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DIRECT TESTIMONY OF

JOHN P. WEISENSEE

KANSAS CITY POWER & LIGHT COMPANY

DOCKET NO. 12-KCPE-764-RTS

<u>PUBLIC VERSION</u>
Certain Schedules Attached to This Testimony
Designated "**[redacted]**" Contain
Confidential Information Which Has Been Removed.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

JOHN P. WEISENSEE

ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MAKE CERTAIN CHANGES IN
ITS CHARGES FOR ELECTRIC SERVICE

DOCKET NO. 12-KCPE-____-RTS

Q: Please state your name and business address.

A: My name is John P. Weisensee. My business address is 1200 Main, Kansas City, Missouri 64105.

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

A: I am employed by Kansas City Power & Light Company ("KCP&L" or the "Company") as Regulatory Affairs Manager.

Q: What are your responsibilities?

A: I have primary responsibility for preparing the financial information contained in various regulatory filings in Kansas and Missouri.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to: (i) describe the revenue requirement model and schedules that are used to support the rate increase KCP&L is requesting in this proceeding (Schedules JPW-1 through JPW-3 attached to this testimony); and (ii) support various accounting adjustments listed on the summary of adjustments (Schedule JPW-4 attached to this testimony).

Q: What is the result of the revenue requirement model for this case?

A: The revenue requirement model supports KCP&L's requested rate increase of $63,550,528.

Q: Before you present your discussion, please describe your education, experience and employment history.

A: I graduated from The University of Texas at Austin in 1977 with a Masters in Professional Accounting. I had previously received my Bachelors of Business Administration degree in Accounting from the same university, summa cum laude. I have been a Certified Public Accountant since 1977. I began my career with KCP&L in January 2007. From 1986 to 2001, I was the Manager, Finance and Accounting for St. Joseph Light & Power Company ("SJLP"). In the years between leaving that utility and beginning at KCP&L, I was self-employed as a business consultant, in the utility industry and for many other industries.

Q: Have you previously testified in a proceeding before the Kansas Corporation Commission ("Commission" or "KCC") or before any other utility regulatory agency?

A: Yes, I have testified before the KCC in several dockets. In addition, I have testified on several occasions before the Missouri Public Service Commission while at SJLP and at KCP&L.

REVENUE REQUIREMENT MODEL AND SCHEDULES

Q: What is the purpose of Schedules JPW-1 through JPW-3?

A: These schedules represent the key outputs of the Company's revenue requirement model used to support the rate increase that KCP&L is requesting in this proceeding. Schedule JPW-1 shows the revenue requirement calculation. Schedule JPW-2 lists the rate base components, along with the sponsoring witnesses. Schedule JPW-3 is the adjusted income statement.

Q: Were the schedules prepared either by you or under your direction?

A: Yes, they were.

Q: Please describe the process the Company used to determine the requested rate increase.

A: We utilized a standard ratemaking process to determine the rate increase request. We used historical test year data from the financial books and records of the Company as the basis for operating revenues, operating expenses and rate base. We then adjusted the historical test year data to reflect: (i) normal levels of revenues and expenses that would have occurred during the test year; (ii) annualizations of certain revenues and expenses; (iii) amortizations of regulatory assets and liabilities; and (iv) known and measurable changes that have been identified since the end of the historical test year. We then allocated the adjusted test year data to arrive at operating revenues, operating expenses, and rate base applicable to the Kansas jurisdiction. We subtracted operating expenses from operating revenues to arrive at operating income. We multiplied the net original cost of rate base times the requested rate of return to determine the net operating income requirement. This was compared with the net operating income available to determine the additional net operating income before income taxes that would be needed to achieve the requested rate of return. Additional current income taxes were then added to arrive at the gross revenue requirement. This requested rate increase is the amount necessary for KCP&L to recover its prudently incurred costs and for the Company's post-increase calculated rate of return to equal the rate of return supported by KCP&L witness Dr. Samuel C. Hadaway in his Direct Testimony.

Q: Does the revenue requirement model include costs recovered through the Energy Cost Adjustment ("ECA") and Energy Efficiency ("EE") riders?

A: Yes, these costs are included and have been adjusted, as discussed later in this testimony (adjustments CS-26 and CS-100, respectively). However, the revenue requirement is not affected by inclusion of these costs because the Kansas retail revenue was adjusted to include ECA and EE revenue equal to the sum of all adjusted ECA and EE costs, *i.e.*, the ECA and EE costs in the model were fully offset by equal amounts of ECA and EE revenue. The ECA costs are included in Schedule JPW-8 attached to this testimony. The ECA and EE impacts are considered in the rate design in this case.

TEST YEAR

Q: What historical test year did KCP&L use in determining rate base and operating income?

A: The revenue requirement schedules are based on a historical test year of the twelve months ending December 31, 2011, with known and measurable changes projected through June 30, 2012, the anticipated cut-off date in this rate case.

Q: Why was this test year selected?

A: The Company used the twelve-month period ending December 31, 2011 for the test year in this rate proceeding because that period reflects the most currently available quarterly financial information at the time the revenue requirement was prepared.

Q: What is meant by the term "cut-off date"?

A: Historically, the Company has projected various cost of capital, rate base and net operating income components out to a date when the KCC Staff ("Staff") and the Citizens' Utility Ratepayer Board ("CURB") would be performing their audit work in preparation for their filings.

Q: Why was a June 30, 2012 cut-off date used in this case?

A: Based on the anticipated filing date of this rate case, we assumed that a June 30, 2012 cut-off date would coincide with the timing of Staff and CURB audit work in the preparation of their respective direct testimonies in this rate case, and that both Staff and CURB would use the same cut-off date.

Q: Does KCP&L propose that cost of service in this case be based on budgeted or projected data?

A: No, we do not propose that rates be set based on budgeted or projected data, with one exception. Company witness William P. Herdegen, III, in his Direct Testimony proposes a Distribution Field Intelligence and Technical Support ("DFITS") work group. Costs for this proposed work group are based on budgeted data since KCP&L is seeking Commission approval to implement this new work group in this case.

Q: If the Company's filing utilizes a June 30, 2012 cut-off and the filing is being made before June 30, 2012, isn't KCP&L utilizing budgeted or projected data in its filing?

A: Yes, but in no case is budgeted or projected data beyond June 30, 2012 being used (excluding DFITS). KCP&L expects and will support the Staff and CURB recommending replacement of the Company's January through June budgeted or projected data with actual data for that time period.

Q: Does test year expense reflect an appropriate allocation of KCP&L overhead to KCP&L Greater Missouri Operations Company ("GMO") and other affiliated companies?

A: Yes, KCP&L incurs costs for the benefit of GMO and other affiliated companies and those costs are billed out as part of the normal accounting process. Certain projects are set up to allocate costs among the various companies based on appropriate cost drivers, while others are set up to assign costs directly to the benefiting affiliate.

Q: Does GMO incur costs that are allocated to KCP&L?

A: Yes. Although not as significant as costs allocated by KCP&L, GMO does incur certain costs that are allocated to KCP&L; for example, use of GMO facilities and software packages.

JURISDICTIONAL ALLOCATIONS

Q: Why is it necessary to allocate revenues, expenses and rate base to the Company's various jurisdictions?

A: KCP&L does not have separate operating systems for its Kansas, Missouri and firm wholesale jurisdictions. It operates a single production and transmission system that is used to provide service to retail customers in Kansas and Missouri, as well as the full-requirements firm wholesale customers. Therefore, jurisdictional allocations of operating expenses, certain operating revenues and rate base are necessary.

Q: Why is the method by which the allocations are made critical?

A: The method of allocation is critical first to ensure that the rates charged to each jurisdiction of customers reflect the full cost of serving those customers but not the cost of serving customers in other jurisdictions. Secondly, the method of allocation must allow the Company the opportunity to recover fully its prudently incurred costs of serving those customers. That is, if the sum of the allocation factors allowed in each jurisdiction is less than 100%, then the Company is unable to recover its prudently incurred cost of service and return on rate base. Company witness Larry W. Loos discusses this issue in more detail in his Direct Testimony.

Q: What allocators did the Company use?

A: The allocators that were utilized can be classified as input allocators and calculated allocators. The input allocators are based on weather-normalized demand and energy, described in the Direct Testimony of KCP&L witness George M. McCollister, and customer information. The calculated allocators are, at their root, based on the Demand, Energy, and Customer allocators. The calculated allocators are calculated as a combination of amounts that have previously been allocated using one or more of the input allocators. Attached as Schedule JPW-6 is a listing of the allocation factors for this rate proceeding.

Q: Please describe the Demand allocator.

A: The Demand allocator used in this rate case is a four-month weather-normalized average of the coincident peak demands for the Kansas and Missouri retail jurisdictional customers and the firm wholesale jurisdiction. Mr. Loos discusses this allocator in his Direct Testimony.

Q: Please describe the Energy allocator.

A: The Energy allocator is based on the total weather-normalized kilowatt-hour usage by the Kansas and Missouri retail customers and the firm wholesale jurisdiction.

Q: Please describe the Customer allocator.

A: The Customer allocator is based on the average number of customers in Kansas, Missouri, and the firm wholesale jurisdiction.

Q: Please explain how the various revenue, expense and rate base components are allocated among KCP&L's regulatory jurisdictions.

A: Attached as Schedule JPW-7 is a narrative describing the allocation methodology.

ACCOUNTING ADJUSTMENTS

Q: Please discuss Schedule JPW-4.

A: This schedule presents a listing of adjustments to net operating income for the 12 months ended December 31, 2011, along with the sponsoring Company witnesses. Various Company witnesses will support, in their direct testimonies, the need for each of these adjustments.

Q: Please explain the adjustments to reflect normal levels of revenues and expenses.

A: Adjustments are made to reflect "normal" levels of revenues and expenses; for example, retail revenue and bad debt levels that would have occurred if the weather had been "normal" during the test year.

Q: Please explain the adjustments to annualize certain revenues and expenses.

A: Annualization adjustments have been made to reflect an annual level of expense in cost of service, such as the annualization of payroll and depreciation expenses. The former reflects a full year's impact of recent pay increases, while the latter reflects the impact of a full-year's depreciation on recent plant additions.

Q: Please explain the adjustments to amortize regulatory assets and liabilities.

A: Various regulatory assets and liabilities have been established in past Kansas rate cases. These assets/liabilities are then amortized over the number of years authorized in the Orders for the applicable rate cases. Adjustments are sometimes necessary to annualize the amortization amount included in the test year.

Q: Please explain the adjustments to reflect known and measurable changes that have been identified since the end of the historical test year.

A: These adjustments are made to reflect changes in the level of revenue, expense, rate base and cost of capital that either have occurred or are expected to occur prior to the anticipated cut-off date in this case, June 30, 2012. For example, payroll expense has been adjusted for known and measurable salary and wage increases.

Q: Do the adjustments listed on Schedule JPW-4 and discussed throughout the remainder of this testimony entail an adjustment of test year amounts?

A: Yes, the adjustments summarized on Schedule JPW-4 and discussed in this testimony reflect adjustments to the test year ended December 31, 2011.

<u>ADJUSTMENT RB-20 – PLANT IN SERVICE</u>

Q: Please explain adjustment RB-20.

A: We rolled forward the December 31, 2011 Kansas-basis plant balances to June 30, 2012, by using the Company's 2012 capital budget, as well as capital addition estimates provided by operators of the Wolf Creek plant. Projected equipment retirements were based on normalized retirement levels in the test year, as well as estimated retirements provided by operators of the Wolf Creek plant.

Q: Does the Plant in Service balance include the Company's Spearville 2 wind farm?

A: Yes, this generation asset, discussed in the Direct Testimony of Company witness Robert N. Bell, is included in Plant in Service at a cost of $109.1 million (KCP&L total company), $50.6 million (Kansas jurisdictional share).

Q: You mentioned earlier that you anticipate all budgeted amounts included in the case (with the exception of the DFITS request) to be replaced with actual amounts as of June 30, 2012. Will the plant in service balances be one of the items that is revised to actual through Staff's audit?

A: Yes.

ADJUSTMENT RB-21 – CONSTRUCTION WORK IN PROGRESS

Q: Please explain adjustment RB-21.

A: As allowed by Kansas Statute 66-128(b)(2)(C), KCP&L has included in rate base the anticipated June 30, 2012 Construction Work in Progress ("CWIP") balance for the La Cygne Environmental Project, discussed in the Direct Testimony of Mr. Bell.

Q: How was the June 30, 2012 anticipated CWIP balance derived?

A: KCP&L rolled forward the December 31, 2011 La Cygne CWIP balance to June 30, 2012 by using the Company's 2012 capital budget for capital additions.

Q: What is the anticipated June 30, 2012 La Cygne CWIP balance?

A: The anticipated balance is $141.1 million (KCP&L total company share), $65.5 million (Kansas jurisdictional share). As with the Plant in Service amounts, the Company anticipates the actual June 30, 2012 La Cygne CWIP balance will replace the budgeted June 30, 2012 amount once the Staff has conducted its audit.

ADJUSTMENTS RB-25/CS-111
IATAN 1 AND IATAN COMMON REGULATORY ASSET

Q: Please explain adjustment RB-25.

A: Pursuant to the terms of the Stipulation and Agreement approved by the Commission in Docket No. 09-KCPE-246-RTS ("246 Docket"), or "246 S&A," KCP&L was authorized to include in a regulatory asset depreciation expense and carrying costs for the Iatan

Unit 1 Air Quality Control System and Iatan common plant not included in rate base in the 246 Docket. Adjustment RB-25 establishes the anticipated rate base value as of June 30, 2012 by rolling forward the regulatory asset balance, which is recorded on a Kansas jurisdictional basis, from December 31, 2011 to June 30, 2012. The roll-forward includes additions to the regulatory asset for the period subsequent to the March 2010 cut-off date in Docket No. 10-KCPE-415-RTS ("415 Docket") and prior to the December 1, 2010 effective date of new rates resulting from that case and reductions for projected amortization of the regulatory asset through June 30, 2012. As with plant in service, the actual balance of the regulatory asset as of June 30, 2012 will be used. In fact, all of the adjustments I discuss in my testimony that include projections for the January 1 through June 30, 2012 period are expected to be updated to actual June 30, 2012 figures through Staff's normal audit process.

Q: Is this regulatory asset properly includable in rate base?

A: Yes, the 246 S&A provided for rate base treatment.

Q: Please explain adjustment CS-111.

A: We annualized the amortization of this regulatory asset based on the remaining depreciable life of Federal Energy Regulatory Commission ("FERC") account 312 for Iatan Unit 1, as incorporated in the depreciation rates approved by the Commission in the 415 Docket.

ADJUSTMENT RB-30 – RESERVE FOR DEPRECIATION

Q: Please explain adjustment RB-30.

A: This adjustment rolls forward the Kansas-basis Reserve for Depreciation from December 31, 2011 to balances projected as of June 30, 2012.

Q: How was this roll-forward accomplished?

A: The depreciation/amortization provision component was calculated in two steps: (i) by multiplying the provision for the month of December 2011 by six to approximate the provision that will be charged to the Reserve for Depreciation from January 2012 through June 2012 (six months) for plant existing at December 31, 2011; and (ii) by estimating the depreciation/amortization through June 30, 2012 attributable to projected net plant additions from January 2012 through June 2012. In the second step, we assumed the net plant additions occurred ratably over this period.

Q: How were the retirement and net salvage components included in the roll-forward?

A: Projected equipment retirements, except for those relating to the Wolf Creek nuclear plant, and changes to net salvage for the six-month roll-forward period were based on one-half the amounts incurred in 2011. Because retirements resulting from the 2011 refueling outage would not be representative of retirements anticipated during 2012, an estimate of expected retirements at the Wolf Creek plant was obtained from the plant's operators.

ADJUSTMENT RB-50 – PREPAYMENTS

Q: What types of costs are included in the prepayment accounts?

A: The most significant types are prepaid insurance, capacity and transmission charges, rent, and software maintenance.

Q: Please explain adjustment RB-50.

A: We normalized this rate base item based on a thirteen-month average of prepayment balances. Prepayment amounts can vary widely during the course of the year and an averaging method minimizes these fluctuations.

Q: What period was used for the thirteen-month averaging?

A: We used the period December 2010 through December 2011.

Q: Did the KCC Staff use thirteen-month averaging for prepayments in the 415 Docket?

A: Yes, they did.

<u>ADJUSTMENT RB-55 – EMISSION ALLOWANCES</u>

Q: Please explain adjustment RB-55.

A: The Stipulation and Agreement approved by the Commission in Docket No. 04-KCPE-1025-GIE ("Regulatory Plan"), or "1025 S&A," included an SO_2 Emission Allowance Management Policy, which provided for KCP&L to sell sulfur dioxide ("SO_2") emission allowances in accordance with the initial SO_2 Plan submitted to the KCC, KCC Staff and other parties in January 2005, as updated. The 1025 S&A required KCP&L to record all SO_2 emission allowance sales proceeds as a regulatory liability in Account 254. The liability was to be reduced by premiums that resulted from the Company's purchase of lower sulfur coal than those that are specified under contracts. Subsequent to the completion of the Regulatory Plan, with the implementation of new rates in 415 Docket, the liability has been increased by sales of allowances through the Environmental Protection Agency's ("EPA") annual auction, and reduced by amortization of the regulatory liability. Adjustment RB-55 reflects a net reduction in the regulatory liability balance from December 31, 2011 through June 30, 2012.

Q: What amortization period was used?

A: In accordance with the Order in the 415 Docket, the SO_2 regulatory liability is being amortized over 22 years.

Q: Will the amortization of this regulatory liability account be reflected as a reduction in revenue requirements in this rate proceeding?

A: Yes, ratepayers are given the benefit of this amortization through the ECA rider, which is the basis of adjustment CS-26 discussed later in this testimony.

ADJUSTMENTS RB-60/CS-46 – ENHANCED SECURITY COSTS

Q: What is meant by the term "enhanced security costs"?

A: These costs represent expenditures incurred by the Company for measures undertaken following the September 11, 2001 terrorist attacks, including increased security at certain critical facilities, such as the Wolf Creek plant, to ensure the safety of Company personnel and equipment and the continuation of reliable electric service.

Q: Why are these costs being discussed in the current rate case?

A: In 2004, the Company recommended to the then KCC Director of the Utilities Division that the appropriate mechanism to address enhanced security costs was to defer those costs through the establishment of a regulatory asset. The recovery of those costs would then be requested in future rate proceedings. By letter dated December 30, 2004, the Director indicated agreement with the accounting procedure proposed by the Company. The Stipulation and Agreement in Docket No. 06-KCPE-828-RTS ("828 S&A") reaffirmed deferral of such costs incurred through December 31, 2006, and inclusion of the unamortized deferred costs in rate base.

Q: Do these costs include expenditures that would otherwise be classified as Plant in Service?

A: No, costs that are properly classified as Plant in Service have been excluded from the deferred account.

Q: What amortization period was established for these deferred costs?

A: In accordance with the 828 S&A, these costs are being amortized over five years, commencing January 1, 2007 and ending December 31, 2011 (the end of the test year in the current rate case).

Q: Does test year cost of service reflect a full year's amortization expense?

A: The amortization expense was recorded on the books in the test year. We made an adjustment to remove these costs from cost of service in this rate case since the Company will have fully recovered the amortized costs by the time new rates become effective in the current rate case. Test year cost of service does include ongoing security costs incurred during the test year.

ADJUSTMENT RB-70 – CUSTOMER DEPOSITS

Q: Please explain adjustment RB-70.

A: We examined customer deposit balances for Kansas customers from December 2010 through December 2011. We observed that the balance declined during this period. Therefore, we used the December 2011 balance in rate base.

ADJUSTMENT RB-71 – CUSTOMER ADVANCES

Q: Please explain adjustment RB-71.

A: We examined customer advance balances for Kansas customers from December 2010 through December 2011 and observed that the balance declined during this period. Therefore, we used the December 2011 balance in rate base.

ADJUSTMENT RB-72 – MATERIALS AND SUPPLIES

Q: Please explain adjustment RB-72.

A: We reviewed the individual Materials and Supplies category balances during the period December 2010 through December 2011 to determine if there had been a discernible trend, either upward or downward. For categories where a trend was noted, the test year-end balance was not adjusted. Otherwise, a thirteen-month average was used.

ADJUSTMENT RB-75 – NUCLEAR FUEL INVENTORY

Q: Please explain adjustment RB-75.

A: We normalized the nuclear fuel inventory balance based on an eighteen-month average, to coincide with the 18-month Wolf Creek refueling cycle. Nuclear fuel inventory balances increase significantly at the time of a refueling outage and then decrease systematically until the next refueling outage. An averaging method minimizes these fluctuations.

Q: What period was used for the eighteen-month averaging?

A: We used the period January 2011 through June 2012.

Q: Did the Staff use eighteen-month averaging for nuclear fuel inventories in all of the rate cases under the Regulatory Plan?

A: Yes, they did.

CASH WORKING CAPITAL

Q: Please discuss Cash Working Capital.

A: Cash working capital ("CWC") is included in rate base as summarized on Schedule JPW-5. CWC is the amount of cash required by a utility to pay the day-to-day expenses incurred to provide utility service to its customers. A lead/lag study is generally used to analyze the cash inflows from payments received by the company and the cash outflows for disbursements paid by the company. When the utility receives payment from its retail customers for utility service less quickly than it makes disbursements for utility expenses the company has a positive CWC requirement. Conversely, when the utility receives payment from its retail customers for utility service more quickly than it makes the disbursements for utility expenses it has a negative CWC requirement.

Q: How did you determine the amount of CWC?

A: We applied lead/lag factors used consistently in the Company's previous rate cases to the appropriate cost of service amounts. The application of the individual lead/lag factors to applicable amounts is shown on Schedule JPW-5.

Q: Were any of the factors updated from those used in the 415 Docket?

A: We updated the retail revenue lag factor primarily to reflect the proper collection lag. The retail revenue factor used by the Company in this case was 26.18 days, made up of three components: service period lag, billing lag and collection lag. The service period lag was adjusted slightly to 15.25 days to reflect the 2012 leap year. The billing lag was retained in this case at 2.00 days. We reflected a change in the collection lag from 9.344 days in the 415 Docket to 8.93 days. This resulted in a total retail revenue lag of 26.18 days.

Q: Why was it necessary to update the collection lag?

A: The collection lag is a weighted value that reflects two components: 1) a zero-day lag for the percentage of receivables sold under KCP&L's Accounts Receivable facility (this facility is discussed later in this testimony (adjustment CS-78)); and 2) an average number of days outstanding for the percentage that is not sold. The percentage of receivables sold was revised from 58.45% in the 415 Docket to 65.54% in the current rate case. The average number of days that bills are outstanding was recalculated for the period January 1, 2011 to December 31, 2011, resulting in a revision from 22.49 days in the 415 Docket to 25.92 days in the current rate case.

Q: Did KCP&L make any other changes to the CWC lead/lag factors determined in the 415 Docket?

A: No, we did not.

Q: Are you aware of any changes in KCP&L's processes which would cause any of the other lead/lag factors to require modification from those used in the 415 Docket?

A: No, none that I am aware of. The processes have remained substantially unchanged.

Q: How were the resulting lead/lag factors used?

A: Lags for both revenues and payments were posted to Schedule JPW-5. On this schedule, the net revenue/payment lag for each payment group was calculated and the result was divided by 366 days to arrive at a net lead/lag factor. These factors were subsequently applied to the applicable Kansas jurisdictional cost of service amounts on Schedule JPW-5. The total resulting CWC amount was then carried forward to Schedule JPW-2 (rate base schedule).

ADJUSTMENT R-21 – FORFEITED DISCOUNTS

Q: Please explain adjustment R-21.

A: We normalized forfeited discounts by computing a Kansas-specific forfeited discount factor based on test period forfeited discounts and revenue and applying it to Kansas jurisdictional weather-normalized revenue.

ADJUSTMENT CS-11
OUT-OF- PERIOD ITEMS/MISCELLANEOUS ADJUSTMENTS

Q: Please explain adjustment CS-11.

A: We adjusted certain expense transactions recorded during the test year from the cost of service filing in this rate case. The following is a listing of the various components:

Eliminate 415 Docket rate case expense write-off: As discussed later in this testimony (adjustment CS-80), the Commission limited recovery of 415 Docket rate case costs. While KCP&L does not believe there was a finding of imprudence related to post-order 415 Docket-related regulatory expenses, rate case costs in excess of the allowed amount have been written off/expensed in 2010-2012. The 2011 write-off, totaling $1,536,789, including all costs related to the rate case expense proceeding under the 415 Docket, is included in test year expense; therefore, we made an adjustment to remove this write-off/expense from cost of service in this rate case.

Remove other charges from test year: The Company has identified certain costs recorded during the test year for which it is not seeking recovery in this rate proceeding, netting to about $3.7 million (a KCP&L total company amount). These costs primarily include non-recurring additional compensation, other outside services, lobbying costs, expense report charges, and the outgoing Chief Executive Officer’s test year compensation expenses. We believe the costs were ordinary and reasonable business expenses; however, we are not requesting recovery of these costs from customers in this case.

415 Docket regulatory assets/liabilities: KCP&L established various regulatory assets and liabilities as a result of the Commission’s Order in the 415 Docket. The net operating income impacts of these entries have been removed from cost of service in this rate case,

as such expenses or contra-expenses are not part of recurring operations. Similar CS-11 adjustments have been made in prior rate cases.

Miscellaneous coding corrections: The test year included corrections of coding errors made prior to the test year. Because the corrections related to prior period transactions, they have been removed from test year costs.

ADJUSTMENTS CS-4/CS-20 – BAD DEBT EXPENSE

Q: Please explain adjustment CS-4.

A: This adjustment is necessary to reflect the test year provision for bad debt expense recorded on the books of Kansas City Power & Light Receivables Company ("KCRec"), an affiliated company.

Q: Please explain adjustment CS-20.

A: In adjustment CS-20a we adjusted bad debt expense applicable to the weather-normalized revenues sponsored by Company witness Bradley D. Lutz (adjustment R-20) by applying a Kansas-specific net bad debt write-off factor to Kansas weather-normalized revenue. In adjustment CS-20b, we established bad debt expense for the requested revenue adjustment in this rate case, again using the bad debt write-off factor.

Q: How was the bad debt write-off factor determined?

A: We examined net bad debt write-offs on a Kansas-specific basis as compared to the applicable revenues that resulted in the bad debts.

Q: Over what period was this experience analyzed?

A: Net bad debt write-offs were for the test year January 2011 through December 2011, while the related retail revenue was for the twelve-month period July 2010 through June 2011.

Q: Why were different periods used for the calculation?

A: There is a significant time lag between the date that revenue is recorded and the date that any resulting bad debt write-off is recorded, time spent on various collection efforts. While the time expended can vary depending on circumstances, we assumed a six-month lag, representing the standard time span between when a customer is first billed and the time when an account is disconnected and the receivable subsequently written off.

Q: The term "net" write-offs is used. What does it mean?

A: This term refers to accounts written off less recoveries received on accounts previously written off.

ADJUSTMENT CS-26 – ENERGY COST ADJUSTMENT

Q: Please explain adjustment CS-26.

A: We adjusted the various components of the ECA rider based on projections forming the basis of the Company's March 20, 2012 ECA filing, as revised. As discussed earlier in my testimony, the revenue requirement is not affected by these adjustments to the ECA components because Kansas jurisdictional revenue included in this filing includes ECA revenue equal to the sum of all adjusted Kansas jurisdictional ECA expenses. The ECA components are included in Schedule JPW-8 attached to this testimony.

ADJUSTMENT CS-36 – WOLF CREEK REFUELING OUTAGE

Q: Please explain adjustment CS-36.

A: As discussed earlier in this testimony (adjustment RB-75), the Wolf Creek nuclear generating station refueling cycle is normally about 18 months. The Company defers the operations and maintenance outage costs and amortizes the costs over the 18 months leading up to the next refueling. This adjustment annualizes the Wolf Creek refueling expense.

Q: Why is a refueling annualization adjustment necessary in this case?

A: The test period amortization includes a combination of the fall 2009 and the spring 2011 refueling outages. Annualized expense should reflect a level of amortization expense related entirely to the spring 2011 refueling outage, since that will be the level of expense recognized for most of 2012. The annualization adjustment results in a full year's amortization expense for that refueling.

ADJUSTMENT CS-50 – PAYROLL

Q: Please explain adjustment CS-50.

A: KCP&L annualized payroll expense based on the employee headcount as of December 31, 2011, multiplied by salary and wage rates expected to be in effect as of June 30, 2012.

Q: How were salary and wage rates determined?

A: Wage rates for bargaining (union) employees were based on contractual agreements. Salary rates for non-bargaining employees were based on annual salary adjustments expected to be in effect on June 30, 2012. Specifically, contractual changes for bargaining employees effective between January 1, 2012 and June 30, 2012 were recognized as was the non-bargaining employee salary changes effective during that same six-month time frame.

Q: Were amounts over and above base pay, such as overtime, premium pay, etc. included in the payroll annualization?

A: Yes, overtime was annualized at an amount equal to the average of the amounts incurred for the period 2009 through 2011, adjusted for labor escalations. Amounts incurred do not include overtime relating to the Wolf Creek refueling outage, which is deferred and amortized as discussed earlier in this testimony (adjustment CS-36). Additionally, 2011 overtime was adjusted to remove the impact of the 2011 Missouri River flooding. Amounts for other categories were included at test year levels.

Q: Does annualized payroll include payroll KCP&L billed to GMO and Great Plains Energy Incorporated?

A: The annualization process includes all payroll, since all employees are KCP&L employees. However, annualized payroll included in this rate proceeding was reduced by the amount that would be billed out to these affiliated companies.

Q: Was payroll expense associated with the Company's interest in the Wolf Creek generating station annualized in a similar manner?

A: Yes, it was.

Q: Does the payroll annualization adjustment take into consideration payroll billed to joint venture partners and payroll charged to capital?

A: Yes, the payroll annualization adjustment takes these factors into consideration.

Q: How was the payroll capitalization factor determined?

A: The Company used the test year payroll capitalization factor, as being representative of payroll capitalization going forward.

Q: Is the process used to calculate adjustment CS-50 the same process followed by the Company and by Staff in the 415 Docket?

A: Yes, it is.

Q: Does the Company's payroll annualization include the impact of the Organizational Realignment and Voluntary Separation ("ORVS") program?

A: Yes, the employee complement reduction and associated annualized payroll cost reduction discussed by Company witness Kelly Murphy in her Direct Testimony was factored into the payroll annualization.

Q: Does this mean that payroll cost in the current rate case will be less than payroll cost in the 415 Docket?

A: No, payroll cost varies between rate cases for several reasons, the primary one being salary and wage increases. Payroll costs in the current rate case are significantly lower than would otherwise be the case absent the ORVS program impact.

ADJUSTMENT CS-51 – INCENTIVE COMPENSATION

Q: Please explain adjustment CS-51.

A: KCP&L annualized incentive compensation based on the March 2012 payouts which represent incentive compensation earned during the test year 2011.

Q: Does this adjustment take into consideration incentive compensation billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes, based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Is the process used to calculate adjustment CS-51 the same process followed by the Company and by Staff in the 415 Docket?

A: Yes, it is.

Q: Does the Company's incentive compensation annualization include the impact of the ORVS program?

A; Yes, it does.

<u>ADJUSTMENT CS-52 – 401(k)</u>

Q: Please explain adjustment CS-52.

A: KCP&L adjusted 401(k) expense to an annualized level by applying the average matching percentage from the December 31, 2011 payroll to the operations and maintenance ("O&M") adjustment for annualized payroll (adjustment CS-50), excluding bargaining unit overtime, and including eligible incentive compensation (adjustment CS-51).

Q: Does this adjustment take into consideration 401(k) expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes**,** based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Is the process used to calculate adjustment CS-52 the same process followed by the Company and by Staff in the 415 Docket?

A: Yes, it is.

Q: Does the Company's 401(k) annualization include the impact of the ORVS program?

A; Yes, it does.

ADJUSTMENT CS-53 – PAYROLL TAXES

Q: Please explain adjustment CS-53.

A: The Company annualized Federal Insurance Contributions Act ("FICA") payroll tax expense by applying the average test year FICA percent (FICA expense/payroll expense) to the O&M portions of the annualized payroll adjustment (adjustment CS-50) and incentive compensation adjustment (adjustment CS-51).

Q: Does this adjustment take into consideration payroll tax expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes**,** based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Is the process used to calculate adjustment CS-53 the same process followed by the Company and by Staff in the 415 Docket?

A: Yes, it is.

Q: Does the Company's payroll tax annualization include the impact of the ORVS program?

A; Yes, it does.

ADJUSTMENT CS-60 – OTHER BENEFITS

Q: Please explain adjustment CS-60.

A: KCP&L annualized these costs based on projected costs for the six-month period ended June 30, 2012, multiplied by two to get an annual impact.

Q: What types of benefits are included in this category?

A: The most significant benefit is medical expense, which comprises about 80% of other benefit expense.

Q: Why didn't the Company annualize based on a combination of actual costs incurred for the six-month period ending December 31, 2011 and budgeted costs for the six-month period ended June 30, 2012.

A: Medical costs continue to increase year-over-year. In order to reflect this in our cost of service we have used the budgeted costs for the period January through June 2012 to annualize the increased 2012 cost level impacting KCP&L above test year levels reflected in 2011. The medical cost levels recorded are adjusted in January of each year to begin recording the new medical cost level impact on the Company for the upcoming calendar year. This new medical cost level is based on past claims analysis and actuarial analysis for a 12-month period which typically runs from July through June of the previous calendar years. Therefore, it is appropriate to annualize medical costs that are trending higher using the most current experience level of claims available, which is reflected in the January through June 2012 budgeted amounts. These projections are expected to be updated to actual June 30, 2012 figures through Staff's normal audit process.

Q: Does this adjustment take into consideration benefits expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes, based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Is the process used to calculate adjustment CS-60 the same process followed by the Company and by Staff in the 415 Docket?

A: Yes, it is.

Q: Does the Company's other benefits annualization include the impact of the ORVS program?

A: Yes, it does.

Q: Was other benefit expense associated with the Company's interest in the Wolf Creek generating station annualized in a similar manner?

A: Yes, it was.

<u>ADJUSTMENT CS-61 – OTHER POST-EMPLOYMENT BENEFITS</u>

Q: Please explain adjustment CS-61.

A: This adjustment consists of two components relating to the level of annualized Other Post-Employment Benefits ("OPEB") expense recognized in cost of service in this case and amounts to be recovered in future cases through amortization of regulatory assets or liabilities projected as of June 30, 2012. A third component reflects amortization of a prior OPEB-related regulatory asset existing at December 1, 2010. Additionally, I will discuss the application of a new OPEB-related tracker related to contributions made to the OPEB trusts.

Q: Please explain the first component.

A: In the first component, we annualized OPEB expense based on the most currently available actuarial reports. We expect to receive updated cost information from our actuaries during spring 2012 and this annualization should be updated at that time. OPEB expense primarily results from the provisions formerly referred to as Financial Accounting Standard No. 106 "*Employers' Accounting for Other Post Employment Benefits*", but may also include costs reflected under Financial Accounting Standard No. 88 "*Employers' Accounting for Settlements and Curtailments of Defined Benefit*

Pension Plans and for Termination Benefits" ("FAS 88"), which I discuss more fully later in my testimony (adjustment CS-65).

Q: Does the Company's OPEB annualization include the impact of the ORVS program?

A: Yes, it does.

Q: What is the amount of FAS 106 expense on a total company Kansas basis currently built into rates, excluding amortization of regulatory assets?

A: The amount currently built into rates is $8,177,978.

Q: What is the comparable level of FAS 106 expense on a total company Kansas basis included in cost of service for this case?

A: The comparable amount included in cost of service in this rate case is $7,595,959.

Q: Please explain the second component of adjustment CS-61.

A: Effective December 1, 2010, KCP&L initiated a new tracker, Tracker 1, for OPEB expense, as authorized in the Stipulation and Agreement in Docket No. 07-GIMX-1041-GIV ("1041 Docket"), or "1041 S&A", approved by the Commission on August 17, 2011. Tracker 1 reflects the difference between current period OPEB expense and expense included in rates, with the cumulative difference being amortized in the next case. Because OPEB expense decreased from the amount included in the 415 Docket, a regulatory liability was created and the amortization of the Kansas jurisdictional portion is reflected as a reduction in cost of service.

Q: What amortization period was used for this regulatory liability?

A: A three-year amortization period was used for the reasons discussed later in this testimony regarding the comparable pension-related Tracker 1 (adjustment CS-65).

Q: What will the balance for the OPEB-related Tracker 1 be at June 30, 2012?

A: The balance for Tracker 1 is projected to be ($792,828) on a total company Kansas basis. However, this projection will change after updated pension costs are received this spring from the Company's actuaries.

Q: Please explain the third component.

A: Since August 1, 2009, the Company has amortized a regulatory asset associated with certain re-measurement costs relating to the previous Financial Accounting Standard No. 158 "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*" ("FAS 158") authorized in the 246 Docket. Continuation of this amortization over the original five-year term was authorized in the 1041 Docket.

Q: Does adjustment CS-61 take into consideration OPEB expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes, based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Was OPEB expense associated with the Company's interest in the Wolf Creek generating station annualized in a similar manner?

A: Yes, it was.

Q: Please explain the tracker related to contributions.

A: The 1041 S&A authorized establishment of an OPEB-related Tracker 2 to recognize that KCP&L's share of actual contributions to its OPEB Trust could be greater than its required funding contribution for ratemaking purposes, as defined in the 1041 S&A. This Tracker is similar to the pension-related Tracker 2 which I discuss more fully later in this testimony (adjustment CS-65).

Q: Do you project a balance in the OPEB Tracker 2 as of June 30, 2012?

A: No. It is the Company's policy to fully fund in December of each calendar year the amount of OPEB costs determined by the Company's actuaries for that year. Consequently, we do not anticipate having a balance in Tracker 2 at the end of any calendar year.

Q: Is there any specific request that the Company is making regarding OPEB costs?

A: Yes. The Company requests that the balances at June 30, 2012 for Tracker 1 and Tracker 2 be specifically identified so as to establish the beginning amount to be used in the next rate proceeding. Additionally, KCP&L requests that the OPEB expense built into rates in this case (the first component above) be established.

ADJUSTMENT CS-65 – PENSIONS

Q: Please explain adjustment CS-65.

A: This adjustment consists of three components relating to the level of annualized pension expense recognized in cost of service in this case and amounts to be recovered in future cases through amortization of regulatory assets or liabilities projected as of June 30, 2012. It also includes amortization of prior pension-related regulatory assets existing at December 1, 2010. The adjustment relates to adjusting the previous Financial Accounting Standard No. 87 "*Employers' Accounting for Pensions*" ("FAS 87"), FAS 88, and FAS 158 pension expense for ratemaking purposes to an annualized level. As a result of the Financial Accounting Standards Board issuance of the Accounting Standards Codification ("ASC") in June 2009, the guidance for pensions formerly included within FAS 87, 88, and 158 is now included in the ASC within Topic 715, "*Compensation – Retirement Benefits.*" The components of the pension annualization include:

(a) Annualization of the Company's share of pension expense, net of amounts capitalized, relating to recurring pension costs as identified by the Company's actuaries;

(b) Amortization of Tracker 1: Consists of rolling forward the FAS 87 and FAS 88 regulatory assets included in Tracker 1 subsequent to December 1, 2010 to the projected June 30, 2012 balance and amortizing them over a reasonable period as previously authorized by the Commission; and

(c) Amortization of Regulatory Asset Balances as of December 1, 2010: Continue the scheduled amortization of the FAS 87, FAS 88 and FAS 158 regulatory asset balances as of December 1, 2010.

Additionally, I will discuss the roll forward of the Tracker 2 balance to the projected June 30, 2012 balance for future offset against required contributions.

Q: Do these pension adjustments take into consideration pension expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes, they do, based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Do these pension adjustments include the effects of the Company's interest in the Wolf Creek generating station pension plans?

A: Yes, they do.

Q: Please explain component (a) of the pension adjustment.

A: FAS 87 expense was annualized based on the most currently available information provided by the Company's actuarial firms. We expect to receive updated cost information from our actuaries during the spring of 2012 and this annualization should be updated at that time

Q: Was annualized pension expense determined in accordance with established regulatory practice?

A: Yes, the calculation was made in accordance with the methodology documented in the 1041 S&A.

Q: Does the Company's pension cost annualization include the impact of the ORVS program?

A: Yes, it does.

Q: What is the amount of FAS 87 expense on a total company Kansas basis currently built into rates, excluding amortization of regulatory assets?

A: The amount currently built into rates is $35,445,347.

Q: What is the comparable level of FAS 87 expense on a total company Kansas basis included in cost of service for this case?

A: The comparable amount included in cost of service in this rate case is $43,812,698.

Q: Is the FAS 87 expense provided by the Company's actuarial firms on a "KCP&L stand-alone" basis, or does it also include costs associated with GMO?

A: All employees are now KCP&L employees; therefore, the actuarial reports are on a consolidated basis (*i.e.*, KCP&L and GMO combined).

Q: How is the consolidated FAS 87 expense allocated to KCP&L to ensure that Kansas ratepayers are not paying for GMO costs?

A: The consolidated expense is allocated to each jurisdiction based on a labor allocation factor, consistent with the payroll annualization allocation discussed earlier in this testimony (adjustment CS-50).

Q: Does this approach properly consider unamortized gains and losses subsequent to the time GMO became part of the consolidated group (July 14, 2008)?

A: Yes, it does. However, a pension cost adjustment is necessary because the SJLP jurisdiction's pension benefits were better funded when the plans were merged than either KCP&L's or GMO's MPS jurisdiction's pension benefits. Company witness C. Kenneth Vogl discusses this adjustment in his Direct Testimony.

Q: Please explain component (b).

A: This adjustment was made to amortize the balance in the Tracker 1 regulatory asset, expressed on a total company Kansas basis, projected as of June 30, 2012

Q: What is the nature of this Tracker 1 regulatory asset?

A: In accordance with the provisions of the 1041 S&A, Tracker 1 was initiated December 1, 2010 for activity subsequent to that date. This regulatory asset represents the cumulative unamortized difference in FAS 87 and FAS 88 pension expense for ratemaking purposes (as discussed in component (a) above) and pension expense built into rates during the corresponding periods.

Q: When was the beginning point for accumulating this difference in FAS 87 and FAS 88 pension expense for ratemaking purposes and FAS 87 and FAS 88 pension expense built into rates?

A: The 1041 S&A specified the accumulation was to begin December 1, 2010.

Q: How was the Tracker 1 regulatory asset rolled forward to June 30, 2012?

A: The Tracker 1 pension regulatory asset was $0 at December 1, 2010. It was adjusted by the projected difference between actual pension expense per the Company's actuaries and pension expense included in rates for the period December 1, 2010 through June 30, 2012. The projected Tracker 1 balance was then amortized over three years.

Q: Why was a three-year amortization used for the Tracker 1 regulatory asset?

A: The 1041 S&A specified that the Pension Tracker 1 regulatory assets are to be amortized over a reasonable period of time not to exceed five years. KCP&L's proposed three-year amortization period for this regulatory asset mirrors the Tracker 1 amortization period Westar proposed in its most recent docket, Docket No. 12-WSEE-112-RTS. During the pendency of the 1041 Docket and in the 415 Docket the Commission expressed an interest in KCP&L's regulatory recovery of pension costs being consistent with that of Westar.

Q: Are there any other reasons why a three-year amortization period is more logical than a longer amortization period?

A: Yes. The 1041 S&A did not allow the Company to include its pension regulatory assets in rate base, as was allowed under the Regulatory Plan. Therefore, KCP&L incurs a carrying cost by not being allowed a return on unamortized costs, and a shorter amortization period partially mitigates this regulatory lag impact.

Q: What is FAS 88?

A: FAS 88 is a previous financial accounting standard that addresses, among other issues, accounting for settlement of defined benefit plan obligations and curtailments of defined benefit plans.

Q: How is FAS 88 expense determined?

A: FAS 88 expense is based on information provided by the Company's actuarial firms. KCP&L share of such expense is determined in the same manner that its share of FAS 87 expense is determined.

Q: What is the nature of the FAS 88 regulatory asset amortization in this case?

A: The Company has experienced two FAS 88 regulatory assets. First, the Stipulation and Agreement in Docket No. 07-KCPE-905-RTS ("905 Docket"), or "905 S&A," established a $22.6 million FAS 88 regulatory asset ($10.2 million Kansas jurisdictional), after allocation to joint partners, to be amortized over five years. The 2012 calendar year will include the final year of amortization of this regulatory asset. Therefore, we have not included any amortization of this regulatory asset in the current rate case.

Q: Please explain the second FAS 88 regulatory asset.

A: As a result of the Company's ORVS program, KCP&L in 2011 incurred FAS 88 costs that are being amortized over three years through amortization of Tracker 1.

Q: Is the Tracker 1 regulatory asset properly includable in rate base?

A: No, the Commission did not authorize rate base inclusion in the 1041 Docket.

Q: Please explain component (c).

A: The 1041 S&A authorized the Company to continue the scheduled amortization of unamortized balances of pension–related regulatory assets existing as of December 1, 2010.

Q: What was the nature of these regulatory assets?

A: The Company has been amortizing three regulatory assets, relating to a FAS 87 tracker authorized in the Regulatory Plan, the FAS 88 event authorized in the 905 Docket and the FAS 158 regulatory asset authorized in the 246 Docket. As discussed above, the FAS 88 regulatory asset was fully amortized as of December 31, 2012 and is not a factor in the annualized pension expense in this proceeding.

Q: Please describe the FAS 87 regulatory asset existing at December 1, 2010.

A: The Regulatory Plan established a regulatory asset representing the cumulative difference in FAS 87 pension costs for ratemaking purposes and pension costs built into rates during the corresponding periods. The regulatory asset was initiated January 1, 2005 but was replaced by Tracker 1, which became effective on December 1, 2010. In both the 415 Docket and the 1041 Docket, the Company was authorized to amortize the remaining balance over the next five years beginning December 1, 2010.

Q: What is the nature of the FAS 158 regulatory asset?

A: FAS 158 required the Company to convert its measurement date from September 30, 2008 to December 31, 2008. As a result, KCP&L incurred a catch up of three months of additional pension and OPEB expense in 2008. The Company has included a five-year amortization of those additional costs in its pension adjustment (CS-65, component (c)) and its OPEB adjustment (adjustment CS-61, discussed earlier in this testimony).

Q: Has the Commission authorized the Company to include the unamortized balance of these prior FAS 87 and FAS 158 regulatory assets in rate base?

A: No, these amounts are not authorized to be included in rate base subsequent to the 415 Docket.

Q: What will the balance for the pension-related Tracker 1 be at June 30, 2012?

A: The balance for Tracker 1 is projected to be $18,160,361 on a total company Kansas basis. However, this projection will change after updated pension costs are received this spring from the Company's actuaries.

Q: Please explain Tracker 2.

A: The 1041 S&A authorized establishment of Tracker 2 to recognize that KCP&L's share of actual contributions to its pension Trusts required by law may be greater than its required funding contribution for ratemaking purposes, as defined in the S&A. When KCP&L's share of actual contributions exceeds its required funding level, the Company reflects the excess in an off-book schedule that tracks the amount that KCP&L has prepaid for ratemaking purposes. The Company may use this prepayment to offset or partially offset cash contributions in future years that would be required for ratemaking purposes but would not be necessary to meet contributions required by law. Although Tracker 2 does not have an impact on pension expense included in cost of service, the schedule must be rolled forward in each case in order to establish the amount that is available in future periods.

Q: What will the balance for the pension-related Tracker 2 be at June 30, 2012?

A: The balance for Tracker 2 is projected to be $17,190,156 on a total company Kansas basis. However this projection is based on estimates of both the 2012 pension costs and contributions during 2012. It will change after updated pension costs are received this spring from the Company's actuaries and actual contributions have been completed.

Q: Does the Company report the balances in Tracker 1 and Tracker 2 other than in a rate case proceeding?

A: Yes. The Company is required to submit an annual report to both the Staff and to CURB. The Company's first such annual report, identifying the balances in Tracker1 and Tracker 2 as of December 31, 2011, on a total company Kansas basis, was submitted on March 7, 2012.

Q: Is there any specific request that the Company is making regarding pension costs?

A: Yes. The Company requests that the balances at June 30, 2012 for Tracker 1 and Tracker 2 be specifically identified so as to establish the beginning amount to be used in the next rate proceeding. Additionally, KCP&L requests that the pension expense built into rates in this case (component (a) above) be established.

ADJUSTMENT CS-70 – INSURANCE

Q: Please explain adjustment CS-70.

A: We annualized insurance costs based on premiums projected to be in effect on June 30, 2012. These premiums include the following types of coverage: property, directors and officers, workers' compensation, bonds, fiduciary liability, general and excess liability, crime, and auto liability.

Q: Does this adjustment take into consideration insurance billed to joint venture partners and affiliated companies?

A: Yes, it does.

ADJUSTMENT CS-71 – INJURIES AND DAMAGES

Q: Please explain adjustment CS-71.

A: We normalized Injuries and Damages ("I&D") costs based on average payout history during the period 2009 through 2011, as reflected by amounts relieved from FERC account 228.2. This account captures all accrued claims for general liability, worker's compensation, property damage, and auto liability costs. The expenses are included in FERC account 925 as the costs are accrued. The liability reserve is relieved when claims are paid under these four categories.

Q: Does account 925 also include costs charged directly to that account?

A: Yes, for smaller dollar claims. We normalized these expenses over the same time period as the larger claims.

Q: Why was a multi-year average chosen?

A: I&D claims and settlements of these claims can vary significantly from year-to-year. A period of three years was used to establish an appropriate on-going level of this expense by leveling out fluctuations in the payouts from the reserve account that can exist from one year to the next depending on claims activity and settlements.

ADJUSTMENTS CS-10/CS-76 – CUSTOMER DEPOSIT INTEREST

Q: Please explain adjustment CS-10.

A: This adjustment is necessary to include test year customer deposit interest from Kansas customers in cost of service.

Q: Please explain adjustment CS-76.

A: We annualized customer deposit interest based on the Commission's authorized interest rate in Docket No. 98-GIMX-348-GIV, currently set at 0.120%.

Q: What customer deposit balance was this interest rate applied to?

A: The interest rate was applied to the Kansas customer deposit balance determined in adjustment RB-70, discussed earlier in this testimony.

ADJUSTMENT CS-77 – CREDIT CARD PROGRAM

Q: Please explain adjustment CS-77.

A: KCP&L annualized credit card program expenses based on participation levels and costs anticipated at June 30, 2012.

Q: What is the status of KCP&L's credit card payment program?

A: KCP&L began offering credit card payment options to its residential customers in 2007, initially with submission and processing through its interactive voice response system. Also, a one-time payment option was added later that year through KCP&L's website. In February, 2008, the Company offered a recurring credit card payment option with enrollment through its website. Since that time participation levels have steadily increased, with credit/debit card payments representing over 13% of all payments in KCP&L's territory at the end of 2011.

ADJUSTMENTS CS-9/CS-78 – ACCOUNTS RECEIVABLE SALES FEES

Q: Please explain adjustments CS-9 and CS-78.

A: Bank fees are first included in cost of service through adjustment CS-9, wherein fees incurred during the test year by KCRec are reflected. The Company then annualized these fees by multiplying the projected June 2012 fees by twelve to get an annual impact. The projected June 2012 fees were determined by (a) calculating monthly interest, based upon the rate in effect at December 31, 2011, applicable to the monthly advance amount of $110 million established in the accounts receivable sales agreement renegotiated in

September 2011; (b) calculating the monthly Program Fee based on this monthly advance amount and a Program Fee Rate of 85 bps (the applicable level for the accounts receivable securitization in the renegotiated agreement in effect at December 31, 2011); and (c) calculating the monthly Commitment Fee based upon a fee rate of 25 basis points ("bps") (again, the applicable level in the renegotiated agreement in effect at December 31, 2011). The sum of (a), (b), and (c) represents the total projected bank fees for the twelve months ended June 30, 2012.

ADJUSTMENT CS-80 – RATE CASE COSTS

Q: Please explain adjustment CS-80.

A: We annualized rate case costs by including an amortization of costs incurred in prior rate cases that have not yet been fully amortized and by including amortization of projected costs for this rate case.

Q: Why are rate case costs being deferred?

A: Expenses incurred for each Kansas rate case are deferred in a regulatory asset and amortized over a specified number of years, consistent with the ratemaking treatment in previous cases before the Commission.

Q: What amortization period is used for these deferred costs?

A: Unamortized costs related to prior rate cases are being amortized in total (not vintaged) in accordance with the Commission's Order in the 415 Docket, with one exception. The Commission allowed recovery of an additional $253,120 of 415 Docket rate case costs in its Order on Rate Case Expense issued on January 18, 2012 ("January 18, 2012 Order"), and in accordance with that Order those incremental costs are being amortized over three years beginning February 2012.

Q: Has the Company written off its 415 Docket rate case costs in excess of the amount allowed by the Commission in the January 18, 2012 Order?

A: Yes, those amounts have been written off, mostly in 2010 and 2011.

Q: Is the 2011 write-off included in cost of service in this rate case, since 2011 is the test year in this case?

A: No, this write-off was removed from cost of service in this case, as discussed earlier in this testimony (adjustment CS-11).

Q: What amortization period is used for projected rate case costs in this rate case?

A: We have used a three-year amortization period, as the Company anticipates filing another rate case in 2014/2015 to incorporate the projected June 2015 in-service date of the La Cgyne Environmental Project. As discussed in the Direct Testimony of Company witness Darrin R. Ives, KCP&L is also requesting the Commission grant its request for an abbreviated rate case following the conclusion of this case, specifically for inclusion of additional La Cygne CWIP in the Company's Kansas rates.

Q: How was rate case cost related to the current rate proceeding estimated?

A: The Company estimated costs based on consultants and attorneys we anticipate will be used in this case and based on the scope of work anticipated. In addition, KCP&L attempted to estimate Staff and CURB billings related to this rate case, although those costs are beyond the control of the Company and difficult to estimate.

Q: In making this estimate did KCP&L anticipate a full rate case, including hearings, briefs, etc., as opposed to a settled case?

A: Yes, a full rate case was assumed. However, the estimate only anticipates a level of activity expected in a rate case that does not present uncommon issues or potential intervener activity not normally confronted in a standard rate case.

Q: What is the amount of the projected rate case costs for this case?

A: We projected $2.5 million, as reflected on Schedule JPW-9. This schedule lists the projected costs by vendor. It should be noted that the estimated costs will vary depending on the number and complexity of contested issues, the number of interveners, whether the case is settled or not, and other such variables in this case.

Q: Does the Company have a process in place to control rate case costs?

A: Yes, KCP&L has a process in place to control rate case costs, as documented in the flowchart shown in Schedule JPW-10.

Q: Does the Company have any requests of the Commission regarding rate case expense?

A: Yes, KCP&L requests that the Commission authorize the Company to record any rate case costs in excess of those included in determining rates in this rate case, if any, to a regulatory asset, with the disposition of those costs to be determined by the Commission in KCP&L's next general rate case.

ADJUSTMENT CS-85 – REGULATORY ASSESSMENTS

Q: Please explain adjustment CS-85.

A: Kansas Staff and CURB assessments in this case were set based on actual 2011 assessments, excluding rate case assessments as noted above related specifically to the 415 Docket. Therefore, test year expense is properly stated and requires no adjustment.

ADJUSTMENT CS-90 – ADVERTISING

Q: Please explain adjustment CS-90.

A: The Company eliminated from the test year all advertising expenses coded to FERC accounts 908, 909, 913 and 930100 that related to institutional or image advertising.

Q: With this elimination what types of advertising are still included in test year cost of service?

A: The primary types still remaining include safety, customer assistance, and energy efficiency.

ADJUSTMENT CS-92 – DUES AND DONATIONS

Q: Please explain adjustment CS-92.

A: Consistent with Staff's past practice in rate cases under the Regulatory Plan and consistent with K.S.A. 66-101f(a), we have eliminated from cost of service 50% of utility dues, and adjusted cost of service to include 50% of total Company donations and contributions to charitable, civic and social organizations and entities.

ADJUSTMENT CS-96 – MERGER TRANSITION AMORTIZATION

Q: Please explain adjustment CS-96.

A: In accordance with the merger agreement in Docket No. 07-KCPE-1064-ACQ, KCP&L was authorized to recover $10 million of transition costs over a five-year period. Such amortization began in December 2010 with the effective date of new rates in the 415 Docket. The test year cost of service reflects a full year's amortization expense; therefore, net operating income is properly stated and requires no adjustment.

ADJUSTMENT CS-100 – ENERGY EFFICIENCY RIDER

Q: Please explain adjustment CS-100.

A: This adjustment annualizes the EE rider costs.

Q: Please explain the EE rider.

A: The 905 S&A stated that demand-side management ("DSM") costs incurred subsequent to June 30, 2006 would be recovered through an EE rider. KCP&L's request for a rider was approved by the Commission in Docket No. 08-KCPE-802-TAR; annual filings thereafter update the factors for the prior year DSM expenses.

Q: Why are these costs being deferred?

A: In accordance with the 1025 S&A, the Company established a regulatory asset to accumulate DSM costs as incurred during the five-year period beginning in 2005. As a result of the Order approving the 905 S&A, the deferral was subsequently adjusted to include only costs incurred after July 1, 2006. An EE rider was developed and became effective July 1, 2008. Subsequent to its implementation, the EE rider has been adjusted annually effective July 1 of each year to recover costs deferred during the prior calendar period.

Q: How was the EE rider annualization determined?

A: We annualized the cost based on actual 2011 EE costs, which will be the basis for the new EE rider rate effective July 1, 2012 filed in Docket No. 12-KCPE-729-TAR.

Q: Will this adjustment affect revenue requirements in this rate proceeding?

A: No, the revenue requirement is not affected by this adjustment because revenue included in this filing includes EE rider revenue equal to the annualized EE rider amortization expense, similar to the method used for ECA costs discussed earlier in this testimony (adjustment CS-26).

ADJUSTMENT CS-101 – TALENT ASSESSMENT

Q: Please explain adjustment CS-101.

A: The 828 S&A specified that outside consultant costs associated with the 2006 talent assessment program should be deferred to a regulatory asset, with no rate base treatment, and amortized over ten years beginning January 1, 2007. The 905 S&A authorized a ten-year amortization of the severance and outplacement costs associated with this assessment program beginning January 1, 2008. The test year cost of service reflects a full year's amortization expense of both of those components; therefore, net operating income is properly stated and requires no adjustment.

ADJUSTMENT CS-102 – EMPLOYMENT AUGMENTATION

Q: Please explain adjustment CS-102.

A: In the 905 S&A, KCP&L was authorized to establish a regulatory asset, with no rate base treatment for certain employment augmentation expenses and was authorized to amortize this regulatory asset over ten years commencing January 1, 2008. The test year cost of service reflects a full year's amortization; therefore, net operating income is properly stated and requires no adjustment.

ADJUSTMENT CS-109 – LEASES

Q: Please explain adjustment CS-109.

A: There are two components of this adjustment. First, we annualized corporate headquarters lease costs, including rent, parking and electricity. The annualized expense was calculated as twelve times the monthly cost expected to be in effect on June 30, 2012.

Q: What was the second component?

A: In the 415 Docket, KCP&L agreed to establish a regulatory liability for lease costs that would not be incurred during an "abatement period" recognized in the lease and which ended June 2010. These costs were to be returned to ratepayers over a five-year period beginning with the effective date of new rates in that case. The test year does not include a full twelve months of amortization; thus the need for this component of adjustment CS-109.

ADJUSTMENT CS-115 – LEGAL FEE REIMBURSEMENT

Q: Please explain adjustment CS-115.

A: This adjustment relates to two reimbursements. First, the Company received a reimbursement during the fourth quarter 2008 for legal fees incurred during 2006-2008 on a personal injury claim. Since the legal fees were included in test years used for various Regulatory Plan rate cases, KCP&L proposed in the 415 Docket, and no party opposed, that the proper regulatory treatment of this reimbursement was to record a regulatory liability to return the proceeds to ratepayers over a three-year period. This recovery period was selected because the expenses were incurred and recovered by the Company in its retail rates over approximately this same time period. The test year cost of service reflects a full year's amortization of this regulatory liability; therefore, net operating income is properly stated and requires no adjustment.

Q: Please explain the second component.

A: The Company received a reimbursement during the fourth quarter 2010 for legal fees incurred during 2007-2010 on a personal injury claim. Consistent with the 2008 reimbursement, KCP&L proposes and has incorporated into cost of service in this rate case a three-year amortization of that reimbursement.

ADJUSTMENT CS-120 – DEPRECIATION

Q: Please explain adjustment CS-120.

A: We annualized depreciation expense by applying jurisdictional depreciation rates to adjusted plant in service balances. The production and general plant depreciation rates used in the annualization are those included in the depreciation study sponsored by Company witness Dane A. Watson in his Direct Testimony filed in this docket. The transmission and distribution depreciation rates are those authorized by the Commission in the 415 Docket, as explained further by Mr. Ives in his Direct Testimony.

ADJUSTMENT CS-121 – AMORTIZATION

Q: Please explain adjustment CS-121.

A: We annualized amortization expense, including computer software, land rights and leasehold improvements, by multiplying December 2011 amortization expense on a Kansas jurisdictional basis by twelve to arrive at an annualized level. To this amount was added amortization expense on projected Intangible plant net additions for the period January 2012 through June 2012. For Kansas ratemaking, the cost of land rights is not recoverable; therefore, test year financial amounts were reversed.

Q: What amortization periods were used to amortize these intangible assets?

A: Computer software, the most significant intangible asset, was amortized on either a five or ten year amortization period, depending on the nature of the asset. Leasehold amortization was based on the length of the lease. Accumulated amortization is tracked for each individual intangible asset so that the net book value does not go negative.

Q: KCP&L classifies certain equipment as intangible assets. Why is this and how are these assets amortized?

A: KCP&L possesses the right to use/operate certain equipment for which it paid but did not retain legal ownership. These rights are classified as intangible assets, but are depreciated using the appropriate depreciation rate for similar equipment owned by the Company. For example, communication equipment that KCP&L does not legally own but for which it has a right to use/operate is classified as an intangible asset but is depreciated using the depreciation rate for Account 397, Communication Equipment.

Q: Are the amortization methods described in this section of the testimony and used in this rate proceeding consistent with the Company's past practice?

A: Yes, they are.

Q: What specific Commission action does the Company request in regard to amortization expense?

A: KCP&L requests the Commission to approve the continued use of the following methods to amortize Intangible Plant: (i) Computer software- amortize over five or ten years depending on the nature of the asset; (ii) leasehold improvements- amortize over the remaining lease term; and (iii) rights to use equipment that the Company does not owndepreciate using the depreciation rate the Commission authorizes in this rate proceeding for similar equipment owned by the Company.

ADJUSTMENT CS-122 – UNRECOVERED GENERAL PLANT

Q: Please explain adjustment CS-122.

A: In the 415 Docket KCP&L proposed, and no party opposed, a ten-year amortization of unrecovered general plant. In prior years the Company's general plant depreciation rates had been too low, most notably for Communications Equipment (FERC plant account 397), and it was necessary to include in cost of service an amortization of this prior under-recovery. The test year cost of service reflects a full year's amortization; therefore, net operating income is properly stated and requires no adjustment.

ADJUSTMENT CS-126 – PROPERTY TAXES

Q: Please explain adjustment CS-126.

A: KCP&L implemented a property tax surcharge rider on February 1, 2012 in accordance with the Commission's Order in Docket No. 12-KCPE-452-TAR. The surcharge authorized in that Order was based on 2011 property tax expense charged to O&M accounts of $73,741,413 (a total KCP&L amount, not Kansas jurisdictional). Since the test year in this rate case is also 2011, we have included in cost of service in this case this same 2011 expense amount.

Q: Will including this amount in the Company's rate base double count (or double collect) this increase in property taxes from customers?

A: No. The Company's property tax surcharge rider is reset each year to recover only the incremental increase or decrease from the amount of property tax included in base rates.

The effective date of the rates in this case corresponds closely to the timing when the Company's property tax surcharge rider will be reset.

Q: Does KCP&L have any requests of the Commission related to property tax expense?

A: Yes, the Company requests that the Commission re-base property tax expense in this rate case at $73,741,413 (total KCP&L) for purposes of KCP&L's property tax surcharge rider.

Q: Does that conclude your testimony?

A: Yes, it does.

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

In the Matter of the Application of Kansas City Power & Light Company to Make Certain Changes in Its Charges for Electric Service	))))	Docket No.: 12-KCPE- -RTS

AFFIDAVIT OF JOHN P. WEISENSEE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

John P. Weisensee, being first duly sworn on his oath, states:

1. My name is John P. Weisensee. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Regulatory Affairs Manager.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of fifty-three (53) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

John P. Weisensee
John P. Weisensee

Subscribed and sworn before me this 18th day of April, 2012.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2015

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2015
Commission Number: 11391200

Kansas City Power & Light Company
2012 RATE CASE - Direct Filing
Kansas Jurisdiction
TY 12/31/11; known & measurable through 6/30/12

Revenue Requirement

Line No.	Description	8.571% Return
	A	B
1	Net Orig Cost of Rate Base (Sch 2)	$ 1,820,789,380
2	Rate of Return	8.571%
3	Net Operating Income Requirement	$ 156,063,499
4	Net Income Available (Sch 9)	117,647,212
5	Additional NOIBT Needed	38,416,288
6	Additional Current Tax Required	25,134,240
7	Gross Revenue Requirement	$ 63,550,528

Kansas City Power & Light Company
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Rate Base

Line No.	Description	Amount	Witness	Adj No.
	A	B	C	D
1	Total Plant :			
2	Total Plant in Service - Schedule 3	3,580,662,063	Weisensee	RB-20
3	Subtract from Total Plant:			
4	Depreciation Reserve - Schedule 6	1,475,959,584	Weisensee	RB-30
5	Net (Plant in Service)	2,104,702,479		
6	Add to Net Plant:			
7	Cash Working Capital - Schedule 8	(30,446,243)	Weisensee	Model
8	Materials and Supplies - Schedule 12	46,378,830	Weisensee	RB-72
9	Prepayments - Schedule 12	4,822,802	Weisensee	RB-50
10	Fuel Inventory - Oil - Schedule 12	20,676,405	Blunk	RB-74
11	Fuel Inventory - Coal - Schedule 12	3,485,109	Blunk	RB-74
12	Fuel Inventory - Additives - Schedule 12	283,498	Blunk	RB-74
13	Fuel Inventory - Nuclear - Schedule 12	24,979,092	Weisensee	RB-75
14	Regulatory Asset - Iatan 1 and Com-KS	3,390,680	Weisensee	RB-25
15	CWIP - LaCygne Environmental	65,456,939	Weisensee	RB-21
16	Subtract from Net Plant:			
17	Cust Advances for Construction-KS	1,221,065	Weisensee	RB-71
18	Customer Deposits-KS	1,723,719	Weisensee	RB-70
19	Deferred Income Taxes - Schedule 13	385,668,582	Hardesty	RB-125
20	Def Gain on SO2 Emissions Allowances-KS	34,325,272	Weisensee	RB-55
21	Def Gain (Loss) Emissions Allow-Allocated	1,573	Weisensee	RB-55
22	Total Rate Base	1,820,789,380		

Kansas City Power & Light Company
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Income Statement

Line No.	Description	Total Company	Adjustment	Adjusted Total Comany	Adjusted Jurisdictional
	A	B	C	D	F
1	Operating Revenue	1,558,265,702	(42,068,158)	1,516,197,544	697,525,681
2	Operating & Maintenance Expenses:				
3	Production	601,881,701	29,945,633	631,827,334	275,783,307
4	Transmission	36,553,966	10,350,122	46,904,088	21,754,585
5	Distribution	48,282,127	1,163,018	49,445,145	22,865,637
6	Customer Accounting	18,655,015	11,104,407	29,759,422	12,184,281
7	Customer Services	14,910,950	3,895,742	18,806,692	7,736,904
8	Sales	526,697	(43,462)	483,235	227,597
9	A & G Expenses	173,703,808	(2,166,526)	171,537,282	78,677,755
10	Total O & M Expenses	894,514,265	54,248,934	948,763,198	419,230,067
11	Depreciation Expense	162,862,167	4,351,579	167,213,746	77,695,499
12	Amortization Expense	29,284,089	(13,907,432)	15,376,657	8,346,888
13	Taxes other than Income Tax	140,105,450	(53,859,476)	86,245,973	39,786,029
14	Net Operating Income before Tax	331,499,731	(32,901,762)	298,597,969	152,467,198
15	Income Taxes Current	(4,280,000)	32,710,151	28,430,151	20,456,699
16	Income Taxes Deferred	80,901,577	(47,605,348)	33,296,229	14,896,399
17	Investment Tax Credit	(1,450,715)	295,417	(1,155,298)	(533,111)
18	Total Taxes	75,170,862	(14,599,780)	60,571,082	34,819,987
19	Total Net Operating Income	256,328,869	(18,301,982)	238,026,887	117,647,212

Kansas City Power & Light Company
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Summary of Adjustments

Line No.	Adj No.	Description	Witness	Increase (Decrease)			
	A	B		D	E	F	G
1	JURISDICTIONAL COST OF SERVICE			Total Adjustments Incr (Decr)	Allocated Adjs Incr (Decr)	100% MO & Whsl Adjs (2) Incr (Decr)	100% KS Adjs Incr (Decr)
2	OPERATING REVENUE						
3	R-1	Remove Gross Receipts Tax revenue (MO only)	n/a	(55,616,622)		(55,616,622)	
4	R-11	Eliminate out-of-period revenue items	n/a	0	0		
5	R-20	Normalize retail revenues	Lutz	(8,468,477)		(1,195,449)	(7,273,028)
6	R-21	Adjust forfeited discounts	Weisensee	(17,976)		(2,623)	(15,353)
7	CS-26	ECA revenue	Weisensee	21,932,438	21,932,438		
8	R-77	Reverse book provision for return of bulk power margins in excess of 25th percentile, including interest (MO only) See R-78 for regulatory amortization	n/a	(23,421)		(23,421)	
9	R-78	Amortize bulk power margins in excess of 25th percentile (MO only)	n/a	125,900		125,900	
10				(42,068,158)	21,932,438	(56,712,215)	(7,288,381)
11	OPERATING EXPENSES						
12	CS-4	Reflect KCREC test year bad debt expense in KCP&L's COS	Weisensee	8,879,978		6,508,136	2,371,842
13	CS-9	Reflect KCREC test year bank commitment fees in KCP&L's COS	Weisensee	1,184,577	1,184,577		
14	CS-10	Reflect test year interest on customer deposits in COS	Weisensee	182,578		174,033	8,545
15	CS-11	Reverse prior period and non-recurring test year amounts.	Weisensee	(10,521,976)	(5,868,208)	(3,116,907)	(1,536,860)
16	CS-20a	Normalize bad debt expense related to test year revenue	Weisensee	435,123		305,250	129,873
17	CS-20b	Normalize bad debt expense related to jurisdictional "Ask" (KS only)	Weisensee	257,623			257,623
18	CS-26	ECA costs	Weisensee	31,818,768	31,818,768		
19	CS-36	Annualize Wolf Creek refueling outage amortization	Weisensee	6,477,392	6,477,392	0	
20	CS-37	Adjust Nuclear decommissioning expense	Clizer	0		0	0

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Summary of Adjustments

Line No.	Adj No.	Description	Witness	Increase (Decrease)			
	A	B		D	E	F	G
1	JURISDICTIONAL COST OF SERVICE			Total Adjustments	Allocated Adjs	100% MO & Whsl Adjs (2)	100% KS Adjs
				Incr (Decr)	Incr (Decr)	Incr (Decr)	Incr (Decr)
21	CS-44	Adjust cost of Economic Relief Pilot Program (ERPP) (MO only)	n/a	1,389,338		1,389,338	
22	CS-46	Normalize Security costs (KS only)	Weisensee	(1,097,909)			(1,097,909)
23	CS-48	Annualize non-labor O&M expenses for new Iatan 2 (MO only)	n/a	802,309		802,309	
24	CS-49	DFITS	Herdegen	1,005,278	1,005,278		
25	CS-50	Annualize salary and wage expense for changes in staffing levels and base pay rates	Weisensee	2,902,438	2,902,438		
26	CS-51	Normalize incentive compensation costs	Weisensee	(1,219,129)	(1,219,129)		
27	CS-52	Normalize 401(k) costs	Weisensee	19,798	19,798		
28	CS-55	Normalize ORVS costs	Murphy	(7,471,356)	(7,471,356)		
29	CS-60	Annualize other benefit costs	Weisensee	3,314,393	3,314,393		
30	CS-61	Annualize OPEB expense	Weisensee	(126,540)	(100,661)	(25,879)	
31	CS-65	Annualize FAS 87 and FAS 88 pension expense (incl SERP for KS basis)	Weisensee/Vogl	12,006,438	12,006,438		
32	CS-70	Annualize Insurance premiums	Weisensee	115,099	115,099		
33	CS-71	Normalize injuries and damages expense	Weisensee	(421,003)	(421,003)		
34	CS-74	Normalize Strategic Projects (MO only)	n/a	(399,832)		(399,832)	
35	CS-76	Annualize interest on customer deposits	Weisensee	(2,579)		3,898	(6,477)
36	CS-77	Annualize Customer Accounts expense for credit card payment costs	Weisensee	(36,817)	(36,817)		
37	CS-78	Annualize KCREC bank fees related to sale of receivables	Weisensee	139,611	139,611		
38	CS-80	Amortize rate case expenses	Weisensee	2,086,771		1,178,131	908,640
39	CS-85	Annualize regulatory assessments	Weisensee	156,051	0	156,051	0
40	CS-90	Remove Institutional & Image-Related advertising	Weisensee	(161,582)	(161,582)		
41	CS-91	Amortize advertising regulatory asset (MO only)	n/a	7,678		7,678	
42	CS-92	Adjust dues, donations and contributions	Weisensee	170,464	170,464		
43	CS-95	Amortize Merger transition costs (MO only)	n/a	1,289,601		1,289,601	
44	CS-96	Amortize Merger transition costs (KS only)	Weisensee	0			0

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Summary of Adjustments

Line No.	Adj No.	Description	Witness	Increase (Decrease)			
	A	B		D	E	F	G
1	JURISDICTIONAL COST OF SERVICE			Total Adjustments Incr (Decr)	Allocated Adjs Incr (Decr)	100% MO & Whsl Adjs (2) Incr (Decr)	100% KS Adjs Incr (Decr)
45	CS-100	Amortize DSM regulatory assets	Weisensee	1,415,236		4,129,157	(2,713,921)
46	CS-101	Amortize Talent Assessment severance and outplacement regulatory asset	Weisensee	(968,103)		(968,103)	0
47	CS-102	Amortize Employment Augmentation regulatory asset (KS only)	Weisensee	0			0
48	CS-104	Amortize R&D tax credit consulting fee regulatory asset (MO only)	n/a	0		0	
49	CS-109	Adjust Lease expense - Corporate Headquarters	Weisensee	57,127	165,408	(108,281)	
50	CS-115	Amortize Legal fee reimbursement	Weisensee	(692,619)		(440,754)	(251,865)
51	CS-116	Adjust Costs of Renewable Energy Standards (MO only)	n/a	890,784		890,784	
52	CS-120	Annualize depr exp based on jurisdictional depr rates applied to jurisdictional plant-in-service at indicated period - unit trains & transportation equipment	Weisensee	0	0		
53				53,885,005	44,040,906	11,774,608	(1,930,509)
54	**Depreciation Expense**						
55	CS-120	Annualize depreciation expense based on jurisdictional depreciation rates applied to jurisdictional plant-in-service at indicated period	Weisensee	4,351,579	4,351,579		
56				4,351,579	4,351,579	0	0
57	**Amortization Expense**						
58	CS-38	Remove test year additional amortization (MO only)	n/a	(14,482,813)		(14,482,813)	0
59	CS-111	Amortize Iatan 1/Common regulatory asset	Weisensee	233,780		219,726	14,054
60	CS-112	Amortize Iatan 2 regulatory asset (MO only)	n/a	350,473		350,473	
61	CS-121	Annualize plant amortization expense based on jurisdictional amortization rates applied to unamortized jurisdictional plant-in-service at indicated period	Weisensee	(8,872)	(8,872)		
62	CS-122	Amortize under-recovered general plant reserve for depreciation (KS only)	Weisensee	0			0

Kansas City Power & Light Company
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Summary of Adjustments

Line No.	Adj No. A	Description B	Witness	Increase (Decrease) D Total Adjustments Incr (Decr)	E Allocated Adjs Incr (Decr)	F 100% MO & Whsl Adjs (2) Incr (Decr)	G 100% KS Adjs Incr (Decr)
1	**JURISDICTIONAL COST OF SERVICE**						
63				(13,907,432)	(8,872)	(13,912,614)	14,054
64	**Taxes Other than Income**						
65	R-1	Remove Gross Receipts Tax expense (MO only)	n/a	(55,276,165)		(55,276,165)	
66	CS-18	Reverse test year Kansas City, Missouri Earnings tax (MO only)	n/a	39,711		39,711	
67	CS-53	Annualize FICA payroll tax expense	Weisensee	117,665	117,665		
68	CS-126	Adjust property tax expense	Weisensee	1,623,242	1,623,242		
69				(53,495,547)	1,740,907	(55,236,454)	0
70	**Income Tax Expense**						
71	CS-125	Reflect adjustments to Schedule 9, Allocation of Current and Deferred Income Taxes	Hardesty	(14,599,780)	(14,599,780)		
72				(14,599,780)	(14,599,780)	0	0
73		**Total Electric Oper. Expenses**		(23,766,176)	35,524,739	(57,374,460)	(1,916,455)
74		**Net Electric Operating Income**		(18,301,982)	(13,592,301)	662,245	(5,371,926)
				0	(0)		

(1) All amounts are total company; if an adjustment is applicable to only KS or MO it is so indicated
(2) These adjustments affect Missouri and Wholesale jurisdictions and are not discussed in testimony supporting the MIssouri rate case.

Kansas City Power & Light Company
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Cash Working Capital

Line No.	Account Description	Jurisdictional Test Year Expenses	Revenue Lag	Expense Lead	Net (Lead)/Lag (C) - (D)	Factor (Col E/366)	CWC Req (B) X (F)	
	A	B	C	D	E	F	G	
1	**Operations & Maintenance Expense**							
2	Gross Payroll excl Wolf Creek and Accrued Vac	57,658,640	26.18	14.44	11.74	0.0321	1,849,488	
3	Accrued Vacation	2,541,573	26.18	344.83	-318.65	-0.8706	(2,212,766)	
4	Wolf Creek Payroll	17,072,544	26.18	13.81	12.37	0.0338	577,015	
5	Nuclear Oper & Mtce, less fuel and payroll	25,012,926	26.18	13.81	12.37	0.0338	845,382	
6	Coal, Freight, Additives & Handling (non-labor)	121,770,013	0	0	0	0.0000	0	(a)
7	Purchased Gas	10,724,632	0	0	0	0.0000	0	(a)
8	Purchased Oil, excl Wolf Creek	3,839,400	0	0	0	0.0000	0	(a)
9	Nuclear Fuel	10,471,882	0	0	0	0.0000	0	(a)
10	Purchased Power	31,333,963	0	0	0	0.0000	0	(a)
11	Pension Expense	25,152,442	26.18	51.74	-25.56	-0.0698	(1,756,548)	
12	OPEBs	3,514,927	26.18	178.44	-152.26	-0.4160	(1,462,248)	
13	Cash Vouchers	110,137,125	26.18	39.15	-12.97	-0.0354	(3,902,947)	
14	Total Operation & Maintenance Expense	419,230,067					(6,062,624)	
15	**Taxes other than Income Taxes**							
16	FICA Taxes - Employer's	5,515,944	26.18	14.42	11.76	0.0321	177,234	
17	City Franchise Taxes	17,694,469	26.18	47.67	-21.49	-0.0587	(1,038,946)	
18	Ad Valorem / Property Taxes	27,953,122	26.18	200.42	-174.24	-0.4761	(13,307,519)	
19	Sales Taxes	25,354,929	26.18	24.24	1.94	0.0053	134,395	
20	Use Taxes	169,330	26.18	73.65	-47.47	-0.1297	(21,962)	
21	Total Taxes other than Income Taxes	76,687,794					(14,056,798)	
22	**Income Taxes**							
23	Current Income Taxes-Federal	15,893,887	26.18	45.63	-19.45	-0.0531	(844,634)	
24	Current Income Taxes-State	4,562,812	26.18	45.63	-19.45	-0.0531	(242,477)	
25	Total Income Taxes	20,456,699					(1,087,111)	
26	Misc Revenues incl Transmission for Others	(8,206,952)	26.18	36.88	(10.70)	-0.0292	239,930	
27	Bulk Power Sales	(74,691,901)	-	-	-	0	0	(a)
28	Interest Expense	57,471,396	26.18	86.55	(60.37)	-0.1649	(9,479,640)	
29	**Total Cash Working Capital Requirement**	490,947,102					**(30,446,243)**	

(a) ECA components were given a 0 day lag, consistent with prior cases

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Allocation Factors

Line No.	Jurisdiction Factors	Kansas	MO & Wholesale	Total
	A	B	C	D
1	**Jurisdiction Factors**			
2	Missouri Jurisdictional	0.0000%	100.000%	100.0000%
3	Kansas Jurisdictional	100.0000%	0.000%	100.0000%
4	Non Jurisdictional/Wholesale	0.0000%	100.000%	100.0000%
5	D1 - Demand (Capacity) Factor	46.3810%	53.619%	100.0000%
6	E1 - Energy Factor with Losses (E1)	42.2004%	57.800%	100.0000%
7	E2 - Energy Factor without Losses (E2)	42.0840%	57.916%	100.0000%
8	UE1 - Unused Energy Factor	46.8774%	53.123%	100.0000%
9	C1 - Customer - Elec (Retail only) (C1)	47.0992%	52.901%	100.0000%
10	C2 - Customer - Elec & Wholesale (C2)	47.0986%	52.901%	100.0000%
11	**Blended Factors (See Calculation Below)**			
12	Sal & Wg - Salaries & Wages w/o A&G	46.0760%	53.924%	100.0000%
13	PTD - Prod/Trsm/Dist Plant (excl Gen)	46.1449%	53.855%	100.0000%
14	Dist Plt - Weighted Situs Basis	45.6170%	54.383%	100.0000%
15	Total Plant without Wolf Creek	46.0876%	53.912%	100.0000%
16	Wolf Creek Plant	46.3810%	53.619%	100.0000%
17	**Situs Basis Plant used for Dist Depr Reserve**			
18	360 - Dist Land	56.2324%	43.768%	100.0000%
19	360 - Dist Land Rights	41.6689%	58.331%	100.0000%
20	361 - Dist Structures & Improvements	50.3276%	49.672%	100.0000%
21	362 - Distr Station Equipment	42.2366%	57.763%	100.0000%
22	362 - Distr Station Equip-Communication	45.2696%	54.730%	100.0000%
23	364 - Dist Poles, Towers & Fixtures	46.3378%	53.662%	100.0000%
24	365 - Dist Overhead Conductor	45.2785%	54.721%	100.0000%
25	366 - Dist Underground Circuits	41.4534%	58.547%	100.0000%
26	367 - Dist Underground Conduct & Devices	47.9910%	52.009%	100.0000%
27	368 - Dist Line Transformers	42.7411%	57.259%	100.0000%
28	369 - Dist Services	48.4040%	51.596%	100.0000%
29	370 - Dist Meters	45.7579%	54.242%	100.0000%
30	371 - Dist Customer Premise Installations	25.7867%	74.213%	100.0000%
31	373 - Dist Street Lights & Traffic Signals	71.7421%	28.258%	100.0000%

Kansas City Power & Light Company
Description of Allocators

NET ELECTRIC OPERATING INCOME

Revenues
Retail revenues are the revenues received from retail customers in Kansas and Missouri. Retail revenues are not allocated; rather, they are recorded by jurisdiction.

Miscellaneous revenues include forfeited discounts, miscellaneous services, rent from electric property, transmission service for others, and other electric revenues. These miscellaneous revenues are subdivided and, where possible, assigned directly to the jurisdiction where they are recorded. The miscellaneous revenues that are not directly assignable to a jurisdiction are grouped by functional categories and allocated on a basis consistent with that functional category.

Non-firm off-system sales margins are allocated based on an Unused Energy allocator.

The capacity and fixed cost components of firm bulk sales revenue are allocated based on the Demand allocator. The energy component of firm bulk sales revenue is allocated based on the Energy allocator.

Sales for resale revenue is revenue from the full-requirements firm wholesale customers under FERC jurisdiction. This revenue is assigned totally to the FERC jurisdiction.

Fuel & Purchased Power Cost
Fuel cost is allocated based on the Energy allocator.

The purchased power demand (capacity) component is allocated based on the Demand allocator, while the energy component is allocated based on the Energy allocator.

Non-Fuel Operations and Maintenance Costs
Production O&M cost is allocated consistent with the allocation of production plant.

Transmission O&M cost is allocated consistent with the allocation of transmission plant.

Distribution O&M cost is allocated consistent with the allocation of distribution plant.

Customer accounts expense is primarily allocated using the Customer allocator. The exception is that the uncollectible accounts expense and interest on Customer Deposits are assigned directly to the applicable jurisdiction.

Customer services and information expense is primarily allocated using the Customer allocator. The exception is that the amortization of Energy Efficiency/Demand Response costs are assigned directly to the applicable jurisdiction.

Sales expense is primarily allocated using the Customer allocator.

A&G expense is allocated using a number of methods depending on the cause of the cost. Salaries, employee benefits, and injuries and damages expenses are allocated based on the allocated sum of the labor portion of the production, transmission, distribution, customer accounts, customer services and information, and sales expenses described previously. Regulatory expenses are assigned directly to the applicable jurisdiction, with the exception of the FERC regulatory expense, which is allocated based on the Energy allocator. Amortization of other jurisdictional costs deferred as a result of prior regulatory orders are assigned directly to the applicable jurisdiction. Property insurance and General plant maintenance is allocated based on the composite allocation of production, distribution and transmission plant. Fleet expense is allocated based on the allocation of distribution plant. General advertising expense is allocated using the Customer allocator. The remaining A&G expenses are allocated using the Energy allocator.

Depreciation and Amortization Expenses
Depreciation and amortization expenses are allocated based on the allocation of the plant with which they are associated, with the exception of Amortizations as a result of a prior regulatory orders, which are assigned directly to the applicable jurisdiction.

Taxes
Non-Wolf Creek property tax is allocated based on Total Plant without Nuclear Plant and Wolf Creek property tax is allocated based on Nuclear plant only. Payroll tax is allocated based on the allocated sum of the labor portion of the production, transmission, distribution, customer accounts, customer services and information, and sales expenses. Other miscellaneous taxes are allocated based on the composite allocation of production, transmission and distribution plant.

Currently payable income tax is not allocated. Instead, currently payable income tax is calculated in the Revenue Requirement Model using the statutory tax rates for the appropriate jurisdiction and applying those rates to jurisdictional taxable income calculated in the Revenue Requirement Model. Deferred tax expense related to depreciation is calculated using the statutory federal and state tax rates for the appropriate jurisdiction and applying a composite tax rate to the jurisdictional difference between tax return depreciation and tax basis straight line depreciation reflected in the Revenue Requirement Model. Other deferred income tax expenses are allocated based on the composite allocation of production, transmission and distribution plant, with the exception of Amortizations as the result of prior regulatory orders are assigned directly to the applicable jurisdiction.

RATE BASE

Plant-in-Service and Reserve for Depreciation and Amortization

The Demand allocator is used to allocate production plant. The exception is for plant items that have been afforded different jurisdictional accounting treatment through past commission orders. Examples include the Iatan 1 and Iatan 2 plant disallowances. These items are assigned directly to the applicable jurisdiction.

Transmission plant cost is allocated using the Demand allocator.

Distribution plant cost is assigned based on physical location.

General plant cost is allocated based on the composite allocation of production, transmission, and distribution plant.

Intangible plant consists primarily of capitalized software, which is allocated based on the allocation factor considered most appropriate for the function of the software. For example, the customer information system is allocated based on the Customer allocation factor, whereas transmission-related software is allocated consistent with the allocation of Transmission plant.

The reserves for accumulated depreciation and amortization are allocated based on the allocation of the plant with which they are associated. The exception is for reserve items that have been afforded different jurisdictional accounting treatment through past commission orders. Examples include Additional Credit Ratio Amortizations which were assigned to specific reserve plant accounts in each jurisdiction differently and therefore are assigned directly to the applicable jurisdiction. Also, Kansas unrecovered reserve amounts are allocated directly to Kansas.

Working Capital
Cash working capital is not allocated. Instead, the CWC amounts are calculated in the Revenue Requirement Model by taking the net CWC factors and applying these factors to allocated jurisdictional amounts in the Revenue Requirement Model. Fuel inventory is allocated using the Energy allocator. Materials and supplies and prepayments are grouped by function and allocated based on allocations appropriate for the function of the M&S and prepayments.

Regulatory assets and Regulatory Liabilities
Regulatory assets and regulatory liabilities are assigned directly to the applicable jurisdiction.

Construction Work-in-Progress
Construction Work-in-Progress for the LaCgyne Environmental project is allocated based on Demand which is consistent with allocation of plant in-service production assets.

Accumulated Reserve for Deferred Taxes
The reserve is primarily allocated based on the allocation of plant with which it is associated. However, deferred tax reserve amounts that are associated with regulatory assets and liabilities are assigned directly to the applicable jurisdiction.

Customer Advances for Construction and the Customer Deposits
The customer advances for construction and the customer deposits are assigned directly to the applicable jurisdiction.

Kansas City Power & Light Company
2012 KS Rate Case - Direct Filing
TY 12/31/11; K&M 6/30/12

ECA Components Included in Revenue Requirement Model

A/C	Description	Model Line #		Expense (Revenue) Total Company	KS Jurisdictional		Allocation Factor	Basis
501	FUEL							
	Production Fuel	9c-47		294,834,519	124,421,346		42.2004%	E1
	Fuel Handling, Limestone and Other	9c-53		11,537,613	4,868,919		42.2004%	E1
	Total ECA 501			306,372,132	129,290,265			
509	EMISSION ALLOWANCES							
	SO2 Amortization	9c-70,71		(3,919,774)	(1,654,160)		42.2004%	E1
	NOx Allowances	9c-69		-			42.2004%	E1
	KS REC's	9c-68		173,148	173,148		100.0000%	100% KS
	Total ECA 509			(3,746,626)	(1,481,012)			
518	FUEL							
	NUCLEAR FUEL EXPENSE	9c-93		24,814,651	10,471,882		42.2004%	E1
	Total ECA 518			24,814,651	10,471,882			
547	FUEL							
	FUEL	9c-129		25,303,091	10,678,006		42.2004%	E1
	OTHER				-		42.2004%	E1
	Total ECA 547			25,303,091	10,678,006			
555	PURCHASED POWER							
	Demand (Capacity)	9c-146		4,704,801	2,182,134		46.3810%	D1
	Energy	9c-145		53,370,459	22,522,547		42.2004%	E1
	Total ECA 555			58,075,260	24,704,681			
565	TRANSMISSION OF ELEC. BY OTHERS			26,848,005	12,452,373		46.3810%	D1
447	BULK POWER SALES (BPS)							
	Firm Bulk Sales (Capacity & Fixed)	10a-35		(7,513,331)	(3,484,758)		46.3810%	D1
	Firm Bulk Sales (Energy)	10a-36		(16,493,182)	(6,960,189)		42.2004%	E1
	Non-Firm Sales (Margin on Sales) (a)	10a-38	**			**	46.8774%	UE1
	Non-Firm Sales (Cost of Sales)	10a-39		(143,729,632)	(60,654,480)		42.2004%	E1
	Total ECA 447		**			**		
561	Transmission Operations	10b-146		5,960,393	2,764,490		46.3810%	D1
575	RTO	10b-153		3,449,072	1,599,714		46.3810%	D1
928	REGULATORY EXPENSES-FERC	10b-260		1,345,867	567,961		42.2004%	E1
	Total Net ECA Components		**			**		

(a) Includes Non-firm Bulk Power Sales margins based on the median.

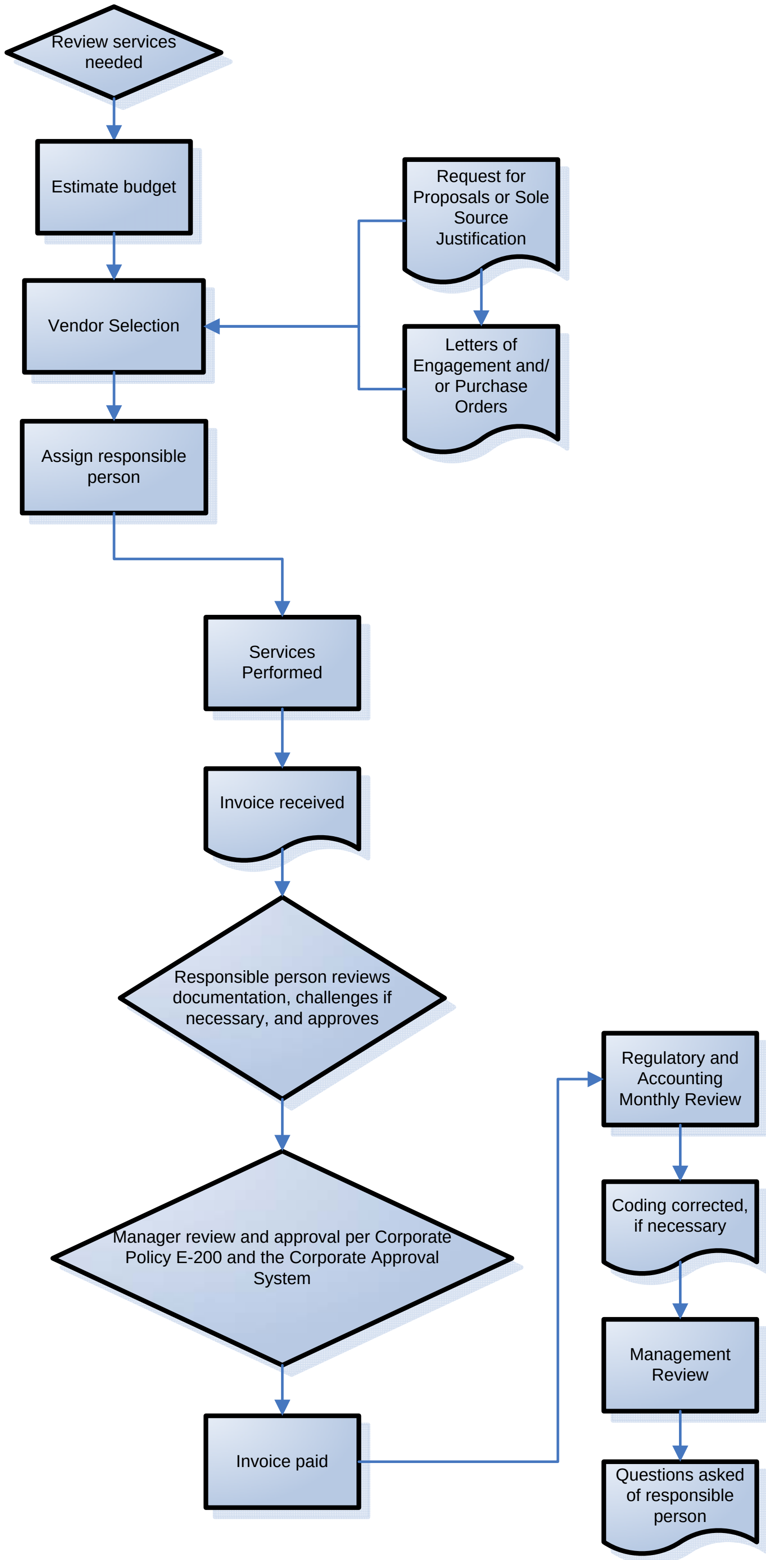
Kansas City Power & Light Company
2012 KS Rate Case - Direct Filing
TY 12/31/11; K&M 6/30/12

Rate Case Expense Budget

Vendor Name	Consultant	Project Description	Amount
Consultants:			
Alliance Consulting	Dane Watson	Depreciation study	$ 100,000
Black & Veatch	Larry Loos	Jurisdictional allocations	75,000
Financo, Inc	Sam Hadaway	Return on equity	67,000
Management Applications Consulting, Inc.	Paul Normand	Class Cost Of Service study	85,000
NextSource	Barbara O'Donnell, Chris Davidson	Staffing	27,000
Sega	Chris Rogers	Decommissioning study	138,000
Towers Watson	Ken Vogl	Pensions- funding status adjustment	35,000
Travel Expenses not included above			40,000
Legal:			
Cafer Law Office	Glenda Cafer, Terri Pemberton	Outside Counsel	$ 335,000
Stinson, Morrison, Hecker	Lynn Preheim	Testimony support & review	75,000
Court Reporter Fees			35,000
Other Vendor Services:			
Hotel Expense		Lodging expense	$ 24,000
Advertising		Notify customers about public hearings	20,000
Versadox		Printing for application, MFRs and testimony	29,000
XPEDX		Document services for filings	8,000
Miscellaneous:			
Miscellaneous Vendors		Supplies, parking, phone conferencing, printing/copying, etc.	$ 5,000
Expense Reports		Mileage, meals, printing/copying, expenses associated with hearing, etc.	15,000
Total Estimated KCP&L Rate Case Expense:			**$ 1,113,000**
Assessments:			
CURB		Assessments	$ 300,000
KCC		Assessments	835,000
Total Estimated KCC and CURB Assessments:			**$ 1,135,000**
Total Estimated KCP&L, KCC, and CURB Rate Case Expense			**$ 2,248,000**
Contingency (10%)			**224,800**
Total Estimated Rate Case Expense			**$ 2,472,800**

Kansas City Power & Light Company

Rate Case Expense Process



Schedule JPW-10