

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

In the Matter of Kansas City Power &)	<u>Case No. ER-2014-0370</u>
Light Company's Request for)	Tariff No. YE-2015-0194
Authority to Implement a General)	Tariff No. YE-2015-0195
Rate Increase for Electric Service)	

RECONCILIATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and, in response to the Commission's December 12, 2014, Order Setting Procedural Schedules and Establishing Test Year and Other Procedural Requirements, wherein the Commission ordered a reconciliation to be filed on June 9, 2015, files the attached reconciliation. The parties have done their best to ensure the accuracy of this reconciliation; however Staff assumes the Commission will order it to perform another revenue requirement calculation that is consistent with the Commission's decisions in its Report and Order in this case.

Respectfully submitted,

/s/ Nathan Williams

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 9th day of June, 2015.

/s/ Nathan Williams _____

Kansas City Power and Light			
ER-2014-0370 Revenue Requirement Reconciliation			
Comparison of Staff 12-31-14 Case with KCP&L 12-31-14 Cut-Off			
Line No.			
1	KCPL Revised Revenue Requirement as of June 9, 2015		65,300,507
2			
3	Rate of Return & Capital Structure		
4	Value of Capital Structure Issue - Staff / Company		(56,977)
5	Capital Structure impact on Interest Expense Deduction		193,686
6	Return on Equity Issue - KCPL-10.3%, Staff - 9.25%		(18,802,484)
7	Sub-Total Rate of Return and Capital Structure Differences		\$ (18,665,776)
8			
9	Rate Base Issues :		
10	Plant in Service:		
11	Transmission Region Wide Projects	214,040	
12	Plant in Service:	(1,810,418)	
13	Sub-Total - Plant in Service		(1,596,378)
14			
15	Depreciation Reserve		
16	Transmission Region Wide Projects	(7,926)	
17	Depreciation Reserve	(365,078)	
18	Sub-Total - Depreciation Reserve		(373,003)
19			
20	Add to Net Plant		
21	Cash Working Capital	1,763,564	
22	Federal Tax Offset	(203,718)	
23	State Tax Offset	(40,866)	
24	Interest Expense Offset	(1,173,800)	
25	City Tax Offset	-	
26	Sub-Total - Cash Working Capital		345,180
27	Reg Asset Pensions		71,415
28	Regulatory Asset Demand Side Management		14,946
29	Regulatory Asset (Liab) - OPEB's		(25,821)
30	Fuel Inventory - Coal	177,968	
31	Fuel Inventory - Oil	(2,165)	
32	Fuel Inventory Lime/Limestone/Ammonia	(11,655)	
33	Powder Activated Carbon (PAC)	11,423	
34	Sub-Total - Fossil Fuel Inventory		175,572
35	Nuclear Fuel		(18,016)
36			
37	Subtract from Net Plant		
38	Deferred Gain on SO2 Emissions-Allocated		18
39	Accumulated Deferred Income Tax		778,743
40	ADIT on CWIP		(684,574)
41	Sub Total - Rate Base Issues		\$ (1,311,919)
42			
43	Income Statement - Revenue Issues		
44	Booked Revenue - Unadjusted		308,663
45			
46	Retail KWH Sales Revenue		
47	Billing Adjustments	(448,190)	
48	Weather Adjustment	427,346	
49	Annualize Large Power Service	4,255,418	
50	365 day Adjustment	(305,839)	
51	Growth Adjustment	(3,254,929)	
52	Rate Switcher Adjustment	(4,048,809)	
53	Sub-Total - Retail KWH Sales Revenue		(3,375,003)
54			
55	To annualize firm Bulk Sales-Energy		329,652
56	Firm Bulk Sales Capacity & Fixed		109,866
57	Return bulk margins-excess of 25th %, incl interest, over 10 yrs- (MO only)		(8)
58	Non Firm Off System Sales - Unadjusted Margins	467,480	
59	Misc. Charges and Revenue - 447	(9,638)	
60	Normalize Nonfirm Sales	197,570,505	
61	Eliminate Cost of Bulk Power Sales	101,532,819	
62	Sub-Total - Non-Firm OSS		299,561,166
63	Annualize Transmission of Elec. For Others Rev		(642,702)
64	Transmission Rev - ROE		(163,103)
65	Trans Rev - Region Wide Projects		(259,847)
66	Sub Total - Revenue Issues		\$ 295,868,684
67			

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68	Income Statement - Expense Issues		
69	Total Oper. & Maint. Expense - Unadjusted, excluding depreciation		(2,628,789)
70	Annualize Fuel Expense	(27,445,519)	
71	Normalize Purchased Power	(273,767,370)	
72	Fuel and Purchase Power-Energy and Demand Costs		(301,212,889)
73	Transmission of Electricity by Others		153,414
74	SPP Schedule 1 Admin Fees		151,513
75	Vegetation Management - New Proposed Programs		566,408
76	WC Refuel Outage		2,902,134
77	Eliminate Transition Costs Amortization		(3,868,804)
78	Consolidated Corp Allocations		(403,223)
79	Payroll Annualization		(4,410,525)
80	Annualize Payroll Tax		(172,168)
81	Normalize 401k costs		(1,040,069)
82	Adjust FAS 87 and FAS 88 pension expense		1,775,353
83	Adjust OPEB's		(1,135,962)
84	Other Misc Benefits		(202,438)
85	Amortize DSM Deferral (excl DSM advertising)		4,792,287
86	Pre MEEIA Opt-Outs		(141,701)
87	AllConnect		22,293
88	Corp Mass Formula to General Allocator		(687,378)
89	Utility Mass Formula to General Allocator		(1,007,972)
90	CS-11 Adjustment Incl Equity Compensation		(19,289)
91	Electric Vehicle Chargin Stations		(213,079)
92	Iatan 2 / Common O&M - Amortization of Tracker		355,304
93	Annualize Injuries and Damages Insurance		(656)
94	Annualized Property Insurance		(15,546)
95	Property Tax Annualization		284,787
96	Annualize Renewable Energy Standards		(928,648)
97	Amortization of Legal Fee Reimbursement		335,057
98	Missouri Economic Relief Pilot Program (MO only)		(340,952)
99	Normalize Bad Debt-Rate & Weather normalized revenues	(437,573)	
100	Add Incremental Bad Debt - Revenue Requirement	(486,148)	
101	Sub-Total - Bad Debt Expense		(923,721)
102	Flood Reimbursement Amortization		53
103	Amortization of SO2 Proceeds		(81)
104	Amort La Cygne Reg Asset - Const. Acctg		-
105	IT Roadmap/CIPS		565,185
106	Transource CWIP/FERC Incentives		4,619
107	Annualize Commission Assessments		(26,763)
108	REGULATORY EXPENSES-Rate Case Expense		(666,759)
109	Amort La Cygne Reg Asset - Inventory		(798)
110	Unrecovered Reserve Meter Replacement		-
111	Transmission O&M - Region Wide Projects		536
112	Unadjusted Depreciation	42,351	
113	Annualize Depreciation Expense	(871,467)	
114	Annualize Depreciation Charged to O&M (Unit Trains and Vehicles)	(2,493,029)	
115	Amortization - Limited Term Plant	(3,283,720)	
116	Sub-Total - Depreciation & Amortization Expense		(6,605,866)
117	Reconcilement Error - O&M Expense		(38)
118	Sub Total - Operations & Maintenance Expense Issues		\$ (314,745,171)
119			
120	Income Tax Issues - Income Statement		
121	Annualized Depreciation Expense (Book)		(516,603)
122	Depr on Vehicles/Unit Trains cleared to O&M		(1,112,567)
123	Book Amortization - Intangible Plt / Leaseholds		(2,052,976)
124	Meals & Entertainment		(1,267)
125	Nuclear Fuel Amortization - Add Back Book		(391,787)
126	IRS Deduction - Amortization - Intangible Plant		2,961
127	IRS Deduction - Nuclear Fuel		40,150
128	Employee 401-K ESOP deduction		3,261
129	Impact of Wind/R&D Credits (Need to iterate)		(752,837)
130	Impact of Fuel/New Hire Credits (Need to iterate)		305
131	Tax Depreciation in Excess of S/L - Regular		299,155
132	Tax Amortiz.- Intang Plt. - Excess over S/L Amortization		3,138
133	Tax Amortiz.-Nuclear Fuel - Excess over S/L Nuclear		(871,929)
134	Tax Straight Line Depreciation IRS Deduct-Tax Depr		115,612
135	Amortization of Excess Deferred Tax		625
136	Investment Tax Credit		1,180
137	Amortization of Prior Deferred Taxes		14,934
138	Total Income Tax Differences		(5,218,646)
139			
140	Difference in Tax Gross Up Factor		(1,339)
141			
142	Total Value of All Issues		\$ (44,074,167)
143			
144	Unreconciled Difference/Rounding		(8,779)
145			
146	Staff Revenue Requirement at December 31, 2014		\$ 21,217,561
147			

Kansas City Power and Light			
ER-2014-0370 Revenue Requirement Reconciliation			
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148	Office of the Public Counsel		
149	Adopt General Allocator (GA) (Kollen)	(696)	Note 3
150	Increase Allocation to GPE (5% Management Fee) (Kollen)	(571,244)	
151	Remove Negative Amounts from Income Tax Input to GA (Kollen)	(29,752)	
152	Interest Expense & Income Tax Exp inputs to GA (Kollen)	(1,983)	
153	Include Actual Financing Costs in GA (Kollen)	(7,934)	
154	Remove CS-49 (MECG & OPC - Kollen and Addo)	-	Note 3
155	Correct error in CS-87 per books (Kollen)	(237,624)	
156	Remove CS-90 (MECG & OPC - Kollen)	-	Note 3
157	Iatan 1 Regulatory Asset	-	Note 3
158	Iatan 2 Regulatory Asset	-	Note 3
159	Customer Advances (OPC - Addo)	-	Note 3
160	Customer Deposits - Rate Base	21,362	
161	Customer Deposits - Interest	7,555	
162	Iatan 2 & Common Tracker Amortization	(231,259)	
163	Amortization of Excess Margins	646	
164	MO Corporate Franchise Tax	(114,959)	
165	Rate Case Expense	1,627	
166	Vegetation Management		Note 3
167	Clean Charge Network - Rate Base and Expense	-	Note 3
168	Office of the Public Counsel Revenue Requirement		\$ 20,053,299
169			
170	Department of Energy / FEA		
171	Capital Structure with Interest Deduction Impact	(18,603,571)	
172	Rate of Return - 9.0%	(4,217,684)	
173	Department of Energy / FEA Revenue Requirement		\$ (1,603,694)
174			
175	MIEC & MECG (Industrials)		
176	Capital Structure with Interest Deduction Impact	698,751	
177	Rate of Return - 9.1%	(2,696,322)	
178	Income Taxes - Depreciation	(5,572,420)	
179	CWIP-related ADIT	-	Note 3
180	ADIT Exclusions	(848,590)	
181	Net Operating Loss ADIT	(1,154,550)	
182	MIEC & MECG (Industrials) Revenue Requirement		\$ 11,644,430
	Note 1 - The parties have attempted to ensure the accuracy of this reconciliation. It is assumed that the Commission will order Staff to develop a revenue requirement based on the final decision reached by the Commission in this case as has been ordered in past KCPL cases.		
	Note 2 - This reconciliation provides the differences between the Staff's direct filed case and the Company's case if it was cut-off at December 31, 2014. This reconciliation does not include the known and measureable changes through May 31, 2015 which is the true-up date in this case. The true-up value as of May 31, 2015 is estimated by Staff to be approximately \$65,000,000 in revenue requirement in addition to Staff's revenue requirement included on this reconciliation. At this time, Staff does not know what the true-up revenue requirement through May 31, 2015 will be. The Company's revenue requirement at the true-up date of May 31, 2015 is estimated at \$128,065,093.		
	Note 3 - Values already reflected in Staff's revenue requirement		