02109-1775

Wal-Mart Stores East, LP
Gregory Lawrence
c/o McDermott, Will & Emery
28 State Street
Boston, MA 02109-1775

Wal-Mart Stores East, LP
Robert Thompson
3500 One Kansas City Place
1200 Main Street
Kansas City, MO 64105

Enclosed find a certified copy of an ORDER in the above-numbered case(s).

Sincerely,



**Colleen M. Dale
Secretary**