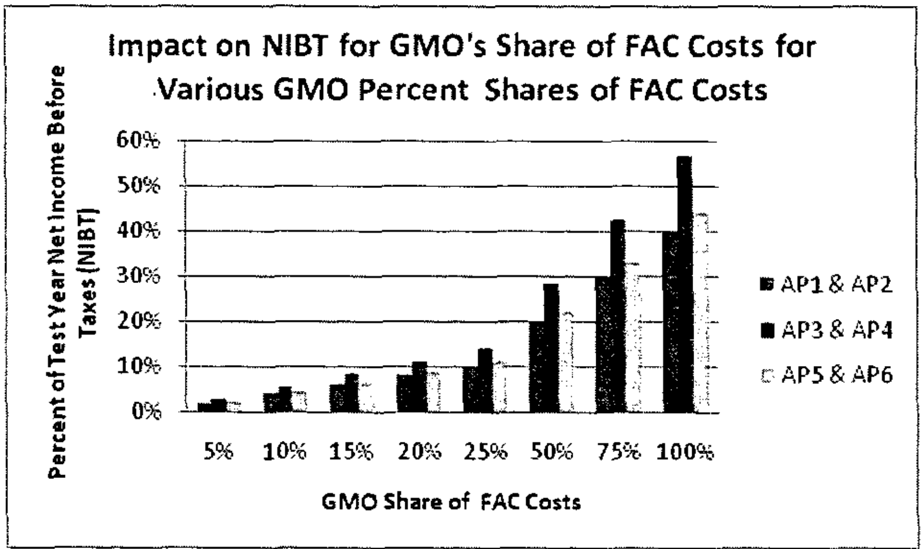
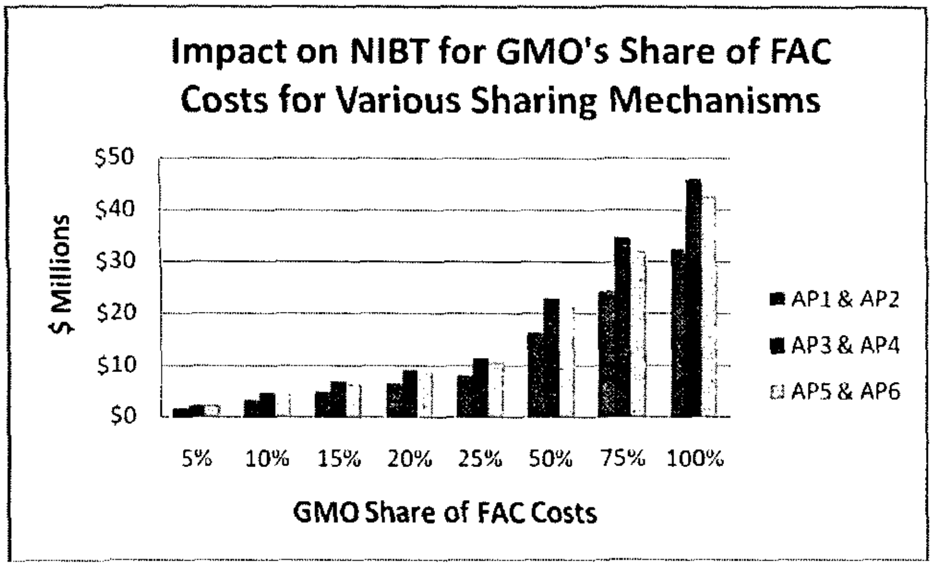
Staff has evaluated the impacts on GMO's test year net income before taxes of GMO's FAC over the first six accumulation periods with the current 95%/5% sharing mechanism and with several other selected sharing mechanisms. The results of Staff's evaluation follow:



Through this analysis Staff estimates that GMO's 5% share of the total under-collection amount of $121 million during the first six accumulation periods is $6 million and represents 2.3% of the test year net income before taxes ($252 million) for this same period of time. Similarly, Staff estimates that for Company shares of 10%, 15%, 20%, 25%, 50%, 75% and 100% of the total under-collection amount during the first six accumulation periods represent approximately 4.7%, 7.0%, 9.4%, 11.7%, 23.4%, 35.1% and 46.8% of the test year net income before taxes for this same period of time.

The corresponding dollar amounts of the total under-collected amount of $121 million during the first six accumulation periods that the Company would have been responsible for if the Company's share had been 10%, 15%, 20%, 25%, 50%, 75% and 100% is illustrated in the following chart.



Staff considers the approximate $2 million annual under-collected amount, out of an average annual total FAC cost of $40.4 million, the Company has been responsible for under the current 95%/5% sharing mechanism during the first six accumulation periods to be an insufficient incentive for the Company to "keep its fuel and purchased power costs down" by developing and managing an effective energy procurement process to minimize energy costs while managing risk of loss of energy supply. To further illustrate the lack of incentive with the current 95%/5% sharing mechanism, Staff points out that neither in this rate case nor in GMO's last rate case did GMO propose to reset its Base Energy Cost in the FAC it proposed or in its test year total revenue requirements that it filed as part of either of its rate cases, even though GMO had been responsible for approximately $2 million annually of the FAC's under-collected amount during the filed test year period of each rate case.

Staff proposes a 75%/25% sharing mechanism, which for the first six accumulation periods would have resulted in the Company being responsible for approximately $10 million annually of the under-collected amount of the FAC. Measured differently this would be approximately 12% of test year net income before taxes and 5.4% of GMO's actual fuel and purchased power costs during that same period. Staff considers a 75% share of FAC over-and- under-collection amounts to be a point where ratepayers begin to take on a significant portion of the risk of actual FAC costs. By being responsible for 25% of FAC over- and under-collection amounts, GMO would have an appropriate incentive to keep its fuel and purchased power costs down—and to minimize fuel and purchased power costs less off-system sales revenue while managing risk of loss of energy supply.

D. Resetting the Base Energy Cost in the FAC Equal to the Base Energy Cost in the Test Year Revenue Requirement in This Rate Case

Correctly setting the Base Energy Cost in the FAC tariff sheets is critical to both a good FAC and a good FAC sharing mechanism. Staff recommends the Commission require the Base Energy Costs in GMO's FAC be separately set equal to the normalized Base Energy Cost for fuel and purchased power costs less off-system revenue in the test year true-up revenue requirement for MPS and L&P in this case.

The table below shows three cases in which the fuel and purchased power costs less off-system sales revenue used to set the FAC Base Energy Cost per kWh rates is equal to, less than or greater than the fuel and purchased power costs less off-system sales revenue in the test year revenue requirement used to set base rates.

Line	75%/25% Sharing Mechanism Example	**Case 1**: Base Energy Cost in FAC **Equal To** Base Energy Cost in Rev. Req.	**Case 2**: Base Energy Cost in FAC **Less Than** Base Energy Cost in Rev. Req.	**Case 3**: Base Energy Cost in FAC **Greater Than** Base Energy Cost in Rev. Req.
a	Revenue Requirement	$ 10,000,000	$ 10,000,000	$ 10,000,000
b	Base Energy Cost in Rev. Req.	$ 4,000,000	$ 4,000,000	$ 4,000,000
c	Base Energy Cost in FAC	$ 4,000,000	$ 3,900,000	$ 4,100,000
	Outcome 1: Actual Energy Cost **Greater Than** Base Energy Cost in Revenue Requirement			
d	Actual Energy Cost	$ 4,200,000	$ 4,200,000	$ 4,200,000
	Billed to Customer:			
= b	in Permanent Rates	$ 4,000,000	$ 4,000,000	$ 4,000,000
e = (d - c) x 0.75	through FAC	$ 150,000	$ 225,000	$ 75,000
f = b + e	Total Billed to Customers	$ 4,150,000	$ 4,225,000	$ 4,075,000
g = f - d	**Kept/(Paid) by Company**	**$ (50,000)**	**$ 25,000**	**$ (125,000)**
	Outcome 2: Actual Energy Cost **Less Than** Base Energy Cost in Revenue Requirement			
h	Actual Energy Cost	$ 3,800,000	$ 3,800,000	$ 3,800,000
	Billed to Customer:			
= b	in Permanent Rates	$ 4,000,000	$ 4,000,000	$ 4,000,000
i = (h - c) x 0.75	through FAC	$ (150,000)	$ (75,000)	$ (225,000)
j = b + i	Total Billed to Customers	$ 3,850,000	$ 3,925,000	$ 3,775,000
k = j - h	**Kept/(Paid) by Company**	**$ 50,000**	**$ 125,000**	**$ (25,000)**
l = (k + g) / 2	**Expected Kept/(Paid) by Company (Note)**	**$ -**	**$ 75,000**	**$ (75,000)**
Note: Expected amounts based on equal probability of **Outcome 1** and **Outcome 2** occurring.				

Case 1 illustrates that if the Base Energy Cost in the FAC is equal to the Base Energy Cost in the test year revenue requirement, the utility does not benefit nor is it penalized as a result of the level of actual energy costs.

Case 2 illustrates that if the Base Energy Cost in the FAC is less than the Base Energy Cost in the test year revenue requirement, the utility is expected to benefit and customers are expected to be penalized regardless of the level of actual of energy costs.

Case 3 illustrated that if the Base Energy Cost in the FAC is greater than the Base Energy Cost in the test year revenue requirement, the utility is expected to be penalized and customers are expected to benefit regardless of the level of actual energy costs.

These three cases illustrate the importance of setting the Base Energy Cost in the FAC correctly, i. e., equal to the Base Energy Cost in the test year true-up revenue requirement.

E. Recommended Changes to the FAC

Staff recommends the following changes be made to GMO's FAC. Staff will provide exemplar FAC tariff sheets to reflect these changes as part of its Class Cost-of-Service and Rate Design testimony on December 1, 2010:

1. Change the sharing mechanism in GMO's FAC from 95%/5% to 75%/25%;

2. Include language to reset GMO's Base Energy Costs in the FAC equal to the Base Energy Cost test year revenue requirement in each general rate case by changing the first line of the APPLICABLE BASE ENERGY COST section of the FAC to read: "Base Energy Costs in this FAC is equal to the Base Energy Cost in the test year revenue requirement for this general rate case. The Base Energy Costs per kWh for MPS and for L&P are:"; and

3. Delete the reference to FERC Account Numbers 565 and 575 in the definition of factor PP (Purchased Power Costs), since these FERC Accounts are for transmission expenses and are not consistent with the definition of fuel and purchased power costs in 4 CSR 240-20.090(1)(B).

F. Additional Filing Requirements

To aid in its FAC tariff, prudence and true-up reviews, Staff recommends that the Commission order GMO to continue to provide or make available the information and documents described in item 18. c. of the Non-Unanimous Stipulation and Agreement in GMO's 2009 rate case File No. ER-2009-0090 and provided in this Staff Report as Appendix 6, Schedule JAR-2.

Staff Expert: John A. Rogers

XII. Jurisdictional Allocations

The Missouri Public Service Commission sets cost-of-service based rates only for the Missouri retail customers; however, not all the costs a utility incurs are necessarily to provide service to its Missouri retail customers. GMO has both retail and wholesale customers; however, it only serves wholesale customers in the area in which MPS rate schedules apply. GMO has no electric wholesale customers in the area in which L&P rate schedules apply. Because GMO has no electric wholesale customers in the area in which L&P rate schedules apply, there is no Federal Energy Regulatory Commission (FERC) wholesale jurisdiction to consider in the revenue requirement calculation for L&P. Wholesale and retail sales are considered to be in separate "jurisdictions." Because the MPS and L&P rates differ, Staff considers them separately and independently when developing jurisdictional allocators. Some costs to serve a particular jurisdiction may be directly assigned; however, other costs are not directly assignable to a particular jurisdiction and must therefore be allocated among the various jurisdictions. Costs that correlate with energy-generally costs that vary with energy consumption-are denoted as "energy-related" costs. Costs that correlate with demand-generally costs that do not vary with energy consumption, i.e. "fixed costs"-are denoted as "demand-related" costs. Different allocation factors are developed and utilized for each.

Jurisdictional allocation refers to the process by which demand-related and energy-related costs are allocated to the applicable jurisdictions. Fixed costs, such as the capital costs associated with generation and transmission plant, are allocated on the basis of demand. Variable costs, such as fuel, are more appropriate to allocate on the basis of energy consumption. In this Case, jurisdictional allocation factors for demand and energy are calculated to assist in allocating demand-related (fixed) costs and energy-related (variable) costs between two applicable jurisdictions: retail and wholesale operations for MPS. The application of a particular jurisdictional allocation factor is dependent upon the type of cost being allocated. These calculations were performed for MPS only; they are not necessary for L&P because there are no electric wholesale customers in the L&P area.

Staff Expert/Witness: Alan J. Bax

A. Methodology

1. Demand Allocation Factor

Demand refers to the rate at which electric energy is delivered to a system to match the energy requirements of its customers, generally expressed in kilowatts (kWs) or megawatts (MWs), either at an instant in time or averaged over a designated interval of time. System peak demand is the largest electric requirement occurring within a specified period of time (e.g., hour, day, month, season, and year) on a utility's system. In addition, for planning purposes, an amount of kWs or MWs in excess of anticipated system peak demand must be included for meeting required contingency reserves. Since generation units and transmission lines are planned, designed, and constructed to meet a utility's anticipated system peak demands plus required reserves, the contribution of each of the two jurisdictions, MPS wholesale and retail, coincident to these system peak demands, is the appropriate basis on which to allocate the costs of these facilities. Thus, the term coincident peak (CP) refers to the load, generally in kWs or MWs, in each of the jurisdictions that coincide with MPS's overall system peak recorded for the time period used in the corresponding analyses.

Staff utilized a 4CP method - based on the monthly seasonal coincident peaks of the four summer months in the test period - to determine the demand allocation factors for MPS. The 4CP method is appropriate for MPS that experiences dominant demands in the four summer months (June through September) in relation to the demands in the other eight months of a year. Utilizing a 1 CP method may be considered if there was an occurrence of a needle peak in a particular month, or possibly a 12 CP method if comparatively similar hourly peaks were experienced in both winter and summer months. In analyzing the monthly demands in calendar year 2009, the test year of the current rate case, these demands are consistent with the monthly demands in the test periods associated with the last several rate cases involving MPS.

Staff determined the demand allocation factor for each jurisdiction using the following process:

a. Identify MPS's peak hourly load in each month for the four - month period June 2009 through September 2009 and sum the hourly peak loads.

b. Sum the particular jurisdiction's corresponding loads for the hours identified in a. above.

c. Divide b. above by a. above.

The result is the allocation factor for each jurisdiction:

- Retail Jurisdiction: 0.9954
- Wholesale Jurisdiction: 0.0046
- Total: 1.0000

Staff Expert/Witness: Alan J. Bax

2. Energy Allocation Factor

Variable expenses, such as fuel, are allocated to the jurisdictions based on energy consumption. The energy allocation factor for each jurisdiction is the ratio of the sum of the total kilowatt-hours (kWh) used by the particular jurisdiction in the test year, calendar year 2009, to MPS's total kWh usage during the test year. Staff applied adjustments to these kilowatt hours to account for losses, for annualizations and for customer growth. Staff has calculated the following energy allocation factors for each jurisdiction:

- Missouri Retail Operations: 0.9943
- Wholesale Operations: 0.0057
- Total: 1.0000

These jurisdictional demand and energy allocation factors were provided to Staff Witness Cary Featherstone, who used them to allocate related costs to the Missouri retail jurisdiction.

Staff Expert/Witness: Alan J. Bax

B. Application

As stated above, L&P only has Missouri retail sale; therefore, for it, there are no jurisdictions among which costs need be allocated. In contrast, as stated above, MPS operates within the Missouri retail jurisdiction, and in the wholesale jurisdiction regulated by FERC. Therefore, it is necessary to specifically identify, then allocate and/or assign, MPS's investment and expenses between these two jurisdictions. In order to develop a fully comprehensive cost of service analysis to identify the revenue requirements for MPS, all of MPS's costs for plant investment and the costs appearing on its income statement, must be appropriately placed in each of the jurisdictions it serves (Missouri Retail and Wholesale).

In developing MPS's cost of service for the Missouri retail jurisdiction, Staff began with MPS's records that it keeps in accordance with FERC accounting requirements. Where these records reflected costs or investments that MPS incurred solely to serve the Missouri retail jurisdiction, Staff directly assigned those costs or investments to the Missouri retail jurisdiction cost of service. However, when costs or investments were not directly assigned to the Missouri retail jurisdiction, Staff used the demand or energy allocation factor in apportioning an applicable share of an appropriate cost or investment to the Missouri retail jurisdiction.

MPS' generation and transmission facilities, used to produce and transport electricity to MPS retail customers in Missouri and the FERC wholesale customers, are predominantly considered fixed assets. The costs and investments of these assets, as well as the related depreciation reserve accounts, are apportioned to the two jurisdictions on the basis of demand. As stated above, Staff applied the demand factor it developed for the Missouri retail jurisdiction, based on the 4 CP methodology, to allocate the appropriate portion of these aforementioned assets in its determination of MPS's cost of service to the Missouri retail jurisdiction. Staff has consistently used the 4CP method to allocate costs in previous MPS rate cases. All of MPS's distribution plant assets are located in Missouri; therefore, the costs of all of this plant need only be allocated between the Missouri retail and the wholesale jurisdictions. Staff used the actual amounts of distribution plant investment at June 30, 2010 to develop allocation factors for distribution plant and reserve to quantify only the distribution plant specific to Missouri operations.

The amounts in the FERC expense accounts found in MPS' income statement (Staff's Accounting Schedule 9) include costs broadly categorized as "production," "transmission," "distribution," and "general." Staff used the same allocation factors to identify costs to the Missouri retail jurisdiction that it used to allocate MPS' investment in fixed production plant and transmission network assets. Therefore, Staff allocated production and transmission costs in MPS' income statement to the Missouri retail jurisdiction by using the same demand allocation factor used to allocate the production plant and transmission network accounts to the Missouri retail jurisdiction. The approach of using the same allocators for allocating investments and costs to a jurisdiction is referred to as "expenses follow plant." Production plant expenses are associated with maintaining and operating the production plant; therefore, it is appropriate to use the same allocator for allocating both plant investment and plant expense. Similarly, transmission expenses are associated with maintaining and operating the transmission network, therefore, it is also appropriate to use the same demand factor to allocate transmission expenses found in MPS' income statement.

Staff allocated MPS' investment in common facilities, or general plant, based on a composite of the demand allocation factors Staff used to quantify the Missouri jurisdictional share of MPS' production and transmission costs and the state site specific distribution costs. Once the plant and depreciation reserve amounts are allocated to Missouri based on the demand allocators for production and transmission plant and site specific allocation factors for distribution plant costs, these state specific costs form the basis for the general plant allocated to Missouri. Thus, the state jurisdictions allocation factors for general plant are based on the composite for the production, transmission and distribution plant costs. This composite general plant allocation factor is used to allocate general costs in the income statement.

For administrative and general costs, commonly referred to as the A&G costs, a variety of allocation factors were used to allocate these costs to the various expense accounts found in the income statement. Staff relied on the Company to identify and determine these allocation factors. The various allocation factors used were based on customers found in each jurisdiction in some cases. Other times, the factors used were based on numbers of MPS employees in each jurisdiction. Each specific account had its own allocation factor that was used to allocate costs to Missouri and FERC operations.

The energy allocation factor was used to allocate costs that are considered variable in nature. Variable costs fluctuate directly with increased or decreased electricity output. For example, the costs related to the variable component of fuel and purchased power expenses vary with increased or decreased loads. As more or less megawatts are generated or purchased, increased or decreased fuel and purchased power costs are directly affected. The fixed capacity, or demand charge, of capacity purchased power and capacity sales are allocated using the demand allocator, the same one used to allocate the fixed production and transmission costs. Fixed costs do not vary with electricity output.

The demand component of a capacity purchase or sale is to recover fixed charge costs of the facilities used to generate these transactions. As an example, a capacity purchase requires the commitment on the part of the seller to have dedicated generating capacity in place to meet the load requirements of the capacity purchaser. The seller must have adequate generation in place to meet the load requirements of the capacity purchaser in much the same way the seller may have to have fixed capacity to meet the system load requirements of the seller's residential, commercial and industrial customers which are referred to as native load customers. Since the generating capacity is dedicated to meet the firm capacity sale requirements, the seller charges, as part of the capacity contract, a fixed charge amount to compensate it for reserving those assets to meet the capacity sale. The fixed charge can be thought of as a rate of return on, and of, the asset dedicated to making the capacity sale. When GMO makes a capacity purchase for energy, it must pay a fixed charge to the seller. The fixed charge of the capacity sale or purchase is assigned or allocated to the jurisdictions, in this case, for MPS, the retail and wholesale jurisdictions, on a demand allocation basis. At the same time, the energy component-the actual sale or purchase of energy is considered variable based and is appropriately allocated using the energy allocation factor.

The same infrastructure used to meet the system load requirements of MPS's customers is also used to generate and transport electricity to firm and non-firm customers in the bulk power markets (off-system sales). The energy allocation factor was also used to allocate the revenues from these off-system sales between the retail and wholesale jurisdictions. Since the non-firm, off-system sales market is made up of sales on a short-term basis, no dedicated capacity is reserved for these sales. Traditionally, off-system sales have been allocated using the energy allocation factor since these costs of making these sales are generally variable in nature, primarily fuel costs. The more megawatts sold, the more fuel consumed and the more costs incurred to generate the electricity, or the more purchased power needed to make the sales, resulting in higher costs. These costs are directly variable to the sale or purchase, and thus the reason the energy allocation factor is properly used. The energy allocation factor has been used to allocate off-system sales for MPS in GMO's prior rate cases, both by the Company and by Staff. The energy factor has been used to allocate off-system sales revenues for KCPL and The Empire District Electric Company's electric operations for many rate cases dating back to at least the 1990s.

L&P has unique characteristics regarding its electric operations. While L&P does not have any other state of federal jurisdiction in which it operates, it does have separate industrial steam system to assign plant investment and costs. Some of L&P operating costs are directly assigned but others have to be allocated between the two electric and steam operating systems. A variety of allocation factors are used to "separate" the two operating systems from one another. Staff primarily relied on the allocation factors used by the Company to accomplish this separation of the two operations. While GMO did not file a steam rate case, it still was necessary to separate out the steam operations from the electric operations to develop a stand-alone revenue requirement calculation for the L&P electric operations.

Staff Expert/Witness: Cary G. Featherstone

XI. Transition Cost Recovery Mechanism

On April 4, 2007, GPE, KCPL and Aquila filed an application with the Commission seeking authority for a series of transactions whereby Aquila would become a direct, wholly-owned subsidiary of GPE. On July 1, 2008, in Case No. EM-2007-0374, the Commission approved the series of transactions authorizing GPE to acquire Aquila. On July 14, 2008 GPE closed the acquisition.

In its Report and Order in Case No. EM-2007-0374, at page 282, in ordered paragraph 6(C), the Commission included the following condition to its authorizations:

> c. Great Plains Energy, Incorporated, Kansas City Power & Light Company and Aquila, Inc., shall, upon closure of the authorized transactions, implement a synergy savings tracking mechanism as described by the Applicants, and in the body of this order, utilizing a base year of 2006;

The Commission found that there was potential for significant savings as a result of the acquisition, and was supportive of the Applicants recovering the costs they incurred in combining the operations of KCPL and Aquila. These costs are referred to as transition costs. In the section of its Report and Order where it presented its "Final Conclusions Regarding Transaction and Transition Cost Recovery," on page 241, the Commission stated:

> Substantial and competent evidence in the record as a whole supports the conclusions that: (1) the Applicants' calculation of transaction and transition costs are accurate and reasonable; (2) in this instance, establishing a mechanism to allow recovery of the transaction costs of the merger would have the same effect of artificially inflating rate base in the same way as allowing recovery of an acquisition premium; and

> (3) the uncontested recovery of transition costs is appropriate and justified. The Commission further concludes that it is not a detriment to the public interest to deny recovery of the transaction costs associated with the merger and not a detriment to the public interest to allow recovery of transition costs of the merger.
>
> If the Commission determines that it will approve the merger when it performs its balancing test ..., the Commission will authorize KCPL and Aquila to defer transition costs to be amortized over five years. (Footnote omitted.)

In the footnote 930 omitted above, the Commission stated:

> The Commission will give consideration to their [transition costs] recovery in future rate cases making an evaluation as to their reasonableness and prudence. At that time, the Commission will expect that KCPL and Aquila demonstrate that the synergy savings exceed the level of the amortized transition costs included in the test year cost of service expenses in future rate cases.

The table below shows the total acquisition transition costs as of June 30, 2010:

Jurisdiction	Total	%
KCPL-MO	**19,291,888**	**33.29%**
KCPL- KS	15,591,495	26.90%
KCPL-Wholesale	137,352	0.24%
MPS-Retail	**17,679,595**	**30.51%**
MPS-Wholesale	69,545	0.12%
SJLP Electric	**4,440,472**	**7.66%**
SJLP Steam	243,409	0.42%
Corporate Retained - Merchant	500,727	0.86%
Total Transition Costs		
At June 30, 2010	$57,954,483	100.00%

KCPL and the Kansas Commission Staff agreed to an amount of transition costs recovered from the Kansas customers in the merger application filed with the

Kansas Commission. This amount of recovery in Kansas is $10 million over five years [Kansas Commission Docket No. 07-KCPE-1064-ACQ].

While the Commission supported KCPL's and GMO's opportunity to present evidence for recovery of the transition costs in future rate cases in the statement above, the Commission did not specify the method with which this recovery is to be accomplished. The Commission made clear that KCPL and GMO would have to demonstrate the "reasonableness and prudence" of any transition costs [page 41, Footnote 930 of Commission Order in Case No. EM-2007-0374]

To demonstrate to the Commission the merits of the recovery of transition costs, the Company's synergy savings tracking model, as ordered by the Commission, compares the adjusted base year of non-fuel operations and maintenance (non-fuel O&M) of standalone KCPL and Aquila operations in 2006 to the combined KCPL and GMO operations of 2009. The KCPL synergy model shows that the annual synergies realized comparing 2006 to 2009 periods of time amount to $48.5 million. The cumulative transition costs at June 30, 2010, less the amount retained by GPE corporate and the amount assigned to Kansas based on its agreed to maximum amount of $10 million results in over $51.8 million.

The comparison of the 5-year proposed amortization of the transition costs of $10,372,452 (total transition costs less the amount over Kansas limit and corporate retained) to the annual non-fuel O&M synergies described in KCPL's tracking model of $48.5 million shows that in its analysis KCPL believes that synergy savings exceed the level of amortized transition costs.

While the Company's demonstration that annual synergy savings exceed amortized transition costs would suggest that ratepayers have sufficiently realized those savings, the contrary is true. KCPL has benefited significantly from regulatory lag in flowing savings from the acquisition to GPE shareholders. Staff believes GPE has greatly benefited from the retention of the any savings that have existed from the Aquila acquisition - both from the time prior to the closing of the acquisition and since the July 14, 2008 closing of the acquisition.

Regulatory lag is the difference between when lower or higher costs are measured in one time period and when the lower or higher costs are reflected in rates in a subsequent time period. In the case of the acquisition savings, KCPL and GMO have received the benefits of any costs savings arising from the acquisition well in advance of those savings being passed on to the customers of those entities. To the extent savings are retained by KCPL and GMO, GPE will directly benefit with higher earnings rewarding shareholders for the retained savings.

Staff believes the Commission, in its order regarding the acquisition of Aquila, set out a standard that must be met to allow a recovery of the transition costs. This standard was to require KCPL to not only make a showing that savings existed in excess of the transition costs before any recovery in rates would be permitted but a demonstration that the Company has not already benefited from those savings sufficiently to already recover the transition costs. As an example, it would not be reasonable to recover the transition costs if GPE, KCPL and GMO have already recovered those costs through savings retained for the Company. Therefore, Staff believes that KCPL must demonstrate that it has not sufficiently recovered the transition costs from retained savings before customers should be required to pay higher rates for the transition costs. To put it another way, to the extent any transition costs that have already been recovered through savings from the acquisition, thereby directly benefiting the GPE entities, the Company should not request recovery of that portion of the transition costs. And certainly, if all transition costs have been recovered through acquisition savings, then no transition costs should be reflected in rates. The fundamental question that must be answered in any kind of synergy analysis is: "when did the savings occur and, more importantly, when did customers receive the benefits from such savings?"

The key element to demonstrating that KCPL has either already recovered all transition costs or a portion of those costs from regulatory lag is in establishing when the savings occurred and when, if ever, those savings were reflected in rates. Thus, the development of a timeline of when synergy savings occurred and when they began to appear in rates is critical. Without such an analysis the request for rate recovery of any transition costs is premature. It is Staff's belief that neither KCPL nor GMO has attempted to analyze the impacts of when the acquisition savings occurred; the extent savings have been retained by the GPE entities; the extent the transition costs have been either fully or partially recovered from acquisition savings and the extent it is even necessary for customers to pay any amount for any of the acquisition costs. Until that analysis is performed by KCPL and GMO, then no transition costs should be placed in rates. Once that type of analysis is performed by the Company then would it even be appropriate to consider what if any of the transition costs should be in rates.

Clearly, to the extent KCPL and GMO have recovered any amounts of the transition costs there should be no recovery from customers. However, if such recovery is necessary then there must be a showing that either no amount of transition costs have been recovered or that only a portion of the amount of acquisition costs have been recovered. Once this has been done then it would be appropriate to determine the proper cost recovery.

As a start to this analysis, it is critical to identify the time when acquisition savings started and when those savings were either retained by KCPL and GMO and when they were passed on to customers. The following table identifies critical dates relating to rate case activity of KCPL and Aquila prior to the acquisition and after its completion. This table identifies when those rate cases occurred, what the established known and measurable dates were used in those cases and when rates went into effect.

Company Name	Case No.	Test Year	Update Cutoff	True-Up Cutoff	Effective Date of Rates
Aquila	ER-2007-0004	Calendar 2005	June 30, 2006	December 31, 2006	June 3, 2007
KCPL	ER-2007-0291	Calendar 2006	March 31, 2007	September 30, 2007	January 1, 2008
KCPL	ER-2009-0089	Calendar 2007	September 30, 2008	No True-Up	September 1, 2009
KCPL GMO	ER-2009-0090	Calendar 2007	September 30, 2008	No True-Up	September 1, 2009
KCPL	ER-2010-0355	Calendar 2009	June 30, 2010	December 31, 2010	May 4, 2011
KCP&L GMO	ER-2010-0356	Calendar 2009	June 30, 2010	December 31, 2010	June 4, 2011

The first two rate cases are the last Missouri KCPL and Aquila rate cases before the GPE-Aquila acquisition case, where KCPL and Aquila were still standalone entities. As can be seen, because no documented synergy savings occurred prior to July 14, 2008, no synergies were flowed to ratepayers in either of those rate cases. The true-up period for the 2006 Aquila case was December 31, 2006 while the true-up period for the 2007 KCPL case was September 30, 2007 with rates effective January 1, 2008. Certainly no amounts of savings from the acquisition were given to customers.

The next two rate cases are KCPL and GMO's first electric rate cases following the acquisition. The test years utilized were calendar year 2007, which would not have included any documented synergy savings. The next data point in this analysis is September 30, 2008, the test year update used in Staff's direct case. The purpose of a test year update is to update and utilize cost data closer to when Staff files its direct filing. In Staff's cost of service model, the test year data remains unchanged when utilizing updated numbers. The test year update includes only selected data, such as rate base, payroll, and insurance, among other known and measurable items commonly included in a test year update. It does not move all costs of service to the update cutoff period, and, therefore, Staff did not capture all of the merger synergies through September 30, 2008. The next key date listed is September 1, 2009, the effective date of rates in Case Nos. ER-2009-0089 and ER-2009-0090. This is the very first date that KCPL and Aquila ratepayers could realize any savings from the GPE acquisition of Aquila. The savings realized would have only been any adjustments made to the cost of service using September 30, 2008 updated numbers, such as payroll and insurance. Any savings occurring prior to September 1, 2009 were retained by both KCPL and GMO.

The last two entries are KCPL's and GMO's pending rate cases, including this one. In looking at regulatory lag for synergy savings, presently the final known date is the effective date of rates of the instant case, File No. ER-2010-0355, May 4, 2011, and GMO's pending case, File No. ER-2010-0356, June 4, 2011. This is the first date KCPL ratepayers will realize the synergy savings that occur after September 30, 2008, and most of the synergy savings that occur after July 14, 2008. The table below identifies how long GPE shareholders have retained the synergy savings due to regulatory lag based on the dates of test year updates and the effective dates of rates:

Type of Savings	Beginning Date Of Savings	Date Flowed Through to Rates	Lag (In Months)
Updated In Test Year Update	July 14, 2008	September 1, 2009	13.6
Post Update Savings, KCPL	October 1, 2008	May 4, 2011	31.1
Post Update Savings, GMO	October 1, 2008	June 4, 2011	32.1
Savings Not in Test Year Update, KCPL	July 14, 2008	May 4, 2011	33.7
Savings Not in Test Year Update, GMO	July 14, 2008	June 4, 2011	34.7
Savings Not in Current Test Year Update	January 1, 2010	Unknown	Unknown
Post Update Savings, KCPL and GMO	July 1, 2010	Unknown	Unknown
Post True-up Savings, KCPL and GMO	January 1, 2011	Unknown	Unknown

Based on this table, it is apparent KCPL ratepayers could not have realized any synergy savings for at least 13 months after the acquisition and that it might take them as long as 33 months to realize savings from the acquisition. As demonstrated above, GPE shareholders have reaped the benefits of regulatory lag and have retained significant savings while customers have waited over at least one year for the benefit of those savings to flow to them through rates. The last three lines of the table are dates of costs from the current rate case. For savings not reflected in Staff's test year, test year update, and true-up, customers will wait an indefinite amount of time to receive the synergy savings while shareholders enjoy the benefits of them.

To understand KCPL's true savings from the acquisition, one must examine the synergies from the Company's perspective. In addition to creating and maintaining a tracking model to compare the adjusted 2006 base year to 2009 as ordered by the Commission, KCPL prepared and maintains specific synergy charters to track specific synergy savings, including those included in and beyond the savings identified in the tracking model. KCPL has a cumulative database of these synergy charters by the quarter in which they occurred, total by year, and by individual charter. The table below summarizes the cumulative synergy savings as they appear in the charter database in the response to Data Request No. 146, Case No. ER-2010-0355:

	Category	
Period	**Regulated- Savings**	**Corporate- Savings**
Q3	$7,049,467	$17,927,511
Q4	13,565,146	31,022,978
2008 Total	**20,614,613**	**48,950,489**
Q1	11,267,258	19,189,044
Q2	14,296,977	19,062,379
Q3	19,711,085	19,427,888
Q4	19,286,671	20,322,463
2009 Total	**64,561,991**	**78,001,774**
Q1	15,875,340	20,518,886
Q2	19,753,175	20,570,612
2010 Total	**35,628,515**	**41,089,498**
Total		
Cumulative	$120,805,119	$168,041,761

The column labeled "Corporate" are corporate retained synergies that KCPL has identified that are not included in the synergy savings tracking model the Commission ordered, and are not and will not be flowed to ratepayers. These savings include reduced interest expense from the upgrade of Aquila's debt post-acquisition, line of credit fees, and corporate redundant expenditures. Although KCPL has reaped $168,041,761 of benefits through June 30, 2010 from the acquisition, referencing the previous table of transition costs, it has retained a mere $500,727 of transition costs (see Corporate Retained – Merchant line).

In examining the Company's documented regulated synergy savings in relation to the table of relevant dates previously provided, KCPL retained all synergy savings realized from July 14, 2008 to September 1, 2009. Assuming the savings in Quarter 3 of 2009 occurred ratably over the quarter, KCPL retained over $52.7 million of synergy savings before any benefits flowed to ratepayers. KCPL has identified total regulated transition costs of $51.9 million.

Comparing the transition costs to the savings identified in the table above KCPL has already recovered the entire amount plus an additional $886,948 [$52,749,210 through September 1, 2009 savings less $51,862,262 of transition costs].

Even more important in considering the level of actual savings KCPL and GMO have retained from the acquisition is the amount of savings identified for 2009 of $64.5 million and through the 6 months ending June 30, 2010 of $35.6 million, which total $100.1 million. Considering the $168 million of acquisition savings retained by GPE, GPE and its KCPL and GMO entities have received over $268 million of benefits from the Aquila acquisition. Those amounts more than offset the transition costs. Customers have seen a fraction of those savings. To provide KCPL and GMO recovery of transition costs would provide a double recovery of those costs.

In its Report and Order in Case No. EM-2007-0374 where the Commission authorized KCPL, Aquila and GPE to perform the transactions for GPE to acquire Aquila, the Commission, as quoted earlier, stated on page 241, "The Commission further concludes that it is not a detriment to the public interest to deny recovery of the transaction costs associated with the merger . . . ." If one assumes KCPL intended the corporate retained benefits to offset any of the transaction costs for which the Commission denied recovery, then KCPL has recovered far more costs than expended. In response to Data Request No. 461 in this case, KCPL stated that the total transaction costs related to the acquisition of Aquila is over $40.2 million. The corporate retained synergies that exceed the transaction costs net of the transition costs the companies have retained totals $127.3 million of cash flow to shareholders.

The remaining "bucket" of synergy savings is the savings that took place before GPE acquired Aquila. In its response to Data Request No. 460 in this case, File No. ER-2010-0355, KCPL stated, "[We] have not tracked or evaluated synergy savings for any period prior to the completion of the acquisition on July 14, 2008." If there were any synergy savings before GPE acquired Aquila, the companies would have retained the additional synergies in 2008, before flowing them through rates. It is typical for companies to lose employees, thus reduction of payroll costs, during course of a merger. Many employees, fearing loss of jobs, will leave the merging companies to seek employment elsewhere.

It is important to note that KCPL has not begun to amortize the deferred transition costs. In footnote 930 of its Report and Order in Case No. EM-2007-0374 quoted earlier, the Commission stated:

> The Commission will give consideration to their [transition costs] recovery in future rate cases making an evaluation as to their reasonableness and prudence. At that time, the Commission will expect that KCPL and Aquila demonstrate that the synergy savings exceed the level of the amortized transition costs **included in the test year cost of service expenses** in future rate cases. (Emphasis added.)

In its finding of fact number 327 appearing on page 122 of its Report and Order the Commission found:

> 327. Applicants request that the Commission allow the surviving entities to defer both transaction and transition costs and to amortize them over a five-year period beginning with the first rate cases post-transaction for Aquila and KCPL subject to "true up" of actual transition and transaction costs in those future cases. (Footnote omitted.)

And, in its Conclusions of Law section of that same Report and Order, on page 239, the Commission stated:

> The Applicants have requested that the Commission authorize the recovery of the transaction and transition costs associated with the merger by amortizing them over a five-year period. This period would begin with the first rate cases post-transaction for Aquila and KCPL subject to "true up" of actual transition and transaction costs in future cases.

Based on these statements in its Report and Order in Case No. EM-2007-0374, Staff believes the Commission expected KCPL to begin amortizing the transition costs beginning with the first rate cases post GPE's acquisition of Aquila. The first rate cases after the acquisition were filed by KCPL and GMO on September 5, 2008 as Case Nos. ER-2009-0090 and ER-2009-0089, respectively. The effective date of new rates in both cases was September 1, 2009. The test year for the instant case is calendar year 2009, therefore, had KCPL begun amortizing transition costs on September 1, 2009, four months of the amortization would have already been expensed in the test year—September, October, November and December.

Staff believes both KCPL and GMO should have started any amortization of the transition costs starting with the effective date of the last rate cases, September 1, 2009. The Commission authorized a general rate increase which should have triggered the starting of the amortizations for the transition costs.

Based on the foregoing, KCPL and GMO have already recovered all of the transition costs of GPE's acquisition of Aquila through regulatory lag. Therefore, Staff has not included any amount of amortized transition costs in its cost of service for KCPL or GMO.

Staff Expert/Witness: Keith A. Majors

Appendices

Appendix 1 - Staff Credentials

Appendix 2 - Support for Staff Cost of Capital Recommendation - David Murray

Appendix 3 - Support for Jeffrey Energy Center FGD Rebuild Project Adjustment – Keith A. Majors

Appendix 4 - In-Service Criteria and Staff Evaluation Notes - David W. Elliott

Appendix 5 - Support for Capacity Requirements and Iatan 2 Allocations - Lena M. Mantle

Appendix 6 - Relevant Pages of Energy Efficiency Advisory Groups Status Report and Additional Filing Requirements for the FAC - John A. Rogers

Appendix 7 – GMO Customer Program Expenditures - Henry E. Warren

Appendix 8 - Support for Transmission Tracker Testimony - Daniel I. Beck

Appendix 9 - Staff Recommended Depreciation Rates - Arthur W. Rice

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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	))))	File No. ER-2010-0356

AFFIDAVIT OF ALAN J. BAX

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Alan J. Bax, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 89-90, 202-205 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Alan J Bax

Alan J. Bax

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016

Nikki Senn

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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	))))	File No. ER-2010-0356

AFFIDAVIT OF DANIEL I. BECK

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Daniel I. Beck, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 160-166; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Daniel I Beck

Daniel I. Beck

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
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Nikki Senn

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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	))))	File No. ER-2010-0356

AFFIDAVIT OF WALT CECIL

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

Walt Cecil, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 68-69, 70-71, 87-89; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Walt Cecil

Walt Cecil

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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Nikki Senn

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AFFIDAVIT OF DAVID W. ELLIOTT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David W. Elliott, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 58-59, 61-63, 81-83, 86, 90 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

David W. Elliott

David W. Elliott

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
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AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Cary G. Featherstone, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 1-9, 205-210 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Cary G. Featherstone
Cary G. Featherstone

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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Nikki Senn
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BEFORE THE PUBLIC SERVICE COMMISSION

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AFFIDAVIT OF CAROL GAY FRED

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Carol Gay Fred, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Report in pages 150-154; that she has knowledge of the matters set forth in such Report; and that such matters are true to the best of her knowledge and belief.

Carol Gay Fred

Carol Gay Fred

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn

Notary Public

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Notary Public - Notary Seal
State of Missouri
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AFFIDAVIT OF RANDY S. GROSS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Randy S. Gross, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 166 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Randy S. Gross

Subscribed and sworn to before me this 17th day of November, 2010.

Notary Public

NIKKI SENN
Notary Public - Notary Seal
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AFFIDAVIT OF V. WILLIAM HARRIS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

V. William Harris, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 53-55, 76-79, 79-81, 83-84; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

V. William Harris

V. William Harris

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
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Nikki Senn

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BEFORE THE PUBLIC SERVICE COMMISSION

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AFFIDAVIT OF PAUL R. HARRISON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Paul R. Harrison, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 115-120, 182-190; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Paul R. Harrison

Paul R. Harrison

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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AFFIDAVIT OF CHARLES R. HYNEMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Charles R. Hyneman, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 103-110, 120-123, 130, 149 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Charles R. Hyneman
Charles R. Hyneman

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn
Notary Public

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Notary Public - Notary Seal
State of Missouri
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AFFIDAVIT OF HOJONG KANG

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Hojong Kang, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 144 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Hojong Kang

Hojong Kang

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
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OF THE STATE OF MISSOURI

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AFFIDAVIT OF SHAWN E. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Shawn E. Lange, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 58-60 ; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Shawn E. Lange

Shawn E. Lange

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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Nikki Senn

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

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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	))))	File No. ER-2010-0356

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Karen Lyons, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Report in pages 38-41, 47-50, 55-56, 128-130, 133-134, 141, 156-158; that she has knowledge of the matters set forth in such Report; and that such matters are true to the best of her knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Karen Lyons
Karen Lyons

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn
Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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OF THE STATE OF MISSOURI

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-2010-0356

AFFIDAVIT OF KEITH A. MAJORS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Keith A. Majors, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 41-47, 56-57, 141-144, 158-159, 210-221; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Keith A. Majors

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
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Nikki Senn
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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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AFFIDAVIT OF ERIN L. MALONEY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Erin L. Maloney, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Report in pages 34 - 86; that she has knowledge of the matters set forth in such Report; and that such matters are true to the best of her knowledge and belief.

Erin L. Maloney

Subscribed and sworn to before me this 17th day of November, 2010.

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
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AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Lena M. Mantle, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Report in pages 90-103; that she has knowledge of the matters set forth in such Report; and that such matters are true to the best of her knowledge and belief.

Lena M Mantle
Lena M. Mantle

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn
Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
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OF THE STATE OF MISSOURI

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AFFIDAVIT OF AMANDA C. MCMELLEN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Amanda C. McMellen, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Report in pages 72-73, 79, 135, 138-139 ; that she has knowledge of the matters set forth in such Report; and that such matters are true to the best of her knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Amanda C McMellen

Amanda C. McMellen

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016

Nikki Senn

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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	))))	File No. ER-2010-0356

AFFIDAVIT OF DAVID MURRAY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David Murray, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 9-38; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

David Murray

David Murray

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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	))))	File No. ER-2010-0356

AFFIDAVIT OF BRET G. PRENGER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Bret G. Prenger, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 50-53, 55, 110-115, 124-128, 131-133, 136-138, 139-140, 159; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief and that he conducted his audit activities in accordance with Generally Accepted Auditing Standards (GAAS).

Bret G. Prenger

Bret G. Prenger

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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BEFORE THE PUBLIC SERVICE COMMISSION

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AFFIDAVIT OF ARTHUR W. RICE, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Arthur W. Rice, PE, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 166-182; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Arthur W Rice P.E.
Arthur W. Rice, PE

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn
Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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AFFIDAVIT OF JOHN A. ROGERS

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

John A. Rogers, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 144-148, 190-201; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

John A Rogers
John A. Rogers

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
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Nikki Senn
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AFFIDAVIT OF HENRY E. WARREN, PHD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Henry E. Warren, PhD, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 154-156; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Henry E Warren

Henry E. Warren, PhD

Subscribed and sworn to before me this 17th day of November, 2010.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
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Nikki Senn

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AFFIDAVIT OF CURT WELLS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Curt Wells, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 63-65, 69-70, 71-72, 73-76; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Curt Wells

Curt Wells

Subscribed and sworn to before me this 17th day of November, 2010.

Nikki Senn

Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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	))))	File No. ER-2010-0356

AFFIDAVIT OF SEOUNG JOUN WON

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

Seoung Joun Won, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Report in pages 66-67; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.

Seoung Joun Won

Subscribed and sworn to before me this 17th day of November, 2010.

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