

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

In the Matter of the Application of Kansas City)	
Power & Light Company for Approval of the)	Case No. EO-2006-0094
Accrual and Funding of Wolf Creek Generation)	
Station Decommissioning Costs at Current Levels)	

STAFF STATUS REPORT IN RESPONSE TO COMMISSION ORDER

Comes now the Staff of the Missouri Public Service Commission (Staff) in response to the October 18, 2005 Order Directing Filing of the Missouri Public Service Commission (Commission) which directed that by November 18, 2005, (1) the Staff, the Office of the Public Counsel (Public Counsel) and Kansas City Power & Light Company (KCPL), file a Stipulation And Agreement, (2) the Staff file a Staff Recommendation, including a jointly proposed procedural schedule, or (3) the Staff file a Status Report stating when a Staff recommendation, including a jointly proposed procedural schedule, will be filed. In response, the Staff states as follows:

1. The Staff, Public Counsel and KCPL have reached an agreement in principle regarding KCPL's August 30, 2005 filing of its cost study detailing its latest cost estimates for decommissioning its Wolf Creek nuclear generating unit along with the funding levels necessary to defray these decommissioning costs. KCPL's filing on August 30, 2005 was captioned by KCPL as the Application of Kansas City Power & Light Company for Approval of the Accrual and Funding of Wolf Creek Generating Station Decommissioning Costs at Current Levels

2. Regarding said agreement in principle, among the Staff, Public Counsel and KCPL, the Staff relates that the Staff, Public Counsel and KCPL will file with the Commission by December 15, 2005 a Unanimous Stipulation And Agreement jointly requesting that the Commission issue an Order: (a) finding that the KCPL Wolf Creek decommissioning cost study

filed on August 30, 2005 satisfies the requirements of 4 CSR 240-3.185(3); (b) approving the continuation of the annual accrual for the decommissioning trust at \$2,303,856; (c) specifically recognizing that KCPL's current decommissioning costs are included in its current cost of service and are reflected in KCPL's current rates for ratemaking purposes; and (d) authorizing KCPL to continue to record and preserve Wolf Creek asset retirement obligation costs, as agreed to by the Staff, Public Counsel and KCPL, and authorized by the Commission, in Case No. EU-2004-0294.

3. The Staff notes that KCPL in its Application filed on August 30, 2005, stated at page 3, in part, as follows:

KCPL notes that pursuant to the terms of the Stipulation and Agreement approved by the MPSC in Case No. EO-2005-0329, KCPL must file its next general rate case by February 1, 2006. The effective date of the rates set in that case will be January 1, 2007. The level of KCPL's annual Wolf Creek decommissioning cost accrual can be reviewed at that time in the context of the entirety of KCPL's rates.

This language in KCPL's Application is in recognition of Sections III.B.1.m. and III.B.1.n. in the KCPL Experimental Regulatory Plan, which state as indicated below (the "Rate Filing #1" referred to in Section III.B.1.m. below is the February 1, 2006 filing of rate schedules referred to in the KCPL Regulatory Plan):

m. Wolf Creek Depreciation Reserve

KCPL agrees to determine the effect on the depreciation reserve related to the difference in depreciation rates for the Wolf Creek Nuclear Generating Station resulting from the depreciation rates approved in Missouri and Kansas prior to this Agreement. KCPL further agrees to include this information in its filing related to Rate Filing #1 required in this Agreement for review by the Signatory Parties and Commission approval. The identified amount of depreciation reserve resulting for Missouri operations shall be identified and be assigned specifically to Missouri jurisdictional operations in Rate Filing #1 and all subsequent cases involving KCPL or its successors. It is the intent of this requirement to ensure Missouri rate payers receive credit (via the rate base deduction afforded depreciation reserve funds) for providing additional depreciation expense to

KCPL and eliminating the possibility of these funds being allocated in future cases to the Kansas jurisdiction or other jurisdictions that did not provide the funds.

n. Wolf Creek Depreciation

Upon the effective date of this Agreement, KCPL will begin recording depreciation expense for the Wolf Creek Nuclear Generating Station based on a 60-year life span. The signatory Parties agree the Commission should authorize KCPL to use depreciation rates for the various nuclear plant accounts, as contained in Appendix G “Depreciation & Amortization Rates, Missouri Jurisdictional”.

The Staff also would note Section III.B.1.h. Current Amortizations in the KCPL Regulatory Plan which addresses, in part, an additional amortization expense relating to the change in depreciation expense reflecting the change in the service life span of the Wolf Creek Nuclear Generating Station from 40 years to 60 years.

The Commission’s Report And Order in Case No. EO-2006-0329 states as follows at page 30 in the “Other Findings of Fact” section:

The Commission further finds and concludes that the competent and substantial evidence in the whole record supports the approval of the additional provisions of the Stipulation, including the following specific approvals: . . . (5) KCPL is authorized to begin recording depreciation expense for the Wolf Creek Nuclear Generating Station based upon a 60-year life span, and KCPL is authorized to use depreciation rates for the various nuclear plant accounts, as detailed in Section III.B.1.n (Stipulation, p. 24) . . .

The Commission’s Report And Order states as follows at pages 34-35 in the “Conclusions Of Law” section:

Approval of the Stipulation, however, does include Commission approval of the following items: (5) KCPL is authorized to begin recording depreciation expense for the Wolf Creek Nuclear Generating Station based upon a 60-year life span, and KCPL is authorized to use depreciation rates for the various nuclear plant accounts, as detailed in Section III.B.1.n (Stipulation, p. 24) . . .

Wherefore the Staff relates that the Staff, Public Counsel and KCPL, the parties to the instant case, propose to file with the Commission by December 15, 2005 a Unanimous

Stipulation And Agreement jointly requesting that the Commission issue an Order: (a) finding that the KCPL Wolf Creek decommissioning cost study filed on August 30, 2005 satisfies the requirements of 4 CSR 240-3.185(3); (b) approving the continuation of the annual accrual for the KCPL Wolf Creek decommissioning trust at \$2,303,856; (c) specifically recognizing that KCPL's current decommissioning costs are included in its current cost of service and are reflected in KCPL's current rates for ratemaking purposes; and (d) authorizing KCPL to continue to record and preserve Wolf Creek asset retirement obligation costs, as agreed to by the Staff, Public Counsel and KCPL, and authorized by the Commission, in Case No. EU-2004-0294.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 18th day of November 2005.

/s/ Steven Dottheim