Exhibit No.:	
Issue:	Accounting Adjustments
Witness:	John P. Weisensee
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	ER-2010-0355
Date Testimony Prepared:	December 8, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-0355

REBUTTAL TESTIMONY

OF

JOHN P. WEISENSEE

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
December 2010

"______________**" Designates "Highly Confidential" Information.**
Certain Schedules Attached To This Testimony Designated "(HC)"
Contain Highly Confidential Information.
All Such Information Has Been Removed
Pursuant To 4 CSR 240-2.135.

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JOHN P. WEISENSEE

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2010-0355

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REBUTTAL TESTIMONY

OF

JOHN P. WEISENSEE

Case No. ER-2010-0355

1 **Q: Please state your name and business address.**

2 A: My name is John P. Weisensee. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: Are you the same John P. Weisensee who pre-filed Direct Testimony in this matter?**

5 A: Yes, I am.

6 **Q: What is the purpose of your Rebuttal Testimony?**

7 A: The purpose of my testimony is to rebut Missouri Public Service Commission ("MPSC"
8 or "Commission") Staff ("Staff") witnesses, Missouri Office of the Public Counsel
9 witness Ted Robertson and Midwest Energy Users Association/Missouri Industrial
10 Energy Consumers/Praxair, Inc. witness Greg R. Meyer on the issues identified in the
11 Table of Contents to this testimony. Additionally, I will discuss certain clarifications
12 necessary to Staff's Revenue Requirement/Cost of Service report ("Staff Report") and
13 address Staff's revised Accounting Schedules.

14 **SO_2 Emission Allowances**

15 **Q: Please discuss the SO_2 emission allowance issue.**

16 A: Mr. Robertson proposes that the SO_2 emission allowance regulatory liability of
17 approximately $48.6 million (Missouri jurisdictional) be flowed back to ratepayers
18 through a five-year amortization. Kansas City Power & Light Company ("KCP&L" or
19 "the Company") proposes that the amortization period be set at 21 years. Staff proposed

an amortization identical to that of the Company. The effect on cost of service of this issue between the Company and OPC is $7.4 million (Missouri jurisdictional).

Q: What is meant by the term "SO_2 emission allowance regulatory liability"?

A: KCP&L agrees with Mr. Robertson's definition as presented on pages 6-8 of his Direct Testimony.

Q: What is Mr. Robertson's rationale for proposing a five-year amortization period?

A: He states on page 10 of his Rebuttal Testimony:

> It is Public Counsel's position that the amortization of the regulatory liability should flow back to ratepayers commensurate with the time period that liability was accumulated and held- which is approximately five years.

Q: What is the Company's rationale for proposing an amortization period tied to the remaining depreciable life of environment equipment?

A: The Stipulation and Agreement approved by the Commission in Case No. EO-2005-0329 ("Regulatory Plan") states on page 9:

> The regulatory liability will be amortized over the same time period used to depreciate environmental assets (emission control equipment and other emission control investments). This provision recognizes that the sales of SO_2 emission allowances to fund investments in new environmental control equipment…are like-kind exchanges of assets.

Q: Did the like-kind exchange ever take place?

A: As Mr. Robertson indicates, the exchange did not take place, for various technical reasons. However, that is not a critical factor to this issue. The parties to the Regulatory Plan and the Commission clearly linked SO_2 emission allowance sales with environmental asset construction financing at the time of the Regulatory Plan. They also synchronized the SO_2 amortization period with the useful life of the environmental plant.

Q: Does a 21-year amortization period, as opposed to the shorter 5-year period proposed by Mr. Robertson, result in a detriment to ratepayers?

1 A: No. In fact, it is just the opposite. Amortization of this regulatory liability over a longer
2 period will benefit ratepayers because of the rate base offset impact. That is, this
3 regulatory liability is reflected in rate base as an offset or reduction to rate base and the
4 longer this offset exists, the more it benefits ratepayers.

5 **Q: Have you prepared a schedule to demonstrate this effect?**

6 A: Yes, as shown on Schedule JPW2010-5, the cumulative revenue requirement, on a net
7 present value basis, is $64.0 million using a 21-year amortization period, as opposed to
8 $54.4 million using a 5-year period. This cumulative impact is based on the combined
9 effect of the annual flow back (amortization) and the rate base offset.

10 **Q: What do you mean by a "net present value basis"?**

11 A: Benefits realized 10-20 years from now do not have the same value to ratepayers as
12 benefits realized in the next few years, due to the time value of money. Therefore, any
13 long-term revenue requirement comparison must consider net present value techniques
14 through the use of discounting future ratepayer benefits.

15 **Q: What rate was used to discount future benefits to today's dollars?**

16 A: We used a 7.60% discount rate.

17 **Q: Does the conclusion as to which amortization period is most beneficial to ratepayers**
18 **vary depending on the discount rate chosen? That is, if the discount rate is**
19 **adjusted, could the net present value of benefits become greater for the 5-year**
20 **amortization period?**

21 A: The benefits to ratepayers decrease as the discount rate increases because the value of a
22 dollar decreases if it is discounted at a higher rate. However, any reasonable discount
23 rate selected will not change the conclusion that the benefits of a 21-year amortization

1 exceed those of a 5-year amortization. For example, shown at the bottom of Schedule
2 JPW2010-5 is the discounted benefit under various discount rates. As can be seen, the
3 difference becomes $0 (i.e., the benefits are equal under the two amortization periods)
4 only if the discount rate is increased to 12.33%, the Company's weighted average cost of
5 capital grossed up for revenue requirements. Such a high discount rate would not be
6 reasonable.

7 **Q: What is considered to be a "reasonable" discount rate?**

8 A: Typically, the discount rate used is the weighted average cost of capital, after considering
9 the tax deductibility of debt, but before gross-up for revenue requirements. The
10 Company projects that rate to be about 7.60% at December 31, 2010. Therefore, that rate
11 was used in the calculation shown on Schedule JPW2010-5.

12 **Iatan Regulatory Assets**

13 **Q: Please discuss the Iatan regulatory asset issue.**

14 A: Staff did not include either the Iatan 1 or Iatan 2 regulatory assets in its Accounting
15 Schedules. Both issues involve not only the deferred cost included in rate base, but also
16 annualized amortization of the regulatory asset.

17 **Q: Please discuss the Iatan 1 regulatory asset.**

18 A: The Stipulation and Agreement in Case No. ER-2009-0089 ("2009 Rate Case")
19 authorized KCP&L to defer in a regulatory asset the carrying cost and depreciation on
20 Iatan 1 and Iatan Common costs recorded but not included in that case, up to the effective
21 date of new rates in the current rate case. Those deferred costs are currently projected to
22 be about $14.0 million (Missouri jurisdictional). The annualized amortization expense,

1 based on the estimated remaining depreciable life of Iatan 1 (26 years), is about
2 $540,000.

3 **Q: Did the 2009 Rate Case Stipulation and Agreement ("2009 S&A") state that the**
4 **Iatan 1 regulatory asset and amortization expense were to be included in**
5 **determining rates in the current rate case?**

6 A: Yes. The 2009 S&A, page 5, stated:

7 Depreciation and carrying costs will continue to be deferred to the regulatory
8 asset until the date new rates become effective resulting from the company's next
9 general rate case. Amortization of the accumulated deferred costs will begin at
10 that time based on the depreciable life of the Iatan 1 AQCS plant…. The deferred
11 expenses will receive rate base treatment, and consistent with the Commission
12 treatment of these types of deferrals, the deferred income taxes will be included in
13 rate base.

14 **Q: Did the Company include the deferred income tax impact in its filing?**

15 A: Yes, the Company's deferred income tax rate base offset includes the tax effect of the
16 Iatan 1 regulatory asset balance, projected to be about $5.4 million as of the date of new
17 rates in this case.

18 **Q: Please discuss the Iatan 2 regulatory asset.**

19 A: The Regulatory Plan Stipulation and Agreement provided that KCP&L could use
20 construction accounting during the period from the Iatan 2 commercial in-service date
21 (August 26, 2010) through the effective date of new rates in this rate case. Construction
22 accounting allows the Company the same treatment for expenditures and credits
23 consistent with the treatment for Iatan 2 prior to Iatan 2's commercial in service operation
24 date. Staff discusses construction accounting on page 53 of the Staff Report.

25 **Q: How are the construction accounting impacts reflected in cost of service?**

26 A: Construction accounting impacts, including depreciation, carrying costs, operations and
27 maintenance ("O&M") expenses, and fuel and revenue impacts are accumulated in a

1 regulatory asset. The regulatory asset is then amortized over the estimated depreciable
2 life of Iatan 2 (50 years).
3 **Q: Did Staff include an Iatan 2 regulatory asset and associated amortization expense in**
4 **its filed case?**
5 A: No. However, Staff stated on page 53 of the Staff Report:

6 At the time of the True Up in this case, Staff will review and evaluate the
7 calculations made for Construction Accounting…

8 The Company assumes this means that Staff will include the Iatan 2 regulatory asset in
9 rate base in the True Up, including annualized amortization expense, subject to Staff's
10 review for reasonableness.
11 **Q: What is the projected December 31, 2010 Iatan 2 regulatory asset balance?**
12 A: The projected balance is $14.3 million (Missouri jurisdictional), with annual amortization
13 of about $287,000 based on a 50-year amortization period. The projected deferred
14 income tax rate base offset is about $5.5 million.

15 **<u>Demand Side Management Cost Amortization</u>**

16 **Q: Please discuss the Demand Side Management ("DSM") cost amortization issue.**
17 A: KCP&L has several concerns with Staff's amortization of DSM costs, as discussed at
18 page 131 through page 134 of the Staff Report.
19 **Q: What process did Staff follow?**
20 A: Staff's DSM adjustment incorporates four separate and unrelated components, grouping
21 them into four vintages. Each vintage, representing a time span during the Regulatory
22 Plan, was adjusted in three separate pieces: 1) reverse test year amortization; 2) calculate
23 a new annualized amortization amount, and 3) calculate a combined return/carrying cost

1 on the unamortized balance for all components in the vintage. In all, there were eleven
2 individual adjustments.

3 **Q: What components did Staff group together?**

4 A: Staff grouped together the following components.

5 1. DSM Program Costs (Vintages 1, 2, 3 and 4);
6 2. Excess Margins on Off-Systems Sales (“OSS”) (Vintages 3 and 4 only);
7 3. Montrose Surface Transportation Board (“STB”) litigation reparations, net of
8 costs (Vintage 3 only); and
9 4. Deferred advertising costs (Vintages 2 and 3 only).

10 **Q: Do these four components have anything in common?**

11 A: The only commonality is that each of the components represents deferred costs or credits
12 that are amortized over a ten year period. I will address my concern regarding this
13 “bundling” of unrelated items later in my testimony.

14 **Q: With what part of the Staff’s calculation do you disagree?**

15 A: I disagree with certain portions of Staff’s adjustment. The effect of each of the items
16 discussed below is summarized on Schedule JPW2010-6 attached to this rebuttal
17 testimony:

18 1. For Vintages 3 and 4, Staff incorrectly calculated the amount of the excess OSS
19 margins on which to base the 10-year amortization.
20 2. Staff removed 50% of the annualized cost for the Connections Program and certain
21 other costs from the Company’s annualized amounts for Accounts 908, Customer
22 Assistance Expenses, and Account 909, Informational and Instructional Advertising

1 Expenses, and transferred these costs to Vintage 4 costs (as DSM program costs), for
2 amortization over ten years.
3 3. For Vintages 3 and 4, Staff incorrectly calculated the return that is authorized on the
4 underlying components.
5 **Q: Will you be discussing all of these issues in your testimony?**
6 A: I will be discussing all issues as they relate to excess OSS margins, Montrose STB net
7 reparations and deferred adverting. Company witness Tim Rush will discuss the theory
8 of cost recovery and return on unrecovered costs related to DSM Programs in his rebuttal
9 testimony. Company witness Curtis Blanc will discuss the Staff's transfer to Vintage 4
10 of Connections Program costs and certain other costs. My Schedule JPW2010-6,
11 however, includes the revenue requirement effects of all of these issues.
12 **Q: Please discuss your concerns with how Staff calculated the 10-year amortization for**
13 **excess OSS margins included in Vintages 3 and 4.**
14 A: Staff made two errors in the calculation of the 10-year amortization for excess OSS
15 margins included in Vintages 3 and 4:
16 1. Incorrectly calculated the new excess margins for Vintage 4;
17 2. Failed to include interest on the excess margins in the base amount subject to the
18 10-year amortization for Vintages 3 and 4.
19 **Q: Please explain why you believe that Staff did not calculate the correct amount of**
20 **Vintage 4 excess OSS margins.**
21 A: In the 2009 S&A, page 9, the following methodology was established:
22 KCP&L's OSS margins at the 25th percentile shall be set at $30 million, and shall
23 be used for tracking purpose. Such tracker will reflect a pro-ration, on a monthly
24 basis, of this amount for any partial years consistent with the percent of actual

1 OSS realized in each month of 2008. All OSS margins will be tracked against the
2 $30 million baseline.

3 New rates in the 2009 Case went into effect on September 1, 2009. During the 12-month
4 period that began September 1, 2009, excess OSS margins would not be incurred until the
5 cumulative margins for the period exceeded $30 million on a total company basis.
6 KCP&L exceeded the $30 million threshold in May 2010, with cumulative new excess
7 margins of $1,476,763 (Missouri jurisdictional) through June 2010, the cutoff-date used
8 by Staff in its filing. Staff, on the other hand, calculated a pro-ration of the $30 million
9 amount and applied the monthly pro-rata result to the excess margins incurred by month
10 during the period September 1, 2009 through June 2010, resulting in excess margins of
11 $3,165,549 (Missouri jurisdictional). This was improper as the pro-rata provision in the
12 2009 Case was intended to apply only to partial years after the first 12-month period.

13 **Q: If Staff's method to apply the pro-ration to every month was used, what would be**
14 **the effect on the final two months of the 12-month period which covers September 1,**
15 **2009 through August 31, 2010?**

16 A: As shown on Staff's adjustment workpaper, there would be minimal or negative excess
17 margins recorded for July and August 2010, with total excess margins for the 12-month
18 period of $3.6 million (Missouri jurisdictional). Based on KCP&L's adjustment R-78
19 submitted to the parties as part of the Company's Update in this case, Missouri
20 jurisdictional excess margins for July and August 2010 would be an increase of $2.1
21 million, for total new excess margins for the 12-month period ending August 31, 2010 of
22 the same $3.6 million. While both Staff and KCP&L arrive at the same excess margin
23 amounts for the 12 month period, Staff's method results in improper positive and
24 negative amounts throughout the period.

1 **Q: What is the proper OSS margin process to follow for the December 31, 2010 True**
2 **Up in this case?**
3 A: Margins for the period September 1, 2009 through August 2010 will be compared with
4 the $30 million (total company) established in the 2009 Case. Amounts over this
5 threshold will be considered excess margins and a Missouri jurisdictional allocation
6 factor will be applied. Margins for the period September 1, 2010 through December 31,
7 2010 will be compared with a pro-rata amount of the $30 million based on the
8 percentages for those months established in the 2009 Case. Using the pro-rata
9 percentages that were established based on 2008 activity, margins greater than $13.8
10 million (46% x $30 million), if any, will be considered excess margins before application
11 of the Missouri jurisdictional allocation factor.
12 **Q: Do you have any other issues with how Staff calculated the Vintage 4 excess**
13 **margins?**
14 A: Yes. In January 2009, KCPL recorded a $61,863 reduction to excess margins as a true-
15 up of 2008 amounts. In March 2009 (and adjusted in a subsequent month), KCP&L was
16 required to make $388,515 in payments to the Midwest Independent Transmission
17 System Operator ("MISO") for counterparty payments related to OSS activity since
18 January 1, 2007, the beginning date of the OSS margin tracking mechanism. KCP&L
19 recorded negative margins as a result of these transactions and believes that they should
20 be included in Vintage 4, reducing total Vintage 4 excess margins as of June 30, 2010 to
21 $1,026,386.
22 **Q: Why is it appropriate to include these payments in determining the OSS excess**
23 **margin liability?**

1 A: There are several reasons:

2 (1) These billings, which the Southwest Power Pool ("SPP") also makes, represent prior
3 period/true-up adjustments. MISO can resettle up to 105 days (SPP up to 317 days)
4 after the initial transaction but could go more than that if a market participant proves
5 its point or if there is a Federal Energy Regulatory Commission ("FERC") order. For
6 the $388,818 payments, MISO received a FERC order to go back and resettle
7 Revenue Sufficiency Guaranty fees. Historically, these amounts have been small and
8 can either be additional income or expense. KCP&L has consistently included these
9 payments as part of the OSS margin tracker, no matter the direction.

10 (2) KCP&L has a documented history of flowing benefits as well as costs through the
11 OSS margin tracker. For example, in addition to the adjustments discussed above,
12 coal inventory adjustments are included in the margin calculation, whether an
13 increase or decrease in the margin occurs.

14 (3) KCP&L agreed in the Regulatory Plan (page 22 of the Stipulation and Agreement)
15 *"not to propose any adjustment that would remove any portion of its off-system sales*
16 *from its revenue requirement determination in any rate case…."* Since these
17 adjustments were necessary to properly reflect actual margins realized during this
18 period, any removal of the adjustments, as proposed by Staff, could be considered a
19 violation of that agreement.

20 **Q: Please discuss your concern with how Staff calculated the base amount subject to**
21 **the 10-year amortization for Vintages 3 and 4.**

1 A: Staff failed to include interest related to the excess margins in the base amount subject to
2 the 10-year amortization for Vintages 3 and 4. The 2009 S&A, page 8, provided the
3 following requirement for the return of the interest to the ratepayers over 10 years.

4 The Signatory Parties agree that the $1,082,974 (Missouri jurisdictional) excess of
5 2007 OSS margins over the amount included in rates in Case No. ER-2006-0314
6 and the $2,947,332 (Missouri jurisdictional) excess of 2008 OSS margins over the
7 amount included in rates in Case No. ER-2007-0291, together with interest
8 (Missouri jurisdictional), will be deferred in a regulatory liability account and
9 amortized over ten years beginning with the date new rates become effective in
10 this rate case, with one year's amortization included in cost of service in this case.
11 The unamortized balance will not be included in rate base.

12 **Q: Did the Commission state a method to use to calculate this interest?**

13 A: Yes. The Order in the Case No. ER-2007-0291 ("2007 Case"), page 39, provided for the
14 following return on excess OSS margins:

15 KCPL shall pay a short-term interest rate of LIBOR plus 32 basis points on all
16 margin amounts exceeding the 25% level, with the interest paid not charged to
17 ratepayers in cost of service. Any margins in excess of the 25th percentile, and
18 any interest paid on those margins, shall be returned to the ratepayers no later than
19 the conclusion of "Rate Filing #4" as defined in Paragraph III.B.3.d on page 41 of
20 the Stipulation and Agreement approved in Commission Case No. EO-2005-0329.

21 **Q: If Staff corrected its errors in calculating the amount of excess OSS margins to be**
22 **amortized over 10 years for Vintages 3 and 4, including the various points discussed**
23 **above, by how much would the Staff's amortization expense be adjusted?**

24 A: Staff's amortization expense would decrease by $205,785, resulting in an increase in cost
25 of service by a like amount.

26 **Q: You indicated that you had an issue with the way Staff transferred Connections**
27 **program costs and certain other costs to Vintage 4 DSM Program costs. Please**
28 **explain.**

1 A: Staff included $184,421, the Missouri jurisdictional portion of 50% of $694,000
2 Connections Program annualized costs, and $45,922 (Missouri jurisdictional) of other
3 costs in its DSM Program costs. Staff calculated both an annual amortization over 10
4 years, as well as an annual return using the Allowance for Funds Used during
5 Construction ("AFUDC") rate on these costs. As a result, Staff removed $230,343 from
6 its Missouri jurisdictional cost of service, but included a $23,034 amortization and a
7 $15,271 return. If the Commission agrees with Mr. Blanc's Rebuttal Testimony and
8 restores the $433,406 (total company) to cost of service, these amounts would need to be
9 removed from Staff's DSM adjustments.

10 **Q: Finally, you indicated that you had an issue with the way Staff calculated a return**
11 **for all of the components in Staff's group for Vintages 3 and 4. Please explain.**

12 A: KCP&L has concerns with the approach taken by Staff for all four components. Staff has
13 failed to follow prior Commission Orders that have addressed returns related to each of
14 these components. The return related to DSM Program costs is discussed by Mr. Rush in
15 his Rebuttal Testimony, but I will address the other three components.

16 **Q: If Staff's method to calculate a return on DSM Program costs is adopted, do you**
17 **agree with the amount of DSM Program return calculated by Staff?**

18 A: Yes, except as it relates to Staff's improper transfer to Vintage 4 of 50% of the
19 annualized Connections Program costs and certain other costs, as discussed above and by
20 Mr. Blanc in his Rebuttal Testimony.

21 **Q: Do you agree with Staff's calculation of the return on the amount that must be**
22 **refunded to ratepayers for the excess OSS margins included in Vintages 3 and 4?**

1 A: No, I do not. As discussed earlier in this testimony, the Commission ordered that interest
2 on the excess OSS margins be included in the balance to be amortized over ten years.
3 There was no provision to include a return on the unamortized excess OSS margin
4 balance other than for this interest.

5 **Q: Has KCP&L properly reflected the interest on excess margins on it books and in**
6 **this rate case?**

7 A: Yes. Beginning with the first excess margins recorded in December 2007, KCP&L has
8 calculated interest costs due to ratepayers based on the cumulative monthly balances of
9 Missouri jurisdictional excess margins, including interest but less amortizations, as
10 required by the Order in that case. This calculation is incorporated in KCP&L's
11 adjustment R-78.

12 **Q: How is the Company's handling of excess margin interest/return different from that**
13 **proposed by Staff?**

14 A: Because the excess OSS margin item is a component of Staff's combined unamortized
15 DSM costs, Staff calculates a return on the OSS margin component using an AFUDC rate
16 rather than the LIBOR plus 32 basis points rate. Additionally, not only does Staff apply a
17 rate different from that ordered in the 2007 Case, it fails to provide ratepayers with a
18 return throughout the accumulation period subsequent to the last ratemaking period (the
19 period/vintage ended September 30, 2008), which is required by the Order in the 2007
20 Case. Finally, Staff's adjustment provides for an annual return to be given back in each
21 annual period and not over the 10-year amortization period established in the 2009 S&A.

1 **Q: If Staff corrected its method to be consistent with the prior Commission actions**
2 **previously cited, how much would the Staff's adjustment for excess OSS Margins**
3 **change?**

4 A: Staff's adjustment for the refund to ratepayers for the return on excess OSS margins
5 would be reduced to $0, a decrease of $454,818, increasing the adjustment to cost of
6 service by a like amount. This would be in addition to the $205,785 increase in cost of
7 service discussed above as a result of correcting the amortization amount related to
8 excess margins on off-system sales, a correction that includes adding interest costs to the
9 amount to be amortized.

10 **Q: Do you agree with the return proposed by Staff related to the recovery of deferred**
11 **advertising costs?**

12 A: No, I do not. The 2009 S&A authorized deferral of certain advertising costs and recovery
13 over a 10-year amortization period, including the following provision (page 8):

14 The unamortized balance will not be included in rate base as agreed to in the 2005
15 Stipulation.

16 Therefore, the 2009 S&A did not provide for a return of any kind and the Staff's
17 proposed return is not appropriate.

18 **Q: If Staff's proposed return on the deferred advertising costs were eliminated, how**
19 **would Staff's adjustment be affected?**

20 A: Staff's adjustment for the return from ratepayers would be reduced by $16,988 on a
21 Missouri jurisdictional basis, decreasing cost of service by a like amount.

22 **Q: Does the Staff also propose a return to ratepayers during the 10-year amortization**
23 **period for the unamortized balance of amounts due ratepayers for the Montrose**
24 **STB net reparations?**

1 A: Yes. In KCP&L's opinion, this also was not provided for in the 2009 S&A and is not

2 appropriate. The 2009 S&A provided (page 8):

> 3 The Signatory Parties agree that the Missouri jurisdictional excess of STB
> 4 litigation proceeds over un-recovered STB litigation costs of $1,017,593 will be
> 5 deferred in a regulatory liability account and amortized over ten years beginning
> 6 with the date new rates become effective in this case, with one year's amortization
> 7 included in cost of service in this case. The unamortized balance will not be
> 8 included in rate base.

9 As with the deferred advertising costs, the S&A did not provide for a return of any kind.

10 Therefore, Staff's proposed return is not appropriate

11 **Q: If Staff's proposed returns on the deferred STB net reparations were eliminated,**

12 **how would Staff's adjustment be affected?**

13 A: Staff's adjustment for the return to ratepayers would be reduced by $61,844 on a

14 Missouri jurisdictional basis, increasing cost of service by a like amount.

15 **Q: Do you believe that it is appropriate for Staff to group all four components into a**

16 **single adjustment and amortize all components to Account 908, Customer**

17 **Assistance Expense?**

18 A: No, I do not. Account 908, Customer Assistance Expense, is not appropriate for the

19 amortization of the Montrose STB net reparations, which should be treated as a reduction

20 of Account 501, Fuel Expense. Nor is it appropriate for the amortization of OSS

21 margins, which should be treated as an adjustment of Account 449, Revenues-Provision

22 for Rate Refunds.

23 **Q: Is there a secondary reason for why you are opposed to combining these four**

24 **components into a single group?**

25 A: Yes. As one can see from the discussion above and from the complexity of Schedule

26 JPW2010-6 attached to this rebuttal testimony, Staff has created a very involved

1 adjustment. Staff combines the cost of unlike components and then re-categorizes the
2 group of costs into four vintages before calculating both the amortization and the return
3 as single amounts for all components in each vintage. The DSM Program costs should
4 earn a return as discussed by Mr. Rush in his Rebuttal Testimony, while excess OSS
5 margins should earn a return based on LIBOR plus 32 basis points. The Montrose STB
6 net reparation and deferred advertising components should not get a return at all. The
7 adjustments for each component should be recorded in different accounts. It seems an
8 unnecessary complication to combine these unlike components when they could be
9 addressed much more clearly as four separate adjustments. As the years go by and more
10 vintages are added, the problem will be compounded if not addressed in this case.

11 **Q: Does KCP&L reflect these four different components as four separate adjustments?**

12 A: Yes, it does.

13 **Q: Please summarize this portion of your testimony regarding Staff's amortization of**
14 **1) DSM Program costs, 2) excess OSS margins, 3) Montrose STB net reparations**
15 **and 4) deferred advertising costs.**

16 A: Staff incorrectly calculated both the amount of excess OSS margins for Vintage 4 and
17 amortization of excess margins for both Vintage 3 and Vintage 4. Staff inappropriately
18 transferred 50% of the costs of the Connections Program, and certain other costs, into
19 DSM Program costs. Staff did not follow prior Orders in the calculation of the return
20 related to the individual cost components. Finally, by combining these four unrelated
21 components into a single group for purposes of its adjustment, Staff is incorrectly
22 reflecting its adjustment for all four components to A/C 908, Customer Assistance
23 Expense, when two components of the adjustment should be reflected in other accounts.

1 Bundling these unrelated items also adds unnecessary complexity to the adjustment that
2 will only get worse as more vintages are added.

3 **Q: What is the combined impact of these items?**

4 A: The impact is dependent on which DSM Program amortization cost approach is accepted.
5 If Mr. Rush's approach is accepted, which includes inclusion of the unamortized costs in
6 rate base and adoption of a 6-year amortization period for DSM Program costs effective
7 with Vintage 4, then Staff has overstated the annual cost of service by $62,123 (Missouri
8 jurisdictional), including corrections for all four components. This impact is reflected in
9 attached Schedule JPW2010-6, page 1 of 2. However, the revised case would also
10 include a substantial return on rate base for the $25.3 million unamortized DSM Program
11 costs at June 30, 2010, as proposed by Mr. Rush.

12 **Q: What is the combined impact if Staff's approach is accepted, which includes a DSM**
13 **Program cost return based on an AFUDC rate and 10-year amortization of the**
14 **DSM Program costs for all vintages?**

15 A: In that case Staff's combined adjustment is understated by $666,407, including
16 corrections for all four components, as reflected in attached Schedule JPW2010-6, page 2
17 of 2.

18 **Q: Are there any other points you would like to discuss with regard to DSM cost**
19 **amortization?**

20 A: Yes. Staff has cut off Vintage 3 activity for DSM Program costs as of September 30,
21 2008, with activity subsequent to that date being reflected in Vintage 4. This is
22 acceptable to the Company.

1 **Cash Working Capital**

2 **Q: Please discuss the Cash Working Capital issue.**

3 A: There are three sub-issues: (1) Gross receipts tax ("GRT"); (2) Injuries and damages

4 ("I&D"); and (3) Wolf Creek O&M expenses.

5 **Q: What is meant by the term Cash Working Capital ("CWC")?**

6 A: KCP&L agrees with both Staff's CWC definition as presented on pages 43-44 of its Staff

7 Report and Mr. Meyer's definition on pages 19-20 of his Direct Testimony.

8 **Q: Please discuss the GRT issue.**

9 A: Staff witness Karen Lyons and Mr. Meyer propose significantly longer GRT expense lags

10 than does the Company, summarized as follows:

	Staff	Mr. Meyer	Company
11			
12 Kansas City MO 6% tax	71.61	75.63	(57.56)
13 Other cities tax	42.34	53.47	(38.93)

14 **Q: Why are Staff's and Mr. Meyer's GRT expense lags so much longer?**

15 A: The issue centers entirely on whether the Company's tax remittances are considered

16 prepayments or payments in arrears. The Kansas City, Missouri 6% GRT and most other

17 city GRT are prepayments, with the corresponding CWC expense lags used by the

18 Company reflecting such classification. Staff and Mr. Meyer consider these payments to

19 be made in arrears. Company witness Melissa Hardesty addresses this issue in her

20 Rebuttal Testimony.

21 **Q: Do any of the parties disagree with the numbers included in the table above?**

1 A: No, not to my knowledge. The difference of opinion on this issue relates entirely to
2 whether the payments are prepayments or payments in arrears, not to the resulting
3 expense lags once that determination is made.

4 **Q: Please quantify the impact of this issue.**

5 A: The Company's recommended classification of the GRT payments would increase Staff's
6 and Mr. Meyer's recommended rate bases by $11,779,758 and $13,576,484, respectively
7 (Missouri jurisdictional).

8 **Q: Are there any other GRT issues?**

9 A: Yes, Mr. Meyer has recommended that the revenue lag associated with these GRT
10 expense lags be set at 0 days, whereas the Company and Staff propose a 10 day and 11.82
11 day lag, respectively.

12 **Q: What is Mr. Meyer's rationale for the 0 day lag?**

13 A: He states that the tax is assessed against revenues collected, not revenues billed, and
14 therefore there is no revenue lag.

15 **Q: What is the Company's rationale for the 10 day lag?**

16 A: This lag represents the combined billing and collection lag, an approach put forth by Staff
17 in Case No. ER-2006-0314 ("2006 Case") and used consistently by both parties since that
18 date. Similar to Mr. Meyer, Staff believed that there would not be a service lag for these
19 taxes and that the service lag should be deducted from the weighted revenue lag.
20 However, Staff and the Company have included the billing and collection lags, which
21 total to 10 days in the current case.

22 **Q: Please quantify the impact of this issue.**

1 A: The Company's recommended 10-day lag would increase Mr. Meyer's recommended
2 rate base by $1,623,926 (Missouri jurisdictional).

3 **Q: Please discuss the I&D issue.**

4 A: In both the 2006 Case and the 2007, Case the Company and Staff each included an I&D
5 component in CWC because normalized I&D expense included in those rate proceedings
6 was based on an accrual of I&D claims. Therefore, customers were reimbursing KCP&L
7 well before the claims were actually paid, in many instances months before ("negative
8 CWC"). Beginning with the 2009 Case, normalized I&D expense has been based on
9 actual claims paid. Therefore, customers are now reimbursing the Company for its I&D
10 claims only after the Company has made cash payments in settlement of the claims.
11 Therefore, I&D should not be a separate component of CWC.

12 **Q: Does the Company propose that I&D be excluded from the CWC schedule?**

13 A: No. While a case could be made for such exclusion, the Company proposes that I&D
14 expense be included in the "Net Other O&M Expense" line, a category where all O&M
15 expenses are included that are not specifically included on other lines of the CWC
16 schedule.

17 **Q: Please quantify the effect of this issue with Staff.**

18 A: The proper classification of I&D expense in Staff's CWC schedule would increase Staff's
19 recommended rate base by $564,696 (Missouri jurisdictional).

20 **Q: Please discuss the Wolf Creek O&M expense issue.**

21 A: Mr. Meyer correctly pointed out that the Wolf Creek O&M expense lag of 13.81 days
22 was too low. He proposed, instead, a 30 day lag. KCP&L subsequently provided Mr.

1 Meyer additional information that resulted in Mr. Meyer agreeing to a 25.85 day lag.
2 Therefore, there is no longer an issue on this item.
3 **Q: Are there any other CWC issues that you would like to address?**
4 A: Yes. Mr. Meyer stated in his Direct Testimony that the Sales Tax CWC lag should be
5 35.21 days, compared to the Company's 22 days. KCP&L subsequently provided Mr.
6 Meyer additional information that resulted in Mr. Meyer agreeing to a 10.9 day lag.
7 Therefore, there is no longer an issue on this item.
8 **Rate Case Expense**
9 **Q: Please discuss the rate case expense issue.**
10 A: KCP&L has four concerns related to rate case expense. First, Staff mentioned that they
11 expect *"to return to the expense normalization approach in future KCPL rate cases."*
12 Without getting into a discussion about which method should be used in future rate cases,
13 the Company would like to make clear that it expects any prudent and reasonable costs
14 incurred in the current rate case but not included in the True Up to be deferred in a
15 regulatory asset for recovery in the next rate case.
16 **Q: Why would there be any costs incurred in the current case but not included in the**
17 **True Up?**
18 A: Staff stated on page 147 that it would include *"all prudent and reasonable costs incurred*
19 *and paid through the true-up of the current rate case…"* It is very likely there will be
20 significant costs not paid at that date and in many cases not even invoiced at that date.
21 Vendors often do not send their invoices out for weeks or even later. For example, in the
22 2009 Case approximately 50% of the total rate case costs were not recorded as of the
23 assigned True Up date in that case (April 30, 2009). With the possibility of a fully

1 litigated case in the current proceeding, as opposed to the settled 2009 Case, and the
2 resulting hearings and briefs, the likelihood of significant invoices arriving after the True
3 Up date is very high.

4 **Q: Please discuss the second rate case concern.**

5 A: Staff made a point on page 147 of its report that it did not include any amortization for
6 current rate case costs because it needed additional support. The Company recently
7 responded to Staff data request 141.2, which we believe will provide Staff the support it
8 needs to substantiate the accumulated rate case costs to date. Additionally, Staff data
9 request 141.3, currently in progress, will provide even more detail. KCP&L will
10 continue to provide this level of documentation as the case progresses.

11 **Q: Please discuss the third rate case concern.**

12 A: Staff stated on page 147 of its report that during True Up it would propose
13 reclassification of costs coded by the Company as rate case expense that were, in its
14 opinion, costs related to the Iatan projects (and therefore capitalize such costs). In fact,
15 Staff, just prior to filing its Rebuttal Testimony in this case, revised rate case expense in
16 its updated accounting schedules (attached to this testimony as Schedule JPW2010-8 and
17 discussed later in this testimony). KCP&L agrees that if any such misclassifications
18 exist, they should be reclassified. However, KCP&L would like to point out that the
19 consulting and legal firms utilized for the Iatan projects are also providing rate case
20 support for Iatan related issues, and the Company believes it has properly coded the
21 respective services. Additionally, although Staff proposed removal of approximately
22 $1.7 million (Missouri jurisdictional) from rate case expenses that were to be deferred
23 and amortized over 2 years, KCP&L could not determine whether Staff added these costs

1 to the Iatan plant costs. The Company reserves the right to discuss this matter further in
2 its Surrebuttal Testimony.
3 **Q: Please discuss the fourth rate case concern.**
4 A: Also as part of Staff's revisions to its case just prior to the filing of Rebuttal Testimony,
5 and incorporated in Schedule JPW2010-8, Staff proposed the disallowance of some or all
6 of the costs incurred for a contractor the Company uses for rate case work (NextSource).
7 The amount of the proposed disallowance is about $339,000 (Missouri jurisdictional), to
8 be amortized over 2 years. Because this proposal was made as KCP&L was preparing to
9 finalize its Rebuttal Testimony in this case, the Company did not have time to review and
10 discuss with Staff the proposed disallowance and reserves the right to address this matter
11 further in Surrebuttal Testimony. The Company understands that Staff will address this
12 issue in its Rebuttal Testimony. All KCP&L can state at this time is that it has been very
13 satisfied with the services of NextSource and believes the costs incurred are reasonable
14 and necessary rate case expenses.
15 **<u>Accelerated Amortizations</u>**
16 **Q: Please discuss the accelerated amortizations issue.**
17 A: As discussed fully by Mr. Meyer on page 29 of his Rebuttal Testimony, KCP&L will
18 have accumulated approximately $169 million (Missouri jurisdictional) of accelerated
19 amortizations as of December 31, 2010, related to various accelerated amortization
20 mechanisms established in prior rate proceedings. The amount as of the effective date of
21 new rates in this case will be approximately $183 million. The issue in this case is the
22 method to use to flow back this accumulated amortization to ratepayers.

1 **Q: What is Mr. Meyer's proposal?**

2 A: Mr. Meyer proposes a 15-year amortization of this "regulatory liability" based on the idea
3 that customers should receive the benefit over approximately the same time frame as the
4 build-up of these amortizations (the smaller of the two amortization mechanisms began in
5 1996).

6 **Q: What is the Company's proposal?**

7 A: KCP&L proposes that these accumulated amortizations be spread over the Company's
8 depreciation reserve accounts, thereby reducing net book value and resulting in decreased
9 depreciation expense going forward (approximately $9 million per year (Missouri
10 jurisdictional)). This depreciation rate effect is discussed by Company witness John
11 Spanos in his Direct Testimony.

12 **Q: Does any other party to this case have an opinion on the best method to account for**
13 **the accumulated amortization?**

14 A: Yes, both Staff and Mr. Robertson offer opinions in their respective Direct Testimonies.
15 The Staff Report proposes that the liabilities be separately identified in the depreciation
16 reserve and included as a reduction in rate base, with the balance reduced each year by
17 that year's net cost of removal incurred. As more fully discussed in the Rebuttal
18 Testimony of Company witness John Spanos, Staff proposes not including a cost of
19 removal, net of salvage, component in depreciation rates and thereby reduce annual
20 depreciation expense about $12 million (Missouri jurisdictional) from what such expense
21 would have been absent such exclusion.

1 **Q: What is Mr. Robertson's opinion on this issue?**

2 A: Mr. Robertson proposes that the larger of the two regulatory liabilities, the additional
3 amortizations to meet financial ratios (approximately $132 million and $146 million
4 Missouri jurisdictional as of December 31, 2010 and as of the effective date of new rates
5 in this case, respectively) be spread to the plant accounts associated with the Regulatory
6 Plan new construction projects, but be separately identifiable and remain in the plant
7 accounts until retired (with a minimum of ten years). His approach appears to be very
8 similar to that proposed by the Company, with the exception that the plant accounts
9 affected be limited to those associated with Regulatory Plan construction projects
10 (generally the steam plant accounts). KCP&L proposes that the amount be spread to all
11 plant accounts except for Iatan 2. Mr. Robertson did not state an opinion on the smaller
12 of the two accumulated amortizations.

13 **Q: Does the Regulatory Plan or any other Commission action since then specifically**
14 **state how these accumulated amortizations are to be recorded and returned to**
15 **ratepayers?**

16 A: As Mr. Robertson points out on page 4 of his Direct Testimony, the Regulatory Plan
17 states that the amounts will be included in the depreciation reserve and be deducted from
18 rate base. Additionally, as he points out on page 5 of his Direct Testimony, the Non-
19 Unanimous Stipulation and Agreement in the 2006 Case provided that the additional
20 amortizations to meet financial ratios should remain in the depreciation reserve accounts
21 of the plant to which the amounts are spread until the related plant is retired, or at least
22 until July 28, 2015 (ten years). Other than those specific directives, the Commission has

1 not stated how the accumulated amortizations are to be recorded or returned to ratepayers
2 or how they might affect depreciation rates.

3 **Q: What are the significant factors that the Company believes the Commission should**
4 **consider in making a decision on this issue?**

5 A: KCP&L believes that the Company's position is generally compatible with that of Mr.
6 Robertson and the OPC, except for which plant accounts to spread the additional
7 amortizations to. KCP&L recommends spreading the amortization to all plant accounts,
8 excluding Iatan 2, but would be willing to discuss other proposals such as that offered by
9 Mr. Robertson. Therefore, the main issue centers around the Company's/OPC's position
10 as opposed to that of Mr. Meyer and Staff. KCP&L believes that Mr. Meyer's position is
11 contrary to prior Commission Orders cited above where the Commission indicated that
12 the accumulated amortizations, representing accelerated amortization, be reversed
13 through the plant accounts. However, KCP&L would be interested in discussing this
14 proposal with Mr. Meyer and other parties.

15 **Q: Does Staff's position address the use of plant accounts to reverse the accumulated**
16 **amortization?**

17 A: Only partly. Staff's proposal is to include the accumulated amortization in the
18 depreciation reserve accounts, but then to basically ignore those depreciation reserve
19 amounts in calculating depreciation rates. In effect, Staff's approach is similar to the
20 same as that of Mr. Meyer. However, instead of reflecting the cumulative amount as a
21 separate regulatory liability on the rate base schedule (Mr. Meyer's proposal), Staff
22 would record the amount as a credit in the depreciation reserve and then essentially
23 amortize that amount by not reflecting net cost of removal in depreciation rates. KCP&L

1 believes this large balance should be addressed in a simple and straightforward manner.
2 The Commission should include the amount in the depreciation reserve and allow the
3 amount to be returned to ratepayers through lower depreciation rates resulting from
4 remaining life depreciation methods, as discussed by Mr. Spanos in his Direct Testimony.

5 **Forfeited Discounts**

6 **Q: Please discuss the forfeited discounts issue.**

7 A: Staff incorrectly normalized forfeited discount revenue by applying a normalized
8 forfeited discount rate to total revenue including gross receipts tax ("GRT") revenue.
9 GRT revenue should have been excluded from the calculation, consistent with the
10 Company's calculation.

11 **Q: Why is it inappropriate to include GRT revenue in the calculation?**

12 A: Both the Company and Staff properly exclude test year GRT revenue (as well as test year
13 GRT expense) from cost of service in rate cases. GRT revenue includes a forfeited
14 discount revenue component. Therefore, it would be incorrect to subsequently adjust
15 forfeited discount revenue by including GRT revenue in the calculation.

16 **Clarifications**

17 **Q: What is the purpose of this section of your Rebuttal Testimony?**

18 A: The Company believes that certain comments made in the Staff Report require
19 clarification, including discussion concerning the following items:

20 ➢ Iatan 2 O&M
21 ➢ Prepayments
22 ➢ Payroll
23 ➢ Depreciation reserve

1 ➢ Wolf Creek refueling

2 ➢ Income taxes

3 ➢ True Up process

4 While none of these items directly affects Staff's Accounting Schedules in any material
5 respect, nor do any of these items appear to represent an issue in this case, KCP&L would
6 like to provide clarification.

7 **Q: Please discuss the Iatan 2 O&M item.**

8 A: The Staff Report on page 107 proposes the use of "estimated" Iatan 2 O&M expense in
9 this case, provided a tracker is established. The Company is agreeable with this approach
10 but does want to clarify one point. The "new" Iatan plant and equipment relate not just to
11 Iatan 2 but also to new Iatan assets referred to as "Iatan Common." These assets
12 represent plant and equipment common between Iatan 1 and Iatan 2, such as the new
13 water softener equipment, rail facilities, etc. Because the new Iatan Common assets will
14 incur maintenance costs similar to Iatan 2, the Company proposes that both Iatan 2 and
15 Iatan Common estimated costs be included in this case, with a tracker for each.

16 **Q: Please discuss the Prepayments item.**

17 A: Ms. Lyons states on pages 46 and 47 of the Staff Report that the Company included gross
18 receipts tax in its Prepayments. KCP&L did not.

19 **Q: Please discuss the payroll item.**

20 A: On page 83 of its report, Staff states:

21 GPE … has minuscule labor costs that are to be annualized using current employee levels
22 and current salaries. GPE provides common services such as accounting, tax
23 consolidation, corporate legal, and governance to GPE entities…

24 These statements are, of course, contradictory. If Great Plains Energy ("GPE") was
25 providing these services, it would have significant overhead costs to allocate to the

1 Company and other GPE entities. GPE did provide these services through 2008 but the
2 services were transferred to KCP&L beginning in 2009. The Company now bills other
3 GPE companies for these services.

4 **Q: Please discuss the depreciation reserve item.**

5 A: Staff's statement on page 40 of its report that "KCPL's books overstate the reserve for
6 this retired plant" is incorrect. The Company's "books" are not misstated. Staff should
7 have said that KCP&L's continuing plant records do not include the retirement work in
8 progress reflected on the books because such cost/salvage has not yet been unitized and is
9 still "work in progress." KCP&L properly adjusts the depreciation reserve for purposes
10 of establishing a rate base, as Staff did in its Accounting Schedules.

11 **Q: Please discuss the Wolf Creek refueling item.**

12 A: Ms. Lyons, on page 104-105 of the Staff Report, implies that Outage #17 costs were
13 excessive. The Company understands this belief is based on incorrect outage information
14 regarding outage days provided in a data request response. KCP&L has revised this data
15 request to provide correct outage information (data request 347.1) and believes the
16 revised documentation will alleviate any concerns regarding outage costs.

17 **Q: Please discuss the income tax item.**

18 A: Staff's filing was a "hybrid" case, generally including rate base amounts as of June 30,
19 2010 and known and measurable expenses as of that date, but also including the impacts
20 of major plant additions expected later in the year at Iatan and Spearville, as well as the
21 freight rate increase to take effect on January 1, 2011. Staff did not fully synchronize its
22 income tax expense and accumulated deferred income tax balances with the rate base and
23 expense amounts included in its cost of service. Subsequent to its direct filing, Staff

1 adjusted certain income tax values to be more compatible with the rest of its case. Remaining impacts will be simply timing considerations that will be resolved in the True Up.

4 **Q: Please discuss the True Up item.**

5 A: The Staff Report indicated in many sections that its adjustments would be revised as part of the True Up process in this case. However, in other sections, where the Company would expect a true-up, no such indication was made. KCP&L believes it would be useful to document exactly which Staff adjustments will be revised at True Up. Attached as Schedule JPW2010-7 is the Company's understanding of the True Up adjustments.

10 **Q: Will all of these items be adjusted during the True up?**

11 A: No, not necessarily. Staff, as well as the Company, will evaluate whether a true-up is necessary for each item. In some cases, particularly if no significant changes have occurred, the time spent to update the number will not be worth the small increase in accuracy.

15 **<u>Revised Staff Accounting Schedules</u>**

16 **Q: In your review of Staff's Accounting Schedules did you become aware of any errors that needed to be corrected?**

18 A: Both KCP&L and Staff discovered various amounts that required correction. Staff has corrected these items and prepared revised Staff Accounting Schedules. The Company requested a copy of these schedules through a data request (No. 515). Attached to this testimony as Schedule JPW2010-8 is a copy of those schedules.

22 **Q: Do these schedules reflect all necessary Staff corrections of which you are aware at this time?**

1 A: Yes, with a couple of exceptions. Immediately prior to the filing of rebuttal testimony,
2 Staff reduced the Missouri jurisdictional coal inventory included in rate base by $9.8
3 million from the amount previously reviewed. The change in amount occurred
4 concurrently with a Staff correction of system load used to calculate fuel and
5 purchased power expenses. The new inventory level appears lower than appropriate but
6 KCP&L has not had an opportunity to analyze the underlying computations.
7 A second point is that Staff increased the Missouri jurisdictional rate base by
8 approximately $58 million for Spearville wind additions expected to be in service later in
9 the year, as appropriate, but forgot to include in cost of service associated annualized
10 depreciation expense (the currently authorized rate is 5%).
11 The Company reserves the right to address these matters further in Surrebuttal
12 Testimony.
13 **Q: Does that conclude your testimony?**
14 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company to Modify Its Tariffs to Continue the Implementation of Its Regulatory Plan	)))	Docket No. ER-2010-0355

AFFIDAVIT OF JOHN P. WEISENSEE

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

John P. Weisensee, being first duly sworn on his oath, states:

1. My name is John P. Weisensee. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Regulatory Affairs Manager.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of thirty-two (32) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

John P. Weisensee
John P. Weisensee

Subscribed and sworn before me this 8th day of December, 2010.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200