Exhibit No. 106
Issues: *Gross Receipts Tax; Revenues; Weather Normalization; Customer Growth/Loss Annualization; Large Customer Annualization; Other Revenue; Uncollectible (Bad Debt) Expense; Payroll; A&G Salaries Capitalization Ratio; Payroll Taxes; Employer 401(k) Match; Other Payroll Related Benefits*
Witness: *Kimberly K. Bolin*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2006-0314*
Date Testimony Prepared: *August 8, 2006*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

FILED
NOV 13 2006
Missouri Public Service Commission

DIRECT TESTIMONY

OF

KIMBERLY K. BOLIN

KANSAS CITY POWER AND LIGHT COMPANY

CASE NO. ER-2006-0314

Staff Exhibit No. 106
Case No(s). ER-2006-0314
Date 10-16-06 Rptr XF

Jefferson City, Missouri
August 2006

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Begin the Implementation of Its Regulatory Plan.)	Case No. ER-2006-0314

AFFIDAVIT OF KIMBERLY K. BOLIN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Kimberly K. Bolin, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 19 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Kimberly K. Bolin
Kimberly K. Bolin

Subscribed and sworn to before me this 10th day of August 2006.

Toni M. Charlton

TONI M. CHARLTON NOTARY SEAL NOTARY PUBLIC STATE OF MISSOURI

TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301

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OF

KIMBERLY K. BOLIN

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DIRECT TESTIMONY

OF

KIMBERLY K. BOLIN

KANSAS CITY POWER AND LIGHT COMPANY

CASE NO. ER-2006-0314

Q. Please state your name and business address.

A. Kimberly K. Bolin, 200 Madison Street, Suite 440, Jefferson City, MO 65101.

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

A. I am Regulatory Auditor for the Missouri Public Service Commission (Commission).

Q. What is your educational and employment background?

A. I graduated from Central Missouri State University in Warrensburg, Missouri, with a Bachelor of Science in Business Administration, major emphasis in Accounting in May 1993. Before coming to work at the Commission, I was employed by the Missouri Office of the Public Counsel (Public Counsel) as a Public Utility Accountant from September 1994 to April 2005. I commenced employment with the Commission in April 2005.

Q. What was the nature of your job duties when you were employed by Public Counsel?

A. I was responsible for performing audits and examinations of the books and records of public utilities operating within the state of Missouri.

Q. What is the nature of your current job duties at the Commission?

A. I am responsible for assisting in the audits and examinations of the books and records of utility companies operating within the State of Missouri.

Q. Have you previously filed testimony before this Commission?

A. Yes, please refer to Schedule 1, attached to this direct testimony, for a list of the major audits on which I have assisted and filed testimony.

Q. Please describe your areas of responsibility in this case, Case No. ER-2006-0314.

A. I am responsible for the areas of revenue, uncollectibles (bad debt), payroll, payroll taxes and employee benefits.

Q. Please describe what adjustments you are sponsoring in this case.

A. I am sponsoring the following Income Statement adjustments:

Revenue	S-1.1, S-1.2, S-1.3
Uncollectibles	S-68.1, S-68.2
Payroll	S-8.1, S-9.1, S10.1, S11.1, S12.1, S-14.1, S-15.1, S-16.1, S-17.1, S-18.1, S-20.1, S-21.1, S-22.1, S-23.1, S-4.1, S-25.1, S-26.1, S-27.1, S-28.1, S-29.1, S-30.1, S-31.1, S-32.1, S-33.1, S-34.1, S-37.1, S-38.1, S-39.1, S-40.1, S-41.1, S42.1, S-44.1, S-46.1, S-47.1, S-48.1, S-49.1, S-50.1, S-51.1, S-52.1, S-53.1, S-54.1, S-55.1, S-57.1, S-58.1, S-59.1, S-60.1, S-61.1, S-62.1, S-63.1, S-64.1, S-65.1, S-66.1, S-67.1, S-69.1, S-70.1, S-71.1, S-72.2, S-72.3, S-73.1, S-77.1, S-78.1, S79.1, S-80.1, S-81.1, S-83.1, S-84.1
Payroll Taxes	S-87.1
Employer 401(k) Match	S-78.6
Other Payroll Related Benefits	S-78.8, S-78.9, S-78.10, S-78.11, S-78.12

Q. What knowledge, skill, experience, training and education do you have related to your audit assignments in this case?

A. My college education provides a fundamental knowledge base, which I have utilized in my assigned duties both at Public Counsel and at the Commission. I have attended training courses and reviewed in-house training materials both when employed by Public Counsel and while at the Commission. When I was employed at Public Counsel I received guidance from the Chief Public Utility Accountant and since I began my employment at the Commission I have continually received guidance from the Senior Auditors in the Auditing Department on my assignments. My work assignments when employed by Public Counsel provided me with a general knowledge base upon which I have relied to develop my assigned areas in this rate proceeding. I have reviewed the Company's testimony, workpapers and data request responses for this case.

EXECUTIVE SUMMARY OF TESTIMONY

Q. What are you presenting in your testimony?

A. I present annualization and normalization adjustments to test year revenues as updated for known and measurable changes through June 30, 2006. Annualization adjustments are made to reflect a full 12-month impact of known and measurable changes that occurred during the test year as updated. Normalization adjustments are made to ensure that the cost of service properly reflects a "normal" level of revenues and expenses by removing abnormalities and/or nonrecurring events that do not reflect the Company's ongoing operations. I cover the areas of revenues, uncollectibles, payroll, payroll expense ratio, employee benefit expenses including medical and dental cost, 401k employer match, and payroll taxes and miscellaneous benefits.

Q. Generally, what do you cover in these areas?

A. Ultimately, I present proposed revenue adjustments made to result in a representative annual revenue level based upon known and measurable changes through June 30, 2006, the update period for this case. To accomplish the representative annual revenue level, normalization adjustments are made to remove any abnormal test year weather impacts on test year revenues and annualization adjustments are made so that an annual impact from customer growth (new customers) and large customer load changes through June 30, 2006 are reflected in the adjusted test year revenues.

Q. What did you do regarding uncollectibles (bad debts)?

A. I analyzed KCPL's bad debt expenses over the last six years (2000-2005) to determine a normalized level.

Q. What did you do regarding payroll?

A. I annualized payroll based upon the number of KCPL employees and wage rates in effect as of June 30, 2006. I also annualized the payroll of employees at KCPL's parent company, Great Plains Energy (GPE), based upon the number of employees and wage rates in effect as of June 30, 2006. My payroll annualization does not include incentive compensation and severance payments. These issues are addressed in the testimony of Staff witnesses V. William Harris and Charles R. Hyneman.

Q. Please briefly describe your adjustment to the payroll expense ratio?

A. The payroll expense ratio should reflect a proper allocation of total payroll cost between operations and maintenance activity (expensed in the current year) and construction activity (capitalized to plant in service). During its audit, Staff determined that the amount of Administrative and General (A&G) labor capitalized does not reflect a proper allocation of executive salaries between expense and construction activities. KCPL allocated only 4.42% of executive salaries to construction activities in 2005. Staff has allocated A&G salaries to construction based upon the same percentage that other non-A&G payroll was allocated to construction in 2005.

Q. How did you adjust payroll taxes and employee benefits?

A. I used the most recent data available, which is the twelve months ending June 30, 2006 data. I adjusted payroll taxes and 401(k) employer match costs so the costs are based upon payroll as of June 30, 2006. Similarly, I used June 30, 2006 data to adjust other payroll related employee benefits.

<u>GROSS RECEIPTS TAX</u>

Q. What are adjustments S-1.1 and S-87.4?

A. Adjustment S-1.1 remove gross receipts tax from test year revenue and Adjustment S-87.4 removes gross receipts tax from test year expense.

Q. Why did you remove gross receipts tax?

A. Gross receipts tax is not a revenue source designed to be collected through the application of a Commission-approved tariff. It is a tax imposed by a municipality that the Company is obligated to collect and remit to the municipality. Although there is no impact on earnings related to gross receipts tax (because the resulting revenue recorded by the Company is offset by a corresponding charge to expense), Staff's revenue requirement should only reflect the revenue that will be generated through the application of approved Commission tariffs and be void of any impact related to non-tariff revenue such as gross receipts tax.

REVENUES

Q. What types of adjustments did the Staff use to determine annualized revenues?

A. The Staff normalized revenues to reflect normal weather and for customer load changes. The Staff annualized revenues to reflect customer growth or loss.

Q. What are annualization adjustments?

A. Annualization adjustments adjust the test year revenues and expenses to reflect a full 12-month impact of known and measurable changes that have occurred through the update period, which is June 30, 2006 for this case. Revenue annualization adjustments are commonly used in adjusting revenues for additions and disconnections of service throughout the test year and update period. For example, the test year in this case is based upon calendar year 2005. Assuming a new customer began service with KCPL, July 1, 2005, the test year will only reflect revenues from this customer for 6 months; thus, revenues must be annualized to reflect a full year's revenue for this customer.

Q. What are normalization adjustments?

A. Normalization adjustments are made to ensure that the cost of service properly reflects a "normal" level of revenues and expenses. Normalization adjustments are made to remove abnormalities and/or non-recurring events that do not reflect the Company's ongoing operations. Examples of normalization adjustments include adjusting the test year to remove abnormal weather for those classes of customers whose usage is weather sensitive. Another example of a normalization adjustment in the revenue area would be adjusting the usage for an industrial customer whose load was abnormally low in the test year due to a plant shut down as a result of storm damage.

WEATHER NORMALIZATION

Q. Why is it appropriate to adjust revenues for normalized weather?

A. Revenues used for setting rates should be set at a level that represents a "typical" or "average" of the expected actual annual revenues the utility should obtain while rates are in effect. As stated above, electricity use, and therefore revenues, changes with temperature. For example, if the overall temperature was warmer than normal during the summer season of the test year, the Company's revenues would be overstated in relation to a normal summer season. On the other hand, if the summer season was cooler than normal, the Company's revenues would be understated in relation to a normal summer season. Rates set on the basis of overstated revenues due to a warmer than normal summer would potentially under-collect revenues for normal summer weather, whereas rates set on the basis of understated revenues due to a cooler than normal summer would potentially over-collect revenues for normal summer weather. By using normalized revenues for weather, Staff eliminates the effects of abnormal temperatures during the test year.

Q. What methodology did the Staff use to normalize revenues for weather?

A. Staff witness Curtis Wells of the Energy Department is sponsoring the Staff's proposed normalization adjustment to eliminate abnormal weather impacts from the test year, 2005.

CUSTOMER GROWTH/LOSS ANNUALIZATION

Q. What is adjustment S-1.2?

A. Adjustment S-1.2 annualizes revenue to reflect customer growth for customers served under the tariff sheets for the Residential, Small General Service, Medium General Service, and Large General Service customer classes.

Q. Why is it appropriate to adjust revenues for customer growth or loss?

A. Customer growth or loss impacts the company's revenues. It is appropriate to adjust for customer growth or loss in order to reflect the most current ongoing level of revenues in determining the cost of service.

Q. Did the Staff make any adjustments to revenue for KCPL's operations in Kansas?

A. No. No dollar revenue adjustment is necessary for KCPL's Kansas operations. However, the Staff developed a kilowatt-hour (kWh) adjustment for customer growth for the Kansas operations to arrive at a level of kWh sales in Missouri and Kansas. Since KCPL's generating units are jointly dispatched to meet both its Missouri and Kansas loads, fuel and purchase power costs are annualized on a total Company basis, then allocated between the two jurisdictions. The impact of growth on kWh sales for both jurisdictions was provided to Staff witness Leon Bender of the Commission's Energy Department for inclusion in the fuel model to calculate the annualized level of fuel and purchase power cost.

Q. How did you analyze customer growth or loss?

A. The customer growth adjustments are comprised of two components. First, the Staff determines the change in the number of customers that occurred between the 2005 test year months and the update period of June 30, 2006. The second component calculates the weather normalized change in kWh sales and related revenues resulting from the change in customer levels through June 30, 2006.

Q. How did the Staff calculate the growth or loss in kWh sales?

A. First, the test year kWh sales for each of the rate groups were adjusted for weather to arrive at a normalized kWh level. Then, for each month of the test year for each rate group, the normalized kWh sales were divided by the number of customers to calculate a normalized kWh usage per customer for the month. The number of customers in each rate group as of June 30, 2006 were then compared to the test year monthly number of customers. The difference in the number of customers was then multiplied by the normal usage per customer to calculate the growth or loss in kWh sales for each rate group each month of the test year.

Q. How does Staff arrive at a normalized revenue level?

A. Staff witness Curtis Wells of the Commission's Energy Department provided for each class, the weather-normalized revenue for each month. Staff then divided the normalized revenue dollars by the number of customer in each rate class to calculate normalized revenue per customer bill amount for each month of the test year. The June 30, 2006 number of customers in each class was then compared to the test year monthly number of customers. The difference in the number of customers was then multiplied by normal revenue dollars per customer bill to calculate growth or loss in revenue dollars for each month of the test year.

LARGE CUSTOMER ANNUALIZATION

Q. Are the test year kWh sales for large power customers typically adjusted to reflect normal weather?

A. No. The loads for large power users are not considered weather sensitive and, therefore, no attempt is made to adjust for weather impacts.

Q. How does Staff typically annualize large volume customer rate classes?

A. The Staff annualizes large volume customer rate classes based on a review of monthly consumption for each customer during the test year.

Large customers require a detailed study rather than generalized (average usage) adjustment for several reasons. When KCPL adds a new large customer, that customer's usage may not be reasonably estimated by simple reference to average usage levels for all other large power customers. New large customers may initially have an erratic load level until a stable load pattern is established. Other factors such as expansions, outages for unscheduled maintenance and market forces may play a role in unusual load fluctuations occurring in the test year.

OTHER REVENUE

Q. Did Staff review the amounts KCPL booked in its Other Revenues accounts?

A. Yes. These revenues include forfeited discounts, temporary installation profit, rent from electric property, miscellaneous electric revenues, and transmission service for others. Staff's analysis of these amounts included a review of the revenues over the last six years and through May 31, 2006. The test year Other Revenues amounts appear to be representative of an annualized level of revenue for each respective category identified above, except transmission service for others revenue. Staff reserves the right to continue to examine the transmission service for others revenue amount and will be more able to determine if any adjustment is necessary when the Staff completes the true-up audit through September 30, 2006. The Staff's direct filing reflects the test year amount of miscellaneous revenue.

UNCOLLECTIBLE (BAD DEBT) EXPENSE

Q. What is the purpose of Adjustment S-68.1?

A. This adjustment removes from test year revenues the bad debt associated with Kansas customers.

Q. What is Adjustment S-68.2?

A. Adjustment S-68.2 normalizes bad debt expense for the test year based upon Missouri retail sales.

Q. How did you calculate a normal level of bad debt expense for KCPL?

A. I analyzed the ratio of bad debt write-offs (net of recoveries) to booked revenue for the years 2000 through 2005. I arrived at a normal level of bad debt expense by multiplying Staff's annualized revenue by a four year average bad debt write-off ratio (.43 %) for the years 2002 through 2005.

Q. Why did Staff use a four-year average net write-off ratio in its calculation of bad debt expense?

A. The Staff used a four year average net write-off ratio in order to normalize annual volatility in the level of bad debt write-off over the last four years. The last four years of data appear to be what one could reasonably expect to occur in the future.

PAYROLL

Q. What compensation items are included in your payroll annualization?

A. I have included all KCPL employees' hourly wage rates (as of June 30, 2006) multiplied by 2088 hours to arrive at a total base payroll for KPCL. I also included an allocated share of GPE's annualized payroll based upon employees and wage rates at June 30, 2006.

Q. Does your payroll annualization include an amount for overtime compensation?

A. Yes. I used a three-year average of overtime hours incurred by KCPL employees and multiplied that average by the current hourly overtime rate.

Q. From where did you get a current hourly overtime rate for KCPL?

A. I arrived at a current hourly overtime rate by dividing the test year overtime dollar amount by the test year overtime hours.

Q. Did you include any amount for GPE employee overtime compensation?

A. Yes.

Q. Did you include any amount for payroll for the Wolf Creek Nuclear Operating Corporation?

A. Yes. KCPL is a non-operating partner of the Wolf Creek Operating Corporation and is billed a portion of Wolf Creek Nuclear Operating Corporation's payroll each month.

Q. Have you included any incentive compensation in your payroll annualization for KCPL?

A. No. Staff witness V. William Harris of the Commission's Auditing Department addresses incentive compensation in his direct testimony.

Q. Does your payroll annualization include severance payments?

A. No. Staff witness Charles R. Hyneman of the Commission's Auditing Department addresses the disallowance of severance payments in his testimony.

A&G SALARIES CAPITALIZATION RATIO

Q. What labor costs are recorded in Account 920?

A. Executive management and administrative labor costs are recorded in Account 920. These labor costs are recorded in Account 920, because executive management employees' time cannot be directly assigned to one specific area such as production, transmission or distribution operations. Executives of an utility company are responsible for overseeing all aspects of the Company, therefore, their time is not directly assigned to just one area. Account 920 is intended to include all labor costs which cannot be directly assigned to one area of the company's operations.

Q. What is the Staff's position on allocation of A&G (Administrative & General) salaries between operation and maintenance activity and construction activity?

A. It is the Staff's belief that KCPL does not capitalize an appropriate level of A&G salaries to construction. In the test year, KCPL only capitalized 4.42% of total A&G salaries, thus 95.58% of A&G salaries were expensed. Most of KCPL's executive management assigns little or no time to construction activity. From a ratemaking perspective, this approach overstates payroll expense recovered in cost of service. If KCPL's allocation method were adopted for annualizing KCPL's total payroll in this case, payroll expense would be overstated by Staff's calculation by approximately $5.7 million on a total company basis.

Q. Why should a portion of A&G salaries be capitalized?

A. In general, utilities are capital intensive entities where ongoing construction activity is necessary to meet the power needs of current and future customers; therefore, construction is a significant and on-going activity of a utility company. Construction activity not only involves actual physical construction, but also requires planning, budgeting, monitoring and record keeping along with other activities. Some of these activities can be directly identifiable with specific construction projects, some of these activities cannot be directly identified with a project. The fact that the activity cannot be directly identified with a project does not mean that the activity was not performed in support of the construction. Where construction activities take place and funds are expended, indirect A&G costs occur. Executive management has oversight responsibility for all of KCPL's operations including construction. This oversight responsibility is and will continue to be significant in part due to the construction of KCPL's new coal unit, Iatan 2, and environmental compliance on existing units between now and 2010, the expected in service date for the Iatan 2 generating unit.

Q. Is KCPL in what would be described as "a major construction phase?"

A. Yes. As stated above, KCPL currently has several large construction projects planned between now and 2010. These projects include Iatan 2, wind generation facilities in Kansas and major investment in environmental equipment for existing coal units; therefore, one can reasonably assume that many of KCPL and GPE's executive employees are committing a fairly significant amount of their time to the planning and ongoing oversight of these construction projects. KCPL has not constructed an entirely new coal unit for over 20 years.

Q. Did KCPL capitalize any incentive compensation during the test year as updated?

A. No. Incentive compensation represents a portion of an employee's total payroll. The allocation of incentive compensation should be consistent with the allocation of base payroll. KCPL should have capitalized incentive compensation by the same ratio that it capitalized regular payroll. The Staff has allocated incentive compensation to construction using the same allocation factor I am addressing in this direct testimony for annualized payroll.

Q. How did Staff determine the appropriate capitalization ratio to be used for recording payroll in Account 920?

A. To determine an appropriate capitalization ratio for payroll to be recorded in Account 920, Staff examined the allocation of payroll, between expense and construction, for all employees except those charging time to Account 920, A&G salaries. This analysis indicated that the payroll for KCPL employees, excluding executive salaries charged to Account 920, was allocated 21.41% to construction activity. This compares to the 4.42% allocated to construction by executive management. To calculate its adjustment, the Staff has assumed that executive management, having oversight responsibility for all employees involved in construction activity, should allocate at least the same 21.41% of their time to construction activity. A detailed worksheet showing how this calculation was performed and applied is attached to my direct testimony as Schedule 2.

Q. In the past, has Staff recommended use of a higher capitalization ratio for A&G salaries for ratemaking purpose than the Company's actual allocation ratio for assigning A&G salaries to construction activity?

A. Yes. In Case No. ER-82-66, a KCPL general electric rate increase case, before this Commission, the Staff recommended using a higher capitalization ratio than what the Company had used in the test year period for that proceeding. The Commission believed the Company was capitalizing too small an amount of A&G labor and ordered the Company to "conduct a study to establish detailed policies and procedures that direct what costs should be directly charged to construction. The study shall also establish detailed policies and procedures to account for those construction-related A&G salaries and expenses that cannot be charged to a specific project and assign those amounts ratably among the various construction projects." (Report and Order, Case No. ER-82-66, page 9)

Q. Did KCPL perform the study the Commission ordered?

A. KCPL performed a study, but in Case No. ER-83-49, the Commission stated:

> There is no evidence in this record to persuade the Commission to depart from its opinion concerning the performance of a precise study as announced in Case No. ER-82-66. The Commission finds that the Company's method of performing the study and the resulting product herein do not conform to the direction to perform the study.

Q. Has KCPL performed an A&G capitalization study that addresses indirect construction costs for the test year in this case?

A. No. The Company has only analyzed a sampling of estimated distributions of total time. The sampling was based on employees from select departments who charged over 125 hours from August 2004 to August 2005 to A&G payroll. The period in which employees completed the estimation was September 7-13, 2005. The Company then used the results of the survey to determine the percentage of hours related to construction.

Q. Does the Uniform System of Accounts address the indirect allocation of A&G payroll to construction activity?

A. Yes. Electric Plant Instruction 4 Overhead Construction Costs states:

> All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead.....

Under Electric Plant Instruction 3, Components of construction costs, item (12), the USOA states:

> General administration capitalized includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

Q. Is Company following Electric Plant Instructions 3 and 4?

A. No. Electric Plant Instruction 4 calls for the assignment of all indirect labor costs (overheads) to particular construction projects. Electric Plant Instruction 3 requires that officers and administrative personnel of the Company assign time to construction related activities. KCPL's test year allocation of 4.42% of A&G salaries to construction does not, in Staff's view, represent a fair allocation of executive management salaries to construction activity. KCPL is therefore not in compliance with either Electric Plant Instruction 3 or 4.

Q. Did the Company provide Staff with a list of employees, including executive management employees, whose salaries are recorded to Account 920 with none of their salaries allocated to construction?

A. Yes. Data Request No. 263 provides a list of all employees whose salaries are recorded in Account 920. Several of the executive management employees, such as the President, Chairman of the Board, Assistant Vice President/Director Acquisitions and Treasurer do not assign any of their salaries to construction.

Q. What adjustments did the Staff make to reflect the Staff's allocation of A&G salaries between operation and maintenance activities and construction activities?

A. Two adjustments were required. Adjustment S-72.2 adjusted the 2005 test year A&G salaries to reflect an annualized salary level based upon salaries and employee levels as of June 30, 2006, the update period for this case. For Adjustment S-72.2 the Staff assumed the test year allocation factor of 4.42% to construction. The second adjustment, S-72.3 eliminated the excess salaries allocated to expense resulting from the 4.42% assumption in adjustment S-72.2. These adjustments are reflected as reductions (negative amounts) in the Staff's EMS run. In order to value the issue for reconciliation purposes it was necessary to first put annualized A&G salaries in cost of service at the 2005 expense allocation, 95.58%, and then in the second adjustment, S-72.3, to eliminate the excess salaries charged to expense based upon Staff's recommended expense ratio of 78.59%. Adjusting A&G salaries to reflect an allocation of 78.59% to expense and 21.41% to construction, reduced A&G salaries expensed by approximately $5.7 million dollars on a total company basis.

PAYOLL TAXES

Q. What is Adjustment S-87.1?

A. Adjustment S-87.1 annualizes the amount of employer FICA and Medicare taxes. The amount of FICA and Medicare taxes were based upon the June 30, 2006 number of employees and wage rate.

EMPLOYER 401(K) MATCH

Q. What is Adjustment S-78.6?

A. Adjustment S-78.6 annualizes the amount of 401(k) employer match. This adjustment is also based upon June 30, 2006 employee levels and pay.

OTHER PAYROLL RELATED BENEFITS

Q. Did Staff make any adjustments to employee benefits?

A. Yes, the Staff normalized Long-Term Disability, Life, Accidental Disability & Death insurance, medical insurance, dental insurance and vision insurance by using the most current twelve months ending June 30, 2006 costs. These adjustments are S-78.8, S-78-9, S-78.10, S-78.11.

Q. Did Staff also normalize other benefits relating to Wolf Creek Nuclear Plant?

A. Yes, Staff used the most current twelve months ending June 30, 2006 costs for other benefits for Wolf Creek. Adjustment S-78.12 normalizes the Wolf Creek benefits.

Q. Does this conclude your direct testimony?

A. Yes, it does.

CASE PARTICIPATION
OF
KIMBERLY K. BOLIN
WHILE EMPLOYED WITH
THE OFFICE OF THE PUBLIC COUNSEL

Company Name	**Case Number**	**Testimony/Issues**	**Contested or Settled**
St. Louis County Water Company	WR-95-145	**Rebuttal**- Tank Painting Reserve Account; Main Repair Reserve Account **Surrebuttal**- Main Repair Reserve Account	Contested
Missouri-American Water Company	WR-95-205/ SR-95-206	**Direct**- Property Held for Future Use; Premature Retirement of Sewer Plant; Depreciation Study Expense; Deferred Maintenance **Rebuttal**- Property Held for Future Use; Premature Retirement of Sewer Plant; Deferred Maintenance **Surrebuttal**- Property Held for Future Use; Premature Retirement of Sewer Plant	Contested
Steelville Telephone Company	TR-96-123	**Direct**- Depreciation Reserve Deficiency	Settled
St. Louis Water Company	WR-96-263	**Direct**-Main Incident Repairs **Rebuttal**- Main Incident Repairs **Surrebuttal**- Main Incident Repairs	Contested
Imperial Utility Corporation	SC-96-427	**Direct**- Revenues, CIAC **Surrebuttal**- Payroll; Uncollectible Accounts Expense; Rate Case Expense, Revenues	Settled
Missouri-American Water Company	WA-97-45	**Rebuttal**- Waiver of Service Connection Charges	Contested
Associated Natural Gas Company	GR-97-272	**Direct**- Acquisition Adjustment; Interest Rates for Customer Deposits **Rebuttal**- Acquisition Adjustment; Interest Rates for Customer Deposits **Surrebuttal**- Interest Rates for Customer Deposits	Contested
St. Louis County Water Company	WR-97-382	**Direct**- Interest Rates for Customer Deposits, Main Incident Expense	Settled

Company Name	**Case Number**	**Testimony/Issues**	**Contested or Settled**
Union Electric Company	GR-97-393	**Direct**- Interest Rates for Customer Deposits	Settled
Gascony Water Company, Inc.	WA-97-510	**Rebuttal**- Rate Base; Rate Case Expense; Cash Working Capital	Settled
Missouri Gas Energy	GR-98-140	**Direct**- Payroll; Advertising; Dues & Donations; Regulatory Commission Expense; Rate Case Expense	Contested
Laclede Gas Company	GR-98-374	**Direct**- Advertising Expense; Gas Safety Replacement AAO; Computer System Replacement Costs	Settled
St. Joseph Light & Power	ER-99-247	**Direct**- Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs **Rebuttal**- Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs **Surrebuttal**- Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs	Settled
St. Joseph Light & Power	HR-99-245	**Direct**- Advertising Expense; Dues & Donations; Miscellaneous Expense; Items to be Trued-up **Rebuttal**- Advertising Expense **Surrebuttal**- Advertising Expense	Settled
Laclede Gas Company	GR-99-315	**Direct**- Advertising Expense; Dues & Donations; Miscellaneous Expense; Items to be Trued-up	Contested
Missouri American Water Company	WR-2000-281/ SR-2000-282	**Direct**- Water Plant Premature Retirement; Rate Case Expense **Rebuttal**- Water Plant Premature Retirement **Surrebuttal**- Water Plant Premature Retirement	Contested
St. Louis County Water Company	WR-2000-844	**Direct**- Main Incident Expense	Settled
Osage Water Company	SR-2000-556/ WR-2000-557	**Direct**- Customer Service	Contested

Company Name	**Case Number**	**Testimony/Issues**	**Contested or Settled**
Empire District Electric	ER-2001-299	**Direct**- Payroll; Merger Expense **Rebuttal**- Payroll **Surrebuttal**- Payroll	Settled
Gateway Pipeline Company	GM-2001-585	**Rebuttal**- Acquisition Adjustment; Affiliated Transactions; Company's Strategic Plan	Contested
Laclede Gas Company	GR-2001-629	**Direct**- Advertising Expense; Safety Replacement Program; Dues & Donations; Customer Correspondence	Settled
Warren County Water & Sewer	WC-2002-160 / SC-2002-155	**Direct**- Clean Water Act Violations; DNR Violations; Customer Service; Water Storage Tank; Financial Ability; Management Issues **Surrebuttal**- Customer Complaints; Poor Management Decisions; Commingling of Regulated & Non-Related Business	Contested
Environmental Utilities	WA-2002-65	**Direct**- Water Supply Agreement **Rebuttal**- Certificate of Convenience & Necessity	Contested
Missouri-American Water Company	WO-2002-273	**Rebuttal**- Accounting Authority Order **Cross-Surrebuttal**- Accounting Authority Order	Contested
Laclede Gas Company	GR-2002-356	**Direct**- Advertising Expense; Safety Replacement Program and the Copper Service Replacement Program; Dues & Donations; Rate Case Expense **Rebuttal**- Gas Safety Replacement Program / Deferred Income Taxes for AAOs	Settled
Empire District Electric	ER-2002-424	**Direct**- Dues & Donations; Memberships; Payroll; Security Costs **Rebuttal**- Energy Traders' Commission **Surrebuttal**- Energy Traders' Commission	Settled
Missouri American Water Company	WR-2003-0500	**Direct**- Acquisition Adjustment; Water Treatment Plant Excess Capacity; Retired Treatment Plan; Affiliated Transactions; Security AAO; Advertising Expense; Customer Correspondence	Settled
Osage Water Company	ST-2003-0562 / WT-2003-0563	**Direct**- Payroll **Rebuttal**- Payroll; Lease Payments to Affiliated Company; alleged Legal Requirement of a Reserve	Case Dismissed

Company Name	**Case Number**	**Testimony/Issues**	**Contested or Settled**
Missouri Gas Energy	GR-2004-0209	**Direct**- Safety Line Replacement Program; Environmental Response Fund; Dues & Donations; Payroll; Customer & Governmental Relations Department Disallowance; Outside Lobbyist Costs **Rebuttal**- Customer Service; Incentive Compensation; Environmental Response Fund; Lobbying/Legislative Costs **True-Up**- Rate Case Expense	Contested
Missouri American Water Company & Cedar Hill Utility Company	SM-2004-0275	**Direct**- Acquisition Premium	Settled
Empire District Electric	ER-2004-0570	**Direct**- Payroll	Settled
Missouri Gas Energy	GU-2005-0095	**Rebuttal**- Accounting Authority Order **Surrebuttal**- Accounting Authority Order	Contested

Annualized Payroll Adjustment

Line No.						
1	Test Year (2005) Total Payroll	DR 337		$ 188,482,542		
2	Test Year (2005) Account 920	DR 337		$ 35,416,473		
3	Percentage of Total Payroll to Account 920			18.79%		
4	**Staff Annualized Salaries & Wages**				**$ 179,147,466**	
5	Percentage of Total Payroll to Account 920				18.79%	
6	Less A & G Labor - Account 920				$ 33,662,382	(1)
7	Staff Annualized Salaries & Wages Less Account 920				$ 145,485,084	
8	Test Year Allocation to Expense - excluding Other Compensation & Acct 920				78.59%	(2)
9	Staff Annualized Salary & Wages to Expense				$ 114,336,727	
10	Test Year Payroll to Expense	DR 337		$ 155,489,862		
11	Test Year Account 920 (A & G) to Expense	DR 337	$ 33,850,728			
12	Less Other Compensation included in Account 920	DR 261.1	$ (7,934,086)			
13	Net Account 920 (A & G) less Other Compensation			$ 25,916,642		
14	Less Compensation other than Salary Expensed- All Accounts	DR 339		$ 14,461,234		
15	Test Year Payroll - Salary & Wages Only				$ 115,111,986	
16	Adjustment to Reflect Annualized Payroll				**$ (775,259)**	

Annualize A &G (Account 920) Payroll

17	Annualized A&G Labor - Account 920			$ 33,662,382	(1)
18	Test Year Account 920 (A & G) to Expense	DR 337	$ 33,850,728		
19	Total Test Year Account 920 (A & G)	DR 337	$ 35,416,473		
20	Percentage of Total Test Year Account 920			95.58%	
21	Annualized Payroll - 2005 Expense Allocation			$ 32,174,185	(3)
22	Test Year Account 920 (A & G) to Expense	DR 337	$ 33,850,728		
23	Less Other Compensation included in Account 920	DR 261.1	$ (7,934,086)		
24	Test Year Account 920 A & G Labor - Salaries Only			$ 25,916,642	
25	Adjustment to Annualize A & G (Acct 920) Payroll -using **Test Year Allocation Factor - 95.58%**			**$ 6,257,543**	

A & G Labor Allocation Adjustment

26	Staff's Annualized Payroll - Account 920	$ 33,662,382	(1)
27	Staff's Expense Factor for A & G Payroll	78.59%	
28	Staff's Annualized A & G Payroll to Exepnse	$ 26,455,266	
29	Annualized Payroll - 2005 Expense Allocation	$ 32,174,185	(3)
30	Adjustment to Correct 2005 Expense Allocation of A & G - **Staff Allocation Factor - 78.59%**	**$ (5,718,919)**	

2005 Payroll to Expense - Excluding Other Compensation & A & G Labor

31	Test Year Payroll to Expense	DR 337		$ 155,489,862	
32	Less Test Year Other Compensation Expensed	DR339		$ 14,461,234	
33	Test Year Account 920 (A & G) to Expense	DR 337	$ 33,850,728		
34	Less Other Compensation included in Account 920	DR 261.1	$ (7,934,086)	$ 25,916,642	
35	Test Year Payroll To Expense - Excluding Other Compensation & A&G Labor			$ 115,111,986	
36	Test Year Total Payroll	DR 337		$ 188,482,542	
37	Less Test Year Other Compensation	DR 339		$ 14,526,916	
38	Less A & G (Account 920) Labor	DR 337	$ 35,416,473		
39	Less Other Compensation included in Account 920	DR 261.1	$ (7,934,086)	$ 27,482,387	
40	Test Year Total Payroll - Excluding Other Compensation & A & G Labor			$ 146,473,239	
41	Allocation of 2005 Payroll - Excluding Other Compensation & A&G Labor			78.59%	(2)