

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

TIM M. RUSH

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MODIFY ITS TARIFFS TO CONTINUE THE
IMPLEMENTATION OF ITS REGULATORY PLAN**

DOCKET NO. 10-KCPE-415-RTS

1 **Q: Please state your name and business address.**

2 A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as
6 Director, Regulatory Affairs.

7 **Q: What are your responsibilities?**

8 A: My general responsibilities include overseeing the preparation of the rate case, class cost
9 of service (“CCOS”) and rate design of both KCP&L and KCP&L Greater Missouri
10 Operations Company. I am also responsible for overseeing the regulatory reporting and
11 general activities as they relate to the Missouri Public Service Commission (“MPSC”).

1 **Q: Please describe your education, experience and employment history.**

2 A: I received a Master of Business Administration degree from Northwest Missouri State
3 University in Maryville, Missouri. I did my undergraduate study at both the University
4 of Kansas in Lawrence and the University of Missouri in Columbia. I received a
5 Bachelor of Science degree in Business Administration with a concentration in
6 Accounting from the University of Missouri in Columbia.

7 **Q: Please provide your work experience.**

8 A: I was hired by KCP&L in 2001 as the Director, Regulatory Affairs. Prior to my
9 employment with KCP&L, I was employed by St. Joseph Light & Power Company
10 (“Light & Power”) for over 24 years. At Light & Power, I was Manager of Customer
11 Operations from 1996 to 2001, where I had responsibility for the regulatory area, as well
12 as marketing, energy consultant and customer services area. Customer services included
13 the call center and collections areas. Prior to that, I held various positions in the Rates
14 and Market Research Department from 1977 until 1996. I was the manager of that
15 department for fifteen years.

16 **Q: Have you previously testified in a proceeding before the Kansas Corporation
17 Commission (“KCC” or “Commission”) or before any other utility regulatory
18 agency?**

19 A: I have testified on several occasions before the KCC. I have additionally testified a
20 number of times before the MPSC.

21 **Q: What is the purpose of your testimony?**

22 A: The purposes of my testimony are to i) explain how the Company satisfied the KCC’s
23 minimum filing requirements under K.A.R. 82-1-231; ii) provide the retail revenue

1 adjustment to reflect the annualized and normalized revenue level for the Kansas
2 jurisdiction; iii) discuss rate design in this case; iv) discuss the results of KCP&L's Class
3 Cost of Service study; v) recommend a change to the Company's Rules and Regulations;
4 vi) propose an Environmental Cost Recovery ("ECR") rider and vii.) propose a
5 modification to the Energy Cost Adjustment ("ECA") rider.

6 I. MINIMUM FILING REQUIREMENTS

7 **Q: What is the purpose of this part of your testimony?**

8 A: The purpose of this part of my testimony is to confirm that KCP&L has satisfied the
9 KCC's MFR, as set forth in K.A.R. 82-1-231.

10 **Q: How did KCP&L satisfy the MFR?**

11 A: The following information was prepared to address the specific requirements of the MFR
12 as outlined in K.A.R. 82-1-231(c)(4):

13 A: Application

14 B: General information, including:

- 15 1. the amount of proposed aggregate annual increase and percentage over
16 current revenues;
- 17 2. names of communities affected;
- 18 3. the number of customers to be affected;
- 19 4. the average change requested in dollars and percentage change from
20 current rates;
- 21 5. a summary of reasons for the proposed changes; and
- 22 6. press releases relative to the filing.

1 **II. ANNUALIZED/NORMALIZED REVENUES**

2 **Q: Were the retail revenues included in this filing prepared by you or under your**
3 **supervision?**

4 A: Yes, they were.

5 **Q: Will you describe the method used in developing the revenues for this case?**

6 A: Both the weather-normalized kWh sales and customer levels by rate class were developed
7 by Company witness George M. McCollister. Mr. McCollister explains those figures in
8 his Direct Testimony. Monthly bill frequencies for the test year ending September 30,
9 2009, that contain the actual billing units for each of the billing blocks for the various rate
10 components were developed under my supervision. For example, the residential general
11 use rate has two billing blocks in the winter period, while only one billing block in the
12 summer period. The bill frequency collects the actual usage that is billed in each of the
13 billing blocks for each month in the winter period. It also collects the actual number of
14 customers in each of the months. By applying the actual rates to the usage in each of the
15 billing blocks, the actual revenues can be reproduced. This method provided the basis for
16 determining the overall revenues to be used in this case. The Company determined
17 monthly revenues by applying the normalized sales and customer levels for each month
18 represented in the test period to the corresponding billing frequency. This was done for
19 each month. The normalized sales and customer levels from this were then multiplied by
20 the rates that took effect on August 1, 2009. The sum of these revenues was compared to
21 the actual test year ending September 30, 2009 revenues to determine the revenue
22 adjustment contained in the Summary of Adjustments attached to the Direct Testimony of
23 Company witness John P. Weisensee as Schedule JPW2010-2 (adjustment R-20).

1 **Q: The Company has an Energy Cost Adjustment (“ECA”) rider in place to recover**
2 **the fuel, purchased power, and certain transmission expenses, and to return off-**
3 **system sales margins to its retail customers. It also has an Energy Efficiency (“EE”)**
4 **rider in place to recover energy efficiency program costs. How will these**
5 **mechanisms affect the requested increase in this case?**

6 A: The ECA and EE riders do not impact the revenue request in this case. The Company
7 calculated its total revenue requirement, including fuel expense, purchased power
8 expense and off-system sales margins, and EE costs, and then subtracted from the
9 revenue requirement amounts which will be recovered under the ECA and EE tariffs,
10 with the remainder of the revenue requirement to be collected in base retail energy rates.

11 **III. ELECTRIC RATE DESIGN**

12 **Q: Are you sponsoring the electric tariffs filed in this case?**

13 A: Yes, I am.

14 **Q: Please describe generally the electric tariffs and the proposed changes set out in**
15 **these tariffs?**

16 A: The Company is requesting an increase in the non-ECA/EE rates of \$55.2 million
17 (11.5%). As described, the ECA mechanism addresses changing fuel, purchased power,
18 off-system sales and related transmission costs, and the EE rider addresses EE costs. The
19 tariffs filed in this case only reflect the non-ECA/EE increase. Any changes in the
20 amounts collected under the ECA and EE riders will be addressed in separate filings, as
21 provided for in the ECA and EE tariffs.

1 I am proposing several changes to the street lighting rates. I am also proposing an
2 ECR rider to recover future environmental costs and a modification to the ECA rider.
3 The street lighting changes, ECR and ECA riders are discussed later in my testimony.

4 **Q: How are you proposing to increase the non-ECA/EE rates to reflect the proposed**
5 **increase?**

6 A: I am recommending that each rate be increased on an equal percentage basis to all tariffs.
7 This will result in an increase of 11.5 percent to all customer classes.

8 IV. ELECTRIC CLASS COST OF SERVICE

9 **Q: Has the Company performed an electric Class Cost of Service (“CCOS”) study for**
10 **this case?**

11 A: Yes, per the terms of the Stipulation and Agreement approved by the Commission in
12 Docket No. 09-KCPE-246-RTS (“246 Docket”), the Company performed a CCOS study
13 for this case. Company witness Paul Normand provides the CCOS study and summarizes
14 the results of the study in his Direct Testimony.

15 **Q: What methodology did Mr. Normand use in preparing his CCOS study?**

16 A: He used a methodology often referred to as the Base, Intermediate, Peak (“BIP”) method.
17 Essentially, this methodology allocates costs to classes based on the utilization of
18 production facilities. This is described in detail in Mr. Normand’s Direct Testimony.

19 **Q: Is the BIP method different than the methodology the Company used in the CCOS**
20 **study filed in the 246 Docket?**

21 A: Yes, it is. The CCOS study filed by the Company in the 246 Docket used the ‘Average
22 and Peak’ methodology.

23 **Q: Why the change in methodology?**

1 A: As discussed in my Direct Testimony in the 246 Docket, the use of the BIP methodology
2 is something KCP&L wanted to pursue in this rate case. Previously, the Company used
3 the Average and Peak methodology because it recognized both usage and contribution to
4 peak load. The Company views the BIP method as a refinement of this approach. The
5 BIP method allows the Company to continue to recognize the dual nature of its
6 generating resources and provides a structured and more refined way to recognize the
7 cost causation and nature of generation resources which helps to incorporate the new
8 Iatan Unit 2 generating station into rates. Further, the BIP method introduces sufficient
9 detail into the causation of production costs to allow a detailed examination of seasonal
10 costs and the resulting seasonal rate allocations.

11 **Q: Are you recommending changes to the rate design based on the CCOS study filed in**
12 **this case?**

13 A: Not at this time. KCP&L is recommending across the board equal rate increases across
14 all classes and rate components.

15 **Q: Other than pricing changes related to the general rate increase request are you**
16 **proposing any changes to the rate tariffs?**

17 A: Yes, I am. The Company has several rate tariffs for municipal street lighting and
18 municipal traffic control signals offering components which KCP&L has determined
19 should be frozen or removed for various reasons.

20 **Q: With respect to municipal street lighting would you please elaborate on the**
21 **recommended change?**

22 A: Concerning the offerings shown as part of Schedule 73, Sheets 1-5, the Company for
23 many years offered lighting service for 10000 lumen (560-watt), 4000 lumen (269-watt),

1 6000 lumen (337-watt), 22500 lumen (400-watt), 27500 lumen (250-watt), 9500 lumen
2 (100-watt), and 63000 lumen (1000-watt Mercury Vapor) installations. Within
3 Schedule 73 there are special notations for these lighting services where the service is
4 “limited to the units in service” as of a certain date. The most recent is for installations
5 made on or before April 18, 1992. A cursory review of our records has led us to believe
6 that there have been no customers associated with any of these lighting services since late
7 1999. KCP&L seeks to remove these offerings.

8 Additionally, KCP&L seeks to freeze service of 1000 Lumen (65-watt) Incandescent
9 lamps at 1.1 (Sheet 1 of 5) to customers of record at the effective date of this proceeding.
10 65-watt incandescent lamps are inefficient for our customers. KCP&L proposes, as well,
11 to freeze provision of laminated wood poles, Schedule 73, Sheet 4 of 5, item 9.2, and
12 Special Black Square Luminaires, Schedule 73, Sheet 5 of 5, item 9.7. KCP&L has
13 found that manufacturers of these items now consider them specialty ordered items
14 because of limited demand since originally marketed.

15 **Q: With respect to municipal traffic signals would you please elaborate on the**
16 **recommended change?**

17 A: The recommended changes are applicable to Schedule 74 and the bulk of the
18 recommendations involve deletions of specific service points for Multi-Phase Electronic
19 Controls on Sheet 3. Except for the 75th and Quivira Road (City of Shawnee) service
20 point, KCP&L no longer provides multi-phase electronic control service to the cities of
21 Lenexa, Merriam, Mission and Roeland Park. Also on Schedule 74, Sheets 2, 6 and 7, I
22 recommend discontinuing services that are no longer used by customers.

1 **V. RULES AND REGULATIONS**

2 **Q: Do you recommend any changes to the Company’s Kansas Rules and Regulations?**

3 A: Yes, I do. Within KCP&L’s Rule 6.10 on Sheet 52, Tampering with Company Facilities,
4 the Company is requesting a change. We are requesting that the word “unmetered” be
5 replaced with “unauthorized.” We are making this request in light of the Commission
6 approving “Unauthorized” being added to the Company’s Definitions Rule in Docket No.
7 07-KCPE-905-RTS, supported in Direct Testimony by the KCC Staff’s (“Staff”) Sonya
8 A. Cushinberry. Within the definition of “unauthorized,” “unmetered” electric use is but
9 one of seven associated unauthorized uses.

10 **VI. ENVIRONMENTAL COST RECOVERY RIDER**

11 **Q: Please discuss and explain your proposed ECR Rider.**

12 A: As explained in the Direct Testimony of Company witness Curtis Blanc, KCP&L expects
13 that changing environmental laws and regulations are likely to require the Company to
14 spend significant sums of money for environmental compliance. The ECR Rider will
15 phase into rates the revenue requirements associated with environmental upgrades and, in
16 large part, minimize the need to record any Allowance for Funds Used During
17 Construction (“AFUDC”) on these projects.

18 I have not included property taxes in the proposed tariff because we believe that
19 newly installed pollution control equipment is exempt from property tax for ten years
20 from the initial date of operation. When the exemption expires, or if for some reason the
21 exemption is terminated, we would like to include property taxes in the tariff at that time.
22 The rate will be shown on a pricing sheet and collected on a kWh basis.

1 The calculation of the ECR rider is set out on the proposed tariff schedule attached to my
2 testimony. Schedule TMR2010-1.

3 **Q: How would the timing for the proposed ECR rider work?**

4 A: Generally speaking, KCP&L has proposed a rider similar to that already in place for
5 Westar. Its design, structure and timing would work similarly. Six months before
6 KCP&L commences an environmental compliance project the Company will submit a
7 summary that includes a description of the project, the need for the project, including
8 how it complies with legal requirements, the reasons for choosing a particular technology
9 in lieu of possible alternatives, and an estimate of the costs and duration of the project.
10 The submission of this information will provide Staff with an opportunity to question
11 whether a specific project is reasonable and prudent.

12 KCP&L will file a pricing sheet on or before March 31 of each year for approval
13 of the prior calendar year-end costs of the projects for which the Company previously
14 provided notice to the Staff. The ECR rider envisions that Staff's Report and
15 Recommendation of the pricing sheet will be filed on or before May 1 of each year and
16 comments by intervening parties would be filed on or before May 15 of each year. A
17 Commission order would then be issued on or before May 29 of each year with new rates
18 implemented on June 1 of each year. Tariffs and pleadings would continue to be served
19 on all parties to the docket for the annual filing.

20 **Q: Would the ECR rider be trued-up for any over- or under-recovery of actual revenue
21 compared to the estimated revenue?**

22 A: Yes, the amount of any over- (under-) recovery would be included in a subsequent year's
23 ECR rider filing and be credited or collected as appropriate.

1 **Q: When would the amounts included in the proposed ECR rider be rolled into base**
2 **rates?**

3 A: When KCP&L files a rate case the amount included in the ECR rider would be included
4 in the Company's base rates, with the exception of the true-up balance which would roll
5 into the next ECR rider filing. The ECR rider would be zero-based at that time, except
6 for the true-up balance.

7 **Q: How would customers learn about the proposed annual ECR rider charge?**

8 A: KCP&L would provide notice of the requested increase in customer bills, beginning with
9 the first billing cycle following KCP&L's annual ECR rider filing. Additionally, the
10 Company would include information for residential and small commercial customers who
11 may have further questions concerning the potential impact of the increase on their
12 households or business. Finally, KCP&L would include the due date of the
13 Commission's final decision and the effective date of the proposed increase.

14 **Q: Will the ECR rider have any impact on KCP&L's ECA rider?**

15 A: Yes. The ECA rider includes the pass-through of emission allowance costs and sales. As
16 KCP&L spends money on environmental capital projects, its cost of emission allowances
17 are expected to decrease. Ratepayers will enjoy those decreased costs relatively quickly
18 through the ECA mechanism. Consistent with the Commission's Order on Petitions for
19 Reconsiderations and Clarifications in Westar Energy, Inc. and Kansas Gas and Electric
20 Company's Docket No. 05-WSEE-981-RTS, the Company believes it is equitable to
21 provide balance in this equation by likewise adopting a mechanism that will permit
22 KCP&L to more quickly charge rates that fully reflect the costs it incurs for
23 environmental projects.

1 **VII. ENERGY COST ADJUSTMENT RIDER**

2 **Q: Please discuss and explain your proposed changes to the ECA rider (Schedule**
3 **TMR2010-2).**

4 A: As addressed in the testimony of Larry Loos, the Company is recommending that the off-
5 system sales margins be allocated using the steam production plant as proposed by Mr.
6 Loos. Currently, the off-system sales margins are allocated using the “Unused-Energy”
7 (“UE1”) allocation factor as defined in the ECA tariff, Schedule 2, Sheet 4 of 4. The
8 analysis provided by Mr. Loos would indicate that the UE1 allocator is not an appropriate
9 allocation factor to use for allocation off-system sales margins. Company witness Larry
10 Loos discusses classifying off-system sales margin in the same manner as the fixed costs
11 associated with the generating resources used to generate the energy sold off system.
12 Using the steam production plant as the allocation factor for off-system sales margins
13 results in a consistent application of cause and affect by assigning the profit margin from
14 the off-system sales with the generating resources used to generate the energy sold off-
15 system.

16 **Q: Does that conclude your testimony?**

17 A: Yes, it does.

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed _____

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 1 of 2 Sheets

**Environmental Cost Recovery Rider
Schedule ECR**

APPLICABILITY:

This Environmental Cost Recovery (ECR) Rider (Schedule ECR) shall be applicable to all Kansas Retail Rate Schedules for the Company.

BASIS:

Environmental Costs will be recovered using an ECR factor applied to each customer's bill. The ECR factor to be recovered is equal to the annual capital investment-related revenue requirements associated with Environmental Improvement Projects (EIP) undertaken by the Company. The calculation of such revenue requirements will be made in conformity with the formula stated in this Rider.

The Company shall provide a report, periodically to the Commission of its collections including a calculation of the total collected under the Rider.

METHOD OF BILLING:

The cents per kilowatt hour (kWh) adjustment will be determined by dividing EIP revenue requirements by the annual applicable kWh sales.

BASIS FOR DETERMINING ENVIRONMENTAL COST RECOVERY RIDER:

The monthly factor shall reflect the recovery of the EIP revenue requirements as approved by the Kansas Corporation (Commission). The ECR Rider factor shall be calculated annually, filed with the Commission in March and be effective for usage beginning June 1.

The following formula shall be used to calculate the annual revenue requirements for EIPs.

$$\text{ECR Factor for EIPs} = \frac{[(RB \times r) + D + OM] + \text{TRUE}}{S_p}$$

Where:

RB = The rate base associated with all EIPs that form the basis of this Rider. Rate base shall be the gross plant, less accumulated depreciation, less accumulated deferred income taxes plus construction work in progress associated with EIPs.

Issued: <u>December 17, 2009</u> <small style="margin-left: 40px;">Month Day Year</small>	<u>FILED</u> THE STATE CORPORATION COMMISSION OF KANSAS
Effective: _____ <small style="margin-left: 40px;">Month Day Year</small>	By: _____ <small style="margin-left: 40px;">Secretary</small>
By: <u>Curtis D. Blanc</u> <u>Sr. Director</u> <small style="margin-left: 40px;">Title</small>	

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed _____

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 2 of 2 Sheets

**Environmental Cost Recovery Rider
Schedule ECR (con't.)**

BASIS FOR DETERMINING ENVIRONMENTAL COST RECOVERY RIDER: (continued)

- r = The pretax rate of return derived from the Company's most recent rate review by the Commission. If there is not an approved rate of return, the Commission will work with the Company to determine an appropriate value.
- D = The depreciation expense associated with EIPs that form the basis for this Rider.
- OM = The operation and maintenance expenses associated with all EIPs that form the basis of this Rider.
- S_p = Projected kWhs to be delivered to all of the Company's Retail and Requirements Sales for Resale customers during the year in which the ECR Rider is in effect
- TRUE = The annual true-up amount for an ECR Rider, to be determined prior to filing the next ECR Rider and to be applied to the subsequent ECR factor calculation. The true-up amount will reflect any difference between the total ECR revenue collected and the costs (RB) for the previous applicable time period. Such true-up amount may be positive or negative. The true-up amount used to calculate the ECR factor for the first ECR Rider equals zero.

RATE SCHEDULE

\$ per kWh

All Retail Rate Schedules \$0.00/kWh

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Effective: _____ <small>Month Day Year</small>	
By: <u>Curtis D. Blanc</u> <u>Sr. Director</u> <small>Title</small>	By: _____ <small>Secretary</small>

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 2 Sheet 1

Rate Areas No. 2 & 4

(Territory to which schedule is applicable)

which was filed December 7, 2007

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No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 1 of 4 Sheets

ENERGY COST ADJUSTMENT
Schedule ECA

APPLICABILITY:

This Energy Cost Adjustment (ECA) Schedule shall be applicable to all Kansas Retail Rate Schedules for the Company.

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BASIS:

Energy costs will be measured and applied to a customer's bill using an ECA factor. The ECA factor is applied on a kilowatt-hour basis (\$/kWh). Retail customer charges for energy costs are determined by multiplying the kilowatt-hours of electricity during any calendar month by the corresponding ECA factor for that calendar month.

ENERGY COST ADJUSTMENT:

Prior to January 1 of each ECA year, an ECA factor (ECA_P) will be calculated for each calendar month of the ECA year as follows:

$$ECA_P = \frac{((F_P + P_P + E_P + T_P) - BPR_P)}{S_P} - \frac{OSSM_K}{S_K} - \frac{TRUE_A}{S_{TRUE}}$$

Where:

F_P = Projected cost of nuclear and fossil fuel to be consumed for the generation of electricity during the month in which the ECA is in effect for all Company, Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM, to be recorded in Account 501, Account 518 and Account 547, excluding any Company internal labor cost.

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P_P = Projected cost of purchased power during the month in which the ECA is in effect for all Company, Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM, to be recorded in Account 555, and the Company's projected charges or credits incurred due to participation in markets associated with Regional Transmission Organizations (RTOs).

E_P = Projected cost of emission allowances during the month in which the ECA is in effect for all Company, Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM, to be recorded In Account 509.

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T_P = Projected transmission costs, to be recorded in Account 565, and RTO, FERC and NERC fees, to be recorded in Accounts 560, 561.4, 561.8, 575.7 and Account 928, during the month in which the ECA is in effect for all Company, Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM.

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BPR_P = Projected Revenue from asset-based Bulk Power Sales customers not included in OSSM.

S_P = Projected kWhs to be delivered to all Company, Retail and Requirements Sales for Resale customers during the month in which the ECA is in effect.

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OSSM = Projected annual asset-based Off-System Sales Margin from Bulk Power Sales at the median for the effective ECA year.

OSSM_K = The projected annual asset-based Off-System Sales Margin from Bulk Power Sales at the median for the effective ECA year multiplied by the projected Steam Production Plant Allocator for Kansas.

Deleted: Unused Energy (UE1)

S_K = Projected annual kWhs to be delivered to all Kansas Retail customers during the effective ECA year.

S_{TRUE} = Projected kWhs for Kansas Retail customers for the twelve-month period beginning in April of the year following the ECA year.

Issued: December 17, 2007
Month Day Year

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Effective: _____
Month Day Year

THE STATE CORPORATION COMMISSION OF KANSAS

Deleted: January 1, 2008

By: Curtis D. Blanc Sr. Director
Title

By: _____
Secretary

Deleted: Chris Giles

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KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 2 Sheet 2

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Rate Areas No. 2 & 4

(Territory to which schedule is applicable)

which was filed December 7, 2007

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ENERGY COST ADJUSTMENT Schedule ECA

TRUE_A = The annual true-up amount for an ECA year, to be calculated by March 1 of the year following the ECA year and to be applied for a twelve-month period beginning April 1 of the year following the ECA year. The TRUE_A amount will reflect any difference between the total ECA revenue for the Retail sales during the ECA year and the actual costs incurred to achieve those Retail sales less the credits applied for Off-System Sales Revenue for the ECA year. Such TRUE_A amount may be positive or negative. Any remaining balances from prior true-up periods will be added.

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TRUE_A = ECAREV_A - [(F_A + P_A + E_A + T_A - BPR_A) - NABPC_A] x (S_AK / S_AT) + OSSM_A + TRUE_PRIOR

Where:

ECAREV_A = Actual ECA revenue for Kansas Retail sales during the ECA year.

F_A = Actual total company cost of nuclear and fossil fuel consumed for the generation of electricity for the ECA year recorded in Account 501, Account 518 and Account 547, excluding any internal KCPL labor cost and all costs associated with OSSM_A.

P_A = Actual total company cost of purchased power incurred during the ECA year recorded in Account 555, and the Company's actual charges or credits incurred due to participation in markets associated with Regional Transmission Organizations (RTOs) less all costs associated with OSSM_A.

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E_A = Actual total company emission allowance costs incurred during the ECA year recorded in Account 509 less all costs associated with OSSM_A.

T_A = Actual total company transmission costs recorded in Account 565 and RTO, FERC and NERC fees recorded in Accounts 560, 561.4, 561.8, 575.7 and Account 928 for the ECA year less all costs associated with OSSM_A.

BPR_A = Actual Revenue from asset-based Bulk Power Sales customers not included in OSSM_A.

NABPC_A = Actual total company cost for non-asset-based sales to Bulk Power customers during the ECA year, as reflected in P_A and T_A.

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OSSM_A = Actual total company asset-based Off-System Sales Margin from Bulk Power Sales for the ECA year multiplied by the actual Steam Production Plant Allocator for Kansas.

Deleted: Unused Energy (UE1)

S_AK = Actual kWhs delivered to the Company's Kansas Retail customers during the ECA year.

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S_AT = Actual kWhs delivered to all Company Retail and Requirements Sales for Resale customers during the ECA year.

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TRUE_PRIOR = Remaining true-up amounts from previous ECA years (positive or negative).

Issued: December 17, 2007

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Effective: (blank)

THE STATE CORPORATION COMMISSION OF KANSAS

Deleted: January 1, 2008

By: Curtis D. Blanc Sr. Director

By: (blank) Secretary

Deleted: Chris Giles

Deleted: Vice President

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 2 Sheet 3

Rate Areas No. 2 & 4

(Territory to which schedule is applicable)

which was filed December 7, 2007

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ENERGY COST ADJUSTMENT
Schedule ECA

NOTES TO THE TARIFF:

1. On or before December 20th prior to each ECA year, the Company will submit a report containing the projected monthly ECA factors on a \$/kWh basis for each month of the coming ECA year. Such report will set the monthly ECA factors for January, February and March of the ECA year. The Company will publish such projected monthly ECA factors, and any updates to such monthly ECA factors to consumers.
2. On or before the 20th day of March, June, and September of each ECA year, the Company will submit a report containing updated projected ECA factors for the remaining months of the effective ECA year. Such updated projected ECA factors will set the monthly ECA factors for the next calendar quarter of the ECA year. Such report shall also compare the original ECA revenue projections and the then-current ECA year-end projections on a total revenue basis. If the original projection and the then-current projection become significantly out of balance at any time during the ECA year, the remaining monthly ECA factors may be adjusted to address the anticipated difference.
3. On or before the 1st day of March each year beginning March 1, 2009, the Company will file an application that provides the true-up reconciliation for the preceding ECA year, otherwise known as the Actual Cost Adjustment ("ACA"). Such reconciliation amount, if any, for a given ECA year will be applied as an adjustment to the monthly ECA factors for the 12-month period beginning April following the reconciled ECA year. The Commission may make such ACA subject to correction in whole or in part, pending final determination on the application. All revenues collected pursuant to the ECA tariff shall be deemed to be revenues subject to adjustment until the ACA review is complete, the Commission has issued a final order in the ACA matter, and all terms and conditions of such order are satisfied. The Commission shall make a final determination on the adjustment, including the reasonableness and prudence of the actual ECA costs incurred during the ECA year, within two hundred forty (240) days of the filing of the application. Prudent operation of the Company's system will be consistent with industry standards regarding economic dispatch, reliability, maintenance and fuel procurement as such is necessary to minimize the impact of this ECA tariff on customer rates.
4. The monthly ECA factor will be expressed in dollars per kilowatt-hour rounded to five decimal places.
5. Each ECA year will be a calendar year, with the first year beginning January 1, 2008.
6. The ECA amount on each customer bill will be calculated such that the ECA factor for each calendar month within the billing period is applied to the estimated usage for the appropriate calendar month (i.e., prorated) based on the number of days of usage in each calendar month.
7. The references to Accounts within the ECA tariff are as defined in the FERC uniform system of accounts.
8. Retail Customers are customers that receive service under one of the Company Retail tariffs.
9. Requirements Sales for Resale Customers are wholesale customers receiving firm service for the full capacity and energy needs of the customer on a contract basis of one year or longer (Account 447).
10. Bulk Power Sales Customers are wholesale customers receiving service under Power contracts. These are Non-Requirements Sales for Resale customers (Account 447).

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Issued: December 17, 2007
Month Day Year

FILED

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Effective: _____
Month Day Year

THE STATE CORPORATION COMMISSION OF KANSAS

Deleted: January 1, 2008

By: Curtis D. Blanc Sr. Director
Title

By: _____
Secretary

Deleted: Chris Giles

Deleted: Vice President

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 4 Sheet 4

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Rate Areas No. 2 & 4

(Territory to which schedule is applicable)

which was filed December 7, 2007

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No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 4 of 4 Sheets

ENERGY COST ADJUSTMENT Schedule ECA

NOTES TO THE TARIFF (continued):

- 11. The Steam Production Plant Allocator for the Company's Kansas jurisdiction is based on Kansas's allocation of steam production plant as a percentage of total Company steam production plant. For purposes of the ECA, steam production plant is allocated among the Company's Kansas, Missouri and wholesale jurisdictions based on two methods: (1) an energy allocator for environmental-related plant; and (2) a 12CP demand allocator for all other plant.
12. This tariff is subject to the Company's Rules and Regulations as approved by the State Corporation Commission of Kansas.
13. This tariff is subject to all applicable Kansas statutes and regulations regarding the filing and investigation of complaints on unreasonable, unfair or unjust rates.

Deleted: The Unused Energy (UE1) Allocator for KCPL's Kansas jurisdiction is calculated by dividing the KCPL Kansas jurisdictional "Unused Energy" MWhs by the total KCPL "Unused Energy" MWhs. The "Unused Energy" MWhs for each KCPL jurisdiction (Kansas, Missouri, and FERC) is calculated by subtracting the "Energy Used" MWhs for each jurisdiction from the "Available Energy" MWhs for each jurisdiction. The "Energy Used" is based on the "Energy w/ Losses" Allocator (E1) which reflects the energy used by each jurisdiction's customers. The "Available Energy" is calculated by multiplying KCPL's total "Available Capacity" by the total hours in the subject year (8760 in non-leap years) and by the jurisdictional "Demand" Allocator (D1) which reflects the 12-CP demand from each jurisdiction's customers. The "Available Capacity" is defined as the total MWhs of capacity from all sources of generation and capacity purchases that are included in the cost-of-service (revenue requirement) calculation.

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