

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

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

**REPLY OF KCP&L GREATER MISSOURI OPERATIONS COMPANY TO STAFF
RESPONSE TO ORDER DIRECTING FILING**

KCP&L Greater Missouri Operations Company (“GMO” or “Company”), pursuant to 4 CSR 240-2.080, files its Reply to the *Staff Response to the Order Directing Filing* filed on June 14, 2011. In support of its response, the Company states as follows:

1. On June 14, 2011, the Commission Staff filed its *Staff Response to the Order Directing Filing* which stated in part:

Without workpapers, which it does not have, Staff is unable to adequately review those numbers accurately reflect the revenue requirement impact of the difference between how the Commission has assigned the costs of Iatan 2 and how GMO proposed they be assigned for revenue requirement purposes.

2. In response, the Company would note that it has previously provided to various members of the Staff its calculations that support the information contained in Attachment No. 1 to the *Response Of KCP&L Greater Missouri Operations Company To Order Further Suspending Tariff Sheets* filed on June 13, 2011. On May 23, 2011, workpapers supporting the non-fuel change due to the Iatan 2 allocation were sent to Staff. On June 1, 2011, the FAC workpapers were sent to Staff and all parties. In addition, earlier today, the Company also forwarded copies of its workpapers by email to the following members of Staff: Mr. Robert Schallenberg, Mr. Cary Featherstone, Mr. Mack McDuffey, Mr. Nathan Williams, Mr. John Rogers, and Ms Lena Mantle. Workpapers were also sent to Mr. Lewis Mills and Mr. David Woodsmall. (See Attachment No. 1)

3. To ensure that the Commission, Staff, and other parties have the Company's workpapers for Attachment No. 1 of the *Response Of KCP&L Greater Missouri Operations Company To Order Further Suspending Tariff Sheets* filed on June 13, 2011, GMO is hereby attaching a copy of the supporting workpapers to this pleading. (See Attachment Nos. 2 and 3)

WHEREFORE, KCP&L Greater Missouri Operations Company respectfully requests that the Commission accept this filing as its Reply to *Staff's Response to the Order Directing Filing* issued on June 14, 2011.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 14th day of June, 2011, to all counsel of record.

/s/ James M. Fischer
James M. Fischer

Subj: **Workpapers Supporting Company Filing of June 14, 2011**
Date: 6/14/2011 3:34:15 P.M. Central Daylight Time
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Attached please find the workpaper support for the Alternatives attachment from KCP&L GMO's June 14, 2011 Response of KCP&L Greater Missouri Operations Company to Order Directing Filing Issues on June 14, 2011.

The first attachment details the calculation relating to the non-fuel change due to a shift in the latan 2 allocation.

Second is an Excel spreadsheet. The first tab in this spreadsheet shows the calculation of the Commission's ordered 100/53 split between MPS and L&P of latan 2 and the rebasing impact associated with that. These amounts were used in the most recent tariff filing. The second tab shows the impact on fuel and purchased power relating to shifting the latan 2 split back to the Company's allocation of 112 MWs MPS and 41 MWs L&P. The difference between the revenue requirement impacts of these two files equals the fuel impact in the first alternative.

The beginning revenue requirement number for each of the scenarios is the amount as ordered by the Commission.

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KCP&L GMO Company Fuel & Purchased Power
Rate Case No. ER-2010-0356
Ordered Run

	MPS Staff Run Final (100 MW)	L&P Staff Run Final (53 MW)	Total
1 501 Coal	\$ 88,048,394	\$ 28,079,796	\$ 116,128,190
2 501 Gas	-	-	\$ -
3 501 OSS	1,077,910	513,096	\$ 1,591,006
4 547 Natural Gas	10,019,963	3,195,499	\$ 13,215,462
5 547 OSS	720,050	159,292	\$ 879,342
6 555 Purchased Pwr (Energy)	37,617,327	11,996,663	\$ 49,613,990
7 555 WAPA	487,444	-	\$ 487,444
8 555 OSS	4,170,345	2,558,693	\$ 6,729,038
9 447 OSS	(8,399,498)	(4,542,717)	\$ (12,942,215)
10 Net MIDAS Model	\$ 133,741,935	\$ 41,960,322	\$ 175,702,257
11 501 Gas Transport			
12 501 Oil	949,674	\$302,863	\$ 1,252,537
13 501 TDF & Propane	1,512,901	126,622	\$ 1,639,523
14 501 Bio Fuels			\$ -
15 501 JEC Additives	114,988	(63,698)	\$ 51,290
16 501 Urea	2,278,586		\$ 2,278,586
17 501 Limestone & Ammonia	238,624	486,139	\$ 724,763
18 501 Power Activated Carbon		236,516	\$ 236,516
19 501 Freeze & Dust	544,020	98,800	\$ 642,820
20 501 Residuals	1,421,725	453,407	\$ 1,875,132
21 509 Emissions Allowances	1,794,507	582,530	\$ 2,377,037
22 547 Natural Gas Transportatoin			\$ -
23 547 Hedge Settlements	6,979,130		\$ 6,979,130
24 565 OSS	5,974		\$ 5,974
25 Total non-modelled FAC Costs	\$ 15,840,129	\$ 2,223,179	\$ 18,063,308
26 Total FAC Costs	\$ 149,582,064	\$ 44,183,501	\$ 193,765,565
27			
28 Non-FAC Costs/Fixed Costs	\$ 16,476,635	\$ 2,091,253	\$ 18,567,888
29 Total Fuel & PP Costs Net of OSS	\$ 166,058,699	\$ 46,274,754	\$ 212,333,453
30			
31 NSI Used in Fuel Run	6,391,152,303	2,281,701,697	
32 Base Rate Calculation	\$ 0.02340	\$ 0.01936	
33 Current Base	\$ 0.02348	\$ 0.01642	
34 Difference	\$ (0.00008)	\$ 0.00294	
35			
36 Revenue Requirement Impact	(511,292)	6,708,203	

**KCP&L GMO Fuel & Purchased Power
Rate Case No. ER-2010-0356
Staff NSI - Co True-up Allocation Percentages**

	MPS Staff Run Co True up % (112 MW) 74.88%	L&P Staff Run Co True up % (41 MW) 25.12%	Total
1 501 Coal	86,956,789	29,171,401	\$ 116,128,190
2 501 Gas	-	-	
3 501 OSS	1,191,345	399,661	\$ 1,591,006
4 547 Natural Gas	9,895,738	3,319,724	\$ 13,215,462
5 547 OSS	658,451	220,891	\$ 879,342
6 555 Purchased Pwr (Energy)	37,150,956	12,463,034	\$ 49,613,990
7 555 WAPA	487,444		\$ 487,444
8 555 OSS	5,038,704	1,690,334	\$ 6,729,038
9 447 OSS	(9,691,131)	(3,251,084)	\$ (12,942,215)
10 Net Model	131,688,297	44,013,961	\$ 175,702,257
11 501 Gas Transport	-	-	\$ -
12 501 Oil	937,899	314,637	\$ 1,252,536
13 501 TDF & Propane	1,227,675	411,848	\$ 1,639,523
14 501 Bio Fuels	-	-	
15 501 JEC Additives	38,406	12,884	\$ 51,289
16 501 Urea	2,278,586		\$ 2,278,586
17 501 Limestone & Ammonia	542,702	182,060	\$ 724,763
18 501 Power Activated Carbon		236,516	\$ 236,516
19 501 Freeze & Dust	481,344	161,476	\$ 642,820
20 501 Residuals	1,404,099	471,033	\$ 1,875,132
21 509 Emissions Allowances	1,779,925	597,112	\$ 2,377,036
22 547 Natural Gas Transportatoin	-	-	
23 547 Hedge Settlements	6,979,130		\$ 6,979,130
24 565 OSS	5,974		\$ 5,974
25 Total non-modelled FAC Costs	15,675,740	2,387,567	18,063,307
26 Total FAC Costs	147,364,037	46,401,528	193,765,564
27			
28 Non-FAC Costs/Fixed Costs	16,493,510	2,074,377	18,567,887
29 Total Fuel & PP Costs Net of OSS	163,857,547	48,475,905	212,333,452
30			
31 NSI Used in Staff Fuel Run	6,391,152,303	2,281,701,697	
32			
33 Base Rate Calculation	\$ 0.02306	\$ 0.02034	
34 Current Base	\$ 0.02348	\$ 0.01642	
35 Difference	\$ (0.00042)	\$ 0.00392	
36			
37 Revenue Reuiegment Impact	(2,684,284)	8,944,271	

The \$2.66 million figure is derived from a combination of the Commission's Order and the True-Up reconciliation. The later allocation difference between the parties shown on the Revised True-Up Reconciliation was based on the difference between the Company's proposed 41 MW to L&P vs. Staff's proposed 100 MW. That impact is included in several places in the reconciliation (return, interest expense deduction, depreciation, O&M, property tax, capacity payments). In several of these places the later allocation impact is buried with other impacts (e.g., depreciation).

The total impact at the time of the True-Up Reconciliation was about \$20 million exclusive of the capacity transfer of \$1.3 million reflected in adjustment CS-25. The net impact, including this transfer, was about \$18.7 million.

Since the Commission's Order stated that 53 MW would be allocated to L&P, rather than the 41 MW proposed by the Company, the resulting difference between the Order and the Company's position is about 20% of the True-Up difference $((53-41)/(100-41))$. As a result, the difference between the Order and the Company's position reduced to about 20% of the original difference, or about \$4 million, less the \$1.3 million capacity transfer, for a net of \$2.7 million. The more precise amount was \$2.66 million, calculated as follows:

Total later 2 plant per Staff's EMS	\$312,200
% re-allocated (12 MW/153 MW)	<u>7.843%</u>
Re-allocated plant	\$ 24,486
Rate of return per Staff's EMS	<u>11.373%</u>
Re-allocated return	\$ 2,785
Depreciation impact (Staff's run shows 2.192% rate)	537
Other misc. impacts (Company's true-up amounts vs. final adjustments):	
Payroll and payroll taxes	107
Benefits	63
Property taxes	272
later 2 O&M	187
Insurance	9
Capacity transfer	<u>(1,300)</u>
TOTAL IMPACT	\$ 2,660