Exhibit No.:	
Issue:	Merger Synergy Tracking and Transition Cost Recovery
Witness:	Darrin R. Ives
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	ER-2009-0089
Date Testimony Prepared:	March 11, 2009

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2009-0089

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
March 2009

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

Case No. ER-2009-0089

Q: Are you the same Darrin R. Ives who submitted Direct Testimony in this case on behalf of Kansas City Power & Light Company ("KCP&L" or "Company") on or about September 5, 2008?

A: Yes, I am.

Q: What is the purpose of your Rebuttal Testimony?

A: The purpose of my testimony is to rebut testimony provided in the Missouri Public Service Commission Staff ("Staff") Report under the heading "Transition Cost Recovery Mechanism" as prepared by Staff witness Charles R. Hyneman.

RECOVERY OF TRANSITION COSTS

Q: Do you agree with Staff's position to use an indirect rate recovery method for KCP&L to recover transition costs through regulatory lag?

A: No, I do not.

Q: How do you believe transition costs recovery should be addressed in this case?

A: As I stated in my direct testimony, deferred transition costs should be recovered by amortizing the balance over five years as long as synergy savings are sufficient to cover the transition cost amortization. This is consistent with the Commission's Report and Order in Case No. EM-2007-0374 ("Merger Report & Order").

Q: Why do you believe amortization of transition costs over five years is consistent with the Commission's Merger Report & Order?

A: In the Conclusions of Law section of the Merger Report & Order on page 241 under the subheading "Final Conclusions Regarding Transaction and Transition Cost Recovery," the Commission stated in part, "the uncontested recovery of transition costs is appropriate and justified." The Commission went on to state, "If the Commission determines that it will approve the merger when it performs its balancing test (in a later section in this Report and Order), the Commission will authorize KCPL and Aquila to defer transition costs to be amortized over five years.[930]"

Footnote 930 reads as follows:

> The Commission will give consideration to their 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.

Q: How do you believe this section of the Merger Report & Order relates to Staff's cite of the Ordered paragraph 13 where the Commission stated that "nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the transactions herein involved," and in paragraph 14 where the Commission said it "reserves the right to consider any ratemaking treatment to be afforded the transactions herein involved in a later proceeding."

A: I interpret page 241 to state that in approving the merger, the Commission was providing authorization to defer transition costs to be amortized over five years. Footnote 930 was attached to the sentence to align that authorization with paragraphs 13 and 14 cited by Staff, and clearly states that the Commission will give consideration to the recovery of transition costs in future rate cases by evaluating reasonableness and prudence, which is what we are doing in this case.

Q: Do you believe there is additional evidence in the Merger Report & Order that the Commission's intention was to consider deferral and amortization of transition costs and that synergy savings were intended to be shared between shareholders and ratepayers based on regulatory lag?

A: Yes, I do. In the "Conclusions of Law Regarding Transaction and Transition Cost Recovery" section of the Merger Report & Order on page 240, specifically "Transition Cost Recovery," in part, the Commission stated, "No party has opposed the deferral and amortization of transition costs in this proceeding…" and "[c]onsequently, the Commission will allow recovery of transition costs."

Additionally, in the "Conclusions of Law – Final Conclusions Regarding Projected Synergy Savings" section on pages 237 and 238, the Commission stated,

> The Commission further determines that substantial and competent evidence in the record as a whole supports the conclusions that … (3) the synergies exceed transaction and transition costs and the method proposed for recovery of transaction and transition costs does not place the ratepayers at risk … and (4) because the Applicant's have agreed to recover any merger savings through 'regulatory lag' as part of the traditional ratemaking process there is no net detriment to customers….

Q: Can you please reiterate the method proposed for recovery of transaction and transition costs?

A: Yes. In the Direct Testimony provided by Lori Wright in Case No. EM-2007-0374 at page 4, she stated:

> The Joint Applicants request costs to achieve be allocated to Great Plains Energy's various regulatory units (Kansas City Power & Light Company, Aquila Networks-MPS, Aquila Networks-L&P and St. Joseph Industrial Steam), booked as a regulatory asset and amortized into cost of service over five (5) years, beginning on January 1, 2008, or the month immediately following consummation of the Merger, whichever occurs later.

In the body of the Merger Report & Order costs to achieve were defined to have two components, transaction and transition costs.

In the Additional Supplemental Direct Testimony provided by Terry Bassham in Case No. EM-2007-0374 at page 5, he updated the Applicants' request for recovery of transaction and transition costs as follows:

> Joint 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 KCP&L subject to 'true up' of actual transition and transaction costs in those future cases.

On pages 6 and 7 he added:

> If the Commission so desires, Great Plains Energy is willing to track synergy savings achieved. The synergies achieved can be compared to the transaction and transition cost amortization and to the extent the synergies do not cover the amortization, the cost would continue to be deferred until such time that the demonstrated savings from the merger exceeds the related cost.

Q: How do you interpret Conclusion (4) included in the first full paragraph on Page 238 of the Merger Report & Order?

A: Conclusion (4) indicates the Commission determined that for shareholders to retain synergy savings through "regulatory lag" as part of the traditional ratemaking process would not result in a net detriment to customers. This seems clear since the Applicants will not be allowed to recover transition costs unless synergies equal or exceed the level of such amortized costs.

Q: Has the Staff been supportive of deferral of transition costs and recovery through amortization in previous merger proceedings and rate cases?

A: Yes, in several circumstances Staff witnesses have acknowledged that some recovery of costs to achieve synergy savings is acceptable. For example:

> Staff witness Hyneman in Direct Testimony in Aquila Inc. Case No. ER-2005-0436 on page 36, lines 1-7: "The Staff's position is that transition costs found to be prudent and appropriate should be amortized above-the-line to expense over an appropriate period of time. The Staff has proposed a 10-year amortization period in the past. The Staff believes that there is a correlation between the transition costs, which facilitate the joining of two utilities and the merger savings that result following the completion of the integration process. At that point, Aquila's customers should share in any savings that are generated from the merger, and therefore, should also pay for prudent "costs to achieve" these savings."

> Staff witness Hyneman in Rebuttal Testimony in Aquila Inc. Case No. ER-2001-672 on page 33, lines 6-15: "… transition costs, if prudent and reasonable, typically are included in a utility's cost of providing service… The Staff does not believe it is reasonable to exclude, in rates, the actual costs incurred to achieve the merger savings (transition costs), while simultaneously flowing through all the merger savings in rates to the ratepayers. Consistent with this belief is the Staff's position that reasonable and prudent transition costs actually incurred should be reflected in rates to be recovered from ratepayers."

> Staff witness Oligschlaeger on page 3, line 4 of his Rebuttal Testimony in Aquila Inc. Case No. ER-2001-672: "The Staff is not opposed in general to recovery of merger transition costs, if the recovery is in the form of an amortization of these costs to expense."

> Staff witness Oligschlaeger in Rebuttal Testimony in the UtiliCorp-St. Joseph Light & Power Merger Case (Case No. EM-2000-292) on page 39, lines 16-18: "…to the extent that assignment of a reasonable portion of merger savings to MPS [Missouri Public Service division of UtiliCorp] would mean that a similar portion of prudent above-the-line merger costs (i.e., 'costs to achieve') should also be assigned to MPS, the Staff would support such an assignment."

Q: Did the Staff provide testimony in its Report indicating a concern that synergy savings would not be sufficient to cover the transition costs amortization?

A: No, it did not. In fact, the Staff Report indicated that KCP&L has already enjoyed the benefits of synergy savings through regulatory lag. Additionally, Staff provided examples of synergy savings being realized by KCP&L including payroll and benefits costs for Aquila employees who were terminated as of the acquisition date. Staff noted other realized savings, including rents and leases that have been terminated, board of directors' fees and insurance premiums.

Q: Has KCP&L updated the value of synergy savings to be considered in this case?

A: Yes, I have included the synergy savings value in the update to this case as demonstrated on Schedule DRI-6. KCP&L expects to calculate the synergy savings value to ratepayers at the true-up date.

Q: Will the ratepayers benefit from these synergies quantified by KCP&L?

A: Yes. In fact, KCP&L proposes to flow these synergies through to ratepayers as part of this rate case in the way of adjustments it has made to rate base and cost of service areas.

Q: Please summarize your rebuttal testimony in this area.

A: I do not agree with the indirect rate recovery method proposed by Staff for the Company to recover transition costs through regulatory lag. Adoption of the Staff's proposed indirect rate recovery method would in effect shift the burden for all of the costs to achieve synergies (i.e., transition costs) to shareholders. Additionally, Staff's position in this case is inconsistent with its position in other merger proceedings and rate cases in which Staff has provided testimony on transition cost recovery. There is significant discussion in the Merger Report & Order to indicate the Commission's intention to allow the Company to defer transition costs to be amortized over five years. I also believe the Merger Report & Order acknowledged that the "regulatory lag" proposed by the Applicants was intended to provide the shareholders an ability to share in synergy savings before new rates are in place providing the benefits of the synergy savings to ratepayers. I do not believe it was the Commission's intent to use "regulatory lag" to recover transition costs or that "regulatory lag" is the appropriate mechanism to use to recover transition costs. I recommend the Commission adopt the Company's proposal to amortize transition costs over five years.

SYNERGY SAVINGS TRACKING PROCESS

Q: Has the Company implemented a synergy savings tracking mechanism as ordered by the Commission in Case No. EM-2007-0374?

A: Yes, we have. As described to Staff in meetings on this topic, as a result of the acquisition occurring on July 14, 2008, the Company determined that synergy savings would have to be tracked differently for 2008 than in 2009 and beyond. Essentially, a two-phase approach is required to track synergy savings.

Q: What Process did the Company put in place to track synergy savings in 2008 (Phase 1)?

A: We determined that a calendar-year based tracking mechanism was not viable for 2008. Therefore, we developed synergy savings project charters to track specifically identified synergy savings. We maintain a database of the approved project charters and this database and the supporting charters are the foundation for our reporting of progress on projected and actual synergy savings.

Q: Do the synergy savings project charters utilize the 2006 base year to calculate synergy savings?

A: Yes. For example, when synergy savings related to insurance costs were submitted for approval, the project charter provided expected KCP&L and the former Aquila, now KCP&L Greater Missouri Operations Company ("GMO") costs on a "combined company" basis for post-transaction periods. The charter includes a comparison of the expected costs to the 2006 base year costs incurred for insurance inflated to coincide with the year being valued. The result of this work is recorded and maintained in a project charter database. As time elapses and the synergy savings are actualized, the project charters are updated to reflect the actual synergy savings. The database resulting from the approved charters is the 2008 (Phase 1) synergy savings tracking mechanism utilized by the Company. Each specific project charter within the database contains a comparison to 2006 base year costs as adjusted.

Q: Will the project charters still be utilized once Phase 2 of the synergy savings tracking mechanism is in place?

A: Yes. We will continue to utilize the project charter process to support the variances identified in the Phase 2 synergy savings tracking mechanism. We believe the specific project charters are essential to the tracking process as they are initiated and completed by the functional field (operational) areas that are ultimately accountable for the execution and realization of the identified expected synergy savings.

Q: Please describe what you mean by the Phase 2 synergy savings tracking mechanism the Company will utilize for 2009 and beyond?

A: Our steady state approach to synergy savings tracking is to have an Excel-based model that tracks synergy savings as identified and realized on a “combined company” basis. The tracker looks at non-fuel operations and maintenance (“NFOM”) FERC accounts – the same basis utilized to calculate the $305 million in synergy savings over the first five years after acquisition described by the Applicants in Case No. EM-2007-0374. The tracker compares actual results to the 2006 base year, adjusted for known and measurable changes, including inflation. As I mentioned, as a result of the mid-year, mid-month close of the acquisition (July 14, 2008), we determined that a calendar-year based tracking mechanism utilizing 2008 as a reasonable comparison to an adjusted 2006 combined base year was not viable. Therefore, the first opportunity to utilize an appropriate calendar year for an NFOM synergy tracking model is 2009. We are now in the process of preparing the first view of the Phase 2 synergy savings tracking mechanism comparing the 2006 base year, as adjusted for known and measurable changes, including inflation, to the 2009 "combined company" budget.

Q: Please elaborate on the process to prepare the first full year view of the synergy savings tracking mechanism?

A: There are four distinct steps in preparing this analysis:

(1) The 2006 base year NFOM costs of both KCP&L and GMO are input into the Excel model, as well as the 2009 combined Company NFOM budget.

(2) In order to have comparative cost data between the 2006 base year costs and the 2009 combined company NFOM, the 2006 base year costs must be adjusted for known and measurable changes, including inflation. This produces a comparative 2006 adjusted baseline.

(3) The variances determined by comparing the 2006 adjusted baseline costs to the 2009 "combined company" NFOM budget then need to be analyzed to determine the driver of the variance. This analysis could result in additional adjustments that need to be made to make the 2006 base year comparable or can represent expected synergy savings. Significant identifiable synergy savings will be supported by specific synergy savings project charters.

(4) Lastly, the 2009 budgeted NFOM costs will be replaced with actual 2009 NFOM costs. Any variances between 2009 actuals and 2009 budget will be analyzed,

which again could produce additional 2006 base year adjustments or represent additional synergy savings.

Q: When do you expect to have the first full year view of the synergy savings tracking mechanism completed?

A: The Board of Directors approved the 2009 budgets for both KCP&L and GMO in early February. We intend to have a first view of the Phase 2 process I just described completed by the end of March.

Q: Staff indicated in its Report that the 2006 baseline tracking mechanism ordered by the Commission is not the basis for KCP&L's acquisition savings calculation in Adjustment 78. Do you agree?

A: Yes, I do. The Company does not believe that the 2006 baseline tracking mechanism was intended to specifically provide the value of synergy savings to be flowed through to customers in the ratemaking process. We believe the Merger Report & Order supports the concept that the 2006 baseline tracking mechanism is intended to provide the test to demonstrate that synergy savings achieved are in excess of the amortization being requested for recovery of transition costs. Synergy savings should be included in the determination of rates through the traditional ratemaking process. By that I mean that the synergy savings should be reflected in the test year cost of service. The specific citations from the Merger Report & Order that we believe demonstrate this are as follows:

On pages 96 and 97, the Commission stated, "The Applicants revised merger plan proposes to rely on the natural regulatory lag that occurs between rate cases to retain any portion of synergy savings. The traditional ratemaking process will be used so that any merger synergy savings in a test year will be passed through to Aquila and KCPL customers in future rate cases."

On page 259, the Commission accepted the Company's proposal that it "would not seek recovery of [transition costs] in rates unless the synergies achieved equal or exceed the level of such amortized costs." The Commission relied on this proposal in its conclusion that the merger was not detrimental to the public interest. Therefore, the Company believes it is appropriate to now seek recovery of amortized transition costs as long as the synergies are greater than the amortization.

Q: Have you updated the amounts for synergies and transition costs which were included in your direct testimony?

A: Yes. At the time I prepared my direct testimony, these amounts were estimates based on initial work performed by the integration teams. Since that time, significant effort has been made to formulate a synergy tracking process and to review and record actual transition costs.

Q: What are the actual transition costs incurred to date and projected through March 31, 2009?

A: As outlined in Schedule DRI-7, actual total utility transition costs incurred through December 31, 2008 total $45.4 million, of which $15.4 million has been allocated to KCP&L-Missouri retail operations and $17.5 million to GMO retail operations. In addition, we have projected an additional $3.5 million ($1.2 million KCP&L-Missouri) through March 31, 2009, the expected true-up period in this case. We intend to utilize actual transition costs through March 31, 2009, as the basis for determining the annual amortization to be included in this case.

Q: You have previously referred to 2006 baseline adjustments. Why does the Company believe it was the Commission's intent to allow adjustments to the 2006 base year as part of the synergy tracker mechanism?

A: In the Merger Report & Order, the Commission ordered on page 282, item 6 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.

In the body of the Merger Report & Order on page 97, the Applicants description of the synergy savings tracking mechanism is stated in paragraphs 245 and 246 as follows:

> 245. If the Commission requires synergy tracking, the Applicants suggest a simple approach, noting that additional complexity does not improve accuracy. The Applicants suggest establishing base period costs and then comparing each subsequent year's actual costs to the base year costs, as adjusted for inflation. The net decrease in expense would be considered synergy savings.
>
> 246. Consideration for known and measurable changes shall be reflected in the synergy savings computation, including cost escalations, such as wage increases and the effects of inflation among others.

It is clear to me that by ordering a tracking mechanism as described by the Applicants, the Commission expects the synergy savings tracking mechanism to reflect adjustments for known and measurable changes, including inflation among others, as described in paragraphs 245 and 246 on page 97 of the Merger Report & Order.

Q: Staff stated that an incomplete draft version of the 2006 baseline "tracking mechanism" was provided by KCP&L and indicated that the required known and measurable changes, including inflation, increased the baseline year of 2006 by almost $93 million. Why is this level of adjustment to the 2006 baseline necessary?

A: There are several reasons why our first pass at a 2006 baseline adjusted model contained $93 million in adjustments and why this level of adjustments is necessary to develop a comparative 2006 base year. The first reason is inflation, which must be considered in comparing 2006 base year costs to 2009 costs. Consider if a company had two employees that each made $50,000 in 2006 and received merit increases annually on January 1 of 3.1%, their combined labor costs for each year would be as follows:

2006	$100,000 (50,000 each)
2007	$103,100 (51,550 each)
2008	$106,296 (53,148 each)
2009	$109,591 (54,796 each)

Now assume that on January 1, 2009, an acquisition occurred and as a result one employee's job was able to be eliminated creating synergy savings. If the 2006 base year costs were not adjusted for inflation, the synergy savings calculated in the tracking mechanism would be as follows:

2006 base year labor	$100,000
2009 post-acquisition labor	54,796
Calculated synergy savings	$ 45,204

However, as the example illustrates, the synergy savings achieved should be reflected as $54,796 – the actual value of the labor eliminated as a result of the acquisition – not $45,204. By not inflating the 2006 base year costs, the value of synergy savings would be understated by the compounded effect of inflation over the period of time from the base year to the year being evaluated for synergy savings.

Similarly, known and measurable adjustments other than inflation are required to effectively analyze synergy savings against the historical 2006 base year. There are two primary reasons why known and measurable adjustments are necessary: (1) New costs reflected in the current year that were not incurred in the 2006 base year, and (2) Other costs that have clearly escalated at a much higher level than inflation.

Q: Please provide an example of new costs reflected in the current year that were not incurred in the 2006 base year.

A: In 2008, the Commission adopted new rules regarding vegetation management. The KCP&L 2009 budget includes $13.7 million for vegetation management. This budget reflects incremental costs to implement the new rules. Since the new vegetation management rules were not in place in 2006, there are no additional compliance costs included in the 2006 base year. If an adjustment to the 2006 base year were not made, the amount of synergy savings depicted by the tracker mechanism would under-value synergy savings by the amount of the additional costs to comply with the new rules.

Q: Please provide an example of other costs that have escalated at a much higher level than inflation.

A: Pension costs are a good example. They were included in the 2006 base year for KCP&L and GMO at a combined total of $29.1 million. If an annual inflation index of 3.1% were applied to these costs, the amount inflated to 2009 would be $31.9 million. As a result of the methodology used to determine pension costs to be included in rates in this case, pension costs are actually expected to be $40.1 million. By not making a known and measurable adjustment to the 2006 base year costs, the value of synergy savings would be understated by $11.0 million if no adjustment was made to the 2006 base year costs. Moreover, they would still be understated by $8.2 million if the 2006 base year costs were only adjusted by an annual inflation index of 3.1%.

These simple examples clearly demonstrate that if 2006 base year costs are not adjusted for known and measurable changes, including inflation, the value of synergy savings determined through the tracking mechanism would not come close to reflecting the real value of synergy savings provided to the Company and its customers as a result of the acquisition and integration of the operations of the companies.

Q: Please summarize your rebuttal testimony regarding synergy savings tracking.

A: I believe the objective of the synergy savings tracking model is to provide a mechanism to evaluate whether synergy savings achieved exceed the level of amortization requested in cost of service in this case and future cases in order to recover transition costs. Through our two-phase approach to track synergy savings, I believe we have implemented an effective synergy savings tracking mechanism, as ordered by the Commission, which achieves the appropriate objective. By utilizing regulatory lag as a sharing mechanism, synergy savings are shared with ratepayers as the savings are reflected in test-year costs through the normal ratemaking process. Finally, as the examples included in my rebuttal testimony clearly demonstrate, known and measurable changes, including inflation, to the 2006 base year costs are absolutely necessary in order for the tracking mechanism to appropriately value synergy savings provided to the Company and its customers as a result of the acquisition and integration of the operations of the companies.

Q: Does that conclude your rebuttal testimony?

A: Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company to Modify Its Tariff to Continue the Implementation of Its Regulatory Plan	)))	Case No. ER-2009-0089

AFFIDAVIT OF DARRIN R. IVES

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn on his oath, states:

1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Assistant Controller.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of fifteen (15) pages and Schedule(s) DRI - 6 through DRI - 7, all of which having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Darrin R. Ives

Subscribed and sworn before me this 10th day of March 2009.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2009-0089
ESTIMATED ANNUALIZED SYNERGIES

SCHEDULE DRI-6

LINE NO.	DESCRIPTION	TOTAL UTILITY	KCPL-MO	MPS-RETAIL	L&P ELECTRIC	L&P STEAM
	(A)	(B)	(C)	(D)	(E)	(F)
1	For Portion previously allocated to GMO:					
2	Headcount reductions Day 1	13,082,991				
3	Less: Union wage differentials	(4,041,919)				
4	Less: Management wage differentials	(80,529)				
5	Total payroll	8,960,543				
6	Employer Payroll Taxes @ 7.37%	660,392				
7	Employee Benefits-Other @ 17.6%	1,577,056				
8	Total Payroll, payroll taxes & Benefits	11,197,991	4,669,450	1,993,130	692,708	42,440
9						
10	Benefits (excl. Other) @ 35.5%	3,180,993	1,326,442	566,185	196,776	12,056
11	Insurance	3,795,420	1,380,774	1,011,821	230,686	21,482
12	Facilities Retirements or Eliminations:					
13	Aquila Corp. HQ (20 W 9th)	5,933,778	701,671	3,598,939	889,448	143,468
14	Platte City Service Center	156,365	45,301	102,746	8,318	
15	Liberty Service Center	153,926	20,645	129,490	3,791	
16	Lincoln/Omaha	725,765	276,437	166,251	50,760	2,518
17	Travel & Meals-Aquila leadership team	39,470	13,941	11,135	2,045	196
18	Board of Director Fees-Aquila	405,165	143,106	114,306	20,991	2,013
19	Common Use Billings	-	1,631,796	(2,388,151)	(460,970)	(122,210)
20						
21	Total Annual Synergies as of 12/31/2008	$ 25,588,872	$ 10,209,563	$ 5,305,853	$ 1,634,553	$ 101,963
22						
23	Annual Utility Transition Cost Amortization (DRI-7)	$ 9,790,992	$ 3,317,343	$ 2,989,382	$ 750,824	$ 41,157
24						
25	TEST: Annual Synergies Exceed Annual Transition Cost Amortization?	YES	YES	YES	YES	YES

Note: The "Total Utility" column includes other KCP&L and KCP&L-GMO jurisdictions.

KANSAS CITY POWER & LIGHT COMPANY **SCHEDULE DRI-7**
CASE NO. ER-2009-0089
TRANSITION COSTS

LINE NO.	DESCRIPTION	TOTAL UTILITY	KCPL-MO	MPS-RETAIL	L&P ELECTRIC	L&P STEAM
	(A)	(B)	(C)	(D)	(E)	(F)
1	Actual transition costs at 12/31/2008:					
2	Severance and retention costs	$ 11,026,262	$ 3,702,411	$ 3,392,987	$ 852,195	$ 46,714
3	Third party outside services integration costs	27,896,661	9,367,173	8,584,324	2,156,071	118,187
4	Transition employees	1,494,481	501,819	459,880	115,505	6,332
5	Union wage integration costs	1,558,379	523,274	479,542	120,444	6,602
6	KCP&L misc. non-labor integration costs	839,401	430,419	140,851	35,377	1,939
7	CIS integration costs	2,625,404	881,561	807,886	202,912	11,123
8	Total Actual Transition Costs at 12/31/2008	$ 45,440,588	$ 15,406,657	$ 13,865,470	$ 3,482,504	$ 190,897
9						
10	Projected incremental transition costs to 3/31/2009:					
11	Third party outside services integration costs	$ 2,974,080	$ 998,640	$ 915,180	$ 229,860	$ 12,600
12	Transition employees	267,667	89,878	82,366	20,687	1,134
13	Union wage integration costs	272,624	91,542	83,892	21,071	1,155
14	Projected Transition costs to 3/31/2009	$ 3,514,371	$ 1,180,060	$ 1,081,438	$ 271,618	$ 14,889
15						
16	**TOTAL PROJECTED TRANSITION COSTS TO 3/31/2009**	$ 48,954,959	$ 16,586,717	$ 14,946,908	$ 3,754,122	$ 205,786
17						
18	**ANNUAL AMORTIZATION - 5 YEARS**	$ 9,790,992	$ 3,317,343	$ 2,989,382	$ 750,824	$ 41,157

Note: The "Total Utility" column includes other KCP&L and KCP&L-GMO jurisdictions.