Exhibit No.:	
Issue:	Minimum Filing Requirements, Revenues, Depreciation Study, Electric Class Cost of Service Study, Rate Design, Rules and Regulations, Fuel Adjustment Clause, Integrated Resource Plans, DSIM Rider
Witness:	Tim M. Rush
Type of Exhibit:	Direct Testimony
Sponsoring Party:	KCP&L Greater Missouri Operations Company
Case No.:	ER-2012-0175
Date Testimony Prepared:	February 27, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0175

DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
February 2012

Certain Schedules Attached To This Testimony Designated "Highly Confidential"
Have Been Removed
Pursuant To 4 CSR 240-2.135.

DIRECT TESTIMONY

OF

TIM M. RUSH

Case No. ER-2012-0175

Q: Please state your name and business address.

A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L") as Director, Regulatory Affairs.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of KCP&L Greater Missouri Operations Company ("GMO" or the "Company") for the territories served by St. Joseph Light & Power ("L&P") and Missouri Public Service ("MPS").

Q: What are your responsibilities?

A: My general responsibilities include overseeing the preparation of the rate case, class cost of service ("CCOS") and rate design of both KCP&L and GMO. I am also responsible for overseeing the regulatory reporting and general activities as they relate to the Missouri Public Service Commission ("MPSC" or "Commission").

Q: Please describe your education, experience and employment history.

A: I received a Master of Business Administration degree from Northwest Missouri State University in Maryville, Missouri. I did my undergraduate study at both the University of Kansas in Lawrence and the University of Missouri in Columbia. I received a

Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Missouri in Columbia.

Q: Please provide your work experience.

A: I was hired by KCP&L in 2001 as the Director, Regulatory Affairs. Prior to my employment with KCP&L, I was employed by St. Joseph Light & Power ("Light & Power") for over 24 years. At Light & Power, I was Manager of Customer Operations from 1996 to 2001, where I had responsibility for the regulatory area, as well as marketing, energy consultant and customer services area. Customer services included the call center and collections areas. Prior to that, I held various positions in the Rates and Market Research Department from 1977 until 1996. I was the manager of that department for fifteen years.

Q: Have you previously testified in a proceeding before the MPSC or before any other utility regulatory agency?

A: I have testified on several occasions before the MPSC on a variety of issues affecting regulated public utilities. I have additionally testified at the Federal Energy Regulatory Commission and the Kansas Corporation Commission.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to:

I. Explain how the Company satisfied the MPSC's minimum filing requirements ("MFR") under 4 CSR 240-3.030;

II. Explain how the Company satisfied the depreciation study requirements under 4 CSR 240-3.160;

III. Discuss the Fuel Adjustment Clause ("FAC") filing requirements;

IV. Provide the retail revenue adjustment to reflect the annualized and normalized revenue level for GMO rate jurisdictions MPS and L&P;

V. Discuss the inclusion of the Crossroads Generating Station;

VI. Discuss the results of GMO's CCOS studies for both MPS and L&P proposed tariff changes;

VII. Discuss rate design;

VIII. Propose the recovery of the treatment of the Demand-Side Programs Investment Mechanism ("DSIM") rider under the Missouri Energy Efficiency Investment Act ("MEEIA"); and

IX. Considerations to combining of the two utilities' Electric Utility Resource Plans.

I. MINIMUM FILING REQUIREMENTS

Q: What is the purpose of this part of your testimony?

A: The purpose of this part of my testimony is to confirm that GMO has satisfied the MPSC's MFR, as set forth in 4-CSR 240-3.030.

Q: How did GMO satisfy the MFR?

A: The following information was prepared to address the specific requirements of the MFR as outlined in 4-CSR 240-3.030(3):

A. Letter of transmittal;

B. General information, including:

1. The amount of dollars of the aggregate annual increase and percentage over current revenues;
2. The names of counties and communities affected;
3. The number of customers to be affected;

4. The average change requested in dollars and percentage change from current rates;

5. The proposed annual aggregate change by general categories of service and by rate classification;

6. A press releases relative to the filing; and

7. A summary of reasons for the proposed changes.

Q: Are you sponsoring this information?

A: Yes, I am.

Q: Was this information prepared under your direct supervision?

A: Yes, it was.

II. DEPRECIATION STUDY REQUIREMENTS

Q: Has the Company performed a depreciation study in this proceeding?

A: No. The Company filed a depreciation study in its last rate case (Case No. ER-2010-0356) in compliance with the requirements of 4 CSR 240-3.160. The rule requires a study to be filed at least every five years or three years if a rate case occurs between the five years. The last rate case falls within this time frame and thus a depreciation study is not required in this rate case.

III. FUEL ADJUSTMENT CLAUSE FILING REQUIREMENTS

Q: Does the Company currently have an approved FAC?

A: Yes. The FAC was initially approved in Case No. ER-2007-0004 on May 17, 2007. Several modifications and clarifications were made to the FAC in subsequent rate cases, No. ER-2009-0090 and No. ER-2010-0356. The Company recently completed its ninth accumulation period of June 2011 – November 2011. The Commission has approved the tariff change. This recovery of the ninth accumulation period will be from March 2012 – February 2013.

Q: What are the rules for continuing an FAC?

A: The requirements for continuing an FAC are found in Section 386.266 RSMo and Commission Rules 4 CSR 240-20.090 and 4 CSR 240-3.161(3)(A) through (T). This supporting information is summarized in the attached schedules TMR-1 through TMR-4.

Q: Did the Company meet all of the filing requirements to continue the FAC in 4 CSR 240-20.090?

A: Yes.

Q: Is the Company requesting to continue the FAC?

A: Yes. The FAC applies to fuel and purchased power expenses, including a credit for off-system sales revenues.

Q: Is the Company proposing to change the base amounts included in the tariff?

A: Yes, the Company is proposing to re-base the FAC, as is described in the rate design portion of my testimony.

IV. ANNUALIZED/NORMALIZED REVENUES

Q: Were the retail revenues included in this filing prepared by you or under your supervision?

A: Yes, they were.

Q: Will you describe the method used in developing the revenues for this case?

A: Both the weather-normalized kWh sales and customer levels by rate class were developed by Company witness George M. McCollister. Mr. McCollister explains those figures in his Direct Testimony. The test year used by the Company in this case was twelve months ending September 30, 2011, updated for known and measurable changes through August 31, 2012. The monthly bill frequencies for the twelve months ending September 30, 2011, that contain the billing units for each of the billing blocks for the various rate components were developed under my supervision. For example, the MPS residential general use rate has two billing blocks in the winter period and three billing blocks in the summer period and the L&P residential general use rate has two billing blocks in the winter period, while only one billing block in the summer period. The bill frequencies collect the actual usage that is billed in each of the billing blocks for each month of the test period. It also collects the actual number of customers in each of the months.

By applying the actual rates to the usage in each of the billing blocks, the actual revenues can be reproduced. This method provided the basis for determining the overall revenues to be used in this case. The Company determined monthly revenues by applying the normalized sales and customer levels for each month represented in the test period to the corresponding bill frequency. This was done for each month. The normalized sales and customer levels from this were then multiplied by the rates that took effect on June 25, 2011 for the MPS rate jurisdiction. The L&P jurisdictional rates assumed the phase-in rate to be implemented in June, 2012. The sum of these revenues was compared to the actual revenues for the test-year ending September 30, 2011 to determine the revenue adjustment contained in the Summary of Adjustments attached to the Direct Testimony of Company witness John P. Weisensee as Schedule JPW-4 (adjustment R-20).

Q: Why did you use the phase-in rates at the conclusion of the phase-in as the basis for determining the annualized and normalized revenues in this case?

A: These rates were used because they were the rates ordered in the last rate case for the L&P rate jurisdiction and were the rate revenues established in the last case. The Company realizes that there are still arguments at the Commission in Case No. ER-2012-0024 and in the Court of Appeals regarding the phase-in of rates, but it is the Company's opinion that the rate increase request should be based on the last ordered tariffs of the Commission.

V. INCLUSION OF CROSSROADS GENERATING STATION

Q: What are the issues relating to the Crossroads Generating Station in Clarksdale, Mississippi?

A: In the last case, the Company included Crossroads in rates at its net book value for the MPS rate jurisdiction. The Company also included transmission costs associated with getting the power from Crossroads to the GMO service territory. The Commission ruled in the last case, Case No. ER-2010-0356, that for purposes of setting rates Crossroads' plant value be reduced from $104 million to $61.8 million, based on the average price of two plants in Illinois previously owned by Aquila that were sold in 2006. Additionally, the Commission ruled that the accumulated deferred income taxes related to Crossroads should be set at $15 million. This amount is not reflective of the reduction in plant value the Commission assigned to Crossroads. Lastly, the Commission excluded recovery of all electric transmission costs to bring power from Crossroads to support the GMO territory. The Commission wrote in its Report and Order: "It is not just and reasonable to require ratepayers to pay for the added transmission costs of electricity generated so far away in a transmission restricted area."

In summary, the Commission reduced the plant value of Crossroads, overstated the deferred income taxes (which further reduced the plant value), and excluded all transmission costs from recovery in rates.

Q: What actions has the Company taken with regard to the Order by the Commission?

A: The Company initially requested a rehearing on the issues. A rehearing was denied by the Commission. The Company then filed a writ of review in the Circuit Court of Cole County. The Circuit Judge stated at oral argument that he would uphold the Report and Order in its entirety. GMO is awaiting a signed Judgment which it intends to appeal.

Q: What are you requesting in this case?

A: The filing includes the full plant balances and depreciation reserves and expenses for Crossroads based on the jurisdictional plant balance. The Company has continued the deferred income tax calculation based on the full plant balance, which is included as an offset to rate base. The Company included the electric transmission costs for getting power to the GMO territory.

Q: Have you included additional support for your recommendation?

A: Yes. Company witnesses Burton Crawford, Wm. Edward Blunk and Melissa Hardesty provide support for this recommendation. In the prior case, the Company presented evidence that based on a 2007 Request for Proposal for supply resources, Crossroads provided the lowest 20-year net present value of revenue requirements (NPVRR). This included the transmission costs that were excluded from the case. It appears that the use of the deferred income tax amount as ordered by the Commission is simply an inconsistent and erroneous application of tax principles in determining the overall rate base for Crossroads. Additional information is contained in the Direct Testimonies of Burton Crawford and Wm. Edward Blunk and is based on an evaluation of getting power from the Illinois plants that the Commission used in determining the value of Crossroads. Additionally, Mr. Blunk analyzes the cost of transmission if the Crossroads plant were in Missouri. In each and every case, Crossroads is the lowest cost alternative.

VI. ELECTRIC CLASS COST OF SERVICE

Q: Has the Company performed an electric CCOS study for this case?

A: Yes, the Company performed a CCOS study for this case. Company witness Paul Normand presents the CCOS study and summarizes its results in his Direct Testimony.

Q: Has the Company filed a CCOS in previous rate cases?

A: Yes. In the Company's last rate case, Case No. ER-2010-0356, the Company filed a CCOS study which was used for purposes of rate making. In the Company's case previous to that, Case No. ER-2009-0090, the Company also filed a CCOS.

Q: What methodology did Mr. Normand use in preparing his CCOS study?

A: He used a methodology often referred to as the Base, Intermediate, Peak (BIP) method. Essentially, this methodology allocates costs to classes based on the utilization of production facilities. This is described in detail in Mr. Normand's Direct Testimony. This is the same methodology that the Commission Staff used in the last rate case.

Q: Do the contents of the study in this case reflect the financial data associated with this case filing?

A: Yes. The data in Mr. Normand's testimony is based on the financial data filed in this case.

Q: Please describe the outcome of the CCOS study.

A: The detail results of the CCOS are provided in Mr. Normand's Direct Testimony. In general, the results indicate that the residential class is slightly above system average ROR while the comparable Small General Service is somewhat higher than the overall system average ROR except for the Primary subclass which is below. The remaining two major classes of Large General Service and Large Power Service are, however, somewhat below the overall Company system average ROR.

For L&P the CCOS results indicate that the Residential class is below system average ROR while the comparable Small General Service is well above the overall system average ROR except the Separately Metered which is well below average ROR. The Large General Service classes are also well above the system average ROR. In the Large Power Service class, both Transmission and Substation service classes yield ROR greater or at the system average with the remaining Primary and Secondary Service classes producing ROR below the system average ROR.

VII. ELECTRIC RATE DESIGN

Q: Are you sponsoring the electric tariffs filed in this case?

A: Yes, I am.

Q: Are you recommending changes to the rate design based on the CCOS study filed in this case?

A: Not at this time.

Q: Please describe the proposed rate design recommendation for the electric tariffs and any additional proposed changes to the tariffs.

A: The Company is requesting an increase in rates of $83.5 million (11.8%), allocated between MPS and L&P.

The overall increase is broken into three parts.

1.) The first is the MEEIA revenue request. This represents $19.8 and is a separate rate based on energy. In December, the Company filed an application with the Commission to initiate the State's first MEEIA plan. The plan requests approval of a DSIM rider to be implemented at the conclusion of the MEEIA case. Originally, the case was to be completed in 120 days from the date of filing. The Company and other parties agreed to a 60 day extension, which would place approval in June. The proposed rate is ($0.00251/kWh). If the Commission approves the increase in the MEEIA plan as filed by the Company in June 2012, then the increase for MEEIA in this case will be mitigated by the June increase.

2.) The second component is the fuel and purchased power costs that would be contained in the Fuel Adjustment Clause (FAC). The Company proposes to rebase the FAC to reflect the fuel and purchased power costs, less off-system sales revenues that are contained in the rate request. The rebasing of the FAC would be applied as an energy adjustment to the kWh rate components of each tariff for both the MPS and L&P rate jurisdictions. For MPS, the increase is nearly $6 million ($0.00100/kWH) and for L&P, the increase is $4.3 million ($0.00203/kWh).

3.) The third component is the remainder of the increase. The Company is proposing that the remainder of the requested increase be spread to all customer classes and all rate components on an equal percentage basis. The increase for MPS is $37.5 million (6.9%) and for L&P, the increase is $15.9 (9%). This percentage was applied to the June 25, 2011 tariffs with the first year of the phase-in applied for L&P.

The result of this rate design for the Company for each rate jurisdiction is:

$58.3 million (10.8%) for MPS, and

$25.2 million (14.6%) for L&P.

Q: Is the Company proposing any other tariff changes?

A: In the course of administering the GMO-MPS tariffs the Company found that the open glass option for High Pressure Sodium Private Area Lighting, sheet 92, originally used as a retrofit for Mercury Vapor Lighting, had been used for new installations without being noted as such on the tariffs sheets. The tariffs presented in this case reflect the addition of the option for three light wattages, the 70W, 100W, and 150W. The tariffs have been updated to reflect the availability of both open glass and enclosed fixtures.

Q: Are there any other topics for you to present?

A: Yes, concerning Reporting Requirements for Electric Utilities and Rural Electric Cooperatives, rule 4 CSR 240-23.190(3), GMO intends to follow the current rule for reporting accidents or events at a power plant. In the Non-unanimous Stipulation and Agreement in case ER-2009-0090 and related to the Fuel Adjustment Clause, GMO agreed to the following:

> In addition to supplying the information required by 4 CSR 240-3.190(3) for any accidents occurring at a power plant involving serious physical

> injury or death or property damage in excess of $100,000, the information for every incident at a power plant in which GMO has any ownership interest that involves serious physical injury or death or property damage in excess of $100,000 in the aggregate.

Since that agreement this rule has been changed to require reporting of "accidents or events" (emphasis added) with a threshold to $200,000. The change expands the scope of this rule providing more information to the Staffs Energy Department. The Company intends to follow the current rule with respect to the threshold amount.

VIII. MISSOURI ENERGY EFFICIENCY INVESTMENT ACT

Q: Has the Company requested a rider for the MEEIA?

A: Yes. On December 22, 2011, the Company filed an application with the Commission for authority to implement a DSIM rate. The Company is currently in the middle of this case and the outcome is not certain at this time. The Company is committed to Energy Efficiency and Demand Response programs and has been a leader in Missouri for a number of years. At the time of this filing, the Commission has not issued an Order either approving, rejecting or modifying the Company's request.

Q: What has the Company requested in its filing?

A: The Company's application requests approval of Energy Efficiency and Demand-Side Programs (EE/DSM) and for authority to establish a DSIM rider. GMO requested the Commission approve the majority of its existing DSM programs and is requesting approval for five new DSM programs. GMO's Application requested the Commission approve modifications to the current recovery mechanism for EE/DSM programs. As stated in testimony, the current recovery method does not allow GMO recovery of all its DSM costs because the issue of lost revenue margins is not addressed. Because these costs are ignored, GMO's earnings on its EE/DSM investments are reduced and the

Company is not allowed a market return on capital deployed on DSM programs. The Company requested a DSIM rider mechanism pursuant to MEEIA and the new Commission rules implementing this law. The DSIM rider collects in a regulatory asset the costs directly attributable to the EE/DSM programs approved in this filing as well as future EE/DSM programs. The EE/DSM costs to be collected in the rider include program costs, a portion of the overall benefits of the programs to be shared with customers, a reward to the Company for successful implementation of the EE/DSM programs and recovery of lost revenues. The DSIM rider filed in the December filing requested an increase of $18.5 million, based on an energy rate of $0.00220/kWh. The request in this case is an additional increase of $1.3 million with an updated energy rate of $0.00251/kWh.

Q: Has the Company included the MEEIA costs in its revenue requirement?

A: Yes. The Company included the full amount of the request, $19.8 million in the revenue request. Adjustments CS-100 (expense) and RB-100 (rate base) are sponsored by Company witness John P. Weisensee.

Q: What are the rules for establishing a MEEIA DSIM?

A: The requirements for establishing a DSIM and Demand-Side Programs are found in Section 393.1075 RSMo and Commission Rules 4 CSR 240-3.163(2) (A) through (K) 4 CSR 240-3.164(2)(A) through (E). This supporting information is summarized in the attached schedules TMR-5 through TMR-10.

Q: Did the Company meet all of the filing requirements to establish a MEEIA DSIM in the Rules discussed above?

A: Yes.

Q: Does the Company expect that a ruling will be made on the Company's MEEIA filing before the Order in this case?

A: Yes. The MEEIA rules establish a 120 day period between filing and an Order of the Commission approving, approving with modifications acceptable to the Company, or rejecting the filing. The parties have agreed to a 60 day extension and have established a procedural schedule which assumes implementation in June. It is our expectation that an Order of the Commission will occur well before the Order in this case.

IX. ELECTRIC UTILITY RESOURCE PLANNING

Q: Is the Company preparing its Electric Utility Resource Plan (IRP) for filing on April 1, 2012?

A: Yes, it is. The Company is preparing to file its plan in compliance with the Commission's current Chapter 22 rules adopted on May 31, 2011, as is KCP&L.

Q: Are you preparing two plans separate and distinct from each other?

Y: Yes we are.

Q: Are you also analyzing how the plans might change if the two companies were to legally merge?

A: Yes, we are. While the companies are separate legal entities, in many ways they operate as one. We have not completed the analysis, but anticipate that joint planning could provide benefits to both companies' Missouri customers by delaying the need to build new generation beyond the time frame when the companies will need additional generation on a stand-alone basis.

Q: **Do the current Chapter 22 rules specifically provide consideration for a combined plan for two companies owned by the same parent corporation?**

A: No. The rules speak only in terms of "the utility."

Q: **How do you intend to proceed?**

A: We plan to submit a request for acknowledgment of a plan on behalf of both GMO and KCP&L. The current Chapter 22 rules allow utilities to request acknowledgement of the officially adopted resource acquisition strategy or any element of the resource acquisition strategy including the preferred resource plan. Per 4 CSR 240-22.020 Definitions (1):

> Acknowledgement means that the commission finds the preferred resource plan, resource acquisition strategy, or the specified element of the resource acquisition strategy to be reasonable at a specific date.

Q: **Should the Commission acknowledge a combined resource plan for GMO and KCP&L as reasonable under 4 CSR 240-22.080(17), is that an indication of prudence on the part of the Commission?**

A: No, the rules clearly state acknowledgement does not indicate a finding of prudence, pre-approval, or authorization of any specific project or group of projects.

Q: **Then what is the value of an acknowledgement?**

A: In the companies' view an acknowledgement by the Commission of a combined resource plan for GMO and KCP&L gives us some level of assurance that even absent a merger of the two utilities, it makes sense to plan as one entity.

Q: **Does that conclude your testimony?**

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement General Rate Increase for Electric Service	)))	Case No. ER-2012-0175

AFFIDAVIT OF TIM M. RUSH

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

Tim M. Rush, being first duly sworn on his oath, states:

1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KC&PL Greater Missouri Operations Company consisting of Sixteen (16) 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.

Tim M. Rush

Subscribed and sworn before me this 27th day of February, 2012.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2015

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2015
Commission Number: 11391200

Requirements to Continue or Modify the Fuel Adjustment Clause

4 CSR 240-3.161 (3) When an electric utility files a general rate proceeding following the general rate proceeding that established its RAM as described by 4 CSR 240-20.090(2) in which it requests that its RAM be continued or modified, the electric utility shall file with the commission and serve parties, as provided in sections (9) through (11) in this rule the following supporting information as part of, or in addition to, its direct testimony:

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.090(2)(D):

See Schedule TMR-2.

(B) If the electric utility proposes to change the identification of the RAM on the customer's bill, an example customer bill showing how the proposed RAM shall be separately identified on affected customers' bills, including the proposed language, in accordance with 4 CSR 240-20.090(8):

No change is proposed.

(C) Proposed RAM rate schedules:

See Schedule TMR-3.

(D) A general description of the design and intended operation of the proposed RAM:

The design and intended operation of the Fuel Adjustment Clause (FAC) is the same as approved in Case No. ER-2010-0356. The change proposed in this filing is for the amounts contained in base rates. Some key features of the FAC include:

- The FAC factor is based upon historical differences between the cost of fuel and energy costs net of off-system sales revenue built into base rates and the actual cost of fuel and energy net of off-system sales revenue.
- There is 95% recovery of the difference between these actual costs and the amounts built into base rates.
- Items considered in the FAC are variable generating plant fuel costs, purchased power energy charges, emission allowance and renewable energy credits costs, and hedging costs. Off-system sales revenues are netted against these costs and carrying costs are calculated monthly at the Company's short term debt rate.
- The under or over recovery will be accumulated for 6 months. The collection period for the accumulation is 12 months.
- The base amounts for the current tariff are $.02340 per kWh for KCP&L (MPS) and $.01936 per kWh for KCP&L (L&P).
- The proposed amounts are $0.02434 per kWh for KCP&L (MPS) and $0.02121 per kWh for KCP&L (L&P)

(E) A complete explanation of how the proposed RAM is reasonably designed to provide the electric utility a sufficient opportunity to earn a fair return on equity:

See Direct Testimony of Samuel C. Hadaway.

(F) A complete explanation of how the proposed FAC shall be trued-up to reflect over or under-collections, or the refundable portion of the proposed IEC shall be trued-up, on at least an annual basis:

Each month there is an accrual to reflect the over/under recovered current month FAC fuel costs in General Ledger Account 182380-Accrued Fuel Clause. The accrual calculation is Total FAC Actual Energy Costs less Base Energy Costs times 95%.

After defined 6 month accumulation periods (June-November and December-May) a filing in accordance with 4 CSR 240-20.090(4) is made with the Missouri Public Service Commission requesting a new cost adjustment factor. The collection periods for these FAC factors are 12 month periods (March-February and September-August).

Activity in account 182380 is manually tracked by accumulation period and separately identifies the accrual recovery, interest and over/under recovery balance for each open accumulation period.

After the 12 month recovery period is complete, a true-up filing is made and any remaining over/under recovery identified is included as part of the next FAC filing.

(G) A complete description of how the proposed RAM is compatible with the requirement for prudence reviews:

4 CSR 240-20.090 sets forth the definitions, structure, operation, and procedures relevant to a Fuel Adjustment Clause. Section (7) is specific to prudence reviews, requiring a review no less frequently than at eighteen (18)-month intervals.

The Company agrees that prudence reviews should occur no less frequently than at 18 month intervals. This requirement is also in the FAC tariff.

It is anticipated that parties to any prudence review proceeding would apply the standard of determining whether decisions were prudent given the facts known at the time those decisions were made, as opposed to a "hindsight" review. If Staff or other parties believe that the evidence supports a prudence adjustment, they have the opportunity to bring that proposal to the Commission for an evidentiary hearing and decision.

(H) A complete explanation of all the costs that shall be considered for recovery under the proposed RAM and the specific account used for each cost item on the electric utility's books and records:

The Federal Energy Regulatory Commission (FERC) Code of Federal Regulations is the basis for the Company's accounting codes. Fuel used in the production of steam for the generation of electricity (Coal Plants) is included in FERC account 501. Fuel used in other power generation (Combustion Turbines) is included in FERC account 547. Purchased Power is in FERC account 555. Transmission of electricity by others is included in FERC account 565 related to off-system sales. Sales for resale are recorded in FERC account 447. The following six digit Company accounts expand from the FERC accounts, representing native load (NL) and sales for resale (SFR), and are included in the FAC.

General Ledger Account	Expense
501000	NL Coal and Freight Costs (Variable)
501001	NL Coal and Freight Costs (Variable)
501002	NL Tire Costs (Variable)
501009	NL Coal Inventory Adj.
501010	NL Coal Inventory Adj.
501012	NL Biofuels
501020	NL Coal and Freight Costs (Variable)
501026	NL Coal Freeze & Dust Treatment
501027	NL Coal Freeze & Dust Treatment
501030	SFR Coal & Freight Costs
501100	NL Oil Costs
501101	NL Oil Inventory Adj.
501200	NL Gas
501201	NL Gas Adjustments
501220	NL Propane
501300, 501301, 501302, 501303	NL Additives
501400	NL Residuals Costs
501450	NL Residuals Costs
504100, 504102	Contra Steam Customer Coal Costs
504103	Contra Steam Customer Gas Costs
504104	Contra Steam Customer Oil Costs
509000, 509002, 509003	Emission Allowances
509XXX	Renewable Energy Credits
547001	NL Oil
547002	NL Gas Costs & Transportation (Variable)
547004	NL Gas Adjustments
547010	NL Oil Adjustments
547020	NL Gas Costs & Transportation (Variable)
547030	SFR Gas Costs & Transportation (Variable)
547105	Hedge Settlements
555000, 555020, 555021	NL Purchased Power-Energy
555005	Purchased Power-Capacity (Short-term ONLY)
555030, 555031	SFR Purchased Power-Energy
555035	SFR Purchased Power - WAPA
565030	SFR Transmission

General Ledger Account	Revenue
447002	Bulk Power Sales
447012	Wholesale Sales Capacity (Short-term ONLY)
447030	SFR Off-system Sales
447035	SFR Off System Sales - WAPA

Accounts provided were known as of the time of this filing; however, they may be revised in the future as business needs arise.

(I) A complete explanation of all the revenues that shall be considered in the determination of the amount eligible for recovery under the proposed RAM and the specific account where each such revenue item is recorded on the electric utility's books and records:

FAC revenues are billed as a separate line item on a customer's bill and all FAC revenue is recorded in the following revenue accounts to accurately track revenues and facilitate the review process. In addition, the CIS+ billing system tracks the FAC billed line item. FAC revenues are reported separately on CIS+ Revenue Reports.

General Ledger Account	Revenue
440001	Residential Electric Revenue
442001	Commercial Electric Revenue
442202	Industrial Firm Electric Revenue
444001	Sales Street Lighting
445001	Sales Public Authority Electric

Billed FAC revenues are initially recorded as revenue (as shown above) when processed by CIS+. Accounting reverses the Billed FAC revenue exactly and offsets the Accrued Fuel Clause account (182380). The reclassification of the Billed FAC revenue is through a separate set of revenue accounts, as follows:

General Ledger Account	Revenue
440009	Residential Electric Revenue FAC Rcvy
442009	Commercial Electric Revenue FAC Rcvy
442209	Industrial Firm Electric Revenue FAC Rcvy
444009	Sales Street Lighting FAC Rcvy
445009	Sales Public Authority Electric FAC Rcvy

Current period over/under accrual FAC revenues are booked as defined above as Total FAC Actual Energy Costs less Base Energy Costs times 95% with the resulting accrual offset in General Ledger Account 182380, Accrued Fuel Clause. The over/under accrued FAC revenues is booked to a separate set of revenue accounts, as follows:

General Ledger Account	Revenue
440007	Residential Electric Revenue FAC/IEC Unbilled
442007	Commercial Electric Revenue FAC/IEC Unbilled

442205	Industrial Firm Electric Rev FAC/IEC Unbilled
444005	Sales Street Lighting FAC/IEC Unbilled
445005	Sales Public Authority Electric FAC/IEC Unbill

This accounting process, and the information used to support the recording of these entries, creates a paper audit trail to enable the audit of the accounts.

(J) A complete explanation of any incentive features designed in the proposed RAM and the expected benefit and cost each feature is intended to produce for the electric utility's shareholders and customers:

In the Report and Order for Case No. ER-2007-0004 issued May 17, 2007, the Commission explains the reasoning for allowing only 95% of FAC eligible costs to be collected from customers,

"The Commission also finds after-the-fact prudence reviews alone are insufficient to assure Aquila will continue to take reasonable steps to keep its fuel and purchased power costs down, and the easiest way to ensure a utility retains the incentive to keep fuel and purchased power costs down is to not allow a 100% pass through of those costs.

The Commission finds allowing Aquila to pass 95% of its prudently incurred fuel and purchased power costs, above those included in its base rates, through its fuel adjustment clause is appropriate. With a 95% pass-through, the Commission finds Aquila will be protected from extreme fluctuations in fuel and purchased power cost, yet retain a significant incentive to take all reasonable actions to keep its fuel and purchased power costs as low as possible, and still have an opportunity to earn a fair return on its investment." (page 54)

"The Commission concludes that a 95% pass-through would not violate Section 386.266.4(1), in that it would still afford Aquila a sufficient opportunity to earn a fair return on equity." (page 55)

The 95% pass-through feature remained unchanged in the settlement of Rate Case. Nos. ER-2009-0090, and ER-2010-0356.

The 5% loss to shareholders for the most recent two accumulation periods is approximately $2.2 mil.

(K) A complete explanation of any rate volatility mitigation features in the proposed RAM:

The hedge program costs and benefits, as discussed in the Direct Testimony of Wm. Edward Blunk, can mitigate fuel price volatility. In addition, accumulating the FAC adjustment for a 6 month period with a corresponding 12 month revenue recovery period lessens rate volatility.

(L) A complete explanation of any feature designed into the proposed RAM or any existing electric utility policy, procedure, or practice that can be relied upon to ensure that only prudent costs shall be eligible for recovery under the proposed RAM:

The Company's FAC expenses are subject to periodic Prudence Reviews to ensure that only prudently-incurred fuel and purchased power costs are collected from customers through the FAC.

Rules and procedures for contracts are outlined in the Sarbanes Oxley documentation.

Rules and procedures for the hedging program are in the Risk Management Policy.

(M) A complete explanation of the specific customer class rate design used to design the proposed RAM base amount in permanent rates and any subsequent rate adjustments during the term of the proposed RAM:

A class cost of service study and rate design change were not a part of ER-2007-0004 approving the FAC, ER-2009-0090 and ER-2010-0356 continuing the FAC, or this current rate request. The existing rate design is maintained by allocating the rate increase and the FAC as a percentage increase to all classes.

As required, the FAC allocates cost by voltage level using commission approved allocation methods.

(N) A complete explanation of any change in business risk to the electric utility resulting from implementation of the proposed RAM in setting the electric utility's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the electric utility:

See Direct Testimony of Samuel C. Hadaway.

(O) A description of how responses to subsections (B) through (N) differ from responses to subsections (B) through (N) for the currently approved RAM:

Fuel used for fuel handling has been removed from the tariff. The 5% amount not recovered has been updated.

(P) The supply-side and demand-side resources that the electric utility expects to use to meet its loads in the next four (4) true-up years, the expected dispatch of those resources, the reasons why these resources are appropriate for dispatch and the heat rates and fuel types for each supply-side resource; in submitting this information, it is recognized that supply- and demand-side resources and dispatch may change during the next four (4) true-up years based upon changing circumstances and parties will have the opportunity to comment on this information after it is filed by the electric utility:

See Direct Testimony of Burton L. Crawford.

(Q) The results of heat rate tests and/or efficiency tests on all the electric utility's nuclear and non-nuclear steam generators, HRSG, steam turbines and combustion turbines conducted within the previous twenty four (24) months:

See Direct Testimony of Burton L. Crawford.

(R) Information that shows that the electric utility has in place a long-term resource planning process, important objectives of which are to minimize overall delivered energy costs and provide reliable service:

GMO has a long-term resource planning process. The electric utility resource plan produced by the process is also known as an integrated resource plan or IRP. An objective of this planning process is to identify the least cost and preferred resource plans while maintaining adequate capacity reserves for reliability. GMO prepared and filed its latest IRP report in August 2009. An update to that IRP report was filed July 1, 2010. Under the current IRP rule, the next IRP is to be filed April 1, 2012.

(S) If emissions allowance costs or sales margins are included in the RAM request and not in the electric utility's environmental cost recovery surcharge, a complete explanation of forecasted environmental investments and allowances purchases and sales; and

See Direct Testimony of Wm. Edward Blunk for the discussion of the allowance purchases and sales and the direct testimony of Burton L. Crawford for the explanation of forecasted environmental investments.

(T) Any additional information that may have been ordered by the commission to be provided in the previous general rate proceeding:

No additional information was ordered by the commission to be provided in Rate Case No. ER-2010-0356.

Important Notice

KCP&L Greater Missouri Operations Company ("Company" or "GMO") has filed a rate increase request with the Missouri Public Service Commission ("PSC"). The increase would total approximately _____ percent in the territory served as MPS and approximately _____ percent in the territory served as L&P.

For the average MPS residential customer the proposed increase would be approximately $_____ per month. For the average L&P residential customer the proposed increase would be approximately $_____ per month.

The Company has also asked the PSC to continue the Fuel Adjustment Clause ("FAC"). The FAC allows the Company to adjust customers' bills two times per year based on the varying cost of fuel and power purchased in the current volatile market. Any increase or decrease in fuel costs is reflected in the FAC. This means the customer bill is based on more current fuel costs.

A local public hearing (or evidentiary hearing) has been set before the PSC at ___o'clock, on (date) at _________, (address), City, Missouri. The hearing will be held in a facility that meets the accessibility requirements of the Americans with Disabilities Act. Any person who needs additional accommodations to participate in this hearing should call the Public Service Commission's hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 before the hearing.

Consumers wishing to comment on the rate proposal may also: Mail a written comment to the Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102; Electronically submit a comment to the PSC through the Internet by accessing the PSC's Electronic Filing and Information System at https://www.efis.psc.mo.gov/mpsc (please reference case number ___________); or Contact the Office of the Public Counsel, P.O. Box 2230, Jefferson City, Missouri 65102, telephone 573-751-4857 or toll-free 866-922-2959, opcservice@ded.mo.gov . Comments are viewable by the public. Do not include any information in a public comment that you do not wish to be made public.

FUEL ADJUSTMENT CLAUSE ELECTRIC
(Applicable to Service Provided July 1, 2011 through March 27 2012)

DEFINITIONS

ACCUMULATION PERIODS, FILING DATES AND RECOVERY PERIODS:

The two six-month accumulation periods each year through May 31, 2015, the two corresponding twelve-month recovery periods and the filing dates will be as shown below. Each filing shall include detailed work papers in electronic format to support the filing.

Accumulation Periods	**Filing Dates**	**Recovery Periods**
June – November	By January 1	March – February
December – May	By July 1	September – August

A recovery period consists of the billing months during which the Cost Adjustment Factor (CAF) for each of the respective accumulation periods are applied to retail customer billings on a per kilowatt-hour (kWh) basis.

COSTS AND REVENUES:

Costs eligible for the Fuel Adjustment Clause (FAC) will be the Company's allocated Jurisdictional costs for the fuel component of the Company's generating units, including costs associated with the Company's fuel hedging program; purchased power energy charges, and emission allowance costs - all as incurred during the accumulation period. These costs will be offset by off-system sales revenues, applicable net SPP revenues, and any emission allowance revenues collected during the accumulation period. Eligible costs do not include the purchased power demand costs associated with purchased power contracts in excess of one year.

APPLICABILITY

The price per kWh of electricity sold to retail customers will be adjusted (up or down) periodically subject to application of the FAC mechanism and approval by the Missouri Public Service Commission.

The CAF is the result of dividing the Fuel and Purchased Power Adjustment (FPA) by forecasted retail net system input (RNSI) during the recovery period, expanded for losses, rounded to the nearest $.0001, and aggregating over two accumulation periods. A CAF will appear on a separate line on retail customers' bills and represents the rate charged to customers to recover the FPA.

FORMULAS AND DEFINITIONS OF COMPONENTS

FPA = 95% * ((TEC – B) * J) + C + I

CAF = FPA/RNSI

Single Accumulation Period Secondary Voltage CAF_{Sec} = CAF * XF_{Sec}

Single Accumulation Period Primary Voltage CAF_{Prim} = CAF * XF_{Prim}

Annual Secondary Voltage CAF =
Aggregation of the Single Accumulation Period Secondary Voltage CAFs still to be recovered

Annual Primary Voltage CAF =
Aggregation of the Single Accumulation Period Primary Voltage CAFs still to be recovered

Where:

FPA = Fuel and Purchased Power Adjustment

CAF = Cost Adjustment Factor

95% = Customer responsibility for fuel variance from base level.

TEC = Total Energy Cost = (FC + EC + PP + TC - OSSR):
FC = Fuel Costs Incurred to Support Sales:

- The following costs reflected in Federal Energy Regulatory Commission (FERC) Account Numbers 501 & 502: coal commodity and railroad transportation, switching and demurrage charges, applicable taxes, natural gas costs, alternative fuel (i.e. tires and bio-fuel), fuel additives, quality adjustments assessed by coal suppliers, fuel hedging cost (hedging is defined as realized losses and costs minus realized gains associated with mitigating volatility in the Company's cost of fuel, including but not limited to, the Company's use of futures, options and over-the-counter derivatives including, without limitation, futures contracts, puts, calls, caps, floors, collars, and swaps), fuel oil adjustments included in commodity and transportation costs, broker commissions and fees associated with price hedges, oil costs, propane costs, ash disposal revenues and expenses, fuel used for fuel handling, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses in Account 501.

FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)
(Applicable to Service Provided July 1, 2011 through March 27, 2012)

FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

- The following costs reflected in FERC Account Number 547: natural gas generation costs related to commodity, oil, transportation, storage, fuel losses, hedging costs, fuel additives, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses, broker commissions and fees in Account 547.

EC = Net Emissions Costs:

- The following costs reflected in FERC Account Number 509 or any other account FERC may designate for emissions expenses in the future: Emission allowances costs offset by revenues from the sale of emission allowances.

PP = Purchased Power Costs:

- Purchased power costs reflected in FERC Account Numbers 555: Purchased power costs, settlement proceeds, insurance recoveries, and subrogation recoveries for increased purchased power expenses in Account 555, excluding capacity charges for purchased power contracts with terms in excess of one (1) year.

TC = Transmission Costs:

- Transmission costs for Off System Sales included in FERC Account Number 565 except for costs for the Crossroads facility.

OSSR = Revenues from Off-System Sales:

- Revenues from Off-system Sales shall exclude full and partial requirements sales to Missouri municipalities that are associated with GMO.

B = Base energy costs are costs as defined in the description of TEC (Total Energy Cost). Base Energy costs will be calculated as shown below:
L&P NSI x Applicable Base Energy Cost
MPS NSI x Applicable Base Energy Cost

J = Energy retail ratio = Retail kWh sales/total system kWh
Where: total system kWh equals retail and full and partial requirements sales associated with GMO.

C = Under / Over recovery determined in the true-up of prior recovery period cost, including accumulated interest, and modifications due to prudence reviews

I = Interest on deferred electric energy costs calculated at a rate equal to the weighted average interest paid on short-term debt applied to the month-end balance of deferred electric energy costs.

FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)
(Applicable to Service Provided July 1, 2011 through March 27, 2012)

FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

RNSI = Forecasted recovery period net system input in kWh, at the generator

XF = Expansion factor by voltage level

XF_{Sec} = Expansion factor for lower than primary voltage customers
XF_{Prim} = Expansion factor for primary and higher voltage customers

NSI = Net system input (kWh) for the accumulation period

The FPA will be calculated separately for L&P and MPS, and by voltage level, and the resultant CAF's will be applied to customers in the respective divisions and voltage levels.

APPLICABLE BASE ENERGY COST

Company base energy costs per kWh:
$0.01936 for L&P
$0.02340 for MPS

TRUE-UPS AND PRUDENCE REVIEWS

There shall be prudence reviews of costs and the true-up of revenues collected with costs intended for collection. FAC costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the FAC for collection unless a separate refund is ordered by the Commission. True-ups occur at the end of each recovery period. Prudence reviews shall occur no less frequently than at 18 month intervals.

FUEL ADJUSTMENT CLAUSE ELECTRIC
(Applicable to Service Provided March 28, 2012 and Thereafter)

DEFINITIONS

ACCUMULATION PERIODS, FILING DATES AND RECOVERY PERIODS:

The two six-month accumulation periods each year through March 27, 2016, the two corresponding twelve-month recovery periods and the filing dates will be as shown below. Each filing shall include detailed work papers in electronic format to support the filing.

Accumulation Periods	**Filing Dates**	**Recovery Periods**
June – November	By January 1	March – February
December – May	By July 1	September – August

A recovery period consists of the billing months during which the Cost Adjustment Factor (CAF) for each of the respective accumulation periods are applied to retail customer billings on a per kilowatt-hour (kWh) basis.

COSTS AND REVENUES:

Costs eligible for the Fuel Adjustment Clause (FAC) will be the Company's allocated Jurisdictional costs for the fuel component of the Company's generating units, including costs associated with the Company's fuel hedging program; purchased power energy charges, and emission allowance costs - all as incurred during the accumulation period. These costs will be offset by off-system sales revenues, applicable net SPP revenues, and any emission allowance revenues collected during the accumulation period. Eligible costs do not include the purchased power demand costs associated with purchased power contracts in excess of one year.

APPLICABILITY

The price per kWh of electricity sold to retail customers will be adjusted (up or down) periodically subject to application of the FAC mechanism and approval by the Missouri Public Service Commission.

The CAF is the result of dividing the Fuel and Purchased Power Adjustment (FPA) by forecasted retail net system input (RNSI) during the recovery period, expanded for losses, rounded to the nearest $.0001, and aggregating over two accumulation periods. A CAF will appear on a separate line on retail customers' bills and represents the rate charged to customers to recover the FPA.

FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)
(Applicable to Service Provided March 28, 2012 and Thereafter)

FORMULAS AND DEFINITIONS OF COMPONENTS

FPA = 95% * ((TEC – B) * J) + C + I

CAF = FPA/RNSI

Single Accumulation Period Secondary Voltage CAF_{Sec} = CAF * XF_{Sec}

Single Accumulation Period Primary Voltage CAF_{Prim} = CAF * XF_{Prim}

Annual Secondary Voltage CAF =
Aggregation of the Single Accumulation Period Secondary Voltage CAFs still to be recovered

Annual Primary Voltage CAF =
Aggregation of the Single Accumulation Period Primary Voltage CAFs still to be recovered

Where:

FPA = Fuel and Purchased Power Adjustment

CAF = Cost Adjustment Factor

95% = Customer responsibility for fuel variance from base level.

TEC = Total Energy Cost = (FC + EC + PP + TC - OSSR):
FC = Fuel Costs Incurred to Support Sales:
- The following costs reflected in Federal Energy Regulatory Commission (FERC) Account Numbers 501 & 502: coal commodity and railroad transportation, switching and demurrage charges, applicable taxes, natural gas costs, alternative fuel (i.e. tires and bio-fuel), fuel additives, quality adjustments assessed by coal suppliers, fuel hedging cost (hedging is defined as realized losses and costs minus realized gains associated with mitigating volatility in the Company's cost of fuel, including but not limited to, the Company's use of futures, options and over-the-counter derivatives including, without limitation, futures contracts, puts, calls, caps, floors, collars, and swaps), fuel oil adjustments included in commodity and transportation costs, broker commissions and fees associated with price hedges, oil costs, propane costs, ash disposal revenues and expenses, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses in Account 501.

FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)
(Applicable to Service Provided March 28, 2012 and Thereafter)

FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

- The following costs reflected in FERC Account Number 547: natural gas generation costs related to commodity, oil, transportation, storage, fuel losses, hedging costs, fuel additives, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses, broker commissions and fees in Account 547.

EC = Net Emissions Costs:

- The following costs reflected in FERC Account Number 509 or any other account FERC may designate for emissions expenses in the future: Emission allowances costs, renewable energy credits, net of revenues from the sale of emission allowances.

PP = Purchased Power Costs:

- Purchased power costs reflected in FERC Account Numbers 555: Purchased power costs, settlement proceeds, insurance recoveries, and subrogation recoveries for increased purchased power expenses in Account 555, excluding capacity charges for purchased power contracts with terms in excess of one (1) year.

TC = Transmission Costs:

- Transmission costs for Off System Sales included in FERC Account Number 565 except for costs for the Crossroads facility.

OSSR = Revenues from Off-System Sales:

- Revenues from Off-system Sales shall exclude full and partial requirements sales to Missouri municipalities that are associated with GMO.

B = Base energy costs are costs as defined in the description of TEC (Total Energy Cost). Base Energy costs will be calculated as shown below:
L&P NSI x Applicable Base Energy Cost
MPS NSI x Applicable Base Energy Cost

J = Energy retail ratio = Retail kWh sales/total system kWh
Where: total system kWh equals retail and full and partial requirements sales associated with GMO.

C = Under / Over recovery determined in the true-up of prior recovery period cost, including accumulated interest, and modifications due to prudence reviews

I = Interest on deferred electric energy costs calculated at a rate equal to the weighted average interest paid on short-term debt applied to the month-end balance of deferred electric energy costs.

FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)
(Applicable to Service Provided March 28, 2012 and Thereafter)

FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

RNSI = Forecasted recovery period net system input in kWh, at the generator

XF = Expansion factor by voltage level

XF_{Sec} = Expansion factor for lower than primary voltage customers
XF_{Prim} = Expansion factor for primary and higher voltage customers

NSI = Net system input (kWh) for the accumulation period

The FPA will be calculated separately for L&P and MPS, and by voltage level, and the resultant CAF's will be applied to customers in the respective divisions and voltage levels.

APPLICABLE BASE ENERGY COST

Company base energy costs per kWh:
$0.02121 for L&P
$0.02434 for MPS

TRUE-UPS AND PRUDENCE REVIEWS

There shall be prudence reviews of costs and the true-up of revenues billed with costs intended for collection. FAC costs billed in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the FAC for billing unless a separate refund is ordered by the Commission. True-ups occur at the end of each recovery period. Prudence reviews shall occur no less frequently than at 18 month intervals.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION
P.S.C. MO. No. 1 Original Sheet No. 127.15
Canceling P.S.C. MO. No. Sheet No.
KCP&L Greater Missouri Operations Company For Territory Served as L&P and MPS
KANSAS CITY, MO

FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)
(Applicable to Service Provided March 28, 2012 and Thereafter)

COST ADJUSTMENT FACTOR

		MPS	L&P
Accumulation Period Ending			
1 Total Energy Cost (TEC)			
2 Base energy cost (B)	-		
3 First Interim Total			
4 Jurisdictional Factor (J)	*		
5 Second Interim Total			
6 Customer Responsibility	*	95%	95%
7 Third Interim Total			
8 Adjustment for Under / Over recovery for prior periods and Modifications due to prudence reviews (C)	+		
9 Interest (I)	+		
10 Fuel and Purchased Power Adjustment (FPA)			
11 RNSI	+		
12 Fourth Interim Total			
13 Current period CAF_{Prim} (= Line 12 * XF_{Prim})			
14 Previous period CAF_{Prim}	+		
15 Current annual CAF_{Prim}			
16 Current period CAF_{Sec} (= Line 12 * XF_{Sec})			
17 Previous period CAF_{Sec}	+		
18 Current annual CAF_{Sec}			

Expansion Factors (XF):

Territory:	Primary	Secondary
MPS	1.0419	1.0712
L&P	1.0421	1.0701

Issued: February 27, 2012 Effective: March 28, 2012
Issued by: Darrin R. Ives, Senior Director

SCHEDULE TMR-4

THIS DOCUMENT CONTAINS HIGHLY CONFIDENTIAL INFORMATION NOT AVAILABLE TO THE PUBLIC

Requirements to Establish a MEEIA Demand-Side Programs Investment Mechanism and Approval of Demand-Side Programs

4 CSR 240-3.163(2) When an electric utility files to establish a DSIM as described in 4 CSR 240-20.093(2), the electric utility shall file the following supporting information as part of or in addition to, its direct testimony.

(A) The notice provided to customers describing how the proposed DSIM will work, how any proposed DSIM rate will be determined, and how any DSIM rate will appear on customer bills.

See Schedule TMR-6.

(B) An example customer bill showing how the proposed DSIM shall be separately identified on affected customers' bills.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(C) A complete description and explanation of the design, rationale, and intended operation of the proposed DSIM.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(D) Estimates of the effect of the DSIM on customer rates and average bills for each of the next five (5) years for each rate class.

See Schedule TMR-7. This schedule is designated as "Highly Confidential."

(E) Estimates of the effect of the utility incentive component of DSIM on utility earnings and key credit metrics for each of the next three (3) years which shows the level of earnings and credit metrics expected to occur for each of the next three (3) years with and without the utility incentive component of DSIM.

See Schedules TMR-8 and TMR-9. Both schedules are designated as "Highly Confidential."

(F) A complete explanation of all the costs that shall be considered for recovery under the proposed DSIM and the specific account used for each cost item on the electric utility's books and records.

See Schedule TMR-10.

(G) A complete explanation of any change in business risk to the electric utility resulting from implementation of a utility incentive related to the

DSIM in setting the electric utility's allowed return on equity, in addition to any other changes in business risk experienced by the electric utility.

See Schedules TMR-8 and TMR-9.

(H) A proposal for how the commission can determine if any utility incentives component of a DSIM are aligned with helping customers use energy more efficiently.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(I) Annual reports, if any, required by 4 CSR 240-20.093(8)

None required at this time.

(J) If the utility proposes to adjust its DSIM rates between general rate proceedings, proposed DSIM rate adjustment clause tariff sheets.

Provided as part of the Application in subject case.

(K) If the utility proposes to adjust the DSIM cost recovery revenue requirement between general rate proceedings, a complete explanation of how the DSIM rates shall be established and adjusted to reflect over-collections or under-collections as well as the impact on the DSIM cost recovery revenue requirement as a result of approved new, modified or discontinued demand-side programs.

Provided as part of the Application in subject case

4 CSR 240-3.164(2) When an electric utility files for approval of demand-side programs or demand-side program plans as described in 4 CSR 240-20.094(3), the electric utility shall file or provide a reference to which commission case contains the following information.

(A) A current market potential study.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(B) Demonstration of cost-effectiveness for each demand-side program and for the total of all demand-side programs of the utility.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(C) Detailed description of each proposed demand-side program.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(D) Demonstration and explanation in quantitative and qualitative terms of how the utility's demand-side programs are expected to make progress towards a goal of achieving all cost-effective demand-side savings over the life of the programs.

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

(E) Identification of demand-side programs which are supported by the electric utility and at least one (1) other electric or gas utility (joint demand-side programs).

Provided in GMO MEEIA Filing (Case No. EO-2012-0009).

KCP&L

IMPORTANT NOTICE

Greater Missouri Operations (GMO) Customers*

Overview:

Over the past few years KCP&L has offered a number of energy efficiency and demand response pilot programs to some of our residential and business customers in Missouri and Kansas. We were among the first utilities in Missouri to make such a strong commitment to energy efficiency with these programs and we have created significant energy and cost savings as a result.

KCP&L has reached, and in many cases exceeded, the commitment levels associated with these pilot programs. Now, we are taking the next step to move forward with extending these programs beyond the pilot phase and establishing a sustainable, long-term portfolio of energy efficiency products and services for our customers.

The Missouri Energy Efficiency Investment Act (MEEIA) was designed to encourage Missouri electric utilities to invest in energy efficiency. On December 22, 2011, we filed proposed energy efficiency and demand response programs as well as a demand side investment mechanism (DSIM) under MEEIA.

KCP&L was a leader in supporting and advocating for MEEIA legislation to be passed. In addition, we established the Energy Efficiency First coalition to help advocate for this important legislation.

This notice applies only to customers living in the KCP&L GMO service territory.

What is a Demand Side Investment Mechanism (DSIM) rider?

The DSIM rider is itemized ***on the back of your bill*** and is designed to recover the costs associated with energy efficiency and demand response programs, as well as provide incentives for the Company when it meets or exceeds performance goals.

Account Number:	**1234 5678 90**
Billing Date:	**06/15/11**
Amount Billed:	**$128.28**
Customer Charge	$ 9.10
Energy Charge 872 kWh @ $0.1041	90.77
FAC 872 kWh @ $0.01936	16.88
DSIM 872 kWh @ $0.00251	2.19
City License Fee	7.59
City Sales Tax $116.75 @ 1.5%	1.75
Total charge this service	[$128.28]

This bill includes a DSIM charge effective June 7, 2012 allowing recovery of costs and incentives for investments in Demand-Side Programs.

How is the Demand Side Investment Mechanism (DSIM) rider calculated?

The DSIM factor is determined by dividing the total projected investments made by KCP&L for energy efficiency and demand response programs and any projected incentives for a period in time by the kilowatt hours (kWh) of electricity used by customers for that same period. All projections are later updated to reflect actual performance.

The DSIM charge on your bill is calculated by multiplying the DSIM factor by the number of kilowatt hours (kWh) of electricity you used during the month.

The Missouri Public Service Commission approved the DSIM factor of $0.00251 per kWh. **A typical customer using 1000 kWh per month will see an increase of 8 cents a day.**

Once a year, there is a recalculation to ensure that the correct amount is collected or returned to customers. Any over or under collection is built into the next year's DSIM factor and either collected or returned over the following 12-month period.

Schedule TMR-6

530.12.2209 02.12

SCHEDULES TMR-7 thru TMR-9

THESE DOCUMENTS CONTAIN HIGHLY CONFIDENTIAL INFORMATION NOT AVAILABLE TO THE PUBLIC