Exhibit No.:	
Issues:	*True-Up Assessments*
	Injuries and Damages
	Greenwood
	Kansas City Earnings Tax
	Income Taxes
Witness:	*Karen Lyons*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Surrebuttal and True-Up Direct Testimony*
Case No.:	*ER-2018-0145 and ER-2018-0146*
Date Testimony Prepared:	*September 4, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY

OF

KAREN LYONS

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2018-0145

AND

KCP&L GREATER MISSOURI OPERATIONS COMPANY
CASE NO. ER-2018-0146

Jefferson City, Missouri
September 2018

**** Denotes Confidential Information ****

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Q. Please state your name, employment position, and business address.

A. Karen Lyons, Utility Regulatory Auditor with the Missouri Public Service Commission ("Commission" or "PSC"), Fletcher Daniels State Office Building, 615 East 13th Street, Kansas City, Missouri 64106.

Q. Are you the same Karen Lyons who has previously provided testimony in these cases?

A. Yes. I contributed to Staff's Cost of Service Report ("COS Report") filed in the Kansas City Power & Light Company ("KCPL") and KCP&L Greater Missouri Operations Company ("GMO") rate cases designated as Case Nos. ER-2018-0145 and ER-2018-0146, respectively, on June 19, 2018. I also filed Rebuttal Testimony on July 27, 2018.

Q. What is the purpose of your Surrebuttal and True-Up Direct Testimony?

A. The purpose of my Surrebuttal and True-Up Direct Testimony is to respond to statements and positions taken by KCPL witnesses in their rebuttal testimony that address the issues of including the Commission assessments in prepayments; the appropriate normalized level of injuries and damages; the allocation of the Greenwood Solar facility; the appropriate normalized level of the Kansas City earnings tax, and the treatment of the federal Tax Cuts and Jobs Act of 2017 ("TCJA"). I specifically address the Rebuttal Testimony of the following KCPL witnesses:

- Linda J. Nunn – Commission assessments and Injuries and Damages.
- Tim M. Rush – Forecast and trackers and the allocation of the Greenwood Solar facility.
- Melissa K. Hardesty – Kansas City earnings tax and the amortization of the excess deferred income taxes.
- Ronald A. Klote – TCJA impact on current and deferred income taxes.

Finally, I will also identify the adjustments I will be sponsoring in Staff's true-up accounting schedules.

ASSESSMENTS

Q. Please summarize KCPL's and GMO's position regarding Staff's treatment of the Missouri Public Service Commission Assessment ("PSC Assessment") and the Kansas Corporation Commission Assessment ("KCC Assessment").

A. KCPL and GMO disagree with Staff's treatment to exclude the PSC Assessment from prepayments and include it in the cash working capital ("CWC") calculation and Staff's treatment to exclude the KCC Assessment from KCPL's and GMO's cost of service. KCPL witness Linda J Nunn states the following on page 2 of her rebuttal testimony:

> The Company prepays PSC Assessment fees quarterly. PSC Assessment fees are defined in the provisions of Section 386.370 RSMo as payment for the expenses of the MPSC, and I understand the Commission also collects an assessment for the Office of Public Counsel. The fees are properly accounted for as a prepayment in account 165 as they cover the expenses incurred by the MPSC in regulating the public utilities of the state of Missouri. Account 165 in the Federal Energy Regulatory Commission's ("FERC") Uniform System of 12 Accounts ("USOA") includes the following definition:

> Account 165, Prepayments.
> This account must include amounts representing insurance, rents, taxes, interest and miscellaneous items, and must be kept or supported in such manner so as to disclose the amount of each class of prepayment.
> 18 CFR 367.1650 (2016)
>
> On a quarterly basis, these costs are paid and recorded in Account 165 and are amortized monthly to account 928, Regulatory Commission Expenses, as required in the FERC's USOA.

Although I agree with the definition of prepayments provided by Ms. Nunn, I don't agree that the PSC Assessment is properly accounted for in FERC account 165-Prepayments. The types of costs booked in this account are paid significantly in advance of the service that is provided, For example, insurance policies are renewed on an annual basis. The payments for insurance premiums are paid at the time the policies are renewed. Insurance coverage is typically provided for the year following the payment of the premium. The PSC Assessment is billed on an annual basis with the option to pay the balance in full or in quarterly payments. KCPL and GMO pay the assessment on a quarterly basis. When paid quarterly, there is an approximate 30-day average lag between payment of the expense and recording the expense on the utility's books for the PSC assessment. A 30-day average prepayment is not material enough to justify inclusion in the prepayments balance in rate base. As will be discussed further, the cash working capital calculation is the more appropriate place to consider the cash flow consequences of such an item.

Q. Ms. Nunn states that KCPL and GMO received an opinion for its external auditors, Deloitte and Touche, LLP that the assets, including prepayments are presented fairly in all material respects and this should provide the Commission additional assurance.[1] How do you respond?

A. Financial external auditors review financial books and records for compliance with generally accepted accounting principles, or "GAAP." Conversely, they are not reviewing KCPL's and GMO's books and records in order to set rates in Missouri. From my experience reviewing external auditor workpapers, including Deloitte and Touche, LLP, they generally do not recognize regulatory concepts or Commission decisions. For example, KCPL's and GMO's books and records are kept on an accrual basis. For regulatory purposes, certain regulatory adjustments are made based on actual costs incurred by KCPL and GMO. In other words, accruals are not always considered in the context of a rate case to determine an annualized and normalized level of expense and revenue. For example, KCPL and GMO accrue injuries and damages claims throughout the year but for rate case purposes, actual paid claims are used to develop a normalized level. In this example, Deloitte and Touche, LLP likely provided an opinion regarding the recorded level of accrued claims for purposes of public financial reporting, but the opinion is irrelevant with regard to setting rates in Missouri. Likewise, the opinion for Deloitte and Touche, LLP for prepayments is irrelevant for ratemaking purposes.

Q. What is Staff's justification to include the PSC Assessment as part of the CWC calculation?

A. CWC captures the cash flow impacts of revenues received by KCPL and GMO and the expenses paid by KCPL and GMO. KCPL and GMO are compensated in the CWC calculation when they pay for an expense before its customers provide the revenues. A

[1] Case No. ER-2018-0145, Linda J. Nunn Rebuttal Testimony, page 4.

detailed description of CWC is provided in Staff's Cost of Service Report beginning on page 31. Conversely, customers are compensated in the CWC calculation when KCPL and GMO receive revenues from customers prior to an expense being paid. As previously discussed, KCPL and GMO pay the PSC Assessment on a quarterly basis. Staff's recommendation to include the PSC Assessment in the CWC calculation fully compensates KCPL and GMO for the cash flow impact of the decision to make quarterly payments.

Q. If the customers supplied the funds in advance for an expense that is paid on a quarterly basis would Staff treat what is essentially a prepayment from the customers apart from the CWC calculation as a separate line item in rate base?

A. No. Staff would account for the advanced payment in the CWC calculation that would compensate KCPL and GMO customers.

Q. Do all the major utilities in Missouri include a PSC assessment balance in prepayments?

A. No. It is my understanding that the rate treatment of the PSC assessment has been inconsistent among the major utilities in this state. Some utilities include the cost in prepayments while others seek rate treatment for the cash flow impacts of the PSC Assessment through inclusion in the CWC calculation.

Q. Is Staff recommending consistency for the ratemaking treatment of the PSC Assessment for all major utilities in Missouri?

A. Yes. After several discussions on this topic and review of the USOA, a policy decision was made to remove the PSC assessment from prepayments and include it in the CWC calculation for ratemaking purposes. It is Staff's opinion that this is the appropriate method to recover these costs.

Q. What is the impact on the revenue requirement of excluding the PSC assessment from prepayments and including it in the CWC calculation for KCPL and GMO?

A. The exclusion of the PSC assessment from prepayments and including it in the CWC calculation for KCPL and GMO results in a reduction of the revenue requirement of approximately $14,000 and $11,000, respectively.[2]

Q. Why does KCPL disagree with Staff's treatment of excluding the KCC assessment for prepayments?

A. Ms. Nunn claims that removing the KCC fees and then also allocating between Missouri and Kansas caused the charges to be removed twice.

Q. Do you agree with Ms. Nunn?

A. No. Staff excluded the PSC assessment and the KCC assessment from prepayments, and as discussed above, the PSC assessment was included in the CWC calculation. Staff allocated the remaining balance for prepayments between the Missouri and Kansas jurisdictions. Accounting for assessments in this manner insures that Missouri customers are not held responsible for paying the KCC assessment.

<u>INJURIES AND DAMAGES</u>

Q. What is KCPL's position regarding Staff's treatment of injuries and damages?

A. In Rebuttal Testimony, Ms. Nunn stated that KCPL believes that two large claims excluded from Staff's calculation should be included in rates because these types of costs can be incurred at any time and are normal costs for an electric utility.[3]

Q. Does Staff agree that the types of claims excluded by Staff in its injuries and damages are normal costs for an electric utility?

[2] Based on Staff's Direct Accounting Schedules filed June 19, 2018 updated with corrections.
[3] Case No. ER-2018-0145, Linda J. Nunn Rebuttal Testimony, page 10.

A. Staff agrees that an electric utility will experience injuries and damages claims as part of operating a utility. However, in its review of one of the two claims identified by Ms. Nunn and addressed in my Rebuttal Testimony, the Henry County Circuit Court stated that ** ______________________________ ______________________________ ____________________[4] ____________________ ______________________________ **

Q. How did Staff treat the other claim addressed by Ms. Nunn?

A. When Staff filed its direct testimony, Staff excluded two claims as suggested by Ms. Nunn. After further review of both claims, Staff included one of the claims in its normalization of KCPL's injuries and damages. Further explanation of Staff's treatment of these two claims can be found in my rebuttal testimony beginning on page 3.

Q. Did KCPL provide an alternative methodology to account for the two large claims addressed in Staff's Cost of Service report and rebuttal testimony?

A. Yes. Ms. Nunn states the following on page 10 of her Rebuttal Testimony:

> A 3-year average is typically the methodology that has been used in prior rate cases for injuries and damages claims. The Company requests that the Commission adopt a 3 year average of claims paid except for the Thurman and Philpott claims. For these claims, which are larger than typical, the Company requests that the Commission adopt a 4 year average.

Q. Do you agree with KCPL's alternative treatment for normalizing injuries and damages?

A. No. Staff disagrees with the inclusion of the Philpott claim ** ____________ ______________________________. ** Even if Staff agreed that KCPL customers should be

[4] Henry County Circuit Court, Case No. 13HE-CC00099, *Court's Findings of Fact and Conclusions of Law*, January 26, 2017, 250, 252, 253, and 254.

responsible for this claim, KCPL's proposal would result in a normalized annual level of approximately $2.8 million, a level it has not experienced in 6 years.[5]

Q. What level of normalized injuries and damages does Staff recommend after excluding this claim?

A. Staff recommends using a two year average of the 2016-2017 claims. Staff's recommended level excludes the Philpott settlement, but includes the settlement for Thurman identified by Ms. Nunn. Staff's recommended annual normalized level for injuries and damages is $1,644,378.

GREENWOOD

Q. What is Staff's response to KCPL witness Rush's rebuttal with regard to the Greenwood Solar Project?

A. Mr. Rush does not support allocation of any costs of the Greenwood Solar facility to KCPL "because not a single electron produced by the Greenwood Solar facility will ever reach the KCP&L system."[6] He further explains that KCPL and GMO benefit from each other's expertise in generation and distribution projects generally, for none of which costs are transferred.

Q. Will the customers in St Joseph, Missouri, formerly GMO's L&P rate district, receive any energy from the Greenwood facility?

A. No. It is interesting that Mr. Rush states that the costs should not be allocated to KCPL because KCPL customers will not receive a "single electron" of energy from this facility but recommends all of GMO customers pay for the facility even though its customers in St. Joseph, Missouri will also not receive a "single electron" from this facility. In fact, a

[5] See Lyons Rebuttal, page 4, KCPL's historical injuries and damages.
[6] Rush Rebuttal page 2.

very small percentage of customers in GMO's former MPS rate district will actually benefit from the energy produced at the Greenwood facility. The Greenwood facility is directly connected to a distribution circuit that will serve approximately 440 GMO customers. Based on the level of annualized customers for GMO used by Staff in its direct filing in Case No. ER-2018-0146, the Greenwood facility will serve approximately 0.1% of GMO's customers. As indicated in the Commission's order in Case No. EA-2015-0256 and based upon the fact that the Greenwood facility will only serve approximately 0.1% of GMO's customers and the fact that the purpose to build the facility was for KCPL employees to learn about a utility scale solar project,[7] the total cost of the project should be allocated to both KCPL and GMO.

Q. What are the plant and reserve balances for the Greenwood Solar facility?

A. As of the June 30, 2018, true-up period, the Greenwood Solar facility plant balance is $8,429,121 recorded in FERC Account 344.01, with an accumulated reserve balance of $630,077.[8] Staff allocated the Greenwood solar plant and reserve balances as of June 30, 2018, in its true-up accounting schedules, adjustments P-240 and R-240 for KCPL and P-370 and R-370 for GMO.

Q. What is Staff's position in this case as to how the cost for the Greenwood facility should be allocated?

A. As discussed in Staff's COS Report, Staff recommended allocating the capital costs and related expenses of the Greenwood solar facility based on KCPL and GMO customer numbers.[9] This method results in 62.51% of the facility capital costs and related expenses allocated to KCPL and 37.49% to GMO. Staff also recommended that the costs of

[7] EA-2015-0256, *Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity*, (14).
[8] Staff Data Request No. 241 in Case No. ER-2018-0146.
[9] Staff's Cost of Service Report, page 27.

the Greenwood Solar facility be allocated to the KCPL Kansas jurisdiction since the facility was built to gain experience owning, operating and maintaining a utility scale solar facility with KCPL employees gaining the experience. The allocation of the Greenwood facility to Kansas is accomplished by using a jurisdictional allocation factor of 52.76% in Staff's accounting schedules

Q. Why is Staff recommending allocating a portion of the Greenwood Solar facility to KCPL?

A. Beginning on page 16 of its Report and Order in Case No. EA-2015-0256, the Commission expressed its concern that GMO ratepayers will solely pay for the costs of the project that is primarily being built to allow KCPL to gain experience designing, operating, and maintaining a utility scale project. In its Report and Order, the Commission expected GMO to propose an allocation methodology that would share the costs between KCPL and GMO in Case No. ER-2016-0156. Staff recommended an allocation methodology in the 2016 KCPL and GMO rate cases. In the GMO rate case, Case No. ER-2016-0156, a global settlement was reached between the parties and approved by the Commission on September 28, 2016. In Case No. ER-2016-0285, the Commission approved a Non Unanimous Partial Stipulation and Agreement on March 8, 2017. The stipulation was silent as to an allocation methodology for the Greenwood solar facility.

> "Experience gained" formed the primary basis of the application requesting permission to construct and operate the Greenwood Solar facility in Case No. EA-2015-0256. All employees who manage and operate GMO are KCPL employees. GMO has no employees. KCPL supplies all operating services to GMO under an agreement between the two entities. Because KCPL has all the employees under its structure, KCPL will be the direct recipient of the experience of operating and maintaining the Greenwood solar facility, and that experience will ultimately benefit both KCPL and GMO on future solar projects.

> Consequently, all of KCPL and GMO customers will benefit from the experience KCPL employees will gain from operating and maintaining the solar facility.

Q. Mr. Rush states that Staff's allocation methodology is unjustified and inappropriate particularly when Staff recommends that the energy produced from the solar goes 100% to the benefit of GMO customers.[10] Do you agree?

A. No. First, Staff's recommendation to allocate the Greenwood facility costs includes the energy produced at the facility. Staff witness Charles T. Poston addresses how Staff treated the energy produced at the Greenwood facility in his Surrebuttal Testimony in these proceedings. Second, as previously stated, a very small percentage of GMO customers, and none of KCPL customers, will actually receive the energy produced from the Greenwood Solar facility. The experience gained by KCPL employees benefits all of KCPL's and GMO's customers currently and in the future from increased use of solar power, but an incredibly small percentage of GMO customers benefit from the energy the facility produces. Regardless of the particular allocation methodology used, KCPL will almost always receive the higher allocation by virtue of its greater size. The table below reflects the resulting allocations between KCPL and GMO using factors based upon customer numbers, energy (MWh's), and revenue:[11]

Methodology	KCPL	%	GMO	%	Total
Energy (MWh)	14,534,482	64.69%	7,931,919	35.31%	22,466,401
Customers	539,416	62.51%	323,470	37.49%	862,886
Revenues	$1,864,827,768	70.95%	$763,543,151	29.05%	$2,628,370,919

[10] Rush Rebuttal page 4.
[11] Data from KCPL and GMO Annual Report and FERC form 1 filed on May 15, 2018.

While KCPL has more customers, those customers will get the most benefit from the solar experience in the future and should be allocated more of the cost.

Staff's recommendation to allocate approximately 63% of the capital costs and related expenses of the Greenwood solar facility to KCPL results in a relatively small revenue requirement increase for KCPL and a corresponding decrease to the revenue requirement for GMO, and as stated on page 16 of the Commission Report and Order in Case No. EA-2015-0256:

> The small increase in rates that may result from this project will be amply offset by the less tangible benefits that will result from the lessons GMO will learn from the project and the benefits that will result from the increased use of solar power in the future; made possible by construction and operation of this pilot solar plant.

Q. Does Staff suggest any other alternative approaches to allocate the Greenwood Solar facility?

A. In addition to the options provided above, the Commission could take an alternative approach and allocate the costs between KCPL and GMO on an equal sharing basis of 50%.

Q. Although KCPL's primary position is to allocate no costs for the Greenwood facility to KCPL, does Mr. Rush provide a proposal to allocate the costs in the event the Commission orders this treatment?

A. Yes. Mr. Rush states on page 4 of his Rebuttal Testimony:

> I had recommended in the previous case (Case No. ER-2016-0156) in rebuttal testimony an alternative allocation. I used a methodology based on comparing an alternative renewable energy resource to the solar facility. Using that methodology resulted in roughly $1 million in capital cost allocated to KCP&L. However, because of all the other impacts on the

> investment such as specific tax benefits, REC's, the energy from the facility, and operating costs which would remain with GMO, using a plant investment allocation is not practical. If the Commission ordered the Company to make an allocation, my recommendation in the last case, and would be that today, is to allocate no more than $100,000 to KCP&L in expenses to be reflected in KCP&L cost of service and subtract a like amount from GMO's cost of service. I would further recommend that the $100,000 be assigned to Missouri only, as this is more an issue with Missouri than it is with Kansas.

Q. Does Staff agree with Mr. Rush's recommendation?

A. No. It bears repeating that the Greenwood Solar facility was constructed to allow KCPL employees to gain experience with this technology. Both KCPL and GMO will benefit from the experience of designing, constructing, maintaining, and operating the solar facility. To suggest that KCPL should only be allocated $100,000 of these facility costs is unreasonable under these circumstances. Although Mr. Rush did not provide any workpapers to support his recommendation, his testimony in Case No. ER-2016-0156 indicates his $100,000 calculation is based on a measurement of the incremental costs of the solar facility above the costs of a less expensive renewable resource. It is interesting that GMO rejected the least cost option in Case No. EA-2015-0256 and instead proposed that the entire project should be paid for by GMO customers, but the Company bases its alternative recommendation in this case on the incremental capital costs of a solar facility and wind facility.

Q. Does Mr. Rush provide any other reasons why the Greenwood Solar facility should not be allocated to KCPL?

A. Yes. Mr. Rush states the following beginning on page 2 of his Rebuttal Testimony:

> As a corporation with multiple operating utilities, many projects, both generation and distribution, are often done at one utility subsidiary and may result in benefits of an intangible nature to the other. One of the benefits identified during the acquisition of GMO by Great Plains Energy was the expertise that GMO had in maintenance of its natural gas plants. That expertise was shared with KCP&L. Likewise, KCP&L had substantial expertise in maintenance of its coal fleet and that was then shared with GMO, without compensation through allocation of costs. KCP&L was one of the first utilities in the nation to implement an automated meter reading system many years ago. Both KCP&L and GMO are now in the deploying next generation automated metering (AMI) and GMO is receiving the benefit of KCP&L's expertise, without any transfer of costs to KCPL for that knowledge. The Company believes it is not appropriate to transfer costs of the Greenwood solar station to KCP&L

Q. Do Mr. Rush's arguments quoted above have any merit?

A. No. The Greenwood Solar facility is a renewable technology that was constructed so KCPL employees can gain experience operating a utility scale solar facility. The Greenwood project has been categorized as a pilot program because KCPL does not have any experience designing, maintaining, and operating a utility scale solar facility. Contrary to Mr. Rush's argument, KCPL has experience maintaining natural gas plants in its own fleet. They include Hawthorn units 6-9, West Gardner Units 1 through 4, and Osawatomie. Likewise, GMO has experience maintaining several coal plants in its fleet, including the Sibley Station. While KCPL may have had more experience operating coal units and GMO operating natural gas peaking units, the fact is what Mr. Rush refers to with his examples are nothing more than the benefits of sharing information and experience when two utilities merge, as was the case in July 2008 when Aquila was acquired by Great Plains Energy. The Greenwood Solar facility is not one of these "shared" experiences. Neither KCPL nor GMO had prior experience in operating a utility-scale solar facility. Thus, the reason for the request to construct such a facility was to become more familiar with solar generating technology, as well as obtaining an understanding of how to operate and maintain a solar facility on a large utility-scale basis. The sole purpose of constructing the Greenwood Solar facility was to gain experience with a renewable technology that KCPL and GMO do not have. Mr. Rush's comparison of the operating power plants and AMI meters with the Greenwood Solar facility is not valid.

Q. Please summarize Staff's position on the allocation of the Greenwood Solar facility.

A. The Greenwood Solar project was constructed to allow KCPL employees to gain experience designing, constructing, maintaining and operating a utility-scale solar facility. The percentage of GMO customers that will actually benefit from the energy are approximately 0.1%. However, all the rate districts, KCPL-Missouri, KCPL-Kansas, and GMO, will benefit with the acquired knowledge from building and operating a utility-scale solar facility. For this reason, and to be consistent with the Report and Order in Case No. EA-2015-0256, Staff recommends the Commission allocate the costs between KCPL and GMO based on customer levels.

KANSAS CITY EARNINGS TAX

Q. What is Staff's position regarding the Kansas City earnings tax?

A. The Kansas City earnings tax should be included in the cost of service at a reasonable and ongoing level based on actual amounts paid to the city of Kansas City, Missouri. Staff included an annual level of expense based on actual amounts paid by KCPL and GMO in 2016.

Q. Does KCPL agree with Staff's recommendation?

A. No. Ms. Hardesty recommends an annual expense level based on the estimated amount of 2017 Kansas City earnings tax.[12]

Q. Do you agree with Ms. Hardesty?

A. No. KCPL's estimated 2017 Kansas City earning tax payment is not known and measurable and is an out of period adjustment that will not be paid until October 2018, well after the true up period in this case of June 30, 2018.

Q. Has the Commission recently addressed the known and measurable concept?

A. Yes. In Case No. WR-2016-0064, Hillcrest Utilities, the Commission stated the following on page 18 of its Report and Order issued on July 12, 2016:

> Hillcrest has proposed that estimated property taxes in the amount of $2,972 be included in its cost of service in this case. That estimated property tax will not be paid until approximately December 31, 2016, so it is beyond the test and update periods for this case. **Since it occurs after the update period, to be included in Hillcrest's cost of service the expense must have been realized (known) and must be calculable with a high degree of accuracy (measurable).** However, the evidence shows that the 2016 property tax amount has not yet been paid, is an estimate of the property tax costs, and could change during the summer of 2016. Therefore, that property tax estimate is not known and measurable, so it is inappropriate to include that amount in the revenue requirement for this case.
>
> [Emphasis added.]

Q. In this case, did KCPL address the regulatory concepts of out of period adjustments and known and measurable costs?

A. Yes. When addressing OPC's proposals regarding certain KCPL and GMO generating units, KCPL witness Darrin R. Ives discusses at length the known and measurable

[12] Case No. ER-2018-0145, Melissa K. Hardesty Rebuttal Testimony, page 10.

and out of period regulatory concepts. He states the following on page 5 of his Rebuttal Testimony:

> In addition to being neither known nor measurable, the OPC's proposal regarding the planned unit retirements represent out of period adjustments that inappropriately distort the matching of rate base-expense-revenue associated with the use of a test year and true-up period that is essential to proper ratemaking.

Staff agrees with Mr. Ives that OPC's proposal to make adjustments related to future retirements of KCPL's and GMO's generating units is inappropriate because the retirements are expected to occur after the true up period in this case and are not known and measurable. Ms. Hardesty's proposal to include estimated Kansas City earning tax that will not be paid until October 2018 is inappropriate for the same reason.

Q. Does Ms. Hardesty offer an alternative proposal to calculate Kansas City earnings tax?

A. Yes. As an alternative, she proposes to calculate the Kansas City earnings tax that would be due based on the federal taxable income computed for the income tax component of cost of service in this case.

Q. Does Staff agree with this alternative method?

A. No. It appears Ms. Hardesty is recommending that Staff calculate the Kansas City earning tax as part of the composite federal/state income tax calculation. In previous KCPL rate cases, Staff had concerns that the level of Kansas City earnings tax that results from inclusion of this tax in the composite income tax calculation was not reflective of the actual amounts of Kansas City earnings tax paid by KCPL over time and, in fact, that approach often significantly overstated the level of Kansas City earnings tax. In Case No. ER-2012-0174, the Commission approved a *Non-Unanimous Stipulation and Agreement as to*

Certain Issues on November 7, 2012. The Stipulation, attached as Schedule KL-s1, stated the following with regard to Kansas City earnings tax:

> No specific adjustment shall be made to Staff's revenue requirement for KCPL based on Kansas City, Missouri, earnings tax; **henceforth KCPL shall treat the Kansas City, Missouri, earnings tax as a general corporate tax subject to typical normalization adjustments applied to other utility expenses** for KCPL's revenue requirement in Missouri, and **not** as a component of income tax expense.
>
> [Emphasis added.]

Ms. Hardesty's alternative proposal violates the stipulation and agreement approved by the Commission in KCPL's 2012 rate case.

Q. Is Staff's recommendation for Kansas City earnings tax consistent with the 2012 Stipulation and Agreement?

A. Yes. Contrary to Ms. Hardesty's statement that Staff tried to identify the smallest earnings tax amount to use in this case,[13] Staff reviewed historical amounts paid to the city of Kansas City, Missouri and determined that the latest actual payment made by KCPL and GMO in 2016 was reasonable considering the amounts paid in previous years. The following chart reflects, KCPL's and GMO's actual historical earnings tax for the period of 2012-2016:

Year	KCPL Actual Kansas City Earnings Tax	GMO Actual Kansas City Earnings Tax
2011	$0	
2012	$10,676	
2013	$0	$6,116
2014	$0	$0
2015	$0	$0
2016	$143,996	$0

[13] Case No. ER-2018-0145, Melissa K. Hardesty Rebuttal, page 11.

Based on the historical known and measurable amounts, Staff's recommendation is that the 2016 actual amount paid by KCPL and GMO is a reasonable amount to include in rates for this item as an ongoing expense.

INCOME TAX

Q. Please summarize KCPL's and GMO's position on rate treatment of excess deferred taxes and their position on the treatment of the effects of the TCJA for the period of January 1, 2018, through the effective date of rates in this case, otherwise known as the "stub period."

A. Ms. Hardesty disagrees with Staff's recommendation to amortize the protected excess deferred income taxes over the estimated average life of the assets and instead recommends amortizing these deferred taxes using the average rate assumption method ("ARAM"). She also disagrees with Staff's recommended amortization period for certain unprotected excess deferred taxes. Mr. Klote addresses KCPL's recommendation for the treatment of the stub period that includes a base amount that is allegedly offset by all relevant factors and KCPL's recommendation to return the stub period amount by applying a bill credit to customers' accounts. Staff witness Sarah L.K. Lange will address the allocation of the one-time bill credit to KCPL and GMO rate classes proposed by the Company.

Q. Do you agree with Ms. Hardesty that using the ARAM method is the appropriate method to amortize protected excess deferred income taxes?

A. Yes. Ms. Hardesty states in her rebuttal testimony that the Company's fixed asset software can calculate excess deferred taxes using the ARAM method. To the extent KCPL has the ability to accurately calculate the period of time over which excess deferred taxes should be given back to customers using the ARAM methodology, Staff agrees that using ARAM is the appropriate method to calculate the excess deferred taxes flow-back associated with protected plant.

Q. How does Ms. Hardesty propose to amortize unprotected excess deferred taxes?

A. Ms. Hardesty recommends using the ARAM methodology, consistent with her recommendation for protected excess deferred taxes. By using this method, Ms. Hardesty asserts that the unprotected excess deferred taxes are matched up with the recovery of the related assets.[14]

Q. Do you agree that the ARAM methodology is appropriate to amortize the unprotected excess deferred taxes?

A. No. Staff recommends amortizing over 10 years all unprotected excess deferred taxes that consist of non-plant related timing differences and plant related differences not associated with depreciation "method" and "life" timing differences.. Staff's recommendation of a ten-year amortization for these categories of excess deferred taxes is consistent with the Stipulation and Agreement approved by the Commission in Ameren Missouri's Case No. ER-2018-0362, as well as agreements reached with other utilities on this point.

IRS normalization rules require that protected excess deferred taxes related to method and life timing differences must be amortized using the ARAM methodology. There is no such requirement for unprotected excess deferred taxes. Ms. Hardesty confirms this when she states on page 5 of her Rebuttal Testimony, "The Commission may allow any amortization

[14] ER-2018-0145 Melissa K. Hardesty Rebuttal Testimony, page 5.

method or period it deems appropriate for the unprotected EDIT and the Miscellaneous NonPlant EDIT."

Q. Do you agree with Ms. Hardesty's position that using the ARAM methodology to amortize the unprotected excess deferred taxes match is appropriate?

A. No. Ms. Hardesty's suggestion that the amortization of the unprotected excess deferred taxes must match the recovery of the related assets is irrelevant. What is relevant is that customers have paid for these unprotected excess deferred income taxes based on the effective tax rate of 38.39%, the federal/state composite tax rate in effect prior to the TCJA. Due to the TCJA, the actual federal/state composite tax rate under which the taxes will later be paid to taxing authorities is 25.45%. Since customers have already paid in these unprotected excess deferred tax amounts assuming a higher effective tax rate, and because these types of timing differences are not "protected" by IRS normalization rules, Staff recommends that unprotected excess deferred taxes are returned to customers using a 10 year amortization.

Q. Why do you disagree with Ms. Hardesty's contention that the period of time non-protected excess plant-related deferred taxes are given back to customers should be "matched" with a measurement of the remaining life of the associated plant assets?

A. A deferred tax liability is recognized for the estimated future tax effects attributable to temporary timing differences.[15] Prior to the TCJA, KCPL and GMO collected from customers non-protected plant related deferred taxes using an estimated effective tax rate of 38.39%. Following the enactment of the TCJA this rate changed to 25.45%. The difference between these two rates results in the amount of excess deferred taxes due back to

[15] Financial Accounting Standards Board, Statement No. 109.

customers. Since the effective tax rate changed to 25.45%, the excess portion of previously paid-in non-protected deferred taxes is no longer associated with specific plant assets.There is no conceptual reason why the flow-back of these amounts to customers' needs to be "matched" with the remaining life of plant assets as proposed by Ms. Hardesty.

Q. What is Mr. Klote's recommendation to return the benefits of the TCJA for the period of January 1, 2018, through the effective date of rates ("stub period")?

A. Mr. Klote recommends using the final revenue requirements from the 2016 KCPL and GMO rate cases to calculate the difference between the federal corporate tax rate of 35% and the new tax rate of 21%. Mr. Klote calculates the TCJA impact for KCPL at $33 million and $26.4 million for GMO. Mr. Klote also recommends that any amortization of excess deferred taxes that has occurred on the books of KCPL and GMO for the period of January 1, 2018, through June 30, 2018, will be added to the amounts just described.[16] The difference between the tax rate of 35% and 21% and the excess deferred taxes for the period of January 1, 2018, through June 30, 2018, is referred to as the "base amount" in Mr. Klote's testimony. Once the base amount is determined, Mr. Klote recommends using the calculated true-up revenue requirement through June 30, 2018, in this case to examine any under earnings during 2018 and use the under earnings total to offset the base amount previously discussed.

Q. Has Staff made any recommendation in this case for the deferral of stub period benefits from January 1, 2018, through the effective date of rates in this case?

A. No. In Staff's Cost of Service Report, Staff recommended that the amortization of excess deferred taxes through the true-up period of June 30, 2018, should be

[16] Case No. ER-2018-0145, Ronald A Klote Rebuttal Testimony, pages 16-17.

returned to KCPL and GMO customers. However, Staff did not make an affirmative recommendation to return the impacts of the TCJA on current income tax expense to customers for the stub period in this case. Staff took the position that if the impacts of TCJA were reflected in rates in a reasonably timely fashion, returning the stub period tax savings for current income tax was not necessary. However, Staff does not oppose such treatment either, in light of KCPL's and GMO's position in this case of recommending a stub period deferral and a return of such monies to customers.

Q. Do you agree with Mr. Klote's proposal to calculate the impact of the TCJA using the final revenue requirements in KCPL's and GMO's 2016 rate cases and the difference of the tax rates of 35% and 21%?

A. Yes. Staff reviewed the calculations made by KCPL and GMO and determined the amounts identified by Mr. Klote of $33 million for KCPL and $26.4 million for GMO is reasonable.

Q. Do you agree with Mr. Klote's recommendation to add the amortization recorded on KCPL's and GMO's books for excess deferred taxes for the period of January 1, 2018, through June 2018 to the tax benefit based on the difference between the tax rates of 35% and 21%?

A. If the Commission determines that it is appropriate to return the impacts of the TCJA for the period of January 1, 2018, through the effective date of rates to KCPL's and GMO's customers, the amortization for excess deferred taxes through June 30, 2018, can be added to the tax benefit based on the difference between the tax rate of 35% and 21%.

Q. Once the base amount is determined, Mr. Klote proposes to make adjustments to the Commission ordered revenue requirement in this case to compare to the base amount and the difference used as an offset to account for potential under earnings during the stub period.[17] Do you agree with this approach?

A. No, for several reasons. First, Staff disagrees with KCPL's and GMO's supporting contention underlying this position that the impact of the TCJA should not be considered to be an extraordinary event. Please refer to the Surrebuttal True-Up Direct Testimony of Staff witness Mark L. Oligschlaeger for a further discussion of this point.

Second, Staff disagrees in general terms with Mr. Klote's proposed approach to calculating an offset to the tax savings amounts to account for potential under earnings that may occur during the stub period. Although calculation of the base amount for the stub period as outlined by Mr. Klote appears to be a relatively simple process, the same cannot be said for any analysis of under or over-earnings. Essentially, Mr. Klote proposes to account for cost increases that occurred during the stub period of January 1, 2018, through the effective date of rates in this case that may have contributed to under earnings. At the time of this Surrebuttal True-Up Direct Testimony, Staff is not clear on what adjustments Mr. Klote proposes to make to the final Commission ordered revenue requirement in this case. On page 18 of his Rebuttal Testimony, he provides two examples of these adjustments but has also notified Staff that there are other adjustments that will be addressed in his True-up Direct Testimony. Since these proposed adjustments will not be available to review until September 4, 2018, parties to this case will only have 10 days to evaluate the adjustments before True-Up Rebuttal Testimony is due on September 14, 2018.

[17] Case No. ER-2018-0145, Ronald A. Klote Rebuttal Testimony, page 17-18.

Q. Mr. Klote suggests that using the revenue requirement that is trued-up through June 30, 2018, provides a good midpoint approximation of the current earnings position for KCPL and GMO during the entirety of 2018. Do you agree?

A. No. The revenue requirement based on the June 30, 2018, true-up period is a measurement based on a point in time. This earnings measurement is unlikely to represent the earnings experienced by KCPL and GMO for the entire six-month January – June 2018 period, and it likely will not accurately represent KCPL's and GMO's earnings level for the following six months of 2018.

Q. Does Staff have any other concerns with Mr. Klote's suggestion that June 30, 2018, provides a good midpoint to approximate 2018 earnings?

A. Yes. The merger between Great Plains Energy and Westar Energy became effective on June 4, 2018. While Staff's recommended true-up revenue requirement for KCPL and GMO includes a small amount of merger related savings, Staff expects KCPL and GMO to achieve additional savings throughout the remainder of 2018. Staff met with KCPL personnel on August 2, 2018, to discuss the progress on the integration of Westar and GPE. During this meeting, KCPL personnel informed Staff of the expected level of merger savings, including those expected in 2018. For Mr. Klote to suggest that June 30, 2018, less than one month after the merger was completed, is a good midpoint to approximate earnings experienced during the rest of 2018 following the merger is not reasonable.

Q. Did KCPL agree to similar treatment for the stub period in Kansas?

A. No. KCPL has agreed in Kansas to defer the tax savings amounts during the stub period and forego any use of any offsets for potential under earnings for purposes of returning the deferred amounts to customers.[18]

Q. Does Staff agree that KCPL and GMO's contention that both utilities are currently under-earning, based upon Staff's audit of these rate increase requests?

A. No. Staff's recommended revenue requirement as of the end of the true-up period for GMO (June 30, 2018) is negative $23,449,657 and KCPL is negative $2,559,221. GMO and KCPL are currently over-earning based on Staff's recommended true-up revenue requirement.

Q. Does Staff agree with Mr. Klote's proposal to return the benefits of the TCJA for the stub period to KCPL and GMO ratepayers through a one-time bill credit?

A. If the Commission determines that it is appropriate to return the benefits of the TCJA during the stub period of January 1, 2018, through the effective date of rates, Staff agrees with Mr. Klote that a one-time bill credit is an efficient way to return the tax savings to KCPL and GMO customers. Staff witness Sarah L.K. Lange addresses how the proposed one-time bill credit will be distributed between KCPL and GMO rate classes

<u>TRUE UP</u>

Q. Please identify the rate base items and income statement adjustments that you are sponsoring as part of the Staff's true-up filing.

[18] The State Corporation Commission of the State of Kansas, Docket No. 18-GIMX-248-GIV, *Order Granting Joint Motion for Approval of Settlement Agreement Regarding Kansas City Power & Light Company Page 6.*

A. Using the same methodology addressed in Staff's Cost of Service Report, I am sponsoring the following KCPL and GMO cost of service items that have been adjusted through June 30, 2018:

- Firm and Non-Firm Off-System Sales
- Excess Off-System Sales Margins
- Transmission Congestions charges
- Ancillary Service charges
- Revenue Neutral Uplift charges
- Border Customers
- Greenwood Solar Allocation
- IT Software Maintenance
- Wolf Creek Refueling Amortization
- Bank Fees
- Common Use Billings
- Income Taxes
- Prospective Tracking Amortizations

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2018-0145
		and
In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2018-0146

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW KAREN LYONS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Karen Lyons

KAREN LYONS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 31st day of August 2018.

Tammy Morales

Notary Public

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

TAMMY MORALES
My Commission Expires
January 7, 2022
Clay County
Commission #14451066

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 Implement its Regulatory Plan.	)))))	**Case No. ER-2012-0174** Tariff No YE-2012-0404
In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service.	))))	**Case No. ER-2012-0175** Tariff No. YE-2012-0405

NON-UNANIMOUS STIPULATION AND AGREEMENT AS TO CERTAIN ISSUES

COME NOW the Staff of the Missouri Public Service Commission ("Staff"), Kansas City Power & Light Company ("KCPL") and KCP&L Greater Missouri Operations Company ("GMO"), collectively "Signatories," and, in consideration of both (1) making the adjustments shown in the table below to Staff's models to reflect increases to the revenue requirements for KCPL and the MPS and L&P rate districts of GMO in the true-up of the above-referenced cases, and (2) the other agreements that follow, the Signatories have resolved the issues listed below as described in the list of issues Staff filed on October 11, 2012, and other matters addressed in this Stipulation, as follows:

Revenue Requirement Increase	
KCPL:	$6.14 million
MPS (GMO):	$6.39 million
L&P (GMO):	$1.58 million

As recited in the General Provisions below, except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, regardless of whether the Commission approves this Stipulation. Where an issue listed in the list of issues Staff filed October 11, 2012, has a resolution that is specific to it, that resolution is stated following the statement of the issue. Any agreements in a resolution to a stated issue that are to have a binding effect in other proceedings are explicitly stated to do so following the statement of that issue.

KCPL Only Issues

Issue I.3. **Hawthorn Selective Catalytic Reduction System** (SCR): (KCPL: Hensley & Crawford; Staff: Lyons & Featherstone) (KCPL descriptions of these issues are in the appendix.)

a. Should KCPL's rate base and expense be adjusted to reflect underperformance of the Hawthorn SCR as Staff proposes?
b. Should KCPL's ongoing fuel expense be adjusted to reflect Staff's outage adjustment based on underperformance of the Hawthorn SCR?

Resolution: The value Staff will include in its August 31, 2012, true-up revenue model run for KCPL is a rate base reduction of $788,803 for Hawthorn SCR catalyst, which will reduce Staff's revenue requirement for KCPL by $63,267.

Issue I.4. **Income Tax**: (KCPL: Hardesty; Staff: Hyneman) Should the amount included in revenue requirement for Iatan 2 Advanced Coal Tax Credit be based on the amount utilized for federal income tax purposes on a separate income tax return basis or on a consolidated tax return basis?

Issue I.5. **Kansas City Missouri Earnings Tax**: (KCPL: Hardesty; Staff: Hyneman)

a. What amount should be included in KCPL's revenue requirement for earnings tax?
    i. If an amount for earnings tax is included in KCPL's revenue requirement should that amount be determined after allocation of a portion of KCPL's Kansas City earnings tax to GMO and to KCPL's Kansas jurisdiction?
    ii. Should KCMO earnings tax be included in revenue requirement as an income tax applied to adjusted Missouri jurisdictional taxable income consistent with taxable income calculated for ratemaking?

b. Should the effective income tax rate used to gross up the authorized revenue requirement include a component for the KCMO earnings tax as well as federal and state income taxes?

Resolution: No specific adjustment shall be made to Staff's revenue requirement for KCPL based on Kansas City, Missouri, earnings tax; henceforth KCPL ***shall*** treat the Kansas City, Missouri, earnings tax as a general corporate tax subject to typical normalization adjustments applied to other utility expenses for KCPL's revenue requirement in Missouri, and ***not*** as a component of income tax expense.

Issue I.7. **Fuel and Purchased Power Expense**: (KCPL: Crawford; Staff: Harris & Lange; KCPL Industrials: Phillips)

c. Should margins from non-asset based wholesale transaction, also referred to as "Q" sales, be excluded from KCPL's cost service?
e. What is the proper treatment of equivalent forced outage rate at Hawthorn Unit 5? (Hawthorn 5 transformer)

Issue I.11. **Arbitration Expenses and Settlement**: (KCPL: Weisensee, Staff: Majors)

a. Should the expenses KCPL incurred in arbitrating with Empire over access to Schiff-Hardin legal invoices be included in revenue requirement?
b. Should the settlement of the arbitration with Empire over access to Schiff-Hardin legal invoices charged to plant-in-service be included in rate base?

KCPL – GMO Common Issues

Issue II.2. **Economic Relief Pilot Program ("ERPP")**: (KCPL/GMO: Heidtbrink: Staff: Poole-King & Lyons)

a. Should the Economic Relief Pilot Program be expanded as a permanent ratepayer funded program or should it remain a pilot program, maintaining current program terms including participation levels, and program funding remain 50% ratepayer/50% company?
b. Should a separate advisory group who is familiar with low-income customers, issues and rate programs be developed for all future collaborative discussions regarding the ERPP?
c. Should KCPL and GMO be ordered to provide an ERPP report to the advisory group described above on a monthly basis?

Resolution: KCPL and GMO shall continue to fund the ERPP at $315,000 each, with total program funding remaining 50% ratepayers and 50% company. The ERPP shall continue as a pilot program with existing program terms and participation levels. Meetings relating to the ERPP shall be conducted as breakout sessions of the DSM Advisory Groups, and KCPL and GMO will make reasonable effort to ensure proper Staff are notified of the scheduling of such breakout sessions.

The recommendations of the Salvation Army for improvements to the program shall be considered in the first meeting after this Stipulation is approved by the Commission.

Issue II.4. **Payroll**: (KCPL/GMO: Weisensee; Staff: Majors; KCPL Industrials GMO Industrials: Meyer).

a. What amount should be included in cost of service for overtime?

Issue II.5. **Pensions, OPEBs, SERP Costs**: (KCPL/GMO: Foltz; Staff: Hyneman) (KCPL/GMO descriptions of these issues are in the appendix.)

a. What amount should be included in cost of service for pension, OPEB and SERP costs?

b. Should the Company's salary assumption of 4.0% for management and 4.25% for bargaining unit employees based on Company-specific historical data be used to determine pension cost or should Staff's salary assumption of 3.5% based on a current Missouri utility average be used?

c. Should, in addition to annuity payments, Supplemental Executive Retirement Plan ("SERP") pension costs paid by KCPL as a lump-sum be included in revenue requirement based on a multi-year average of actual amounts paid or should SERP costs be based only on annual annuity payments to former KCPL executives?

d. Should SERP pension costs paid by the Wolf Creek Nuclear Operating Company ("WCNOC") for the Wolf Creek Generating Station as monthly annuities be included in revenue requirement based on actual amounts paid or should these amounts be subject to the Staff's reasonableness tests?

e. Should GMO SERP costs be included in revenue requirement at the amount proposed in the Company's rebuttal testimony without recognition of a $50,000 reasonableness test as proposed by Staff?

f. Should SERP costs attributable to past non-regulated GMO (Aquila) operations be included in deriving the allocation factor used to assign SERP costs to GMO?

g. Should WCNOC OPEB expense be based on the actual dollar amount of OPEB expense paid by KCPL to WCNOC or a FAS 106 accrual amount?

h. If it is appropriate to include FAS106, including WCNOC, in revenue requirement, then should KCPL be required to contribute amounts collected in rates for WCNOC employees to a segregated WCNOC OPEB fund or should amounts in excess of amounts paid by KCPL to WCNOC be deposited in a KCP&L OPEB fund?

Resolution: The Signatories will continue to abide by the terms of the *Non-unanimous Stipulation and Agreement regarding Pensions and Other Post-Employment Benefits* filed in Case No. ER-2010-0355 on March 22, 2011, the Commission approved in its April 12, 2011, *Report and Order* in Case No. ER-2010-0355, and the *Non-unanimous Stipulation and Agreement regarding Pensions and Other Post-Employment Benefits* and *Second Non-unanimous Stipulation and Agreement regarding Pensions and Other Post-Employment Benefits* filed in Case No. ER-2010-0356 on March 23, and May 13, 2011, respectively, the Commission approved in its May 4, 2011, *Report and Order* and its May 27, 2011, *Order of Clarification and Modification*, including the pension and OPEB trackers established pursuant to them. The Signatories will review them again in KCPL's and GMO's next general rate cases. The levels of FAS 87 pension expense and FAS 106 OPEB expense to be reflected in the trackers on a going forward basis when rates take effect in these cases are shown on Attachment No. 1

Issue II.7. **Acquisition Transition Costs**: (KCPL/GMO: Ives; Staff: Majors)

a. Should recovery of the amortized acquisition transition costs end?
   i. If not, what amount should be included in revenue requirement for the acquisition transition cost amortization?

Resolution: The five-year amortization of acquisition transition costs (KCPL annual amount of $3.8 million, GMO amount of $4.3 million—MPS $3.5 million and L&P $0.8 million) shall continue; however, KCPL and GMO shall not seek recovery of acquisition transition costs in any general electric rate case filed after January 1, 2015. Total Missouri jurisdictional transition costs related to the 2008 acquisition of Aquila are capped at the December 31, 2010 amount of $41.5 million. No other transition costs related to the 2008 acquisition of Aquila will be deferred for recovery in any general electric rate case.

	KCPL-MO	**MPS**	**L&P**
Total	$19,344,018	$17,727,367	$4,452,471
Remaining to be recovered at True-up	$14,185,613	$13,531,890	$3,398,720
Already Recovered at True-Up	$5,158,405	$4,195,477	$1,053,751
Annual Amount	$3,868,804	$3,545,473	$890,494

Issue II.8. **Depreciation**: (KCPL/GMO: Spanos, Weisensee & Ives; Staff: Rice)

a. Have KCPL and GMO complied with the provisions of the 2010 Depreciation Stipulation entered into in the last rate cases?

b. Should KCPL and GMO continue to utilize the General Plant Amortization method?

c. Should KCPL and GMO conduct an inventory of property in the General Plant Accounts?

d. Should Staff's depreciation adjustments be adopted?

Resolution: Staff agrees not to pursue a complaint concerning compliance with the provisions of the *Non-Unanimous Stipulation and Agreement Regarding Depreciation and Accumulated Additional Amortizations* in Case Nos. ER-2010-0355 and ER-2010-0356 regarding a study of the causes of certain reserve balances, as set out in Staff recommendation number six at page 179 of the KCPL Staff Cost of Service Report and in Staff recommendation number six at page 190 of the GMO Staff Cost of Service Report.

KCPL and GMO will continue to utilize General Plant amortization method as set out in Case Nos. ER-2010-0355 and ER-2010-0356. KCPL and GMO will record vintage retirements. KCPL and GMO will make the plant account transfers included as Attachment Nos. 2 and 3. Staff, KCPL and GMO will reflect these adjustments and general plant amortization rates in the revenue requirement models for purposes of true-up in this case.

KCPL and GMO are not required to conduct an inventory of property in the General Plant Accounts at this time.

An adjustment of $4,221,178 for stopped depreciation under Aquila will be recorded to increase accumulated depreciation reserves in GMO ECORP account 391.04 (Computer Software), as described in Attachment No. 3.

Issue II.9. **Bad Debt Expense/Forfeited Discount Revenue**: (KCPL/GMO: Weisensee; Staff: Lyons; KCPL Industrials & GMO Industrials: Meyer)

a. Should bad debt expense and forfeited discount revenue included in rates in this case include a provision for the respective impacts resulting from the revenue increase in this case?

b. How should normalized bad debt expense be determined?

Issue II.14 **Low Income Weatherization**: (KCPL/GMO: Rush; Staff: Warren; Kansas City: Bossert; MDNR: Bickford)

a. At what level should low-income weatherization be funded and included in revenue requirement?

b. Are the Companies distributing to agencies the weatherization funds collected from their ratepayers?

    i. If not, why not?

c. Should any weatherization funds which are collected during a year (plus any interest or return earned thereon) which are not distributed be available for distribution in subsequent years?

d. Should the Companies consult the DSM Advisory Group ("DSMAG") on the allocation and distribution of funds?

e. Should the Companies provide quarterly reports to the DSMAG on the allocation and distribution of funds?

f. Should the Companies file revised tariff sheets regarding their low-income weatherization program?

Resolution: In regard to GMO, if the Commission approves a MEEIA low-income weatherization program for GMO, then that MEEIA program should be funded and included in revenue requirement to the extent the Commission determines under MEEIA it is appropriate to do so. Otherwise, GMO's low-income weatherization program should be funded (included in cost of service) at $150,000 annually. (Both programs are not funded at the same time and they are mutually exclusive.)

In regard to KCPL, KCPL's low-income weatherization program should be funded (included in cost of service) at $573,888 annually; however, this low-income weatherization program should not be funded in rates at the same time KCPL's retail customers are funding a low-income weatherization program the Commission approves under the MEEIA, if any. (Both programs are not funded at the same time and they are mutually exclusive.)

Any low-income weatherization funds which KCPL collects through its rates during a year which are not distributed to the low-income weatherization agencies during that year will be available for distribution in subsequent years. This will also apply to GMO's low-income weatherization funds if the Commission does not approve a MEEIA low-income weatherization program for GMO.

KCPL and GMO will consult the DSM Advisory Group (DSMAG) regarding the allocation and distribution of the low-income weatherization funds. KCPL and GMO will also provide quarterly reports to the DSMAG on the allocation and distribution of these funds.

KCPL and GMO will file revised tariff sheets regarding their low-income weatherization program as reflected herein as part of their compliance tariffs in these rate cases, which must include provisions that incorporate the obligations of the preceding paragraphs.

Issue II.15. **Joint Resource Planning**: (KCPL/GMO: Rush; Staff: Mantle; MDNR: Bickford)

a. Should KCPL and GMO be allowed to conduct joint resource planning?

   i. If yes, should the Commission require KCPL and GMO to file with the Commission for approval a detailed proposal for allocating capacity and energy between them?

   ii. If yes, should the Commission require KCPL and GMO to file a definitive plan for merging KCPL and GMO into one electrical corporation?

Resolution: KCPL and GMO will withdraw their requests for Commission acknowledgement of their joint resource planning in these cases and will address engaging in joint resource planning in their IRP filings currently before the Commission in Case Nos. EO-2012-0323 and EO-2012-0324.

Issue II.17. **Advanced Coal Tax Credit**: (KCPL/GMO: Hardesty & Montalbano; Staff: Featherstone)

a. Should KCPL's advanced coal investment federal income tax credit for Iatan 2 be reduced to reflect a redistribution of a portion of that credit to GMO based on GMO's ownership interest in Iatan 2 and, concurrently, should GMO be treated as getting the benefit of that credit redistribution?

   i. Should the Commission order KCPL, GMO, and Great Plains Energy jointly to seek IRS agreement to reallocate a portion of the credit to GMO based on GMO's ownership interest in Iatan 2?

      1) If the IRS does not agree to reallocate these Iatan 2 coal credits to GMO based on its ownership share of Iatan 2, then should the Commission order KCPL to pay the monetary equivalent to GMO of the value of the coal credits that should be allocated to GMO, or alternatively, should the Commission impute the value of the coal credits to GMO based on its ownership share of Iatan 2?

   ii. In the alternative, should the Commission disallow certain Great Plains Energy and KCPL officers' salaries and benefits allocated to GMO?

   iii. Or, in the alternative, should the Commission consider the Coal Credit issue when it determines the proper rate of return to use in the KCPL and GMO rate cases?

Resolution: KCPL will use the allocated share ($80,725,000) of the Advanced Coal Tax Credit for ratemaking purposes in Missouri. The Signatories will not raise these issues again in any future Missouri Commission proceedings.

Issue II.18. **Inventory Management**: (KCPL/GMO: Wolf) Should Great Plains Energy Services be permitted to purchase KCPL's and GMO's current material and supply inventories and then become their source of materials and supplies?

Resolution: The Commission, pursuant to § 393.190, RSMo., should authorize KCPL and GMO to sell certain current common material and supply inventories to Great Plains Energy Services and the Commission should grant KCPL, GMO and Great Plains Energy Services variances from the Commission's affiliate transactions rule 4 CSR 240-20.015 as permitted by subsection (10) of that rule sufficient to allow them to effectuate a plan to consolidate certain common material and supply inventories of KCPL and GMO by having Great Plains Energy Services acquire and hold in inventory for KCPL and GMO such materials and supplies needed for their Commission-regulated utility operations. The transactions between KCPL, GMO and Great Plains Energy Services to transfer inventory to effectuate this plan shall be at cost.

Issue II.21. **Revenues**: (KCPL/GMO: Rush; Staff: Lyons, Won (KCPL case), Wells (GMO case), Scheperle)

a. Should company revenues be tied to the company General Ledger?

b. Should the difference in the General Ledger and the recalculation of revenues (i.e., tie amount used to verify the recalculation process) be carried forward and included in the normalized and annualized test year revenues?

GMO Only Issues

Issue III.2. **Capacity allocation (MPS vs. L&P)**: (GMO: Crawford; Staff: Mantle) For determining revenue requirement, including fuel costs, how should GMO's Ralph Green generating facility and short-term purchased power agreements be assigned between MPS and L&P?

Resolution: GMO's Ralph Green generating facility shall be assigned to its L&P rate district for purposes of revenue requirement in this case and henceforth in rate cases, including fuel adjustment clause cases. If GMO reinstates its KCI generating facility on its regulated books and records, for purposes of revenue requirement in future cases, KCI shall be reinstated on the regulated books and records at net book value plus any reasonable and prudent capital expenditures required to return the KCI generating facility to operation.

Issue III.5. **<u>L&P Ice Storm AAO</u>**: (GMO: Weisensee; Staff: Lyons; OPC: Robertson)

a. Should the amortization level of the L&P Ice Storm be reduced?

b. Should recovery of that amortization be tracked, and any over-recovery addressed in GMO's next rate case?

Resolution: GMO's recovery of its five-year amortization for the L&P Ice Storm in December 2007 shall end on October 1, 2013, and to the extent GMO's L&P rate district rates from this case continue beyond that date, GMO shall "track" as a single issue the over-recovery of that amortization and adjust its revenue requirement for L&P in the following general electric rate case to return that "over-recovery" to its retail customers in its L&P rate district.

The total ice storm cost remaining to be recovered is $1,721,890. The total amount of ice storm cost is $7,947,180 and the annual amount reflected in true-up in this case is $1,589,436.

Issue III.6. **<u>Sibley AAO</u>**: (GMO: Weisensee Staff: Lyons; OPC: Robertson)

a. Should the Sibley AAO be discontinued?

b. Should the Sibley AAO be rebased?

c. Should the recovery of the Sibley AAO be tracked and any over-recovery addressed in GMO's next rate case?

Resolution: Staff and GMO will exclude $121,095 from their August 31, 2012 true-up model runs for GMO, and GMO will not seek any further recovery based on the two Sibley AAOs now or in the future.

Issue III.7. **<u>Rate Design/Class Cost of Service Study</u>**: (GMO: Rush, Normand; Staff: Scheperle: GMO Industrials: Brubaker; OPC: Meisenheimer; DOE: Goins; MGE: Cummings)

a. Should GMO be required to conduct a comprehensive study on the impacts of its retail customers of eliminating the MPS and L&P rate districts and implementing company-wide uniform rate classes?

b. Should GMO be required to conduct a class cost of service study to determine the differences in its cost of service for each of the classes of MPS and L&P customers?

Resolution: GMO will perform, prepare and file in its general electric rate case the results of a comprehensive study on the impacts on its retail customers of eliminating the MPS and L&P rate districts and implementing company-wide uniform rate classes, and rates and rate elements for each rate class, taking into account the potential future consolidation of GMO rates with those of KCPL. In this study, GMO will provide a distribution of rate impact on each of its customers of moving from MPS to L&P rate structures, and rate elements, and likewise, from L&P to MPS rate structures, and rate elements. If GMO would prefer a class rate structure that is different from a current MPS or L&P class rate structure, then individual customer impacts should be provided for the rate structure that GMO proposes.

GMO will conduct a class cost of service study to determine the differences in its costs to serve each of the customer classes in both the MPS and the L&P rate districts. Staff and GMO will develop the study schedule.

Issue III.8. **L&P Phase In**: (GMO: Rush; Staff: Wells & Lyons) Should the rate changes addressed in the Commission's Report and Order in GMO's last rate case to phase-in rates in the L&P district be ended early and, instead, should the annual amount of a three-year amortization of the unrecovered phase-in amount be included in the L&P revenue requirement?

Resolution: The phase-in of the rate increase in the L&P rate district that was the subject of Case Nos. ER-2012-0024 and ER-2010-0356 shall be terminated early and the unrecovered portion of the remaining increase plus carrying costs the Commission ordered be recovered shall be included in the revenue requirement for the L&P rate district in this case at the annual amount of $1,870,245. The annual amount of $1,870,245 is based on a three-year amortization of the unrecovered portion of the remaining increase plus carrying costs. To the extent that GMO's general rates that include this annual amount for more than three years, GMO shall pro rate the annual amount by the time period beyond three years and shall reduce the revenue requirement upon which it bases its subsequent general electric rate increase to return that amount to its retail customers in its L&P rate district.

Issue III.9. **ADIT – FAC**: (GMO: Hardesty; Staff: Hyneman) Should GMO's rate base be reduced by the accumulated deferred income taxes related to GMO's Fuel Adjustment Clause ("FAC")?

Additionally, the following matters are resolved:

1. **Jurisdictional Allocations**: The demand allocation factor shall be 52.70% for purposes of allocations to the KCPL Missouri retail jurisdiction using the 4-CP methodology to be reflected in Staff's and Company's models for the true-up in this cases.

2. **Hedging Costs**: A normalized level of hedging costs for hedging spot market electricity purchases with natural gas futures shall be included in GMO's revenue requirements for its MPS and L&P rate districts.

3. **Transmission and Distribution Plant:** Upon Commission approval of this Stipulation GMO will reduce its transmission and distribution plant rate base by a total of $8.0 million, 65% for MPS and 35% for L&P, to be reflected in Staff's and Company's models for the true-up in this cases. GMO agrees it will not request recovery of this reduction by any means, directly or indirectly, in the future. GMO will provide to Staff plant accounting records that identify exclusion of these amounts from future rate base consideration.

Transmission & Distribution Plant				
FERC USOA Account Number				
		MPS	L&P	Total
355	Transmission - Poles & Fixtures	$626,874	$775,306	$1,402,180
356	Transmission - Cond & Devices	$1,196,710	$2,024,694	$3,221,405
365	Distribution - OH Conductor	$3,055,085		$3,055,085
366	Distribution - UG Circuit	$321,331		$321,331
	Total	$5,200,000	$2,800,000	$8,000,000

4. **Tariff consolidation**: KCPL will consolidate its tariff sheets into a single tariff. KCPL will provide to Staff proposed tariff sheets to do so within 90 days of the effective date of new rates in Case No. ER-2012-0174 and will use its best efforts to have in effect a single tariff schedule within six months of the effective date of new rates in Case No. ER-2012-0174.

5. **Miscellaneous Tariff issues**: The following changes will be made to KCPL tariff sheets:

- Small, Medium, Large General Service: add (Frozen) to the three General Service All Electric classes and Standby or Breakdown Service;
- Rate Schedule "1-SA": delete "1-";
- Municipal Street Lighting Service (Urban Area) - Rate Schedule "1-ML": delete "1-";
- Municipal Traffic Control Signal Service – Rate Schedule "1-TR": delete "1-";
- Sheet Nos. 35, 35A, 35B, 35C: delete "-1" these sheets from "1-ML";
- Sheet Nos. 37, 37A – 37G - Rate Schedule "1-TR": delete the "1-";
- Municipal Street Lighting Service (Suburban Area) - Rate Schedule "3-ML": delete "-3";
- Sheet Nos. 36, 36A, 36B: change these sheets from "3-ML" to "ML";

- Municipal Street Lighting Service – LED Pilot GMO tariff sheet No. 134: remove the reference to Peculiar, Missouri;

- Sheet No. 43Z.1 – Header, Cancelling line, Sheet No. “43.Z1”: change to “43Z.1”;

- Municipal Street Lighting Service – LED Pilot: tariff sheets Nos. 48, 49, 50 will be renumbered to 48, 48A, 48B;

The following changes will be made to GMO tariff sheets:

- Tariff sheet 134will include a reference to Peculiar, Missouri;

- Tariff Sheet No. 29, LARGE GENERAL SERVICE ELECTRIC: the tariff language heading will be changed to BASE RATE, MO938 (Primary), MO939 (Substation), MO940 (Secondary);

- Tariff Sheet No. 31, LARGE POWER SERVICE ELECTRIC: the tariff language heading will be changed to BASE RATE, MO944 (Secondary), MO945 (Primary), MO946 (Substation), MO947 (Transmission);

- Tariff Sheet No. 34, PRIMARY DISCOUNT RIDER ELECTRIC, under the AVAILABILITY section: the tariff language will read “Available to customers served under Large General Service or Large Power rate schedules who receive three phase alternating-current electric service at a primary voltage level or above, and who provide and maintain all necessary transformation and distribution equipment beyond the point of Company metering”. This will replace the current tariff language, “Available to customers served under rate schedules MO940 or MO944 who receive three-phase alternating-current electric service at a primary voltage level and who provide and maintain all necessary transformation and distribution equipment beyond the point of Company metering.”

GENERAL PROVISIONS

1. Contingent upon Commission approval of this Stipulation without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the testimony of their witnesses on the issues that are resolved by this Stipulation.

2. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in these cases explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of

service methodology or determination, depreciation principle or method, method of cost determination or cost allocation or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, regardless of whether this Stipulation is approved.

3. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same.

4. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

5. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

6. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

7. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be

considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

8. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

REPRESENTATIONS REGARDING NON-SIGNATORIES

1. The Office of the Public Counsel has authorized the Signatories to represent in this Stipulation that that Public Counsel does not oppose this Stipulation; they hereby do so.

WHEREFORE, for the foregoing reasons, the Signatories respectfully request that the Commission issue an Order approving the terms and conditions of this Non-Unanimous Stipulation and Agreement.

Respectfully submitted,

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

/s/ Nathan Williams

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 19th day of October 2012.

/s/ Nathan Williams

Pension and OPEB – Stipulated Amounts – ER-2012-0174 and ER-2012-0175

Kansas City Power & Light – ER-2012-0174

Pensions

- KCP&L's Missouri jurisdictional rates established in this case, ER-2012-0174 effective January 27, 2013, are based on $41,125,866, (total Company) for annual pension cost expensed under FAS 87, after removal of capitalized amounts and the portion of KCP&L's annual pension cost which is allocated to KCP&L's joint owners in the Iatan and La Cygne generating units/stations, but before inclusion of allowable SERP pension costs and amortization of pension-related regulatory assets/liabilities.
- KCP&L's Prepaid Pension Asset balance included in rate base, exclusive of the joint owners' shares, is $34,504,775 (total Company) ($18,448,218 Missouri jurisdictional) at March 31, 2012.
- KCP&L's FAS 87 Regulatory Asset included in rate base for the cumulative difference between pension cost recognized in its prior rates and its actual pension costs under FAS 87 is $22,525,908 (total Company) ($12,043,633 Missouri jurisdictional at March 31, 2012, exclusive of any amount allocated to KCP&L's joint owners.
- KCP&L's rates reflect the 5-year amortization of the $22,525,908 FAS 87 Regulatory Asset identified in the prior paragraph at an annual rate before capitalization of $4,505,182 (total Company). KCP&L will amortize $3,550,534 (total Company), after capitalization, to pension expense annually beginning with the effective date of rates established in this case, File No. ER-2012-0174.
- KCP&L's rates reflect the 5-year amortization of the $11,195,684 (total Company) FAS 88 Regulatory Asset (2011 Vintage) at an annual rate before capitalization of $2,239,137 (total Company). KCP&L will amortize $1,679,129 (total Company), after capitalization, to pension expense annually beginning with the effective date of rates established in this case, File No. ER-2012-0174.
- KCP&L's rates reflect the continuation of the 5-year amortization of FAS 158 deferred regulatory asset established in ER-2009-0089 at the annual level of $1,121,527 (total Company) after capitalization.

OPEB'S

- KCP&L's Missouri jurisdictional rate established in this case, ER-2012-0174 effective January 27, 2013, is based on $6,874,177, (total Company) for annual OPEB cost expensed under FAS 106, after removal of capitalized amounts, amounts pertaining to the Wolf Creek Generating Station and the portion of KCP&L's annual OPEB cost which is allocated to KCP&L's joint owners in the Iatan and La Cygne generating units/stations. OPEB costs for Wolf Creek Generating Station are included based on the $369,128 amount paid to the Wolf Creek Nuclear Operating Corporation.

- KCP&L's Prepaid OPEB Asset balance included in rate base, exclusive of the joint owners' shares, is $0 (total Company) at March 31, 2012.
- KCP&L's FAS 106 Regulatory Asset included in rate base for the cumulative difference between pension cost recognized in its prior rates and its actual OPEB costs under FAS 106 is ($951,254) (total Company) (($508,595) Missouri jurisdictional) at March 31, 2012, exclusive of any amount allocated to KCP&L's joint owners.
- KCP&L's rates reflect the 5-year amortization of the ($951,254) FAS 106 Regulatory Asset identified in the prior paragraph at an annual rate before capitalization of $($190,251) (total Company). KCP&L will amortize $(149,937) (total Company), after capitalization, to pension expense annually beginning with the effective date of rates established in this case, File No. ER-2012-0174.
- KCP&L's rates reflect the continuation of the 5-year amortization of FAS 158 deferred regulatory asset established in ER-2009-0089 at the annual level of $305,003 (total Company) after capitalization.

KCPL Greater Missouri Operations – ER-2012-0175

Pensions

- MPS and L&P Missouri jurisdictional rates established in this case, ER-2012-0175 effective January 27, 2013, are based on $7,349,684 and $1,934,673, respectively, (total Company) for annual pension cost expensed under FAS 87, after removal of capitalized amounts and including the MPS and L&P portions of KCP&L's annual pension cost which is allocated to KCP&L's joint owners in the Iatan and La Cygne generating units/stations, but before inclusion of allowable SERP pension costs and amortization of pension-related regulatory assets/liabilities.
- MPS and L&P Prepaid Pension Asset balances included in rate base are $13,849,256 and $4,017,115, respectively (total Company), at March 31, 2012. (MPS retail jurisdictional of $13,776,409; L&P electric of $3,684,792.)
- MPS and L&P FAS 87 Regulatory Assets included in rate base for the cumulative difference between pension cost recognized in its prior rates and its actual pension costs under FAS 87 is $5,036,054 and $367,835, respectively (total Company), at March 31, 2012. (MPS retail jurisdictional of $5,009,564; L&P electric of $337,405.)
- MPS and L&P rates reflect the 5-year amortization of the $5,036,054 and $367,835, respectively, FAS 87 Regulatory Assets identified in the prior paragraph at an annual rate before capitalization of $1,007,211 and $73,567, respectively (total Company). MPS and L&P will amortize $718,242 and $52,961, respectively(total Company), after capitalization, to pension expense annually beginning with the effective date of rates established in this case, File No. ER-2012-0175.
- MPS and L&P rates reflect the 5-year amortization of the $4,114,085 and $1,564,462, respectively, FAS 88 Regulatory Asset (2011 Vintage) at an annual

rate before capitalization of $822,817 and $312,892, respectively (total Company). MPS and L&P will amortize $586,751 and $225,251, respectively (total Company), after capitalization, to pension expense annually beginning with the effective date of rates established in this case, File No. ER-2012-0175.

Amortization of Prior Regulatory Asset

- ERISA Tracker (Prior Method) – Deferred amounts as of March 31, 2012 for MPS and L&P-Electric respectively, are $10,987,776 ($10,929,980 retail) and $1,675,535 including amounts capitalized. The annual amortization included in cost of service with the effective date of new rates in this case is $1,609,050 and $252,671, respectively, excluding amounts capitalized.
- L&P Prepaid Pension Asset (Prior Method) - The customer rates established in this case for L&P will include a $3,352,742 annual provision prior to capitalization ($2,527,967 excluding amounts capitalized) for electric jurisdictional prepaid pension amortization. The unamortized balance of the regulatory asset established as result of this ratemaking treatment is included in the L&P-Electric rate base. The unamortized balance at March 31, 2012 is $4,386,504 (electric).

OPEB'S

- MPS and L&P Missouri jurisdictional rates established in this case, ER-2012-0175 effective January 27, 2013, are based on $3,496,533 and $1,157,989, respectively (total Company), for annual OPEB cost expensed under FAS 106, after removal of capitalized amounts and including its portion of KCP&L's annual OPEB cost which is allocated to KCP&L's joint owners in the Iatan and La Cygne generating units/stations.
- MPS and L&P Prepaid OPEB Asset balances included in rate base are $0 and $0, respectively (total Company) at August 31, 2012.
- MPS and L&P FAS 106 Regulatory Assets included in rate base for the cumulative difference between pension cost recognized in its prior rates and its actual OPEB costs under FAS 106 are ($173,495) and ($170,406), respectively (total Company) at March 31, 2012. (MPS retail of ($172,582; L&P electric of ($156,309)).
- MPS and L&P rates reflect the 5-year amortization of the ($173,495) and ($170,406), respectively, FAS 106 Regulatory Asset identified in the prior paragraph at an annual rate before capitalization of ($34,699) and ($34,081), respectively (total Company). MPS and L&P will amortize ($24,744) and ($24,535), respectively (total Company), after capitalization, to OPEB expense annually beginning with the effective date of rates established in this case, File No. ER-2012-0175.

KCPL - REALLOCATION OF GENERAL PLANT UNRECOVERED RESERVE
MISSOURI JURSIDICITIONAL AMOUNTS BASED ON KCPL DEPRECIATION STUDY
AS OF DECEMBER 31, 2011

Account	Book Reserve	Transfer Unrecovered Reserve	Book Reserve Reallocated	General Plant Retirements
35300	$27,213,634	($8,863,678)	$18,349,956	$0
38900	$0	$0	$0	$0
39000	$11,985,721	($2,000,000)	$9,985,721	$0
39100	$3,630,920	$221,054	$3,851,974	$1,886,974
39101	$907,739	($64,739)	$843,000	$0
39102	$268,505	$304,897	$573,402	$161,402
39200	$244,754	$0	$244,754	$0
39201	$872,550	($0)	$872,550	$0
39202	$2,426,546	($0)	$2,426,546	$0
39203	$136,097	($0)	$136,097	$0
39204	$409,305	$0	$409,305	$0
39300	$320,862	($37,578)	$283,284	$98,184
39400	$1,216,719	$15,422	$1,232,141	$420,141
39500	$1,722,414	($155,429)	$1,566,985	$172,985
39600	$2,544,388	$0	$2,544,388	$0
39700	$6,316,619	$10,547,544	$16,864,163	$558,368
39701	$41,418	$0	$41,418	$0
39702	$2,787	$0	$2,787	$0
39800	$59,477	$32,507	$91,984	$20,184
Total	$60,320,453	$0	$60,320,453	$3,318,238

Note:
Transfer of $ 10,863,678 unrecovered reserve will be transferred to account 35300 and 39000.
Assets in the general plant retirement column will be retired by the end of 2012.

KCPL - COMPUTATION OF GENERAL PLANT RETIREMENTS - MISSOURI JURSIDICTION
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account		Eng In Svc Year	Assets to Retire	Allocation Factor	Missouri Jursdiciation
	39100	1974	$0.00	53.7720%	$0.00
		1976	$22,979.92	53.7720%	$12,356.76
		1977	$4,560.60	53.7720%	$2,452.33
		1978	$5,610.24	53.7720%	$3,016.74
		1979	$21,676.97	53.7720%	$11,656.14
		1980	$45,577.62	53.7720%	$24,508.00
		1981	$7,005.27	53.7720%	$3,766.87
		1982	$37,918.96	53.7720%	$20,389.78
		1983	$42,095.67	53.7720%	$22,635.68
		1984	$231,497.35	53.7720%	$124,480.76
		1985	$149,694.47	53.7720%	$80,493.71
		1986	$113,097.59	53.7720%	$60,814.84
		1987	$11,486.86	53.7720%	$6,176.71
		1988	$25,017.73	53.7720%	$13,452.53
		1989	$179,074.14	53.7720%	$96,291.75
		1990	$38,709.93	53.7720%	$20,815.10
		1991	$2,573,209.19	53.7720%	$1,383,666.05
39100 Total			$3,509,212.51		$1,886,973.75
	39102	2000	$253,083.33	53.7720%	$136,087.97
		2003	$47,076.46	53.7720%	$25,313.95
39102 Total			$300,159.79		$161,401.92
	39300	1967	$7,190.99	53.7720%	$3,866.74
		1969	$3,797.52	53.7720%	$2,042.00
		1970	$2,442.70	53.7720%	$1,313.49
		1971	$4,409.76	53.7720%	$2,371.22
		1972	$6,884.71	53.7720%	$3,702.05
		1973	$789.34	53.7720%	$424.44
		1974	$2,883.96	53.7720%	$1,550.76
		1975	$6,804.86	53.7720%	$3,659.11
		1976	$3,046.81	53.7720%	$1,638.33
		1977	$16,940.30	53.7720%	$9,109.14
		1978	$23,718.20	53.7720%	$12,753.75
		1979	$1,046.51	53.7720%	$562.73
		1980	$4,115.14	53.7720%	$2,212.79
		1981	$6,052.04	53.7720%	$3,254.30
		1982	$31,234.11	53.7720%	$16,795.21
		1983	$38,661.17	53.7720%	$20,788.88
		1984	$7,259.29	53.7720%	$3,903.47
		1985	$12,765.11	53.7720%	$6,864.05
		1986	$2,550.00	53.7720%	$1,371.19
39300 Total			$182,592.52		$98,183.65
		1956	$38,117.32	53.7720%	$20,496.45
		1957	$7,024.94	53.7720%	$3,777.45
		1958	$1,770.06	53.7720%	$951.80
		1959	$145,691.82	53.7720%	$78,341.41
		1960	$13,608.99	53.7720%	$7,317.83
		1961	$7,574.12	53.7720%	$4,072.76
		1962	$8,237.21	53.7720%	$4,429.31
		1963	$44,051.15	53.7720%	$23,687.18
		1964	$11,507.25	53.7720%	$6,187.68
		1965	$68,797.75	53.7720%	$36,993.93
		1966	$21,453.16	53.7720%	$11,535.79
		1967	$11,208.88	53.7720%	$6,027.24
		1968	$12,774.07	53.7720%	$6,868.87
		1969	$38,757.45	53.7720%	$20,840.66
		1970	$70,364.45	53.7720%	$37,836.37
		1971	$38,469.28	53.7720%	$20,685.70
		1972	$24,525.81	53.7720%	$13,188.02
		1973	$21,717.01	53.7720%	$11,677.67
		1974	$11,568.93	53.7720%	$6,220.85
		1975	$6,361.28	53.7720%	$3,420.59
		1976	$31,426.68	53.7720%	$16,898.75
		1977	$25,866.85	53.7720%	$13,909.12
		1978	$21,068.00	53.7720%	$11,328.68
		1979	$36,780.55	53.7720%	$19,777.64
		1980	$28,425.85	53.7720%	$15,285.15
		1981	$34,189.44	53.7720%	$18,384.35
39400 Total			$781,338.30		$420,141.23
	39500	1965	$4,605.98	53.7720%	$2,476.73
		1966	$14,045.23	53.7720%	$7,552.40
		1967	$9,809.54	53.7720%	$5,274.79
		1968	$5,337.94	53.7720%	$2,870.32
		1969	$15,084.70	53.7720%	$8,111.34
		1970	$19,633.01	53.7720%	$10,557.06
		1971	$17,578.92	53.7720%	$9,452.54
		1972	$12,165.19	53.7720%	$6,541.47
		1973	$46,271.47	53.7720%	$24,881.09

KCPL - COMPUTATION OF GENERAL PLANT RETIREMENTS - MISSOURI JURSIDICTION
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account		Eng In Svc Year	Assets to Retire	Allocation Factor	Missouri Jursdiciation
		1974	$4,314.97	53.7720%	$2,320.25
		1975	$16,282.71	53.7720%	$8,755.54
		1976	$40,344.21	53.7720%	$21,693.89
		1977	$68,519.47	53.7720%	$36,844.29
		1978	$5,673.87	53.7720%	$3,050.95
		1979	$9,645.35	53.7720%	$5,186.50
		1980	$8,957.16	53.7720%	$4,816.44
		1981	$23,431.46	53.7720%	$12,599.56
39500 Total			$321,701.18		$172,985.16
	39700	1923	$901.76	53.7720%	$484.89
		1924	$567.83	53.7720%	$305.33
		1927	$1,477.83	53.7720%	$794.66
		1929	$1,597.67	53.7720%	$859.10
		1945	$2,034.27	53.7720%	$1,093.87
		1948	$0.00	53.7720%	$0.00
		1949	$0.00	53.7720%	$0.00
		1951	$0.00	53.7720%	$0.00
		1952	$0.00	53.7720%	$0.00
		1953	$0.00	53.7720%	$0.00
		1954	$0.00	53.7720%	$0.00
		1955	$16,798.37	53.7720%	$9,032.82
		1956	$3,087.88	53.7720%	$1,660.41
		1957	$204.63	53.7720%	$110.03
		1958	$1,590.19	53.7720%	$855.08
		1959	$73,294.99	53.7720%	$39,412.18
		1960	$0.00	53.7720%	$0.00
		1961	$1,545.87	53.7720%	$831.25
		1962	$1,563.00	53.7720%	$840.46
		1963	$24,248.84	53.7720%	$13,039.09
		1964	$80,409.48	53.7720%	$43,237.79
		1965	$51,398.17	53.7720%	$27,637.82
		1966	$11,002.62	53.7720%	$5,916.33
		1967	$22,805.75	53.7720%	$12,263.11
		1968	$36,237.86	53.7720%	$19,485.82
		1969	$9,944.83	53.7720%	$5,347.53
		1970	$39,482.64	53.7720%	$21,230.61
		1971	$6,601.67	53.7720%	$3,549.85
		1972	$15,363.75	53.7720%	$8,261.40
		1973	$570,288.34	53.7720%	$306,655.45
		1974	$2,993.40	53.7720%	$1,609.61
		1975	$23,011.69	53.7720%	$12,373.85
		1976	$39,946.28	53.7720%	$21,479.91
39700 Total			$1,038,399.61		$558,368.24
	39800	1963	$5,412.38	53.7720%	$2,910.34
		1968	$1,007.85	53.7720%	$541.94
		1969	$307.26	53.7720%	$165.22
		1970	$4,275.25	53.7720%	$2,298.89
		1971	$205.60	53.7720%	$110.56
		1972	$0.00	53.7720%	$0.00
		1973	$273.13	53.7720%	$146.87
		1974	$621.93	53.7720%	$334.42
		1975	$2,838.53	53.7720%	$1,526.33
		1976	$4,958.34	53.7720%	$2,666.20
		1977	$3,416.78	53.7720%	$1,837.27
		1979	$7,016.14	53.7720%	$3,772.72
		1980	$2,600.18	53.7720%	$1,398.17
		1981	$4,603.60	53.7720%	$2,475.45
39800 Total			$37,536.97		$20,184.38
Grand Total			$6,170,940.88		$3,318,238.33

KCP&L - GREATER MISSOURI OPERATIONS
MPS JURISDICTION

BOOK RESERVE ALLOCATION FOR SETTLEMENT
AS OF DECEMBER 31, 2011

	ACCOUNT	BOOK RESERVE Per Depreciation Study	ACCOUNT 119300 TRANSFERRED FROM ECORP	RESERVE TRANSFER	ADJUSTED BOOK RESERVE	General Plant Retirements
	(1)	(2)	(3)	(4)	(5)	
	GENERAL PLANT					
390.00	STRUCTURES AND IMPROVEMENTS	3,419,158	(45,180)		3,373,978	0
	OFFICE FURNITURE AND EQUIPMENT					
391.01	OFFICE FURNITURE AND EQUIPMENT					
	FULLY ACCRUED	870,534			870,534	870,534
	AMORTIZED	1,370,000			1,370,000	0
	TOTAL OFFICE FURNITURE AND EQUIPMENT	2,240,534			2,240,534	870,534
391.02	COMPUTERS					
	FULLY ACCRUED	991,870			991,870	991,870
	AMORTIZED	636,700			636,700	0
	TOTAL COMPUTERS	1,628,570			1,628,570	991,870
391.04	SOFTWARE					
	FULLY ACCRUED	183,463			183,463	183,463
	AMORTIZED	159,500			159,500	0
	TOTAL SOFTWARE	342,963			342,963	183,463
	TOTAL OFFICE FURNITURE AND EQUIPMENT	4,212,067			4,212,067	2,045,867
	TRANSPORTATION EQUIPMENT					
392.00	AUTOS	157,336			157,336	0
392.01	LIGHT TRUCKS	621,510			621,510	0
392.02	HEAVY TRUCKS	2,448,138			2,448,138	0
392.03	TRACTORS	193,639			193,639	0
392.04	TRAILERS	786,827			786,827	0
392.05	MEDIUM TRUCKS	1,490,161	(1,561)		1,488,600	0
	TOTAL TRANSPORTATION EQUIPMENT	5,697,611			5,696,050	0
393.00	STORES EQUIPMENT					
	FULLY ACCRUED	67,205			67,205	67,205
	AMORTIZED	12,700			12,700	0
	TOTAL STORES EQUIPMENT	79,905			79,905	67,205
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT					
	FULLY ACCRUED	921,229			921,229	921,229
	AMORTIZED	1,682,000			1,682,000	0
	TOTAL TOOLS, SHOP AND GARAGE EQUIPMENT	2,603,229			2,603,229	921,229
395.00	LABORATORY EQUIPMENT					
	FULLY ACCRUED	242,414			242,414	242,414
	AMORTIZED	1,092,000			1,092,000	0
	TOTAL LABORATORY EQUIPMENT	1,334,414			1,334,414	242,414
396.00	POWER OPERATED EQUIPMENT	1,875,826			1,875,826	0
397.00	COMMUNICATION EQUIPMENT					
	FULLY ACCRUED	130,431			130,431	130,431
	AMORTIZED	5,430,000			5,430,000	0
	TOTAL COMMUNICATION EQUIPMENT	5,560,431			5,560,431	130,431
398.00	MISCELLANEOUS EQUIPMENT					
	FULLY ACCRUED	40,761			40,761	40,761
	AMORTIZED	87,170			87,170	0
	TOTAL MISCELLANEOUS EQUIPMENT	127,931			127,931	40,761
	TOTAL GENERAL PLANT	**24,910,572**	**(46,740)**	**0**	**24,863,832**	**3,447,907**
	UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION					
	OFFICE FURNITURE AND EQUIPMENT					
391.01	OFFICE FURNITURE AND EQUIPMENT	(123,390)	(228,633)	352,023	0	0
391.02	COMPUTERS	(679,132)	(5,248,745)	5,927,877	0	0
391.04	SOFTWARE	(94,010)	(6,942,136)	7,036,146	0	0
393.00	STORES EQUIPMENT	1,664		(1,664)	0	0
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	886,515	(15,220)	(871,295)	0	0
395.00	LABORATORY EQUIPMENT	311,621	(10,810)	(300,811)	0	0
397.00	COMMUNICATION EQUIPMENT	889,214	(1,511,306)	622,092	0	0
398.00	MISCELLANEOUS EQUIPMENT	(197,805)	(72,431)	270,236	0	0
	TOTAL UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION	**994,677**	**(14,029,280)**	**13,034,603**	**0**	**0**
	STEAM AND TRANSMISSION					
311.00	STRUCTURES AND IMPROVEMENTS			(5,928,595)		
352.00	STRUCTURES AND IMPROVEMENTS			(81,148)		
353.00	STATION EQUIPMENT			(6,448,577)		
354.00	TOWERS AND FIXTURES			(22,692)		
356.00	OVERHEAD CONDUCTORS AND DEVICES			(550,323)		
358.00	UNDERGROUND CONDUCTORS AND DEVICES			(3,268)		
	TOTAL STEAM AND TRANSMISSION			**(13,034,603)**		
	TOTAL ELECTRIC PLANT	**25,905,249**	**(14,076,020)**	**0**	**24,863,832**	**3,447,907**

KCP&L - GREATER MISSOURI OPERATIONS
L&P JURISDICTION

BOOK RESERVE ALLOCATION FOR SETTLEMENT
AS OF DECEMBER 31, 2011

	ACCOUNT (1)	BOOK RESERVE Per Depreciation Study (2)	ACCOUNT 119300 TRANSFERRED FROM ECORP (3)	RESERVE TRANSFER (4)	ADJUSTED BOOK RESERVE (5)	General Plant Retirements
	GENERAL PLANT					
390.00	STRUCTURES AND IMPROVEMENTS	2,040,268	(14,936)		2,025,332	0
	OFFICE FURNITURE AND EQUIPMENT					
391.01	OFFICE FURNITURE AND EQUIPMENT					
	FULLY ACCRUED	261,016			261,016	261,016
	AMORTIZED	364,900			364,900	0
	TOTAL OFFICE FURNITURE AND EQUIPMENT	625,916			625,916	261,016
391.02	COMPUTERS					
	FULLY ACCRUED	964,650			964,650	964,650
	AMORTIZED	321,300			321,300	0
	TOTAL COMPUTERS	1,285,950			1,285,950	964,650
391.04	SOFTWARE					
	FULLY ACCRUED	167,573			167,573	167,573
	AMORTIZED	98,700			98,700	0
	TOTAL SOFTWARE	266,273			266,273	167,573
	TOTAL OFFICE FURNITURE AND EQUIPMENT	2,178,139			2,178,139	1,393,239
	TRANSPORTATION EQUIPMENT					
392.00	AUTOS	1,972			1,972	0
392.01	LIGHT TRUCKS	206,136			206,136	0
392.02	HEAVY TRUCKS	1,488,002			1,488,002	0
392.04	TRAILERS	175,792			175,792	0
392.05	MEDIUM TRUCKS	466,142	(546)		465,596	0
	TOTAL TRANSPORTATION EQUIPMENT	2,338,044			2,337,498	0
393.00	STORES EQUIPMENT					
	FULLY ACCRUED	193,644			193,644	193,644
	AMORTIZED	10,625			10,625	0
	TOTAL STORES EQUIPMENT	204,269			204,269	193,644
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT					
	FULLY ACCRUED	313,947			313,947	313,947
	AMORTIZED	986,000			986,000	0
	TOTAL TOOLS, SHOP AND GARAGE EQUIPMENT	1,299,947			1,299,947	313,947
395.00	LABORATORY EQUIPMENT					
	FULLY ACCRUED	66,857			66,857	66,857
	AMORTIZED	391,000			391,000	0
	TOTAL LABORATORY EQUIPMENT	457,857			457,857	66,857
396.00	POWER OPERATED EQUIPMENT	296,552			296,552	0
397.00	COMMUNICATION EQUIPMENT					
	FULLY ACCRUED	370,683			370,683	370,683
	AMORTIZED	968,000			968,000	0
	TOTAL COMMUNICATION EQUIPMENT	1,338,683			1,338,683	370,683
398.00	MISCELLANEOUS EQUIPMENT					
	FULLY ACCRUED	10,736			10,736	10,736
	AMORTIZED	23,640			23,640	0
	TOTAL MISCELLANEOUS EQUIPMENT	34,376			34,376	10,736
	TOTAL GENERAL PLANT	**10,188,135**	**(15,482)**	**0**	**10,172,653**	**2,349,106**
	UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION					
	OFFICE FURNITURE AND EQUIPMENT					
391.01	OFFICE FURNITURE AND EQUIPMENT	(443,972)	(66,320)	510,292	0	0
391.02	COMPUTERS	(122,030)	(1,652,394)	1,774,424	0	0
391.04	SOFTWARE	108,194	(2,451,507)	2,343,313	0	0
393.00	STORES EQUIPMENT	11,864		(11,864)	0	0
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	51,720	(5,196)	(46,524)	0	0
395.00	LABORATORY EQUIPMENT	114,906	(3,467)	(111,439)	0	0
397.00	COMMUNICATION EQUIPMENT	(727,846)	(526,602)	1,254,448	0	0
398.00	MISCELLANEOUS EQUIPMENT	10,602	(23,513)	12,911	0	0
	TOTAL UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION	**(996,562)**	**(4,728,999)**	**5,725,561**	**0**	**0**
	TRANSMISSION					
352.00	STRUCTURES AND IMPROVEMENTS			(14,812)		
353.00	STATION EQUIPMENT			(159,073)		
355.00	POLES AND FIXTURES			(3,327,869)		
356.00	OVERHEAD CONDUCTORS AND DEVICES			(2,218,580)		
358.00	UNDERGROUND CONDUCTORS AND DEVICES			(5,227)		
	TOTAL TRANSMISSION			**(5,725,561)**		
	TOTAL ELECTRIC PLANT	**9,191,573**	**(4,744,481)**	**0**	**10,172,653**	**2,349,106**

KCP&L - GREATER MISSOURI OPERATIONS
ECORP

BOOK RESERVE ALLOCATION FOR SETTLEMENT
AS OF DECEMBER 31, 2011

	ACCOUNT (1)	BOOK RESERVE Per Depreciation Study (2)	POSITION STATEMENT D. (3)	REALLOCATION (4)	ACCOUNT 119300 TRANFERRED TO MOPUB (5)	ACCOUNT 119300 TRANFERRED TO SJLP (6)	ADJUSTED BOOK RESERVE (7)	General Plant Retirements
	GENERAL PLANT							
390.00	STRUCTURES AND IMPROVEMENTS	(567,615)		721,096	45,180	14,936	213,597	0
	OFFICE FURNITURE AND EQUIPMENT							
391.01	OFFICE FURNITURE AND EQUIPMENT							
	FULLY ACCRUED	24,046					24,046	24,046
	AMORTIZED	2,585,000					2,585,000	0
	TOTAL OFFICE FURNITURE AND EQUIPMENT	2,609,046					2,609,046	24,046
391.02	COMPUTERS							
	FULLY ACCRUED	761,619					761,619	761,619
	AMORTIZED	4,264,000					4,264,000	0
	TOTAL COMPUTERS	5,025,619					5,025,619	761,619
391.04	SOFTWARE							
	FULLY ACCRUED	9,877,746					9,877,746	9,877,746
	AMORTIZED	6,200,000					6,200,000	0
	TOTAL SOFTWARE	16,077,746					16,077,746	9,877,746
	TOTAL OFFICE FURNITURE AND EQUIPMENT	23,688,365					23,688,365	10,639,365
392.05	TRANSPORTATION EQUIPMENT - MEDIUM TRUCKS	7,136			1,561	546	9,241	0
393.00	STORES EQUIPMENT	4,930					4,930	0
394.00	TOOLS, SHOPS AND GARAGE EQUIPMENT	17,930					17,930	0
396.00	POWER OPERATED EQUIPMENT	23,632					23,632	0
397.00	COMMUNICATION EQUIPMENT	279,000					279,000	0
398.00	MISCELLANEOUS EQUIPMENT	26,400					26,400	0
	TOTAL GENERAL PLANT	**23,503,823**	**0**	**721,096**	**46,740**	**15,482**	**24,287,142**	**10,663,411**
	UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION							
	OFFICE FURNITURE AND EQUIPMENT							
391.01	OFFICE FURNITURE AND EQUIPMENT	(2,087,204)		1,792,251	228,633	66,320	0	0
391.02	COMPUTERS	(6,260,331)		(640,807)	5,248,745	1,652,394	0	0
391.04	SOFTWARE	(12,975,359)	4,221,178	(639,462)	6,942,136	2,451,507	0	0
393.00	STORES EQUIPMENT	6,148		(6,148)			0	0
394.00	TOOLS, SHOPS AND GARAGE EQUIPMENT	(27,119)		6,702	15,220	5,196	0	0
395.00	LABORATORY EQUIPMENT	0		(14,277)	10,810	3,467	0	0
397.00	COMMUNICATION EQUIPMENT	(923,662)		(1,114,246)	1,511,306	526,602	0	0
398.00	MISCELLANEOUS EQUIPMENT	9,166		(105,110)	72,431	23,513	0	0
	TOTAL UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION	**(22,258,361)**	**4,221,178**	**(721,096)**	**14,029,280**	**4,728,999**	**0**	**0**
	TOTAL ELECTRIC PLANT	**1,245,462**	**4,221,178** A	**0**	**14,076,020**	**4,744,481**	**24,287,142**	**10,663,411**

Note:
A) Depreciation adjustment of $ 4,221,178 is a credit to account 119003 and a debit to account 426500.

MOPUB - COMPUTATION OF GENERAL PLANT RETIREMENTS
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account	Eng In Svc Year	Assets to Retire
39100	1980	$8,262.39
	1981	$6,286.91
	1982	$18,494.53
	1983	$37,675.83
	1984	$79,839.58
	1985	$9,106.70
	1986	$12,605.87
	1987	$12,118.53
	1988	$37,128.36
	1989	$598,636.98
	1990	$19,535.34
	1991	$30,842.76
39100 Total		$870,533.78
39102	1984	$0.00
	1985	$0.00
	1986	$0.00
	1987	$0.00
	1988	$0.00
	1989	$0.00
	1990	$0.00
	1991	$0.00
	1992	$0.00
	1993	$0.00
	1994	$0.00
	1995	$0.00
	1996	$10,000.00
	1997	$260,101.83
	1998	$314,894.47
	1999	$178,952.39
	2000	$57,590.72
	2001	$60,520.18
	2002	$107,648.45
	2003	$2,162.30
39102 Total		$991,870.34
39104	1995	$23,510.97
	1996	$32,436.13
	1997	$65,215.27
	1998	$0.00
	2000	$33,336.39
	2001	$1,690.96
	2002	$27,273.75
39104 Total		$183,463.47
39300	1967	$4,970.48
	1974	$12,114.72
	1976	$10,251.45
	1977	$2,263.46
	1980	$4,055.79
	1985	$33,548.70
39300 Total		$67,204.60
39400	1947	$547.31
	1951	$2,537.97
	1952	$559.71
	1953	$682.95
	1954	$1,325.67
	1955	$1,906.11
	1956	$756.09
	1957	$1,592.60
	1958	$1,217.70
	1959	$0.00
	1960	$10,429.09
	1961	$9,696.51
	1962	$10,670.10
	1963	$590.75
	1964	$5,909.52

MOPUB - COMPUTATION OF GENERAL PLANT RETIREMENTS
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account	Eng In Svc Year	Assets to Retire
	1965	$2,824.25
	1966	$12,405.08
	1967	$12,972.14
	1968	$10,922.85
	1969	$58,681.29
	1970	$7,804.16
	1971	$4,665.33
	1972	$19,595.33
	1973	$5,035.60
	1974	$20,111.25
	1975	$9,086.82
	1976	$30,998.55
	1977	$15,786.48
	1978	$39,456.44
	1979	$155,642.66
	1980	$49,617.62
	1981	$37,409.23
	1982	$23,061.66
	1983	$88,808.14
	1984	$79,006.95
	1985	$137,676.80
	1986	$51,238.66
39400 Total		$921,229.37
39500	1951	$539.00
	1954	$712.79
	1955	$566.76
	1958	$3,787.46
	1960	$0.00
	1961	$1,276.47
	1962	$1,895.67
	1966	$2,401.19
	1968	$1,159.46
	1969	$2,607.26
	1970	$0.00
	1971	$803.23
	1972	$8,218.93
	1973	$695.17
	1974	$31,520.93
	1975	$1,690.77
	1976	$2,764.27
	1977	$35,803.46
	1978	$13,532.14
	1979	$8,817.69
	1980	$117,675.06
	1981	$5,945.94
39500 Total		$242,413.65
39700	1953	$1,104.29
	1957	$2,254.77
	1958	$1,649.95
	1960	$2,767.31
	1964	$485.63
	1968	$0.00
	1971	$993.41
	1972	$2,052.72
	1973	$0.00
	1974	$38,891.32
	1975	$997.00
	1976	$37,756.97
	1977	$9,499.15
	1978	$21,205.00
	1980	$2,195.92
	1981	$3,169.23
	1982	$1,409.95
	1983	$3,998.80
39700 Total		$130,431.42

MOPUB - COMPUTATION OF GENERAL PLANT RETIREMENTS
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account	Eng In Svc Year	Assets to Retire
39800	1961	$0.00
	1963	$734.68
	1964	$720.33
	1965	$643.37
	1968	$4,314.86
	1969	$1,170.27
	1971	$753.99
	1972	$739.03
	1975	$4,904.84
	1976	$0.00
	1977	$5,276.60
	1978	$1,085.13
	1979	$2,232.98
	1980	$3,076.01
	1981	$2,532.32
	1983	$1,096.21
	1986	$11,480.44
39800 Total		$40,761.06
Grand Total		$3,447,907.69

SJLP - COMPUTATION OF GENERAL PLANT RETIREMENTS
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account	Eng In Svc Year	Assets to Retire
39100	1974	$2,106.00
	1975	$6,131.34
	1976	$4,109.34
	1977	$0.00
	1978	$0.00
	1979	$0.00
	1980	$5,647.60
	1981	$10,740.17
	1982	$9,237.84
	1983	$5,607.35
	1984	$1,955.00
	1985	$4,807.24
	1986	$167.81
	1987	$8,627.18
	1988	$18,691.13
	1989	$86,011.97
	1990	$14,913.22
	1991	$82,262.99
39100 Total		$261,016.18
39102	1994	$21,427.64
	1995	$15,594.47
	1996	$7,353.52
	1997	$7,835.24
	1998	$115,574.56
	1999	$26,409.24
	2000	$35,035.93
	2001	$22,933.79
	2002	$712,486.09
39102 Total		$964,650.48
39104	1997	$136,668.62
	1998	$9,811.39
	1999	$14,577.27
	2000	$6,515.92
39104 Total		$167,573.20
39300	1982	$28,897.82
	1983	$14,144.66
	1984	$116,280.12
	1986	$34,321.20
39300 Total		$193,643.80
39400	1954	$584.24
	1960	$1,063.72
	1965	$4,700.91
	1967	$1,372.20
	1969	$1,688.51
	1970	$685.94
	1971	$579.19
	1972	$11,830.71
	1973	$1,565.24
	1974	$9,891.70
	1975	$19,372.65
	1976	$5,714.48
	1977	$2,545.88
	1978	$12,497.87
	1979	$12,605.78
	1980	$10,710.70
	1981	$22,378.70
	1982	$25,760.12
	1983	$47,936.92
	1984	$26,305.17
	1985	$55,189.01
	1986	$38,967.05
39400 Total		$313,946.69

SJLP - COMPUTATION OF GENERAL PLANT RETIREMENTS
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account	Eng In Svc Year	Assets to Retire
39500	1957	$4,512.71
	1960	$1,393.91
	1963	$520.09
	1964	$1,057.59
	1966	$821.92
	1969	$1,267.94
	1970	$1,400.42
	1971	$568.61
	1972	$1,640.29
	1975	$8,010.62
	1977	$828.82
	1978	$14,729.88
	1979	$24,806.77
	1980	$534.71
	1981	$4,762.28
39500 Total		$66,856.56
39700	1948	$4,233.95
	1962	$595.40
	1965	$475.24
	1966	$1,394.39
	1967	$3,829.06
	1968	$1,594.47
	1969	$17,785.33
	1970	$4,985.48
	1971	$5,046.91
	1972	$3,546.37
	1973	$12,330.08
	1974	$7,272.24
	1975	$11,514.36
	1976	$17,623.03
	1977	$7,973.88
	1978	$18,597.50
	1979	$28,737.97
	1980	$30,012.88
	1981	$87,301.91
	1982	$63,415.42
	1983	$34,916.01
	1984	$7,500.74
39700 Total		$370,682.62
39800	1971	$885.95
	1978	$1,053.89
	1981	$1,351.08
	1983	$3,842.94
	1985	$3,601.74
39800 Total		$10,735.60
Grand Total		$2,349,105.13

ECORP - COMPUTATION OF GENERAL PLANT RETIREMENTS
BASED ON PLANT BALANCES AS OF DECEMBER 31, 2011
FOR THE YEAR 2012

Utility Account	Eng In Svc Year	Assets to Retire
39100	1990	$24,046.00
39100 Total		$24,046.00
39102	1995	$7,587.12
	1998	$9,058.03
	2000	$10,600.56
	2001	$26,798.73
	2002	$525,527.29
	2003	$182,047.25
39102 Total		$761,618.98
39104	1996	$268,855.47
	1997	$577,644.75
	1998	$398,286.33
	1999	$4,048,472.84
	2000	$208,859.35
	2001	$2,217,128.46
	2002	$2,158,498.66
39104 Total		$9,877,745.86
Grand Total		$10,663,410.84