

**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 ) **File No. ER-2010-0355**  
to Continue the Implementation of its Regulatory ) **Tariff No. JE-2010-0692**  
Plan. )

In the Matter of the Application of KCP&L )  
Greater Missouri Operations Company for )  
Approval to Make Certain Changes in its Charges ) **File No. ER-2010-0356**  
for Electric Service. ) **Tariff No. JE-2010-0693**

**EXECUTIVE DIRECTOR'S SECOND MONTHLY STATUS REPORT**

Comes now the Staff of the Missouri Public Service Commission ("Staff"), through the Staff Counsel Office, and submits the Executive Director's Second Monthly Status Report as related below in response to the Commission's July 7, 2010, Order Regarding Construction And Prudence Audits ("July 7, 2010 Order"), item "11":

1. Ordered item "11" of the Commission's July 7, 2010 Order states: "11. The Commission's Executive Director, Wess Henderson, is assigned primary audit oversight and completion. Mr. Henderson shall file monthly status reports with the Commission." The Staff is hereby filing the Second Monthly Status Report of Executive Director, Wess Henderson, covering the period August 7 to September 22, 2010.

Wherefore the Staff hereby submits the Executive Director's Second Monthly Status Report for his response as related above to the Commission's July 7, 2010, Order Regarding Construction And Prudence Audits, item "11."

Staff Exhibit No. GMO-207  
Date 1/18/11 Reporter LMB  
File No. ER-2010-0356

**NP**

Respectfully submitted,

/s/ Steven Dottheim

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or e-mailed to all counsel of record this 1st day of October, 2010.

/s/ Steven Dottheim

**Executive Director Monthly Report – August 7 – September 22, 2010 – Wess Henderson**

**File Nos. ER-2010-0355 And ER-2010-0356**

On July 7, 2010, the Commission issued an Order in File Nos. ER-2010-0355 and ER-2010-0356 titled "Order Regarding Construction And Prudence Audits." In the ordered portion there are fourteen ordered sections. Among the fourteen ordered sections, ordered section number eleven states: "The Commission's Executive Director, Wess Henderson, is assigned primary audit oversight and completion. Mr. Henderson shall file monthly status reports with the Commission." On August 18, 2010, the Commission issued an Order in File Nos. ER-2010-0355 and ER-2010-0356, among other things, directing monthly status conferences for September 2, October 7, November 4, December 2, 2010 and January 6, 2011.

**Monday, August 16, 2010:** The Executive Director filed in File Nos. ER-2010-0355 and ER-2010-0356, the first monthly status report as ordered by the Commission in its Order dated July 7, 2010.

PSC Staff members Steve Dottheim and Chuck Hyneman attended the Iatan portion of the Kansas Corporation Commission (KCC's) evidentiary hearings on KCPL's pending rate increase case on August 16-20 and 23-24, 2010 in Topeka, Kansas. PSC Staff member Keith Majors attended the hearings on August 16 and 24, 2010. Mr. Dottheim stayed at a motel in Topeka and Mr. Hyneman traveled back and forth to Topeka from his home in Kansas City each day. The hearings started each day at 9:00 a.m. and concluded at 5:00 p.m.

**Thursday, August 26, 2010:** Various Staff members from Staff Counsel's Office, Operations Division, and Services Division attended an Iatan plant tour. Attached is a list of Staff who participated in the plant tour. (Attachment 1).

The Executive Director asked the Case Coordinators for Services Division and Operations Division, Cary Featherstone and Curt Wells, to provide a brief status report for August, 2010 in Case No's ER-2010-0355 and ER-2010-0356 no later than August 26, 2010. Attached is the status report provided by the Staff Case Coordinators. (Attachment 2).

**Thursday, September 2, 2010:** As ordered by the Commission in its Orders dated July 7 and August 18, 2010, a "Monthly Status Hearing" was held on September 2, 2010, at which representatives from KCPL and GMO, Staff, OPC and various Intervenors participated in person or by speakerphone. Counsel for the Staff related that as a result of the Commission's August 18, 2010 Order item 3 statement that the Staff may audit the Iatan 1 Air Quality Control System ("AQCS") costs for an appropriate period beyond August 6, 2010," the Staff's Iatan 1 AQCS audit was not over as of the August 6, 2010 date previously directed by the Commission, but would continue beyond August 6, 2010<sup>1</sup> with further filings on (a) the November 3, 2010<sup>2</sup> Iatan 2 and Iatan Common Plant direct testimony date for non-KCLP/non-GMO parties, and (b) the February 22, 2011<sup>3</sup> true-up direct testimony date for all parties. Counsel for the Staff further

<sup>1</sup> Invoices and journal entries cutoff date of April 30, 2010.

<sup>2</sup> Invoices and journal entries cutoff date of June 30, 2010.

<sup>3</sup> Invoices and journal entries cutoff date of October 31, 2010.

related that as a result of the Commission's August 18, 2010 Order item 5 statement that "[t]he Commission clarifies its July 7, 2010 Order Regarding Construction and Prudence Audit to allow Staff to audit Iatan 2 and Iatan Common Plant costs for an appropriate period beyond January 30, 2011," the Staff's Iatan 2 and Iatan Common Plant was not over as of the January 30, 2011 date previously directed by the Commission, permitting a filing of Iatan 2 and Iatan Common Plant direct testimony on November 3, 2010<sup>4</sup>, but would continue beyond January 30, 2011, with a further filing on the February 22, 2011 true-up direct testimony date for all parties<sup>5</sup>. The dates noted above for filings are only the dates for direct testimony/report filings. There are dates in the procedural schedule adopted by the Commission in its August 18, 2010 Order that provide for rebuttal and surrebuttal testimony filings respecting parties' cases in chief and a rebuttal filing date for true-up testimony.

KCPL and Staff counsel noted at the monthly status hearing on September 2, 2010 that KCPL had declared Iatan 2 in-service on August 26, 2010. Staff counsel stated that the Staff expected to receive from KCPL by the end of the week, i.e., by September 3, 2010, test data results and the Staff intended to make a site visit mid-September to view the unit, operation files, and log books. Staff counsel further indicated that the Staff intended to file an in-service report/testimony on November 3, 2010 with the Staff's Iatan 2 and Iatan Common Plant direct filing, but that the Staff might be able to indicate something earlier regarding Iatan 2's fully operational and used for service status in an Executive Director's Monthly Status Report or the next monthly status hearing on October 7, 2010.

The Regulatory Law Judges (RLJs) indicated at the monthly status hearing on September 2, 2010 that the parties should not wait until the monthly status hearings to raise discovery matters that they would otherwise pursue pursuant to the Commission's rules. The Staff stated that there were discovery issues that it was discussing with KCPL/GMO that it believed would need to be brought to the Commission. KCPL/GMO indicated that it did not believe that there was a need to raise these matters. The Staff asked that the RLJs commence thinking of how the Commission might proceed by way of a Special Master to make rulings on documents purported to be covered by attorney-client privilege and/or work product immunity.

Staff counsel also related that it was pursuing with KCPL/GMO whether any data request (DR) responses had been lost. In addition to providing DR responses<sup>6</sup> electronically in the non-public facility of EFIS, KCPL provides to the Staff, in the Staff audit room at KCPL's offices in Kansas City, hard copy of the DR responses. In the latter part of August 2010, the Staff received electronic responses to certain Staff DRs and determined that it did not receive hard copy of these same responses. When the Staff made inquiry of KCPL regarding the hard copy for these responses, KCPL asserted that, according to the routine that had been agreed upon, it had placed hard copy of these responses in the appropriate place in the Staff's audit room at KCPL's offices in Kansas City. The Staff conducted multiple searches for the purported hard copy responses and has not found them. In rare instances in the past, when untoward events have occurred, such as Staff audit carryalls containing, among other things, utility DR responses, have been stolen from cars, the Staff has advised the affected utility and the Commissioners. Counsel for

<sup>4</sup> Invoices and journal entries cutoff date of June 30, 2010

<sup>5</sup> Invoices and journal entries cutoff date of October 31, 2010.

<sup>6</sup> Data request responses are covered by Section 386.480 RSMo. 2000.

KCPL/GMO stated that KCPL/GMO were not contending that the Staff had lost DR responses, and KCPL/GMO were still investigating the matter. After the-on-the-record portion of the monthly status hearing, the Staff and KCPL continued to discuss and work toward a resolution of this matter in an attempt to determine whether in actuality there was any missing hard copies of DR responses and to make sure that there would not be a repeat of this very question.

On September 14, 2010 a quarterly KCPL Experimental Regulatory Plan / Comprehensive Regulatory Plan presentation was made by KCPL at the Commission's offices in Jefferson City.

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\*\* Dan Beck visited the Iatan 1 and 2 site on September 20, 2010 as part of the Staff's review of the aforementioned matter. David Elliott and Shawn Lange visited the Iatan 1 and 2 site on September 20-21, 2010 to address the in-service matter. Messrs. Elliott and Lange returned to the Iatan 1 and 2 site on September 27-28, 2010. The Staff's audit is intended to assure that only necessary, reasonable, and prudent monies expended by KCPL are included by KCPL in rates for plant that is fully operational and used for service.

Staff counsel has continued its weekly calls with KCPL/GMO counsel regarding discovery matters, and Staff counsel has been working on setting out in detail its proposal for a Special Master.

Information for Executive Director Monthly Report for September 2010

List of MoPSC Staff Attending the Iatan Plant Tour on Thursday, August 26, 2010

**Jefferson City:**

Dan Beck - Engineering Analysis Manager

Wess Henderson - Executive Director

Nathan Williams – Deputy Staff Counsel

Sarah Kliethermes – Associate Staff Counsel

John Rogers - Energy Resource Analysis Manager

Mike Scheperle - Economic Analysis Manager

Curt Wells - Regulatory Economist III

Fassil Fanta - Regulatory Economist I

Seoungjoun Won - Regulatory Economist I

Greg Brossier - Utility Engineering Specialist I

Nounvi Ghomsi - Utility Engineering Specialist I

Michael Stahlman - Regulatory Economist I

Kay Niemeier - Utility Management Analyst III

Ben Wisnewski - Utility Management Analyst II

Meghan McClowry - Staff Counsel's Office

**Kansas City:**

Keith Majors

Karen Lyons

Brent Prenger

Bill Harris

**Missouri Public Service Commission Staff  
Status Report for September 2010**

**Kansas City Power & Light Company – File No.  
ER-2010-0355**

**KCP&L Greater Missouri Operations – File No.  
ER-2010-0356**

The Executive Director of the Commission has requested monthly information from the traditional case coordinators regarding the status of the two rate cases filed June 4, 2010 by Kansas City Power & Light Company (herein referred to as KCPL) and KCP&L Greater Missouri Operations (herein referred to as GMO). These rate cases are designated as File No. ER-2010-0355 for KCPL and File No. ER-2010-356 for GMO.

The information requested is to include the following:

1. Is Staff on site at the company?
2. Does Staff continue to make plant site visits?
3. Has Staff been meeting with the company on a regular basis?
4. Is Staff receiving data on a timely basis?
5. Has Staff discovered any new issues not previously listed on the chart filed August 16, with the Executive Director's First Monthly Report?
6. At this time, does Staff see a problem meeting the deadlines set in these cases?
7. List any other information you feel is relevant.

For the period ending September 15, 2010:

**1. Audit Site Work—**

Commission Staff Auditors continue audit activities at Great Plains Energy corporate headquarters. The audit Staff has been working out of both the Commission's Kansas City office and KCPL's headquarters for the last several months. As you are aware, these are not the only cases that most of the involved Staff have been engaged in working.

No Staff members working in the Operations Division are assigned to on-site activities on a regular, i.e., daily/weekly, basis. Operations personnel do, on an as needed and pre-approved basis, visit utility plant sites for meetings, tours and document reviews.

## **2. Generating Plant Site Visits—**

The Audit Staff has not made any recent site visits to any of KCPL's or GMO's generating power plants during the months of June through current September. The Kansas City office Staff did do a series of plant tours during April and May for both KCPL and GMO generating units.

Operations Division engineers have scheduled visits to Iatan 2 on September 20th and 21st to review in-service data. As part of their continuing engineering review, they have also scheduled a visit to Iatan 2 for September 27-29.

## **3. Company Meetings—**

The Audit Staff has had several meetings with KCPL and GMO personnel during this reporting period and expect the meeting activities to increase over the next several weeks.

Members of the Operations Division have conducted conferences with KCPL telephonically and have communicated and obtained information from KCPL via email, as questions have arisen. Responses have been timely.

## **4. Data Information –**

The Audit Staff continues to submit data requests to the Company (KCPL/GMO) and will continue to do so throughout the course of these rate cases. Staff has generally been given timely responses. The discovery matter referenced in a prior report and at the September 2, 2010 on-the-record monthly status conference regarding missing data request responses has been addressed. There is a data request which KCPL has objected to regarding lobbying expenses Staff is currently working with the Company to resolve. KCPL has requested to extend one data request beyond the standard 20 days by approximately two weeks which Staff does not believe will cause undue hardship.

For this reporting period, all of Operations Division's data requests have been received prior to the due dates.



## **5. New Issues --**

At the September 14th Comprehensive Energy Plan (CEP) meeting, KCPL provided a copy of their Cost Report Summation through July 2010. \*\*

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\*\* Operations Staff had scheduled a visit to the Iatan 2 site for September 20th and 21st and as part of that visit would inquire as to the nature of these costs.

The Audit Staff has not discovered any additional significant potential issues or issues as of this monthly September status report.

Other than the above potential joint Services and Operations Divisions issue, no additional Operations Division issues have been discovered at this time.

## **6. Deadlines --**

The Commission issued the procedural schedule August 18th setting a November 10, 2010 filing of Staff Direct testimony for the revenue requirement for KCPL and November 17th direct filing for the revenue requirement in GMO. In addition, the Construction Audit Report of Iatan 2 is to be filed on November 3rd.

The rate design and class cost of service direct testimony filing is November 24th for KCPL and December 1st for GMO.

While certainly much work remains to complete the two rate case filings for the three individual operating systems (KCPL, MPS and L&P) it is the responsibility of all Operations and Services personnel assigned to the KCPL cases to meet all deadlines. At this time it is expected that all filing dates will be met by members of both Operations and Services Divisions.

## **7. Other Information—**

The Audit Staff continues updating the Exhibit Modeling System (EMS)—the Staff's revenue requirement system for both KCPL and the two GMO division runs (MPS and L&P). In August these three revenue requirement runs were provided to the Company for verification of the test year 2009 results by FERC account for the income statements and the updated period of June 30, 2010 for the plant in service and accumulated depreciation account balances. We received the KCPL income statement on August 20, 2010 and now are starting to input additional information into the runs.

The Operations Division is continuing to work on its various revenue, fuel, and rate design issue areas, and is coordinating with the Audit Staff regarding its inputs to the EMS.