Exhibit No.:
Issues: *Overview*
Revenue Requirement
True-up Allowance for Changes
Additional Amortizations
Witness: *Cary G. Featherstone*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
File No.: *ER-2010-0355*
Date Testimony Prepared: *November 10, 2010*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

CARY G. FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. ER-2010-0355

Jefferson City, Missouri
November 2010

TABLE OF CONTENTS

CARY G. FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. ER-2010-0355

DIRECT TESTIMONY

OF

CARY G. FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. ER-2010-0355

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. The Schedule 1 attached to this testimony contains 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 (Staff) in audits of public utilities, but where I did not testify.

Q. With reference to File No. ER-2010-0355, 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 .

Q. What knowledge, skill, experience, training and education do you have with regard to Kansas City Power & Light Company's general rate increase tariff filing that is the subject of File No. ER-2010-0355?

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, which may also be referred to as "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—three under its experimental alternative regulatory plan (herein referred to as the "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 the Wolf Creek Nuclear Generating Station (Wolf Creek). I was also involved in KCPL's steam rate cases in the early 1980's when KCPL had steam operations in downtown Kansas City before they were sold to Trigen Kansas City Energy in 1990.

I also have participated in many electric and steam rate cases involving KCPL's recently acquired affiliate which is now named KCP&L Greater Missouri Operations Company (GMO). Previously it was named Aquila, Inc., and before that UtiliCorp United, Inc. (UtiliCorp). Before UtiliCorp merged with St. Joseph Light & Power Company in December 2000, Case No. EM-2000-292, I participated in electric, natural gas and steam rate cases for St. Joseph Light & Power Company. UtiliCorp changed its name to Aquila in early 2002. Aquila created operating divisions named Aquila Networks-MPS and Aquila Networks-L&P for its Kansas City and St. Joseph, Missouri utility operations, respectively. Aquila had different rate designs and rate structures for each division. After Great Plains Energy, Inc. acquired Aquila on July 14, 2008, and renamed it GMO, GMO eliminated the operating divisions, but, because they still have different rate designs and rate structures, for regulatory purposes GMO refers to its Kansas City area operations as MPS and its St. Joseph area operations as L&P. L&P has both electric and steam operations.

Since GMO became an affiliate of KCPL, both entities have engaged in much consolidation of their operations; essentially, operationally, KCPL runs GMO. Therefore, specifically, for this rate case, I reviewed testimony, work papers and responses to data requests from both KCPL and GMO, along with documents such as data request responses and work papers in prior cases involving rates, electric and steam, for what are now referred to as MPS and L&P. I conducted and participated in interviews of Company personnel relating to this rate case, and I 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 activities, earnings reviews, regulatory plans, 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, where they applied for Commission authority to consolidate those two operations in Case No. EM-96-248. After that merger did not close, I participated in the two cases where KCPL and Westar Energy (then called Western Resources) sought authority to merge in 1998 and 1999, Cases No. EM-97-515. I participated in the case where St. Joseph Light & Power Company and Aquila sought Commission authority to merge. That merger closed December 2000. The St. Joseph Light & Power Company merger application was designated as Case No. EM-2000-292. I was also involved the case, Case No. EM-2000-0369, where Aquila and The Empire District Electric Company sought Commission authority to merge. That merger did not close.

In addition to the foregoing cases, during my employment at the Commission I have been involved in many other reviews and investigations that were initiated by applications filed by KCPL or GMO.

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 and Accounting Schedules in this proceeding that are being filed concurrently with this testimony and Mr. Wells' testimony. Staff's Cost of Service Report supports Staff's recommendation of the amount of the rate revenue increase for KCPL based on information through the period ending June 30, 2010 using actual historical information, and the recommendation that Staff expects it will find after true-up to be appropriate for KCPL in this case. Staff prepared its revenue requirement results based on actual results through the June 30, 2010 update period and included an estimate of the expected results through the December 31, 2010 true-up period. The true-up results will be referred to as the Estimated True-up Case. This rate revenue recommendation is found in Staff's separately filed Accounting Schedules, which also contain information supporting the estimated true up recommendation.

I present an overview of the results of Staff's review of KCPL's revenue requirement started in response to KCPL's general rate increase request made on June 4, 2010. Several members of the Commission's Staff participated in Staff's examination of KCPL's books and records for all the relevant and material components that make up the revenue requirement calculation. These components can be broadly defined as (1) capital structure and return on investment, (2) rate base investment and (3) income statement results, including revenues, operating and maintenance expenses, depreciation expense, and the taxes related to revenues and these expenses, including income taxes. I provide an overview of the Staff's work on each of these broadly defined components.

Q. Based on its review of the calendar year 2009 updated through June 30, 2010, at this time, what is Staff's recommendation of KCPL's revenue requirement increase that should be reflected in a rate increase?

A. Staff's Estimated True-up Case is based on the use of a mid-point rate of return of 8.04% on a return on equity of 9.0%. Because of the significant cost increases relating to the plant additions and substantial fuel cost increases resulting primarily from a new freight contract that goes into effect on January 1, 2011, Staff has included estimates for them in its direct case. Those estimates will change when Staff has actual numbers for the true up through December 31, 2010.

Staff is presenting its estimate, based on Staff's Construction Audit and Prudence Review Iatan Construction Project for Costs Reported as of June 30, 2010 Report, of what it believes will be the results of its true-up of KCPL's revenue requirement through the period ending December 31, 2010. That true-up will include KCPL's share of the newly constructed Iatan Unit 2. Staff will perform the true-up audit and make a recommendation regarding the revenue requirement based on actual results for the December 31, 2010 at that time. Based on its Estimated True-up Case, Staff has calculated an estimate of the increase for the true-up and included an allowance for known and measurable changes (allowance) expected to occur from July 1 through December 31, 2010, that have not been reflected in its direct filing. The Estimated True-up Case along with the allowance for changes is based on Staff's mid-point rate of return of 8.04% on a return on equity of 9.0%.

The estimate of KCPL's revenue requirement through the true-up period ending December 31, 2010 reflects rate base additions for Iatan Unit 2 and thirty-tow 1.5 megawatts wind turbines (48 total megawatts) addition to KCPL's wind generation known as Spearville 2 with associated increases in returns, depreciation expense and operating and maintenance costs.

While the Iatan Unit 2 and Spearville 2 wind turbines additions are now known or highly likely, there will be other plant additions added through the time of the true-up in this case causing KCPL's revenue requirement to increase. The need for the allowance is to address other costs that will likely change and, therefore, materially affect Staff's current calculation of KCPL's revenue requirement. In addition to other plant investment besides Iatan 2 and Spearville 2, the allowance includes estimates for payroll; payroll-related benefits, such as pensions and medical costs; and fuel costs, including fuel commodity price changes and freight price changes. Staff knows of a contracted freight price that will increase on January 1, 2011. While it has reflected an estimate for the increase in fuel costs, the true-up will include the actual price increases for the supply and freight costs. Although beyond the true-up period cut-off date, Staff will include this material cost change in its calculation of KCPL's revenue requirement in its true-up filing. Doing so comports with past Commission practice of recognizing material events that occur very shortly after the end of a true-up period, here, December 31, 2010. Consequently, the allowance covers any reasonable and prudent cost increases through the end of the year that are not specifically included in Staff's direct filing.

Q. What are the major areas of Staff's recommended increase in KCPL's revenue requirement in this case?

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

- Rate of Return
- Reversing the Additional Amortizations KCPL obtained through its Regulatory Plan the Commission approved in Case EO-2005-0329 and which were reflected in rates in KCPL's 2006 rate case (Case No. ER-2006-0314), 2007 rate case (Case No. ER-2007-0291) and 2009 rate case (Case No. ER-2009-0089)
- KCPL's investments in Iatan Unit 2, and 48 megawatts of Spearville 2 wind generation expected to be completed by the end of the year
- Remaining costs for the plant upgrades for environmental costs for KCPL investment in the Iatan 1 AQCS (Air Quality Control System) not captured in its last rate case
- KCPL's investment in Iatan Common Plant not captured in its last rate case
- KCPL's fuel costs, including freight rate increase and purchased power costs
- KCPL's off-system sales margins from the firm and non-firm bulk power markets
- KCPL's pension and other post-employment benefits (OPEBS) costs
- Jurisdictional Allocations
- Acquisition savings and transition costs

Q. Did you review any specific components of the revenue requirement calculation Staff used for calculating KCPL's revenue requirement in this case?

A. Yes. I examined the additional amortizations KCPL received in prior rate cases based on KCPL's Regulatory Plan the Commission approved in Case No. EO-2005-0329. That plan was designed to assist KCPL to carry out its Comprehensive Energy Plan.

I also examined with Staff witness Alan Bax the jurisdictional assignment and allocation of costs, i.e., the assignment and allocation of costs between the Missouri retail, the Kansas retail and the wholesale markets, to identify the rate base investment and income statement expenses to include in developing KPCL's revenue requirement for serving its Missouri retail customer—the Missouri jurisdiction.

Q. Are you sponsoring any of Staff's adjustments to KCPL's books and records for purposes of determining an appropriate revenue requirement for KCPL in this case?

A. Yes. I sponsor adjustments to remove the prior years' accumulation of the additional amortization from accumulated depreciation reserve and to reflect the cumulative amount as an off-set to KCPL's rate base. These adjustments are identified as R 261.1, R 262.1 R 263.1 and R 264.1 found on Schedule 7—Adjustments to Accumulated Reserve. The accumulated additional amortizations are identified for each of the three rate cases where they were authorized and shown on Staff Accounting Schedule 2- Rate Base. Staff proposes to make this adjustment in this way to better identify now, and preserve for later identification, the impacts of KCPL's Regulatory Plan on KCPL's revenue requirement.

In addition, adjustments to the income statement are necessary to remove the additional amortization expenses from the test year that have accumulated from the three prior rate cases. This adjustment has been made to the Estimated True-up Case as Adjustments E 204.1, E 205.1 and E 206.1 and will be made to the actual true-up revenue requirement when it is filed in 2011. Staff has not made any adjustments to remove the accumulated additional amortization expense in the update period June 30, 2010 case so as not to understate the revenue requirement for the June 30, 2010 update period.

OVERVIEW OF KANSAS CITY POWER & LIGHT COMPANY FILING

Q. What is the purpose of your direct testimony?

A. With Mr. Wells, I present an overview of the results of Staff's review of KCPL's revenue requirement in response to KCPL's general rate increase request made on June 4, 2010. I provide an overview of the Staff's work on each component of the revenue requirement calculation Staff used for determining an appropriate revenue requirement for KCPL in this case. Mr. Wells provides an overview of the work of the members of Operations Division who worked on in this case. Several members of Staff had specific assignments relating to different components of the revenue requirement calculation, and were responsible for different calculations used in developing the overall revenue requirement. Results of different components of the Staff's revenue requirement calculation for KCPL are contained in Staff's Accounting Schedules that are also being filed with Staff's Cost of Service Report, my testimony and the testimony of Mr. Wells. Staff refers to its revenue requirement model as "Exhibit Model System" or "EMS," and refers to the results of its modeling with inputs as "EMS" runs. In general, and here, Staff derives a utility's revenue requirement from the work product of members of both the Utility Services Division and the Operations Division of the Commission. Staff presents its results in Accounting Schedules that are separately filed as an exhibit in the case. My direct testimony, Mr. Wells' direct testimony, the Staff's Cost of Service Report and Accounting Schedules together present and support Staff's revenue requirement calculation for KCPL.

Q. Why did Staff review KCPL's books and records and calculate a revenue requirement for KCPL in this case?

A. On June 4, 2010, KCPL filed tariff sheets designed to implement an increase in its electric retail rate revenues in Missouri, exclusive of gross receipts, sales, franchise and occupational fees or taxes, of $92.1 million. The Commission assigned the filing File No. ER-2010-0355. If implemented on an equal percentage basis, this represents a 13.8% increase in existing KCPL rates. KCPL, in part, based its rate increase request on a proposed rate of return on equity of 11.0% applied to a 46.16% equity capital structure based on the capital structure of its parent holding company Great Plains Energy Incorporated (GPE).

Q. Did KCPL's affiliate GMO file tariff sheets designed to implement a general increase it is electric rates in Missouri?

A. Yes. GMO also filed tariff sheets designed to increase its electric rates on June 4, 2010, designated that case as Case No. ER-2010-0356.

As I stated in the executive summary section of this testimony, GMO has different sets of rates in two different geographic areas – one in and about Kansas City, which it formerly served under the d/b/a Aquila Networks - MPS and one about St. Joseph, Missouri, which it formerly served under the d/b/a Aquila Networks – L&P. For ease in this case, the areas with differing rates are referenced as "MPS" and "L&P" in Staff's direct case. GMO has stated that the new tariff sheets it filed for MPS are designed to increase its revenues from MPS retail customers by $78.8 million per year, a 14.4% increase and that the new tariff sheets it filed for L&P are designed to increase its revenues from retail electric customers by $22.1 million, a 13.9% increase. Like KCPL's request, the GMO requests for MPS and L&P are based on a proposed rate of return on equity of 11.0% applied to the 46.16% equity capital structure based on the capital structure of its parent holding company Great Plains Energy [paragraph 8 of GMO Minimum Filing Requirements].

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

A. Staff will file the MPS and L&P electric rate increase case (File No. ER-2010-0356) on November 17, 2010.

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

Q. Please provide a brief history of Great Plains Energy.

A. Great Plains Energy is a holding company 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 in Missouri. It also owns KLT Inc., which has very small non-regulated operations that presently are not active. Great Plains Energy also wholly owns Great Plains Energy Services Incorporated (GPES). GPES provided corporate services at cost to Great Plains Energy and its subsidiaries, including KCPL and GMO until December 16, 2008, when, in a restructuring, all Great Plains Energy and GPES employees were transferred to KCPL. Following that restructuring, KCPL employees perform all the work for Great Plains Energy and its subsidiaries.

Q. What is KCPL?

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

Attached to this testimony as Schedule 2 is a map that shows service areas of electric utilities in Missouri. Included in that map—shown in gray—is KPCL's service area in Missouri.

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

Q. How did Staff conduct its audit of KCPL?

A. Staff conducted interviews with KCPL personnel. Staff reviewed KCPL's, and GMO'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 reviewed the books and records of KCPL, as well as its affiliates including: the general ledger, plant ledgers and various other documents, including the FERC Form 1, for the last several years. Staff toured most of KCPL's and GMO's plant facilities, including the Iatan Project— Iatan Unit 1 Air Quality Control System and Iatan Unit 2, both of which KCPL owns jointly with GMO and other entities. Staff also toured Wolf Creek Nuclear Generating Station (Wolf Creek) of which KCPL owns 47% as well as other KCPL generating units.

Staff toured several of GMO's generating facilities including Sibley Generating Unit (Sibley), Jeffrey Energy Center (Jeffrey) Lake Road Generating Station (Lake Road) and several of its combustion turbines. Sibley is wholly owned by MPS and Jeffrey is owned by MPS, which has an 8% ownership share.

Q. Which members of Staff 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 A. Kremer-- Quality of Service
- Arthur W. Rice-- Depreciation Rates.

Auditing Department--

- Cary G. Featherstone-- Overall Revenue Requirement Results, Jurisdictional Allocations and Additional Amortization relating to the Regulatory Plan.
- 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
- Charles R. Hyneman-- Construction Audit
- Karen Lyons-- Plant in Service, Accumulated Depreciation Reserve, Depreciation Expense; Operation and Maintenance Expense-- Non-wage, Cash Working Capital, warranty payments.
- Keith A. Majors— Acquisition Savings and Construction Audit
- Amanda C. McMellen-- Electric Revenues and Uncollectible Revenues (Bad Debts)
- Bret G. Prenger— Payroll, Payroll Related Benefits, Payroll Taxes and Incentive Compensation, material and supplies, prepayments, advertising and lease 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 - Transmission Expenses and Transmission Expense Tracker
- Walt Cecil - Weather Normalization, Days Adjustment and Net System Input
- Carol Gay Fred - Low-Income Programs
- Randy S. Gross - Smart Grid Application
- Hojong Kang - Demand Side Management
- Shawn E. Lange - Fuel and Purchased Power Costs and the Production Cost Model
- Manisha Lakhanpal—Revenue, Special Contracts and Other Customer Discounts
- Erin L. Maloney - Purchased Power
- John A. Rogers - Demand Side Management
- Henry E. Warren - Low-Income Programs
- Curt Wells - Project Coordinator for Operations Division
- Seoung Joun Won - Revenue, Special Contracts, Large Customer/ Rate Switching and Weather Normalization.

Each of these Staff experts' work product was used as a direct input to the various adjustments contained in Staff's Accounting Schedules and 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 and true-up estimate?

A. All of the Staff members assigned to this case are, by education and experience, experts at performing their regulatory responsibilities as members of the Commission Staff. These regulatory experts rely on the work of each other to develop Staff revenue requirement recommendations regarding filings made by public utilities made before the Commission. The work of each Staff member is an integral part of the Staff's Cost of Service Report and Accounting Schedules which contain the results of their collective efforts in Staff's findings and recommendations. Mr. Wells and I relied on these findings and recommendations to develop Staff's ultimate recommendations in this direct filing. Many of the individual sections presented include references indicating reliance on the work of other contributing experts. Additionally, for developing its true-up estimate, I, with other members of Staff, relied on the Staff's Report of its Construction Audit and Prudence Review of the Iatan Project and the work of the members of Staff who worked on and prepared that report.

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 submitted 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 to other parties as the Commission has ordered in setting the procedural schedule in this case. Finally, each Staff expert assigned to this rate case will be available to answer Commissioner questions and to be cross-examined by any party who wishes to conduct cross-examination regarding 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. With the exception of the Construction Audit and Prudence Review of the Iatan Project, 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 was provided with, the information used to support the Staff's revenue requirement recommendation for KCPL.

Q. What information did other Staff experts provide to Staff experts in 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 inputs to the revenue requirement calculation and appear as part of Accounting Schedule 12. His findings are also in Staff's Cost of Service Report, along with his schedules.

Staff expert Arthur W. Rice provided the results of his depreciation analysis, which also are reflected in Staff's Cost of Service Report, and in a schedule.

Staff experts Manisha Lakhanpal, Amanda C. McMellen and Walt Cecil worked closely together and are sponsoring the revenue adjustment results.

Staff experts Shawn E. Lange, Erin L. Maloney and V. William Harris worked together in developing the Staff's fuel costs for KCPL in this case.

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

Q. Did Staff develop its revenue requirement recommendation for KCPL 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, my many years of experience as a project coordinator in numerous rate cases, 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 November 10, 2010 filing by Staff present all of Staff's direct case?

A. No. Staff is scheduled to file its rate design recommendation on November 24, 2010.

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 a rate-regulated utility. It is important to identify the utility's ongoing costs to provide utility service in the future and what its rates need to be set at to collect sufficient revenues to pay for those ongoing costs, plus a reasonable profit, in the future. In determining ongoing revenues and costs to develop the utility's revenue requirement, the first step is to identify the test year costs levels, which serve as the starting point for making all the adjustments to arrive at the revenue requirement recommendation.

Q. What is the test year in this case?

A. The ordered test year for this case, File No. ER-2010-0355, is the year ended December 31, 2009. The December 31, 2009 test year was chosen by the Company, agreed to by Staff, and approved by the Commission in its August 18, 2010 *Order Approving Nonunanimous Stipulation and Agreement, Setting Procedural Schedule, and Clarifying Order Regarding Construction and Prudence Audit*. Staff made annualization and normalization adjustments to the test year results when the unadjusted results did 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—"match"—all revenues and expenses. A proper determination of revenue requirement is dependent upon a consideration of all material components of the rate base, return on investment, current level of revenues, along with operating costs, ***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-2010-0355, are December 31, 2009 (test year), June 30, 2010 (update period end) and December 31, 2010 (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 June 30, 2010. The June 30, 2010 date for the known and measurable period was chosen to enable the parties and Staff an update period that provides sufficient time to obtain actual information from KCPL upon which to perform analyses and make calculations regarding various components to the revenue requirement and still base their revenue requirement recommendation used for proposing new prospective rates on very recent information. This date represents the latest time frame to reflect known changes that can be measured or quantified and still be included in this filing.

Q. What is the purpose of the test year?

A. The purpose of a test year, and more importantly the update period, 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, accumulated depreciation, deferred income tax reserves, fuel stocks, material and supplies, and other investment items. Also essential in this process is a review of the utility's 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, local and property taxes, are all considered in setting rates.

It is important to maintain a representative relationship between rate base, revenues and expenses at a point in time near to when new prospective rates become effective 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 the retail customer base which provides revenues to the utility. The Commission concisely stated the purpose of using a test year 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 a consideration of all relevant factors has been a long-standing approach to ratemaking in this state, and is the approach Staff is following in this case.

Estimated True-up Case

Because of the significant plant additions of Iatan 2 and 32 new 1.5 megawatts wind turbines near Spearville, Kansas, anticipated by the end of 2010, at KCPL's request the Commission established a true-up through the end of December 31, 2010. While no party disputed using a 2009 test year, not all parties agreed to the update and true-up periods. In its August 18, 2010 Order where it set the procedural schedule in this case, the Commission said the following regarding the true-up:

> A true-up period of the 12 months ending December 31, 2010, and Iatan 2 and Iatan Common Plant cutoff period of October 31, 2010, is ordered, assuming that the actual in-service date of Iatan 2 is projected to occur no later than December 31, 2010. However, in the event that the in-service date of Iatan 2 is projected to be delayed beyond December 31, 2010, the true-up

> period would be moved to the last day of the same calendar month as the actual in-service date of Iatan 2 and the Iatan Common Plant cutoff period would be moved to two months prior the revised true-up date…
>
> If the true-up period is adjusted, Kansas City Power & Light Company shall extend the effective date of its tariffs four months past the end of the true-up period; however, such adjustment shall not extend beyond an in-service date for Iatan 2 of March 31, 2011.
>
> Kansas City Power & Light Company shall indicate by filing a pleading no later than October 6, 2010 if it seeks to adjust the true-up period.
>
> [Commission Order issued August 18, 2010, pages 2-3]

Thus, the Commission authorized that the true-up in this case be through December 31, 2010, unless an extension becomes necessary as a result of the Iatan 2 construction project currently undertaken by GPE and its subsidiaries. KCPL notified the Commission on October 6, 2010 that "the Companies hereby notify the Commission that they do not seek to extend the true-up period in these cases beyond the December 31, 2010 date established in the Procedural Order." Therefore, the true-up in this case, as well as the GMO rate case, will be through December 31, 2010.

Revenue Requirement Ratemaking Adjustments

Q. Does Staff make any adjustments to the raw company test year, update and true-up data?

A. Yes. 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.

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 since that increased payroll will continue into the future. 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 associated with them. 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 not to be typical 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 the costs or revenues of abnormal or unusual events from the cost of service calculation and replaces them with normal levels of revenues or costs. An example of an abnormal event is the impact of unusually hot or cold weather on revenues for those customers that are weather sensitive. Extreme temperatures can have significant impacts on revenues, resulting in a distortion to test-year revenue requirement results. Since utility rates are set using normalized inputs, adjustments to test-year input 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's operations. Weather during in the test year is compared to normal annual daily temperatures based on actual temperature measurements taken 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. The resulting weather-normalized sales volumes are also used as basis for the utility's fuel and purchased power costs, so that abnormal weather impacts are isolated and removed from those costs.

Another example of application of the normalization process is the examination of maintenance and operation costs relating to production equipment, such as coal-fired generating units. 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 are not made, the utility revenues and costs, which both directly impact earnings, would be either over- or understated. For example, cooler than normal weather in the summer will negatively impact an electric utility's revenues since the demand for electricity for air conditioning will be decreased. Staff proposes adjustments to normalize the costs and revenues of events that are expected to vary from the "average" year.

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

Q. What is a disallowance adjustment?

A. This type of adjustment removes 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 were imprudently incurred. A disallowance adjustment results when the cost recovery in rates is considered inappropriate. Disallowances are made to eliminate costs from test year results—and thus the recommended revenue requirement—either entirely or partially. 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 occurring 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—be known—and / or may not have been sufficiently measured—be measurable. 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 a proper relationship between 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 associated 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 effects 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 does "revenue requirement" mean as it is used in the context of determining rates for public utilities?

A. Generally, the term "revenue requirement" is used to identify the results of an examination of the utility's cost of service - rate of return and capital structure on the investment together with the costs to provide a particular utility service. This difference between the revenue requirement from a cost of service calculation and revenues based on existing rates identifies any revenue shortfall (need to increase rates) or excess (need to decrease rates).

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 June 30, 2010.

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 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 (Payroll, Maintenance, etc.) Depreciation and Taxes
V	=	Gross Valuation of Property Required for Providing Service (including plant and additions or subtractions of other rate base items)
D	=	Accumulated Depreciation Representing Recovery of Gross Depreciable Plant Investment.
V-D	=	Rate Base (Gross Property Investment less Accumulated Depreciation = Net Property Investment)
R	=	Rate of Return Percentage
(V-D)R	=	Return Allowed on Rate Base (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 return the Commission authorizes for it. 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 Staff's Cost of Service Report organized?

A. Staff has organized its Cost of Service Report by each major revenue requirement category as follows:

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

II. Executive Summary

III. Construction Audit

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

V. Rate of Return and Capital Structure

VI. Rate Base

VII. Income Statement- Revenues

VIII. Income Statement- Expenses

IX. Depreciation

X. Current and Deferred Income Tax

XI. Jurisdictional Allocations

XII. Transition Cost Recovery Mechanism

These categories have several subsections which identify in detail the specific elements of Staff's revenue requirement recommendation for KCPL.

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 June 4, 2010 rate increase filing and has identified the following areas in its findings and recommendations:

Overall Revenue Requirement

Q. How did Staff determine its revenue requirement for KCPL?

A. The initial revenue requirement was determined using a test year of calendar year 2009 updated through June 30, 2010. However, because of the significant cost increases relating to the plant additions and substantial fuel cost increases resulting primarily from a new freight contract, the June 30, 2010 update case will change significantly.

The true-up in this case will include KCPL's share of the newly constructed Iatan Unit 2, and Spearville 2, if the wind units meet the in-service criteria. Staff will perform the true-up audit and make a new recommendation regarding the revenue requirement at that time based on actual costs. Staff has projected the impact of the true-up and identified this as the Estimated True-up Case. However, other cost increases are expected to occur besides those included in the Estimated True-up Case. These types of costs are not as easily identified and quantified, so Staff included an allowance to reflect those costs.

This true-up estimate reflects rate base additions for KCPL's share of Iatan Unit 2 and Spearville 2, with associated increases in rate of returns, depreciation expense and operating and maintenance costs.

There are other costs that will likely change and, therefore, materially affect Staff's current calculation of KCPL's revenue requirement. Those other costs include payroll;

payroll-related benefits, such as pensions and medical costs; and fuel costs, including fuel commodity price changes and freight price changes.

Rate of Return

The rate of return Staff used to calculate its revenue requirement recommendation for KCPL in this case is based on Great Plains Energy's capital structure and corporate results. David Murray, of the Commission's Financial Analysis Department, determined that the appropriate rate of return on equity is in a range of 8.50% to 9.50% with a mid-point of 9.00% which results in an overall rate of return on investment of 7.80% to 8.28% with a mid-point of 8.04%. Mr. Murray examined the Company's capital structure and cost of money and provided the Staff's proposed rate of return which it used to calculate its revenue requirement recommendation for KCPL in this case.

Rate Base

Plant in Service and Accumulated Depreciation Reserve are reflected in the rate base as of June 30, 2010. All plant additions and retirements were included in the revenue requirement calculation as of June 30, 2010. Staff will add plant additions and retirements through the end of the true-up period, currently December 31, 2010. 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 June 30, 2010. 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 KCPL's 2006 rate case,

Case No. ER-2006-0314, KCPL's 2007 rate case, Case No. ER-2007-0291 and KCPL's 2009 rate case, Case No. ER-2009-0089.

Accumulated Deferred Income Taxes Reserves were included as an offset to rate base as of June 30, 2010. 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.

"Regulatory Plan Amortization Case No. ER-2009-0089" reflects the additional amortization amounts that have accumulated since the date the 2009 rate case rates went into effect on September 1, 2009 as a result of the Commission's Order in Case No. ER-2009-0089.

These three 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 as of June 30 and December 31, 2010.

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 June 30, 2010.

INCOME STATEMENT

Revenues

Staff annualized and normalized revenues through June 30, 2010 to reflect an annual level of weather normalized revenues on a Missouri jurisdictional basis. Revenues will be trued-up through December 31, 2010.

Off-system sales for firm and non-firm customers have been included in the case using the approach taken in the last three KCPL rate cases. KCPL uses a model to develop level for non-firm off-system sales margins and reflected an amount in its June 4, 2010 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 are based on using coal and natural gas prices through June 30, 2010. Purchased power costs were also included through June 30, 2010. 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 December 31, 2010.

Payroll, payroll related benefits, and payroll taxes were annualized through June 30, 2010. Payroll will be updated in the true-up to as of December 31, 2010.

Operations and maintenance costs, other than payroll costs, were included in the case at test year 2009 levels or at averages for various years.

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 by Staff witness Arthur W. Rice of the Commission's Depreciation Engineering and Management

Services Department. 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. Depreciation will be updated for plant additions included in the true-up.

Staff calculated Income Taxes based on the results of the revenue requirement calculation as of June 30, 2010. The income tax expense amount will be trued-up as of December 31, 2010. Deferred income tax reserve will also be trued-up as of December 31, 2010 from the level reflected as of June 30, 2010.

ALLOWANCE TO THE REVENUE REQUIREMENT

Q. What is the True-up Case estimate Staff is submitting with its direct filing?

A. Staff is filing its revenue requirement for KCPL in its direct filing to reflect the 2009 test year results updated for known and measurable changes through June 30, 2010 and to include an estimate for the revenue requirement impacts of anticipated true-up results through December 31, 2010. The revenue requirement in this case is being referred to as the Estimated True-up Case.

In the Estimated True-up Case, Staff has made an 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. This estimate is being used to consider the additional revenue requirement in this case for plant additions that are expected to be complete by the true-up ending period of December 31, 2010. The higher costs for these plant additions along with other cost increases are expected beyond the update period, in this case June 30, 2010, so that the True-up Case approximates the impact of these higher costs. For purposes of this case, the Commission has authorized the use of updating the revenue requirement through the end of December 31, 2010, primarily to address KCPL's significant increases for plant additions and also an expected increase in fuel costs.

Q. What higher costs does Staff believe may exist when the true-up period of December 31, 2010 is completed?

A. KCPL completed its construction of the plant addition for Iatan 2, which involved very substantial costs to KCPL, and to GMO. KCPL is also adding 32, 1.5 megawatts wind turbines (48 megawatts of wind generation) at Spearville 2 Wind that are expected to be completed by December 31, 2010. An estimate for this plant addition is included in the Estimated True-up Case. There will be other typical plant additions that will occur during the six months between the update period of June 30, and the true-up period of December 31, 2010 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 December 31, 2010, true-up period.

<u>REGULATORY PLAN ADDITIONAL AMORTIZATIONS</u>

Q. What are the Experimental Alternative 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 KCPL referred to as its "Comprehensive Energy Plan" (CEP). This experimental alternative regulatory plan (the "Regulatory Plan") resulted, among other things, in fostering the construction of Iatan 2. KCPL recently completed construction of this 850 megawatt pulverized coal-fired supercritical steam electricity generating unit which KCPL declared met the in-service criteria of the Regulatory Plan on August 26, 2010. Iatan Unit 2 is located on the same site where KCPL completed the original Iatan 1 in May 1980. In the CEP, KCPL also committed to make significant environmental plant additions to its LaCygne 1 and to Iatan 1, and to construct a 100 megawatts of wind generation, which it did with its Spearville Wind Farm in western Kansas. The first phase of the environmental plant enhancements at LaCygne 1 was completed in 2007. KCPL's Missouri jurisdictional portion of its investment in them was included in KCPL's rate base in KCPL's 2007 rate case, Case No. ER-2007-0291. After completion in September 2006, the Missouri jurisdictional portion of KCPL's investment in the Spearville Wind Farm was included in KCPL's rate base in KCPL's 2006 rate case, Case No. ER-2006-0314.

KCPL completed the extensive environmental additions to Iatan 1 in the first quarter of 2009. The Missouri jurisdictional part of KCPL's investment in those additions was primarily included in KCPL's rate base in KCPL's last rate case (Case No. ER-2009-0089). Several members of Staff are reviewing the construction costs of these environmental plant additions to determine what additional amounts will be included in KCPL's Missouri jurisdictional rate base in this case.

Q. What accommodations to traditional ratemaking did the Regulatory Plan provide to KCPL related to maintaining financial ratios?

A. KCPL was 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"[1] which had the effect of increasing KCPL's cash flow through increased retail revenues. These additional amortizations are determined using a model set out in the Regulatory Plan.

Q. Has KCPL received additional amortizations in past rate cases?

A. Yes. Additional amortizations resulting from the last three KCPL rate cases are reflected in the revenue requirement calculation for KCPL. The rate cases and Commission-ordered additional amortizations in each follow:

Case No.	Additional Amortizations Ordered	Cumulative Additional Amortizations
Case No. ER-2006-0314	$21.7 Million	$21.7 Million
Case No. ER-2007-0291	$10.7 Million	$32.4 Million
Case No. ER-2009-0089	$10.0 Million	$42.4 Million

KCPL's current annual cumulative additional amortizations total $42.4 million on a Missouri-only basis.

Q. How do additional amortizations relate to traditional cost of service ratemaking?

A. The additional amortizations were an addition to the cost of service expenses, and caused the rate increases resulting from each of the affected rate cases to be greater than the amount of the increase determined necessary from a traditional cost of service calculation.

[1] For purposes of this testimony, Staff refers to the revenue stream associated with additional amortizations, as "additional amortizations." Staff refers to the capital accumulated from the revenue stream as "accumulated additional amortizations." Staff refers to the sum of the revenue streams from prior rate cases as "cumulative additional amortizations."

Q. Are the previously-approved additional amortizations going to be continued in this rate case?

A. The additional amortization levels approved in prior cases have been removed for the Estimated True-up Case. Staff made an adjustment to remove the test year levels of \$35.7 million[2] to reflect the end of the additional amortizations in the Estimated True-up Case to coincide with the completion of KCPL's Comprehensive Energy Plan and resulting from Case No. EO-2005-0329—the Regulatory Plan. Income Statement Adjustments 204.1, 205.1 and 206.1 remove the test year levels for the additional amortizations.

Q. Does Staff recommend another additional amortization in this case?

A. No. Since the Regulatory Plan the Commission approved in 2005 will be substantially complete by the conclusion of this rate case, neither KCPL nor Staff have calculated another additional amortization.

Q. How are the accumulated additional amortizations addressed in this rate case, and what is the current level of accumulated additional amortizations?

A. The accumulated additional amortizations amounts from the three previous KCPL rate cases are included in Staff's cost of service determination for KCPL as an offset (reduction) to rate base. These amounts are reflected in Schedule 2—Rate Base. The amounts of the three additional amortizations from the three rate cases as of June 30 and December 31, 2010, are:

(Continued on next page)

[2] The current annual level is more than the test year level as a result of the additional amortizations authorized in Case No. ER-2009-0089, which were not fully included in the test year since rates in that case became effective September 1, 2009.

ADDITIONAL AMORTIZATIONS RESULTING FROM REGULATORY PLAN— Case No. EO-2005-0329—Accumulated Reserve Amounts		
Rate Case	**June 30, 2010**	**December 31, 2010**
Case No. ER-2006-0314	$75,876,714	$86,716,244
Case No. ER-2007-0291	26,809,568	32,171,481
Case No. ER-2009-0089	8,333,333	13,333,333
TOTAL	**$111,019,614**	**$132,221,058**

KCPL’s Accumulated Depreciation Reserve Account 399

Q. Are the additional amortizations related to KCPL’s Regulatory Plan the only additional amortizations included on KCPL’s financial books?

A. No. Aside from the additional amortizations from KCPL’s Regulatory Plan, KCPL also has an additional amortization from a Stipulation and Agreement the Commission approved on July 3, 1996 in Case No. EO-94-199. The Stipulation and Agreement the Commission approved included a $3.5 million additional annual amortization. This additional amortization continued resulting in a total accumulation of $36,674,731 booked in KCPL’s Accumulated Depreciation Reserve Account 399 when it ended on December 31, 2006.

The totals of all these accumulated additional amortizations as of June 30, 2010 and December 31, 2010, are shown in the table below:

(Continued on next page)

	All Additional Amortizations Updated Period	Estimated True-up Case
Case No.	**June 30, 2010**	**December 31, 2010**
Case No.EO-2005-0329	$111,019,614	$132,221,058
Case No. EO-94-199	36,674,731	36,674,731
TOTAL	**$147,694,345**	**$168,895,789**

KCPL's Accumulated Depreciation Reserve Account 399

Q. How does Staff treat the accumulated additional amortizations in this case?

A. Staff is offsetting them to (reducing) KCPL's Missouri jurisdictional rate base. KCPL receives return of its investment through depreciation rates, Staff is proposing to return to KCPL's Missouri retail customers the amounts of the additional amortizations since these customers funded these additional amortizations to KCPL through rates that exceeded what they would have been under traditional cost of service ratemaking. KCPL's Regulatory Plan specified that this case shall address the proper rate case treatment for the additional amortizations.

Q. How should the additional amortizations be treated in the future?

A. First and foremost, the accumulated additional amortizations should be accounted for separately to ensure KCPL's retail customers receive full return of the funds they supplied. The accumulated additional amortizations should be specifically identified as a completely separate and distinct item apart from the depreciation study to maintain a separate identity in the future cost of service calculations. As such, the monies that have been separately identified in KCPL's books as accumulated additional amortizations should continue this separate identification to make sure that all rate cases would properly reflect the impacts on rate base and the income statement for these contributions made by customers for KCPL's CEP that became part of the Regulatory Plan.

Q. How would the separate tracking of the accumulated additional amortizations be determined?

A. These accumulated additional amortizations amounts are already identified on KCPL's books on a Missouri only basis. These amounts are identified in the tables above. The unrecovered amounts would be used as an offset (reduction) to rate base, in essence providing the customers with a return "on" the customers' investment made in the Company.

Q. What accounting treatment does Staff recommend for returning the accumulated additional amortizations to customers?

A. The accumulated amortizations amount should continue to be used to offset (reduce) rate base in the future. Staff recommends that the accumulated additional amortizations be used to eliminate KPCL's ongoing and future cost of removal expense. This would enable separate accounting for cost of removal, and allow cost of removal projections to be removed from the depreciation rates, thus reducing the depreciation expense proposed in this case. As the additional amortizations are "returned" through the reduction of the cost of removal component of depreciation, the additional amortizations yet to be returned to customers would continue to be used as an a rate base reduction.

The use of the accumulated additional amortizations as a reduction to cost of removal is addressed by Staff witness Arthur W. Rice in the Depreciation section of Staff's Cost of Service Report.

Q. Are there other ways to return the accumulated additional amortizations to customers?

A. Yes. Another way to ensure that customers receive all the benefits from the monies supplied to KCPL for the additional amortizations could be a separate adjustment that could be made by using an average life of the plant investment for production, transmission, and distribution accounts to reduce expenses, either general expenses, or preferably, a reduction to depreciation expense. This separate adjustment would be made to provide the customers with a return of the customers' monies paid for the additional amortizations. A schedule would be developed with KCPL to identify the amounts to be used as an offset to rate base and the amounts to use as reductions to costs over time. This schedule would track the progress of the payments flow-back to customers over future time periods.

Q. Is Staff interested in discussing the proper method of treating the accumulated additional amortizations?

A. Yes. Since numerous parties participated in the development of the additional amortizations it is important to hear from those same parties for their views on how to treat these collected monies in future rates. The additional amortizations were paid in rates by the customers beginning in the 2006 rate case, (starting January 1, 2007) and continuing through May 2011. The three additional amortizations have increased the rates to collect additional revenues of over $42 million per year starting in September 1, 2009, the effective date of KCPL's last rate case—the 2009 rate case. While it is appropriate to "return" those monies over time, it is important to ensure the maximum benefit for customers are derived from these accumulations. Developing a consensus on the proper treatment is important so the parties are assured that the Regulatory Plan and the resulting increases in rates relating to that plan have been fully fulfilled.

COST REVIEW OF CONSTRUCTION PROJECTS

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

A. Yes. A very important part of this case is the Staff's review of several construction projects that were completed by, or are being completed by KCPL and GMO. Staff has reviewed costs for the plant additions for environmental equipment being installed at the Iatan 1, referred to as AQCS (air quality control systems) and the completion of Iatan 2 generating unit along with the common plant constructed for the support of both Iatan units. These plant additions involve two GPE entities-- KCPL has a 70% ownership share of Iatan Unit 1, and is its operating partner. In addition, through its acquisition of St. Joseph Light and Power Company, GMO has an 18% ownership share of Iatan 1. These plant additions at the Iatan Station, referred to in Staff's Construction Audit and Prudence Review of the Iatan Project as the "Iatan Project," have ramifications for the MPS and L&P rates of GMO. KCPL has a 55% ownership share of Iatan 2 and a 61% ownership share of the Iatan Common Plant. KCPL operates both units and the Iatan site. GMO has an 18% ownership share of Iatan 2.

Q. What construction projects is Staff reviewing?

A. The construction of Iatan 2 is the largest of the construction activities whose in service timeframe will be included in the true-up ending December 31, 2010. Iatan 1 had a selective catalytic reduction (SCR) system and other environmental projects installed in late 2008 and 2009, with construction completion in February 2009 and in-service April 2009. KCPL is also constructing thirty-two 1.5 megawatts wind turbines that are expected to be in-service by December 31, 2010.

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 ystem was installed at Sibley, with the completion and in-service first quarter 2009. Westar completed the Jeffrey Energy Center 1 and 3 SCR systems in 2008 and completed the SCR system for Unit 2 in the second quarter of 2009.

Q. Has Staff completed a review of the costs of construction of the Iatan Unit 1 AQCS, Iatan Unit 2 and Iatan Common Plant?

A. Yes, using an audit cut-off date of June 30, 2010. However, Staff will continue its audit to capture additional construction costs through the cost information cut-off date of October 31, 2010 established for the true-up. Staff filed its Construction Audit Report on November 3, 2010. Staff witness Charles R. Hyneman is addressing the construction audits in his direct testimony.

KANSAS CITY POWER & LIGHT COMPANY ELECTRIC RATES

Q. Please provide a summary of KPCL's rate cases before the Commission since the Commission approved KCPL's Regulatory Plan?

A. KCPL has filed for the following rate increases under the Regulatory Plan:

Case No.	Date Filed	Amount Requested	Amount Authorized	Effective Date of Rates
ER-2006-0314	February 1, 2006	$57 million	$50.6 million	January 1, 2007
ER-2007-0291	February 1, 2007	$45 million	$35.3 million	January 1, 2008
ER-2009-0089	September 5, 2008	$101 million (17.5% increase)	$95 million (16.2% increase)	September 1, 2009
ER-2010-0355	June 4, 2010	$92.1 million (13.8% increase)	Yet to be determined	May 4, 2011 (expected)

Q. Please provide a similar summary of KPCL's rate cases before the Commission before the Commission approved the Regulatory Plan?

A. KCPL had not a general rate increase case prior to the 2006 rate case since the Wolf Creek rate case filed as Case No. EO-85-185. Since the 1985 Wolf Creek rate case, and the phase-in of rates relating to this nuclear generating unit, there have been several rate reductions as result of Staff earnings reviews. The following table identifies the rate activity for KCPL:

Order Date	Case Number	Original Rate Request	Commission Decision
April 23, 1986	EO-85-185	$194.7 million	$78.3 million
April 1, 1987	EO-85-185		$7.7 million
May 5, 1988	EO-85-185		$8.5 million
December 29, 1993	ER-94-197	Not Applicable	($12.5 million)
July 3, 1996	EO-94-199	Not Applicable	($9.0 million)
October 7, 1997	EO-94-199	Not Applicable	($11.0 million)
April 13, 1999	ER-99-313	Not Applicable	($15.0 million)

Q. How do KCPL's rates in Missouri compare with those of other electric utilities?

A. Based on reports from EEI which KCPL provided in response to a Staff data request, the rates KCPL charges its Missouri customers in relation to those of other Missouri and mid-western utilities. KCPL's Missouri rates are generally below the national average, but above the Missouri average.

The following table shows such a comparison of KCPL residential customer rates:

(Continued on next page)

Missouri and Kansas Residential- in cents per kilowatthour	**2009**	**2008**	**2007**	**2006**	**2005**
KCPL- Kansas	9.07 cents/kwh	8.43	7.43	6.92	6.88
KCPL-Missouri	**8.51**	**8.14**	**7.61**	**6.90**	**6.88**
MPS	9.67	9.10	8.64	8.08	7.45
L&P	7.43	7.03	6.78	6.31	5.97
Ameren Missouri	7.03	6.53	6.60	6.60	6.52
Empire	9.75	9.19	9.10	8.35	7.98
Missouri Average	7.77	7.27	5.93	6.96	6.77
USA Average	11.72	11.52	10.95	10.62	9.60

Source: EEI Winter 2010 Report, page 180 provided Data Request 380

As shown in the table, KCPL's residential rates are now, and for several years have been, higher than those for L&P customers, but lower than MPS customers while KCPL's residential rates are above the Missouri average but below the United States national average.

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 & Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Continue the Implementation of Its Regulatory Plan	)))))	File No. ER-2010-0355

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 46 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 and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Cary G. Featherstone

Subscribed and sworn to before me this 10th day of November, 2010.

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

Notary Public

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
1980	ER-80-53	St. Joseph Light & Power Company (electric rate increase)	Direct	Stipulated
1980	OR-80-54	St. Joseph Light & Power Company (transit rate increase)	Direct	Stipulated
1980	HR-80-55	St. Joseph Light & Power Company (industrial steam rate increase)	Direct	Stipulated
1980	GR-80-173	The Gas Service Company (natural gas rate increase)	Direct	Stipulated
1980	GR-80-249 Coordinated	Rich Hill-Hume Gas Company (natural gas rate increase)	No Testimony filed- revenues & rate base	Stipulated
1980	TR-80-235	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress Rebuttal	Contested
1981	ER-81-42	Kansas City Power & Light Company (electric rate increase)	Direct-payroll & payroll related benefits; cash working capital Rebuttal	Contested
1981	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	TR-81-302	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress	Stipulated
1981	TO-82-3	Investigation of Equal Life Group and Remaining Life Depreciation Rates (telephone-- depreciation case)	Direct- construction work in progress	Contested

CARY G. FEATHERSTONE
SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
1982	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	TR-82-199	Southwestern Bell Telephone Company (telephone rate increase)	Direct- revenues & directory advertising	Contested
1983	EO-83-9	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1983	ER-83-49	Kansas City Power & Light Company (electric rate increase)	Direct- fuel & fuel inventories Rebuttal Surrebuttal	Contested
1983	TR-83-253	Southwestern Bell Telephone Company (telephone rate increase - ATT Divesture Case)	Direct- revenues & directory advertising	Contested
1984	EO-84-4	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1985	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	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

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
1988	TC-89-14 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Surrebuttal	Contested
1989	TR-89-182	GTE North, Incorporated (telephone rate increase)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1990	GR-90-50 Coordinated	Kansas Power & Light - Gas Service Division (natural gas rate increase)	Direct- prudency review of natural gas explosions	Stipulated
1990	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	GR-90-198 Coordinated	UtiliCorp United, Inc., Missouri Public Service Division (natural gas rate increase)	Direct- Corporate Costs and Merger & Acquisition Costs	Stipulated
1990	GR-90-152	Associated Natural Gas Company (natural gas rate increase)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1991	EM-91-213	Kansas Power & Light - Gas Service Division (natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested
1991	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

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
1991	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	TC-93-224 and TO-93-192 Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1993	TR-93-181	United Telephone Company of Missouri (telephone rate increase)	Direct- directory advertising Surrebuttal	Contested
1993	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	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	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	GR-95-160 Coordinated	United Cities Gas Company (natural gas rate increase)	Direct- affiliated transactions; plant	Contested
1995	ER-95-279 Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel & purchased power; fuel inventories	Stipulated
1996	GA-96-130	UtiliCorp United, Inc./Missouri Pipeline Company (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
1996	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	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	ER-97-82	Empire District Electric Company (electric-- interim rate increase case)	Rebuttal- fuel & purchased power	Contested
1997	GA-97-132	UtiliCorp United Inc./Missouri Public Service Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	GA-97-133	Missouri Gas Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	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 Commissio n Denied Motion
1997	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	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

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
1998	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	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	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	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	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	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	ER-2002-424 Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel-interim energy charge Surrebuttal	Stipulated

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
2003	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	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	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	EO-2005-0156 Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS (electric- South Harper Generating Station asset valuation case)	Rebuttal- plant valuation Surrebuttal	Stipulated
2005	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	HR-2005-0450 Coordinated	Aquila, Inc., d/b/a Aquila Networks- L&P (industrial steam rate increase)	Direct	Stipulated
2006	ER-2006-0314 Coordinated	Kansas City Power & Light Company (electric rate increase)	Direct-construction audits Rebuttal- allocations Surrebuttal- allocations	Contested

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
2006	WR-2006-0425 Coordinated	Algonquin Water Resources (water & sewer rate increases)	Rebuttal- unrecorded plant; contributions in aid of construction Surrebuttal unrecorded plant; contributions in aid of construction	Contested
2007	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	HO-2007-0419 Coordinated	Trigen Kansas City Energy [sale of coal purchase contract] (steam)	Recommendation Memorandum	Stipulated
2007	HR-2007-0028, HR-2007-0399 and HR-2008-0340	Aquila, Inc., d/b/a Aquila Networks- L&P [Industrial Steam Fuel Clause Review] (industrial steam fuel clause review)		Pending
2008	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

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony/Issue	Case
2009	ER-2009-089	Kansas City Power & Light Company (electric rate increase)	Direct- sponsor Utility Services Cost of Service Report, Additional Amortizations and Iatan 1 construction Rebuttal- allocations Surrebuttal- allocations	Stipulated
2009	ER-2009-090	KCPL Greater Missouri Operations Company (former Aquila, Inc. Missouri electric properties) (electric rate increase)	Direct- sponsor Utility Services Cost of Service Report Surrebuttal- capacity planning	Stipulated
2009	HR-2009-092	KCPL Greater Missouri Operations Company (former Aquila, Inc. Missouri electric properties) (industrial steam rate increase)	Direct- sponsor Utility Services Cost of Service Report	Stipulated

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

CASES SUPERVISED AND ASSISTED:

Year	**Case No.**	**Utility**	**Type of Testimony**	**Case Disposition**
1986	TR-86-14 Coordinated	ALLTEL Missouri, Inc. (telephone rate increase)		Stipulated
1986	TR-86-55 Coordinated	Continental Telephone Company of Missouri (telephone rate increase)		Stipulated
1986	TR-86-55 Coordinated	Continental Telephone Company of Missouri (telephone rate increase)		Stipulated
1986	TR-86-63 Coordinated	Webster County Telephone Company (telephone rate increase)		Stipulated
1986	GR-86-76 Coordinated	KPL-Gas Service Company (natural gas rate increase)		Withdrawn
1986	TR-86-117 Coordinated	United Telephone Company of Missouri (telephone rate increase)	Withdrawn prior to filing	Withdrawn
1988	GR-88-115 Coordinated	St. Joseph Light & Power Company (natural gas rate increase)	Deposition	Stipulated
1988	HR-88-116	St. Joseph Light & Power Company (industrial steam rate increase)	Deposition	Stipulated

CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony	Case Disposition
1994	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 Memorandum	Stipulated
2004	HM-2004-0618 Coordinated	Trigen- Kansas City Energy purchase by Thermal North America (steam - sale of assets)		Stipulated
2005	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 Memorandum	Stipulated
2005	WO-2005-0206 Coordinated	Silverleaf sale to Algonquin (water & sewer- sale of assets)		Stipulated
2006	WR-2006-0250	Hickory Hills (water & sewer- informal rate increase)	Recommendation Memorandum	Contested
2006	HA-2006-0294 Coordinated	Trigen Kansas City Energy (steam- expansion of service area)		Contested
2007	SR-2008-0080 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 Memorandum	Stipulated

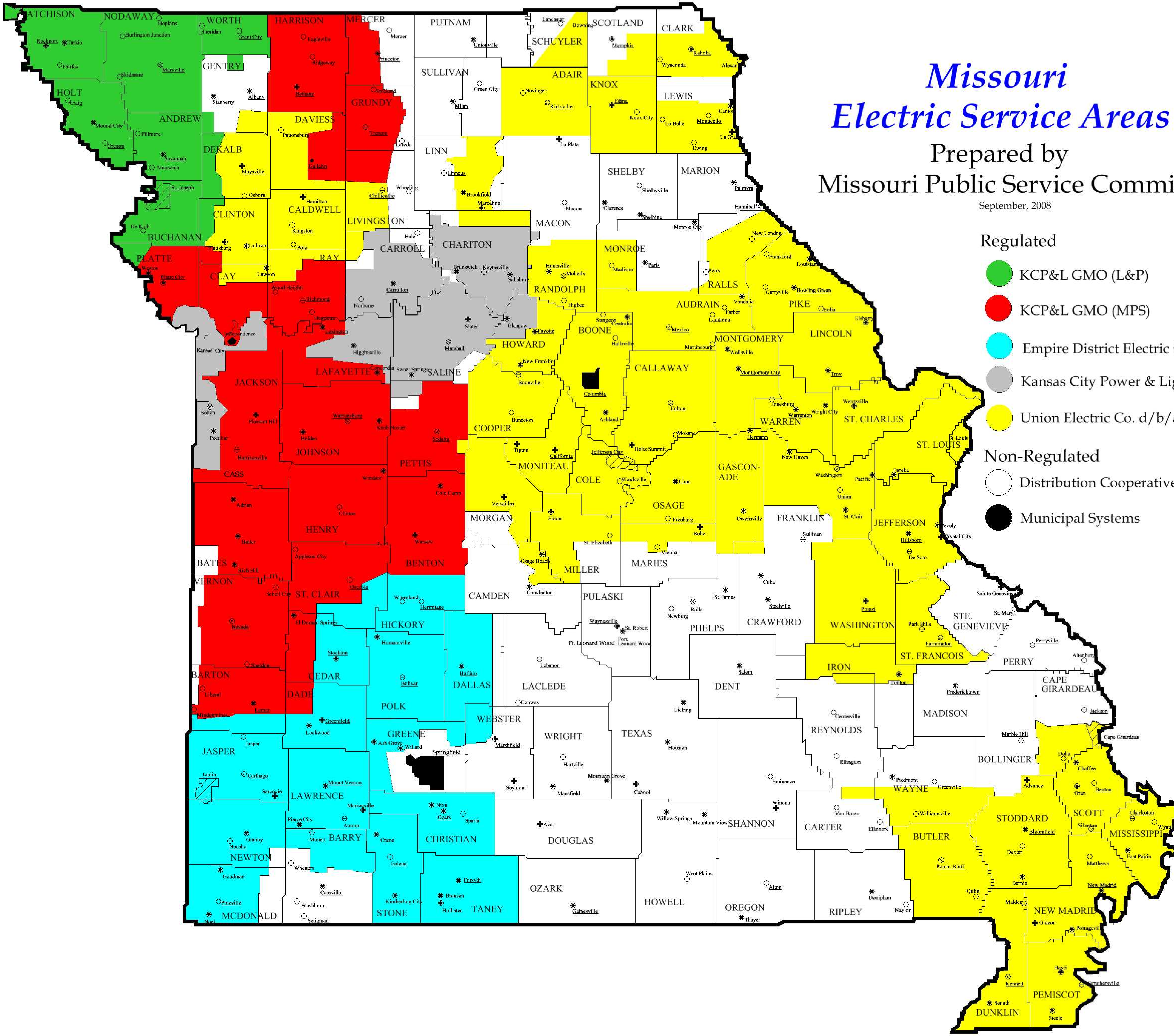
CARY G. FEATHERSTONE

SUMMARY OF RATE CASE INVOLVEMENT

Year	Case No.	Utility	Type of Testimony	Case Disposition
2009	WR-2010-0139 SR-2010-0140	Valley Woods Water Company	Recommendation Memorandum	Pending
2009	EO-2010-0060	KCPL Greater Missouri Operations— Blue Springs service center sale	Recommendation Memorandum	Withdrawn
2010	EO-2010-0211	KCPL Greater Missouri Operations— Liberty service center sale	Recommendation Memorandum	Stipulated
2010	WR-2010-0202	Stockton Water Company	Recommendation Memorandum	Stipulated
2010	SA-2010-0219	Canyon Treatment Company Certificate Case	Recommendation Memorandum	Pending
2010	SR-2010-0320	Timber Creek Sewer Company	Testimony	Pending
2009	EO-2010-0060	KCPL Greater Missouri Operations— Blue Springs service center sale	Recommendation Memorandum	Withdrawn
2010	EO-2010-0211	KCPL Greater Missouri Operations— Liberty service center sale	Recommendation Memorandum	Stipulated
2010	WR-2010-0202	Stockton Water Company	Recommendation Memorandum	Stipulated

Missouri Electric Service Areas

Prepared by
Missouri Public Service Commission
September, 2008



Regulated

- KCP&L GMO (L&P)
- KCP&L GMO (MPS)
- Empire District Electric Co., The
- Kansas City Power & Light Co.
- Union Electric Co. d/b/a AmerenUE

Non-Regulated

- Distribution Cooperatives
- Municipal Systems

SCHEDULE 2