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NOV 13 2007

Missouri Public
Service Commission

OPC
Exhibit No. 214
Case No(s) GR-2007-0291
Date 11-9-07 Rptr pf

From: Williams, Nathan [nathan.williams@psc.mo.gov]
Sent: Monday, November 05, 2007 10:20 AM
To: bill.riggins@kcpl.com; Curtis.Blanc@kcpl.com; dwoodsmall@fcplaw.com; Dean Cooper; DCarter@brydonlaw.com; dkincheloe@mpua.org; dmvuylsteke@bryancave.com; James M. Fischer; Jeffrey A. Keevil; jfinnegan@fcplaw.com; Zobrist, Karl; Larry Dority; lcampbell4@comcast.net; Mark Comley; opcservice@ded.mo.gov; pnjones@doeal.gov; Woods, Shelley; Stewart499@aol.com; Stuart W. Conrad
Cc: Traxler, Steve; Dottheim, Steve
Subject: FW: Amortization Calculation
Attachments: Staff-Calc of Addl Amort-MO Sept TruUp-11-1-07 6PM.xls

From: Traxler, Steve
Sent: Monday, November 05, 2007 10:20 AM
To: Williams, Nathan; Dottheim, Steve
Subject: Amortization Calculation

Since I did not attach this to my testimony, we need to supply it to the parties. I've sent it to OPC this morning.

<<Staff-Calc of Addl Amort-MO Sept TruUp-11-1-07 6PM.xls>>

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11/8/2007

Missouri Jurisdictional Additional Amortization for 2007 Filing

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

NO HYBRID

Line		Total Company	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
1	Additional net Assets on KCPL's balance sheet				
2	Rate Base	Rev Req Model Sch 1-055 (COL 604)	NA		
3	Net Assets supported by LTD & Equity				
4	Jurisdictional Allocator for Capital	Jurisdictional Rate Base (COL 604) / Total Company Rate Base (COL 603)			
5					
6	Total Capital	Misc% % - 031*1000	2,896,228,000	1,314,138,752	1,314,138,752
7	Equity	Misc% % - 030*1000	1,553,527,000	757,188,023	757,188,023
8	Preferred	Misc% % - 029*1000	39,000,000	19,008,574	19,008,574
9	Long-term Debt	Misc% % - 028*1000	1,103,699,000	537,942,156	537,942,156
10	Cost of Debt	Misc% % - 034	5.93%	5.93%	5.93%
11	Interest Expense	Line 9 * Line 10	65,433,291	31,892,142	31,892,142
12					
13	Retail Sales Revenue	Rev Req Model Sch 1-014 plus Revenue Requirement	0	623,318,765	654,205,281
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	623,318,765	654,205,281
16					
17	Operating & Maintenance Expenses	Rev Req Model Sch 1-017 through 1-019 plus Rev Req Bad Debt	341,777,129		341,777,129
18	Depreciation	Rev Req Model Sch 1-020	95,655,217		95,655,217
19	Amortization	Rev Req Model Sch 1-021	5,246,326	30,886,516	36,132,842
20	Interest on Customer Deposits	Rev Req Model Sch 1-022 (MO) or 1-023 (KS)	506,624		506,624
21	Taxes other than income taxes	Rev Req Model Sch 1-024 plus Rev Req KCMO Earnings Taxes	39,413,433		39,413,433
22	Federal and State income taxes	Rev Req Model Sch 1-025 plus Rev Req Income Taxes	35,702,080		35,702,080
23	Gains on disposition of plant	Rev Req Model Sch 1-026	0		0
24	Total Electric Operating Expenses	Sum of Lines 17 to 23	0	518,300,809	549,187,325
25					
26	Operating Income	Rev Req Model Sch 1-029	0	105,017,956	105,017,956
27	less Long-term Interest Expense	- Line 11	(31,892,142)		(31,892,142)
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	95,655,217		95,655,217
29	Amortization	Rev Req Model Sch 1-021	5,246,326	30,886,516	36,132,842
30	Deferred Taxes	Rev Req Model Sch 7-114 (COL 604)	(1,509,755)	(11,974,702)	(13,484,457)
31	Funds from Operations (FFO)	Sum of Lines 26 to 30	167,734,384	18,911,814	186,646,198
32					
33	Net Income	Line 26 + Line 27	73,125,814		73,125,814
34	Return on Equity	Line 33 / Line 7	0.0%	9.558%	0.0%
35	Unadjusted Equity Ratio	Line 7 / Line 6	57.6%	57.6%	57.6%

Additional financial information needed for the calculation of ratios

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

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	5,183,258	5,183,258

Ratio Calculations

50	Adjusted Interest Expense	Line 11 + Line 38 + Line 49	90,087,285	44,887,287	44,887,287
51	Adjusted Total Debt	Line 9 + Line 36 + Line 37 + Line 43	1,541,440,634	768,676,201	768,676,201
52	Adjusted Total Capital	Line 6 + Line 36 + Line 37 + Line 43	3,133,967,634	1,544,872,797	1,544,872,797
53					
54	FFO Interest Coverage	(Line 31 + Line 50) / Line 50	1.00	4.74	0.42
55	FFO as a % of Average Total Debt	Line 31 + Line 44 / Line 51	0.7%	22.5%	2.5%
56	Total Debt to Total Capital	Line 51 / Line 52	49.2%	49.8%	49.8%

Changes required to meet ratio targets

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	252,244,398	(42,049,981)	(18,911,814)	(60,961,795)
59	Interest adjustment to meet target	Line 31 * (1 / (Line 57 - 1) - 1 / (Line 54 - 1))	-	-	21,772,070	21,772,070
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	374,882,371	18,911,814	(18,911,814)	-
63	Debt adjustment to meet target	Line 31 * (1 / Line 61 - 1 / Line 55)	-	(73,235,878)	73,235,878	-
64						
65	Total Debt to Total Capital Target		51%	51%	0%	51%
66	Debt adjustment to meet target	(Line 65 - Line 56) * Line 52	58,882,859	19,208,926	-	19,208,926
67	Total Capital adjustment to meet target	Line 51 / Line 65 - Line 52	(111,535,018)	(37,664,561)	-	(37,664,561)

Amortization and Revenue needed to meet targeted ratios

68	FFO adjustment needed to meet target ratios	Maximum of Line 58, Line 62, or Zero	374,882,371	18,911,814	(18,911,814)	-
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)	(237,370,399)	(11,974,702)	11,974,702	-
71	Total amortization required for the FFO adjustment	Line 68 - Line 70	612,252,769	30,886,516	(30,886,516)	-
72						
73	Retail Sales Revenue Adjustment	Adjustment = Line 13		623,318,765	30,886,516	654,205,281
74	Percent increase in retail sales revenue	Line 73 Jurisdictional Adjustments / Line 73 Jurisdictional			5.0%	

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

Exhibit #