Exhibit No.:	
Issues:	*Overview*
	Revenue Requirement
	Allowance for Changes
	Additional Amortizations
Witness:	*Cary G. Featherstone*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Direct Testimony*
Case No.:	*ER-2009-0089*
Date Testimony Prepared:	*February 11, 2009*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

CARY G. FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2009-0089

Jefferson City, Missouri
February 2009

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DIRECT TESTIMONY

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Q. Please state your name and business address.

A. Cary G. Featherstone, Fletcher Daniels State Office Building, 615 East 13th Street, Kansas City, Missouri.

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

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

CREDENTIALS

Q. Please describe your educational background.

A. I graduated from the University of Missouri at Kansas City in December 1978 with a Bachelor of Arts degree in Economics. My course work included study in the field of Accounting and Auditing.

Q. What job duties have you had with the Commission?

A. I have assisted, conducted, and supervised audits and examinations of the books and records of public utility companies operating within the state of Missouri. I have participated in examinations of electric, industrial steam, natural gas, water, sewer and telecommunication companies. I have been involved in cases concerning proposed rate increases, earnings investigations, and complaint cases as well as cases relating to mergers and acquisitions and certification cases.

Q. Have you previously testified before this Commission?

A. Yes. Schedule 1 to this testimony is a list of rate cases in which I have submitted testimony. In addition, I also identify in Schedule 1 other cases where I directly supervised and assisted Commission Staff in audits of public utilities, but where I did not testify.

Q. With reference to Case No. ER-2009-0089, have you examined and studied the books and records of Kansas City Power & Light Company regarding its electric operations?

A. Yes, with the assistance other members of the Commission Staff (Staff).

Q. What knowledge, skill, experience, training and education do you have with regard to Kansas City Power & Light's general rate increase tariff filing that is the subject of Case No. ER-2009-0089?

A. I have acquired knowledge of the ratemaking and regulatory process through my employment with the Commission. I have participated in numerous rate cases, complaint cases, merger cases and certificate cases, and filed testimony on a variety of topics. I have also acquired knowledge of these topics through review of Staff work papers from prior rate cases filed before this Commission relating to Kansas City Power & Light Company (KCPL or Company) and its electric operations. I have previously examined generation and generation-related topics; conducted and participated in several construction audits involving plant and construction records, specifically the costs of construction projects relating to power plants. I have also been involved in the fuel and fuel-related areas for power plant production, purchased power and off-system sales on numerous occasions.

In particular, I have been involved in many KCPL electric rate cases—two under its regulatory plan the Commission approved in Case No. EO-2005-0329–and others in the early 1980's, in particular the rate case concerning the in-service of Wolf Creek Nuclear Generating Station. I was also involved in KCPL's steam rate cases in the early 1980's when KCPL also operated steam works in downtown Kansas City prior to Trigen Kansas City Energy buying the steam works in 1990.

I also have participated in many electric and steam rate cases involving KCPL's recently acquired affiliate KCPL Greater Missouri Operations Company (GMO) when it was named Aquila, Inc., and before that UtiliCorp United, Inc. (UtiliCorp). Before UtiliCorp (GMO's predecessor) acquired St. Joseph Light & Power Company in December 2000, I participated in electric, natural gas and steam rate cases involving those operations (Light & Power Company or SJLP). Aquila operated its Missouri utilities under the name of MPS and L&P electric and L&P steam. After the July 14, 2008 acquisition GMO operates MPS and L&P electric and L&P steam maintaining these identities for regulatory purposes. These three GMO entities have separate rate structures and separate tariffs which they operate under.

Since GMO became an affiliate of KCPL, both affiliated entities have engaged in much consolidation of their operations; essentially, operationally, KCPL runs GMO. Therefore, specifically, as to this rate case, I reviewed testimony, work papers and responses to data requests from both KCPL and GMO, along with prior documents such as date request responses and work papers from the pre-acquisition MPS, L&P and L&P steam entities that support the rate filings. I conducted and participated in interviews of Company personnel relating to this rate case and performed extensive discovery concerning aspects of the construction and operation of KCPL's electric operations. Over the years I have had many discussions with the Company regarding KCPL's rate case & regulatory activity, earnings reviews, regulatory plan, de-commissioning trust funds for Wolf Creek and merger, acquisition and sale transactions.

I also participated in the 1996 merger application of KCPL and Aquila consolidate its operations and also after that merger did not close, the two failed attempts of KCPL and Westar Energy (then called Western Resources) to merge in 1998 and 1999.

I have been involved in many KCPL applications filed with and reviews conducted by the Commission and its Staff since being employed by the Commission.

EXECUTIVE SUMMARY

Q. Please summarize your testimony.

A. Curt Wells, of the Commission's Utility Operations Division, and I sponsor Staff's Cost of Service Report in this proceeding that is being filed concurrently with this testimony and the testimony of Mr. Wells. Staff's Cost of Service Report supports Staff recommendation regarding the amount of the rate increase that Staff expects will be needed in this case.

I present an overview of the results of Staff's review into the general rate increase request made by KCPL on September 5, 2008. Several members of the Commission Staff conducted Staff’s review by examining all relevant and material components making up the revenue requirement calculation. These components can be broadly defined as capital structure and return on investment, rate base investment and income statement results including revenues, operating and maintenance expenses, depreciation expense, and related taxes, including income taxes. I provide an overview of the Staff’s work on each.

Q. At this time, what is Staff's recommendation regarding KCPL's requested rate increase?

A. Staff recommends that KCPL be permitted to increase its electric rates to recover an additional $45 million per year. This amount includes a substantial amount for an allowance for known and measurable changes that is expected to occur as result of the true-up in this case.

Major plant additions are expected to be completed in the first quarter of 2009 which will result in higher plant investment requiring increases in return, depreciation expenses and operating costs. Other plant additions will be added through the time of the true-up in this case causing costs to increase. Other cost increases will likely include payroll, payroll related benefits such as pensions and medical costs. Maintenance costs are expected to go up for the Commission's new rules on vegetation management and infrastructure inspection and repairs of the distribution and transmission system.

Q. What are the majors areas of this case?

A. The following represent a non-exhaustive list of areas that make up Staff's filing:

- Rate of Return proposed by Staff
- Additional Amortizations authorized from the Regulatory Plan in Case EO-2005-0329
- Plant upgrades for environmental costs for Iatan 1 through the allowance for known changes
- Fuel costs and purchased power costs
- Off-system sales in the firm and non-firm bulk power markets

- Costs relating to the Commission's new rules on vegetation management and infrastructure inspection and repairs through the allowance for know changes
- Pension costs
- Jurisdictional Allocations
- Acquisition savings and transition costs

Q. Did you review any specific components of the revenue requirement calculation for KCPL?

A. Yes. I examined the area of additional amortizations based on the Regulatory Plan relating to KCPL's Comprehensive Energy Plan the Commission approved in Case No. EO-2005-0329.

I also am one of two Staff members who addressed the area of the assignment and allocation of costs between the Missouri retail and wholesale markets and the Kansas retail and wholesale markets to identify the rate base investment and income statement expenses to the Missouri jurisdiction.

Q. Are you sponsoring any adjustments to KCPL’s books and records for purposes of determining an appropriate revenue requirement for KCPL?

A. I am making an adjustment to remove the prior years’ accumulation of the additional amortization from accumulated depreciation reserve and reflecting those amounts as an off-set to Rate Base, Schedule 2. The adjustment to remove the additional amortizations is R-65. The reason for this change is to better identify the impacts of the Regulatory Plan for the signatory parties who supported this mechanism.

OVERVIEW OF KANSAS CITY POWER & LIGHT FILING

Q. What is the purpose of your direct testimony?

A. Mr. Wells and I present an overview of the results of Staff's review into the general rate increase request made by KCPL on September 5, 2008 and provide an overview of the Staff's work on each component making up Staff's revenue requirement calculation for KCPL. Several members of Commission Staff had specific assignments in this rate case and were responsible for the actual calculations used to develop the overall revenue requirement contained in the Accounting Schedules (the Staff's revenue requirement model is referred to Exhibit Model System or EMS run) being filed as part of Staff's direct case. The revenue requirement is derived from the work product of both the Utility Services and the Operations Divisions and the results are found in Accounting Schedules being separately filed as an exhibit in this case. My direct testimony and that of Mr. Wells, along with the Cost of Service Report and Accounting Schedules, represent the final revenue requirement calculation. These documents should be reviewed in total in support of Staff's recommendations in this case.

Q. Why did Staff audit KCPL in this case?

A. On September 5, 2008, KCPL filed a general rate increase case for its electric operations in the state of Missouri. The Commission assigned the filing Case No. ER-2009-0089. KCPL filed tariffs designed to implement an increase in its electric retail rates, exclusive of gross receipts, sales, franchise or occupational fees or taxes, corresponding to a revenue increase of $101.5 million. This represents an overall 17.5% increase to existing KCPL rates. KCPL proposes a rate of return on equity of 10.75% applied to a 53.82% equity capital structure for Great Plains Energy Incorporated (GPE).

Q. Did any affiliate of KCPL also file for rate increases in Missouri?

A. Yes. KCPL's new affiliate, GMO, also filed for electric and steam rate increases on September 5, 2008, which are designated Case Nos. ER-2009-0090 and HR-2009-0092, respectively. GMO is seeking a rate increase in the amount of $66 million, representing a 14.4% increase, for its customers in the area around Kansas City it formerly served as Aquila Networks-MPS. GMO is seeking an increase in the amount of $17.1 million, representing a 13.6% increase for its electric customers for the area in and around St. Joseph, Missouri is formerly served as Aquila Networks-L&P and an increase of $1.3 million, representing a 7.7% increase, for its steam customers, which are also in the area it formerly served as Aquila Networks-L&P. GMO's MPS, L&P and L&P steam rate cases are based on a rate of return on equity of 10.75% applied to a 53.82% equity capital structure for their parent company, GPE.

Q. When will Staff file direct testimony in the GMO rate cases?

A. The MPS and L&P electric rate increase case (Case No. ER-2009-0090) and the L&P steam rate increase case (Case No. HR-2009-0092) will be filed on February 13, 2009.

BRIEF HISTORY OF GREAT PLAINS ENERGY AND KANSAS CITY POWER & LIGHT

Q. Please provide a brief history of GPE's utility operations.

A. GPE is a holding company who was incorporated in Missouri in 2001. It has two wholly-owned subsidiaries—KCPL and GMO (MPS, L&P and L&P steam)—that provide regulated utility services. It also owns KLT Inc. which has very small non-regulated operations that are presently not active. GPE also wholly owns Great Plains Energy Services

Incorporated (GPES). GPES provides corporate services at cost to GPE and its subsidiaries. On December 16, 2008, in a restructuring, all GPE and GPES employees were transferred to KCPL. All employees of the GPE entities are now employees of KCPL.

Q. What is KCPL?

A. KCPL is an integrated, regulated electric utility that provides generation, transmission, distribution and sale of electricity to retail customers in the states of Missouri and Kansas. KCPL, under the jurisdiction of the Federal Energy Regulatory Commission (FERC), also provides wholesale electric service to several municipalities. KCPL is a Missouri corporation incorporated in 1922. The Company, and its predecessor companies, began providing electric services to its customers in the late 19th century.

Q. In addition to KCPL you have mentioned KCPL Greater Missouri Operations Company, Great Plains Energy Incorporated and Great Plains Energy Services, would you please discuss their relationships and how Staff refers to them in testimony in this case?

A. KCPL is a wholly-owned subsidiary of Great Plains Energy Incorporated (GPE) that provides electricity to customers in Missouri and Kansas. KCP&L Greater Missouri Operations Company (GMO) is also a wholly-owned subsidiary of GPE and it provides electricity to customers in Missouri around Kansas City and in and about St. Joseph, as well as steam service in St. Joseph. GMO' most recent prior name was Aquila, Inc., and when it had that name it provided utility service about Kansas City as Aquila Networks-MPS and in and about St. Joseph as Aquila Networks-L&P, with different rate schedules for each. The GPE organization is now made up of its KCPL and the former Aquila entities operating in Missouri. KCPL will continue to be identified as it always has as KCPL or the Company in its rate filing designated as Case No. ER-2009-0089.

KCP&P Greater Missouri Operations Company (GMO) is the latest name for the utility operating in Missouri that until July 14, 2008 used the name Aquila, Inc. and before it used the name Aquila, Inc. it used the name UtiliCorp United, Inc. In 2002, UtiliCorp United, Inc. changed its name to Aquila, Inc.

In 2000, when it was using the name UtiliCorp United, Inc., GMO merged with St. Joseph Light & Power Company. At the time GMO provided service about Kansas City and St. Joseph Light & Power Company provided service in and about St. Joseph. The Commission approved that merger in Case No. EM-2000-292 and the merger took place late December 2000. UtiliCorp created two operating divisions-- Aquila Networks- MPS ("MPS") and Aquila Networks-L&P ("L&P"). It created the operating divisions because it had agreed to maintain separate rate structure for the L&P division different and independent from the rates in MPS. The electric rates for MPS and L&P are based on differing costs of service and the books and records kept separate, the electric rates in these areas are still disparate. Even though GMO no longer recognizes the divisional structure a separation still must be maintained for regulatory purposes because of having separate rates and tariffs. GMO must continue to maintain separate books and records for each of the former divisional entities of the former Aquila. For ease of reference Staff will refer to MPS and L&P for purposes of these rate cases to refer to separately developing cost of service for GMO.

The former Aquila entities will be identified by its new name KCP&L Greater Missouri Operations ("GMO") and the former Aquila Networks-MPS will be identified as "GMO MPS" or "MPS." Aquila Networks-L&P (the former St. Joseph Light & Power Company), will be referred to as "GMO L&P" or "L&P." The steam operations of GMO will be referred to as "GMO L&P steam" or "L&P steam." The GMO entities will be referenced this way through out this testimony and the Cost of Service Report. These references will also be used in the testimonies and Cost of Service Reports filed in the MPS and L&P electric case, Case No. ER-2009-0090 and the L&P steam case, Case No. HR-2009-0092.

STAFF FINDINGS AND RECOMMENDATIONS FOUND IN THE COST OF SERVICE REPORT AND ACCOUNTING SCHEDULES

Q. How did Staff conduct its audit of KCPL?

A. Staff interviewed KCPL personnel. Staff reviewed KCPL's responses to data requests issued in this and other previous cases. Staff reviewed the minutes of meetings of GPE's and KCPL's Boards of Directors as well as the minutes of the former Aquila Board of Directors. Staff relied on the books and records of the Company including: the general ledger, plant ledgers and various other documents including the FERC Form 1 for the last several years. Staff toured plant facilities, including the construction projects currently underway for Iatan 1 and 2, owned jointly by KCPL and GMO with others. Sibley Generating Unit is owned by GMO MPS and Jeffrey Energy Center is owned by GMO MPS with an 8% ownership share.

Q. What Staff experts were assigned to this case?

A. Several Staff experts from the Commission's Utility Services Division were assigned to this case. Their names follow with a brief description of their contribution to the Staff's Cost of Service Report:

Financial Analysis Department--

David Murray -- Rate of Return and Capital Structure.

Engineering and Management Services Department--

Lisa Kremer-- Quality of Service

Rosella L. Schad-- Depreciation Rates.

Auditing Department--

Kofi Agyenim Boateng-- Electric Revenues and Uncollectible Revenues (Bad Debts)

Cary G. Featherstone-- Overall Revenue Requirement Results and Additional Amortization relating to the Regulatory Plan.

Karen Herrington-- Plant in Service, Accumulated Depreciation Reserve, Depreciation Expense; Operation and Maintenance Expense-- Non-wage.

V. William Harris-- Fuel and Purchased Power Costs, Fuel Inventories, Off-system Sales

Paul R. Harrison-- Income Taxes, Deferred Income Taxes, Deferred Income Tax Reserve; Pensions and Other Post-Retirement Employment Benefits, Corporate Costs

Charles R. Hyneman-- Corporate Costs, merger costs, warranty payments

Keith A. Majors-- Payroll, Payroll Related Benefits, Payroll Taxes and Incentive Compensation

Bret G. Prenger-- material and supplies, prepayments, advertising and rate case expenses

Additionally, Commission Staff experts from the Utility Operations Division were assigned to the development of the revenue requirement as follows:

Energy Department--

Alan J. Bax-- Jurisdictional Allocations and Losses

Daniel I. Beck-- Vegetation Management and Infrastructure Inspections and Repairs; Purchased Power Costs

Leon C. Bender-- Fuel and Purchased Power Costs

Manisha Lakhanpal-- Weather Normalization and revenues.

Curt Wells-- Revenues and Project Coordinator for Operations Division.

Each of these Staff experts' work product was used as a direct input to the various adjustments contained in Staff's revenue requirement recommendation.

Q. Would you provide an overview of how the Staff assigned to this case worked together to arrive at Staff's revenue requirement recommendation?

A. All of the Staff members assigned to this case are experts by education and experience in performing their regulatory responsibilities as members of the Commission Staff. Regulatory experts rely on the work of many individual experts who provide inputs as result of individual and collective review and evaluation of the public utility rate filings made before the Commission - in this case by KCPL. As such, all inputs developed by these regulatory experts were an integral part of the Cost of Service Report and Accounting Schedule containing the results of Staff findings and recommendations. Mr. Wells and I relied on these findings and recommendations to develop Staff's direct filing. Many of the individual sections presented include references indicating reliance on the work of other contributing experts.

As sponsoring witnesses, Mr. Wells and I relied on the work product of every Staff expert assigned to this case. Each Staff expert provided the results of their review and analysis as inputs to the revenue requirement calculation, and is identified in the sections of the report drafted by that expert. An affidavit, credentials, and the qualifications of each

Staff expert are attached to the Report. Each Staff expert assigned to the KCPL rate case will provide work papers supporting the findings and recommendations to the Company and any party to the case requesting such be provided. Finally, each Staff expert assigned to this rate case will be available to answer questions and stand cross examination by the Commission and any party requiring information on how Staff's findings and recommendations were developed and presented in the Cost of Service Report and Accounting Schedules.

Q. What was your overall responsibility in this case?

A. I was one of two project coordinators assigned to identify the work scope for the case, make Staff assignments, and supervise and oversee all work product development. I specifically supervised all areas of the audit work assigned to and the responsibility of the Auditing Department. I worked closely with other Staff experts assigned to this rate case. I worked with the depreciation and rate of return experts as well as the Utility Operations experts assigned to revenues and fuel costs.

I have overall responsibility to ensure the revenue requirement calculation using the Staff's computer model is timely completed. This involves all aspects of the elements making up the revenue requirement recommendation. To this end, I, along with those under my direct supervision, either developed directly, or were provided with, the information used to support the revenue requirement calculation.

Q. What information was provided to the Auditing Department to develop Staff's revenue requirement recommendation?

A. Staff expert David Murray's recommendations from his capital structure and rate of return analyses were provided as an input into the revenue requirement calculation.

and appears as part of Accounting Schedule 12. His findings are also in Staff's Cost of Service Report, along with his schedules.

Staff expert, Rosella L. Schad provided the results of her depreciation analysis, which also are reflected in Staff's Cost of Service Report, and in a schedule.

Staff experts Curt Wells, Manisha Lakhanpal and Kofi Agyenim Boateng worked closely together and are sponsoring the revenue adjustment results.

Staff experts Leon C. Bender, Daniel I. Beck and V. William Harris worked together in developing the Staff's fuel costs in this case.

Staff expert Alan J. Bax developed the energy and demand jurisdictional allocators used to allocate total company operations to the KCPL's Missouri jurisdictional operations.

Q. Did the Staff develop its revenue requirement recommendation in this rate case consistently with how Staff has developed its revenue requirements for other utilities when they have made requests to increase their rates?

A. Yes. Based on my experience as a regulatory auditor and on my many years of experience as a project coordinator in numerous rate cases and the effect of the inputs provided by the various Staff experts assigned to the KCPL rate case on Staff's overall revenue requirement for KCPL as presented in the Accounting Schedules and the results discussed in the Staff Cost of Service Report, Staff has developed its revenue requirement for KCPL consistently with how Staff has developed its revenue requirements for other utilities and the inputs provided by the various Staff experts assigned to the KCPL rate case are reasonable.

Q. Does this February 11, 2009 filing by Staff present all of Staff's direct case?

A. No. Staff will file its rate design recommendation on February 25, 2009.

Test Year and Known & Measurable Period

Q. What is a test year?

A. A test year is an historical year used as the starting point for determining the basis for adjustments which are necessary to reflect annual revenues and operating costs in calculating any shortfall or excess of earnings by the utility. It is important to identify the utility's ongoing costs to provide utility service in the future and what rates will need to be set at to collect those ongoing costs in the future. In determining ongoing revenues and costs to develop the revenue requirement the first step is to identify the test year costs levels, which serve as the starting point for all the adjustments to the case.

Q. What is the test year in this case?

A. The test year selected for this case, Case No. ER-200-0089, is the year ended December 31, 2007. The December 31, 2007 test year was chosen by the Company, agreed to by Staff, and approved by the Commission in its September 12, 2008 Order Directing Filing and Directing Notice. Annualization and normalization adjustments are made to the test year results when the unadjusted results do not fairly represent the utility's most current annual level of existing revenue and operating costs.

Selecting a "known and measurable date" or "known and measurable period" is important to synchronize and capture all revenues and expenses. A proper determination of revenue requirement is dependent upon considering all material components of the rate base, return on investment, current level of revenues, along with operating costs, all at the same point in time. This ratemaking principle is commonly referred to as the "matching" principle. The known and measurable dates established for this case, ER-2009-0089, are December 31, 2007 (test year), September 30, 2008 (update period end) and March 31, 2009 (true-up period end). The Staff's direct case filing represents a determination of KCPL's revenue requirement based upon known and measurable results as of September 30, 2008. The September 30, 2008 date for the known and measurable period was chosen to enable the parties and Staff an update period that provide time to obtain actual information obtained from KCPL upon which to perform analyses and make calculations regarding various components to the revenue requirement. This date represents the latest time frame to reflect known changes that can be measured or quantified with respect to the timing of this filing.

Q. What is the purpose of the test year?

A. The purpose of a test year is to develop a relationship between the various components of the ratemaking process and keep those relationships in synchronization. In order to determine the appropriate level of utility rates, Staff examines the major elements of the utility's operations. These include rate base items such as plant in service and accumulated depreciation and deferred income tax reserves, fuel stocks, material & supplies and other investment items. Also essential in this process is a review of the revenues and expenses, making adjustments through the annualization and normalization processes. These items include: payroll, payroll related benefits, payroll taxes, fuel and purchased power costs including the updating of current fuel prices, operation and maintenance costs for non-payroll related costs such as material and equipment costs, small tool costs, and outside vendor costs for equipment repairs. Depreciation expense and taxes, including federal, state, and property taxes, are all considered in the setting of rates.

It is important to maintain a representative relationship between rate base, revenues and expenses in order for a public utility to have an opportunity to earn a fair and reasonable return. An attempt is made in the regulatory process to set rates to properly reflect the levels of investment and expenses necessary to serve a customer base which provides revenues to the utility. The Commission stated in its Order in KCPL's 1983 general rate case, Case No. ER-83-49:

> The purpose of using a test year is to create or construct a reasonable expected level of earnings, expenses and investments during the future period in which the rates, to be determined herein, will be in effect. All of the aspects of the test year operations may be adjusted upward or downward to exclude unusual or unreasonable items, or include unusual items, by amortization or otherwise, in order to arrive at a proper allowable level of all of the elements of the Company's operations. The Commission has generally attempted to establish those levels at a time as close as possible to the period when the rates in question will be in effect.

In Case No. ER-83-49, regarding the need for a true-up, the Commission stated that it would not "consider a true-up of isolated adjustments, but will examine only a package of adjustments designed to maintain the proper revenue-expense-rate base match at a proper point in time. [26 Mo P.S.C. (N.S.) 104, 110 (1983)] This concept of developing a revenue requirement calculation based on consideration of all relevant factors has been a long-standing approach to ratemaking in this state.

The ratemaking process includes making adjustments to reflect normal, on-going operations of a utility. This process generally uses four approaches to reflect changes determined to be reasonable and appropriate. These are commonly referred to as annualization adjustments, normalization adjustments, disallowances, and pro forma adjustments.

True-up

In addition, since KCPL has several construction projects nearing completion that are not scheduled to be in-service until late 2008 or early 2009, at KCPL’s request the

Commission established a true-up through the end of March 31, 2009 or, at KCPL's election made by January 20, 2009, April 30, 2009. Although the parties agreed to a 2007 test year, all parties did not agree regarding the update and true-up periods. The Commission authorized the true-up period in its Order Setting Procedural Schedules issued November 20, 2008. The Commission authorized the use of the test year in its Order Directing Filing and Directing Notice issued September 12, 2008. In the Commission's November 20, 2008 Order for the procedural schedule it stated the following regarding the test year and true up:

> In balancing the benefits and detriments to all the parties and making certain that the Commission has sufficient time to hear all arguments, review all the evidence, and make a sound decision with a reasonable effective date, the Commission determines that the proposal as set out by the Companies and Staff is the most appropriate schedule with slight modifications. The Commission shall set the true-up period to end on March 31, 2009, and shall adopt Staff's proposed procedural schedule that includes the March 31, 2009 true-up date and August 5, 2009 tariff effective dates. The Commission recognizes, however, that the inclusion in the true-up period of the Iatan projects could be significant. Thus, the Commission shall also set a date for the Companies to request that the Commission extend the true-up period, suspend the tariffs, and alter the procedural schedules.
>
> [Commission Order issued November, 2008, page 4-5]

Thus, the Commission authorized that the true-up in this case be through March 31, 2009, unless an extension becomes necessary as a result of the construction projects currently undertaken by GPE and its subsidiaries.

KCPL notified the Commission on January 20, 2009 that it did "not seek to extend the true-up period in these cases beyond the March 31, 2009 established in the Order Setting Procedural Schedules." Therefore, the true-up in this case, as well as the MPS, L&P and L&P steam rate cases, will be through March 31, 2009.

Revenue Requirement Ratemaking Adjustments

Q. What is an annualization adjustment?

A. An annualization adjustment is made when costs or revenues change during the audit period that will be ongoing at a level different than they existed during the audit period. Typical examples are payroll increases granted to employees or employees starting employment mid-year which would require an annualization adjustment to reflect a full annual period of payroll costs-- without such an adjustment payroll would be understated. Reflecting new customers that start taking service at the end of the test year or update period would also require an annualization to properly reflect a full 12-month of revenues. If a customer takes service the last month of the update period, no revenues from that customer will be included in the test year. Consequently, if that customer's only month of revenues is not reflected for a full twelve-month period, then revenues will be substantially understated, to the benefit of the utility.

Staff annualized many aspects of the current KCPL rate case, such as payroll and revenues.

Q. What is a normalization adjustment?

A. A normalization adjustment is an adjustment made to reflect normal, on-going operations of the utility. Revenues or costs that were incurred in the test year that are determined to be untypical or abnormal will get specific rate treatment. These abnormal events will generally require some type of adjustment to reflect normal or typical operations. The ratemaking process removes abnormal or unusual events from the cost of service calculations and replaces those events with normal levels of revenues or costs. An example of an abnormal event is the impact that unusually hot or cold weather has on revenues for those customers that are weather sensitive. Extreme temperatures can have significant impacts on revenues resulting in a distortion to test-year results. Since utility rates are set using normalized processes, adjustments to test-year levels must be made when it is determined that unusual or abnormal events cause unusually high or low results. In the case of weather impacts on utility results, detailed information is examined to determine if revenues, and related fuel costs must be adjusted for the effects that warmer or colder than normal temperatures have on the utility operations. Weather results in the test year will be compared to actual temperatures over a substantial period of time, many times a 30-year time horizon. An adjustment is made to weather sensitive revenues in the test year to reflect normal weather conditions for steam sales and resulting revenues. These weather-normalized sales volumes are used as basis for the fuel and purchased power costs so that abnormal weather impacts are isolated and removed from those costs.

Another example of the normalization process is the examination of maintenance and operation costs relating to production equipment such as coal-fired generating plants. Costs are examined to determine if unusual events like major maintenance on turbines have occurred during the test year. It is common in the ratemaking process to reflect normalization adjustments. If these types of adjustments were not made, the utility revenues and costs, which both directly impact earnings, would be either over or understated. For example, warmer than normal weather in the winter will negatively impact revenues for utilities with steam and natural gas operations. Staff proposes adjustments to normalize the events to reduce impacts on revenues.

In the current KCPL case, Staff has made both a weather adjustment for revenues and also normalized operation and maintenance expenses for non-payroll operation and maintenance expenses based on an examination of actual historical occurrences.

Q. What is a disallowance adjustment?

A. This type of adjustment results in removing cost elements from the cost of service for test-year results because the items are either non-recurring, not necessary to the provision of utility service, or the expenditures were imprudent. A disallowance adjustment results when the cost recovery in rates is considered inappropriate. Disallowances are made to eliminate costs from test year results either entirely or on a partial basis. One example is the removal from test results of certain advertising costs. While some advertising costs should be included in rates, others should be eliminated because they are not necessary to the provision of utility service.

In this case Staff disallowed the costs for certain advertisements KCPL incurred during the test year.

Q. What is a pro forma adjustment?

A. This type of adjustment is made to reflect increases and decreases to revenue requirement because of a rate increase or decrease. Pro forma adjustments are made because of the need to reflect the impact of items and events occur subsequent to the test year. These items or events significantly impact revenue, expense and the rate base relationship and should be recognized to address the forward-looking objective of the test year. Caution must be taken when recognizing pro forma adjustments to ensure that all items and events subsequent to the test year are examined to avoid not recognizing offsetting adjustments. In addition, some post-test year items and events may not have occurred yet and or may not have been sufficiently measured. As a result, quantification of some pro forma adjustments may be more difficult than the quantification of other adjustments. A true-up audit that considers a full range of items and events that occur subsequent to the test year and update period attempts to address the maintenance of proper relationship among revenues, expenses and investment as well as address the difficulty in quantification associated with making pro forma adjustments.

The most common example of a pro forma adjustment is the grossing up of net income deficiency for income tax purposes. This involves calculating the revenue requirement before income taxes. If rates need to be adjusted to increase utility revenues, then those revenues need to be factored up for income taxes. This is necessary because every additional revenue dollar collected in rates requires income taxes to be paid.

As an illustration, if the utility needs to increase rates by $1 million, then it must increase rates by a significantly greater amount to receive the full $1 million increase because of the income taxes that must be paid to the taxing authorities. As an example, the revenue requirement model (Accounting Schedule 1) used by Staff to determine the findings of the cost of service review calculates the revenue requirement as follows using illustrative dollar amounts only:

Net Income Required	$1,000,000
Net Income Available	600,000
Additional Net Income Required	$400,000
Income Tax Gross Up Factor (using a 38.39% effective tax rate)	x 1.6231
Recommended Revenue Requirement Increase	$649,240

For the utility to recover the full $400,000 of additional revenues on an after-tax basis as required based on the cost of service results found in Staff's analysis, rates would have to increase an additional amount of $249,240, for payment of income taxes. This results in the total revenue requirement of $649,240 that rates would have to be increased so the company would be left with $400,000 needed to earn an appropriate return and recover allowed costs.

Another way of considering the affects of income taxes in the ratemaking process is:

Additional Revenue Collected in Rates from Rate Increase	$649,240
Less: Income Tax Based on 38,39% Effective Tax Rate	(249,240)
Additional Net Income from Rate Increase	$400,000

Revenue Requirement Calculation

Q. What is the revenue requirement as it is used in the determination of rates for public utilities?

A. Generally, the term revenue requirement is used to identify the incremental differences that result from a comparison of the utility's rate of return and capital structure on the investment with the revenues and costs to provide a particular utility service. This difference occurs when the results of a cost of service calculation is compared to existing rates which identifies any revenue shortfall (positive revenue requirement) or excess (negative revenue requirement).

Q. Did Staff examine KCPL's cost of service?

A. Yes. Staff reviewed all the material and relevant components making up the Company's revenue requirement, which are: rate of return and capital structure, rate base investment, and revenues and expenses, maintaining the relationship between each of these components through the update period through September 30, 2008.

Q. How do each of these elements relate to one another?

A. The ratemaking process for regulated utilities is a process whereby the Commission makes rate decisions regarding how utilities charge customers for the provision of utility services using a prescribed formula. The revenue requirement calculation can be identified by a formula as follows:

Revenue Requirement = Cost of Providing Utility Service

or

RR= O + (V - D) R where,

RR = Revenue Requirement

O = Operating Costs
(such as fuel, payroll, maintenance, etc., Depreciation and Taxes)

V = Gross Valuation of Property Used for Providing Service

D = Accumulated Depreciation Representing the Capital Recovery of Gross Property Investment

(V – D) = Rate Base (Gross Property Investment less Accumulated Depreciation = Net Property Investment)

(V - D) R = Return Allowed on Net Property Investment

This formula provides the traditional rate of return calculation this Commission uses to set just and reasonable rates. The result provides a total revenue requirement amount. That amount represents the incremental change in revenues over existing rates for the test year necessary to allow the utility the opportunity to earn the Commission's authorized return. That return is collected on the appropriate level of rate base investment. The revenue requirement calculation also allows for the recovery of the proper level of utility costs, including income taxes.

ORGANIZATION OF STAFF'S COST OF SERVICE REPORT

Q. How is the Cost of Service Report organized?

A. The Cost of Service Report is organized by each major revenue requirement category:

I. Background of Great Plains Energy and Kansas City Power & Light Company

II. Executive Summary

III. Kansas City Power & Light Company's Rate Case Filing

IV. Rate of Return and Capital Structure

V. Rate Base

VI. Income Statement- Revenues

VII. Income Statement- Expenses

VIII. Depreciation

IX. Current and Deferred Income Tax

X. Jurisdictional Allocations

XI. Transition Cost Recovery Mechanism

XII. Service Quality

These categories have several subsections which identify in detail the specific elements of the revenue requirement being supported by Staff regarding KCPL general rate increase request.

OVERVIEW OF STAFF'S FILING, FINDINGS AND RECOMMENDATIONS

Q. Please identify the findings of Staff's review of KCPL's rate increase request.

A. Staff conducted a review of KCPL September 5, 2008 rate increase filing and has identified the following areas in its findings and recommendations:

Overall Revenue Requirement--

Q. What are Staff's findings regarding any recommendation for changes to KCPL's rates?

A. Staff is recommending a revenue requirement increase of $45 million based on mid-point rate of return on equity of 9.75% and the calculations made by the various Staff members assigned to this case. Staff initial revenue requirement calculation is examining the changes in revenues, expenses and investment costs through the known and measurable period of September 30, 2008.

A very large part of this recommendation, however is relating to an Allowance for Known and Measurable Changes for the substantial increases expected as result of the true-up through March 31, 2009.

Rate of Return--

The rate of return used to calculate the revenue requirement in this case is based on a consolidated capital structure and corporate results. David Murray, of the Commission's Financial Analysis Department, determined that the rate of return on equity should be in a range from 9.25% to 10.25% with a mid-point of 9.75% resulting in an overall rate of return on investment of 7.732% to 8.238% with a mid-point of 7.985%. Mr. Murray examined the Company's capital structure and cost of money and provided the Staff's proposed rate of return used to calculate the revenue requirement in this case. Staff will review the capital structure for the true-up.

<u>Rate Base--</u>

Plant in Service and Accumulated Depreciation Reserve are reflected in the rate base as of September 30, 2008. All plant additions and retirements were included in the revenue requirement calculation as of September 30, 2008. Staff will add plant additions and retirements through the end of the true-up period, currently March 31, 2009. Several plant construction projects are being completed which will be addressed in the true-up.

Cash Working Capital has been included in rate base using a lead-lag study developed by KCPL and Staff over the last three rate cases.

Fuel Stock (Coal) Inventories, Material & Supplies and Prepayments were included as of the September 30, 2008. These items will be re-examined in the true-up.

Prepaid Pension Asset relates to previous Stipulations and Agreements from the Regulatory Plan approved in Case No. EO-2005-0329 and the 2006 rate case, Case No. ER-2006-0314 and the 2007 rate case, Case No. ER-2007-0291.

Accumulated Deferred Income Taxes Reserves were included as an offset to rate base as of September 30, 2008. Deferred tax reserves will be updated for the true-up.

Regulatory Plan Amortization Case ER-2006-0314 reflects the additional amortization amounts that have accumulated since the date the 2006 rate case rates went into effect on January 1, 2007 as a result of the Commission's Order in Case No. ER-2006-0314.

Regulatory Plan Amortization Case No. ER-2007-0291 reflects the additional amortization amounts that have accumulated since the date the 2007 rate case rates went into effect on January 1, 2008 as a result of the Commission's Order in Case No. ER-2007-0291.

Both of these regulatory plan amortizations are accumulated in the depreciation reserve. Staff has made an adjustment to remove these amounts from the reserve so they can be identified in the rate base.

Other rate base components for customer deposits, customer advances for construction, deferred SO 2 coal premiums, and other regulatory liability for emission allowance sales are included through end of the update period of September 30. 2008.

Income Statement--

Revenues-

Staff annualized and normalized revenues through September 30, 2008 to reflect annual level of weather normalized revenues on a Missouri jurisdictional basis. Revenues will be trued-up through March 31, 2009.

Off-system sales for firm and non-firm customers have been included in the case using the approach taken in the last two KCPL rate cases. KCPL uses a model to develop level for non-firm off-system sales margins and reflected an amount in its September 5, 2008 original filing. Staff has reflected this amount in its direct filing. Staff will continue to examine the off-system sales for firm and non-firm as the case progresses.

Expenses--

Fuel costs in this case were based on using coal and natural gas prices through September 30, 2008. Purchased power costs were also included through September 30, 2008. Other inputs such as fuel mix, and station outages and distribution losses were determined using historical information. Fuel and purchased power costs will be trued-up through March 31, 2009.

Payroll, payroll related benefits, and payroll taxes were annualized through September 30, 2008. Payroll will be updated in the true-up to as of March 31, 2009.

Operations and maintenance costs, other than payroll costs, were included in the case at test year 2007 levels.

Rate Case Expense was included in the case for actual invoiced expenditures that were reviewed by Staff during the audit through the most current and will continue to be reviewed to the end of the case to develop an on-going level for these costs. Because these costs are unique to the rate case process with major costs incurred to review Staff and other parties' direct filings, participate in the prehearing conference, prepare responsive testimony and, if needed, going to trial, Staff will examine additional costs as the process develops further to include those costs that can be verified and supported as reasonable and justified.

Outside Services Expenses were analyzed and amounts that were verified and supported related to on-going company operations were included in the case.

Depreciation Expense was annualized based on depreciation rates developed as part of the Regulatory Plan in Case No. EO-2009-0329. Rosella L. Schad of the Commission's Depreciation Engineering and Management Services Department reviewed these rates to ensure they were same rates identified in the Regulatory Plan and approved in Case No. ER-2006-0314. The depreciation rates were applied to Staff's recommended plant values as adjusted plant-in-service jurisdictional amounts, resulting in total annualized Missouri jurisdictional depreciation expense.

Staff calculated Income Taxes based on the results of the revenue requirement calculation as of September 30, 2008. The income tax expense amount will be trued-up as of

March 31, 2009. Deferred income tax reserve will also be trued-up as of March 31, 2009 from the level reflected as of September 30, 2008.

ALLOWANCE TO THE REVENUE REQUIREMENT

Q. What is the allowance for known and measurable changes that appears on the Staff Accounting Schedule 1 (Revenue Requirement)?

A. In the revenue requirement runs for KCPL, Staff has made an allowance based on a rough estimate designed to cover an expected or anticipated increase to the overall revenue requirement being recommended in this case due to events in the true-up period. The allowance is commonly used when true-ups or additional updates are authorized for the rate case. If higher costs are expected beyond the update period, in this case September 30, 2008, then an allowance can approximate the impact on the case for those higher costs. For purposes of this case, Commission has authorized the use of updating the revenue requirement through the end of March 31, 2009, primarily to address KCPL's significant increases for plant additions.

Q. What higher costs does Staff believe may exist when the update period of March 31, 2009 is completed?

A. KCPL is expected to complete its construction of environmental plant additions for Iatan 1, which involve very substantial costs. There are other plant additions that normally occur during the six months between the update period of September 30, 2008 and the true-up period of March 31, 2009 that will be included in the true-up.

Staff will examine fuel and purchased power costs. Staff anticipates additional costs for payroll, payroll- related benefits such as pensions, and other costs through the end of the March 31, 2009, update period. In addition, Staff is still looking at some areas in the case that may result in higher costs than are currently reflected in the revenue requirement runs being submitted in this direct filing. These relate to the Commission's new rules on vegetation management (tree-trimming) and infrastructure inspections and repairs. Also Staff plans on having further discussions in the area of off-system sales that may impact the revenue requirement in this case.

REGULATORY PLAN ADDITIONAL AMORTIZATIONS

Q. What are the Regulatory Plan Additional Amortizations?

A. In Case No. EO-2005-0329, the Commission approved a unique regulatory approach presented in a Stipulation and Agreement signed by KCPL and numerous parties, including Public Counsel and Staff, which allowed KCPL certain accommodations to traditional ratemaking for pursuing what was referred to as a Comprehensive Energy Plan (CEP). This plan resulted, among other things, in fostering the construction of the Iatan 2 Generating Station. This coal-fired generating unit is currently well into construction in Weston, Missouri, at the same station where the original Iatan unit, Iatan 1, a coal-fired base load unit that was completed in May 1980. In the CEP KCPL committed to add significant environmental plant additions at its LaCygne Unit 1 and at Iatan 1 and to construct the Spearville Wind Farm in western Kansas. The first phase of the environmental plant enhancements at LaCygne Unit 1 was completed in 2007 and included in rate base in KCPL's last rate case, Case No. ER-2007-0291. The Spearville Wind Farm was completed in September 2006 and was included in rate base in KCPL's 2006 rate case, Case No. ER-2006-0314.

The extensive environmental additions to Iatan 1 is expected to be completed in the first quarter of 2009, and the costs of that work will be part of the true-up in this case, which is currently scheduled to occur through March 31, 2009. A review of the costs of this plant addition is currently underway by several Staff members.

Q. What atypical treatment, if any, is KCPL allowed under the Regulatory Plan related to maintaining financial ratios to keep its cost of debt down?

A. KCPL is permitted to calculate its revenue requirement using certain cash flow ratios or financial benchmarks in order to provide KCPL with sufficient cash (earnings) to maintain certain investment grade financial measures. In the Regulatory Plan the signatory parties agreed to allow KCPL to include amounts in its rate cases referred to as "additional amortizations" which increase the cash flow of the Company. These additional amortizations are determined using a model developed in the Regulatory Plan approved in Case No. EO-2005-0329.

Q. Has KCPL received additional amortizations in the past?

A. Yes. Additional Amortizations resulting from the last two KCPL rate cases are reflected in the revenue requirement calculation. In Case No. ER-2006-0314, the Commission authorized KCPL a $21.7 million additional amortization. In KCPL's last rate case, Case No. ER-2007-0291, the Commission granted KCPL an additional $10.7 million amortization. The rate case amounts of additional amortization total $32.4 million for KCPL.

Q. Has Staff calculated an additional amortization in this case?

A. Staff has not calculated any additional amortizations in its direct filing. Any amount calculated at this time would include a large allowance for known and measurable changes that would result in a meaningless number. The Commission will make the final determination regarding the issues in this case. The true-up will result in significant changes to the revenue requirement calculations Staff has made in its direct case. Therefore, Staff is not making any recommendations at this time regarding the appropriate additional amortization amount in this case. Staff will do so after the true-up is completed. The final amounts for additional amortizations will be determined by the Commission on the basis of the revenue requirement resulting from how the Commission decides issues presented for its consideration.

Q. If Staff is not making a recommendation regarding the additional amortization for rates in this case, does it have a mechanism on how this amount will be determined?

A. Attached to this direct testimony as Schedule 2 is the final calculation for additional amortizations based on the model used in the last two KCPL rate cases that was initially developed in Case No. EO-2005-0329 and modified to reflect decisions made by the Commission in the last rate case, Case No. ER-2007-0291, for removing short-term debt from the calculation. This is the same model used by KCPL when it filed its original September 5, 2008 rate case and it will be used by the Company when it re-calculates additional amortizations for the true-up.

COST REVIEW OF CONSTRUCTION PROJECTS

Q. Is Staff currently looking at the construction costs for the major plant additions for KCPL?

A. Yes. Staff has been reviewing the construction costs for plant additions for environmental equipment being installed at the Iatan 1 generating facility. These plant additions involve two GPE entities-- KCPL has a 70% ownership share of Iatan 1 and is its operating partner. In addition, L&P has an 18% ownership share of Iatan 1 and the plant additions involve the cost increases for this GMO entity.

Q. What construction projects is Staff reviewing?

A. The Iatan 1 project is the largest of the construction activities whose in service timeframe is likely involved in this rate case. A selective catalytic reduction (SCR) system and other environmental projects are being installed at Iatan 1, with construction completion and in-service expected by the end of first quarter 2009.

Staff is also looking at plant additions for Sibley which is wholly owned by GMO, attributed to MPS, and the three coal-fired generating units at the Jeffrey Energy Center which is operated by Westar Energy with MPS having an 8% ownership share. A SCR system is being installed at Sibley, with expected completion and in-service first quarter 2009. Westar has completed the Jeffrey Energy Center 1 and 3 SCR systems in 2008 and is expected to complete the SCR system for Unit 2 in the second quarter of 2009.

Q. Has Staff completed its review of the costs for these three construction projects?

A. No. The magnitude of these three construction projects involving Iatan 1, Sibley 3 and the three units at the Jeffrey Energy Center are very large. All three projects are nearing completion at the same time, but are not complete. This situation impacts the ability of Staff to review the construction costs of these projects and perform construction audits. In addition to these sizable investments, KCPL and GMO are currently building Iatan 2 with a completion and in-service sometime in the summer or fall 2010. Also, these projects are nearing completion while Staff as a result of the GPE acquisition of Aquila has to develop revenue requirements for essentially three electric rate cases for KCPL and GMO (MPS and L&P) and a steam case for L&P steam which makes it extremely difficult for Staff to conduct a review of construction costs. As such, Staff will not be able to complete and present the results of construction cost reviews for any of these projects in these rate cases either now or in the true-up following the March 31, 2009 true-up cutoff. The final costs of the construction projects will not be known for some time and as such, will not allow Staff to review all the costs in time for the true-up filing. Staff will review these construction costs and make its findings known in the next rate cases.

Q. When does Staff expect those next rate cases?

A. Staff expects KCPL, and GMO for MPS and L&P, to file rate cases later this year (likely shortly after the rates in the pending cases go into effect) to reflect their ownership in Iatan 2, which is expected to be fully operational and used for service in the summer or fall 2010.

Q. Does Staff have a recommendation regarding how the Commission should addresses the prudency of construction costs of the Iatan 1 project in this case?

A. Yes. Because of the situation noted above, it is premature to address the prudency of Iatan 1 construction costs, Staff recommends the Commission either, (1) to the extent the costs of that project exceed KCPL's definitive estimate, make that portion of KCPL's rates interim subject to refund or (2) expressly state in its Report and Order in this case that it is not deciding for the purpose of setting rates in this case the issue whether the construction costs of the Iatan 1 project were prudently incurred and that it will take up the matter of the prudency of those costs in a future case, if a party properly raises the issue before the Commission in that case.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power and Light Company for Approval to Make Certain Changes in its Charges for Electric Service To Continue the Implementation of Its Regulatory Plan.	)))))	Case No. ER-2009-0089

AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Cary G. Featherstone, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 36 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

Cary G. Featherstone

Subscribed and sworn to before me this 11th day of February, 2009.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071

Notary Public

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	**Case No.**	**Utility**	**Type of Testimony/Issue**	**Case**
1980	Case No. ER-80-53	St. Joseph Light & Power Company (electric rate increase)	Direct	Stipulated
1980	Case No. OR-80-54	St. Joseph Light & Power Company (transit rate increase)	Direct	Stipulated
1980	Case No. HR-80-55	St. Joseph Light & Power Company (industrial steam rate increase)	Direct	Stipulated
1980	Case No. GR-80-173	The Gas Service Company (natural gas rate increase)	Direct	Stipulated
1980	Case No. GR-80-249 Coordinated	Rich Hill-Hume Gas Company (natural gas rate increase)	No Testimony filed- revenues & rate base	Stipulated
1980	Case No. TR-80-235	United Telephone Company of Missouri (telephone rate increase)	Direct-construction work in progress Rebuttal	Contested
1981	Case No. ER-81-42	Kansas City Power & Light Company (electric rate increase)	Direct-payroll & payroll related benefits; cash working capital Rebuttal	Contested
1981	Case No. TR-81-208	Southwestern Bell Telephone Company (telephone rate increase)	Direct-cash working capital; construction work in progress; income taxes-flow-through Rebuttal Surrebuttal	Contested
1981	Case No. TR-81-302	United Telephone Company of Missouri (telephone rate increase)	Direct-construction work in progress	Stipulated

Year	Case No.	Utility	Type of Testimony/Issue	Case
1981	Case No. TO-82-3	Investigation of Equal Life Group and Remaining Life Depreciation Rates (telephone-- depreciation case)	Direct- construction work in progress	Contested
1982	Case Nos. ER-82-66 and HR-82-67	Kansas City Power & Light Company (electric & district steam heating rate increase)	Direct- fuel & purchased power; fuel inventories Rebuttal Surrebuttal	Contested
1982	Case No. TR-82-199	Southwestern Bell Telephone Company (telephone rate increase)	Direct- revenues & directory advertising	Contested
1983	Case No. EO-83-9	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1983	Case No. ER-83-49	Kansas City Power & Light Company (electric rate increase)	Direct- fuel & fuel inventories Rebuttal Surrebuttal	Contested
1983	Case No. TR-83-253	Southwestern Bell Telephone Company (telephone rate increase - ATT Divesture Case)	Direct- revenues & directory advertising	Contested
1984	Case No. EO-84-4	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1985	Case Nos. ER-85-128 and EO-85-185 Coordinated	Kansas City Power & Light Company (electric rate increase- Wolf Creek Nuclear Generating Unit Case)	Direct- fuel inventories; coordinated construction audit	Contested
1987	Case No. HO-86-139 Coordinated	Kansas City Power & Light Company (district steam heating-- discontinuance of public utility and rate increase)	Direct- policy testimony on abandonment of steam service Rebuttal Surrebuttal	Contested

Year	Case No.	Utility	Type of Testimony/Issue	Case
1988	Case No. TC-89-14 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Surrebuttal	Contested
1989	Case No. TR-89-182	GTE North, Incorporated (telephone rate increase)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1990	Case No. GR-90-50 Coordinated	Kansas Power & Light - Gas Service Division (natural gas rate increase)	Direct- prudency review of natural gas explosions	Stipulated
1990	Case No. ER-90-101 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric rate increase- Sibley Generating Station Life Extension Case)	Direct- Corporate Costs and Merger & Acquisition Costs Surrebuttal	Contested
1990	Case No. GR-90-198 Coordinated	UtiliCorp United, Inc., Missouri Public Service Division (natural gas rate increase)	Direct- Corporate Costs and Merger & Acquisition Costs	Stipulated
1990	Case No. GR-90-152	Associated Natural Gas Company (natural gas rate increase)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1991	Case No. EM-91-213	Kansas Power & Light - Gas Service Division (natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested
1991	Case Nos. EO-91-358 and EO-91-360 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric-- accounting authority orders)	Rebuttal- plant construction cost deferral recovery; purchased power cost recovery deferral	Contested

Year	Case No.	Utility	Type of Testimony/Issue	Case
1991	Case No. GO-91-359 Coordinated	UtiliCorp United Inc., Missouri Public Service Division (natural gas-- accounting authority order)	Memorandum Recommendation- Service Line Replacement Program cost recovery deferral	Stipulated
1993	Case Nos. TC-93-224 and TO-93-192 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1993	Case No. TR-93-181	United Telephone Company of Missouri (telephone rate increase)	Direct- directory advertising Surrebuttal	Contested
1993	Case No. GM-94-40	Western Resources, Inc. and Southern Union Company (natural gas-- sale of Missouri property)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated
1994	Case No. GM-94-252 Coordinated	UtiliCorp United Inc., acquisition of Missouri Gas Company and Missouri Pipeline Company (natural gas--acquisition case)	Rebuttal- acquisition of assets case	Contested
1994	Case No. GA-94-325 Coordinated	UtiliCorp United Inc., expansion of natural gas to City of Rolla, MO (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested
1995	Case No. GR-95-160 Coordinated	United Cities Gas Company (natural gas rate increase)	Direct- affiliated transactions; plant	Contested
1995	Case No. ER-95-279 Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel & purchased power; fuel inventories	Stipulated
1996	Case No. GA-96-130	UtiliCorp United, Inc./Missouri Pipeline Company (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested

Year	Case No.	Utility	Type of Testimony/Issue	Case
1996	Case No. EM-96-149 Coordinated	Union Electric Company merger with CIPSCO Incorporated (electric and natural gas--acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1996	Case No. GR-96-285 Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Direct- merger savings recovery; property taxes Rebuttal Surrebuttal	Contested
1996	Case No. ER-97-82	Empire District Electric Company (electric-- interim rate increase case)	Rebuttal- fuel & purchased power	Contested
1997	Case No. GA-97-132	UtiliCorp United Inc./Missouri Public Service Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	Case No. GA-97-133	Missouri Gas Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	Case Nos. EC-97-362 and EO-97-144	UtiliCorp United Inc./Missouri Public Service (electric rate complaint case)	Direct- - fuel & purchased power; fuel inventories Verified Statement	Contested Commission Denied Motion
1997	Case Nos. ER-97-394 and EC-98-126 Coordinated	UtiliCorp United Inc./Missouri Public Service (electric rate increase and rate complaint case)	Direct- fuel & purchased power; fuel inventories; re-organizational costs Rebuttal Surrebuttal	Contested
1997	Case No. EM-97-395	UtiliCorp United Inc./Missouri Public Service (electric-application to spin-off generating assets to EWG subsidiary)	Rebuttal- plant assets & purchased power agreements	Withdrawn

Year	Case No.	Utility	Type of Testimony/Issue	Case
1998	Case No. GR-98-140 Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Testimony in Support of Stipulation And Agreement	Contested
1999	Case No. EM-97-515 Coordinated	Kansas City Power & Light Company merger with Western Resources, Inc. (electric acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated (Merger eventually terminated)
2000	Case No. EM-2000-292 Coordinated	UtiliCorp United Inc. merger with St. Joseph Light & Power Company (electric, natural gas and industrial steam acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested (Merger closed)
2000	Case No. EM-2000-369 Coordinated	UtiliCorp United Inc. merger with Empire District Electric Company (electric acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested (Merger eventually terminated)
2001	Case No. ER-2001-299 Coordinated	Empire District Electric Company (electric rate increase)	Direct- income taxes; cost of removal; plant construction costs; fuel- interim energy charge Surrebuttal True-Up Direct	Contested
2001	Case Nos. ER-2001-672 and EC-2002-265 Coordinated	UtiliCorp United Inc./Missouri Public Service Company (electric rate increase)	Verified Statement Direct- capacity purchased power agreement; plant recovery Rebuttal Surrebuttal	Stipulated
2002	Case No. ER-2002-424 Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel-interim energy charge Surrebuttal	Stipulated

Year	Case No.	Utility	Type of Testimony/Issue	Case
2003	Case Nos. ER-2004-0034 and HR-2004-0024 (Consolidated) Coordinated	Aquila, Inc., (formerly UtiliCorp United Inc) d/b/a Aquila Networks-MPS and Aquila Networks-L&P (electric & industrial steam rate increases)	Direct- acquisition adjustment; merger savings tracking Rebuttal Surrebuttal	Stipulated
2004	Case No. GR-2004-0072 Coordinated	Aquila, Inc., d/b/a Aquila Networks-MPS and Aquila Networks-L&P (natural gas rate increase)	Direct- acquisition adjustment; merger savings tracking Rebuttal	Stipulated
2005	Case No. HC-2005-0331 Coordinated	Trigen-Kansas City Energy [Jackson County Complaint relocation of plant for Sprint Arena] (steam complaint case)	Cross examination- relocation of plant assets	Contested
2005	Case No. EO-2005-0156 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS (electric- South Harper Generating Station asset valuation case)	Rebuttal- plant valuation Surrebuttal	Stipulation pending
2005	Case No. ER-2005-0436 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct- interim energy charge; fuel; plant construction; capacity planning Rebuttal Surrebuttal	Stipulated
2005	Case No. HR-2005-0450 Coordinated	Aquila, Inc., d/b/a Aquila Networks- L&P (industrial steam rate increase)	Direct	Stipulated
2006	Case No. ER-2006-0314 Coordinated	Kansas City Power & Light Company (electric rate increase)	Direct-construction audits Rebuttal- allocations Surrebuttal- allocations	Contested
2006	Case No. WR-2006-0425 Coordinated	Algonquin Water Resources (water & sewer rate increases)	Rebuttal- unrecorded plant; contributions in aid of construction Surrebuttal	Contested

Year	Case No.	Utility	Type of Testimony/Issue	Case
2007	Case No. ER-2007-0004 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct-fuel clause, fuel, capacity planning Rebuttal Surrebuttal	Contested
2007	Case No. HO-2007-0419 Coordinated	Trigen-Kansas City Energy [sale of coal purchase contract] (steam)	Recommendation Memo	Stipulated
2007	Case Nos. HR-2007-0028 and HR-2007-0399	Aquila, Inc., d/b/a Aquila Networks- L&P [Industrial Steam Fuel Clause Review] (industrial steam fuel clause review)		Pending
2008	Case No. HR-2008-0300 Coordinated	Trigen-Kansas City Energy (steam rate increase)	Direct - sponsor Utility Services portion of the Cost of Service Report, overview of rate case, plant review and plant additions, fuel and income taxes	Stipulated

CASES SUPERVISED AND ASSISTED:

Year	Case No.	Utility	Type of Testimony	Case Disposition
1986	Case No. TR-86-14 Coordinated	ALLTEL Missouri, Inc. (telephone rate increase)		Stipulated
1986	Case No. TR-86-55 Coordinated	Continental Telephone Company of Missouri (telephone rate increase)		Stipulated
1986	Case No. TR-86-63 Coordinated	Webster County Telephone Company (telephone rate increase)		Stipulated
1986	Case No. GR-86-76 Coordinated	KPL-Gas Service Company (natural gas rate increase)		Withdrawn
1986	Case No. TR-86-117 Coordinated	United Telephone Company of Missouri (telephone rate increase)	Withdrawn prior to filing	Withdrawn
1988	Case No. GR-88-115 Coordinated	St. Joseph Light & Power Company (natural gas rate increase)	Deposition	Stipulated
1988	Case No. HR-88-116	St. Joseph Light & Power Company (industrial steam rate increase)	Deposition	Stipulated
1994	Case No. ER-94-194	Empire District Electric Company (electric rate increase)		
2003	QW-2003-016 QS-2003-015	Tandy County (water & sewer informal rate increase)	Recommendation Memo	Stipulated

Year	Case No.	Utility	Type of Testimony	Case Disposition
2004	Case No. HM-2004-0618 Coordinated	Trigen- Kansas City Energy purchase by Thermal North America (steam - sale of assets)		Stipulated
2005	Case No. GM-2005-0136 Coordinated	Partnership interest of DTE Enterprises, Inc. and DTE Ozark, Inc in Southern Gas Company purchase by Sendero SMGC LP (natural gas -- sale of assets)	Recommendation Memo	Stipulated
2005	Case No. WO-2005-0206 Coordinated	Silverleaf sale to Algonquin (water & sewer- sale of assets)		Stipulated
2006	Case No. WR-2006-0250	Hickory Hills (water & sewer- informal rate increase)	Recommendation Memo	Contested
2006	Case No. HA-2006-0294 Coordinated	Trigen Kansas City Energy (steam- expansion of service area)		Contested
2007	Case No. SR-2008-0080 Tracking No. QS-2007-0008	Timber Creek (sewer- informal rate increase)	Recommendation Memo	Stipulated
2008	QW-2008-0003	Spokane Highlands Water Company (water- informal rate increase)	Recommendation Memo	Stipulated

Missouri Jurisdictional Additional Amortization for 2007 Filing

Includes $21,679,061 Credit Ratio Amortization from ER-2006-0314
NO HYBRID

Line			Total Company		Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
1	Additional net Assets on KCPL's balance sheet				16,289,798		
2	Rate Base	Rev Req Model Sch 1-055 (COL 604)	NA		1,297,848,954		
3	Net Assets supported by LTD & Equity				1,314,138,752		
4	Jurisdictional Allocator for Capital	Jurisdictional Rate Base (COL 604) / Total Company Rate Base (COL 603)			52.71%		
5							
6	Total Capital	Misc% %-031*1000	2,696,226,000		1,314,138,752	-	1,314,138,752
7	Equity	Misc% %-030*1000	1,553,527,000	57.62%	757,188,023	-	757,188,023
8	Preferred	Misc% %-029*1000	39,000,000	1.45%	19,008,574		19,008,574
9	Long-term Debt	Misc% %-028*1000	1,103,699,000	40.93%	537,942,156		537,942,156
10	Cost of Debt	Misc% %-034	5.93%	100.00%	5.93%		5.93%
11	Interest Expense	Line 9 * Line 10	65,433,291		31,892,142	-	31,892,142
12							
13	Retail Sales Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0		639,535,576	10,723,827	650,259,403
14	Other Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0				0
15	Operating Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0		639,535,576	10,723,827	650,259,403
16							
17	Operating & Maintenance Expenses	Rev Req Model Sch 1-017 through 1-019 plus Rev Req Bad Debt			345,592,840		345,592,840
18	Depreciation	Rev Req Model Sch 1-020			95,655,217		95,655,217
19	Amortization	Rev Req Model Sch 1-021			5,173,390	10,723,827	15,897,217
20	Interest on Customer Deposits	Rev Req Model Sch 1-022 (MO) or 1-023 (KS)			506,624		506,624
21	Taxes other than income taxes	Rev Req Model Sch 1-024 plus Rev Req KCMO Earnings Taxes			39,413,433		39,413,433
22	Federal and State income taxes	Rev Req Model Sch 1-025 plus Rev Req Income Taxes			40,540,783		40,540,783
23	Gains on disposition of plant	Rev Req Model Sch 1-026					0
24	Total Electric Operating Expenses	Sum of Lines 17 to 23	0		526,882,287	10,723,827	537,606,114
25							
26	Operating Income	Rev Req Model Sch 1-029	0		112,653,289	0	112,653,289
27	less Long-term Interest Expense	- Line 11	-		(31,892,142)	-	(31,892,142)
27b	less Short-term Interest Expense net of tax	- Line 38 * (1 - line 69)					(4,783,218)
28	Depreciation	Rev Req Model Sch 1-020			95,655,217	-	95,655,217
29	Amortization	Rev Req Model Sch 1-021			5,173,390	10,723,827	15,897,217
30	Deferred Taxes	Rev Req Model Sch 7-114 (COL 604)			(1,509,755)	(4,157,628)	(5,667,383)
31	Funds from Operations (FFO)	Sum of Lines 26 to 30	-		180,079,999	6,566,199	181,862,980
32							
33	Net Income	Line 26 + Line 27	-		80,761,147	-	80,761,147
34	Return on Equity	Line 33 / Line 7	0.0%		10.666%	0.0%	10.7%
35	Unadjusted Equity Ratio	Line 7 / Line 6	57.6%		57.6%	0.0%	57.6%

Additional financial information needed for the calculation of ratios

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
36	Capitalized Lease Obligations	KCPL Trial Balance accts 227100 & 243100	2,263,682	1,193,189		1,193,189
37	Short-term Debt Balance	KCPL Trial Balance accts 231xxx	258,647,000	136,333,088		136,333,088
38	Short-term Debt Interest	KCPL average short-term debt rate * Line 37	14,820,473	7,811,886		7,811,886

Adjustments made by Rating Agencies for Off-Balance Sheet Obligations

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
39	Debt Adjustments for Off-Balance Sheet Obligations					
40	Operating Lease Debt Equivalent	Present Value of Operating Lease Obligations discounted @ 5.93%	86,659,561	45,678,340		45,678,340
41	Purchase Power Debt Equivalent	Present Value of Purchase Power Obligations discounted @ 5.93%	20,171,391	10,632,360		10,632,360
42	Accounts Receivable Sale	KCPL Trial Balance account 142011	70,000,000	36,897,069		36,897,069
43	Total OBS Debt Adjustment	Sum of Lines 40 to 42	176,830,953	93,207,769	-	93,207,769
44	Depreciation Adjustment for Operating Leases		10,477,788	5,522,852		5,522,852
45	Interest Adjustments for Off-Balance Sheet Obligations					
46	Present Value of Operating Leases	Line 40 * 5.93%	5,137,651	2,708,061	-	2,708,061
47	Purchase Power Debt Equivalent	Line 41 * 5.93%	1,195,870	630,344	-	630,344
48	Accounts Receivable Sale	Line 42 * 5%	3,500,000	1,844,853	-	1,844,853
49	Total OBS Interest Adjustment	Sum of Lines 46 to 48	9,833,521	5,183,259	-	5,183,259

Ratio Calculations

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
50	Adjusted Interest Expense	Line 11 + Line 38 + Line 49	90,087,285	44,887,287	-	44,887,287
51	Adjusted Total Debt	Line9 + Line 36 + Line 37 + Line 43	1,541,440,634	768,676,201	-	768,676,201
52	Adjusted Total Capital	Line 6 + Line 36 + Line 37 + Line 43	3,133,967,634	1,544,872,797	-	1,544,872,797
53						
54	FFO Interest Coverage	(Line 31 + Line 50) / Line 50	1.00	5.01	0.04	5.05
55	FFO as a % of Average Total Debt	Line 31 + line 44 / Line 51	0.7%	24.1%	0.2%	24.4%
56	Total Debt to Total Capital	Line 51 / Line 52	49.2%	49.8%	0.0%	49.8%

Changes required to meet ratio targets

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
57	FFO Interest Coverage Target		3.80	3.80	0.00	3.80
58	FFO adjustment to meet target	(Line 57 - Line 54) * Line 50	252,244,398	(54,395,596)	(1,782,981)	(56,178,577)
59	Interest adjustment to meet target	Line 31 * (1 / (Line 57 - 1) - 1 / (Line 54 - 1))	-	-	20,063,778	20,063,778
60						
61	FFO as a % of Average Total Debt Target		25%	25%	0%	25%
62	FFO adjustment to meet target	(Line 61 - Line 55) * Line 51	374,882,371	6,566,199	(1,782,981)	4,783,218
63	Debt adjustment to meet target	Line 31 * (1 / Line 61 - 1 / Line 55)	-	(25,483,253)	6,914,289	(18,568,965)
64						
65	Total Debt to Total Capital Target		51%	51%	0%	51%
66	Debt adjustment to meet target	(Line 65 - Line 56) * Line 52	56,882,859	19,208,926	-	19,208,926
67	Total Capital adjustment to meet target	Line 51 / Line 65 - Line 52	(111,535,018)	(37,664,561)	-	(37,664,561)

Amortization and Revenue needed to meet targeted ratios

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
68	FFO adjustment needed to meet target ratios	Maximum of Line 58 , Line 62 , or Zero	374,882,371	6,566,199	(1,782,981)	4,783,218
69	Effective income tax rate	Accounting Schedule 11	38.77%	38.77%	38.77%	38.77%
70	Deferred income taxes *	- Line 68 * Line 69 / (1 - Line 69)	(237,370,399)	(4,157,628)	1,128,959	(3,028,668)
71	Total amortization required for the FFO adjustment	Line 68 - Line 70	612,252,769	10,723,827	(2,911,941)	7,811,886
72						
73	Retail Sales Revenue Adjustment	Adjustment = Line 13		639,535,576	10,723,827	650,259,403
74	Percent increase in retail sales revenue	Line 73 Jurisdictional Adjustments / Line 73 Jurisdictional			1.7%	

* Adjusted for known and measurable changes including changes related to new plant in-service

Schedule 2