

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Sandra Milton
- Account No.: 237632 Accr Int&LOC-1st Chicago Nat'l
- Business Unit: POWER
- Allocation Basis:

Accr Int&LOC-1st Chicago Nat'l is accrued interest that relates to the remarketing fee for the Environmental Improvement Revenue Refunding Bonds which are in the WCNOO operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip M. Burrigh
- Account No.: 237800 *Accrued Interest-IRS Settlement*
- Business Unit: HOLDING CO
- Allocation Basis:

This account captures any interest receivable relating to an IRS settlement or tax refund claim.

Allocation to operating divisions will be based upon Tax Sharing Agreements between the Holding Company and the operating divisions. Current allocations are made upon asset based factors which closely represent the deferred tax asset or *deferred tax liability*. *Tax refunds & related interest income will be allocated based upon the refund of each operating division.*

**COST ALLOCATION MANUAL
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- Prepared by: Beth Walther
- Account No: 237901 Accrued Interest-Customer Deposit
- Business Unit: DELIVERY
- Allocation Basis:

This account is for the accrual of interest on electric customer's deposits held in account 235000.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Beth Walther
- Account No: 237903 Deposit Interest Applied
- Business Unit: DELIVERY
- Allocation Basis:

This account is used for CIS system transfers. The balance should always be zero.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 241001 Taxes Payable – Fed Withholding
- Business Unit: HOLDING CO
- Allocation Basis:

Amounts withheld from employee payroll for Federal withholding taxes not yet remitted to IRS. The amounts in HOLDING CO are allocated to the operating divisions using the labor allocator.

**COST ALLOCATION MANUAL
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- Prepared by: Bob Loft
- Account No: 241002 Taxes Payable – FICA Taxes
- Business Unit: HOLDING CO
- Allocation Basis:

Amounts withheld from employee payroll for FICA taxes not yet remitted to IRS. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 241005 Taxes Payable – MO Withholding
- Business Unit: HOLDING CO
- Allocation Basis:

Amounts withheld from employee payroll for Kansas taxes not yet remitted to State of Missouri. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 241007 Taxes Payable – KC Earnings
- Business Unit: HOLDING CO
- Allocation Basis:

Amounts withheld from employee payroll for KC Earnings taxes not yet remitted to City. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 241009 Taxes Payable – KS Withholding
- Business Unit: HOLDING CO
- Allocation Basis:

Amounts withheld from employee payroll Kansas taxes not yet remitted to State of Kansas. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

**COST ALLOCATION MANUAL
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- Prepared by: Julie Stroud
- Account No.: 241015 State Use Taxes
- Business Unit: SUBSIDIARY, HOLDING CO
- Allocation Basis:

This account contains the state use taxes for non-regulated sales in Kansas (Panamax, Enerlink).

This account contains the state use taxes for Worry Free Service customers in Kansas. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 241016 Deferred Compensation
- Business Unit: HOLDING CO
- Allocation Basis:

Amounts owed KCPL Officers and Directors for salary and fee deferrals including interest. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Julie Stroud
- Account No.: 241202 Franchise Fees
- Business Unit: DELIVERY
- Allocation Basis:

This account contains the franchise fees for commercial, industrial and residential electric customers in Kansas.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Julie Stroud
- Account No.: 241511 State Sales Taxes
- Business Unit: DELIVERY,SUBSIDIARY,HOLDING CO
- Allocation Basis:

This account contains the state sales taxes for commercial, industrial and residential electric customers in Missouri and natural gas customers in Missouri in the DISCO operating division.

This account contains the state sales taxes for nonregulated sales in Missouri (Panamax, Meter Treater, Enerlink). The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

This account contains the state sales taxes for Worry Free Service customers in Missouri in SUBSIDIARY.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Julie Stroud
- Account No.: 241512 County Sales Taxes
- Business Unit: DELIVERY,SUBSIDIARY,HOLDING CO
- Allocation Basis:

This account contains the county sales taxes for commercial, industrial and *residential electric customers in Missouri and natural gas customers in Missouri* in the DISCO operating division.

This account contains the county sales taxes for nonregulated sales in Missouri (Panamax, Meter Treater, Enerlink). The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

This account contains the county sales taxes for Worry Free Service customers in Missouri in SUBSIDIARY.

**COST ALLOCATION MANUAL
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- Prepared by: Julie Stroud
- Account No.: 241513 City Sales Taxes
- Business Unit: DELIVERY,SUBSIDIARY,HOLDING CO
- Allocation Basis:

This account contains the city sales taxes for commercial, industrial and residential electric customers in Missouri and natural gas customers in Missouri in the DISCO operating division.

This account contains the city sales taxes for nonregulated sales in Missouri (Panamax, Meter Treater, Enerlink). The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

This account contains the city sales taxes for Worry Free Service customers in Missouri in SUBSIDIARY.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Julie Stroud
- Account No.: 241521 State Sales Taxes
- Business Unit: DELIVERY,HOLDING CO
- Allocation Basis:

This account contains the state sales taxes for commercial, industrial and residential electric customers in Kansas and natural gas customers in Kansas in the DISCO operating division.

This account contains the state sales taxes for nonregulated sales in Kansas (Meter Treater). The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

**COST ALLOCATION MANUAL
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- Prepared by: Julie Stroud
- Account No.: 241522 County Sales Taxes
- Business Unit: DELIVERY
- Allocation Basis:

This account contains the county sales taxes for commercial, industrial and residential electric customers in Kansas and natural gas customers in Kansas. These are assigned to the DISCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Julie Stroud
- Account No.: 241523 City Sales Taxes
- Business Unit: DELIVERY
- Allocation Basis:

This account contains the city sales taxes for commercial, industrial and residential electric customers in Kansas and natural gas customers in Kansas. These are assigned to the DISCO operating division.

**COST ALLOCATION MANUAL
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- Prepared by: Julie Stroud
- Account No.: 241531 Sales Tax-Worry Free-TX
- Business Unit: SUBSIDIARY
- Allocation Basis:

This account contains state, county and city sales taxes for Worry Free Service customers in Texas.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Julie Stroud
- Account No.: 241541 Sales Tax-Worry Free-GA
- Business Unit: SUBSIDIARY
- Allocation Basis:

This account contains state, county and city sales taxes for Worry Free Service customers in Georgia.

**COST ALLOCATION MANUAL
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- Prepared by: Julie Stroud
- Account No.: 241551 Sales Tax-Worry Free-TN
- Business Unit: SUBSIDIARY
- Allocation Basis:

This account contains state, county and city sales taxes for Worry Free Service customers in Tennessee.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Julie Stroud
- Account No.: 241561 Sales Tax-Worry Free-AL
- Business Unit: SUBSIDIARY
- Allocation Basis:

This account contains state, county and city sales taxes for Worry Free Service customers in Alabama.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Julie Stroud
- Account No.: 241571 Sales Tax-Worry Free-VA
- Business Unit: SUBSIDIARY
- Allocation Basis:

This account contains state, county and city sales taxes for Worry Free Service customers in Virginia.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 242001 Misc Curr L-Unclaimed Cks
- Business Unit: HOLDING CO
- Allocation Basis:

Escheat accounts are recorded in the HOLDING CO. The amounts are immaterial.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Rob Basinger
- Account No.: 242003 Misc Curr L-Uncl'd Wages
- Business Unit: HOLDING CO
- Allocation Basis:

Escheat accounts are recorded in HOLDING CO. The amounts are immaterial.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 242004 Unclaimed Checks-Dividends
- Business Unit: HOLDING CO
- Allocation Basis:

Escheat accounts are recorded in HOLDING CO. The amounts are immaterial.

**COST ALLOCATION MANUAL
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- Prepared by: Gary Zimmerman
- Account No: 242009 Accrued Vacation-POWER
- Business Unit: POWER
- Allocation Basis:

Wolf Creek accrued vacation for month end.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Beth Walther
- Account No: 242014 Dollar Aid Company Matching
- Business Unit: DELIVERY
- Allocation Basis:

This account represents amounts matched by the company for dollars collected from electric customers and employees in accordance with the company's dollar aide program. This program assists needy customers with paying their electric bill.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Beth Walther
- Account No: 242015 Dollar Aid Contra
- Business Unit: DELIVERY
- Allocation Basis:

This is a contra account to account 242014.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Sandra Milton
- Account No: 242017 Accrued Admin Fee A/R Sale
- Business Unit: DELIVERY
- Allocation Basis:

Accrued Admin Fee A/R Sale relates to accrued expenses for the accounts receivable sale. This is related to the electric customers assigned to the DISCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 242020 Reserve For Nuclear Outage
- Business Unit: POWER
- Allocation Basis:

Wolf Creek accrual for future outage expenditures which include replacement power, operations and maintenance.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 242900 Vacation Liability – Paid Vac Current Yr
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for vacation earned in the year taken – used only for terminating employees. The expenses in HOLDING CO are allocated to the various operating divisions using the labor allocator.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Bob Loft
- Account No: 242901 Vacation Liability – Liability Estimate
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Estimated monthly cost for vacations transferred to paid absence accounts. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 242902 Vacation Liability – Paid Vacations
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for paid vacation earned in prior years. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

**COST ALLOCATION MANUAL
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- Prepared by: Bob Loft
- Account No: 242909 Vacation Liability – Balance Forward
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Amount of Company liability for vacation pay at period end. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 243100 Capital Lse Oblig-Current
- Business Unit: DELIVERY
- Allocation Basis:

This relates to the MINT Line (Transission Line). This is assigned to the DISCO operating division.

**COST ALLOCATION MANUAL
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- Prepared by: Rob Basinger
- Account No.: 252000 Customer Advances-Constr
- Business Unit: DELIVERY
- Allocation Basis:

These relate to activities in the DISCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 253112 Tx Gross Up-Non Refnd Ciacs
- Business Unit: DELIVERY
- Allocation Basis:

These relate to activities in the DISCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 253121 and 253122 Reserve for Transmission Line and Contra
- Business Unit: DELIVERY
- Allocation Basis:

Information provided by KCP&L's Transmission area and represents compliance with FERC Order 888 for certain accounting treatment requirements concerning transmission open access deposits. The Order requires a deposit from any outside utility desiring to transmit energy over lines owned by KCP&L.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 253200 Deferred Decomm Costs-Mo
- Business Unit: POWER
- Allocation Basis:

The Trust Fund liability is for the WCNOG operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Rob Basinger
- Account No.: 253201 Deferred Decomm Costs-Ks
- Business Unit: POWER
- Allocation Basis:

The Trust Fund liability is for the WCNOO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 253202 Deferred Decomm Costs-FERC
- Business Unit: POWER
- Allocation Basis:

The Trust Fund liability is for the WCNOG operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Larry Jaworski
- Account No.: 253500 Other Deferred Credits - Lease Agreements
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Contains the payments of reimbursable sales tax and license fees for transportation vehicles used for utility purposes, assigned to fleet services, that are a part of lease agreements. The liabilities are allocated from HOLDING CO to DELIVERY & POWER using the labor allocator.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Bob Luft
- Account No: 253900 Paid Absence – Sick Leave
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for paid sick leave. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253901 Paid Absence - Holidays
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for paid holidays. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253902 Paid Absence – Death in Family
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for union employees for absences due to death in family after funeral day. The amount in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253903 Paid Absence – 1st Day Comp Injury
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for the first day of a compensable injury. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253904 Paid Absence – Funeral
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for absences due to funeral service for family member. The amounts in *HOLDING CO* are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253905 Paid Absence – Jury Duty
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for absences due to Jury service. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253906 Paid Absence – Military Leave
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for difference between military pay and company pay for authorized military leave. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253907 Paid Absence – Rest Period
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for rest periods as mandated by IBEW contracts. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253908 Paid Absence – Co. & Union Meeting
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for absences from work due to grievance meetings, labor negotiations and other labor related issues. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253909 Paid Absence – Other Paid Absence
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Labor charges for other paid absences, most notably the Personal Day holiday. The amounts in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253912 Paid Absence – Trans to Vac Liability
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Estimated monthly cost for vacations transferred from vacation liability to paid absence. The amount in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Bob Loft
- Account No: 253914 Paid Absence – Credit for Loading
- Business Unit: DELIVERY,POWER,HOLDING CO
- Allocation Basis:

Amounts transferred from paid absence to other accounts allocated on labor charged. The amount in HOLDING CO are allocated to the various operating divisions using the labor allocator.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Sandra Milton
- Account No: 253999 Paid Absence-Balance Carried Forward
- Business Unit: HOLDING CO
- Allocation Basis:

The paid absence balance is carried forward from the preceding year and is allocated from HOLDING CO to the various operating divisions using the labor allocator. The use of this account is restricted to year-end closing entries.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Ray West
- Account No.: 254000 Other Reg Liab-Emission Allow
- Business Unit: POWER
- Allocation Basis:

Includes KCP&L's share of proceeds from the sale of emission allowances. The proceeds relate to those generating stations which are qualified to earn emission allowances.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip Burright
- Account No.: 255520 Accum Def Inv Tx Cr-WC-1985
- Business Unit: POWER
- Allocation Basis:

This account reflects the normalized investment tax credits associated with the constructin of the Wolf Creek Nuclear Power Plant. This account is being amortized into income over the remaining book lives of the assets on which ITC was taken at Wolf Creek. (See account 255634 for non-nuclear investment tax credit amortization)

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip M. Burright
- Account No.: 255600 Def Investment Tax Credit – Wf Cr Sales
- Business Unit: POWER
- Allocation Basis:

This account tracks the amortization of normalized investment tax credits relating to the sale of KCP&L's 3% interest in Wolf Creek to Kepco. The investment tax credit is amortized over the projected book lives of the Wolf Creek assets eligible for ITC.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Philip Burright
- Account No.: 255601 Def Investment Tax Credit – Iatan Sales
- Business Unit: HOLDING CO
- Allocation Basis:

This account tracks the amortization of investment tax credits relating to the sale of excess capacity of the Iatan plant. This credit is being amortized over the life of the specified assets eligible for ITC in relation to capacity sold. Allocation to operating divisions will be based upon Tax Sharing Agreements between the holding company and the operating companies. Current allocations are made upon asset based factors which closely represent the deferred investment tax credit.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip M. Burright
- Account No.: 255634 Def Investment Tax Credit - Elec All Years
- Business Unit: HOLDING CO
- Allocation Basis:

This account reflects the normalized investment tax credits associated with construction or assets acquired with the power plants (non-nuclear). This account is being amortized into income over the remaining book lives of the assets on which ITC was taken. Allocation to operating divisions will be based upon tax sharing agreements between the holding company and the operating companies. Current allocations are made upon asset based factors which closely represent the deferred tax asset or deferred tax liability. Current tax expense will be allocated based upon the projected taxable income of each operating division. Amortization of credits relating to Wolf Creek are separately accounted for in account #255520.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gregg Clizer
- Account No.: 257201 Unamort Gain Reacq – 5 ¾ -03
- Business Unit: POWER
- Allocation Basis:

This unamortized gain on reacquired debt relates to Guaranty Pollution Control Bonds issued 3-1-73 and due 3-1-03 that were replaced with bonds pledged in support of pollution control bonds. Since this relates to a Pollution Control Bond it should be assigned to the GENCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Philip M. Burright
- Account No.: 282300 Deferred Income Tax – Prop Sales All
- Business Unit: HOLDING CO
- Allocation Basis:

This account reflects the book tax differences of sales of assets and the normalization of the gain for regulatory purposes. Basis differences exist due to accelerated methods of depreciation for tax versus financial accounting. When the assets are sold, the basis difference is usually reconciled and the deferred tax balance is zeroed out. However, this account tracks the deferred tax liability normalized through the original asset life. Allocation to operating divisions will be based upon Tax Sharing Agreements between the holding company and the operating companies. Current allocations are made upon asset based factors which closely represent the deferred tax asset or deferred tax liability. Current tax expense will be allocated based upon the projected taxable income of each operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip Burright
- Account No.: 282610 – Def Income Tax – Liberalized Depr – Elect.
- Business Unit: HOLDING CO
- Allocation Basis:

Not used at this time

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Philip M. Burright
- Account No.: 282611 Def Income Tax – Liberalized Depr – Accufile
- Business Unit: HOLDING CO
- Allocation Basis:

This account tracks the book/tax difference due to different depreciation methods used for financial accounting vs tax return filing. The accelerated method of depreciation for tax purposes creates a deferred tax liability. This account reconciles the tax that is deferred based until turnaround of depreciation deductions. Allocation to operating divisions will be based upon Tax Sharing Agreements between the holding company and the operating companies. Current allocations are made upon asset based factors which closely represent the deferred tax asset or deferred tax liability. Current tax expense will be allocated based upon the projected taxable income of each operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip M. Burright
- Account No.: 282612 – Def Income Tax – Acufire – Repair Allow.
- Business Unit: HOLDING CO
- Allocation Basis:

Not used at this time

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip Burright
- Account No.: 282613 Def Income Tax –Accufile Repairs
- Business Unit: HOLDING CO
- Allocation Basis:

Not used at this time

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Philip M. Burright
- Account No.: 283300 Def Income Tax - Misc
- Business Unit: HOLDING CO
- Allocation Basis:

This account captures all timing differences for non-regulated transactions. Book/tax differences resulting in deferred taxes are recorded in this account, mainly relating to KCP & L's investment in KLT and Subsidiaries. Allocation to operating divisions will be based upon Tax Sharing Agreements between the holding company and the operating companies. Current allocations are made upon asset based factors which closely represent the deferred tax asset or deferred tax liability. Current tax expense will be allocated based upon the projected taxable income of each operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Philip M. Burrigh
- Account No.: 283601 Deferred Income Tax – FASB 109 Adjustment
- Business Unit: HOLDING CO
- Allocation Basis:

This account reflects the deferred tax liability relating to the adoption of FASB 109. This liability account is offset by the regulatory asset, account number 182395. The balance is primarily due to the reduction in federal income tax rates for items that had been deducted for tax but were subject to normalization for rate base purposes. Allocation to operating divisions will be based upon Tax Sharing Agreements between the holding company and the operating companies. Current allocations are made upon asset based factors which closely represent the deferred tax asset or deferred tax liability.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Sandra Milton
- Account No: 283800-283801 Def Inc Tax Fedl & State-Extraord Item
- Business Unit: HOLDING CO
- Allocation Basis:

Def Inc Tax Fedl & State-Extraord Item is deferred taxes that relate to the pension change in accounting. These taxes are allocated from HOLDING CO to DELIVERY & POWER using the labor allocator.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Sandra Milton
- Account No: 283802-283803 Def Inc Tax Fedl&State-Joint Partners'
- Business Unit: POWER
- Allocation Basis:

Def Inc Tax Fedl&State-JO are the deferred taxes related to the partners' share of the pension adjustment for the pension accounting change.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Darrin Ives for Steve Connelly
- Account No.: 440001 to 444002 Electric Sales-Residential-Urban,Rural
- Business Unit: DELIVERY
- Allocation Basis:

All activity directly related to retail electric customers, including Electric Sales, has been deemed to be reported in the DISCO operating division.

**COST ALLOCATION MANUAL
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- Prepared by: Gary Zimmerman
- Account No: 447002 Bulk Power Sales
- Business Unit: POWER
- Allocation Basis:

Bulk Power Sales to Municipals and Wholesale customers are assigned to the GENCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 447004 Bulk Power Transmission-Energy Demand
- Business Unit: DELIVERY
- Allocation Basis:

Bulk Power Sales for Transmission Demand are assigned to the TRNCO operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 447005 Bulk Power Transmission-Energy Losses
- Business Unit: DELIVERY
- Allocation Basis:

Bulk Power Sales for Transmission Losses are assigned to the TRNCO operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 447105 Sales Resale-Wholesale Firm Losses
- Business Unit: POWER
- Allocation Basis:

Wholesale Firm Power Sales for Transmission Loss. Charges for three different cities in the States of Kansas and Missouri and are assigned to the GENCO operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 447104 Sales Resale-Wholesale Firm Demand
- Business Unit: POWER
- Allocation Basis:

Wholesale Firm Power Sales for Transmission Demand Charges for three difference cities in the States of Kansas and Missouri and are assigned to the GENCO operating division.



**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary D. Zimmerman
- Account No.: 447106 Billed Fuel-Resale-Utilities
- Business Unit: POWER
- Allocation Basis:

Revenue from customers for billed fuel for resales to utilities are assigned to the GENCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Steve Connelly
- Account No.: 447101 to 447103 Resales-Private Utilities, Cooperatives,
Municipalities
- Business Unit: POWER
- Allocation Basis:

Resales are sales of electricity to other electric providers that in turn sell the electricity to the final end users. These resales are assigned to the GENCO operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary D. Zimmerman
- Account No.: 447107 Billed Fuel-Resales-Coops
- Business Unit: POWER
- Allocation Basis:

Revenue from customers for billed fuel for resales to cooperatives and are assigned to the GENCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 447108 Billed Fuel-Resales-Municipalities
- Business Unit: POWER
- Allocation Basis:

Wholesale Firm Power Fuel Adjustment Costs for three different cities in the State of Kansas and Missouri and are assigned to the GENCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Sandra Milton
- Account No: 451008 Revenue from InterLink Service
- Business Unit: DELIVERY
- Allocation Basis:

Regulated revenue related to the service fees for InterLink equipment and is assigned to the DISCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Sandra Milton
- Account No: 451006 Other Revenue-Service Agreement Revenue
- Business Unit: DELIVERY
- Allocation Basis:

Miscellaneous electric revenue arising from maintenance and other service agreements relating to electric property operations and is assigned to the DISCO operating division.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 456001-456003 Pass Thru Expense and Revenue
- Business Unit: DELIVERY
- Allocation Basis:

Wholesale Pass Through Energy Sales and Purchases as well as Transmission of Electricity Sales to Municipal and Wholesale customers and is assigned to the TRNCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Rob Basinger
- Account No.: 454001 Other Rev-Rent - Electric Prop
- Business Unit: DELIVERY, POWER, HOLDING CO
- Allocation Basis:

Based on business segment in which the assets are being used.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Beth Walther
- Account No: 451101 Temporary Installation Profit
- Business Unit: DELIVERY
- Allocation Basis:

This account is for recording revenue from the installation of temporary electric equipment, usually during construction periods, until a permanent meter is installed and is assigned to the DISCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Darrin Ives for Steve Connelly
- Account No.: 456101 Miscellaneous Electric Operating Revenue
- Business Unit: DELIVERY
- Allocation Basis:

Miscellaneous Electric Operating Revenue related directly to electric customers and therefore needs to be reported to the same operating division as the customers, which is DISCO. Miscellaneous expense booked to this account reflects tax assessment penalties incurred by the Payroll Dept. (607) for late tax payments. These penalties should be booked to the SUPPT operating division as they relate to employee payroll taxes throughout the company.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Darrin Ives for Steve Connelly
- Account No.: 456102 Other Revenue-Return Check Service Charge
- Business Unit: DELIVERY
- Allocation Basis:

Other Revenue - Return Check Service Charge relates to service charges paid by electric customers when checks submitted are returned. As this relates directly to the electric customers these revenues need to be reported to the same operating division as the customers, which is DISCO.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Phil Anthony
- Account No.: 500000 through 554000 Production Expenses excluding Fuel
- Business Unit: POWER
- Allocation Basis:

These accounts are Production expense accounts directly related to the power plants. A production project ID must be used with these accounts so that expenses associated with a specific plant can be identified such costs are assigned to the GENCO and WCNOG operating divisions.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Chris Stephens
- Account No.: 501000 – 501300 Fuel Burned Expenses
- Business Unit: POWER
- Allocation Basis:

These accounts represent cost of fuel burned for generation at KCPL generation stations and are reported in the GENCO operating division.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 501800 Replacment Power-Nuclear Outage Accrual
- Business Unit: POWER
- Allocation Basis:

WCNOC Replacement Power accrual for anticipated costs for planned future outages.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 518200 Nuclear Fuel-Decontamination & Decommissioning
- Business Unit: POWER
- Allocation Basis:
WCNOC decontamination and decommissioning assessment.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 517000 Production-Nuclear Operating
- Business Unit: POWER
- Allocation Basis:

WCNOC Nuclear Operating supervision and engineering costs.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 518000 Nuclear Fuel Expense
- Business Unit: POWER
- Allocation Basis:
WCNOC Nuclear Fuel expense

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 518201 Nuclear Fuel-Disposal Cost
- Business Unit: POWER
- Allocation Basis:

WCNOC Nuclear Power Generation DOE (Department of Energy) Disposal Costs.

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 519000 Production-Nuclear Operation-Coolants
- Business Unit: POWER
- Allocation Basis:

WCNOC Nuclear Power Generation Water Coolants.

COST ALLOCATION MANUAL FOR MPSC AND KCC

- Prepared by: Gary Zimmerman
- Account No: 520000 Nuclear Generation-Reactor Operation
- Business Unit: POWER
- Allocation Basis:
WCNOC Nuclear Power Operation (Steam Expenses)

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 523000 Nuclear Generation-Electric Expense
- Business Unit: POWER
- Allocation Basis:

WCNOC Nuclear Power Generation Electric Expenses

**COST ALLOCATION MANUAL
FOR MPSC AND KCC**

- Prepared by: Gary Zimmerman
- Account No: 524000 Nuclear Generation-Miscellaneous Operating Expense
- Business Unit: POWER
- Allocation Basis:

WCNOC Nuclear Power Generation – Miscellaneous Nuclear Power Expense