

PUBLIC VERSION
“**” Designates that “Confidential”
Information has been Removed from
Certain Schedules Attached to this Testimony.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

LOIS J. LIECHTI

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MODIFY ITS TARIFFS TO BEGIN THE
IMPLEMENTATION OF ITS REGULATORY PLAN**

DOCKET NO. 06-KCPE-____ - ____

1 **Q:** Please state your name and business address.

2 A: My name is Lois J. Liechti. My business address is 1201 Walnut, Kansas City, Missouri
3 64106.

4 **Q:** By whom and in what capacity are you employed?

5 A: I am employed by Kansas City Power & Light Company (“KCPL” or “Company”) as
6 Manager, Regulatory Affairs.

7 **Q:** What are your responsibilities?

8 A: My responsibilities include the general supervision and leadership of KCPL’s Regulatory
9 Affairs staff and activities. KCPL’s Regulatory Affairs is responsible for load research
10 studies; regulatory reporting; the preparation of miscellaneous regulatory filings and

1 activities related to the Company's Rules and Regulations, formal customer complaints,
2 and data requests; and various regulatory studies including the class cost of service and
3 the studies associated with the class cost of service.

4 **Q: Please describe your education, experience and employment history.**

5 A: I hold a Bachelor of Science degree in Engineering Technology from Missouri Western
6 State University, and a Master of Business Administration from Northwest Missouri State
7 University.

8 I have been employed by KCPL in my current position since August 2001. Prior to
9 joining KCPL, I was employed by St. Joseph Light and Power Company for nearly 27
10 years. I held various positions at St. Joseph Light and Power Company, including Senior
11 Engineering Technician-Distribution, Economic Research Analyst responsible for load
12 research, Demand Side Management Analyst, and my final position was Supervisor,
13 Pricing and Market Research.

14 I joined KCPL following the merger between Aquila and St. Joseph Light and Power
15 Company.

16 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
17 **Commission ("KCC") or before any other utility regulatory agency?**

18 A: Yes, I supplied testimony to the MPSC during the Aquila/St. Joseph Light and Power
19 merger case, EM-2000-0292. I have also served as KCPL's spokesperson before the
20 KCC during roundtable meetings, and testified before the Kansas House Utilities
21 Committee.

22 **Q: What is the purpose of your testimony?**

1 A: KCC Docket No. 04-KCPE-1025-GIE was established by the KCC to investigate an
2 experimental regulatory plan that addressed a number of issues facing KCPL in the next
3 decade, including the construction of a large coal-fired power plant, environmental
4 facilities, wind generation, and transmission and distribution facilities management and
5 distribution automation equipment. It also included a number of customer programs
6 directed at efficiency, affordability and demand response. The proceeding resulted in a
7 negotiated and approved Stipulation and Agreement (“Regulatory Plan Stipulation and
8 Agreement”), which included a requirement that KCPL file a formal rate case, along with
9 a class cost of service (“CCOS”) study on or before February 1, 2006. The purpose of
10 my testimony in this case is to present the results of the class cost of service study and
11 support the revenue calculation.

12 **I. CLASS COST OF SERVICE STUDY**

13 **Q: What is the purpose of the class cost of service?**

14 A: The purpose of the CCOS study is to determine the contribution that each customer class
15 makes toward the Company’s overall rate of return. The CCOS analysis strives to
16 attribute costs in relationship to the cost-causing factors of demand, energy and
17 customers.

18 **Q: Would the CCOS study serve as the basis for the determination of increasing or
19 decreasing overall revenue levels for KCPL?**

20 A: No, not exactly. Different from a jurisdictional revenue requirement cost of service
21 analysis, the data period selected (*i.e.*, test period) for the CCOS study was not adjusted
22 to reflect adjustments made in the course of a normal rate proceeding before the KCC.
23 Typically, adjustments to annualize depreciation, rate base, expenses and other items, as

1 well as adjustments to reflect known and measurable changes, are made to the Company's
2 expenses, investments and revenues in rate proceedings. These kinds of adjustments are
3 not reflected in the CCOS study. Rather, a simplified jurisdictional cost of service
4 analysis was performed to provide the basis of the CCOS study.

5 **Q: Has the Company performed the CCOS study?**

6 A: Yes, the Company used Management Applications Consulting's EXCEL Cost-of-Service
7 software to conduct a CCOS study. The summary results of the Company's CCOS study
8 are attached and marked as Schedule LJL-1 (**Confidential**).

9 **Q: What classes were selected as a basis for this CCOS study?**

10 A: The classes the Company used in its analysis are Residential, Small General Service,
11 Medium General Service, Large General Service, Large Power Service, Off-Peak
12 Lighting and Other Lighting.

13 **Q: Do these classes conform to the current electric rate tariffs?**

14 A: Generally, they do. The Residential class has several rate classifications available to it
15 that include general use, one-meter general use and heat, and a two-meter with general
16 use on one meter and a separate meter for space heating. The Small General Service,
17 Medium General Service and Large General Service classes also have general usage rates
18 and all electric rates, plus they can be specific to the voltage level at which the customer
19 receives service. The Large Power Service class is distinguished by the specific voltage
20 at which the customer receives service. In total, the Company has five (5) general
21 categories of service (plus Lighting), but has over 100 rate categories to meet the specific
22 needs of the customer and reporting and billing requirements.

23 **Q: What test year was used for the CCOS study?**

1 A: The test period for the CCOS study is the historical period 12 months ending September
2 2005.

3 **Q: Please provide an outline of the CCOS study as you are using it in this case.**

4 A: In the context of this proceeding, KCPL has set out to perform an analysis of the
5 expenses, investments and revenues for the historical 12-month period ending September
6 2005 as determined from the Company's books and records. These expenses,
7 investments and revenues were evaluated to identify their relation to providing service to
8 various classes of customers and to determine their relative returns on rate base. The
9 result of this analysis is the CCOS study.

10 **Q: What general categories of cost were examined and considered in the development**
11 **of the CCOS study?**

12 A: An analysis was made of all elements of investment (rate base) and expense (cost of
13 service) for the purpose of allocating these items to the customer classes. The first step in
14 this process was to functionalize costs.

15 **Q: Please explain what you mean by "functionalize costs".**

16 A: In order to make the appropriate assignment of costs to the appropriate class of customer,
17 it is necessary to first group the costs according to their function. The functions used in
18 the CCOS study were production, transmission, distribution, and other costs.

19 **Q: Where these costs then assigned to the customer classes?**

20 A: No. After making the functional assignments of costs, the next step was to classify the
21 costs.

22 **Q: Please explain what you mean by "classify costs".**

1 A: Functionalized costs are examined to determine if they are customer-related, energy-
2 related, or demand-related.

3 **Q: What do you mean by customer-related, energy-related and demand-related?**

4 A: Customer-related costs are those costs necessary to provide electric service to the
5 customer. Some examples of these costs include meter reading, customer accounting,
6 billing and some investment in plant equipment such as the meter, service line and other
7 minimal distribution facilities necessary to make service available. Portions of the
8 distribution facility are separated between the customer costs and the demand costs.
9 Energy-related costs are directly related to the consumption of energy and consist of such
10 things as fuel and purchased power.

11 Demand-related costs relate to the investment and expenses associated with the
12 Company's facilities necessary to supply the customer's energy and load requirements at
13 various load levels. The majority of demand-related costs consist of generation,
14 transmission and the non-customer portion of distribution plant.

15 **Q: Did the Company perform any special cost studies in order to determine the**
16 **customer, energy and demand components when the investments or expense were**
17 **within the same account?**

18 A: Yes. KCPL prepared studies of:

- 19 a) Primary/secondary split of distribution investment contained in Federal Energy
20 Regulatory Commission ("FERC") accounts #364 through #367;
- 21 b) Customer/demand split of distribution investment contained in FERC accounts #364
22 through #368;
- 23 c) Meter cost study (typical installed meter and associated replacement cost);

- 1 d) Service line costs study (typical installed service line and associated replacement
2 cost);
3 e) Meter reading;
4 f) Billing; and
5 g) Losses (load and no load).

6 **Q: With the above classification of plant investment and operating costs into customer-,
7 energy- and demand-related components, what was the next step in the CCOS
8 study?**

9 A: The next step was to allocate each of the three categories of cost to each customer class
10 utilizing allocation factors appropriate for each of the above categories of cost.

11 **Q: How are the allocation factors for customer-related costs generally determined?**

12 A: Customer-related costs are generally allocated on the basis of the number of customers
13 within each class. Data for the development of the customer-related allocation factors
14 came from Company billing and accounting records. Some of the customer-related
15 accounts were allocated based on a weighted number of customers to reflect the
16 weighting associated with serving those customers.

17 **Q: How are the allocation factors for the energy-related costs generally determined?**

18 A: Energy-related allocation factors were derived on the basis of each customer classes'
19 respective energy (kilowatt hour) requirements. Kilowatt-hour sales to each customer
20 class were available from Company records. The sales data was adjusted to reflect
21 normal weather, system losses and unaccounted for, in order to assign the Company's
22 total system output. Company witness George M. McCollister describes this process in
23 his direct testimony.

1 **Q: Was the data for the development of class demand allocation factors also available**
2 **from Company billing records?**

3 A: No. The data necessary to develop class demand allocation factors (production and
4 transmission) were derived from the Company's load research data. Such data consisted
5 of the hour-by-hour use of electricity by each customer class throughout the study period.
6 Consideration of system losses, unaccounted for and sampling error was taken into
7 account in determining the class demands. Company witness George M. McCollister
8 describes this process in his direct testimony. Company witness Laura Becker provides
9 an overview of the Company's load research in her direct testimony.

10 **Q: Was KCPL's load research data used to develop any other allocators?**

11 A: Yes, it was used to develop distribution plant allocators based on customer's non-
12 coincident loads within each class.

13 **Q: Are any costs assigned directly to classes?**

14 A: Yes. In those instances where the costs are clearly attributable to a specific class, they
15 are directly assigned to that class.

16 **Q: After the determination of customer, energy and demand allocation factors for the**
17 **various elements of the Company's costs, what is the next step in the completion of a**
18 **CCOS study?**

19 A: The next step is to apply the determined allocation factors to each element of rate base
20 and expense in the CCOS study.

21 **Q: Would you describe the various allocation factors and how they were applied to**
22 **each account?**

1 A: Yes. In fairly simple terms, the Company used an allocation method called the Average
2 and Peak method to allocate production and transmission plant. This gives classes
3 recognition for both usage and contribution to peak load. The demand portion of the
4 distribution plant and related expense was allocated on two types of non-coincident
5 demands (“NCD”). Substation related equipment and expense were allocated on class
6 NCD allocators, while delivery equipment and expense were allocated on customer NCD
7 allocators. The customer portion of the distribution plant and related expense was
8 allocated based on the weighted number of customers. General and intangible plant were
9 allocated based on the sum of combinations of production, transmission and distribution
10 plant accounts. For example, if no production-related plant was in the account, it was
11 allocated based on an allocator that included only transmission and distribution plant.

12 **Q: What is the next step in the CCOS study once the allocations are applied to the**
13 **various rate base, revenue and expense accounts?**

14 A: The next step is to determine the relative return on rate base for each of the classes in the
15 study. The ratio of class revenues less expenses (net operating income) divided by class
16 rate base will indicate the rate of return being earned by the Company that is attributable
17 to a particular class. It is necessary to keep in mind that this is a snapshot in time. The
18 results of the CCOS study will most likely vary over time. The results of the study will
19 also vary if you apply different allocation factors to the study. By applying different
20 methods to the allocation process, you can change the outcome of the CCOS study.

21 **Q: What are the results of your CCOS study that you prepared and are submitting in**
22 **this case?**

1 A: Schedule LJJ-1 (**Confidential**), is a summary of revenue and expenses, net operating
 2 income, rate base and rate of return for the total Company and the classes used in this
 3 study. Page 1 of Schedule LJJ-1 (**Confidential**) reflects returns as they occurred during
 4 the test period. Page 2 reflects equalized return on equity for all classes and the resulting
 5 revenue adjustments that would be required if all classes provided the same rate of return.

6 **Q: What conclusions have you made from the results of the CCOS study?**

7 A: The individual classes' rate of returns at current rates vary, and are shown in the
 8 following table.

| Class Rate of Return at Current Rates | | | | | | |
|----------------------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|----------------------|-------------------|
| Residential | Small General Service | Medium General Service | Large General Service | Large Power Service | Off-Peak Lighting | Other Lighting |
| 7.0% | 8.3% | 11.1% | 9.3% | 8.1% | 9.3% | 1.7% |

9 **Q: If rates were changed so that KCPL earned the same rate of return from each**
 10 **customer class, how much would each class's rates need to change?**

11 A: By the percentages in the table below.

| Change Required to Equalize Returns | | | | | | |
|--------------------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|----------------------|-------------------|
| Residential | Small General Service | Medium General Service | Large General Service | Large Power Service | Off-Peak Lighting | Other Lighting |
| 4.4% | -1.4% | -11.4% | -4.9% | -0.6% | -4.1% | 45.3% |

12 **Q: How are the results of this CCOS study reflected in the Company's proposed rate**
 13 **design in this case?**

14 A: Company witness Tim M. Rush addresses the use of the CCOS study in his direct
 15 testimony regarding rate design.

16 **II. Revenue Normalization**

17 **Q: How was retail revenue normalized for this case?**

1 A: There were two discreet retail revenue normalizations done for this case. This case
2 includes a jurisdictional revenue requirement cost of service, based on a historical test
3 year ending December 31, 2005 (initially filed with nine (9) months actual and three (3)
4 months budget data), with updates for known and measurable changes. This case also
5 includes a jurisdictional class cost of service based on a historical test year ending
6 September 30, 2005. Normalizations were performed for each distinct test year.

7 **Q: Was the process used to normalize these two test periods similar?**

8 A: Yes, regarding weather normalizations. But otherwise there are two exceptions. First,
9 the data used for the normalizations came from different periods. Second, the
10 normalization for the jurisdictional revenue requirement cost of service included an
11 adjustment for growth in number of customers, but the class cost of service did not.

12 **Q: Please describe the process.**

13 A: The retail revenue normalization is based on billing information extracted from the
14 Company's customer information system ("CIS"). The extracted data is queried to
15 produce a summary of the billing determinants by month, by rate grouping.

16 **Q: How is this summarized billing information used?**

17 A: This summarized billing information is used to create bill frequencies by rate schedule.

18 **Q: What are "bill frequencies by rate schedule"?**

19 A: A "bill frequency by rate schedule" is a summary of all of the billing determinants
20 associated with a specific rate. The billing determinants are then used to calculate the
21 revenue generated by that rate. This calculated retail revenue is then compared to
22 reported revenue, thereby "proving the revenue". This provides a method to adjust retail
23 revenues for weather and customer annualization, and provides normalized retail revenue.

1 The weather and customer adjustments are described in the direct testimony of Company
2 witness George M. McCollister.

3 **Q: Was retail revenue adjusted using the bill frequency billing determinants as**
4 **adjusted to reflect normal weather?**

5 A: Yes, the retail revenue used in the jurisdictional revenue requirement cost of service was
6 adjusted for normal weather. The adjustment is provided in the direct testimony of Don
7 A. Frerking in Schedule DAF-2.

8 **Q: What was the retail revenue adjusted using the bill frequency billing determinants**
9 **as adjusted for customer annualization?**

10 A: Yes, the retail revenue used in the jurisdictional revenue requirement cost of service was
11 adjusted for customer annualization. The adjustment is provided in the direct testimony
12 of Don A. Frerking in Schedule DAF-2.

13 **Q: Was the retail revenue used in the class cost of service adjusted in the same manner**
14 **as that used in the jurisdictional revenue requirement class cost of service?**

15 A: Yes, the retail revenue used in the class cost of service was adjusted for normal weather.
16 It was not, however adjusted for customer annualization.

17 **Q: Does that conclude your testimony?**

18 A: Yes, it does.

KANSAS CITY POWER & LIGHT COMPANY
DOCKET NO. _____
CLASS COST OF SERVICE FOR KANSAS CUSTOMERS
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2005

| LINE NO. | DESCRIPTION | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|--------------------------------------------------------------|------------------------------------------|------------------------|-----------------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|----------------------------|-------------------------|-----|-----|
| | ALLOCATION BASIS | KANSAS RETAIL COL. 601 | RESIDENTIAL GEN. SERVICE COL. 602 | SMALL GEN. SERVICE COL. 603 | MEDIUM GEN. SERVICE COL. 604 | LARGE GEN. SERVICE COL. 605 | LARGE PWR SERVICE COL. 606 | OFF-PEAK LIGHTING COL. 607 | OTHER LIGHTING COL. 608 | | |
| SCHEDULE 1 - SUMMARY OF OPERATING INC & RATE BASE | | | | | | | | | | | |
| 0010 | OPERATING REVENUE | 481,216,011 | 237,434,677 | 32,253,321 | 57,100,258 | 109,805,406 | 37,595,324 | 1,620,739 | 5,406,286 | | |
| 0050 | OPERATING EXPENSES | | | | | | | | | | |
| 0060 | FUEL | 89,073,436 | 39,359,367 | 4,628,342 | 10,077,490 | 24,446,000 | 9,798,181 | 439,034 | 325,022 | | |
| 0070 | PURCHASED POWER | 28,814,281 | 12,912,227 | 1,494,874 | 3,250,846 | 7,814,173 | 3,108,103 | 134,384 | 99,675 | | |
| 0080 | OTHER OPERATION & MAINTENANCE EXPENSES | 160,809,478 | 85,999,906 | 10,579,533 | 16,587,528 | 32,960,394 | 11,456,082 | 454,467 | 2,771,568 | | |
| 0090 | DEPRECIATION EXPENSES (NET OF CLEARINGS) | 60,271,472 | 31,550,635 | 4,551,378 | 6,567,572 | 12,158,584 | 3,983,837 | 151,422 | 1,308,044 | | |
| 0100 | AMORTIZATION EXPENSES | 3,699,656 | 2,434,875 | 306,872 | 279,401 | 496,960 | 154,006 | 16,138 | 11,404 | | |
| 0110 | INTEREST ON CUSTOMER DEPOSITS | 38,307 | 1,609 | 28,362 | 5,175 | 1,372 | 72 | 1,717 | 0 | | |
| 0120 | TAXES OTHER THAN INCOME TAXES | 29,160,721 | 15,390,374 | 2,086,979 | 3,149,274 | 6,004,940 | 1,998,455 | 75,743 | 454,956 | | |
| 0130 | FEDERAL AND STATE INCOME TAXES | 33,027,139 | 14,275,939 | 2,685,634 | 5,674,848 | 8,118,989 | 2,121,269 | 112,953 | 37,507 | | |
| 0140 | GAINS ON DISPOSITION OF PLANT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 0150 | TOTAL ELECTRIC OPERATING EXPENSES | 404,894,490 | 201,924,933 | 26,361,974 | 45,592,134 | 92,001,411 | 32,620,004 | 1,385,857 | 5,008,175 | | |
| 0160 | NET ELECTRIC OPERATING INCOME | 76,321,521 | 35,509,743 | 5,891,346 | 11,508,124 | 17,803,995 | 4,975,320 | 234,883 | 398,110 | | |
| 0190 | RATE BASE | | | | | | | | | | |
| 0200 | TOTAL ELECTRIC PLANT | 2,195,541,433 | 1,158,593,309 | 160,016,171 | 238,252,967 | 450,295,241 | 148,739,382 | 5,696,833 | 33,947,530 | | |
| 0220 | LESS: ACCUM. PROV. FOR DEPREC | 1,027,560,190 | 540,992,102 | 72,353,229 | 112,151,711 | 217,475,617 | 73,889,745 | 2,587,839 | 8,109,947 | | |
| 0230 | NET PLANT | 1,167,981,243 | 617,601,207 | 87,662,942 | 126,101,255 | 232,819,624 | 74,849,637 | 3,108,995 | 25,837,584 | | |
| 0240 | PLUS: | | | | | | | | | | |
| 0250 | WORKING CAPITAL | 23,457,106 | 10,913,801 | 976,059 | 2,482,174 | 6,444,011 | 2,606,633 | 92,684 | (58,256) | | |
| 0260 | PRIOR NET PREPAID PENSION ASSET | 21,511,616 | 11,398,867 | 1,368,245 | 2,240,419 | 4,504,043 | 1,565,295 | 56,825 | 377,924 | | |
| 0270 | PENSION REGULATORY ASSET | 5,236,059 | 2,774,554 | 333,039 | 545,332 | 1,096,312 | 381,002 | 13,831 | 91,989 | | |
| 0280 | *** | | | | | | | | | | |
| 0290 | REG ASSET - DSM PROGRAMS | 10,378 | 5,242 | 531 | 1,141 | 2,506 | 917 | 23 | 18 | | |
| 0300 | REG ASSET - REGULATORY EXPENSE | 10,053 | 5,016 | 711 | 1,098 | 2,208 | 793 | 35 | 193 | | |
| 0310 | JANUARY 2002 ICE STORM | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 0320 | LESS: | | | | | | | | | | |
| 0330 | ACCUM. DEFERRED TAXES | 229,138,629 | 120,528,590 | 16,089,049 | 25,011,062 | 47,851,578 | 15,906,343 | 546,521 | 3,205,487 | | |
| 0340 | *** | | | | | | | | | | |
| 0350 | CUST. ADVANCES FOR CONSTRUCTION | 3,779,181 | 2,139,542 | 448,422 | 406,557 | 501,347 | 98,815 | 12,012 | 172,487 | | |
| 0360 | CUSTOMER DEPOSITS | 1,909,460 | 80,224 | 1,413,736 | 257,941 | 68,397 | 3,578 | 85,584 | 0 | | |
| 0370 | | | | | | | | | | | |
| 0380 | | | | | | | | | | | |
| 0390 | TOTAL RATE BASE | 962,042,444 | 510,518,272 | 71,281,183 | 103,280,889 | 190,589,977 | 61,055,472 | 2,523,063 | 22,793,587 | | |
| 0400 | RATE OF RETURN | 7.93328% | 6.95563% | 8.26494% | 11.14255% | 9.34152% | 8.14885% | 9.30942% | 1.74659% | | |
| 0430 | RELATIVE RATE OF RETURN | 1.00 | 0.88 | 1.04 | 1.40 | 1.18 | 1.03 | 1.17 | 0.22 | | |
| 0440 | | | | | | | | | | | |

KANSAS CITY POWER & LIGHT COMPANY
DOCKET NO.
CLASS COST OF SERVICE FOR KANSAS CUSTOMERS
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2005

| LINE NO. | DESCRIPTION | ALLOCATION BASIS | (a) | | (b) | | (c) | | (d) | | (e) | | (f) | | (g) | | (h) | | (i) | | OTHER LIGHTING COL. 608 | |
|----------|----------------------------------------------------------|------------------|------------------------|----------------------|-----------------------|------------------------------|-----------------------------|----------------------|----------------------------|------------|-----|--|-----|--|-----|--|-----|--|-----|--|-------------------------|--|
| | | | KANSAS RETAIL COL. 601 | RESIDENTIAL COL. 602 | GEN. SERVICE COL. 603 | MEDIUM GEN. SERVICE COL. 604 | LARGE GEN. SERVICE COL. 605 | PWR SERVICE COL. 606 | OFF-PEAK LIGHTING COL. 607 | | | | | | | | | | | | | |
| 0450 | SCHEDULE 1 - SUMMARY AT EQUALIZED CLAIMED RATE OF RETURN | | | | | | | | | | | | | | | | | | | | | |
| 0460 | RATE BASE | | | | | | | | | | | | | | | | | | | | | |
| 0470 | TOTAL ELECTRIC PLANT | TSFR 10 230 | 2,195,541,433 | 1,158,593,309 | 160,016,171 | 238,252,967 | 450,295,241 | 148,739,382 | 5,696,833 | 33,947,530 | | | | | | | | | | | | |
| 0480 | LESS: ACCUM. PROV. FOR DEPREC | TSFR 10 310 | 1,027,560,190 | 540,992,102 | 72,353,229 | 112,151,711 | 217,475,617 | 73,889,745 | 2,587,839 | 8,109,947 | | | | | | | | | | | | |
| 0500 | NET PLANT | | 1,167,981,243 | 617,601,207 | 87,662,942 | 126,101,255 | 232,819,624 | 74,849,637 | 3,108,995 | 25,837,584 | | | | | | | | | | | | |
| 0510 | ADD: WORKING CAPITAL | TSFR 15 380 | 23,457,106 | 10,913,801 | 976,059 | 2,482,174 | 6,444,011 | 2,606,633 | 92,684 | (58,256) | | | | | | | | | | | | |
| 0520 | PROFORMA CWC | TSFR 16 2160 | (0) | (183,394) | 8,687 | 121,791 | 98,620 | 4,836 | 1,276 | (51,816) | | | | | | | | | | | | |
| 0530 | PRIOR NET PREPAID PENSION ASSET | TSFR 1 260 | 21,511,616 | 11,398,867 | 1,368,245 | 2,240,419 | 4,504,043 | 1,565,295 | 56,825 | 377,924 | | | | | | | | | | | | |
| 0540 | PENSION REGULATORY ASSET | TSFR 1 270 | 5,236,059 | 2,774,554 | 333,039 | 545,332 | 1,096,312 | 381,002 | 13,831 | 91,989 | | | | | | | | | | | | |
| 0550 | *** | | | | | | | | | | | | | | | | | | | | | |
| 0560 | REG ASSET - DSM PROGRAMS | TSFR 1 290 | 10,378 | 5,242 | 531 | 1,141 | 2,506 | 917 | 23 | 18 | | | | | | | | | | | | |
| 0570 | REG ASSET - REGULATORY EXPENSE | TSFR 1 300 | 10,053 | 5,016 | 711 | 1,098 | 2,208 | 793 | 35 | 193 | | | | | | | | | | | | |
| 0580 | JANUARY 2002 ICE STORM | TSFR 1 310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | |
| 0590 | LESS: | | | | | | | | | | | | | | | | | | | | | |
| 0600 | ACCUM. DEFERRED TAXES | TSFR 8 580 | 229,138,629 | 120,528,590 | 16,089,049 | 25,011,062 | 47,851,578 | 15,906,343 | 546,521 | 3,205,487 | | | | | | | | | | | | |
| 0610 | *** | | | | | | | | | | | | | | | | | | | | | |
| 0620 | CUST. ADVANCES FOR CONSTRUCTION | TSFR 1 350 | 3,779,181 | 2,139,542 | 448,422 | 406,557 | 501,347 | 98,815 | 12,012 | 172,487 | | | | | | | | | | | | |
| 0630 | CUSTOMER DEPOSITS | TSFR 1 360 | 1,909,460 | 80,224 | 1,413,736 | 257,941 | 68,397 | 3,578 | 85,584 | 0 | | | | | | | | | | | | |
| 0640 | TOTAL RATE BASE | | 962,042,444 | 510,334,878 | 71,289,870 | 103,402,680 | 190,688,597 | 61,060,309 | 2,524,339 | 22,741,772 | | | | | | | | | | | | |
| 0650 | OPERATING INCOME @ 7.933% ROR | | 76,321,521 | 40,486,295 | 5,655,625 | 8,203,224 | 15,127,860 | 4,844,085 | 200,263 | 1,804,168 | | | | | | | | | | | | |
| 0660 | OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| 0670 | FUEL | TSFR 4 3940 | 89,073,436 | 39,359,367 | 4,628,342 | 10,077,490 | 24,446,000 | 9,798,181 | 439,034 | 325,022 | | | | | | | | | | | | |
| 0680 | PURCHASED POWER | TSFR 4 3950 | 28,814,281 | 12,912,227 | 1,494,874 | 3,250,846 | 7,814,173 | 3,108,103 | 134,384 | 99,675 | | | | | | | | | | | | |
| 0690 | OTHER OPERATION & MAINTENANCE EXPENSES | TSFR 4 3960 | 160,809,478 | 85,999,906 | 10,579,533 | 16,587,528 | 32,960,394 | 11,456,082 | 454,467 | 2,771,568 | | | | | | | | | | | | |
| 0700 | DEPRECIATION EXPENSES | TSFR 5 1420 | 60,271,472 | 31,550,635 | 4,551,378 | 6,567,572 | 12,158,584 | 3,983,837 | 151,422 | 1,308,044 | | | | | | | | | | | | |
| 0710 | AMORTIZATION EXPENSES | TSFR 5 1650 | 3,699,656 | 2,434,875 | 306,872 | 279,401 | 496,960 | 154,006 | 16,138 | 11,404 | | | | | | | | | | | | |
| 0720 | INTEREST ON CUSTOMER DEPOSITS | TSFR 1 110 | 38,307 | 1,609 | 28,362 | 5,175 | 1,372 | 72 | 1,717 | 0 | | | | | | | | | | | | |
| 0730 | TAXES OTHER THAN INCOME TAXES | TSFR 6 560 | 29,160,721 | 15,390,374 | 2,086,979 | 3,149,274 | 6,004,940 | 1,998,455 | 75,743 | 454,956 | | | | | | | | | | | | |
| 0740 | PLUS: CHANGE IN TAXES OTHER THAN INCOME TAXES | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | |
| 0750 | FEDERAL AND STATE INCOME TAXES | TSFR 7 870 | 33,027,139 | 14,275,939 | 2,685,634 | 5,674,848 | 8,118,989 | 2,121,269 | 112,953 | 37,507 | | | | | | | | | | | | |
| 0760 | PLUS: CHANGE IN FEDERAL AND STATE INCOME TAXES | | 0 | 3,290,437 | (155,856) | (2,185,160) | (1,769,428) | (86,771) | (22,890) | 929,669 | | | | | | | | | | | | |
| 0770 | GAINS ON DISPOSITION OF PLANT | TSFR 1 140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | |
| 0780 | TOTAL ELECTRIC OPERATING EXPENSES | | 404,894,490 | 205,215,370 | 26,206,118 | 43,406,974 | 90,231,983 | 32,533,234 | 1,362,966 | 5,937,844 | | | | | | | | | | | | |
| 0800 | COST OF SERVICE | | 481,216,011 | 245,701,665 | 31,851,743 | 51,610,198 | 105,359,843 | 37,377,319 | 1,563,229 | 7,742,013 | | | | | | | | | | | | |
| 0810 | LESS: PRESENT OTHER REVENUE | | 90,024,359 | 50,648,333 | 4,219,042 | 8,936,593 | 19,500,454 | 6,257,516 | 210,579 | 251,842 | | | | | | | | | | | | |
| 0820 | INCREASE IN 451-MISC SERVICE REVENUE | TSFR 1 920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | |
| 0830 | INCREASE OTHER | TSFR 1 930 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | |
| 0840 | SALES REVENUE | | 391,191,652 | 195,053,332 | 27,642,702 | 42,673,604 | 85,859,390 | 31,119,803 | 1,352,650 | 7,490,171 | | | | | | | | | | | | |
| 0860 | TOTAL REVENUE ADJUSTMENT | | 0 | 8,266,988 | (391,577) | (5,490,061) | (4,445,562) | (218,005) | (57,510) | 2,335,727 | | | | | | | | | | | | |
| 0870 | PERCENT CHANGE (RATE SCHEDULES) | | 0.00000% | 4.42591% | -1.39678% | -11.39876% | -4.92283% | -0.57987% | -4.07826% | 45.31482% | | | | | | | | | | | | |
| 0880 | | | | | | | | | | | | | | | | | | | | | | |

KANSAS CITY POWER & LIGHT COMPANY
DOCKET NO. _____
CLASS COST OF SERVICE FOR KANSAS CUSTOMERS
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2005

| LINE NO. | DESCRIPTION (a) | ALLOCATION BASIS (b) | KANSAS RETAIL COL. 601 (c) | RESIDENTIAL COL. 602 (d) | SMALL GEN. SERVICE COL. 603 (e) | MEDIUM GEN. SERVICE COL. 604 (f) | LARGE GEN. SERVICE COL. 605 (g) | LARGE PWR SERVICE COL. 606 (h) | OFF-PEAK LIGHTING COL. 607 (i) | OTHER LIGHTING COL. 608 (j) |
|----------|------------------------------------------------|----------------------|----------------------------|--------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------------------|
| 0890 | SCHEDULE 1 - SUMMARY AT PROPOSED RATES | | | | | | | | | |
| 0900 | PROPOSED SALES REVENUE | | 391,191,652 | 186,786,344 | 28,034,279 | 48,163,665 | 90,304,952 | 31,337,808 | 1,410,160 | 5,154,444 |
| 0910 | PLUS: OTHER REVENUE | | 90,024,359 | 50,648,333 | 4,219,042 | 8,936,593 | 19,500,454 | 6,257,516 | 210,579 | 251,842 |
| 0920 | INCREASE IN 451-MISC SERVICE REVENUE | DISTPLANT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0930 | INCREASE OTHER | DISTPLANT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0940 | TOTAL OPERATING REVENUE | | 481,216,011 | 237,434,677 | 32,253,321 | 57,100,258 | 109,805,406 | 37,595,324 | 1,620,739 | 5,406,286 |
| 0950 | | | | | | | | | | |
| 0960 | OPERATING EXPENSES | | | | | | | | | |
| 0970 | FUEL | TSFR 4 3940 | 89,073,436 | 39,359,367 | 4,628,342 | 10,077,490 | 24,446,000 | 9,798,181 | 439,034 | 325,022 |
| 0980 | PURCHASED POWER | TSFR 4 3950 | 28,814,281 | 12,912,227 | 1,494,874 | 3,250,846 | 7,814,173 | 3,108,103 | 134,384 | 99,675 |
| 0990 | OTHER OPERATION & MAINTENANCE EXPENSES | TSFR 4 3960 | 160,809,478 | 85,999,906 | 10,579,533 | 16,587,528 | 32,960,394 | 11,456,082 | 454,467 | 2,771,568 |
| 1000 | DEPRECIATION EXPENSES | TSFR 5 1420 | 60,271,472 | 31,550,635 | 4,551,378 | 6,567,572 | 12,158,584 | 3,983,837 | 151,422 | 1,308,044 |
| 1010 | AMORTIZATION EXPENSES | TSFR 5 1650 | 3,699,656 | 2,434,875 | 306,872 | 279,401 | 496,960 | 154,006 | 16,138 | 11,404 |
| 1020 | INTEREST ON CUSTOMER DEPOSITS | TSFR 1 110 | 38,307 | 1,609 | 28,362 | 5,175 | 1,372 | 72 | 1,717 | 0 |
| 1030 | TAXES OTHER THAN INCOME TAXES | TSFR 6 560 | 29,160,721 | 15,390,374 | 2,086,979 | 3,149,274 | 6,004,940 | 1,998,455 | 75,743 | 454,956 |
| 1040 | PLUS: CHANGE IN TAXES OTHER THAN INCOME TAXES | TSFR 7 870 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1050 | FEDERAL AND STATE INCOME TAXES | TSFR 7 870 | 33,027,139 | 14,275,939 | 2,685,634 | 5,674,848 | 8,118,989 | 2,121,269 | 112,953 | 37,507 |
| 1060 | PLUS: CHANGE IN FEDERAL AND STATE INCOME TAXES | TSFR 1 140 | 0 | 2,035 | (96) | (1,352) | (1,094) | (54) | (14) | 575 |
| 1070 | GAINS ON DISPOSITION OF PLANT | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1080 | TOTAL ELECTRIC OPERATING EXPENSES | | 404,894,490 | 201,926,969 | 26,361,878 | 45,590,783 | 92,000,317 | 32,619,951 | 1,385,843 | 5,008,750 |
| 1090 | | | | | | | | | | |
| 1100 | RATE BASE | | | | | | | | | |
| 1110 | TOTAL ELECTRIC PLANT | TSFR 10 230 | 2,195,541,433 | 1,158,593,309 | 160,016,171 | 238,252,967 | 450,295,241 | 148,739,382 | 5,696,833 | 33,947,530 |
| 1120 | LESS: ACCUM. PROV. FOR DEPREC | TSFR 10 310 | 1,027,560,190 | 540,992,102 | 72,353,229 | 112,151,711 | 217,475,617 | 73,889,745 | 2,587,839 | 8,109,947 |
| 1130 | NET PLANT | | 1,167,981,243 | 617,601,207 | 87,662,942 | 126,101,255 | 232,819,624 | 74,849,637 | 3,108,995 | 25,837,584 |
| 1140 | ADD: WORKING CAPITAL | TSFR 15 380 | 23,457,106 | 10,913,801 | 976,059 | 2,482,174 | 6,444,011 | 2,606,633 | 92,684 | (58,256) |
| 1150 | PROFORMA CWC | TSFR 16 2160 | (0) | (183,394) | 8,687 | 121,791 | 98,620 | 4,836 | 1,276 | (51,816) |
| 1160 | PRIOR NET PREPAID PENSION ASSET | TSFR 1 260 | 21,511,616 | 11,398,867 | 1,368,245 | 2,240,419 | 4,504,043 | 1,565,295 | 56,825 | 377,924 |
| 1170 | PENSION REGULATORY ASSET | TSFR 1 270 | 5,236,059 | 2,774,554 | 333,039 | 545,332 | 1,096,312 | 381,002 | 13,831 | 91,989 |
| 1180 | | | | | | | | | | |
| 1190 | REG ASSET - DSM PROGRAMS | TSFR 1 290 | 10,378 | 5,242 | 531 | 1,141 | 2,506 | 917 | 23 | 18 |
| 1200 | REG ASSET - REGULATORY EXPENSE | TSFR 1 300 | 10,053 | 5,016 | 711 | 1,098 | 2,208 | 793 | 35 | 193 |
| 1210 | JANUARY 2002 ICE STORM | TSFR 1 310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1220 | LESS: | | | | | | | | | |
| 1230 | ACCUM. DEFERRED TAXES | TSFR 8 580 | 229,138,629 | 120,528,590 | 16,089,049 | 25,011,062 | 47,851,578 | 15,906,343 | 546,521 | 3,205,487 |
| 1240 | | | | | | | | | | |
| 1250 | CUST. ADVANCES FOR CONSTRUCTION | TSFR 1 350 | 3,779,181 | 2,139,542 | 448,422 | 406,557 | 501,347 | 98,815 | 12,012 | 172,487 |
| 1260 | CUSTOMER DEPOSITS | TSFR 1 360 | 1,909,460 | 80,224 | 1,413,736 | 257,941 | 68,397 | 3,578 | 85,584 | 0 |
| 1270 | TOTAL RATE BASE | | 962,042,444 | 510,334,878 | 71,289,870 | 103,402,680 | 190,688,597 | 61,060,309 | 2,524,339 | 22,741,772 |
| 1280 | | | | | | | | | | |
| 1290 | OPERATING INCOME | | 76,321,521 | 35,507,708 | 5,891,443 | 11,509,476 | 17,805,089 | 4,975,373 | 234,897 | 397,535 |
| 1300 | | | | | | | | | | |
| 1310 | RATE OF RETURN | | 7.93328% | 6.95773% | 8.26407% | 11.13073% | 9.33726% | 8.14829% | 9.30528% | 1.74804% |
| 1320 | RELATIVE RATE OF RETURN | | 1.0000 | 0.8770 | 1.0417 | 1.4030 | 1.1770 | 1.0271 | 1.1729 | 0.2203 |