Exhibit No.:	
Issue:	Capital Structure; Additional Amortizations
Witness:	Michael W. Cline
Type of Exhibit:	True-Up Direct Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	ER-2007-0291
Date Testimony Prepared:	November 2, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2007-0291

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL W. CLINE

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
November 2007

****[redacted]** Designates "Highly Confidential" Information Has Been Removed.**
Certain Schedules Attached To This Testimony Designated "HC" Have Been Removed Pursuant to 4 CSR 240-2.135.

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL W. CLINE

Case No. ER-2007-0291

Q: Are you the same Michael Cline who submitted Direct and Rebuttal Testimony in this proceeding?

A: Yes, I am.

Q: What is the purpose of your True-Up Direct Testimony?

A: In my testimony, I will provide updates of the capital structure and amount of Additional Amortizations that the Company is requesting in this proceeding

Q: Please update the Company's requested capital structure and overall rate of return.

A: The following table identifies the Company's requested capital structure components and the resulting overall rate of return:

Requested Capital Structure

Capital Components	Ratio	Cost	Weighted Cost
Debt	40.93%	5.93%	2.43%
Preferred Stock	1.45%	4.29%	0.06%
Common Equity	57.62%	11.25%	6.48%
TOTAL	100.00%		8.97%

Q: What is the basis for the Company's requested capital structure and overall rate of return?

A: The requested capital structure and cost rates for debt and preferred stock are calculated from Great Plains Energy's actual capital structure at September 30, 2007. The requested return on equity is the recommendation contained in the Direct Testimony of KCPL witness Dr. Samuel C. Hadaway. These data are contained in Schedule MWC-8.

Q: How does this capital structure vary from the original request filed by the Company in this proceeding?

A: The Company's initial capital structure request, contained in Dr. Hadaway's Direct Testimony, was based on Great Plains Energy's *projected* capital structure at September 30, 2007.

Requested Capital Structure

Capital Components	Ratio	Cost	Weighted Cost
Debt	45.24%	6.09%	2.76%
Preferred Stock	1.33%	4.29%	0.06%
Common Equity	53.43%	11.25%	6.01%
TOTAL	100.00%		8.83%

The Company's actual capital structure as of September 30, 2007 reflected a lower long-term debt component and a higher equity component than the projected levels initially reflected by Dr. Hadaway.

Q: What accounts for this difference?

A: The principal difference is that the initially projected long-term debt component as of September 30, 2007 reflected an issuance of **[redacted]** of new long-term debt by KCPL in September 2007. That offering was not completed.

Q: What are the Company's current plans with respect to that offering?

A: The Company has, to date, not completed this offering but still plans to do so when market conditions are amenable. As described in my Rebuttal Testimony in this proceeding, rather than issuing long-term debt at KCPL as reflected in Dr. Hadaway's Schedule SCH-2, page 7, the Company now plans to issue hybrid debt at Great Plains

Energy, with the entire amount of net proceeds contributed to KCPL as capital. The amount is expected to be increased from **[redacted]** to **[redacted]**.

Q: Does the Company have a specific target date by which it plans to complete the hybrid offering?

A: Great Plains Energy is hopeful to be able to complete the offering **[redacted]**; however, such a target is, at best, uncertain in the current environment. Since June 2007, global credit markets have been highly volatile and accessing the market on attractive terms has been difficult for prospective borrowers. As such, while the offering remains part of Great Plains Energy's financing plans, there can be no assurance that the Company will complete its offering by any particular date.

Q: Does the updated capital structure impact the amount of Additional Amortizations for which KCPL is filing in this rate case?

A: Yes. Based on the updated capital structure, and a number of other adjustments to the components of KCPL's case from the initial filing in January 2007, KCPL now estimates that Additional Amortizations in the amount of $14,155,968 above the $21.7 million granted in Case No. ER-2006-0314 is needed in this proceeding. Schedule MWC-9 contains the supporting calculations for this amount.

Q: Are there any changes to the methodology used by KCPL in calculating the amount of the Additional Amortizations requested in the current proceeding?

A: Yes. Line 27b in Schedule MWC-9 has been added to reduce Funds from Operations by the after-tax impact of short-term interest payments. Additionally, Line 38 in Schedule MWC-9 has been adjusted to calculate short-term debt interest based on the weighted average rate for the short-term debt balances shown on Line 37.

Q: Why was this change in methodology necessary?

A: The calculation of Funds from Operations by Standard & Poor's is net of interest payments on both short-term and long-term debt. Previously, in the calculation reflected in Schedule MWC-9, line 27 deducted only the long-term interest from the Operating Income shown on line 26. Consequently, the short-term interest needed to also be deducted from Operating Income for purposes of this calculation. The income taxes included on line 22 in the calculation of Operating Income include the tax impact of the long-term interest only, so the short-term interest deduction shown on line 27b must be made net of income taxes.

Q: Would this change in methodology have changed the amount of Additional Amortizations initially requested in the current proceeding?

A: No. The calculation of the amount of Additional Amortizations in the initial filing did not include a projected short-term debt balance or projected short-term interest so there would have been no impact on the Funds from Operations calculation and thus no impact on the amount of Additional Amortizations at the time of the initial filing.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City	)	
Power & Light Company to Modify Its Tariff to	)	Case No. ER-2007-0291
Continue the Implementation of Its Regulatory Plan	)	

AFFIDAVIT OF MICHAEL W. CLINE

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

Michael W. Cline, being first duly sworn on his oath, states:

1. My name is Michael W. Cline. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Treasurer.

2. Attached hereto and made a part hereof for all purposes is my True-Up Direct Testimony on behalf of Kansas City Power & Light Company consisting of four (4) 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.

Michael W Cline

Michael W. Cline

Subscribed and sworn before me this 2nd day of November 2007.

Nicole A. Wehry

Notary Public

My commission expires: Feb. 4 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

GREAT PLAINS ENERGY INCORPORATED
Capitalization
At September 30, 2007 (Est.)

($ in 000's)

CAPITAL COMPONENT	AMOUNT	PERCENT	REQUIRED RETURN	WEIGHTED RETURN
Long-Term Debt (Note 1)	1,103,699	40.93%	5.93%	2.43%
Preferred Stock	39,000	1.45%	4.29%	0.06%
Common Equity	1,530,176			
Equity Adj. For All OCI	(23,351)			
Adj. Common Equity	1,553,527	57.62%	11.25%	6.48%
	$2,696,226	100.00%		8.97%

Note 1: Includes amounts classified as current liabilities.

SCHEDULE MWC-8, PAGES 2-4

THESE DOCUMENTS CONTAIN HIGHLY CONFIDENTIAL INFORMATION NOT AVAILABLE TO THE PUBLIC

Missouri Jurisdictional Additional Amortization for 2007 Filing

Includes $21,679,061 Credit Ratio Amortization from ER-2006-0314

Line			Total Company		Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
1	Additional net Assets on KCPL's balance sheet				22,105,884		
2	Rate Base	Rev Req Model Sch 1-055 (COL 604)	NA		1,292,032,868		
3	Net Assets supported by LTD & Equity				1,314,138,752		
4	Jusrisdictional Allocator for Capital	Jurisdictional Rate Base (COL 604) / Total Company Rate Base (COL 603)			52.71%		
5							
6	Total Capital	Misc% %-031*1000	2,696,225,541		1,314,138,752	-	1,314,138,752
7	Equity	Misc% %-030*1000	1,553,526,970	57.62%	757,188,137	-	757,188,137
8	Preferred	Misc% %-029*1000	39,000,000	1.45%	19,008,577		19,008,577
9	Long-term Debt	Misc% %-028*1000	1,103,698,571	40.93%	537,942,038		537,942,038
10	Cost of Debt	Misc% %-034	5.93%	100.00%	5.93%		5.93%
11	Interest Expense	Line 9 * Line 10	65,433,265		31,892,135	-	31,892,135
12							
13	Retail Sales Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0		648,237,723	14,155,968	662,393,691
14	Other Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0				0
15	Operating Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0		648,237,723	14,155,968	662,393,691
16							
17	Operating & Maintenance Expenses	Rev Req Model Sch 1-017 through 1-019 plus Rev Req Bad Debt			349,560,690		349,560,690
18	Depreciation	Rev Req Model Sch 1-020			73,388,512		73,388,512
19	Amortization	Rev Req Model Sch 1-021			26,906,519	14,155,968	41,062,487
20	Interest on Customer Deposits	Rev Req Model Sch 1-022 (MO) or 1-023 (KS)			438,857		438,857
21	Taxes other than income taxes	Rev Req Model Sch 1-024 plus Rev Req KCMO Earnings Taxes			39,792,360		39,792,360
22	Federal and State income taxes	Rev Req Model Sch 1-025 plus Rev Req Income Taxes			42,294,020		42,294,020
23	Gains on disposition of plant	Rev Req Model Sch 1-026					0
24	Total Electric Operating Expenses	Sum of Lines 17 to 23	0		532,380,958	14,155,968	546,536,926
25							
26	Operating Income	Rev Req Model Sch 1-029	0		115,856,765	0	115,856,765
27	less Long-term Interest Expense	- Line 11	-		(31,892,135)	-	(31,892,135)
27b	less Short-term Interest Expense net of tax	- Line 38 * (1 - line 69)			(4,783,218)		(4,783,218)
28	Depreciation	Rev Req Model Sch 1-020			73,388,512	-	73,388,512
29	Amortization	Rev Req Model Sch 1-021			26,906,519	14,155,968	41,062,487
30	Deferred Taxes	Rev Req Model Sch 7-114 (COL 604)			(1,497,974)	(5,488,269)	(6,986,242)
31	Funds from Operations (FFO)	Sum of Lines 26 to 30	-		177,978,470	8,667,699	186,646,168
32							
33	Net Income	Line 26 + Line 27	-		83,964,630	-	83,964,630
34	Return on Equity	Line 33 / Line 7	0.0%		11.089%	0.0%	11.1%
35	Unadjusted Equity Ratio	Line 7 / Line 6	57.6%		57.6%	0.0%	57.6%

Additional financial information needed for the calculation of ratios

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
36	Capitalized Lease Obligations	KCPL Trial Balance accts 227100 & 243100	2,263,682	1,193,189		1,193,189
37	Short-term Debt Balance	KCPL Trial Balance accts 231xxx	258,647,000	136,333,088		136,333,088
38	Short-term Debt Interest	KCPL average short-term debt rate * Line 37	14,820,473	7,811,886		7,811,886

Adjustments made by Rating Agencies for Off-Balance Sheet Obligations

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
39	Debt Adjustments for Off-Balance Sheet Obligations					
40	Operating Lease Debt Equivalent	Present Value of Operating Lease Obligations discounted @ 5.93%	86,659,561	45,678,340		45,678,340
41	Purchase Power Debt Equivalent	Present Value of Purchase Power Obligations discounted @ 5.93%	20,171,391	10,632,360		10,632,360
42	Accounts Receivable Sale	KCPL Trial Balance account 142011	70,000,000	36,897,069		36,897,069
43	Total OBS Debt Adjustment	Sum of Lines 40 to 42	176,830,953	93,207,769	-	93,207,769
44	Depreciation Adjustment for Operating Leases		10,477,788	5,522,852		5,522,852
45	Interest Adjustments for Off-Balance Sheet Obligations					
46	Present Value of Operating Leases	Line 40 * 5.93%	5,137,651	2,708,061	-	2,708,061
47	Purchase Power Debt Equivalent	Line 41 * 5.93%	1,195,870	630,344	-	630,344
48	Accounts Receivable Sale	Line 42 * 5%	3,500,000	1,844,853	-	1,844,853
49	Total OBS Interest Adjustment	Sum of Lines 46 to 48	9,833,521	5,183,259	-	5,183,259

Ratio Calculations

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
50	Adjusted Interest Expense	Line 11 + Line 38 + Line 49	90,087,259	44,887,280	-	44,887,280
51	Adjusted Total Debt	Line9 + Line 36 + Line 37 + Line 43	1,541,440,205	768,676,083	-	768,676,083
52	Adjusted Total Capital	Line 6 + Line 36 + Line 37 + Line 43	3,133,967,175	1,544,872,797	-	1,544,872,797
53						
54	FFO Interest Coverage	(Line 31 + Line 50) / Line 50	1.00	4.97	0.19	5.16
55	FFO as a % of Average Total Debt	Line 31 + line 44 / Line 51	0.7%	23.9%	1.1%	25.0%
56	Total Debt to Total Capital	Line 51 / Line 52	49.2%	49.8%	0.0%	49.8%

Changes required to meet ratio targets

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
57	FFO Interest Coverage Target		3.80	3.80	0.00	3.80
58	FFO adjustment to meet target	(Line 57 - Line 54) * Line 50	252,244,326	(52,294,086)	(8,667,699)	(60,961,785)
59	Interest adjustment to meet target	Line 31 * (1 / (Line 57 - 1) - 1 / (Line 54 - 1))	-	-	21,772,066	21,772,066
60						
61	FFO as a % of Average Total Debt Target		25%	25%	0%	25%
62	FFO adjustment to meet target	(Line 61 - Line 55) * Line 51	374,882,263	8,667,699	(8,667,699)	(0)
63	Debt adjustment to meet target	Line 31 * (1 / Line 61 - 1 / Line 55)	-	(33,627,306)	33,627,306	0
64						
65	Total Debt to Total Capital Target		51%	51%	0%	51%
66	Debt adjustment to meet target	(Line 65 - Line 56) * Line 52	56,883,054	19,209,043	-	19,209,043
67	Total Capital adjustment to meet target	Line 51 / Line 65 - Line 52	(111,535,400)	(37,664,791)	-	(37,664,791)

Amortization and Revenue needed to meet targeted ratios

Line			Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
68	FFO adjustment needed to meet target ratios	Maximum of Line 58 , Line 62 , or Zero	374,882,263	8,667,699	(8,667,699)	-
69	Effective income tax rate	Accounting Schedule 11	38.77%	38.77%	38.77%	38.77%
70	Deferred income taxes *	- Line 68 * Line 69 / (1 - Line 69)	(237,370,331)	(5,488,269)	5,488,269	-
71	Total amortization required for the FFO adjustment	Line 68 - Line 70	612,252,594	14,155,968	(14,155,968)	-
72						
73	Retail Sales Revenue Adjustment	Adjustment = Line 13		648,237,723	14,155,968	662,393,691
74	Percent increase in retail sales revenue	Line 73 Jurisdictional Adjustments / Line 73 Jurisdictional			2.2%	

* Adjusted for known and measurable changes including changes related to new plant in-service