

Exhibit No.:
Issues: *Bad Debt Factor Up*
Forfeited Discount Factor Up
Witness: *Amanda C. McMellen*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
File No.: *ER-2010-0356*
Date Testimony Prepared: *January 12, 2011*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

AMANDA C. MCMELLEN

Great Plains Energy, Incorporated
KCP&L GREATER MISSOURI OPERATIONS COMPANY
GMO-MPS AND GMO-L&P ELECTRIC

FILE NO. ER-2010-0356

Jefferson City, Missouri
January 2011

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SURREBUTTAL TESTIMONY

OF

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Great Plains Energy, Incorporated
KCP&L GREATER MISSOURI OPERATIONS COMPANY
GMO-MPS AND GMO-L&P ELECTRIC

FILE NO. ER-2010-0356

Q. Please state your name and business address.

A. Amanda C. McMellen, Governor Office Building, P.O. Box 360,
Jefferson City, Missouri 65102.

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

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

Q. Are you the same Amanda C. McMellen who has previously contributed to the
Staff’s Cost of Service Report in Case No. ER-2010-0356 dated November 17, 2010 for
KCP&L Greater Missouri Operations Company (GMO or Company)?

A. Yes, I am. In addition, I contributed to the Staff’s Cost of Service Report filed
on November 10, 2010 for Kansas City Power & Light Company (KCPL). I also filed
surrebuttal on January 5, 2011 in that case.

Q. What is the purpose of your Surrebuttal Testimony?

A. The purpose of my testimony is to respond to the rebuttal testimony of
KCPL witness John P. Weisensee with regard to bad debt expense and forfeited discounts
(late payment fees).

1 **EXECUTIVE SUMMARY**

2 Q. Please briefly summarize your Surrebuttal Testimony pertaining to this
3 rate case.

4 A. In this testimony, I respond to GMO's request to recover for a level of bad debt
5 expense in excess of the experienced level calculated in this case. I explain Staff's
6 recommendation that GMO not be allowed to recover bad debt expense at a level which
7 includes the full impact of the revenue requirement increase in this rate case. GMO's request
8 to include an adjustment for bad debt expense associated with revenue requirement increase
9 (or decrease) is commonly referred to as bad debt "factor up" or "gross up."

10 The Company's rationale for making this request is based on the assumption that any
11 increase in revenue requirement granted by the Commission will cause bad debt expense to
12 also directly increase proportionally. However, the Company has not demonstrated a direct
13 correlation between the level of rates and the percentage of bad debts that would justify the
14 reflection of the full impact of increased bad debt expense in rates.

15 Staff does not recommend adoption of GMO's bad debt "factor up" request; however
16 it is Staff's position that if the Commission does grant GMO's request to "factor up" bad debt
17 expense proportionate with an increase in revenue requirement, then it is also the best
18 regulatory practice to also "factor up" forfeited discounts for the same reason. If the
19 Commission concludes that it is reasonable and appropriate to "factor up" bad debt expense
20 for purposes of setting rates, on the premise that GMO will experience a higher level of bad
21 debts as a result of a rate increase, then it is reasonable and appropriate to conclude that GMO
22 will also experience a higher level of late payment revenue resulting from those higher rates.

1 **BAD DEBT “FACTOR UP”**

2 Q. Do Staff and GMO differ regarding the level of bad debt expense to reflect in
3 GMO’s rates?

4 A. Yes. Although the bad debt issue is only listed as part of the true-up items in
5 Mr. Weisensee’s rebuttal testimony (Schedule JPW2010-7 under Operating Income), there is
6 still a difference in methodology between Staff and GMO in calculating the ongoing level of
7 total bad debt expense. GMO adjusted bad debt expense to include a portion for the requested
8 revenue increase in this case, which is referred to as a bad debt “factor up” or “gross up”.
9 Staff has based its recommendation on experienced levels of bad debt.

10 Q. Does Staff believe that it is reasonable to assume that there will be bad debts
11 associated with the revenue requirement increase granted in this rate case?

12 A. In principle, the Staff agrees that bad debts may increase to some extent as a
13 result of an increase in GMO’s revenue requirement. However, the Staff does not agree with
14 the position that any increase in a company’s revenue requirement should cause bad debt
15 expense also to directly increase proportionally, on a dollar-for-dollar basis. The Staff has
16 simply seen no evidence of this direct correlation, and GMO has not produced any evidence
17 of a direct correlation in its testimony or workpapers. In fact, several times as revenues go up,
18 bad debts have actually declined. In other instances, the Staff has seen bad debts going up
19 while revenues decreased.

20 Q. What is a bad debt “factor up” or “gross up”, and what is the rationale
21 behind its use?

22 A. The usual justification for use of the bad debt “factor up” is the belief that it is
23 necessary to properly match the level of bad debt expense established in a rate case with the

1 amount of revenue requirement increase that will be determined by the Commission in that
2 case. This additional amount of bad debt expense, if the “factor up” is granted, will be
3 calculated and added to the annualized and normalized level of bad debt expense found
4 reasonable for inclusion in the utility’s revenue requirement. The amount of any ordered bad
5 debt “factor up” will be derived by applying the bad debt expense ratio to the expected
6 revenue requirement increase to be granted by the Commission.

7 GMO’s use of a bad debt “factor up” is based on the assumption that any amount of
8 increased revenues resulting from this rate case will directly cause bad debt expense to
9 increase proportionally as well, all things being equal. In other words, the Company believes
10 it is reasonable to assume that if some ratepayers are not able to pay their current utility bills
11 when they fall due, chances are that some of these same customers would not be able to pay
12 their bills when the utility bills go up as a result of a rate increase. However, while Staff
13 believes that this view may seem reasonable on a theoretical basis, Staff has found from a
14 practical point of view that this theory does not always hold true in reality. In other words,
15 use of bad debt “factor up” means it is a virtual certainty that with each rate increase bad
16 debts will go up by the same percentage. This is not a realistic view. In order for the GMO
17 proposal to use a bad debt “factor-up” to be justified, a substantial amount of analysis would
18 be needed to demonstrate a direct correlation between revenue levels and bad debt levels.

19 Q. Does GMO’s requested bad debt “factor up” work in the same way as an
20 income tax “factor up”?

21 A. Yes. The income tax factor assumes that for every increase in earnings to a
22 utility resulting from a rate case there will be a direct and absolute proportional increase in
23 income taxes. This is a well-known and established relationship, and in this case both

1 Company and the Staff have applied an income tax “factor up” to the additional revenue
2 requirement calculation to determine the proper level of rate increase recommended in this
3 case. If the Commission authorizes a rate increase in this proceeding, then a corresponding
4 income tax amount will have to be added to the additional revenue requirement amount or the
5 Company may not be able to recover the authorized amount of increase in revenue
6 requirement. However, it is clear from the analysis conducted by the Staff that no such direct
7 relationship exists between increased rates and increased bad debt expense.

8 Q. Why doesn't Staff recognize a proportionate increase as necessary?

9 A. To recommend that any increase in bad debt levels be in proportion to an
10 increase in revenue requirement levels would require a basis to believe that the two have the
11 correct relationship of size, quantity, or degree to something else, or remain in the same
12 relationship when things change. While the Staff acknowledges there may be some
13 relationship between bad debt expense and increased revenues resulting from a rate case,
14 when it has examined this relationship in rate cases for other utilities as well as this one,
15 the Staff has generally found that rate increases do not always cause a direct proportional
16 increase in bad debt expense, as GMO is suggesting in this case. There are no indications
17 that an increase in revenue requirement should or will result in a proportional increase in
18 bad debt expense.

19 Q. Has the Staff performed any analysis that would support the position that no
20 direct relationship exists for bad debts relating to additional revenue requirement for GMO?

21 A. Yes. Attached to this surrebuttal testimony, as Schedule ACM-1, is a historical
22 monthly analysis of GMO's bad debts and retail revenue levels for MPS and L&P. The
23 Company's own historical data does not support the position that there is always a

1 corresponding direct relationship between revenues and bad debt expense; whereby any
2 revenue increase will always result in an automatic increase in bad debt expense in the same
3 magnitude and proportion.

4 Q. What are some historical examples specific to MPS and L&P when bad debts
5 did not increase proportionately to a rate increase?

6 A. Staff reviewed how actual bad debt write offs varied in relation to revenues for
7 a ten-year (120-month) period from January 2000 through December 2009 for MPS and a
8 nine-year (108-month) period from January 2001 through December 2009 for L&P.
9 (*See* Schedule ACM-1)

10 For MPS, out of the 120-month period of data reviewed, fifty-seven (57) of them
11 indicated no relationship. In some instances, while electric revenues increased (or decreased),
12 actual bad debt write-offs tend to decrease (or increase) by different amounts. In July 2008,
13 retail revenues experienced an increase of 21.13%, while bad debt write-off decreased by
14 52.78% for the same time period. In May 2009, revenues increased by 26.73%, while bad
15 debt write-offs decreased by 16.29%. In February 2008, revenues decreased by 11.61%, and
16 bad debt write-offs increased by 20.38%. In October 2009, revenues decreased by 11.40%,
17 but bad debt write-offs increased by 326.06%. These are just a few examples to demonstrate
18 that bad debt write-offs do not have a direct association with revenues. This analysis shows
19 that revenues and bad debts may tend to move in opposite directions with an increase
20 (or decrease) in the other. Even in the few occasions that they tend to move in the same
21 direction, Staff observed that they were either increased or decreased by different amounts.
22 This, therefore, support Staff's position that an increase in revenue may not necessarily result
23 in proportionate increase in bad debt expense.

1 In the case of L&P, fifty-five of the 108-month period data reviewed showed no
2 relationship. That is, revenue and bad debt write-off operated in different directions; when
3 one increased, the other decreased. For instance, in May 2008, revenues increased by
4 25.91%, but bad debt write-offs decreased by 44.14% for the same time period. In
5 October 2008, revenues decreased by 13.07%, but bad debt write-offs increased by 132.55%.
6 In February 2009, revenues decreased by 15.14%, and bad debt write-offs increased by
7 11.98%. Again these are just examples of how these two items might not in practical terms
8 relate to each other with an increase (or decrease) in the other. In March 2009, while both
9 revenues and bad debts moved in the same direction, revenues experienced an increased by
10 1.73%, but bad debt on the other hand was increased by 68.58%, refuting the Company's
11 argument that an increase in revenue will be associated with proportionate increase in bad
12 debt expense.

13 Q. How did the Staff review GMO's historical relationship of bad debt expense to
14 sales revenue?

15 A. The Staff employed various methods of data analysis in its review, yet none of
16 those methods produced any substantive evidence to support the direct relationship that must
17 exist between the two items to justify inclusion of a full bad debt "gross up" in this case.
18 The Staff utilized both numerical and graphical presentations in its review.

19 Q. What does Schedule ACM-1 show?

20 A. The Staff believes the information shown in Schedule ACM-1 for MPS and
21 L&P clearly demonstrates that there is no direct relationship between bad debts and increased
22 revenues that would have to exist to justify total bad debt "factor up" calculation.

23 Q. Did GMO include the bad debt "factor up" in its initial rate filing?

1 A. Yes. GMO (both MPS and L&P) has included an adjustment for bad debt
2 match up with revenue requirement increase.

3 Q. Did the Staff include a bad debt “factor up” in its recommendation?

4 A. No. At this time, the Staff has not included any additional amount in rates for
5 an increase in the level of bad debts proportionate to the increase in revenue requirement.
6 The Staff’s position is based on its analysis of actual GMO data that shows no direct
7 correlation exists between revenue increases and increases in bad debt expense. The analysis
8 does not support the position that an increase in revenue will result in proportionate increase
9 in bad debt expense.

10 **FORFEITED DISCOUNT “FACTOR UP”**

11 Q. What are “forfeited discounts”?

12 A. Forfeited discounts also known as “late payment fees” are charges that GMO
13 charges its customers for non-payment of customer bills whenever they fall due. The charges
14 are assessed on the remainder of the unpaid bill.

15 Q. Did the Company propose to gross-up forfeited discount (late payment fees)
16 the same way that it is proposing bad debt gross up for revenue requirements increases?

17 A. No.

18 Q. Is it consistent to treat forfeited discounts in the same manner as bad debt
19 expense levels with respect to the “factor up” issue?

20 A. Yes. The Staff’s position is that if the Commission decides to grant GMO’s
21 request to increase bad debt expense proportionate to any increase in revenue requirement,
22 then it is the best regulatory practice to “gross up” forfeited discounts for the same reason.
23 If the Commission concludes that GMO will experience a proportionately higher level of bad

1 debt as a result of a rate increase, then it would follow that GMO will experience a higher
2 level of late payment revenue.

3 Q. Does this conclude your surrebuttal testimony?

4 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF AMANDA C. MCMELLEN

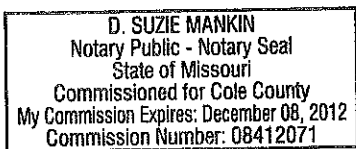
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

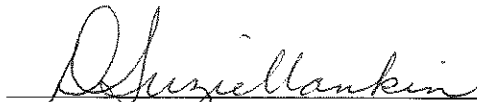
Amanda C. McMellen, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 9 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.



Amanda C. McMellen

Subscribed and sworn to before me this 10th day of January, 2011.





Notary Public

Kansas City Power & Light Company-GMO (MPS)

File No. ER-2010-0356

Missouri Bad Debt Write-Off

Prepared by: Amanda C. McMellen

	Missouri Bad Debt Net Write-Offs	Missouri Retail Revenue w/o GRT*	Change in Write-Offs	Change in Revenues	No. of Occurrence**
Jan-00	\$ 227,869	\$ 8,849,249			
Feb-00	\$ 270,951	\$ 31,206,060	18.91%	252.64%	
Mar-00	\$ 270,951	\$ 19,396,420	0.00%	-37.84%	1
Apr-00	\$ 207,327	\$ 15,191,967	-23.48%	-21.68%	
May-00	\$ 207,328	\$ 23,680,709	0.00%	55.88%	
Jun-00	\$ 170,280	\$ 28,763,279	-17.87%	21.46%	2
Jul-00		\$ 35,604,915		23.79%	
Aug-00	\$ 472,590	\$ 41,259,239		15.88%	
Sep-00	\$ 204,290	\$ 26,146,694	-56.77%	-36.63%	
Oct-00	\$ 203,930	\$ 18,349,973	-0.18%	-29.82%	
Nov-00	\$ 203,930	\$ 20,265,365	0.00%	10.44%	
Dec-00	\$ 487,031	\$ 24,122,919	138.82%	19.04%	
Jan-01	\$ 501,509	\$ 20,296,398	2.97%	-15.86%	3
Feb-01	\$ 333,430	\$ 19,719,792	-33.51%	-2.84%	
Mar-01	\$ 160,163	\$ 20,081,976	-51.97%	1.84%	4
Apr-01	\$ (147,350)	\$ 18,225,663	-192.00%	-9.24%	
May-01	\$ (168,641)	\$ 22,448,044	14.45%	23.17%	
Jun-01	\$ 608,380	\$ 31,481,443	-460.75%	40.24%	5
Jul-01	\$ 775,774	\$ 41,452,264	27.51%	31.67%	
Aug-01	\$ 176,279	\$ 35,068,043	-77.28%	-15.40%	
Sep-01	\$ 173,875	\$ 24,700,453	-1.36%	-29.56%	
Oct-01	\$ 100,347	\$ 19,652,540	-42.29%	-20.44%	
Nov-01	\$ 263,467	\$ 18,250,084	162.56%	-7.14%	6
Dec-01	\$ (211,939)	\$ 21,934,657	-180.44%	20.19%	7
Jan-02	\$ 155,828	\$ 20,376,829	-173.52%	-7.10%	
Feb-02	\$ 149,849	\$ 19,353,929	-3.84%	-5.02%	
Mar-02	\$ 116,786	\$ 20,399,890	-22.06%	5.40%	8
Apr-02	\$ 300,797	\$ 19,358,806	157.56%	-5.10%	9
May-02	\$ 191,087	\$ 22,676,078	-36.47%	17.14%	10
Jun-02	\$ 724,691	\$ 34,071,398	279.25%	50.25%	
Jul-02	\$ (39,411)	\$ 39,528,441	-105.44%	16.02%	11
Aug-02	\$ (19,850)	\$ 37,998,388	-49.63%	-3.87%	
Sep-02	\$ 32,456	\$ 29,106,860	-263.51%	-23.40%	
Oct-02	\$ 23,318	\$ 19,601,290	-28.15%	-32.66%	
Nov-02	\$ 177,055	\$ 20,931,574	659.29%	6.79%	
Dec-02	\$ 1,008,592	\$ 21,639,978	469.65%	3.38%	
Jan-03	\$ (775,839)	\$ 23,200,409	-176.92%	7.21%	12
Feb-03	\$ 107,134	\$ 20,435,710	-113.81%	-11.92%	
Mar-03	\$ 103,500	\$ 21,276,432	-3.39%	4.11%	13
Apr-03	\$ 436,827	\$ 19,006,512	322.05%	-10.67%	14
May-03	\$ 202,120	\$ 24,164,362	-53.73%	27.14%	15
Jun-03	\$ (20,427)	\$ 29,120,184	-110.11%	20.51%	16
Jul-03	\$ 84,582	\$ 41,787,341	-514.07%	43.50%	17
Aug-03	\$ 45,007	\$ 19,285,953	-46.79%	-53.85%	
Sep-03	\$ 102,082	\$ 47,152,411	126.81%	144.49%	
Oct-03	\$ 101,703	\$ 20,648,828	-0.37%	-56.21%	
Nov-03	\$ 151,388	\$ 20,701,311	48.85%	0.25%	
Dec-03	\$ 170,259	\$ 22,840,143	12.46%	10.33%	
Jan-04	\$ 98,598	\$ 23,927,422	-42.09%	4.76%	18
Feb-04	\$ 109,504	\$ 21,710,358	11.06%	-9.27%	19
Mar-04	\$ 234,165	\$ 21,322,745	113.84%	-1.79%	20

	Missouri Bad Debt Net Write-Offs	Missouri Retail Revenue w/o GRT*	Change in Write-Offs	Change in Revenues	No. of Occurrence**
Apr-04	\$ 230,065	\$ 20,187,786	-1.75%	-5.32%	
May-04	\$ 195,870	\$ 28,455,977	-14.86%	40.96%	21
Jun-04	\$ 257,252	\$ 34,003,699	31.34%	19.50%	
Jul-04	\$ 287,965	\$ 39,659,505	11.94%	16.63%	
Aug-04	\$ 79,938	\$ 38,059,426	-72.24%	-4.03%	
Sep-04	\$ 62,980	\$ 31,405,341	-21.21%	-17.48%	
Oct-04	\$ 116,979	\$ 21,979,516	85.74%	-30.01%	22
Nov-04	\$ 141,884	\$ 23,119,224	21.29%	5.19%	
Dec-04	\$ 149,087	\$ 25,895,096	5.08%	12.01%	
Jan-05	\$ 167,031	\$ 26,537,490	12.04%	2.48%	
Feb-05	\$ 181,062	\$ 23,598,596	8.40%	-11.07%	23
Mar-05	\$ 233,914	\$ 24,366,524	29.19%	3.25%	
Apr-05	\$ 202,159	\$ 22,137,168	-13.58%	-9.15%	
May-05	\$ 355,660	\$ 27,482,798	75.93%	24.15%	
Jun-05	\$ 239,022	\$ 39,626,614	-32.79%	44.19%	24
Jul-05	\$ 377,301	\$ 44,812,868	57.85%	13.09%	
Aug-05	\$ (160,052)	\$ 44,716,595	-142.42%	-0.21%	
Sep-05	\$ 76,485	\$ 34,769,075	-147.79%	-22.25%	
Oct-05	\$ 96,203	\$ 24,582,623	25.78%	-29.30%	25
Nov-05	\$ 213,954	\$ 24,115,762	122.40%	-1.90%	26
Dec-05	\$ 109,324	\$ 27,412,885	-48.90%	13.67%	27
Jan-06	\$ 209,948	\$ 25,520,365	92.04%	-6.90%	28
Feb-06	\$ 236,750	\$ 25,026,693	12.77%	-1.93%	29
Mar-06	\$ 158,415	\$ 26,192,747	-33.09%	4.66%	30
Apr-06	\$ 252,128	\$ 24,286,198	59.16%	-7.28%	31
May-06	\$ 416,358	\$ 32,788,335	65.14%	35.01%	
Jun-06	\$ 332,023	\$ 42,186,030	-20.26%	28.66%	32
Jul-06	\$ 230,414	\$ 51,559,387	-30.60%	22.22%	33
Aug-06	\$ 62,308	\$ 51,635,776	-72.96%	0.15%	34
Sep-06	\$ 83,910	\$ 30,599,766	34.67%	-40.74%	35
Oct-06	\$ 100,381	\$ 28,681,019	19.63%	-6.27%	36
Nov-06	\$ 279,717	\$ 26,368,984	178.65%	-8.06%	37
Dec-06	\$ 176,876	\$ 30,814,135	-36.77%	16.86%	38
Jan-07	\$ 167,931	\$ 30,839,459	-5.06%	0.08%	39
Feb-07	\$ 195,217	\$ 28,472,738	16.25%	-7.67%	40
Mar-07	\$ 174,601	\$ 25,644,598	-10.56%	-9.93%	
Apr-07	\$ 225,803	\$ 25,923,095	29.33%	1.09%	
May-07	\$ 415,904	\$ 32,202,739	84.19%	24.22%	
Jun-07	\$ 254,507	\$ 46,954,824	-38.81%	45.81%	41
Jul-07	\$ 253,315	\$ 60,522,888	-0.47%	28.90%	42
Aug-07	\$ 11,859	\$ 71,650,802	-95.32%	18.39%	43
Sep-07	\$ 75,841	\$ 38,512,634	539.54%	-46.25%	44
Oct-07	\$ 165,245	\$ 27,931,504	117.88%	-27.47%	45
Nov-07	\$ 207,800	\$ 30,034,327	25.75%	7.53%	
Dec-07	\$ 265,731	\$ 37,235,114	27.88%	23.98%	
Jan-08	\$ 286,505	\$ 37,846,470	7.82%	1.64%	
Feb-08	\$ 344,881	\$ 33,453,328	20.38%	-11.61%	46
Mar-08	\$ 218,876	\$ 33,382,852	-36.54%	-0.21%	
Apr-08	\$ 261,491	\$ 32,378,564	19.47%	-3.01%	47
May-08	\$ 263,062	\$ 36,617,085	0.60%	13.09%	
Jun-08	\$ 375,205	\$ 49,028,634	42.63%	33.90%	
Jul-08	\$ 177,171	\$ 59,389,090	-52.78%	21.13%	48
Aug-08	\$ 56,067	\$ 55,613,554	-68.35%	-6.36%	
Sep-08	\$ 152,138	\$ 33,927,679	171.35%	-38.99%	49
Oct-08	\$ 291,008	\$ 29,142,461	91.28%	-14.10%	50
Nov-08	\$ 220,374	\$ 39,761,819	-24.27%	36.44%	51

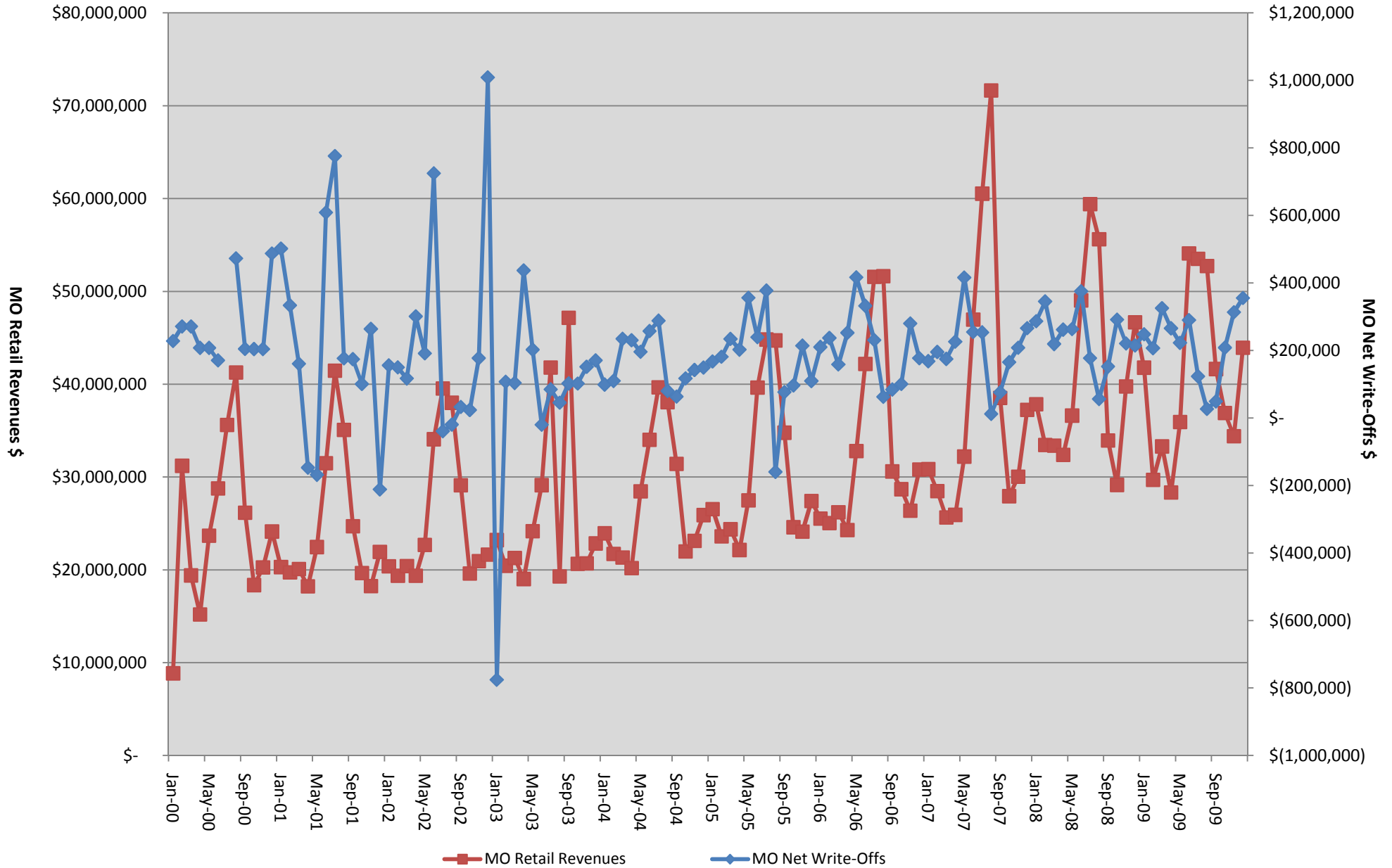
	<u>Missouri Bad Debt Net Write-Offs</u>	<u>Missouri Retail Revenue w/o GRT*</u>	<u>Change in Write-Offs</u>	<u>Change in Revenues</u>	<u>No. of Occurrence**</u>
Dec-08	\$ 214,502	\$ 46,666,802	-2.66%	17.37%	52
Jan-09	\$ 247,841	\$ 41,776,880	15.54%	-10.48%	53
Feb-09	\$ 206,674	\$ 29,693,309	-16.61%	-28.92%	
Mar-09	\$ 325,131	\$ 33,294,600	57.32%	12.13%	
Apr-09	\$ 265,470	\$ 28,339,360	-18.35%	-14.88%	
May-09	\$ 222,232	\$ 35,915,798	-16.29%	26.73%	54
Jun-09	\$ 289,679	\$ 54,083,774	30.35%	50.58%	
Jul-09	\$ 123,286	\$ 53,499,969	-57.44%	-1.08%	
Aug-09	\$ 26,515	\$ 52,734,198	-78.49%	-1.43%	
Sep-09	\$ 48,850	\$ 41,631,791	84.24%	-21.05%	55
Oct-09	\$ 208,129	\$ 36,886,404	326.06%	-11.40%	56
Nov-09	\$ 313,120	\$ 34,388,610	50.45%	-6.77%	57
Dec-09	\$ 355,122	\$ 43,931,839	13.41%	27.75%	

* Based on 6-month lag

** This shows the number of times Revenue and Bad Debt moved in different directions. Based on change on Sales and change in Bad Debt Write-Offs.

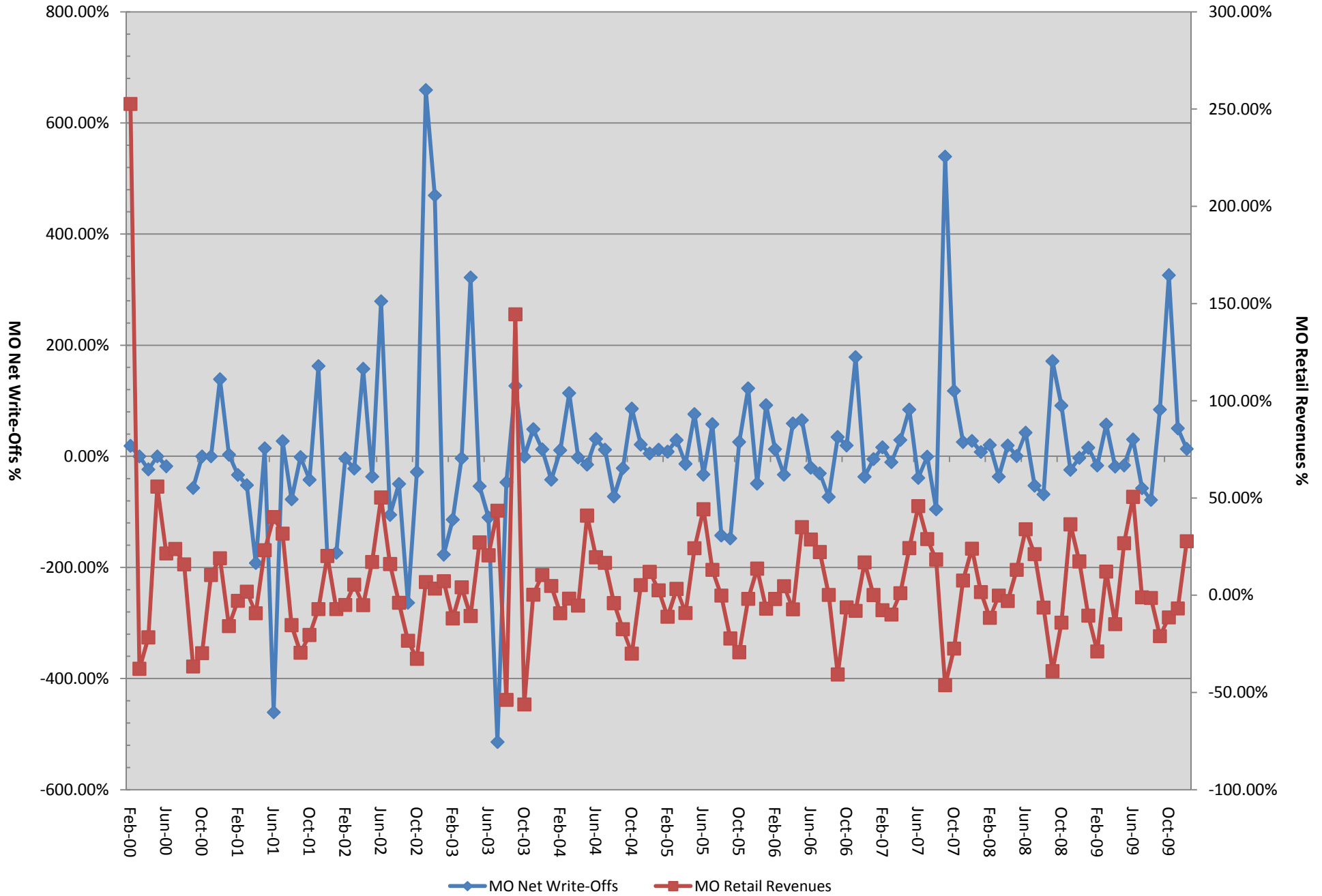
KCP&L-GMO Bad Debt Analysis 1 - MPS (\$)

File No. ER-2010-0356



KCP&L - GMO Bad Debt Analysis 2 - MPS (%)

File No. ER-2010-0356



Kansas City Power & Light Company-GMO (L&P)

File No. ER-2010-0356

Missouri Bad Debt Write-Off

Prepared by: Amanda C. McMellen

	Missouri Bad Debt Net Write-Offs	Missouri Retail Revenue w/o GRT*	Change in Write-Offs	Change in Revenues	No. of Occurrence**
Jan-01	\$ 27,858	\$ 7,053,406			
Feb-01	\$ 74,628	\$ 6,676,429	167.89%	-5.34%	1
Mar-01	\$ 33,558	\$ 6,534,893	-55.03%	-2.12%	
Apr-01	\$ (13,770)	\$ 5,581,157	-141.03%	-14.59%	
May-01	\$ (15,383)	\$ 6,269,053	11.72%	12.33%	
Jun-01	\$ 152,221	\$ 8,169,807	-1089.54%	30.32%	2
Jul-01	\$ 130,721	\$ 10,736,694	-14.12%	31.42%	3
Aug-01	\$ 59,209	\$ 10,390,112	-54.71%	-3.23%	
Sep-01	\$ 104,847	\$ 6,696,861	77.08%	-35.55%	4
Oct-01	\$ 34,924	\$ 5,685,082	-66.69%	-15.11%	
Nov-01	\$ 54,558	\$ 6,006,757	56.22%	5.66%	
Dec-01	\$ (25,123)	\$ 6,251,866	-146.05%	4.08%	5
Jan-02	\$ 170,682	\$ 6,906,368	-779.39%	10.47%	6
Feb-02	\$ 33,631	\$ 5,526,235	-80.30%	-19.98%	
Mar-02	\$ 47,656	\$ 6,664,285	41.70%	20.59%	
Apr-02	\$ 91,809	\$ 5,687,947	92.65%	-14.65%	7
May-02	\$ 57,299	\$ 6,674,894	-37.59%	17.35%	8
Jun-02	\$ 254,378	\$ 9,623,025	343.95%	44.17%	
Jul-02	\$ (15,079)	\$ 10,979,292	-105.93%	14.09%	9
Aug-02	\$ 883	\$ 10,912,645	-105.85%	-0.61%	
Sep-02	\$ 5,886	\$ 7,462,887	566.90%	-31.61%	10
Oct-02	\$ 6,878	\$ 5,761,621	16.85%	-22.80%	11
Nov-02	\$ 34,607	\$ 6,629,594	403.15%	15.06%	
Dec-02	\$ 42,847	\$ 6,222,266	23.81%	-6.14%	12
Jan-03	\$ 30,294	\$ 7,142,997	-29.30%	14.80%	13
Feb-03	\$ 40,750	\$ 6,205,919	34.51%	-13.12%	14
Mar-03	\$ 82,266	\$ 6,332,024	101.88%	2.03%	
Apr-03	\$ 129,042	\$ 5,749,411	56.86%	-9.20%	15
May-03	\$ 64,948	\$ 6,683,209	-49.67%	16.24%	16
Jun-03	\$ 3,035	\$ 8,465,798	-95.33%	26.67%	17
Jul-03	\$ 8,375	\$ 11,129,106	175.93%	31.46%	
Aug-03	\$ 14,536	\$ 4,718,073	73.57%	-57.61%	18
Sep-03	\$ 15,158	\$ 13,762,153	4.28%	191.69%	
Oct-03	\$ 10,115	\$ 5,731,216	-33.27%	-58.36%	
Nov-03	\$ 48,675	\$ 6,222,460	381.23%	8.57%	
Dec-03	\$ 66,124	\$ 6,835,578	35.85%	9.85%	
Jan-04	\$ 43,127	\$ 7,257,090	-34.78%	6.17%	19
Feb-04	\$ 36,952	\$ 6,655,308	-14.32%	-8.29%	
Mar-04	\$ 49,326	\$ 6,409,691	33.49%	-3.69%	20
Apr-04	\$ 60,351	\$ 5,957,319	22.35%	-7.06%	21
May-04	\$ 35,215	\$ 8,208,955	-41.65%	37.80%	22
Jun-04	\$ 65,101	\$ 9,399,055	84.87%	14.50%	
Jul-04	\$ 39,559	\$ 10,400,888	-39.23%	10.66%	23
Aug-04	\$ 79,938	\$ 10,583,909	102.08%	1.76%	
Sep-04	\$ 62,980	\$ 8,134,272	-21.21%	-23.14%	
Oct-04	\$ 116,979	\$ 6,356,964	85.74%	-21.85%	24
Nov-04	\$ 141,884	\$ 6,680,987	21.29%	5.10%	
Dec-04	\$ 149,087	\$ 7,475,467	5.08%	11.89%	
Jan-05	\$ 167,031	\$ 7,981,914	12.04%	6.77%	
Feb-05	\$ 181,062	\$ 23,598,596	8.40%	195.65%	
Mar-05	\$ 233,914	\$ 24,366,524	29.19%	3.25%	
Apr-05	\$ 202,159	\$ 22,137,168	-13.58%	-9.15%	
May-05	\$ 355,660	\$ 27,482,798	75.93%	24.15%	
Jun-05	\$ 239,022	\$ 39,626,614	-32.79%	44.19%	25
Jul-05	\$ 29,904	\$ 44,812,868	-87.49%	13.09%	26
Aug-05	\$ 11,907	\$ 44,716,595	-60.18%	-0.21%	
Sep-05	\$ 26,359	\$ 34,769,075	121.38%	-22.25%	27

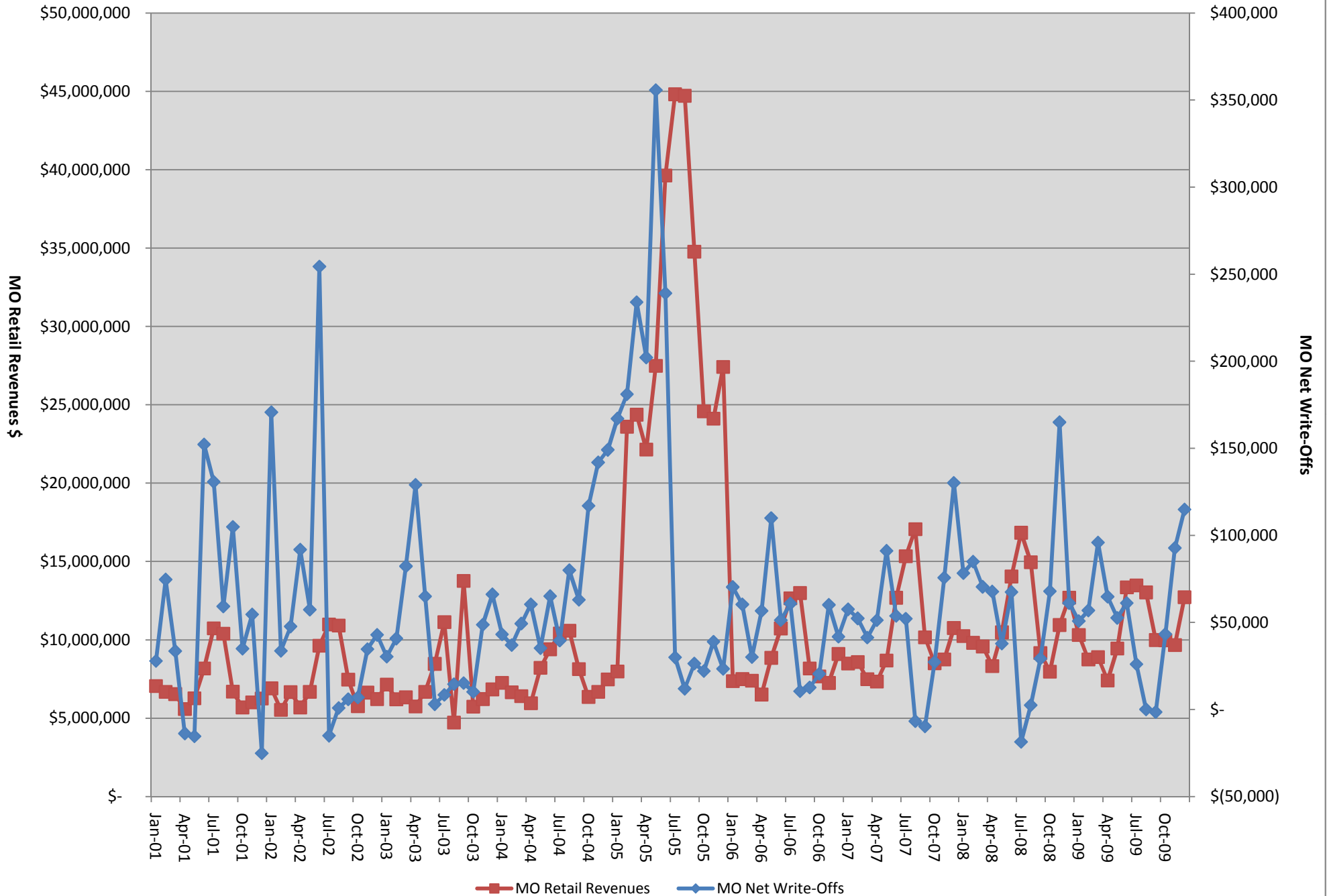
	Missouri Bad Debt Net Write-Offs	Missouri Retail Revenue w/o GRT*	Change in Write-Offs	Change in Revenues	No. of Occurrence**
Oct-05	\$ 22,048	\$ 24,582,623	-16.35%	-29.30%	
Nov-05	\$ 38,910	\$ 24,115,762	76.48%	-1.90%	28
Dec-05	\$ 23,347	\$ 27,412,885	-40.00%	13.67%	29
Jan-06	\$ 70,298	\$ 7,362,393	201.11%	-73.14%	30
Feb-06	\$ 60,314	\$ 7,494,907	-14.20%	1.80%	31
Mar-06	\$ 30,082	\$ 7,387,412	-50.12%	-1.43%	
Apr-06	\$ 56,625	\$ 6,509,740	88.23%	-11.88%	32
May-06	\$ 109,896	\$ 8,849,790	94.08%	35.95%	
Jun-06	\$ 51,297	\$ 10,726,973	-53.32%	21.21%	33
Jul-06	\$ 60,810	\$ 12,645,875	18.54%	17.89%	
Aug-06	\$ 10,456	\$ 12,986,161	-82.81%	2.69%	34
Sep-06	\$ 12,634	\$ 8,172,499	20.84%	-37.07%	35
Oct-06	\$ 20,460	\$ 7,669,366	61.94%	-6.16%	36
Nov-06	\$ 60,093	\$ 7,249,320	193.71%	-5.48%	37
Dec-06	\$ 41,810	\$ 9,097,774	-30.42%	25.50%	38
Jan-07	\$ 57,516	\$ 8,483,589	37.56%	-6.75%	39
Feb-07	\$ 52,322	\$ 8,586,774	-9.03%	1.22%	40
Mar-07	\$ 41,285	\$ 7,484,241	-21.09%	-12.84%	
Apr-07	\$ 51,273	\$ 7,335,422	24.19%	-1.99%	41
May-07	\$ 91,117	\$ 8,675,325	77.71%	18.27%	
Jun-07	\$ 53,715	\$ 12,683,090	-41.05%	46.20%	42
Jul-07	\$ 52,095	\$ 15,337,307	-3.02%	20.93%	43
Aug-07	\$ (6,721)	\$ 17,057,984	-112.90%	11.22%	44
Sep-07	\$ (9,690)	\$ 10,157,289	44.18%	-40.45%	45
Oct-07	\$ 27,192	\$ 8,500,033	-380.63%	-16.32%	
Nov-07	\$ 75,682	\$ 8,744,893	178.32%	2.88%	
Dec-07	\$ 130,099	\$ 10,754,404	71.90%	22.98%	
Jan-08	\$ 78,290	\$ 10,242,282	-39.82%	-4.76%	
Feb-08	\$ 84,938	\$ 9,808,439	8.49%	-4.24%	46
Mar-08	\$ 70,421	\$ 9,577,668	-17.09%	-2.35%	
Apr-08	\$ 67,702	\$ 8,322,027	-3.86%	-13.11%	
May-08	\$ 37,816	\$ 10,478,337	-44.14%	25.91%	47
Jun-08	\$ 67,439	\$ 14,040,548	78.33%	34.00%	
Jul-08	\$ (18,620)	\$ 16,835,164	-127.61%	19.90%	48
Aug-08	\$ 2,443	\$ 14,946,803	-113.12%	-11.22%	
Sep-08	\$ 29,208	\$ 9,162,409	1095.68%	-38.70%	49
Oct-08	\$ 67,923	\$ 7,965,274	132.55%	-13.07%	50
Nov-08	\$ 164,975	\$ 10,944,518	142.88%	37.40%	
Dec-08	\$ 61,093	\$ 12,692,051	-62.97%	15.97%	51
Jan-09	\$ 50,781	\$ 10,306,384	-16.88%	-18.80%	
Feb-09	\$ 56,864	\$ 8,746,353	11.98%	-15.14%	52
Mar-09	\$ 95,862	\$ 8,897,993	68.58%	1.73%	
Apr-09	\$ 64,766	\$ 7,402,047	-32.44%	-16.81%	
May-09	\$ 52,595	\$ 9,446,720	-18.79%	27.62%	53
Jun-09	\$ 61,095	\$ 13,349,610	16.16%	41.31%	
Jul-09	\$ 25,986	\$ 13,469,390	-57.47%	0.90%	54
Aug-09	\$ 66	\$ 13,026,355	-99.75%	-3.29%	
Sep-09	\$ (1,487)	\$ 9,984,346	-2353.03%	-23.35%	
Oct-09	\$ 43,221	\$ 9,966,483	-3006.59%	-0.18%	
Nov-09	\$ 92,746	\$ 9,668,700	114.59%	-2.99%	55
Dec-09	\$ 114,868	\$ 12,714,568	23.85%	31.50%	

* Based on 6-month lag

** This shows the number of times Revenue and Bad Debt moved in different directions. Based on change on Sales and change in Bad Debt Write-Offs.

KCP&L - GMO Bad Debt Analysis 1 - L&P (\$)

File No. ER-2010-0356



KCP&L - GMO Bad Debt Analysis 2 - L&P (%)

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