

Staff 6/30 EMS Run - 6.1% Discount Rate for Off Balance Sheet Obligations

Staff Exhibit No. 151
 Case No(s) EM-2006-6314
 Date 10-26-06 Rptr TU

Line	Company	Total	Jurisdictional Allocation	Jurisdictional Adjustments	Jurisdictional Proforma
1	Additional net Assets on KCPL's balance sheet		30,830,731		
2	Rate Base	NA	1,169,611,766		
3	Net Assets supported by LTD & Equity		1,200,442,497		
4	Jurisdictional Allocator for Capital				
5	Jurisdictional Rate Base / Total Company Rate Base			54.20%	
6	Total Capital	2,530,901,000	1,200,442,497		1,200,442,497
7	Equity	1,347,348,000	53.24%	839,066,403	639,066,403
8	Preferred	39,000,000	1.54%	18,498,257	18,498,257
9	Long-term Debt	1,144,553,000	45.22%	542,877,837	542,877,837
10	Cost of Debt	6.08%		6.08%	6.08%
11	Interest Expense	Line 13 * Line 14 69,588,822	33,006,973		33,006,973
12					
13	Retail Sales Revenue	Staff Accounting Schedule 9-1 plus Revenue Requirement 0	483,388,716	86,237,536	569,626,252
14	Other Revenue	Staff Accounting Schedule 9-1 0	88,464,140		88,464,140
15	Operating Revenue	Staff Accounting Schedule 9-1 0	571,852,856	86,237,536	658,090,392
16					
17	Operating & Maintenance Expenses	Staff Accounting Schedule 9-3 - Less Customer Deposit Interest 352,635,384			352,635,384
18	Depreciation	Staff Accounting Schedule 9-3 53,203,472			53,203,472
19	Amortization	Staff Accounting Schedule 9-3 4,421,356		86,237,536	90,658,892
20	Interest on Customer Deposits				0
21	Taxes other than income taxes	Staff Accounting Schedule 9-3 36,135,265			36,135,265
22	Federal and State income taxes	Staff Accounting Schedule 9-4 34,110,700			34,110,700
23	Gains on disposition of plant		0		0
24	Total Electric Operating Expenses	Sum of Lines 21 to 27 0	480,506,177	86,237,536	566,743,713
25					
26	Operating Income	Staff Accounting Schedule 1-1 Line 3 0	91,346,679	0	91,346,679
27	less Interest Expense	- Line 15 (33,006,973)			(33,006,973)
28	Depreciation	Staff Accounting Schedule 9-3 53,203,472			53,203,472
29	Amortization	Staff Accounting Schedule 9-3 4,421,356		86,237,536	90,658,892
30	Deferred Taxes	Staff Accounting Schedule 9-4 1,346,217		(33,434,293)	(32,088,076)
31	Funds from Operations (FFO)	Sum of Lines 30 to 34 -	117,310,751	52,803,243	170,113,995
32					
33	Net Income	Line 30 + Line 31 -	58,339,706		58,339,706
34	Return on Equity	Line 37 / Line 11 0.0%	9.1%	0.0%	9.1%
35	Unadjusted Equity Ratio	Line 11 / Line 10 53.2%	53.2%	0.0%	53.2%

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Additional financial information needed for the calculation of ratios

36	Capitalized Lease Obligations	KCPL Trial Balance accts 227100 & 243100	2,314,096	1,254,334	1,254,334
37	Short-term Debt Balance	KCPL Trial Balance accts 231xxx	82,400,000	44,664,151	44,664,151
38	Short-term Debt Interest	KCPL T.B. accts 831014, 831015, 831016	5,691,983	3,079,866	3,079,866

Adjustments made by Rating Agencies for Off-Balance Sheet Obligations

Debt Adjustments for Off-Balance Sheet Obligations					
39	Operating Lease Debt Equivalent	Present Value of Operating Lease Obligations discounted @ 6.1%	86,657,361	46,971,814	46,971,814
41	Purchase Power Debt Equivalent	Present Value of Purchase Power Obligations discounted @ 6.1%	12,443,708	6,744,996	6,744,996
42	Accounts Receivable Sale	KCPL Trial Balance account 142011	70,000,000	37,942,847	37,942,847
43	Total OBS Debt Adjustment	Sum of Lines 50 to 52	169,101,069	91,659,656	91,659,656
Interest Adjustments for Off-Balance Sheet Obligations					
45	Present Value of Operating Leases	Line 50 * 6.10%	5,286,099	2,865,281	2,865,281
47	Purchase Power Debt Equivalent	Line 51 * 6.10%	759,066	411,445	411,445
48	Accounts Receivable Sale	Line 52 * 5%	3,500,000	2,314,514	2,314,514
49	Total OBS Interest Adjustment	Sum of Lines 56 to 58	9,545,165	5,591,239	5,591,239

Ratio Calculations

50	Adjusted Interest Expense	Line 15 + Line 45 + Line 59	84,815,971	41,678,077	41,678,077
51	Adjusted Total Debt	Line 13 + Line 43 + Line 44 + Line 53	1,398,368,165	680,455,979	680,455,979
52	Adjusted Total Capital	Line 10 + Line 43 + Line 44 + Line 53	2,784,716,165	1,338,020,638	1,338,020,638
53					
54	FFO Interest Coverage	(Line 35 + Line 53) / Line 63	1.00	3.81	1.27
55	FFO as a % of Average Total Debt	Line 35 / Line 64	0.0%	17.2%	7.8%
56	Total Debt to Total Capital	Line 64 / Line 65	50.2%	50.9%	0.0%

Changes required to meet ratio targets

57	FFO Interest Coverage Target	3.80	3.80	0.00	3.80
58	FFO adjustment to meet target	(Line 73 - Line 67) * Line 63	237,484,718	(612,135)	(52,803,243)
59	Interest adjustment to meet target	Line 35 * (1 / (Line 73 - 1) - 1 / (Line 67 - 1))	#DIV/0!		#VALUE!
60					19,076,921
61	FFO as a % of Average Total Debt Target	25%		25%	0%
62	FFO adjustment to meet target	(Line 77 - Line 68) * Line 64	349,592,041	52,803,243	(52,803,243)
63	Debt adjustment to meet target	Line 35 * (1 / Line 77 - 1 / Line 68)	#DIV/0!	(211,212,973)	211,212,973
64					
65	Total Debt to Total Capital Target	51%		51%	0%
66	Debt adjustment to meet target	(Line 81 - Line 69) * Line 65	21,937,079	1,934,547	1,934,547
67	Total Capital adjustment to meet target	Line 64 / Line 81 - Line 65	(42,817,802)	(3,793,229)	(3,793,229)

Amortization and Revenue needed to meet targeted ratios

68	FFO adjustment needed to meet target ratios	Maximum of Line 74 , Line 78 , or Zero	349,592,041	52,803,243	(52,803,243)
69	Effective income tax rate	Accounting Schedule 11	38.77%		38.77%
70	Deferred income taxes *	- Line 87 * Line 88 / (1 - Line 88)	(221,356,907)	(33,434,293)	33,434,293
71	Total amortization required for the FFO adjustment	Line 87 - Line 89	570,948,949	86,237,536	(86,237,536)
72					
73	Retail Sales Revenue Adjustment	Adjustment = Sum(Line 21 to Line 25)+Line 27-Line 18-Line 31+(Line 11*Line 38)/(1-Line 88)	483,388,716	86,237,536	569,626,252
74	Percent increase in retail sales revenue	Line 92 Jurisdictional Adjustments / Line 92 Jurisdictional		17.8%	

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