Exhibit No.:
Issue: Property tax expense;
Bad debt expense;
General plant reserve;
L&P Ice Storm AAO; and
St. Joseph Infrastructure Program.
Witness: John P. Weisensee
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2012-0175
Date Testimony Prepared: October 10, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0175

SURREBUTTAL TESTIMONY

OF

JOHN P. WEISENSEE

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
October 2012

GMO ~~KCP&L~~ Exhibit No. 142
Date 10-29-12 Reporter KF
File No. ER-2012-0174

SURREBUTTAL TESTIMONY

OF

JOHN P. WEISENSEE

Case No. ER-2012-0175

Q: Please state your name and business address.

A: My name is John P. Weisensee. My business address is 1200 Main Street, Kansas City, Missouri, 64105.

Q: Are you the same John P. Weisensee who prefiled Direct and Rebuttal Testimony in this matter?

A: Yes, I am.

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 both the St. Joseph Light & Power ("L&P") and Missouri Public Service ("MPS") territories.

Q: What is the purpose of your Surrebuttal Testimony?

A: The purpose of my testimony is to rebut various Missouri Public Service Commission ("MPSC" or "Commission") Staff ("Staff") witnesses and Office of Public Counsel ("OPC") witness Ted Robertson on the following issues:

- Property tax expense;
- Bad debt expense;
- General plant reserve;
- L&P ice storm Accounting Authority Order ("AAO"); and
- St. Joseph infrastructure program.

PROPERTY TAX EXPENSE

Q: Please discuss the property tax cxpense issue.

A: Staff witness Patricia Gaskins recommends that property tax expense in the true-up be calculated by applying a tax ratio based on 2011 property tax payments to January 1, 2011 plant and apply that ratio to January 1, 2012 plant. While Company witness Harold "Steve" Smith had indicated in his Direct Testimony in this case that GMO would want to incorporate plant additions through the true-up date in the true-up calculation, the Company now agrees that the approach recommended by Ms. Gaskins would be acceptable and would work well in conjunction with the proposed property tax tracker discussed by Company witness Darrin Ives in his various testimonies in this case.

BAD DEBT EXPENSE

Q: Please discuss the bad debt expense issue.

A: Staff witness Karen Lyons is taking the same position in this rate case that Staff has taken for the past several rate cases, that no bad debt expense should be included in the revenue requirement related to the revenue requirement increase in this case ("bad debt gross-up"). Ag Processing Inc./Federal Executive Agencies/Midwest Energy Consumer's Group/Midwest Energy Users' Association/Missouri Industrial Energy Consumers (collectively referred to as the "Industrials") witness Greg R. Meyer took essentially the same position in his Direct Testimony.

Q: What is the basis for Ms. Lyons' position?

A: While Ms. Lyons acknowledges on page 6 of her Rebuttal Testimony that "Theoretically, bad debts should increase as rates increase or as revenues increase," she states that "there is no **direct relationship** between bad debts and revenue increases" (emphasis added).

She presents extensive testimony and schedules which she believes demonstrate that there is no firm relationship between changes in revenues (i.e., rate increases or decreases) and changes in bad debt expense.

Q: Does GMO agree with Ms. Lyons' assertions stated in the preceding question?

A: No. I will demonstrate later in this section of my testimony why we disagree with Ms. Lyons' assertions. First, however, I should state that I believe Ms. Lyons has not focused on the key point, that it is logical and intuitive that increased revenue will result in increased bad debt write-offs, <u>assuming all other factors remain constant</u>. Why would it make sense to believe that $58 million and $25 million rate increases (MPS and L&P, respectively, for illustrative purposes only) would not result in increased bad debt write-offs related to those increases, assuming all other factors remain constant?

Q: Are you stating that total bad debt write-offs will definitely increase in 2013 once the rate increase approved by this Commission in this case goes into effect?

A: No, I can't state that. The economy could improve dramatically, resulting in overall bad debt write-offs not increasing, but no one can predict those events. That is why I emphasize the phrase "assuming all other factors remain constant." To decide this issue the Commission must decide whether it makes sense that bad debt write-offs will increase related solely to this rate increase.

Q: Can you link this rationale to a typical customer bill?

A: Yes. Let us assume a customer currently has an average monthly bill of $100 and that the customer does not pay his/her bills, resulting in write-offs. Assume for illustrative and simplicity purposes that rates increase 10% in this case, resulting in this customer's bill now being $110 per month. If that customer's $100 monthly bills have been written off it is logical that their $110 bills will now be written off. Therefore, bad debt write-offs increase.

Q: Please address Ms. Lyons' assertions regarding a lack of a direct relationship or correlation.

A: The schedules that Ms. Lyons uses to demonstrate that "there is no direct relationship of bad debts and revenue increases" assume that a customer account will be written off exactly six months after it is billed. She is attempting to show a firm relationship by looking at each individual month's revenues and the bad debt expense for a period <u>exactly</u> six months later. However, while this six-month period is the average time that it takes a customer account with ongoing service to go through the various steps of the Company's collection process, it is by no means absolute. Some accounts are written off in less than six months after billing while others are written off in more than six months.

Q: Please give an example of when an account may be written off in less than six months.

A: An account may be written off in less than six months in a situation where a delinquent customer initiates service disconnection, generally as a result of relocation to outside the Company's service territory or an attempt to relocate within the service territory under a different account name. When this happens, the Company does not incur the time delay between when an account becomes delinquent and when service is disconnected and a final bill issued. This eliminates about forty to forty-five days of the standard collection process. The write-off process is also accelerated in cases where discovery of a customer's diversion of service results in immediate disconnection of service for safety reasons and the resultant issuance of a final bill.

Q: **Please give an example of when an account may be written off in more than six months.**

A: The Company is subject to both statutory cold weather and hot weather rules for residential customers that often postpone the cut-off of service. Under these rules, service cannot be disconnected when the temperature remains below or above specified temperatures for a specified period of time. The cold weather rule is in effect from November 1 through March 31 and the hot weather statute from June 1 through September 30. If the customer has been notified that service will be disconnected, but the cut-off cannot be timely completed due to cold or hot weather restrictions, the disconnection must be cancelled and the collection process begun again from the first step. Starting the collection process over also occurs when disconnection cannot be timely completed for any other reason such as an internal backlog in completing cut-off requests. An inability to complete the disconnect extends the collection process because the final bill process cannot be started until 15 days after service has been disconnected. Another situation where write-off of delinquent accounts may be delayed is when a delinquent customer is granted a payment plan but later defaults on that plan.

Q: **Are there other reasons why the relationship between revenues for a specific month cannot be matched exactly with the bad debt expense for the month that is exactly six months later?**

A: Yes. The Company's bad debt expenses as shown in Ms. Lyons' schedules are bad debt write-offs net of subsequent recoveries. Recoveries include both cash recoveries, such as those from collection agencies, and reversal of prior write-offs where a customer has subsequently agreed to make payment of the previous account balance in order to resume service. As shown in the Company's adjustment CS-20a, bad debt expense, work paper in its March update case for the MPS jurisdiction, bad debt write-offs for the twelve months ended March 2012 were $5,524,716 while recoveries for the same period were $2,036,956, for net bad debt write-offs of $3,487,760. For the L&P jurisdiction, bad debt write-offs for the twelve months ended March 2012 were $1,438,010 while recoveries for the same period were $551,320, for net bad debt write-offs of $886,690. Recoveries are a significant offset to the amounts written off but could trail the write-offs by a number of months.

Q: If you generally agree that there is no firm correlation between the revenues for a specific month and the bad debt write-offs for a month exactly six months later, why does GMO continue to assert that a bad debt factor must be applied to the revenue increase in a rate case?

A: As discussed above, our primary assertion does not center around the correlation issue, but rather the obvious fact that it is logical and intuitive that increased revenue will result in increased bad debt write-offs, assuming all other factors remain constant. However, addressing the correlation issue raised by Ms. Lyons, a general correlation can be proven by looking at a period of time greater than a single billing month. Schedule JPW-11 uses the monthly revenue and bad debt write-off data provided by Ms. Lyons in her schedule KL-1A attached to her Rebuttal Testimony. However, although Ms. Lyons uses revenue data back to 2000, the Company elected to use a subset of the data in order to eliminate the majority of the pre-acquisition Aquila data. For ease of comparison with the 22-month period for revenues resulting from Case No. ER-2009-0090 ("2009 Case"), data was used from November 2007, resulting in a similar 22-month period prior to the effective date of rates in the 2009 Case. The monthly data is therefore segregated into periods based on the 22-month period prior to the effective date of rates in the 2009 Case and the 22-month period during which the rates authorized in the 2009 Case were in effect. There is a general relationship between the increase in revenues over that 22-month period subsequent to the 2009 Case and the increase in bad debt write-offs associated with the revenues for the same period. For instance, during the 22 months following the rate increase from the 2009 Case, revenues increased 14.3% and 13.0% over the previous 22 month period for MPS and L&P, respectively, while net bad debt write-offs increased 35.7% and 25.2%, respectively. As indicated earlier, there will not be a perfect relationship because of differing circumstances during the time period as well as the timing of recoveries. However, this presentation reflects a much clearer indication of the relationship than if it is only looked at for a specific month.

Q: **Ms. Lyons only shows three months relating to the period following the June 25, 2011 effective date of new rates in Case No. ER-2010-0356, presumably because related bad debts would not have been incurred until January 2012. Had additional months been included, would you expect this same relationship to hold for the period subsequent to that time?**

A: Yes. I would expect the relationship to hold when considering that there will be circumstances during each time period that affect the relative increases. In some rate periods, the percent of increase in bad debt write-offs will be greater than the percent of increase in revenues; in other periods, the percent of increase in bad debt write-offs will be less than the percent of increase in revenues. Historically, however, it is an absolute fact that when revenues increase, net bad debt write-offs always increase as well.

Q: Can you prove that there is a statistical correlation between net bad debt write-offs and revenues?

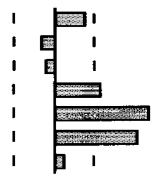
A. Yes. The table below shows correlations that were computed between revenues recorded in one month and net bad debt write-offs recognized at varying months thereafter. The schedule shows correlations computed for revenues with bad debts lagging by 0 to 6 months. The bars that go outside of the hash mark are statistically significant. The correlations are positive and statistically significant for write-offs lagging revenues by 3, 4 and 5 months. The largest correlation, 0.5503, is at 4 months, followed closely by the 0.4905 correlation at 5 months. These correlations were computed with the EViews software package and were computed for the revenues and associated bad debt write-offs for the period January 2005 through December 2011, using data provided by Ms. Lyons. It was necessary to use a larger sample of data for the correlation than is shown on Schedule JPW-11 in order to have enough data for a statistically valid comparison.

Q. What do these correlations tell us about the relationship of revenues and bad debt write-offs?

A: An increase in revenues during a particular month will be followed by a steadily increasing amount of net bad debt write-offs for the next four months. In the fifth and six months the increases will become smaller. The bad debt write-offs related to revenues for a given month will be entirely reflected by the end of the sixth month after the revenues are billed.

Cross Correlogram of BAD_DEBT and REVENUES

Date: 09/26/12 Time: 12:15
Sample: 2005M01 2011M12
Included observations: 72
Correlations are asymptotically consistent approximations



BAD DEBT,REVENUE...	i	lag
	0	0.1743
	1	-0.0677
	2	-0.0545
	3	0.2750
	4	0.5503
	5	0.4905
	6	0.0645

Q: **Please summarize the Company's position regarding bad debt write-offs attributable to the revenue increase granted in a rate case.**

A: I agree that there is not an exact relationship between the increase in revenues and the increase in bad debt write-offs, where one could multiply the rate increase by a normalized bad debt write-up factor and determine the exact amount of the bad debt write-off increase. As explained earlier in my testimony, there are many factors that prevent such an exact relationship. However, it is entirely reasonable and intuitive that bad debt write-offs will be higher if a rate increase is granted than the write-offs would be without such an increase, all other factors, such as the economy, being held constant. This is evidenced in Schedule JPW-11 and as described above. The inability to determine the exact impact is not a reason to deny any bad debt recovery on the incremental revenue. We believe that the future increase in bad debt write-offs due to incremental revenue can be reasonably predicted by the historical increases resulting from incremental revenue. Bad debts should be calculated on the revenue increase granted based on the normalized bad debt write-off factor calculated at true-up in this case.

Q: Has the Commission ruled on this issue in past rate case proceedings?

A: Yes. In Kansas City Power & Light Company's ("KCP&L") 2006 rate case (Case No. ER-2006-0314), the Commission's Report and Order, page 63 included this conclusion in regard to bad debt expense:

> The Commission understands Staff's argument that there is not a perfect positive correlation between retail sales and the percentage of bad debts. While it's possible that KCPL's bad debt expense could decrease, the Commission finds it more probable, and therefore just and reasonable, that an increase in the amount of revenue that KCPL is allowed to collect from its Missouri retail ratepayers will result in a corresponding increase in bad debt expense.

Q: Do Staff and GMO agree on the bad debt write-off factor in this case?

A: Yes. The parties calculated the normalized bad debt write-off factor consistently. The actual factor used in this case will be adjusted as part of the true-up process.

Q: What is the impact of the different approaches taken by Staff and the Company regarding the bad debt gross-up?

A: The impact cannot be determined at this time because it is a function of the revenue increase granted and the update to the normalized bad debt factor that will occur at true-up. Staff's bad debt write-off factor in its filed case was 0.6306% for MPS and 0.5431% for L&P; therefore, the impact should be approximately the respective rate multiplied by the rate increase granted in this case.

Q: If the Commission should agree with the Company on this issue, would forfeited discount revenue be affected?

A: Yes. GMO believes it is reasonable that forfeited discount revenue would be higher if a rate increase is granted than the revenue would be without such an increase, similar to the bad debt write-off impact. Therefore, forfeited discount revenue should be calculated on the rate increase granted in this case, based on the normalized forfeited discount factor.

Q: Why do you think Ms. Lyons indicates that Staff's analysis indicates the relationship between revenues and forfeited discounts is "much closer" to a direct correlation than the relationship of bad debt expense to increased revenues?

A: There are several reasons why a more direct correlation for forfeited discounts based on each specific month can be observed. Forfeited discounts occur as soon as a bill becomes past due, generally 21 days after the billing date. Additionally, there are no subsequent transactions such as recoveries that would impact the amount of the forfeited discount.

GENERAL PLANT RESERVE

Q: Please discuss the general plant reserve issue.

A: Staff witness Arthur W. Rice repeats his Direct Testimony positions in his Rebuttal Testimony. I will address Mr. Rice's contention that GMO did not abide by the conditions of Sections 5d and 10 of the Non-Unanimous Stipulation and Agreement Regarding Depreciation and Accumulated Additional Amortizations ("2010 Depreciation S&A"), approved by the Commission on May 4, 2011. The Company strongly disagrees with Mr. Rice's conclusion.

Q: Why does GMO disagree with Mr. Rice?

A: In order to avoid unnecessarily burdening the record in this case, I simply refer the reader of this testimony to my Rebuttal Testimony on this subject. Mr. Rice has raised the same points in his Rebuttal Testimony that he raised in his Direct Testimony; nothing new. Regarding Section 5d, I again state that GMO and the Staff have worked extensively over the last year and a half on various issues addressed in the 2010 Depreciation Stipulation S&A. During that time the Company had no reason to believe Staff would not support continued use of the Amortization Method, making the practice permanent in this rate case. As a result, the Company did not present Direct Testimony on this issue. Mr. Spanos provides this support in his Rebuttal Testimony and addresses this issue again in his Surrebuttal Testimony.

Q: Please address Mr. Rice's concerns regarding Section 10 of the 2010 Depreciation S&A.

A: As I stated in my Rebuttal Testimony, GMO was very cooperative with Staff in fulfilling the requirements of Section 10. We made every effort to answer all of Staff's questions, over a period of time exceeding one year. The Company's compliance is fully documented in the chronology of events listed in my Rebuttal Testimony and as documented on my Schedule JPW-8 attached to that Rebuttal Testimony.

Q: Are there any specific comments Mr. Rice has made in his Rebuttal Testimony regarding Section 10 compliance that you would like to address?

A: Yes, I would like to address two points. First, Mr. Rice states on page 6 that the Company did not provide a "scope and approach" to the requirements of Section 10. That statement is totally incorrect. As I stated in my Rebuttal we met with Mr. Rice and other Staff members on June 13, 2011 to discuss the scope and approach. As part of this effort we responded to sixteen (16) Staff questions that Staff had submitted in advance of the meeting. After this meeting the Company believed the scope and approach was well defined.

Q: Did Staff ever indicate it had concerns with the scope and approach?

A: No. Not until the filing of the Staff's Revenue Requirement/Cost of Service report ("Staff Report") in this case did the Company get any indication from Staff that there were concerns regarding the scope and approach. This is nearly one year later.

Q: What is the second point that you would like to make regarding Section 10 compliance.

A: In my Rebuttal Testimony I detail the many steps the Company took to meet the Section 10 requirements, culminating in a July 28, 2011 email to Staff and the other parties in this case. Neither Mr. Rice nor anyone with Staff ever indicated a concern with non-compliance. Mr. Rice admits in his Rebuttal Testimony that he did not even open the July 28, 2011 email, and was not even aware that it existed, until I discussed the email at an August 23, 2012 technical conference in this rate case. How can Staff then assert that GMO did not comply?

Q: What is your recommendation as to how the Commission should proceed on this subject?

A: I recommend the Commission disregard Mr. Rice's allegation regarding non-compliance with the 2010 Depreciation S&A in its entirety and focus on the real general plant reserve issues in this case, namely the alleged merger detriment/merger transition cost issue and the continuation of the general plant amortization issue. Mr. Rice has stated that he has performed the necessary study and has made certain recommendations. In response to Mr. Rice, Mr. Spanos performed a study of unrecovered reserves and discusses his results and recommendations in treating the unrecovered reserves in his Surrebuttal Testimony. It serves no purpose to debate whether the Company's study was exactly what Staff intended by Section 10. The Company has an unrecovered reserve that needs to be addressed and Staff's insistence on repeating allegations of non-compliance diverts focus from the real general plant reserve issues that need to be addressed in this case.

L&P ICE STORM AAO

Q: What is Mr. Robertson's issue with the L&P ice storm AAO?

A: Mr. Robertson is opposed to the Company's request to include the annualized expense amount of $1,589,436 for the amortization of the ice storm costs. The L&P ice storm AAO was set up as a five year amortization to recover costs incurred in a December 2007 ice storm. The amortization period started January 2008 and ends December 2012.

Q: Why is Mr. Robertson opposed to the Company's request?

A: Mr. Robertson believes that if the annualized expense amount is included in the current rate case GMO will over-recover its costs since the amortization concludes in December 2012 and the Company does not anticipate another rate case for a few years. He suggests that, instead of the annualized amount, only the unamortized balance be included in rates in this case and be recovered over three years.

Q: Does the Company agree with Mr. Robertson's recommendation?

A: No. As I stated in my Rebuttal Testimony in response to Staff witness Karen Lyons' somewhat similar proposal, the Company did not begin recovering its costs for the ice storm until new rates were effective in Case No. ER-2009-0090, on September 1, 2009. Therefore, the Company will not fully recover these costs until August 31, 2014, well beyond the effective date of new rates in the current rate case. In other words, the Company does not believe the amortization recorded in the accounting records should govern the issue of full recovery. To accept Mr. Robertson's position would result in a significant under-recovery for the Company (about $2.65 million, representing the period January 1, 2013 through August 31, 2014).

Q: Do you have any other issue with Mr. Robertson's testimony regarding the L&P ice storm AAO?

A: Yes. Mr. Robertson uses the wrong amount for the unamortized balance at true-up. He states it is $519,812 when it is actually $529,812.

ST. JOSEPH INFRASTRUCTURE PROGRAM

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

A: I address the recommendations of Staff witness Keith Majors and OPC witness Ted Robertson, both recommending rejection of construction accounting for GMO's proposed St. Joseph infrastructure program ("Infrastructure Program"). Many of the points addressed by Mr. Majors and Mr. Robertson in their respective Rebuttal Testimonies were addressed by Greg R. Meyer in his Direct Testimony on behalf of the Industrials and were addressed by me in my Rebuttal Testimony.

Q: Please describe the Infrastructure Program.

A: GMO recommended implementation of a program to address the infrastructure related to the worst performing circuits (based on "Customer Minutes Out" metric) in and around the City of St. Joseph. This program would approach the improvements to infrastructure in a systematic process, addressing many components of the delivery system, and would require about five-years to complete. GMO considers this program a pilot, with plans for a similar approach in GMO's MPS service territory and KCP&L's service territory.

Q: Please describe the accounting treatment GMO has requested for the Infrastructure Program.

A: GMO requested construction accounting treatment, to better match the plant additions with authorized rates. This treatment would allow for the deferral to a regulatory asset of the depreciation on the infrastructure assets until the next rate case in which the costs are included in rate base, coupled with a carrying cost similar to Allowance for Funds Used During Construction ("AFUDC"). Amortization of the regulatory asset would be determined in a future rate case. The infrastructure assets are principally those assets recorded in the Distribution plant accounts (360s through 370s). Additionally, GMO requested that the deferred, unamortized balance, net of accumulated deferred income taxes, be included in rate base in future rate cases. The Commission has approved this method of accounting treatment in the past, primarily for generation plant additions.

Q: Please describe why there is a need to apply construction accounting to the Infrastructure Program.

A: Without rate relief timed to when these assets are included in Plant and the start of depreciation, GMO will experience earnings decline due to rates not reflective of these new assets. Absent construction accounting, the Company would realize a cash flow detriment and an earnings decline, as it incurs significant construction expenditures without the ability to earn a return on and a return of those costs. Also, the increase to the depreciation reserve would represent a permanent loss; that is, the inability to recover a portion of the costs incurred. The scope and size of this delivery infrastructure program, coupled with the length of time to complete the program, warrants construction accounting treatment.

Q: What are Staff's concerns surrounding construction accounting for the Infrastructure Program?

A: Mr. Majors has made numerous assertions, with which we disagree, including: (1) project is too small for consideration of construction accounting; (2) proposal represents single-issue ratemaking; (3) proposal does not reflect changes to revenue and expenses; (4) proposal reduces management incentive to control costs; (5) proposal does not reflect retirements; and (6) proposal does not reflect increases in accumulated depreciation and accumulated deferred income taxes ("ADIT").

Q: Do you agree with Mr. Majors' assertion that this project is not large enough to warrant construction accounting treatment?

A: No. As I stated in my Rebuttal Testimony in response to Mr. Meyer, the Infrastructure Program would represent 8.9% of L&P's Delivery plant assets, or 14.6% of its net Delivery plant (cost less Reserve for Depreciation). Clearly, the Infrastructure Program represents the size and scope necessary to be considered for construction accounting treatment.

Q: Do you agree with Mr. Majors' assertion regarding single-issue ratemaking?

A: No, I do not. Single-issue ratemaking typically occurs when a utility is allowed to adjust its rates between rate cases without all relevant rate base, revenue, cost of capital and expense factors taken into consideration. An example would be a rider whereby rates are adjusted periodically between rate cases based on changes in only one revenue requirement component. In the case of construction accounting customer rates would not change between rate cases. Depreciation would be deferred and a carrying cost would be accumulated, but such costs would simply be deferred to a regulatory asset for consideration in a future rate case.

Q: **Do you agree with Mr. Majors' assertion regarding changes in revenue and expenses?**

A: No. As I discuss in more detail in my Rebuttal Testimony in response to Mr. Meyer, changes in these revenue requirement components would be realized not at the beginning of the program but much later in the program, and can be addressed in a future rate case(s). In contrast, the impact of not including Infrastructure Program assets in rate base until the conclusion of the program is an immediate cash flow and earnings impact.

Q: **Do you agree with Mr. Majors' assertion that the proposal would reduce cost control?**

A: No, I do not. Mr. Majors' primary point is that the regulatory lag created by traditional ratemaking, whereby AFUDC ends and depreciation begins when the asset is placed in service, incentivizes a utility to control costs. What Mr. Majors does not take into consideration is that the Company is incentivized to control costs for other reasons, including limited available financial resources, minimizing customer rate impacts, etc. To accomplish these goals GMO utilizes proven project management techniques, including an approval process, requests for proposal, cost variance reporting, on-the-ground supervision, etc. The Company would fully expect these same controls to be in place for the Infrastructure Program.

Q: **Do you agree with Mr. Majors' assertion that the proposal does not account for retirements?**

A: No, I do not. The Infrastructure Program will consist of a mix of replacement assets and new assets. For the most part any assets being replaced will be fully or nearly fully depreciated; therefore, the retirement rate base impact would be minimal. Obviously, to the extent the Infrastructure Program asset is a new asset and is not a replacement of an existing asset, there would be no retirement.

Q: Do you agree with Mr. Majors' assertion regarding changes in accumulated depreciation and ADIT?

A: No. Reducing the construction accounting regulatory asset deferral to reflect the impact of increases in these balances would reduce the benefit of construction accounting; that is, to avoid a cash flow detriment and earnings decline. Increases in accumulated depreciation are reflected in rate cases to recognize that a utility has earned a return on the asset through inclusion of depreciation expense in cost of service. Under construction accounting the Company would not be including depreciation expense in cost of service, but rather would defer the depreciation to a future rate case. This same general concept applies to ADIT increases.

Q: What are OPC's issues surrounding construction accounting for the Infrastructure Program?

A: OPC's concerns, as presented in the Rebuttal Testimony of Mr. Robertson, center around regulatory lag issues and essentially mirror the concerns of Mr. Majors. Therefore, I will not repeat my rebuttal of those concerns. However, Mr. Robertson does bring up a point that I would like to discuss, a reference to a 1991 Missouri Public Service Company rate case addressing regulatory lag (Mo. P.S.C. 3d 200, 207 (1991)).

Q: What did the Commission state regarding regulatory lag in that case?

A: I will not repeat the entire section that Mr. Robertson quotes, but the pertinent comments are as follows:

> Lessening regulatory lag by deferring costs is not a reasonable goal unless the costs are associated with an extraordinary event.

Q: Is this Commission statement applicable to the issue at hand in this rate case?

A: Yes. The Commission in this 1991 Missouri Public Service Company case inferred that a deferral mechanism may be appropriate if the event is considered extraordinary. While the definition of extraordinary is subjective I stated earlier in this section of my testimony that for the L&P jurisdiction the Infrastructure Program is material and significant and could therefore be considered extraordinary.

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	)	Case No. ER-2012-0175
Implement General Rate Increase for Electric Service	)	

AFFIDAVIT OF JOHN P. WEISENSEE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

John P. Weisensee, being first duly sworn on his oath, states:

1. My name is John P. Weisensee. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Regulatory Affairs Manager.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of KC&PL Greater Missouri Operations Company consisting of twenty (20) 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.

John P. Weisensee
John P. Weisensee

Subscribed and sworn before me this 10th day of October, 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

KCPL Greater Kansas City Operations - MPS & L&P
Missouri Bad Debt Write-Offs, Net of Recoveries
Missouri Retail Revenue w/o GRT

Change in Revenues Compared with Change in Write-Offs, net of Recoveries

(Based on bad debt write-offs 6 months after billing)

Month of Billing		Revenues (excl fuel adjustment revenues)	Month of Associated Bad Debt (a)	Bad Debt Net of Recoveries	Net Bad Debt as Percent of Revenues
GMO-MPS					

Acquisition of Aquila was completed in July 2008. Aquila data was used for November 2007 through June 2008 in order to have a 22 month comparison with the 22 month period during which rates from ER-2009-0090 were in effect.

	Nov-07	30,034,327	May-08	207,021	
	Dec-07	37,235,114	Jun-08	263,082	
	Jan-08	37,846,470	Jul-08	284,315	
	Feb-08	33,453,328	Aug-08	181,974	
	Mar-08	33,382,852	Sep-08	218,876	
	Apr-08	32,378,564	Oct-08	261,491	
	May-08	36,617,085	Nov-08	263,062	
	Jun-08	49,028,634	Dec-08	379,838	
	Jul-08	34,157,404	Jan-09	177,171	
	Aug-08	52,850,440	Feb-09	56,067	
	Sep-08	38,909,442	Mar-09	152,138	
	Oct-08	30,289,383	Apr-09	291,008	
	Nov-08	32,328,574	May-09	220,374	
	Dec-08	38,511,640	Jun-09	214,502	
	Jan-09	38,959,884	Jul-09	247,841	
	Feb-09	32,599,905	Aug-09	206,674	
	Mar-09	33,714,217	Sep-09	325,131	
	Apr-09	31,697,362	Oct-09	265,470	
	May-09	35,970,558	Nov-09	222,232	
	Jun-09	51,626,376	Dec-09	289,679	
	Jul-09	52,890,583	Jan-10	123,286	
	Aug-09	54,474,698	Feb-10	26,515	
22 Months		848,956,840		4,877,747	0.575%

ER-2009-0090 - New Rates Effective September 1, 2009

	Sep-09	40,715,785	Mar-10	48,850	
	Oct-09	36,490,328	Apr-10	208,129	
	Nov-09	35,773,445	May-10	313,120	
	Dec-09	43,741,942	Jun-10	355,122	
	Jan-10	44,784,288	Jul-10	267,173	
	Feb-10	38,934,371	Aug-10	191,151	
	Mar-10	38,771,060	Sep-10	14,535	
	Apr-10	33,080,560	Oct-10	328,365	
	May-10	43,066,391	Nov-10	377,364	
	Jun-10	62,574,028	Dec-10	552,126	
	Jul-10	68,708,023	Jan-11	478,939	
	Aug-10	70,455,183	Feb-11	241,095	
	Sep-10	45,873,736	Mar-11	114,638	

KCPL Greater Kansas City Operations - MPS & L&P
Missouri Bad Debt Write-Offs, Net of Recoveries
Missouri Retail Revenue w/o GRT

Change in Revenues Compared with Change in Write-Offs, net of Recoveries

(Based on bad debt write-offs 6 months after billing)

Month of Billing	Revenues (excl fuel adjustment revenues)	Month of Associated Bad Debt (a)	Bad Debt Net of Recoveries	Net Bad Debt as Percent of Revenues
Oct-10	32,932,444	Apr-11	144,057	
Nov-10	36,211,704	May-11	255,339	
Dec-10	43,422,780	Jun-11	456,038	
Jan-11	43,389,209	Jul-11	368,172	
Feb-11	39,459,266	Aug-11	283,314	
Mar-11	38,273,826	Sep-11	282,593	
Apr-11	32,898,331	Oct-11	329,510	
May-11	41,263,155	Nov-11	542,933	
Jun-11	59,798,366	Dec-11	466,331	
22 Months	970,618,221		6,618,894	0.682%
Percent Incr (Decr) from prior period	14.33%		35.70%	
ER-2010-0356 - New rates Effective 6-25-2011				
Jul-11	79,227,119	Jan-12	379,701	
Aug-11	71,628,956	Feb-12	94,081	
Sep-11	44,265,159	Mar-12	(114,309)	

GMO-L&P

Month of Billing	Revenues (excl Gross Receipts Taxes)	Month of Associated Bad Debt (a)	Bad Debt Net of Recoveries	Net Bad Debt as Percent of Revenues

ER-2007-0004 - New Rates Effective May 31, 2007
Acquisition of Aquila was completed in July 2008. Aquila data was used for November 2007 through June 2008 in order to have a 22 month comparison with the 22 month period during which rates from ER-2009-0090 were in effect.

Nov-07	8,744,893	May-08	75,490
Dec-07	10,754,404	Jun-08	129,597
Jan-08	10,242,282	Jul-08	49,198
Feb-08	9,808,439	Aug-08	35,740
Mar-08	9,577,668	Sep-08	70,421
Apr-08	8,322,027	Oct-08	67,702
May-08	10,478,337	Nov-08	37,816
Jun-08	14,040,548	Dec-08	67,439
Jul-08	8,945,430	Jan-09	(18,620)
Aug-08	13,821,397	Feb-09	2,443
Sep-08	10,097,803	Mar-09	29,208
Oct-08	8,441,522	Apr-09	67,923
Nov-08	9,535,374	May-09	164,975
Dec-08	11,225,135	Jun-09	61,093

KCPL Greater Kansas City Operations - MPS & L&P
Missouri Bad Debt Write-Offs, Net of Recoveries
Missouri Retail Revenue w/o GRT

Change in Revenues Compared with Change in Write-Offs, net of Recoveries

(Based on bad debt write-offs 6 months after billing)

Month of Billing		Revenues (excl fuel adjustment revenues)	Month of Associated Bad Debt (a)	Bad Debt Net of Recoveries	Net Bad Debt as Percent of Revenues
	Jan-09	10,467,239	Jul-09	50,781	
	Feb-09	10,069,925	Aug-09	56,864	
	Mar-09	9,968,943	Sep-09	95,862	
	Apr-09	8,612,517	Oct-09	64,766	
	May-09	8,771,281	Nov-09	52,595	
	Jun-09	13,179,394	Dec-09	61,095	
	Jul-09	14,180,774	Jan-10	25,986	
	Aug-09	13,418,272	Feb-10	66	
22 Months		232,703,604		1,248,440	0.536%
ER-2009-0090 - New Rates Effective September 1, 2009					
	Sep-09	10,381,646	Mar-10	(1,487)	
	Oct-09	10,554,372	Apr-10	43,221	
	Nov-09	10,038,655	May-10	92,746	
	Dec-09	13,043,407	Jun-10	114,868	
	Jan-10	12,882,294	Jul-10	76,716	
	Feb-10	11,837,746	Aug-10	26,804	
	Mar-10	10,702,913	Sep-10	(42,136)	
	Apr-10	8,865,362	Oct-10	69,966	
	May-10	11,562,412	Nov-10	53,385	
	Jun-10	15,739,527	Dec-10	115,122	
	Jul-10	16,593,057	Jan-11	140,549	
	Aug-10	17,076,311	Feb-11	40,412	
	Sep-10	11,377,146	Mar-11	10,453	
	Oct-10	9,136,668	Apr-11	48,245	
	Nov-10	10,147,028	May-11	50,598	
	Dec-10	12,413,801	Jun-11	127,572	
	Jan-11	12,584,359	Jul-11	133,702	
	Feb-11	11,209,773	Aug-11	96,426	
	Mar-11	10,728,367	Sep-11	72,210	
	Apr-11	9,102,990	Oct-11	53,931	
	May-11	11,256,885	Nov-11	119,762	
	Jun-11	15,672,092	Dec-11	119,680	
22 Months		262,906,811		1,562,745	0.594%
Percent Incr (Decr) from prior period		12.98%		25.18%	
ER-2010-0356 - New rates Effective 6-25-2011					
	Jul-11	20,353,054	Jan-12	102,479	
	Aug-11	19,572,547	Feb-12	4,284	
	Sep-11	12,529,071	Mar-12	(42,199)	

(a) Based on 6-month lag