

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

In the Matter of Kansas City Power & Light            )  
Company's Request for Authority to                    )  
Implement a General Rate Increase for                )  
Electric Service.    )  
**Case No. ER-2012-0174**

**RECONCILIATION**

**COMES NOW** the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), and states as follows:

1. Attached hereto as Appendix A is Staff's Reconciliation for this case.

**WHEREFORE**, Staff respectfully submits its Reconciliation.

Respectfully submitted,

**/s/ Sarah Kliethermes**

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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 11<sup>th</sup> day of October, 2012.

**/s/ Sarah Kliethermes**

**Kansas City Power and Light Company**  
**Case No. ER-2012-0174**  
**Reconciliation**

Line No.		Reconcile Staff 3-31-12 Case with KCP&L 3-31-12 Cutoff			Reconcile Staff 3-31-12 Case with KCP&L 8-31-12 Projected Update		
1	Kansas City Power & Light Revenue Requirement			86,430,011			112,547,915
2							
3	<b>Rate of Return &amp; Capital Structure</b>						
4	Value of Capital Structure Issue - Staff / Company		3,706,266			(7,005,171)	timing
5	Capital Structure impact on Interest Expense Deduction		7,746,240			2,244,713	
6	Return on Equity Issue - KCPL-10.4%, Staff - 9.00%		(24,561,635)			(24,393,607)	
7	Sub-Total Rate of Return and Capital Structure Differences			(13,109,128)			(29,154,065)
8							
9	<b>Rate Base Issues :</b>						
10	<b>Plant in Service:</b>						
13	Retirement of General Plant not in Company's March case	(265,961)				146,337	
14	Distribution Field Intelligence Support	0				(56,705)	
17	Plant not at Issue (Allocation Issue)	(3,328,641)				(8,882,596)	
18	Sub-Total - Plant in Service		(3,594,601)			(8,792,963)	
19							
20	<b>Depreciation Reserve</b>						
22	Acquisition detriment-premature retirements	(602,322)				(602,322)	
23	Retirement of General Plant not in Company's March case	265,951				(146,347)	
25	Depreciation Reserve (Allocation)	1,098,625				5,648,524	
26	Sub-Total - Depreciation Reserve		762,254			4,899,854	
27							
28	<b>Add to Net Plant</b>						
29	Cash Working Capital	1,680,836				1,546,744	
30	Federal Tax Offset	(164,300)				(164,300)	
31	State Tax Offset	(34,682)				(34,682)	
32	Interest Expense Offset	(1,229,690)				(1,229,690)	
34	Sub-Total - Cash Working Capital		252,163			118,071	timing
35	Materials and Supplies		(2,784)			(2,705)	allocation
36	Prepayments		2,843			2,853	allocation
37	Prepaid Pension Asset		0			616,064	timing
38	Regulatory Asset Excess Act FAS 87 vs Rate Recovery		0			(137,634)	timing
39	Regulatory Asset Demand Side Management		0			(462,173)	timing
40	Regulatory Asset (Liab) - OPEB's		0			30,978	timing
41	Regulatory Asset - Iatan 1, 2 & Common Plant		0			41,513	timing
42	Fuel Inventory - Coal	(42,001)				55,019	
43	Fuel Inventory - Oil	(9,844)				18,032	
44	Fuel Inventory Lime/Limestone/Ammonia	(11,395)				(14,928)	
45	Powder Activated Carbon (PAC)	11,509				11,509	
46	Sub-Total - Fossil Fuel Inventory		(51,731)			69,632	
47	Nuclear Fuel		10,690			(208,415)	timing
48	Renewable Energy Standards -100 % MO		0			(902,964)	
49	Renewable Energy Standards -Allocated		(474,301)			(25,687)	
50	<b>Subtract from Net Plant</b>						
52	Deferred Gain on SO2 Emissions-100% MO		0			(119,275)	timing
53	Deferred Gain on SO2 Emissions-Allocated		(143)			2,434	timing
56	Accumulated Deferred Income Tax		(1,125,542)			2,424,792	
59							
60	Sub Total - Rate Base Issues			(4,221,153)			(2,440,575)
61							
62	<b>Income Statement - Revenue Issues</b>						
63	Booked Revenue - Unadjusted		78,501			78,501	allocation
64							
65	<b>Retail KWH Sales Revenue</b>						
67	Billing Adjustments	(568,858)				(568,858)	
69	Weather Adjustment	279,655				279,655	
70	Annualize Rate Change	88,774				88,774	

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71	Annualize Large Power Service	(102,064)			(102,064)		
72	365 day Adjustment	(1,191,669)			(1,191,669)		
73	Growth Adjustment	(3,554,706)			(3,554,706)		
75	Eliminate test year tie to Revenue Rpt 1 - Note (b)	0			0		
77	Sub-Total - Retail KWH Sales Revenue		(5,048,868)			(5,048,868)	
78							
79	To annualize firm Bulk Sales-Energy		(1,045,800)			(1,045,800)	
80	Firm Bulk Sales Capacity & Fixed		(37,967)			(37,967)	
81	Return bulk margins-excess of 25th %, incl interest, over 10 yrs- (MO only)		(9,873)			(8,049)	immaterial
82	Non Firm Off System Sales - Unadjusted Margins	(166,006)			(166,006)		
83	Non Firm OSS for SPP off-system line losses	562,114		net with line 84	562,114		net with line 82
84	Non firm OSS for Purchases for resale	(1,048,618)		net with line 84	(1,048,618)		net with line 82
85	Non-Firm OSS for Revenue neutrality uplift charges	518,237		net with line 84	518,237		net with line 82
86	Normalize Nonfirm Sales Margin	(11,904,793)		net w lines 81-85	(5,502,701)		net w lines 79-81
87	Eliminate Cost of Bulk Power Sales	54,775			54,775		
88	Sub-Total - Non-Firm OSS		(11,984,292)			(5,582,199)	
90	To adjust Late Payment Fees		(100,921)			(100,921)	timing
93	Other Misc. & Adjustments		1,890,339			1,718,124	
97	Rent from Property -MO -Iatan Site Lease		0			22,548	timing
98	Sales recorded below the line on KCPL's books		(328,262)			(328,262)	
99	Sub Total - Revenue Issues			(16,587,143)			(10,332,894)
100							
101	<b>Income Statement - Expense Issues</b>						
102	Total Oper.& Maint. Expense - Unadjusted, excluding depreciation		(1,305,649)			(1,302,919)	allocation
103	Annualize Fuel Expense	12,103,378			14,575,186		
104	Annualize Purchased Power Energy Charges	(18,433,973)			(17,682,970)		
105	Fuel and Purchase Power-Energy and Demand Costs		(6,330,594)			(3,107,784)	
106	Annualize KCREC Bank Fees		(10)			(3,552)	timing
108	Normalize Severence Costs (ORVS)		(969,796)			(969,796)	
109	Normalize 401k costs		(42,907)			(42,907)	timing
110	Adjust FAS 87 and FAS 88 and FAS 158 pension expense		(1,110,755)			(1,339,232)	
111	Adjust SERP pension expense		(181,169)			(244,709)	
112	Adjust OPEB's		(177,761)			(138,399)	
114	Iatan 2 Common O&M - Ongoing level		(949,626)			(949,626)	timing
115	Iatan 2/Common O&M - Amortization of Tracker		(4,182)			(136,204)	timing
116	Annualize Customer Accts expense for credit card payment costs		(82,815)			(14,970)	timing
122	CS-11 Adjustment Incl Equity Compensation		13,836			17,858	allocation
123	Annualized amount for injures and damages		4,559			4,559	allocation
124	Annualize Injuries and Damages Insurance		797			(4,430)	timing
126	Annualized Property Insurance Electric and Iatan 2		61,099			(188,908)	timing
127	Property Tax Annualization		(137,723)			(563,891)	timing
128	Annualize Renewable Energy Standards (100% MO)		332,625			(1,935,784)	
130	2011 Flood Amortization		(1,272,809)			(3,374,753)	
131	Adjust Outside Services A/C 923		(156,359)			(156,359)	timing
132	Amortization of Iatan 1, 2, & Common Regulatory Assets		705			1,274	timing
133	Missouri Economic Relief Pilot Program (ERPP) (MO only)		(462,030)			(1,403,067)	
134	Transmission of Electricity by Others		35,569			(8,556,739)	
135	Advertising - Institutional and Image, Excluding DSM		(78)			(78)	allocation
136	Adj (Staff) or Reverse (KCPL) test year gen tax exp for KCMO Earnings Tax		-	Footnote (a)		-	Footnote (a)
138	NORMALIZE BAD DEBT-Rate & Weather normalized revenues	46,399			109,096		timing
139	Add Incremental Bad Debt - Revenue Requirement	(784,163)			(1,011,179)		
142	Sub-Total - Bad Debt Expense		(737,764)			(902,083)	
144	Amortization of SO2 Proceeds		(1)			4,144	timing
145	Amortization of Merger Transition Costs		(3,868,803)			(3,868,803)	
146	Misc. Disallowances (excl dues/donations/advertising)		(53,686)			(53,686)	timing
147	Payroll Annualization		(1,353,436)			(1,353,435)	
148	Incentive Comp-Value Link (See CS-11 for Equity Comp)		(154,330)			(154,330)	timing
152	Amortize DSM Deferral (excl DSM advertising)		-			(860,636)	timing
153	SPP Schedule 1 Admin Fees		(2,995)			(899,109)	
154	Other Miscellaneous Benefits		(1,042,754)			(1,042,754)	timing

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155	Wolf Creek Refueling Outage		(265,841)				(265,841)		timing
156	Distribution Field Intelligence Support		-				(547,190)		
158	Annualize Commission Assessment		(22,765)				(225,038)		timing
160	REGULATORY EXPENSES-Rate Case Expense		117,718				(423,429)		
164	Annualize Depreciation Expense	1,489,550				563,321			
165	Annualize Depreciation Charged to O&M (Unit Trains and Vehicles)	(1,634,801)				(1,640,725)			
166	Total Oper.& Maint. Expense - Unadjusted Depreciation	(94,659)				(97,369)			
168	Sub-Total - Depreciation Expense		(239,910)				(1,174,772)		timing
170	O&M Maintenance Expense Adjustments - Nuclear		(715,868)				(715,868)		timing
171	O&M Maintenance Expense Adjustments - Transmission		29,556				29,556		timing
172	O&M Maintenance Expense Adjustments - Distribution		(286,573)				(286,573)		timing
173	Amortization - Limited Term Plant		2,563				(1,096,835)		timing
174	Annualize Payroll Tax		(76,285)				(76,285)		timing
175	To Normalize lease expense		(11,066)				(18,013)		timing
176	Adjust Dues & Donations		(28,633)				(28,633)		timing
178	Reconcilement Error - O&M Expense		106				44		
179	Sub Total - Operations & Maintenance Expense Issues			(21,445,839)				(38,369,985)	
180									
181	<b>Income Tax Issues - Income Statement</b>								
183	Annualized Depreciation Expense (Book)		869,123		Net with 184		290,324		timing
184	Depreciation on Vehicles/Unit Trains cleared to O&M		(818,671)		Net with 183		(822,252)		timing
185	Book Amortization - Intangible Plant / Leaseholds		(29,136)				(713,887)		timing
186	Meals & Entertainment		(234,842)				(173,790)		timing
188	Nuclear Fuel Amortization - Add Back Book		178,233				178,233		timing
191	IRS Deduction - Amortization - Intangible Plant		0				525,091		timing
192	IRS Deduction - Nuclear Fuel		(14,814)				(14,814)		timing
193	Production Income Deduction		0				0		
194	Employee 401-K ESOP deduction		(940,211)				(940,211)		timing
195	Impact of Wind/R&D Credits		(66,883)				(398,056)		timing
196	Impact of Fuel/New Hire Credits		(81,256)				(81,256)		timing
197	Tax Depreciation in Excess of S/L - Regular		(703,715)				(2,283,784)		timing
198	Tax Amortization - Intangible Plant - Excess over S/L Amortization		23,243				182,954		timing
199	Tax Amortization-Nuclear Fuel - Excess over S/L Nuclear		(147,793)				(147,793)		timing
201	Tax Straight Line Depreciation IRS Deduct-Tax Depreciation		0				2,033,336		timing
202	Amortization of Excess Deferred Tax		0				18,753		timing
203	Investment Tax Credit		(1,144,369)				(1,144,422)		
204	Amortization of Prior Deferred Taxes		0				(654,380)		timing
210									
211	Total Income Tax Differences			(3,111,091)				(3,111,091)	
212									
213	Difference in Tax Gross Up Factor			(565,977)	Footnote (a)			(565,977)	Footnote (a)
214									
215	Total Value of All Issues			(59,040,331)				(59,040,331)	
216									
217	Unreconciled Difference/Rounding			(225,157)				(225,157)	
218									
219	<b>Staff Revenue Requirement at March 31, 2012</b>			<b>\$27,164,523</b>	<b>\$27,164,523</b>			<b>\$27,164,523</b>	<b>27,164,523</b>
221	<b>Unreconciled Difference/Rounding</b>								<b>(0)</b>
222					diff from EMS				diff from EMS
223	<b>Footnotes</b>								
224									
225	a) There are multiple components of the Kansas City MO Earnings Tax issue embedded in the rows related to rate base and income tax Issues because Staff treated this as a general tax and KCPL treated it as an income tax. When looked at in total, Staff's direct filing results in a lower revenue requirement than KCP&L's by \$ 566,000 at 3-31-12 and \$734,000 at Projected 8-31-12, including consideration of earnings tax on the Company's requested revenue requirement in this case and as reduced by the impact of the difference between Staff and Company rate base and ROR. If the authorized revenue requirement is different from that proposed by either Staff or Company, the associated earnings tax impact would also change.								
226	b) Through discussions with the Company both Staff and Company realized there is an issue with General Ledger Revenues. The Company has filed surrebuttal testimony. The value of the issue is not yet quantified.								

