

**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) **Case No. ER-2009-0089**
Changes in its Charges for Electric Service)
to Continue the Implementation of its)
Regulatory Plan)

**STATEMENT OF POSITION OF
THE UNITED STATES DEPARTMENT OF ENERGY,
THE NATIONAL NUCLEAR SECURITY ADMINISTRATION,
AND THE FEDERAL EXECUTIVE AGENCIES**

COME NOW, the United States Department of Energy (“DOE”) and the United States National Nuclear Security Administration (“NNSA”), on behalf of themselves and all other affected Federal Executive Agencies (“FEA”), by and through undersigned counsel, and submit this statement of position on the issues, pursuant to the procedural schedule established herein. This statement of position follows the list of issues filed herein by Staff on April 13, 2009. DOE, NNSA and FEA take no position on any issue other than those set out below. They hereby reserve, however, the right to cross-examine witnesses, present oral argument, and submit one or more briefs on whatever other issues they may at a later time deem it necessary to address.

REVENUE REQUIREMENT

Rate Base

1. Iatan 1 AQCS facility

- a. The contractual criteria for “Final Acceptance Date” should be used to determine when the Iatan 1 AQCS Rate Base Additions are “fully operational and used for service.”

b. The Iatan 1 AQCS Rate Base Additions are not fully operational and used for service at this time and will not be for several months after April 30, 2009.

c. KCPL has not carried its burden of demonstrating what the costs of Iatan 1 have been. Indeed, some significant portion of the cost of Iatan 1 AWCS work has still not even been expended, much less measured. Moreover, KCPL has not carried its burden of demonstrating, in the face of evidence which strongly suggests the contrary, that it has not expended funds imprudently.

d. The costs of Iatan AQCS Rate Base Additions that exceed KCPL's \$376.8 million "definitive estimate" should either be excluded from rate base in this proceeding or be included in rate base on an interim basis subject to refund.

5. Injuries and Damages

c. The Injuries & Damage Reserve balance should be used as a Rate Base deduction.

EXPENSES

1. Fuel & Purchased Power Expense

c. With regard to the level of non-firm off-system sales margin for use in setting rates, the Commission should: (1) reject the Company's proposal to reduce OSS margins from the 25th percentile; (2) not recognize losses that have been claimed in regard to bilateral sales from bilateral purchases, sales into the Southwest Power Pool (SPP) from bilateral purchases, and bilateral sales

from SPP purchases, until the Company has performed, and the Commission has duly assessed, a thorough analysis of losses that have been claimed in regard to these transactions; (3) take into account changes in load levels and congestion costs in computing O&M margins;

d. Q sales should be included in KCPL's revenue requirement.

3. Short Term Incentive Compensation No more than 50% of Management/Executive Incentive Compensation no more than 75% of other incentive compensation should be allowed.

4. Supplemental Executive Retirement Pension (SERP) Costs The level of SERP costs which the Company proposes should be reduced by \$361,306 overall, \$198,064 for Missouri.

7. Payroll Overtime The level of payroll overtime which the Company proposes should be reduced by \$1,374,734 overall, \$753,615 for Missouri.

10. Hawthorne Transformer Settlement The Hawthorne-related settlement should be used to offset costs which KCPL is trying to recover in this proceeding.

13. Bad Debt Expense The Company's requested level of bad debt expense should be reduced by \$169,991 for the Missouri jurisdiction.

16. Wolf Creek Depreciation

b. DOE/NNSA's adjustment of \$4,429,884 for the Missouri jurisdiction should be adopted.

17. Accumulated Depreciation The concerns raised by DOE/NNSA regarding the relationship between KCPL's accumulated depreciation adjustment and the depreciation adjustment are valid.

18. Comparison of O&M Expenses The Commission should investigate the reasonableness of the increases in operations and maintenance_expense in Account 909.

19. Forfeited Discount Revenue The appropriate level of forfeited discount is \$1,883,230, which exceeds the Company's computed amount by \$119,718.

22. Non-Labor Production, Transmission, and Distribution Maintenance Expenses The appropriate level of these expenses should be computed based on Handy-Whitman Indices that are projected on the basis of average historical growth. A productivity increase should be used to offset these projected indices.

23. Flow Accelerated Corrosion compliance costs The Company's requested level for these costs should be reduced by \$101,755 for the Missouri jurisdiction.

JURISDICTIONAL ALLOCATIONS

1. Allocation Methodology
 - a. The Demand Allocation Factor should be used for allocating steam production plant and associated depreciation. The Commission should not be influenced by allocation proposals which purport to assure 100% recovery from the Missouri and Kansas jurisdictions.

RATE DESIGN/TIMING OF NEXT CLASS COST OF SERVICE STUDY

2. Large Power Rate Design The Industrials' proposal to adjust Rate LP should be adopted.

Respectfully submitted this 15th day April, 2009.

Arthur Perry Bruder
Attorney for
United States Department of Energy
1000 Independence Ave. SW
Washington, DC 20585
phone: 202-586-3409
fax: 202-586-3409
arthur.bruder@hq.doe.gov

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing filing by email upon the legal representatives of all entities which the Commission's Electronic Filing and Information System at this date identifies as parties or petitioning intervenors herein, and by overnight express delivery to the Secretary of the Commission, as per the Commission's rules.

Arthur Perry Bruder
Attorney for
United States Department of Energy
(202) 586-3409