

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

In the Matter of the Application of Kansas	)
City Power & Light Company and KCP&L	)
Greater Missouri Operations Company for	) Case No. _____
the Issuance of an Accounting Authority	)
Order Relating to their Electrical	)
Operations	)

**APPLICATION OF KANSAS CITY POWER & LIGHT COMPANY AND  
KCP&L GREATER MISSOURI OPERATIONS COMPANY FOR AN  
ACCOUNTING AUTHORITY ORDER**

Pursuant to Mo. Rev. Stat. 393.140 and 4 CSR 240-2.060, Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO"), collectively referred to as "Applicants", hereby request that the Missouri Public Service Commission ("Commission") issue an Accounting Authority Order ("AAO") authorizing Applicants: (i) to defer and record in Account 182 of the Uniform System of Accounts of the Federal Energy Regulatory Commission ("USOA") the incremental costs associated with the compliance of section 393.1030, RSMo, which has often been referred to as Proposition C and which establishes requirements for electric utilities to generate or purchase electricity generated from renewable energy resources ("Renewable Energy Standard"); (ii) to annually calculate Allowance for Funds Used during Construction ("AFUDC") on the balances in those regulatory assets; and (iii) to amortize those costs for financial reporting purposes over a ten (10) year period to the appropriate USOA Account commencing with the effective date of new rates in Applicant's next general rate cases.

1. KCP&L and GMO are corporations duly organized and existing under the laws of the State of Missouri and the State of Delaware, respectively. Applicants are

duly authorized to conduct business in Missouri. Their principal office and place of business is located at One Kansas City Place, Kansas City, Missouri 64105. Under operating authority granted by the Commission, the Applicants provide service in Missouri as electric utilities and also as a heating company (GMO only). Certified copies of KCPL's Certificate of Good Standing was filed in Case No. EM-2000-753 (KCP&L), and GMO's Certificate of Authority to do business as a foreign corporation was filed in Case No. EU-2002-1053 (GMO), and those documents are incorporated herein by reference, as allowed by 4 CSR 240-2.060(1)(G).

2. Applicants are each an "electrical corporation," a "heating company" (GMO only), and a "public utility" as those terms are defined in Section 386.020, RSMo. 2000; therefore, Applicants are subject to the jurisdiction and regulatory supervision of the Commission, as provided by law.

3. Applicants have no final, unsatisfied judgments or decisions against them from state or federal regulatory agencies or courts that involve customer service and that have occurred within the three (3) years immediately preceding the filing of this application, except as stated in Appendix 1. Applicants also have no overdue Commission annual reports or assessment fees.

4. Pleadings, notices, orders, and other correspondence and communications related to this application should be sent to the undersigned counsel and also to:

Tim Rush  
Kansas City Power & Light Company  
1200 Main Street  
Kansas City, MO 64105  
Tel.: (816) 556-2344  
E-mail: tim.rush@kcpl.com

5. The Renewable Energy Standard, as set out in section 393.1030, RSMo, passed into law on November 4, 2008, requires electric utilities to provide rebates to Missouri electric utility retail customers who install new or expanded Solar Electric Systems that become operational after December 31, 2009. Program details are included in the proposed tariffs filed with the Commission simultaneously with this AAO application.

6. The Renewable Energy Standard also establishes a portfolio requirement for electricity generated from renewable energy resources which shall constitute the following portions of each electric utility's sales:

- (1) No less than two percent for calendar years 2011 through 2013;
- (2) No less than five percent for calendar years 2014 through 2017;
- (3) No less than ten percent for calendar years 2018 through 2020; and
- (4) No less than fifteen percent in each calendar year beginning in 2021.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. A utility may comply with the standard in whole or in part by purchasing Renewable Energy Credits ("RECs"). Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance. See Section 393.1030(1).

7. The provisions of the Renewable Energy Standard which sets out the payment standard for solar rebates becomes effective on January 1, 2010. Currently, the Staff and other parties have been working on a rulemaking, but no rule is in affect at this time. A proposed rulemaking for the Renewable Energy Standard has recently been sent to be published in the Missouri Register, but no effective rule on this subject exists at time of the filing of this Application.

8. Accounting Standards Codification 980 (formerly Statement of Financial Accounting Standard No. 71) and the USOA allow Applicants to defer extraordinary operations and maintenance expenses, like those related to the Renewable Energy Standard program, if the Commission specifically authorizes such accounting treatment. Accordingly, Applicants request that the Commission issue an AAO authorizing the Company to defer and record in USOA Account 182, as a regulatory asset, the additional, incremental operating costs incurred as a result of compliance with the Renewable Energy Standard. Applicants further request authorization to annually calculate AFUDC on the balance in the regulatory assets. Finally, Applicants request that the regulatory assets established by these deferrals be amortized for financial reporting purposes to the appropriate USOA Account over a ten (10) year period commencing with the effective date of new rates in KCP&L's next general rate case.

9. The Commission, pursuant to Section 393.140, RSMo, has promulgated Commission Rule 4 CSR 240-40.040, which prescribes the use of the USOA adopted by the Federal Energy Regulatory Commission. The USOA provides for the deferred treatment of extraordinary costs. An application for an AAO contains a single factual issue -- whether the costs, which are asked to be deferred, are extraordinary in nature. *In*

*the matter of the application of Missouri Public Service*, 1 Mo.P.S.C.3d 200, 203-204 (1991). "By seeking a Commission decision [regarding the issuance of an AAO] the utility would be removing the issue of whether the item is extraordinary from the next rate case. All other issues would still remain, including, but not limited to, the prudence of any expenditures, the amount of recovery, if any, whether carrying costs should be recovered, and if there are any offsets to recovery." *Id.* The Commission has previously authorized AAOs for the deferral of extraordinary costs. An AAO allows Applicants to amortize these extraordinary expenses; otherwise, financial accounting rules would require them to record the expenses in the period in which the expenses were incurred.

10. Granting the AAO requested herein will not impact customer rates. Although an AAO puts Applicants in a position where they can, in future rate proceedings, request recovery in rates of all or a portion of their Renewable Energy Standard costs, a Commission order authorizing an AAO carries with it no guarantee that such rate recovery will be allowed. An AAO simply ensures that, by amortizing these costs over an extended period, Applicants will avoid distorting their financial results. In future general rate case proceedings, Applicants anticipate they will seek recovery of these costs.

11. WHEREFORE, for the reasons stated above, Applicants request that the Commission grant Applicants' application and:

a) issue an AAO authorizing Applicants: (i) to record all incremental operating expenses associated with the Renewable Energy Standard in USOA Account 182; (ii) to annually calculate AFUDC on the balances in those regulatory assets; and (iii) to amortize those costs for financial reporting purposes over a ten (10) year period to the

appropriate USOA Account commencing with the effective date of new rates in KCP&L's next general rate case; and

b) provide the Applicants such other relief that the Commission believes is necessary and appropriate and that is not inconsistent with the AAO requested in this application.

Respectfully submitted,

**/s/ James M. Fischer**

---

Victoria Schatz, MBN 44208  
1200 Main Street, 16<sup>th</sup> Floor  
Kansas City, Missouri 64105  
Telephone: (816) 556-2791  
Facsimile: (816) 556-2992  
E-mail: [Victoria.Schatz@KCPL.com](mailto:Victoria.Schatz@KCPL.com)

And

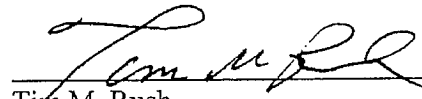
James M. Fischer, MBN 27543  
Larry W. Dority, MBN 25617  
Fischer & Dority, P.C.  
101 Madison Street, Suite 400  
Jefferson City, MO 65101  
Telephone: (573) 636-6758  
Facsimile: (573) 636-0383  
email: [jfischerpc@aol.com](mailto:jfischerpc@aol.com)

ATTORNEYS FOR KANSAS CITY  
POWER & LIGHT COMPANY AND  
KCP&L GREATER MISSOURI  
OPERATIONS COMPANY

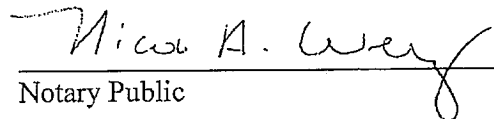
VERIFICATION

STATE OF MISSOURI     )  
                                  )  
COUNTY OF JACKSON    )

The undersigned, Tim M. Rush, upon oath first duly sworn, states that he is the Director, Regulatory Affairs of Kansas City Power & Light Company, that he has reviewed the foregoing, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of his knowledge and belief.

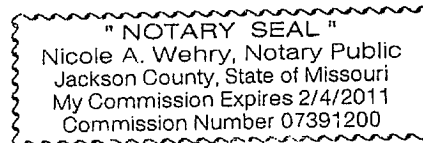
  
\_\_\_\_\_  
Tim M. Rush  
Director, Regulatory Affairs  
Kansas City Power & Light Company

Subscribed and sworn to before this 29<sup>th</sup> day of December, 2009.

  
\_\_\_\_\_  
Notary Public

My commission expires:

Feb. 4, 2011



**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Application was served either by electronic mail or by first class mail, postage prepaid, on this 29<sup>th</sup> day of December 2009, upon:

Kevin Thompson  
Missouri Public Service Commission  
P.O. Box 360  
200 Madison St., Suite 800  
Jefferson City, MO 65102

Steven Reed  
Missouri Public Service Commission  
P.O. Box 360  
200 Madison St., Suite 800  
Jefferson City, MO 65102

Lewis Mills  
Office of the Public Counsel  
P.O. Box 2230  
200 Madison St., Suite 650  
Jefferson City, MO 65102

/s/ James M. Fischer  
James M. Fischer



## Appendix 1

### Pending Actions or Final Unsatisfied Judgments or Decisions

The following is a listing of Applicants' pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application:

1. *Isaac C. Cowens v. KCP&L*, Case No. EC-2010-0052.
2. *Staff of the Missouri Public Service Commission v. KCP&L-GMO and KCP&L*, Case No. EC-2009-0430.
3. *Paul Flam v. KCP&L*, Case No. 10-KCPE-319-COM.
4. *Rahm v. KCP&L*, File No. EC-2010-0173.
5. *Holmes v. KCP&L*, File No. EC-2010-0184.