

**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) **File No. ER-2010-0355**
Service to Continue the Implementation of Its)
Regulatory Plan)

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

**KANSAS CITY POWER & LIGHT COMPANY'S AND KCP&L GREATER
MISSOURI OPERATIONS COMPANY'S RESPONSE TO STAFF'S NOTICE
REGARDING TRUE-UP INFORMATION**

COME NOW Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO") (collectively the "Company") in the above referenced cases, and submit their response to Staff's Notice Regarding True-Up Information as follows:

I. Introduction.

1. While Staff's February 9 Notice does not request any relief from the Commission, paragraph 3 of the Notice states that KCP&L has failed to supply certain auditable accounting information of the Company and that the Company is "jeopardizing" Staff filing its February 22, 2011 direct True-Up case. The Company believes that Staff has mischaracterized the issue and that all information needed to make Staff's direct True-Up case has been provided. Staff's Notice relates only to a small subset of True-Up information related to taxes that is normally provided at the end of the True-Up process. The Company makes this response to clear up any questions raised by Staff's Notice.

II. All “pre tax” information necessary for Staff’s True-Up was timely supplied to Staff.

2. As Staff quotes in paragraph 1 in its Notice, in the Nonunanimous Stipulations in the 0355 and 0356 dockets (the Stipulations), the Company committed to provide information by January 21, 2011 which included “*trued-up balances, adjustments and calculations supported by KCPL’s standard monthly documentation- such as monthly operating reports, ledgers, supporting invoices....*” The Company believes the intent of this language was to provide Staff basic standard monthly “raw data” so that Staff could begin its True-Up process, not to provide Staff the Company’s complete True-Up workpapers and adjustments by that date. The language says nothing about responding by January 21 to other Staff data requests concerning tax and other information.

3. KCP&L went beyond its obligations under the Stipulations by also providing by January 21, 2011 responses to many recurring data requests, as requested by Staff. Staff requested responses to 50 KCP&L data requests and 41 GMO data requests on January 4, 2011. While certain of these data requests encompassed “operating reports, ledgers and supporting invoices” the vast majority provided other information useful to Staff in preparing its True-Up. All of the requested responses to the 91 data requests were transmitted to Staff by the January 21, 2011 deadline except for ten data requests which are the subject of Staff’s Notice.

4. The True-Up process involves much more than these ten data requests and the 81 recurring data requests that were provided by January 21, 2011. The Company prepares and sends to Staff the Company’s True-Up workpapers in support of about 200

adjustments (KCP&L and GMO combined), which Staff utilizes in preparing its True-Up adjustments. The Company has provided Staff all of those workpapers.

III. Tax information has not been unduly delayed by the Company.

5. KCP&L knew that these ten data requests could not be completed by January 21, 2011 and thus sent an email to Mr. Featherstone on January 13, 2011 making him aware of this fact (copy of email in Staff's Notice at p. 2). Eight of these data requests involved income tax information that could not be made available by January 21, 2011, as indicated in Mr. Branson's email. Staff is well aware that income tax calculations, reports, and schedules almost always are prepared near the end of the True-Up process, or at the end of any rate case filing. This is because book to tax basis differences need to be calculated as well as plant balances and other cost of service items must be finalized before the income tax calculations can be prepared.

6. Staff's True-Up process, to the best of the Company's knowledge, parallels that of the Company. That is, all "pre-tax" adjustments are prepared first and the income and other tax calculations are prepared at the end of the process. The Company believes this process has been followed consistently by both parties in prior rate cases. Therefore, the Company questions whether Staff's direct True-Up case has been "jeopardized" by not receiving the eight income tax responses by January 21, 2011.

7. A complicating factor in this case involved the depreciation and additional amortizations settlement agreement filed with the Commission on February 2, 2011. Depreciation settlement negotiations had been ongoing for some time and the Company knew, as should have the Staff, that several of the income tax data requests would be affected by the outcome of that settlement process. It would have made no sense to provide responses to the Staff that would soon have to be changed due to the filing of a

settlement agreement. An example of this situation is data request 121T, which requested investment tax credit amortization. Such amortization must be based on depreciable lives as determined in the rate case in order to be in compliance with IRS normalization requirements. Those lives were not known until the depreciation settlement was filed (the settlement is still subject, of course, to Commission approval).

8. The only way the eight income tax data requests could have been completed by January 21, 2011 would have been if the Company would have based its responses on stale data and not data as of the True-Up. Such responses would have been useless to Staff in filing its direct True-Up case. Mr. Harrison of Staff acknowledged as much in an email response to Mr. Branson on February 9, 2011 when he was asked if he wanted these income tax responses to be based on Update information or True-Up information. Mr. Harrison indicated he wanted True-Up information. (**See attached Exhibit A.**)

IV. The Company has provided all the requested tax information to Staff.

9. The Company has provided Staff responses to the eight income tax data requests. The dates of response are:

KCP&L #117T- response sent to staff on 2/14
KCP&L #118T- response sent to staff on 2/15
KCP&L #119T- response sent to staff on 2/14
KCP&L #121T- response sent to staff on 2/15
KCP&L #122T- response sent to staff on 2/15
GMO #115T- response sent to staff on 2/16
GMO #116T- response sent to staff on 2/16
GMO #119T- response sent to staff on 2/16

10. The Company acknowledges that two of the ten data requests relating to property tax and not income tax, could have been provided by January 21, 2011 (KCP&L #172T and GMO #131R). Mr. Branson's indication to Mr. Featherstone that these two

data requests would not be completed by January 21, 2011 was mistakenly made because the Company grouped these property tax requests with the income tax data requests under the umbrella “tax” category. However, the Company believes that the delay in furnishing this property tax information has not “jeopardized” Staff’s True-Up direct case because this delay concerns only two out of the 91 True-Up data requests and the Staff has had the data since February 11, 2011.

WHEREFORE, the Company notifies the Commission concerning the circumstances surrounding the ten data requests in Staff’s February 9, 2011 Notice.

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorneys for Kansas City Power & Light
Company and KCP&L Greater Missouri
Operations Company**

CERTIFICATE OF SERVICE

A copy of the foregoing pleading has been served this 18th day of February 2011 upon counsel of record in these proceedings.

/s/ Roger W. Steiner

Roger W. Steiner

From: Harrison, Paul [mailto:paul.harrison@psc.mo.gov]
Sent: Wednesday, February 09, 2011 3:30 PM
To: Branson Aron
Cc: Featherstone, Cary
Subject: RE: DR 118T

We will need this information for the True-up filing. Appreciate getting this information as soon as possible.

Thanks,

Paul R. Harrison

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From: Branson Aron [mailto:Aron.Branson@kcpl.com]
Sent: Wednesday, February 09, 2011 3:23 PM
To: Harrison, Paul
Subject: DR 118T

RE: Part 3 to update Staff's SL Tax Calculation

DR118 states to update to reflect KCPL line items as of the test period and/or update period in this case. DR 118 provided as of the test period. When you state "update period", do you mean from the Projected Update filing or the True-up filing. If True-up, the balances come from our model so this information would not be available for several more days.

Aron

EXHIBIT A