

Exhibit No.:  
Witness: Mike Utz  
Type of Exhibit: Direct  
Sponsor: Boulevard Brewing Company  
Case No.: EC-2006-0332

Mike Utz

**FILED<sup>2</sup>**

MAR 14 2006

Missouri Public  
Service Commission

**From:** Locker Lori [Lori.Locker@kcpl.com]  
**Sent:** Tuesday, October 25, 2005 11:19 AM  
**To:** Elam2000@aol.com  
**Cc:** Mike Utz; Rowe Michael; Mangold Melinda; Michael Nathan; Wells Mary; Burrignt Philip  
**Subject:** RE: Follow up

Greg,

I am going to address each of your paragraphs in order --

1. Based on the email that we both received from Mike Utz, I believe that this issue has been cleared up. We will be relocating the entire overhead line from Belleview to Southwest Blvd.

2. The material & labor breakdowns are as follows -- material \$5,332.66 & labor \$23,601.82. In regards to the "Previously Capitalized" question -- the report that you were provided in an internal report for our Accounting Department, so the term "Previously Capitalized" is an accounting term that we use. KCPL can not book certain items into our tax base until they are installed in the field, e.g. poles, & cross arms. The exception to this are the transformers and metering equipment. Once KCPL takes ownership of these items we have to book it into our tax base at that time. KCPL has to include these materials in order to calculate the entire cost of the job. All items that show up under the "Previously Capitalized" section are installation only. This is not a credit. I am not sure what you are asking on 2) The overhead percentages are greatly different, please explain.

3. After speaking with the Tax Department, I have been instructed that the relocation of the overhead lines from the alley to Southwest Blvd. isn't taxable as it is a widening of a public road. Therefore, I have re-calculated the job cost and the new amount due is \$108,607.98. The rest of the job minus the removal portion is taxable. I thought that I would give you some back ground on what CIAC & Income tax gross up's are.

CIAC - A CIAC is a contribution in aid of construction. Generally, the term CIAC refers to all cash or property received by KCPL from customers or contractors in return for construction, removal or relocation of facilities.

Income tax gross up - The Tax Reform Act of 1986 requires that CIAC's be treated as current period taxable income. Consequently, KCPL pays income taxes of 38.4% on every dollar of CIAC received. The construction costs spent by the Company are accumulated to create a tax asset eligible for tax depreciation. Unlike the method used for financial books, when determining the value of the tax asset, the reimbursements are not offset against the construction costs. This means that the Company has a higher basis in the tax asset and, as a result receives a greater tax depreciation deduction over the life of the capital asset. Each dollar of tax depreciation saves us the same 38.4% in income taxes. Unfortunately, KCPL pays out the 38.4% on the reimbursement in year 1 but only gets to take the associated depreciation deduction in years 2 through 20. The present value of these future tax savings is significantly less that the current year cost. We require a tax "gross up" to compensate us for the difference in the time value of the money. In this way, the responsible customer or contractor pays this cost and it isn't spread to all ratepayers.

Lori

-----Original Message-----

**From:** Elam2000@aol.com [mailto:Elam2000@aol.com]  
**Sent:** Tuesday, October 25, 2005 12:45 AM  
**To:** lori.locker@kcpl.com  
**Cc:** mutz@boulevard.com  
**Subject:** Follow up

Exhibit No. 20  
Case No(s) EC-2006-0332  
Date 3-06-06 Rptr AF

Lori,

I know you have been working internally to get us some answers. Any idea when that will happen? As mentioned, time is of the essence, and we still need to work through some of the details, if KCPL expects to charge Boulevard for the work discussed. If it will be helpful, let's have a conference call with the appropriate people and work through the answers.

I am in Las Vegas and will be traveling back tomorrow (Tuesday) afternoon at 4PM PST. If you have any time prior to this, please feel free to call me.

Regards,

Greg  
513-226-5505

## Mike Utz

---

**From:** Mike Utz  
**Sent:** Monday, September 19, 2005 5:27 PM  
**To:** 'Locker Lori'  
**Cc:** 'TPCoulter@mclioness.com'; 'Elam2000@aol.com'; John McDonald; Jeff Krum  
**Subject:** RE:

Lori,

We have been struggling to justify the cost estimate you gave us for the work. We are specifically concerned with the high percentage of indirect costs associated with the installations/modifications to existing facilities.

I regret the delays in approving your proposal and recognize that this will cause this portion of our project to be delayed as well. However, it is important for us to understand the nature of the expenses as well as their true market value in the sense that this is an investment for our company. While most of our investments provide value in some real sense to our company, this proposed investment appears to provide value only to KCPL.

We will be in contact with you shortly to discuss this further.

Regards,

Mike Utz

-----Original Message-----

**From:** Locker Lori [mailto:Lori.Locker@kcpl.com]  
**Sent:** Monday, September 19, 2005 11:40 AM  
**To:** Mike Utz  
**Cc:** 'TPCoulter@mclioness.com'; Midyett Lance; Michael Nathan; Wiley Russ; Wehrli David; Whitman Sarah  
**Subject:** RE:

Mike,

Just checking again to see if you are going to proceed with this job. The date that we agreed upon for completion is now questionable for us to meet. We discussed having the entire job completed by 10-1. It is going to take KCPL approximately 5 weeks in construction to complete this job. The payment needs to be made prior to KCPL starting any work in the field. I haven't heard anything back after I faxed the detail cost sheet. Is there still a questions regarding the cost??? We need to discuss the time frame for getting this work done that will work for all parties. Please give me a call at 816-245-3922 or you can send me a email.

Thanks,  
Lori

-----Original Message-----

**From:** Locker Lori  
**Sent:** Thursday, September 08, 2005 1:55 PM  
**To:** 'Mike Utz'  
**Cc:** TPCoulter@mclioness.com  
**Subject:** RE:  
**Importance:** High

Mike,

Just checking to make sure that you are okay with the drawing. I have been waiting on your go ahead.

-----Original Message-----

From: Mike Utz [mailto:mutz@boulevard.com]  
Sent: Monday, August 15, 2005 12:03 PM  
To: Locker Lori  
Cc: TPCoulter@mclioness.com  
Subject: RE:

Lori,

You can have the drawings and bid delivered on Tuesday but I don't think we need a formal meeting until after we have reviewed the information. I will contact you with questions if necessary, otherwise I will contact you with a go-ahead for the project.

Mike Utz

-----Original Message-----

From: Locker Lori [mailto:Lori.Locker@kcpl.com]  
Sent: Friday, August 12, 2005 7:49 AM  
To: Mike Utz  
Cc: 'TPCoulter@mclioness.com'  
Subject:

Mike,

I have been informed that I will have final cost & drawings available for delivery on Tuesday 8-16. I would like to know if you want a formal meeting set-up to go over the cost and drawings?? If so, please let me know what your schedule looks like for Tuesday. I have a meeting until approximately 10:00 on Tuesday.

Lori Locker  
Kansas City Power & Light  
Customer Representative  
816-245-3922 - office  
816-245-3703 - fax

## Mike Utz

---

**From:** Locker Lori [Lori.Locker@kcpl.com]  
**Sent:** Tuesday, September 20, 2005 7:44 AM  
**To:** Mike Utz  
**Cc:** TPCoulter@mclioness.com; Elam2000@aol.com; John McDonald; Jeff Krum; Michael Nathan; Wiley Russ; Rowe Michael; Midyett Lance; Mangold Melinda  
**Subject:** RE:

Mike,

Thanks for the response and I will wait to hear from you.

-----Original Message-----

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**To:** Locker Lori  
**Cc:** TPCoulter@mclioness.com; Elam2000@aol.com; John McDonald; Jeff Krum  
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