GMO-227

Exhibit No.:	
Issues:	*Property Tax Maintenance*
Witness:	*Karen Lyons*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
File No.:	*ER-2010-0356*
Date Testimony Prepared:	*December 15, 2010*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

KAREN LYONS

KCP&L GREATER MISSOURI OPERATIONS COMPANY

FILE NO. ER-2010-0356

Jefferson City, Missouri
December 2010

****Denotes Highly Confidential Information****

Staff Exhibit No GMO-227
Date 1/18/11 Reporter LmB
File No ER-2010-0356

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OF

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KCP&L GREATER MISSOURI OPERATIONS COMPANY

FILE NO. ER-2010-0356

Q. Please state your name and business address.

A. Karen Lyons, Fletcher Daniels State Office Building, Room G8, 615 East 13th Street, Kansas City, Missouri 64106.

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

A. I am a Utility Regulatory Auditor with the Missouri Public Service Commission (Commission or PSC).

Q. Are you the same Karen Lyons who previously filed direct testimony in this proceeding?

A. Yes I am. I provided testimony in Staff's Cost of Service Report filed on November 17, 2010 in KCP&L Greater Missouri Operations Company (GMO or Company) for MPS and L&P, File No. ER-2010-0356 regarding the area Plant-in-Service and Accumulated Depreciation Reserve, cash working capital (CWC) and operations and maintenance costs and various other areas. I also filed on November 10, 2010 in Kansas City Power & Light (KCPL), File No. ER-2010-0355 regarding the same areas. I filed rebuttal testimony in the KCPL rate case on December 8, 2010.

Q. What is the purpose of your rebuttal testimony in this proceeding?

A. The purpose of my rebuttal testimony is to discuss the proper methodology regarding the calculation of property taxes for plant additions. GMO and Staff disagree with property taxes for additional plant and when the taxes should be included as an expense for

rate determination. Next, I will discuss the proper methodology regarding the normalization of non-wage maintenance expense (non-wage O&M or maintenance expenses).

EXECUTIVE SUMMARY

Q. Please summarize Staff's position with how property tax is calculated.

A. The Company is billed by each taxing authority that has jurisdiction over the assessment and taxing of the Company's property. The actual property taxes are assessed on plant costs and construction costs the Company owns on January 1 of any given year. The property taxes related to plant costs are expensed on the Company's books, while those taxes related to construction costs are capitalized and recovered through depreciation expense over the life of the asset. In this case, the test year is the period ending December 31, 2009, with an update period through June 30, 2010. Currently, a true-up period of December 31, 2010, is planned to accommodate new plant additions and any other material changes to the revenue requirement for increased and decreased costs. Based on this timeline, Staff included expense for property taxes on plant identified as plant in service owned by the Company on January 1, 2010—the period the taxing authorities assessed this property. In most cases, the taxes are due by the end of the year the plant was assessed. Any additional plant added after January 1, 2010, would not be assessed as plant in service until January 1, 2011 and the Company would not have to pay those property taxes until December 31, 2011. For the direct filing, Staff used a tax ratio based on 2009 property tax payment to January 1, 2009 plant. In the true-up, Staff will update its case by using a ratio developed on the same basis as the 2009 ratio of using the 2010 property tax payment (paid by December 31, 2010) to the January 1, 2010 plant and applying that level to January 1, 2011 plant.

Q. Please summarize Staff's position on Maintenance Expense.

A. The Company and Staff disagree with the methodology used to calculate a normalized level of non-wage, non-fuel maintenance costs. The Company has chosen to index their calculations for maintenance costs using 2010 dollars, while Staff has not used this method, relying instead on actual costs incurred for non-wage maintenance costs incurred by the Company.

PROPERTY TAX

Q. How does the Company and Staff position differ?

A. The Company's property tax calculation differs with the Staff with regard to applying property taxes to plant additions that occur after the January 1 assessment. The Company calculated annualized property taxes including property taxes based on construction work in progress (CWIP) balances for 2009 and for 2010. Mr. John P. Weisensee's direct testimony, page 54, lines 2-4, states, "The Company included in cost of service property tax paid in 2009 on the Iatan Unit 1 AQCS and Iatan Unit 2 equivalent to the property tax due based on the CWIP balances at January 1, 2009."

The Company uses this method to calculate property taxes for plant additions through the updated period and eventually the true-up period. GMO's proposal to include plant additions in this case for property taxes does not meet the known and measurable standard used to develop rates in this state. According to Mr. Weisensee's direct testimony, page 54, lines 8 through 12, GMO calculated its annualized property tax amount for plant additions placed in service after the January 1, assessment date.

Staff does not include plant additions that are placed in service after the January 1, assessment date. Any plant additions placed in service after January 1 of any given year will not be assessed property taxes charged to expense in that year. For example, if a plant

addition is placed in service for March 1 (with a start of construction February 1 of the same year), then no property taxes would be assessed for that plant until January 1 of the next year and the taxes on that plant would not be due until December 31, of that next year.

Staff used a property tax ratio based on the plant balance effective January 1, 2010 and applied this rate to the plant balance effective January 1, 2010. Both the Company and Staff compare the computed annualized property taxes to the amount of property taxes recorded in the test year to make their respective adjustments for property tax expense.

Q. Why does Staff disagree with including the Iatan plant property taxes with the existing plant?

A. As mentioned earlier in this testimony, property taxes are based on plant that is in service effective January 1 of any given year. In this case, Staff included property taxes for plant that was in service effective January 1, 2010. For plant assessed on January 1, 2010, the Company will pay property taxes for plant placed in service by December 31, 2010. In this case, the true-up period of December 31, 2010 may resolve this issue. However, if a true-up not been ordered by the Commission, the Company's rates would be excessive because it would collect in rates for overstated plant assessments that will not be reflected in property tax values until the next assessment date which will be next year.

Q. Will this difference be addressed in the true-up?

A. Yes. Staff will adjust the property tax amount by using a ratio developed on the same basis as the 2009 ratio of using the 2010 property tax payment to the January 1, 2010 plant and applying that level to January 1, 2011 plant. This data will become available for the true-up period.

Q. Has the Commission ruled on this issue previously?

A. Yes. The Commission heard this issue in KCPL's 2006 rate case—Case No. ER-2006-0314. The test year in that case was calendar year 2005 with an update of June 30, 2006 and true-up of September 30, 2006. Staff included an amount of property taxes in the 2006 rate case based on the property taxes assessment date of January 1, 2006 and developed a ratio similar to the method used in this current case.

Q. How did the Commission determine property taxes in KCPL's 2006 rate case?

A. The Commission adopted Staff's calculation of property taxes which is the same method used in this case. The Commission stated:

> Staff recommends that the Commission calculate property tax expense by multiplying the January 1, 2006 plant-in-service balance by the ratio of the January 1, 2005 plant-in-service balance to the amount of property taxes paid in 2005. KCPL wants the property tax cost of service updated to include 2006 assessments and levies.
>
> The Commission finds that the competent and substantial evidence supports Staff's position, and finds this issue in favor of Staff. As with all issues, KCPL bears the burden of proof. According to KCPL's True-up brief, its September 30 true-up filing had latest available actual 2006 tax levy rates for 96% of Missouri tax liability. As the Commission deciphers KCPL's true-up filing-- entitled KCPL's Summary of Adjustments, September 30 Update -- line 152 shows a decrease in property taxes. To the extent this issue was in play, it was not listed in the Commission-ordered List of Issues for the True-up Proceeding, filed by Staff on November 8, and KCPL did not object to that list, or put on any evidence concerning property taxes at the true-up hearing. As such, the Commission does not find adequate evidence to support KCPL's position on this issue.
> [pages 68-69 of the KCPL Order in Case No. ER-2006-0314]

The Commission has decided the property tax method in several other cases as follows:

- KCPL Case No. ER-2006-0314
- MGE Case No. GR-95-285
- Empire Case No. ER-2001-0299
- St. Louis County Water Co. Case No. WR-2000-844

In the 2001 Empire (The Empire District Electric Company) rate case, an excerpt from the Report and Order for Case No. 2001-0299 states:

> The Commission finds that the arguments of Staff and Praxair regarding the property tax issue are persuasive. Staff's estimate of property taxes is based upon known and measurable factors and preserves appropriate matching of all revenue requirements, and is consistent with the Commission's past practice. Empire's position is not based upon known and measurable factors. In addition, it would be unreasonable for the Company to start charging ratepayers...for (estimated) costs that the Company will not start paying... The Commission determines that it will not increase the total company revenue requirement to account for property taxes on the additional plant in service.
> [page 27 of the Empire Order in Case No. ER-2001-0299]

In the 1996 MGE (Missouri Gas Energy) rate case GR-96-285:

> The Commission finds that MGE's proposal would require waiting until the end of 1997 to account for an item of expense for inclusion in this case because this would be a violation of the test year, updated test year or true-up concepts. Staff's recommendation will be adopted.
> [page 45 of the MGE Order in Case No. GR-96-285]

In the 2000 St. Louis County Water Company, currently known as Missouri American Water Company, Case No. WR-2000-844:

> The Commission states, the Company's projected property tax increases are neither known nor measurable. While it is probable that the Company will experience an increase in property tax expense at the end of the year, it is by no means certain. Even more damaging to the Company's proposal is the fact that its best estimate of the amount of any increase is based on a calculation assumes that the tax rates for 2000 will be the same as the tax rates for 1999. Because any increase in the Company's proposed property tax expense is not known and measurable, the Commission will not adopt the Company's proposal.
> [page 268 of the County Water Order in Case No. WR-2000-844]

Q. Has GMO presented this issue before in prior rate cases?

A. Yes. GMO wanted to include property taxes for plant additions in its 2009 rate case, Case No. ER-2009-0090. In Case No. ER-2009-0090, using a true-up date of April 30, 2009, GMO wanted to include the 2009 assessments and levies which would have

included plant additions after the January 1, 2009 assessment date Staff used. The property taxes for those post-January 1 assessment date additions would not be due until December 31, 2010, which is approximately 16 months after the effective rate increase date of September 1, 2009. Using GMO's approach to calculate property taxes, customers will pay in rates, determined in future rate cases, for those taxes on post-January 1 assessed plant additions even though those taxes will not be paid until December of the following year at the earliest.

Although the December 31, 2010 true-up may resolve this issue, the Commission should reject the Company's methodology to include property taxes for plant additions placed in-service after the January 1 assessment date.

Q. If the Commission rejects GMO's method in determining the proper level for property taxes, how will the taxes paid for non-plant in service as of the assessment date of January 1 be treated?

A. Any amount of non-plant in-service or plant still under construction is assessed by taxing authorities on January 1, but these taxes are capitalized as part of the construction costs of the plant construction. As such, the taxes like all other costs to construct the plant are identified as costs to construct the plant and captured in the construction work order. All the construction costs, including the capitalized property taxes are included in the plant in-service amounts when construction is completed and the plant is deemed in-service. The Company will recover the cost to construct this plant including the capitalized property taxes over the life of the plant through depreciation.

Q. When will property taxes be due for the Iatan construction project?

A. Since Iatan 2 met its in-service date August 26, 2010, this plant will be assessed property taxes on January 1, 2011. The related taxes will not be paid until December 31, 2011. As such, Staff will include in its revenue requirement calculation the property taxes for Iatan 2 in the true-up.

MAINTENANCE-NON-WAGE

Q. What is the purpose of this section of your rebuttal testimony?

A. I am responding to GMO witness John P. Weisensee's direct testimony, pages 25 through 29, addressing the non-wage maintenance normalizations used by the Company.

Q. Briefly explain the principle difference between the Company and Staff?

A. The Company chose to index their calculations for production maintenance costs using 2009 dollars and identified the use of a contractor rate for escalating transmission and distribution maintenance costs. Staff has not used these methods, relying instead on actual historical costs incurred for non-wage maintenance incurred by the Company.

Q. Why does the Company escalate the maintenance adjustment levels to 2009 dollars?

A. Mr. Weisensee addresses the reason on page 49, lines 20 through 21 of his direct testimony for KCPL that "the HW Index [Handy Whitman Index] is a highly recognized independent source of historical cost fluctuations, particularly for production accounts."

Q. Is the indexing approach consistent with traditional ratemaking?

A. No. There are several reasons why the indexing approach is not consistent with traditional ratemaking. First, specialized treatment of any one expense (or revenue)

using types of indexing has the potential to result in rates being set using non-cost based rates. While a Company's revenue requirement is determined using various adjusted, annualized and normalized expense, and revenue items; these approaches use historical cost elements to base the calculations. The indexing method does not have any basis in actual costs but instead uses those costs to apply to an index—an index that has no relationship to GMO's actual costs. Second, ratemaking in Missouri is based on known and measurable historical costs. Inflationary factors contradict the known and measurable concept as they are highly speculative in nature.

Q. Are there any other reasons inflation factors should not be used when determining an appropriate level of maintenance costs?

A. The Handy Whitman Index numbers, used by the Company, are developed from prevailing wage rates (among other things). Payroll is annualized separately in the ratemaking process; therefore, any inflation index that also includes labor rates is not appropriate to use giving payroll in effect more weight than appropriate. The maintenance costs that both GMO and Staff are making adjustments for in this case relate strictly to non-labor maintenance costs. In other words, maintenance costs for material and supplies excluding salaries and wages. The Handy Whitman Index uses labor costs in computing the index numbers.

Q. Why is it inappropriate to use an index that is based on labor costs?

A. All labor costs in the case are examined separately in the payroll area. Payroll costs are annualized in the payroll adjustments and included in the cost of service amounts. When examining non-wage maintenance costs, Staff purposely excludes all labor costs since those costs are treated separately in the payroll area. Since GMO also excludes payroll costs

in its non-wage maintenance costs, using an index driven by labor costs, such as the Handy Whitman Index, gives far too much weight to payroll. Because the non-wage maintenance costs do not include payroll, applying an index which has labor costs in the base index amounts results in over emphasis of labor—a major cause for increases in costs.

Q. Does the Company address other escalation factors used for the purpose of normalizing maintenance expense?

A. Yes. The Company proposes the use of a contractor rate for the purpose of inflating transmission and distribution non-labor maintenance costs.

Q. Please explain the contractor rate used by the Company to normalize transmission and distribution non-labor maintenance costs.

A. The Company used an average contractor rate based on a five year period, 2005-2009. In this case, the average contractor rate is ** ___ **. This factor was then multiplied by the actual costs incurred during 2005-2009. As a result, the Company used escalated transmission and distribution non-labor costs to determine normalized future transmission and distribution maintenance costs.

Q. Did the Company use the contractor rate when normalizing its transmission and distribution maintenance costs in Case No. ER-2009-0090?

A. No. The Company used the Handy Whitman Index to normalize its transmission and distribution maintenance costs in Case No. ER-2009-0090. In Case No. ER-2009-0090 of GMO's rebuttal testimony (Herdegen rebuttal on page 3, lines 9-13), "The rates that GMO is currently requesting will be effective August 5, 2009. Given the significant material and labor cost increases that the Company is experiencing in the area of transmission and distribution maintenance, indexing forward only to 2007 would

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still be expected to fall well short of what GMO will incur over the time period these rates are in effect."

Q. Why is the Company using the contractor rate for transmission and distribution non-labor maintenance costs instead of the Handy Whitman Index?

A. Based on Mr. Weisensee's direct testimony, page 26, lines 19-22 and page 27, lines 1-2:

> The underlying data to the HW Index [Handy Whitman Index] is strongly influenced by utility production construction and operations; hence, its primary value lies in normalizing production maintenance expense... The contrast between T&D operations and production operations is clearly an "apple" and "orange" comparison. As such, for T&D maintenance expense, other analysis is more appropriate to better capture price volatility.

Q. How did Staff's analysis differ from the Company's use of indexed non-wage maintenance costs?

A. Staff analyzed actual historical maintenance costs from 2001 through 2009, by functional area for production, transmission, distribution, and general plant by FERC account. Please refer to attached Schedule 1, Staff's workpaper detailing non-wage maintenance account balances for the period of 2001 through 2009 for MPS and the attached Schedule 2, Staff's workpaper detailing non-wage maintenance account balances for the period of 2001 through 2009 for L&P.

Staff separated maintenance between labor and non-labor costs. Since labor costs are specifically addressed as a component in the cost of service analysis, labor costs were segregated from the non-labor costs to perform the review of maintenance costs. Staff annualized payroll reflecting the price increases for labor that generally occurs each year. The maintenance analysis was done only on non-wage maintenance and operating costs.

Q. What steps were taken by Staff to normalize non-wage maintenance costs?

A. Staff examined the non-wage maintenance amounts to identify any characteristics of the maintenance dollars such as trends or fluctuations from one period to another. Another approach used by the Staff, was to compare functional averages which included using a two (2) year average through a seven (7) year average to determine if there were fluctuations with each functional area. Each of the costs by year and averages for maintenance were also compared to the 2009 Test Year. Staff reviewed the data as detailed above to establish a maintenance level that will result in an annual level of the Company's future maintenance costs. Staff's results are presented in the following table;

Results of Staff's Non-Labor Maintenance Analysis		
	MPS	**L&P**
Steam Production Maintenance	3-Year Average (2007-2009)	3-Year Average (2007-2009)
Other Production Maintenance	3-Year Average (2007-2009)	3-Year Average (2007-2009)
Transmission Maintenance	3-Year Average (2007-2009)	3-Year Average (2007-2009)
Distribution Maintenance	3-Year Average (2007-2009)	2009 Test Year

Q. How does Staff's recommendation respecting O&M costs compare with the levels requested by GMO for MPS and L&P?

A. Staff's recommendation for maintenance costs is based on an in depth review of these costs based on the steps outlined earlier in this testimony. As a result, Staff's recommendation for O&M maintenance levels is higher than the levels requested by the Company for MPS and L&P. Staff's analysis clearing shows an escalation factor, which was used in the Company's calculation, is not necessary to determine the appropriate maintenance levels for the future.

Q. Please summarize Staff's disagreement with the Company's use of the Handy Whitman Index for normalizing its production maintenance expense and the use of a contractor rate for normalizing its transmission and maintenance expense.

A. GMO is using inflationary factors, not generally accepted in traditional ratemaking, that are based on labor related capitalized construction costs to normalize its non-labor related expensed production maintenance costs. In addition, using inflationary factors to increase maintenance costs may be considered single issue ratemaking and the factors would not be considered a known and measurable cost. The last area of concern with the Staff and the use of the Handy Whitman Index and the contractor rate is the lack of incentive that inflationary factors provide to the Company to improve efficiency. Inflationary factors put all the risk on the ratepayers.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service	))))	File No. ER-2010-0356

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

Karen Lyons, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 13 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Karen Lyons

Subscribed and sworn to before me this 15th day of December, 2010.

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016

KCP L Greater Operations Company
File No. ER-2010-0356

Maintenance Annualization
Source: DR# 166 and 166.1, Case No. ER-2009-0090
Additional Source: Data response 253-maint overhaul
Source: DR No 128-ER-2010-0356
Source:See Tab "MPS"
Prepared by: Karen Lyons

Production Maintenance Expense	2001	Ice Storm 2002	2003	2004	2005	2006	2007	2008	Test Year 2009	Staff Proposal	
510 Maintenance of Supervision and Engineering	$17,322	$12,443	$48,998	$87,846	$90,173	$9,890	$5,618	$8,596	$ 30,104	$14,773	3-Year Average (2007-2009)
511 Maintenance of Structure	$1,707,949	$812,493	$536,002	$888,678	$630,419	$802,364	$948,655	$635,140	$ 456,858	$746,884	3-Year Average (2007-2009)
512 Maintenance of Boiler Plant	$4,649,050	$3,844,739	$4,058,773	$5,452,676	$4,770,914	$5,555,182	$5,724,601	$7,715,431	$ 5,546,493	$6,328,842	3-Year Average (2007-2009)
513 Maintenance of Electric Plant	($1,181,149)	$1,500,132	$1,658,062	$2,041,568	$2,137,206	$2,253,380	$1,817,206	$2,349,121	$ 1,975,156	$2,047,161	3-Year Average (2007-2009)
514 Maintenance of Miscellaneous Steam Plant	$21,202	$90,857	$8,499	$34,448	$39,152	$6,725	$82,373	$141,875	$ 267,620	$157,289	3-Year Average (2007-2009)
551 Maintenance of Supervision and Engineering	$0	$0	$43,102	$547	$1,459	$726	$19,430	$45	$ 1,847	$7,107	3-Year Average (2007-2009)
552 Maintenance of Structure	$25,979	$28,530	$29,115	$24,591	$28,692	$32,974	$537,372	$148,232	$ 80,441	$255,348	3-Year Average (2007-2009)
553 Maintenance of Generating and Electric Equipment	$503,788	$920,320	$807,370	$551,304	$629,555	$1,973,113	$3,377,725	$3,479,580	$ 3,716,629	$3,524,645	3-Year Average (2007-2009)
554 Maintenance of Misc other power generation plant	$285	$695	$1,853	$7,616	$1,749	$16,574	$75,320	$17,764	$ 3,018	$32,034	3-Year Average (2007-2009)
Total Production	$5,744,425	$7,208,009	$7,180,574	$8,869,274	$8,329,519	$10,652,928	$12,570,307	$14,695,784	$ 12,078,166	$13,114,083	
Transmission Maintenance Expense-Excluding Payroll											
568 Maintenance of Supervision and Engineering	$255	$249	$4,497	$7,660	$9,021	$15,996	$7,354	$1,617	$ -	$2,990	3-Year Average (2007-2009)
569 Maintenance of Structure	$18,120	$2,639	$15,397	$6,811	$25,692	$753	$0	$5,409	$ 11,338	$5,562	3-Year Average (2007-2009)
570 Maintenance of Station Equipment	$273,772	$248,269	$304,793	$293,775	$231,108	$295,608	$310,507	$202,960	$ 64,370	$192,612	3-Year Average (2007-2009)
571 Maintenance of Overhead Lines (vegetation management)	$497,230	$712,842	$667,857	$469,042	$656,682	$849,545	$718,970	$1,552,347	$ 1,340,154	$1,203,824	3-Year Average (2007-2009)
572 Maintenance of Underground Lines	$0	$3,747	$0	$0	$0	$0	$0	-	$ -	$0	3-Year Average (2007-2009)
573 Maintenance of Miscellaneous transmission plant	$76,080	$116,832	$74,014	$57,113	$35,686	$18,384	$27,056	$20,112	$ -	$15,723	3-Year Average (2007-2009)
Net Transmission	$865,457	$1,082,578	$1,066,558	$834,401	$958,187	$1,180,284	$1,063,887	$1,782,445	$ 1,415,862	$1,420,731	3-Year Average (2007-2009)
Distribution Maintenance Expense											
590 Maintenance of Supervision and Engineering	$3,897	$1,994	$156	$0	$0	$1,091	$0	$29,334	$ 2,338	$10,557	3-Year Average (2007-2009)
591 Maintenance of Structure	$4,184	$4,332	$9,370	$26,771	$12,585	$372	$0	$41,547	$ 229,424	$90,324	3-Year Average (2007-2009)
592 Maintenance of Station Equipment	$475,048	$541,596	$472,565	$487,411	$425,998	$684,548	$629,179	$489,353	$ 136,078	$418,869	3-Year Average (2007-2009)
593 Maintenance of Overhead Lines	$5,099,251	$5,579,154	$5,167,205	$5,749,783	$9,040,893	$8,684,455	$8,933,363	$8,745,232	$ 7,205,938	$7,628,178	3-Year Average (2007-2009)
594 Maintenance of Underground Lines	$317,090	$460,277	$398,305	$452,674	$560,041	$435,265	$440,942	$345,814	$ 126,138	$304,231	3-Year Average (2007-2009)
595 Maintenance of Line transformers	$12,939	$41,973	$25,779	$37,345	$22,935	$357	$8,764	$240,311	$ 4,685	$84,587	3-Year Average (2007-2009)
596 Maintenance of street lighting and signal systems	$193,474	$168,069	$192,354	$170,739	$211,838	$234,864	$148,247	$260,630	$ 964,182	$457,686	3-Year Average (2007-2009)
597 Maintenance of Meters	$8,498	$17,670	$32,119	$24,857	$23,469	$33,472	$25,927	$31,773	$ 26,431	$28,044	3-Year Average (2007-2009)
598 Maintenance of Miscellaneous distribution plant	$433,953	$481,251	$23,753	$4,970	$2,087	$3,906	$820	$54,631	$ 78,355	$44,602	3-Year Average (2007-2009)
Net Distribution	$6,548,330	$7,314,316	$6,321,606	$6,954,550	$10,299,846	$9,058,330	$9,187,242	$10,238,425	$ 8,775,568	$9,067,078	
Total Maintenance by Year (2001-2010)	$13,154,212	$15,604,903	$14,577,738	$16,678,405	$19,587,733	$19,891,542	$21,821,436	$26,716,654	$22,269,595	$23,601,893	

SCHEDULE 1

SCHEDULE 1

KCP L Greater Missouri Operations Company
File No. ER-2010-0356

Maintenance Annualization
Source: DR# 166 and 166.1, Case No. ER-2009-0090
Additional Source: Data response 253-maint overhaul
Source: DR No 128-ER-2010-0356
Source: See Tab "L&P"
Prepared by Karen Lyons

Production Maintenance Expense Account	Account Description	2001	2002	2003	2004	2005	2006	Ice Storm 2007	2008	Test Year 2009	Staff Proposal	
510	Maintenance of Supervision and Engineering	$19,885	$59,191	31,675	6,918	3,306	$63,109	$91,355	$84,354	$73,849	$83,186	3-Year Average (2007-2009)
511	Maintenance of Structure	$434,858	$411,668	176,534	99,994	306,186	$261,722	$294,891	$750,211	$379,259	$474,787	3-Year Average (2007-2009)
512	Maintenance of Boiler Plant	$2,905,829	$2,934,408	2,602,471	2,496,135	3,155,349	$2,864,005	$3,109,214	$3,991,514	$2,923,678	$3,341,469	3-Year Average (2007-2009)
513	Maintenance of Electric Plant	$468,464	$592,503	1,106,786	1,021,048	1,152,159	$1,124,627	$1,315,259	$1,069,135	$948,921	$1,111,105	3-Year Average (2007-2009)
514	Maintenance of Miscellaneous Steam Plant	$4,275	$316,020	108,474	236,090	90,264	$75,880	$240,406	$83,091	$21,441	$114,979	3-Year Average (2007-2009)
551	Maintenance of Supervision and Engineering	$0	$0	62	-	$0	$425	$0	$0	$0	$0	3-Year Average (2007-2009)
552	Maintenance of Structure	$41,670	$33,000	143	2,231	$0	$542	$1,764	$129	$4,732	$2,208	3-Year Average (2007-2009)
553	Maintenance of Generating and Electric Equipment	$33,102	$4,125	63,784	258,096	$167,579	$259,999	$564,583	$253,384	$230,054	$349,340	3-Year Average (2007-2009)
554	Maintenance of Misc other power generation plant	$0	$0	31	78	$0	$328	$791	$704	$607	$701	3-Year Average (2007-2009)
Total Production		$3,908,083	$4,351,115	$4,091,980	$4,122,588	$4,876,843	$4,650,637	$5,618,263	$6,232,522	$4,582,541	$5,477,775	
Transmission Maintenance Expense												
568	Maintenance of Supervision and Engineering	$0	$0	916	1,214	15,126	$2,382	$348	$2,602	$0	$983	3-Year Average (2007-2009)
569	Maintenance of Structure	$2,490	($347)	0	0	-	$15,257	$19,188	$1,588	$20,636	$13,803	3-Year Average (2007-2009)
570	Maintenance of Station Equipment	$227,633	$115,710	72,028	87,654	117,334	$154,344	$282,461	$255,819	$31,747	$190,016	3-Year Average (2007-2009)
571	Maintenance of Overhead Lines	$3,579	$101,282	174,192	276,122	58,737	$88,938	$173,067	$357,722	$327,393	$286,061	3-Year Average (2007-2009)
572	Maintenance of Underground Lines	$5,270	$7,417	0	0	-	$26,328	$25,807	$0	$0	$8,602	3-Year Average (2007-2009)
573	Maintenance of Miscellaneous transmission plant	$9,088	$44,260	630	29,364	6,553	$0	$0	$0	$0	$0	3-Year Average (2007-2009)
Total Transmission		$248,060	$268,342	$247,766	$394,554	$197,750	$287,247	$500,891	$617,728	$379,776	$499,465	
Distribution Maintenance Expense												
590	Maintenance of Supervision and Engineering	$918	$103	0	0	-	$0	$630	$551	$1,029	$1,029	2009 Test Year
591	Maintenance of Structure	$67	$90	44,824	48,217	69,926	$827	$1,158	$3,958	$96,248	$96,248	2009 Test Year
592	Maintenance of Station Equipment	$184,290	$203,001	255,184	511,592	199,046	$126,640	$95,600	$176,629	$80,744	$80,744	2009 Test Year
593	Maintenance of Overhead Lines	$1,073,307	$932,570	948,213	2,008,842	1,356,323	$1,148,990	$1,020,477	$1,734,671	$1,557,385	$1,557,385	2009 Test Year
594	Maintenance of Underground Lines	$86,090	$129,327	122,408	209,830	184,556	$77,667	$138,395	$75,067	$57,998	$57,998	2009 Test Year
595	Maintenance of Line transformers	$38,603	$38,148	41,637	82,973	61,454	$11,686	$19,920	$9,423	$22,554	$22,554	2009 Test Year
596	Maintenance of street lighting and signal systems	$73,482	$90,756	62,483	238,122	84,262	$53,581	$82,181	$135,565	$470,904	$470,904	2009 Test Year
597	Maintenance of Meters	$27,254	$25,788	18,637	37,785	12,146	$12,299	$10,078	$13,221	$6,760	$6,760	2009 Test Year
598	Maintenance of Miscellaneous distribution plant	$220,157	$155,898	43,558	4,257	3,625	$184	$0	$45,573	$54,024	$54,024	2009 Test Year
Total Distribution		$1,704,188	$1,575,879	$1,535,124	$3,121,818	$1,951,336	$1,431,874	$1,368,417	$2,194,858	$2,327,648	$2,327,648	
Total Maintenance by Year (2001-2010)		$5,858,309	$6,195,136	$5,874,850	$7,638,760	$7,025,931	$6,349,758	$7,487,571	$9,044,909	$7,289,963	$8,304,887	

SCHEDULE 2

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