

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Kansas City)
Power & Light Company for Approval to Make)
Certain Changes in its Charges for Electric)
Service.)

Case No. ER-2006-0314
Tariff No. YE-2006-0594

AARP's PREHEARING BRIEF

COMES NOW the AARP, by and through counsel, and submits this Prehearing Brief, pursuant to the March 29, 2006 procedural order of the Commission (and despite the serious reservations that AARP shares with other parties about the purpose and relevance of requiring such "briefs" prior to the taking of evidence and cross-examination).

This brief merely provides position statements on those issues that are of the highest interest to AARP. However, AARP reserves its right to participate at the "evidentiary hearing" on other issues of interest and to submit a post-hearing brief regarding any issues, based upon the results of that hearing.

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

AARP: KCPL's projected budget for off-system sales margins for 2006 and 2007 show significant increases over the level experienced in 2005. However, KCPL is proposing that rates reflect a much lower level, despite the fact that the Regulatory Plan stipulation signed by KCPL provided that off-system energy and capacity sales revenues and related costs will continue to be treated "above the line" for ratemaking purposes. Page 22 of that document states:

"KCPL specifically agrees not to propose any adjustment that would remove any portion of its off-system sales from its revenue requirement determination in any

rate case, and KCPL agrees that it will not argue that these revenues and associated expenses should be excluded from the ratemaking process.”

In this rate case, the off-system sales margins should be recognized at the originally filed annual level of \$143 million.

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

AARP: The appropriate return on common equity should be 9.90% for KCPL.

Issue: **Rate Design issues.**

AARP: AARP agrees with KCPL’s rate design recommendation that the Commission should not order any change the current relationship of customer class returns to the average jurisdictional return. Any increase in revenue requirement should be applied on an equal percentage basis for all customer classes with only minimal changes in rate design. Especially given the dramatic increases being contemplated in this case, it would certainly be unreasonable to order any additional shift onto residential rates in this case.

Rate design is a matter that would be more appropriately addressed in a future case, subsequent to the expected completion of the anticipated Iatan 2 power plant when cost of service relationships will likely change in new directions.

If any rate design shift is ordered in this case, the Commission should seriously consider phasing-in any shift that would be placed onto the residential customer class in order to minimize any one-time rate impacts on that most vulnerable customer class.

Respectfully submitted,

/s/ John B. Coffman

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties of record on this 13th day of October 2006:

/s/ John B. Coffman
