

FILED

SEP 28 2016

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**Missouri Public
Service Commission

In the Matter of the Application of)	
KCP&L Greater Missouri Operations)	<u>File No. ER-2016-0156</u>
Company for Authority to Implement a)	Tariff No. YE-2016-0223
General Rate Increase for Electric)	
Service)	

INITIAL RECONCILIATION

COMES NOW the Staff of the Missouri Public Service Commission and, in response to the Commission's April 6, 2016, order by which it established the procedural schedule in this case that directs Staff to file an initial reconciliation September 9, 2016, files the attached initial reconciliation "in the format, and including the information, that Staff employed in File No. GR-2014-0086, at EFIS No. 136 (August 14, 2014), Reconciliation; and EFIS No. 265 (October 20, 201) Additional Reconciliation In the Matter of Summit Natural Gas of Missouri Inc.'s Filing of Revised Tariffs To Increase its Annual Revenues For Natural Gas Service." As ordered, it addresses settled matters and matters remaining in dispute.

Respectfully submitted,

/s/ Nathan WilliamsNathan Williams
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Missouri Public Service Commission
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 9th day of September, 2016.

/s/ Nathan Williams

KCP&L Greater Missouri Operations - Combined

ER-2016-0166

Revenue Requirement Reconciliation
September 9, 2016

Line No.			
1	Revised Company Revenue Requirement		48,872,248
2			
3	Impact of Allocation Differences		(3,430,857)
4			
5	Rate of Return & Capital Structure		
6	Value of Capital Structure Issue - Staff / Company	(2,875,763)	
7	Capital Structure Impact on Interest Expense Deduction	(4,727,631)	
8	Return on Equity Issue - GMO 9.90%, Staff - 9.00%	(13,822,214)	
9	Sub-Total Rate of Return and Capital Structure Differences		(21,425,607)
10			
11	Rate Base Issues		
12	Cash Working Capital	256,509	
13	Fuel Inventory - Oil & Other	158,731	
14	Fuel Inventory - Coal	(144,058)	
15	Fuel Inventory - Propane, Tires, Biofuel	1,091	
16	Reg Asset - FAS 87 Pension Tracker	(1,148,516)	
17	Reg Asset (Liab) - OPEB Tracker	6,187	
18	Rate Base Reduction Issues		
19	Customer Advances for Construction	1,183	
20	Deferred Income Taxes	1,212,310	
21	Def. Income Tax - Crossroad	(771,064)	
22	Sub Total - Rate Base Issues		(427,626)
23			
24	Income Statement - Revenue Issues		
25	Forfeited Discounts	(3,598)	
26	Large Customer Annualization	(526,948)	
27	Weather Normalization & 365 Day	10,721,513	
28	Best Fit Adjustment	8,369,851	
29	Growth Adjustment	(20,521,203)	
30	Adjustment for billing corrections	516	
31	Adjustment to remove Mpower bill credit	(211,729)	
32	Adjustment to restore Allconnect Expenses & Revenue above the line	(141,925)	
33	Annual Amortization of Overcollected L&P Phase In Revenues	155,854	
34	Allconnect revenues	129,136	
35	Transmission Revenue Annualization	(2,244,087)	
36	Transmission Revenue Credit	(1,450,284)	
37	Sub Total - Revenue Issues (Less Off System Sales Difference)		(6,722,904)
38			
39	Income Statement - Expense Issues		
40	Net Fuel/Purchased Power Impact	(1,569,215)	
41	Miscellaneous Test Year Adjustments - Out of Period Items	369,452	
42	Bad Debt Expense	112,767	
43	IT Software Maintenance	(326,599)	
44	Transmission of Elec by Others/Acct	(11,294,645)	
45	Intan II O&M	(44,054)	
46	Incentive Compensation	(546,124)	
47	Annualize 401 K	(192,175)	
48	Payroll Taxes	(240,027)	
49	Other Benefits	(99,557)	
50	Pension	(1,503,944)	
51	SERP	(190,414)	
52	Rate Case Expense	(728,120)	
53	Regulatory Assessments	(68,991)	
54	SPP Schedule 1A Admin Fees	(785,855)	
55	CIPS/Cyber Security O&M	(1,139,621)	
56	L&P Merger Transition Costs	(51,663)	
57	DSWEE Adjustment	(99,009)	
58	Remove CWIP/FERC Incentives - Transource	4,560	
59	Annualize Depreciation Expense	(11,946,363)	
60	Plant Amortization	7,200,000	
61	Remove Expense Report Costs - Sporting Events (Majors)	(19,471)	
62	Remove Dues & Donations from TY	(237,741)	
63	Move Allconnect Above the Line	17,989	
64	Sub Total - Operations & Maintenance Expense Issues		(23,376,820)
65			
66	Income Tax Differences		
67	Transportation Depreciation - Clearing Accts.	(318,605)	
68	Sub Total - Income Tax Issues - Income Statement		(318,605)
69			
70	Difference in Tax Gross Up Factor		(940)
71			
72	Total Value of All Issues		(54,703,360)
73			
74	Staff Revenue Requirement		(6,831,113)
75			
76	Office of the Public Counsel		
77	Return on Equity Issue - OPC 9.25%, Staff - 9.00%	\$3,984,856	
78	Capital Structure and Cost of Debt	(\$2,820,052)	
79	SERP - Allocation to GMO	(\$59,534)	
80	SERP - Capitalization	\$57,858	
81	Income Taxes - Current	Unknown	
82	Expense Trackers in Rate Base	(\$4,519,046)	
83	Prepayments in Rate Base	(\$148,707)	
84	Solar Facility	(\$316,984)	
85	KCP&L Management Expense Report Charges	(\$594,000)	
86	Total Value of All Issues		(\$4,415,609)
87	Office of the Public Counsel - Revenue Requirement		(10,246,722)

Staff's Accounting Schedules and this Reconciliation are current as of September 9, 2016. They do not include all true-up items, but do reflect a substantial number of true-up items.