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Transition Cost Recovery; Warranty
and Settlement Payments
Witness: Chris B. Giles
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2009-0089
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2009-0089

REBUTTAL TESTIMONY

OF

CHRIS B. GILES

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
March 2009**

***** [REDACTED] *** Designates "Highly Confidential" Information
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Pursuant to 4 CSR 240-2.135**

REBUTTAL TESTIMONY

OF

CHRIS B. GILES

Case No. ER-2009-0089

1 **Q: Are you the same Chris B. Giles, who submitted Direct Testimony in this case on**
2 **behalf of Kansas City Power & Light Company (“KCP&L” or the “Company”) on**
3 **or about September 5, 2008?**

4 A: Yes, I am.

5 **Q: What is the purpose of your Rebuttal Testimony?**

6 A: The purpose of my testimony is to rebut certain positions taken by Missouri Public
7 Service Commission (“Commission”) Staff, the Hospital Intervenors (“HI”), and the
8 Department of Energy—National Nuclear Security Administration (“DOE”) in their
9 Direct Testimony in this proceeding. Specifically, I address (i) KCP&L’s management of
10 the Iatan 1 air quality control system (“AQCS”) project and Staff’s proposal to defer
11 reviewing KCP&L’s management until a subsequent case; (ii) the impact of current
12 economic conditions on the Company’s revenue request; (iii) treatment of severance
13 costs related to the Company’s Talent Assessment; (iv) Staff’s proposed treatment of
14 merger-related transition costs; (v) the Hawthorn 5 SCR warranty settlement; and (vi) the
15 Hawthorn transformer settlement.

1 IATAN 1 AOCS

2 **Q: Mr. Dittmer and Mr. Kumar state that the cost of the Iatan projects is higher than**
3 **initially anticipated. Mr. Kumar suggests that a cap be imposed. Who has the**
4 **burden of proving the prudence of capital expenditures?**

5 A: I am informed by counsel that there is an initial presumption that a utility's expenditures
6 are prudent. However, when some other participant in the proceeding creates serious
7 doubt as to the prudence of expenditures, then the utility has the burden of dispelling the
8 doubts and proving the questioned expenditures to be prudent.

9 **Q: Has any participant created "serious doubt" as to the prudence of Iatan 1**
10 **expenditures in this case?**

11 A: No. While Mr. Dittmer and Mr. Kumar suggest that KCP&L might have been imprudent,
12 they do not create a serious doubt. Specifically, Dittmer suggests that KCP&L has not
13 prudently managed the Iatan 1 project based on his observation that the actual cost is
14 higher than the Control Budget Estimate ("CBE") and because the cumulative rate
15 increases we have received and are asking for are greater than what the Company
16 indicated would be the rate impact of the CEP projects. Similarly, by suggesting that it
17 might be appropriate for the Commission only to reflect in the Company's rates the CBE
18 for Iatan 1, Mr. Featherstone implies that costs incurred over and above the CBE were
19 not prudently incurred. However, as I and other Company witnesses explain, there is no
20 evidence of any such imprudence.

21 **Q: What is the CBE?**

22 A: The CBE was the estimate that was presented to the Board of Directors for budgetary
23 purposes for the Iatan Unit 1 project in the fourth quarter of 2006. It is also the estimate

1 of Iatan 1 AQCS cost on which Mr. Kumar and Mr. Dittmer base their testimony. My
2 understanding of the CBE is consistent with Company Witness Brent Davis's pre-filed
3 Direct Testimony on the subject. In addition, Company witness Dan Meyer provides a
4 detailed discussion of the CBE and its development in his Rebuttal Testimony. The
5 estimate was based upon the AQCS scope that was part of ALSTOM's fixed-price
6 contract that was executed on August 10, 2006. In addition, the project was only 20%
7 engineered. Subsequent to the development of the CBE, the scope of Iatan Unit 1
8 increased to incorporate additional equipment that will optimize the Unit's performance
9 and make it more reliable; and as engineering progressed additional scope was added to
10 accommodate retro-fit of the unit. For example, Unit 1 existing steel was modified and
11 additional foundation support added to Unit 1 to support the design of the SCR. These
12 scope conditions were not known at the time of the CBE.

13 **Q: Has the CBE for the Iatan 1 Project been subsequently updated?**

14 A: Yes. The additional costs associated with the scope additions to Iatan Unit 1 as well as
15 the additional complexity of the Unit 1 Outage were captured in the Cost Reforecast of
16 the CBE in second quarter 2008. At that time, the Project's budget was changed to
17 incorporate the additional scope and costs associated with performance of the work,
18 which resulted in the current Control Budget of \$484.1 million excluding AFUDC and
19 allocation to partners and jurisdiction for Iatan Unit 1.

20 **Q: What is your overall opinion about Mr. Dittmer's and Mr. Kumar's testimony**
21 **regarding comparison of preliminary cost estimates to actual costs?**

22 A: Actual costs have been higher than the Company's preliminary estimates. However, it is
23 incorrect to imply that a project manager was imprudent based solely on the fact that

1 costs were higher than initially anticipated. Neither Mr. Dittmer nor Mr. Kumar alleges
2 that any specific actions or decisions by the Company concerning the Iatan project were
3 imprudent. They simply note that actual costs are greater than the preliminary estimate.
4 In and of themselves, such observations cannot support a disallowance, a cap as
5 advocated by Mr. Kumar, or a delay in determining prudence, as suggested by Mr.
6 Featherstone. To support a disallowance or any of these other forms of relief one has to
7 demonstrate that the Company acted imprudently and that such imprudence resulted in
8 quantifiable increased costs. In fact, contrary to their suggestion, the Company has gone
9 to great lengths to manage cost during a period of tremendous cost pressures in the
10 construction industry, and in particular for generation-related construction, as explained
11 in the Rebuttal Testimony of Company witnesses William Downey, Carl Churchman,
12 Brent Davis, Steve Jones, Ken Roberts, Dan Meyer and Kris Nielsen.

13 The costs of AQCS have risen dramatically and will continue to do so as
14 increased demand for these systems continues in order for utilities to meet environmental
15 regulations and achieve cleaner air.

16 **Q: What should be considered in determining prudence?**

17 **A:** I understand that prudence is measured by the standard of reasonable care requiring due
18 diligence, based on the circumstances that existed at the time the challenged item
19 occurred, including what the utility management knew or should have known. In making
20 this analysis, the Commission should be mindful that the Company has a lawful right to
21 manage its own affairs and conduct its business in any way it may choose, provided that
22 in so doing it does not injuriously affect the public. Thus, the proper questions to ask are
23 “Did the utility properly manage this complex project?” and “Did the utility properly

1 manage matters within its control?" Mere speculation as to why costs increased does not
2 create serious doubt as to the prudence of Iatan 1 expenditures.

3 **Q: Staff Witness Featherstone testified that it is premature to address the prudence of**
4 **Iatan 1 retrofit construction costs and recommended the Commission either 1) make**
5 **that portion of KCP&L's rates interim subject to refund, to the extent the costs of**
6 **the project exceed KCP&L's definitive estimate, or 2) expressly state in its Report**
7 **and Order that it is not deciding for the purpose of setting rates the issue whether**
8 **the construction costs of the Iatan 1 project were prudently incurred. Do you have**
9 **an opinion as to the viability of these options?**

10 A: Yes. The Commission should reject Mr. Featherstone's first alternative, that is, that
11 interim rates be implemented subject to refund, because the circumstances required for
12 approving interim rates do not exist here. Additionally, it is my understanding that the
13 first and very likely the second options proposed by Staff involve refunds, and therefore
14 retroactive rate making, which is not permissible or appropriate.

15 **Q: What is your understanding of the Commission's ability to approve interim rates?**

16 A: An interim rate increase may be requested only where an emergency need exists.
17 KCP&L did not request interim rates and no emergency need can be shown because none
18 exists. I understand the Commission has previously indicated that its discretionary
19 authority to grant interim relief is based upon it finding there is a threat to safe and
20 adequate service or the financial integrity of the utility. No party has attempted to make
21 such a showing in this case.

22 **Q: Has KCP&L previously requested an interim rate?**

23 A: Yes. In 1980, KCP&L requested interim relief in Case No. ER-81-42.

1 **Q: What was the result of that interim request?**

2 A: In case No. ER-81-42, the Commission determined the appropriate method for filing a
3 request for interim rate relief is the filing of interim tariffs, as a separate case, under the
4 file and suspend method. I understand the Commission noted in that case that an interim
5 rate proceeding under any other method would be of “very doubtful effectiveness” and
6 rejected KCP&L’s interim rate relief request because it did not make a proper tariff
7 filing. The Commission also held that properly filed interim tariffs should be
8 accompanied by affidavits or suggestions setting forth the changed circumstances or
9 conditions to justify the interim rates. None of these procedures have been followed by
10 Staff or any other participant in this case.

11 **Q: You indicated above that Staff’s first proposed option to delay the prudence issue is**
12 **also a proposal for retroactive rate making. Please explain that conclusion.**

13 A: Staff’s request for the Commission to determine in the next rate case what a reasonable
14 rate would have been, absent alleged imprudent costs, and require a refund of any amount
15 collected in excess of this amount would be retroactive ratemaking. As I understand it,
16 the Commission may consider past excess recovery only insofar as it is relevant to its
17 determination of what rate is necessary to provide a just and reasonable return in the
18 future and avoid further excess recovery. However, the Commission cannot redetermine
19 rates already established and paid without depriving the utility of its property without due
20 process.

21 **Q: You stated that Staff’s second proposed request to delay the prudence issue, that the**
22 **Commission declare it is not deciding for the purpose of setting rates whether the**

1 **Iatan 1 construction costs were prudently incurred, also constitutes a request for**
2 **retroactive rate making. Please explain that statement.**

3 A: Although it is not explicitly stated, this requested option suggests that a refund would
4 later occur, which I understand constitutes retroactive rate making, as set forth above.

5 **Q: Does Staff's request to delay determination of the prudence of Iatan 1 retrofit**
6 **construction costs violate any agreements between Staff and KCP&L?**

7 A: Yes. The Regulatory Plan Stipulation and Agreement approved by the Commission in
8 Case No. EO-2005-0329 ("Regulatory Plan Stipulation") sets forth the agreement as to
9 the timing, structure, and content of the rate cases that would occur under the plan. The
10 Stipulation (Section III.B.3) gives only KCP&L the ability to include investments in later
11 rate case filings if they are not included in an earlier rate case. Therefore, I believe Staff
12 is violating this provision of the Regulatory Plan Stipulation by attempting to unilaterally
13 shift the Commission's consideration of the Iatan 1 retrofit costs until the next rate case.
14 Additionally, Section III.B.3 also gives only KCP&L the ability to adjust the timing of
15 rate filings to reflect additional information regarding the construction and timing of
16 investments and other factors. Staff does not have the authority to adjust the timing of
17 rate filings. KCP&L and the Signatory Parties agreed to work together to adjust the rate
18 filings schedules to reflect those needs. Staff's unilateral request for the Commission to
19 delay consideration of the Iatan 1 retrofit expenditures is not authorized by the
20 Regulatory Plan Stipulation.

21 **Q: Are there other sections in the Stipulation that are also relevant to this discussion?**

22 A: Yes. Section III.B.3.c of the Regulatory Plan Stipulation addresses this rate case, which
23 it describes as "Rate Filing #3 (2008 Rate Case)." Section III.B.3.c.(v) indicates that the

1 2008 Rate Case will include, among other items, “prudent expenditures for the
2 installation of an SCR facility, a Flue Gas Desulphurization (“FGD”) Unit and a
3 BagHouse at Iatan 1.” The section states that the Signatory Parties agree they will not
4 take the position that these investments should be excluded from KCP&L’s rate base on
5 the ground that the projects were not necessary or timely. This section also contemplates
6 that the parties will work together to accommodate each other’s needs in the event of
7 construction, operational, and other delays. Since these investments may not be excluded
8 from rate base because of timing problems, it is clear to me that the parties have a good
9 faith obligation to recognize such timing issues and modify the rate case’s schedule
10 accordingly. Section (v) goes on to indicate that nothing shall be construed to limit any
11 of the Signatory Parties’ ability to inquire regarding the prudence of KCP&L’s
12 expenditures, or to assert that the appropriate amount to include in KCP&L’s rate base or
13 its cost of service for these investments is a different amount (*e.g.*, due to alleged
14 imprudent project management) than that proposed by KCP&L. This language does not
15 prohibit Staff from raising prudency issues, but Staff must raise those issues in this case,
16 not a subsequent rate case. Therefore, it is my understanding that Staff’s request for a
17 delay violates the Regulatory Plan Stipulation in which KCP&L, in consultation with the
18 other Signatory Parties, was to determine when each project would be considered for
19 inclusion in its rate base.

20 **Q: Are you aware of any statements made by Staff regarding the inclusion of the Iatan**
21 **1 retrofit in this rate case?**

22 **A:** Yes. In its suggestions in support of the Stipulation, Staff listed what it expected in a
23 third rate case: “Prudent expenditures related to the installation of an SCR facility, FGD

1 and BagHouse at Iatan 1.” There is no mention in Staff’s suggestions of delaying its
2 analysis of these expenditures due to their alleged time pressures.

3 **Q: Are you aware of any statements made by the Commission regarding the inclusion**
4 **of costs associated with the Iatan 1 retrofit in this rate case?**

5 A: Yes. In its August 7, 2005 Order approving the Regulatory Plan (Case No. EO-2005-
6 0329), the Commission found that “[t]he Stipulation does not limit any Signatory Party’s
7 ability to challenge KCP&L when it proposes to recover its costs in future rate cases.”
8 (Report and Order p.37). Thus, I believe the Commission recognized that the Signatory
9 Parties’ ability to challenge the prudence of construction projects occurs when KCP&L
10 proposes to recover the cost of the project. KCP&L, consistent with the Regulatory Plan
11 Stipulation, proposes to recover the Iatan 1 retrofit costs in this rate case.

12 **Q: Do you have an understanding as to the appropriate timing of a prudence inquiry?**

13 A: I am told by counsel that the Commission has previously held that the appropriate time
14 for its inquiry regarding the prudence of a capital improvement project is a rate case in
15 which a utility attempts to recover the associated costs of such a project.

16 **Q: Can the Commission refuse to rule on the inclusion of a rate base addition when**
17 **there is evidence in the record that would allow it to make such a determination?**

18 A: I am informed by counsel that Missouri law requires that “all relevant factors” be
19 considered in a rate case. Consideration by the Commission of all relevant factors
20 necessitates a determination of whether the Iatan 1 retrofit expenditures should be placed
21 into rate base since the expenditures are a relevant factor in setting KCP&L’s rates in this
22 rate case. The Staff’s claim that it was difficult to audit construction expenditures and at
23 the same time perform rate case audits does not give the Commission the authority to

1 ignore evidence that the Iatan 1 retrofit expenditures meet the criteria for inclusion into
2 KCP&L's rate base.

3 **Q: Does the Company have other concerns regarding legal issues pertinent to the need**
4 **for the Commission to make a prudence determination about Iatan 1 in this rate**
5 **case?**

6 A: Yes. It is my understanding that counsel for the Company will address those issues in
7 legal pleadings in this case.

8 **UTILITY SERVICES DIVISION'S FAILURE TO CONDUCT A PRUDENCE REVIEW**

9 **Q: Do you have any general observations concerning Mr. Featherstone's proposal for**
10 **the Commission to defer its prudence determination concerning Iatan 1.**

11 A: Yes, I do. I am frankly frustrated and confused by Staff's attempt to avoid addressing the
12 Company's significant investment in AQCS equipment at Iatan 1. This is the second
13 case in a row that the Utility Services Division of the Commission's Staff has essentially
14 elected not to put on a case concerning matters of critical importance to the Company and
15 ultimately its customers. In last year's case involving the acquisition of Aquila, Inc., the
16 Utility Services Division did not conduct an analysis of the benefits and detriments of the
17 proposed transaction. Instead, it simply indicated that it did not believe the companies
18 could legally operate in the manner proposed. When the Commission rejected that
19 theory, it had little analysis from Staff to inform its decision, as noted in Paragraph 293 of
20 the Commission's order in that case. Similarly in this case, the Utility Services Division
21 has essentially elected not to put on a prudence case concerning the Company's
22 investments at Iatan 1. I would note that the Utility Services Division has an identical
23 recommendation concerning the environmental investments of KCP&L Greater Missouri

1 Operations Company (“GMO”) at the Sibley Generating Station and the Jeffrey Energy
2 Center. The Utility Services Division’s decision not to put on a case, if endorsed by the
3 Commission, puts the Company at a significant risk of under recovery or deferred
4 recovery on hundreds of millions of dollars of AQCS investments the Company has made
5 pursuant to its commitments under the Regulatory Plan Stipulation. The Company
6 fulfilled its commitments to build the equipment. Staff should not impede the
7 Commission’s ability to include the Company’s investment in rates.

8 **Q: You also noted that you are confused by Mr. Featherstone’s proposal for the**
9 **Commission to defer its prudence determination. Please explain.**

10 **A:** I am confused by two aspects of Mr. Featherstone’s proposal. First, although I respect
11 the amount of work required by the Utility Services Division when a company files a rate
12 case, I do not understand his reasoning that the timing, complexity, or magnitude of the
13 Company’s case prevents the Utility Services Division from conducting its prudence
14 audit. Although the amount of work required is considerable, nothing about the timing,
15 complexity, or magnitude of this case is surprising. Most conservatively, those factors
16 have been known since the parties executed the Regulatory Plan Stipulation in May of
17 2005. Second, although the Utility Services Division has not devoted significant
18 resources to reviewing the Company’s Iatan 1 costs, other members of the Commission’s
19 Staff have, specifically members of the Utility Operations Division as described in great
20 detail in the Rebuttal Testimony of KCP&L witness Brent Davis. I would also note that
21 the Utility Operations Division appeared to be responsible for reviewing the prudence of
22 plant investment. In addition, the Staff of the Kansas Corporation Commission (“KCC
23 Staff”) was able to conduct a comprehensive prudence audit of the Iatan 1 project.

1 **Q: You state that the timing, complexity, or magnitude of this case has been known**
2 **since at least May of 2005. Please explain.**

3 A: As I note above, the Regulatory Plan Stipulation, which is dated May 15, 2005, included
4 a timeframe for KCP&L's installation of certain AQCS equipment and the corresponding
5 rate cases. It was understood at that time that KCP&L would be making a significant
6 investment in AQCS equipment at Iatan 1 and would seek to include those investments in
7 this rate case. In addition, the Regulatory Plan Stipulation expressly contemplates that
8 the AQCS equipment at Iatan 1 would not be completed until toward the end of the rate
9 case. Specifically, Section III.B.3.c.(i) expressly contemplates that the AQCS equipment
10 might not be completed until three months prior to the new rates going into effect. The
11 Utility Services Division has had several years to plan and prepare for this rate case. The
12 Company should not be penalized by the Division's decision not to commit the necessary
13 resources. I would also note that based on Staff's highly negative response to the
14 Company's request to have until April 30, 2009 to demonstrate that the Iatan 1 AQCS
15 project satisfies the in-service criteria, it appears Staff is going to use the recent start-up
16 issues at Iatan 1 as a further reason not to put on a prudence case in this case. In
17 response, I would simply note that Staff decided not to put on a prudence case long
18 before the recent start-up incident.

19 **Q: Mr. Featherstone also references the simultaneous filing of the KCP&L and GMO**
20 **rate cases. Is it surprising that GMO filed its rate case at the same time as KCP&L?**

21 A: No. GMO owns an 18% interest in Iatan 1. It has also added AQCS equipment to its
22 Sibley unit. The Jeffery Energy Center, in which it owns an 8% interest, has also added
23 AQCS equipment. Given the significance of these investments, it is not at all surprising

1 that GMO filed when it did. I would argue that this was also known as early as May of
2 2005.

3 **Q: You note the Utility Operations Division of the Commission's Staff has devoted**
4 **significant resources to reviewing the Company's Iatan 1 costs. Please explain.**

5 A: My experience has been that the Commission's Utility Operations Division reviews the
6 cost of significant plant investments and confirms that the equipment satisfies the in-
7 service criteria. As explained in the Rebuttal Testimony of Mr. Davis, consistent with
8 that role, members of the Utility Operations Division have made numerous visits to the
9 Iatan site and have extensively reviewed invoices, work orders, change orders, and other
10 project management and cost-related information, as well as interviewed numerous
11 KCP&L employees involved with the project. In contrast, to my knowledge, no member
12 of the Utility Services Division has visited the site. They have, however, as I explain
13 below, requested and obtained a significant amount of cost and project control
14 information about the project. It is well within this Commission Staff's right to decide
15 which division is responsible for what tasks in a rate case. However, KCP&L should not
16 be penalized as a result of that decision.

17 **Q: You mention that the KCC Staff conducted a comprehensive prudence audit of the**
18 **Iatan 1 AQCS project. Please explain.**

19 A: Perhaps arriving at the same conclusion as Mr. Featherstone that it would be challenging
20 for Staff to audit a project as large and complex as the Iatan 1 AQCS project within the
21 timeframes specified in the Regulatory Plan Stipulation, the KCC Staff hired a well-
22 qualified consultant to review the Company's management of the Iatan 1 AQCS project.
23 Similar to this Commission's Utility Operations Division, representatives from the KCC

1 Staff's consultant requested and obtained project management and cost-related
2 information, visited the Iatan site several times, and interviewed numerous KCP&L
3 employees involved with the project. The consultant's engagement culminated in a
4 several hundred page report that recommends ** [REDACTED]
5 [REDACTED]**. Although KCP&L adamantly disagrees with the
6 consultant's conclusions and has responded to those allegations in pre-filed rebuttal
7 testimony, I believe that the consultant's report definitively demonstrates that it was
8 possible to conduct a comprehensive prudence review of the Iatan 1 AQCS project within
9 the timeframe established under the Regulatory Plan Stipulation. It is well within this
10 Commission Staff's right to decide not to hire an outside consultant for assistance.
11 However, KCP&L should not be penalized as a result of that decision.

12 **Q: You note the Utility Services Division of the Commission's Staff has already**
13 **received a substantial amount of project management and cost-related information**
14 **concerning the Iatan 1 AQCS project. Please explain.**

15 A: First, as a condition of the Regulatory Plan Stipulation, KCP&L had to develop and put
16 in place a cost control system for all of the plant investment projects contemplated in the
17 plan, including the Iatan 1 AQCS project. KCP&L developed and implemented such a
18 system. KCP&L provided that information to Staff and has discussed the system with
19 Staff on numerous occasions. Second, also pursuant to the Regulatory Plan Stipulation,
20 since before the inception of the Iatan 1 AQCS project, KCP&L has provided written
21 quarterly reports to Staff as well as the other parties to the Regulatory Plan Stipulation
22 describing the status of the various capital projects. Those reports have been followed up
23 with quarterly meetings with Staff and the other parties to explain the reports, provide

1 additional updated information, and answer any questions Staff or the other parties might
2 have.

3 **Q: Has the Utility Services Division previously investigated KCP&L's management of**
4 **the Iatan 1 AQCS project?**

5 A: Yes, in March of 2008 Staff initiated an investigation of KCP&L's management of the
6 Iatan projects, which would include the Iatan 1 AQCS project. As part of that
7 investigation, Staff deposed 11 employees of KCP&L, including key members of the
8 Iatan project team and members of the Company's Executive Oversight Committee.
9 Specifically, Staff deposed Michael Chesser, William Downey, Terry Bassham, Michael
10 Cline, Steve Easley, Lora Cheatum, Chris Giles, John Grimwade, Brent Davis, Terry
11 Foster, and Steve Jones. Each witness was questioned extensively about the Company's
12 management of the Iatan project. The various subpoena duces tecum are attached as
13 Schedule CBG-1. In response to those subpoena duces tecum, KCP&L provided literally
14 thousands of documents to the Utility Services Division about the Iatan project. The
15 Company is unaware of the status of that investigation and has not been made aware of
16 any conclusions Staff might have reached.

17 **Q: Has the Utility Services Division of the Commission's Staff requested or received**
18 **project management and cost-related information concerning the Iatan 1 AQCS**
19 **project as part of the Company's pending rate case?**

20 A: Yes, it has. On January 14, 2009, the Utility Services Division submitted more than 150
21 data requests in this case concerning the Iatan 1 project. It is unclear why those requests
22 were not submitted earlier or why they were submitted all at one time. I would note,
23 however, that the Utility Services Division's approach in this regard is in contrast to the

1 Utility Operation Division's methodical request for and review of such information over
2 much of the past year. The Company devoted the necessary resources to respond to the
3 Utility Services Division's January 2008 data requests in a timely manner.

4 **Q: Was the information requested in the Utility Services Division's January 2008 data**
5 **requests new?**

6 A: For the most part, no. Nearly all of the information the Utility Services Division
7 requested in January 2009 is repetitive of information Staff requested and received as part
8 of the March 2008 investigation. Much of the information is also repetitive of
9 information requested by and provided to the Utility Operations Division as part of its
10 review of the Iatan 1 AQCS project. In fact, in only a few instances did the data requests
11 pertain to information that was not available when the Company filed its rate case in
12 September 2008.

13 **Q: In your opinion, does Staff have the information necessary to evaluate the prudence**
14 **of KCP&L's management of the Iatan 1 AQCS project?**

15 A: Absolutely. As a result of Staff's March 2008 investigation, the ongoing comprehensive
16 review being undertaken by the Utility Operations Division, and the Utility Services
17 Division's January 2009 data requests, Staff has all the information it needs to conduct its
18 prudence review. The Commission's Staff has all the information used by the KCC Staff
19 for its prudence review. Moreover, the Staff has had much of that information for a year.
20 The Utility Operations Division began its work at the site on June 29, 2007. The KCC
21 consultant began its work at the site on May 30, 2008. As discussed elsewhere above, the
22 Commission Staff is free to allocate its resources and prepare its case in whatever manner
23 it sees fit. However, KCP&L should not be penalized as a result, which as discussed in

1 the Rebuttal Testimony of Company witness Michael Cline is precisely what would occur
2 if the Commission adopted Staff's recommendation to postpone its prudence
3 determination concerning the Iatan 1 AQCS project.

4 **Q: What commitments did KCP&L make to inform the Staff of the Missouri Public
5 Service Commission ("Staff") and the other parties to the Stipulation of the CEP
6 Projects' status?**

7 A: In the Stipulation, KCP&L agreed to provide status updates on these infrastructure
8 commitments to the Staff, Public Counsel, MDNR and all other interested Signatory
9 Parties on a quarterly basis. We committed to provide reports that would explain why
10 these investment decisions are in the public interest.

11 **Q: What form did these reports take?**

12 A: KCP&L committed to preparing a report for the Staff and the other parties on a quarterly
13 basis (referred to as the "Quarterly Reports") and meetings with the Staff and the
14 parties' representatives on a quarterly basis ("Quarterly Meetings") at the Commission
15 offices in Jefferson City, Missouri.

16 **Q: Did the Quarterly Reports and Quarterly Meetings comprehensively address the
17 Company's management of the Iatan projects?**

18 A: Yes. I explain below when certain significant events were discussed with the group.

19 **Q: When did you inform the Staff of the decision to hire Burns & McDonnell as the
20 Owner's Engineer?**

21 A: As discussed in the First Quarter Report of 2006, on November 7 and 8, 2005, KCP&L
22 interviewed Black & Veatch and Burns & McDonnell, respectively, for the role of
23 Owner's Engineer for the Iatan project. Both firms were given the opportunity to present

1 their capabilities regarding technical coal-fired plant design, commercial and project
2 execution, project risks and mitigation, and recent coal-fired power plant experience.
3 KCP&L's interview team's evaluation of the two contractors indicated that either firm
4 could provide strong technical and commercial support for this project. KCP&L's team
5 recommended that KCP&L hire Burns & McDonnell as the Owner's Engineer based on
6 the results of these interviews and Burns & McDonnell's approach to the project. The
7 decision was made by Senior Management on November 23, 2005, and the formal
8 announcement was made public in a press release dated December 8, 2005.

9 **PROJECT ENGINEERING**

10 **Q: Did KCP&L identify for Staff any risks associated with the Iatan Project being**
11 **procured on a fast-track basis?**

12 A: Yes. In our Fourth Quarter Report of 2006, KCP&L noted that because the Iatan Unit 2
13 Project was a "fast-track" project in the traditional sense (i.e., the engineering work is
14 phased with construction, and elements of the work begin as other portions are being
15 designed), engineering was approximately 30% complete at that time. Furthermore, we
16 stated that until the design was more mature, there was a risk, as stated above, with
17 detailed engineering work from both a quality and timing standpoint.

18 **Q: What other risks related to engineering were discussed with the Staff?**

19 A: Starting with the Third Quarter Report of 2006, KCP&L identified that engineering,
20 whether performed by Burns & McDonnell or other vendors, was on the Project's Critical
21 Path, and that there was a significant amount of coordination required between Burns &
22 McDonnell and the vendors from a design standpoint.

1 **CONTROL BUDGET ESTIMATE**

2 **Q: When did KCP&L first report to the Staff regarding the CBE and the Iatan**
3 **Project's contingency?**

4 A: KCP&L reported on the CBE and the contingency amount in the Fourth Quarter Report
5 of 2006. In that report we reported that the Project Team's analysis of the risks
6 associated with the Iatan Project and recommended to set the contingency at the Project
7 level of ** [REDACTED] ** for Unit 2 and ** [REDACTED] ** for Unit 1 which equated to
8 approximately ** [REDACTED] ** of the total Project's estimate. In approving this level of
9 contingency for Unit 2 , the CEP Oversight Committee split the contingency so that the
10 Project had at its disposal ** [REDACTED] **, while the remaining ** [REDACTED] ** will be
11 held by the CEP Oversight Committee and only dispersed with specific approval based
12 on a business case analysis. Moreover, as noted in this Fourth Quarter Report of 2006,
13 the Project Team had to inform the CEP Oversight Committee of any use of the
14 contingency funds and justify such use to the Committee.

15 **Q: Subsequent to the Fourth Quarter Report of 2006, when did KCP&L inform Staff**
16 **of any updates to the Iatan Project's contingency?**

17 A: By establishing the CBE the Project Team had the opportunity to prepare detailed cost
18 reports that show costs to date and projected costs of completion on a detailed work
19 breakdown structure. These cost reports were presented as attachments to the written
20 Quarterly Reports that were prepared for Staff, and were discussed orally with Staff in
21 the Quarterly Meetings. In each subsequent quarter's Quarterly Report and Quarterly
22 Meeting, KCP&L discussed the remaining contingency for each of the Iatan Project's

1 **Q: What did KCP&L do at that time relative to the risks of Iatan 1 exceeding the**
2 **original CBE?**

3 A: At the time, we were engaged in a review and vetting of the Kiewit estimate for the
4 remaining balance of plant work. This vetting process extended into the Third Quarter of
5 2007. All throughout this time, engineering for Iatan 1 continued to mature and the result
6 of that process was a more defined scope of work for the Unit 1 Outage. As Company
7 witness Brent Davis testified, it became clear that the original schedule for the Unit 1
8 Outage could not be met. In order to properly analyze the impacts to both Iatan 1's
9 schedule and budget, the Project Team engaged in the Tiger Team review as well as a
10 detailed, bottoms-up reforecast of the Iatan Project's CBE. These activities were inter-
11 related because the outcome of the schedule review was likely to have an impact on the
12 Iatan Project's Control Budget.

13 **IDENTIFICATION OF RISKS**

14 **Q: Did KCP&L identify risks to the Iatan project in the Quarterly Reports?**

15 A: Yes, we did.

16 **Q: How did KCP&L communicate these risks in the Quarterly Reports?**

17 A: The purpose of the Quarterly Reports was, in general, to inform the Staff of the status of
18 the Iatan Project and the risks that KCP&L had identified as the project developed.
19 Starting in the First Quarter Report of 2007, after the approval of the CBE, we included a
20 section of each Quarterly Report devoted entirely to risks for the Iatan Project.

21 **Q: What were some of the specific risks that KCP&L identified in the in the Quarterly**
22 **Reports?**

1 A: Starting with the First Quarter Report of 2007 and continuing to the present, KCP&L has
2 identified for the Staff the following risks: (1) engineering completion and interfaces; (2)
3 coordination of multi-prime contractors; (3) commodity cost variability; (4) labor
4 availability; (5) global sourcing issues; (6) transportation; (7) low probability/high impact
5 events; (8) project team development; (9) ALSTOM performance / management /
6 relationship; (10) safety and quality; (11) scope additions; and (12) the potential impact
7 of the Unit 1 Outage on Unit 2. This is not a comprehensive list. There were other risks
8 that were discussed in the Quarterly Reports, though the risks listed above were the most
9 prominent. Additionally, there were some identified risks that did not materialize.

10 **Q: What was identified to the Staff by KCP&L as the risk of engineering completion**
11 **and interfaces?**

12 A: In the First Quarter Report of 2006, KCP&L identified that engineering, whether
13 performed by Burns & McDonnell or the vendors, remained on the Project's Critical
14 Path, and that there was considerable communication and coordination required between
15 Burns & McDonnell and the various vendors to ensure engineering was completed in
16 accordance with the Project schedule and without error. For example, we identified in
17 this Quarterly Report that for KCP&L's engineer to complete its design of the boiler
18 foundations, the engineer first required the boiler vendor's structural loading and
19 arrangement information. Obtaining this information required properly sequencing the
20 engineering efforts and constant communication between the parties.

21 **Q: Did KCP&L identify how it was mitigating these risks in the Quarterly Reports?**

22 A: Yes. As an example, in the same First Quarter Report of 2006, we noted that KCP&L
23 had dedicated resources to manage engineering interface issues, and that the Project's

1 schedule included details of these critical activities to monitor the vendors' and the
2 engineer's progress.

3 **Q: Did KCP&L include similar updates to this risk related to engineering in**
4 **subsequent reports?**

5 A: Yes. We identified the risk of engineering completion in each and every subsequent
6 Quarterly Report until engineering reached over 90% complete in our most recent Fourth
7 Quarter Report of 2008. Prior to that time, KCP&L continued to identify the risk of
8 scope additions to the Iatan Project.

9 As an example, in First Quarter Report of 2008, we stated that:

10 until engineering is completed, the scope of Iatan Unit 1 and Unit 2 has
11 been and will be subjected to certain alterations that are needed to
12 optimize operations, and account for unknowns or items inadvertently
13 omitted during the initial Project definition. Engineering is currently 81%
14 complete for Iatan Unit 1 and Unit 2. The Project has allocated a portion
15 of the contingency for such additions in scope, and all such changes are
16 subjected to rigorous review by the applicable Project Team members per
17 the policies and procedures established by the Procurement and Cost
18 Control functions. In addition, the Project Team updates its ongoing cost
19 forecasts to identify specific additions to the Project's Control Budget
20 which may result in draw downs of Project contingency for any reason,
21 including scope changes. The current cost reforecast effort will identify
22 the impact of scope additions and the results of the Project's design
23 maturing, among other such reasons for contingency draws.

24 **Q: Were each of the other risks identified above discussed in a similar manner in the**
25 **Quarterly Reports?**

26 A: Yes, they were.

27 **Q: Were there risks that KCP&L tracked in the Quarterly Reports that did not**
28 **materialize?**

29 A: Yes. There were several that proved not to have a large impact on the Iatan Project. One
30 risk that was a major concern at the outset of the Iatan Project was labor availability. The

1 risk of not having sufficient numbers of craft workers and/or not having enough highly
2 skilled craftsman was identified in the First Quarter Report of 2006 and each Quarterly
3 Report thereafter. As stated in the press release related to the cost reforecast in May 2008
4 (attached to Hospital Intervenor's witness James R. Dittmer's Direct Testimony as
5 Schedule JRD-03), KCP&L's concern regarding constrained labor availability was one of
6 the reasons for the reforecast.

7 **Q: What did KCP&L report to the Commission Staff regarding this risk?**

8 A: In our most recent Fourth Quarter Report of 2008, we stated:

9 With the imminent completion of the Unit 1 Outage work, the Project has
10 already experienced its manpower peak, and the focus is turning to Iatan
11 Unit 2. Thus far, there have been no reported difficulties obtaining craft
12 workers for the Project. KCP&L and the contractors continue to work
13 with the Kansas City building trades to identify how to overcome such
14 issues, should they arise. Nonetheless, it remains the responsibility of the
15 contractors to adequately man the Iatan Project.

16 This was a significant potential risk that KCP&L tracked carefully and updated in each
17 Quarterly Report. Thus far, labor availability has failed to impact the Iatan Project.

18 **Q: To what do you attribute the success of the Iatan Project's ability to attract labor
19 and avoid this risk?**

20 A: There were a number of reasons that KCP&L identified in its Quarterly Reports, the most
21 prominent of which include:

22 (1) KCP&L worked very hard maintaining communication with the local unions. As
23 noted in the Second Quarter Report of 2008, we continued to work with the local union
24 halls as well as review current work to ensure there was an adequate level of staff and
25 skill to complete work according to the schedule. For example, we reported that during
26 second quarter 2008, KCP&L held a meeting with the Boilermakers Hall. During this
27 meeting, KCP&L learned that the Hall was in the process of acquiring approximately

1 2,000 skilled laborers during the period of the fall outage and that approximately 1,000
2 would be available for the Project. This increase in specialty labor during the outage
3 window further assisted in reducing the risk to the project of boilermaker labor
4 availability.

5 (2) The Project Team was constantly looking for opportunities to maximize the schedule:
6 As reported in Third Quarter Report of 2006, KCP&L adjusted the schedule to mitigate
7 vendor availability and shop concerns on the chimney construction and examined other
8 such opportunities to improve the Project's schedule as the Iatan Project progressed.

9 (3) The Kiewit contract substantially mitigated the early concerns with labor availability:
10 in our Second Quarter Report of 2007, we discussed the perceived benefits of Kiewit's
11 (also referred to as "Kiewit Industrial Contractors" or simply as "KIC") involvement as
12 the Balance of Plant contractor:

13 KIC's proposal included an assumption of risk for labor productivity,
14 which was identified as one of the Project's most significant risks.
15 Moreover, KIC's plan to accelerate completion of portions of the BOP
16 work scope in the schedule to the maximum extent possible is intended to
17 levelize the overall manpower needs for the Project in a tight labor market.
18 Under the proposed contracting arrangement with KIC, KCP&L retains
19 the risk of attracting labor to the Project if the local union halls have
20 insufficient resources to complete the BOP work. KIC does have a
21 number of incentive programs that have been successful in other locales in
22 attracting labor and these will be considered for use for the Project as and
23 when required.

24 Thus far, the risk of labor availability has been mitigated by the actions that KCP&L has
25 taken throughout the Iatan Project.

26 **Q: Are there other risks that have not materialized?**

27 **A:** There were certain risks that we identified and for which contingency was allocated that
28 have thus far not materialized, such as the risk from global sourcing of materials and

1 certain other low probability/high impact events. These risks have been mitigated or
2 eliminated mostly by the passage of time.

3 **Q: Are there any other significant risks that KCP&L identified in the Quarterly**
4 **Reports?**

5 A: Yes. In addition to the risks around engineering completion and scope additions as
6 discussed previously, there were three other very significant risks that have been
7 highlighted in the Quarterly Reports to date: (1) coordination of multi-prime contractors;
8 (2) ALSTOM performance/management/relationship; and (3) the potential impact of the
9 Unit 1 Outage on Unit 2. The Quarterly Reports identified these as key risks and also
10 included significant additional detail regarding each of these issues, as discussed below.

11 **MULTIPLE-PRIME CONTRACTING METHOD**

12 **Q: When did KCP&L apprise the Staff of the risks regarding the multi-prime**
13 **contracting method?**

14 A: At the outset of the Iatan Project, we discussed the risks associated with KCP&L's role in
15 the Iatan Project in each Quarterly Report and Quarterly Meeting with the Staff. As an
16 example, in the Fourth Quarter Report of 2006, we noted that because KCP&L was the
17 Project's Construction Manager and was coordinating the work that was being performed
18 by multiple contractors, and that the Project would require close coordination of key
19 contractor interfaces and timely turnover of work areas. An example cited in that report
20 of this type of coordination was the interface/turnover between the boiler/AQCS
21 contractor and then-unknown electrical contractor. The Fourth Quarter Report 2006
22 stated, "An area on the boiler must be sufficiently complete structurally and mechanically
23 for the electrical contractor to begin its work. These types of interfaces will require

1 careful coordination and a detailed and accurate project schedule. In addition, the scope
2 of the electrical contracts, as well as all other Balance of Plant work, must be defined,
3 engineered and planned.”

4 **Q: Has KCP&L attempted to mitigate the risks that it identified with the multi-prime**
5 **contracting method?**

6 A: Yes. By the Second Quarter of 2007, KCP&L chose to entertain a different option for the
7 remaining Balance of Plant work that significantly reduced the risks identified above
8 through a contract with Kiewit. As noted in our Second Quarter Report of 2007:

9 KCP&L had initially assumed it would procure the BOP work through
10 multiple contracts with specialty contractors. This initial plan was
11 developed for implementation because, at the time of its inception, it was
12 believed that labor availability would be enhanced with this approach and
13 there would be an opportunity to contract for more work from MWBE
14 firms.

15 **Q: Why did KCP&L choose at this time to change the contracting methodology for the**
16 **Balance of Plant work?**

17 A: The change in approach was due to Kiewit’s interest in the contract, which prior to this
18 time was not evident from Kiewit or any of its competitors. In the Second Quarter
19 Report of 2007, we noted that:

20 no single entity, general contractors (was) interested in completing the
21 BOP work on a full fixed price or even a shared risk basis. Now that KIC
22 has provided a proposal to complete the BOP work on a shared risk basis,
23 in the alternative to its initial plan, KCP&L has decided to pursue
24 engagement of KIC to complete the BOP work in order to mitigate a large
25 portion of the cost and schedule risk for the overall project.

26 **Q: On what basis did KCP&L’s Senior Management make the decision to negotiate**
27 **with Kiewit for the remaining Balance of Plant work?**

28 A: Based on the quality of Kiewit’s proposal for the work, Senior Management concluded,
29 as stated in the Second Quarter Report of 2007, that:

1 Considering all the risk, including the risk of not receiving firm price bids
2 on some or all of the remaining contracts now being aggregated into the
3 KIC contract, the Project Team made a positive recommendation to the
4 CEP Oversight Committee regarding KIC's proposal. The CEP Oversight
5 Committee agreed with the Project Team moving forward with
6 negotiations and entering into a LNTP for the BOP construction work to
7 be performed by KIC while the parties negotiate a contract, so as not to
8 impact the project's schedule. KIC has mobilized a small crew to site and
9 a separate team at the Burns & McDonnell, the project's Owners
10 Engineer, offices to perform the activities contained in the LNTP.
11 Negotiations regarding KIC's final price, scope and terms and conditions
12 for its work are ongoing, with a goal of completing the contract by the end
13 of the third quarter 2007.

14 **Q: Is it true that the Kiewit contract was not competitively bid?**

15 A: Yes.

16 **Q: Was that considered a risk to the Iatan Project?**

17 A: Yes, but one that was mitigated through detailed vetting of the estimate for the work that
18 Kiewit initially presented to Senior Management on April 13, 2007. In our Second
19 Quarter Report of 2007, we described the detailed vetting process that was on-going at
20 the time to confirm Kiewit's bid estimate. As described in our Third Quarter Report of
21 2007, the estimate reconciliation process in which KIC and KCP&L's Project Team
22 participated revealed some necessary changes/reductions in scope, resulting in changes to
23 the Kiewit Estimate. In addition, KIC increased its fee to compensate for the additional
24 risks it would assume under the shared-risk philosophy of the contract. This estimate
25 true-up process also revealed some scope additions to the Base Cost Estimate that the
26 parties agreed to include in the contract resulting in contingency draw downs. The
27 Kiewit Estimate was incorporated into the contract and used as the basis for ongoing
28 assessments of quantities. Under the contract, KIC is entitled to additional compensation
29 should the quantities of work increase, and KCP&L would be entitled to a reduction in

1 the price should the quantities in the Kiewit Estimate prove to be lower than specified in
2 the budget.

3 **Q: What were the primary benefits to having Kiewit contract for the Balance of Plant**
4 **work?**

5 A: The most beneficial aspect of Kiewit's presence on the project was mitigating the
6 aforementioned risk coordinating multi-prime contractors. As we stated in the Third
7 Quarter Report of 2007:

8 with KIC performing the BOP work, the number of contractors interfacing
9 on site would be dramatically reduced, and the coordination of the BOP
10 work would be consolidated under a single contracting entity, thus
11 removing the risk of multi-prime contractors conflicting with one another
12 in the field. Moreover, KIC's proven track record in the industry would
13 increase KCP&L's confidence that the work would be properly
14 coordinated with ALSTOM and the other contractors on site.

15 In the Third Quarter Report of 2007, we described the methodology Kiewit used
16 for planning and executing the work, which Kiewit has used with success thus far on the
17 Iatan Project. Kiewit produces "work packs" composed of daily work scripts for the craft
18 in the field, which in its experience reduces manpower, coordination difficulties and
19 change orders because the work is pre-planned and scheduled. In addition, we noted that
20 Kiewit helped mitigate schedule pressures and preserved float by pursuing opportunities
21 to accelerate work and optimize its and the other contractors' overall performance.
22 Moreover, Kiewit worked with Burns & McDonnell during the design phase in order to
23 familiarize its team with the work and perform constructability reviews long before the
24 work advances to the field.

25 **ALSTOM PERFORMANCE/MANAGEMENT/RELATIONSHIP**

26 **Q: Why was the ALSTOM contract perceived by KCP&L to be a risk?**

1 A: As noted in our Third Quarter Report of 2007, Senior Management recognized early on
2 that ALSTOM was fulfilling many different design and construction needs, most of
3 which comprise Unit 1's Critical Path, making its performance and cooperation critical to
4 the Unit 1 Project's success. Senior Management recognized that it was imperative that a
5 strong working relationship be created and maintained with expectations clearly defined
6 and avenues for discourse on contested issues established, and that failure to create and
7 maintain this relationship could result in missing key dates on submittals and
8 construction, which could adversely affect the entire Unit 1 Project.

9 **Q: What did Senior Management do to mitigate the risk of the ALSTOM contract?**

10 A: Company witness William Downey identified a number of initiatives that Senior
11 Management undertook with ALSTOM's management. Many of these initiatives were
12 memorialized for Staff in the Quarterly Reports and Quarterly Meetings. For example, in
13 the Second Quarter Report of 2007, we noted that:

14 the Project Team has established a series of initiatives aimed at improving
15 and maintaining ALSTOM's performance and transparently driving
16 critical issues for discussion and resolution. ALSTOM's and KCP&L's
17 senior management meet on a periodic (quarterly and more frequently if
18 necessary) basis to ensure mutual commitments are met and issues that
19 could adversely impact the schedule are resolved. Finally, it is expected
20 that KIC will play a critical role in integrating with ALSTOM on critical
21 electrical and mechanical work. KIC has proposed an integrated approach
22 with ALSTOM to meet overall site goals for resources and coordination of
23 work which KCP&L is working to implement at the appropriate time.

24 **Q: Were these initiatives successful at reducing the risk of ALSTOM's performance on**
25 **Iatan 1?**

26 A: Yes. Without recognizing the risks of ALSTOM's performance, the parties may not have
27 agreed to a process for re-examining the Iatan 1 schedule and resolving commercial
28 issues to allow for the completion of the Unit 1 Outage. Our Third Quarter Report of

1 2008 discussed how ALSTOM's performance is critical to the success of the Project, and
2 that, "[d]eveloping a strong working relationship at the executive and working levels with
3 ALSTOM, Kiewit and the other key contractors on site has been one of KCP&L's
4 priorities since the inception of the Project." In that Quarterly Report, we discuss the
5 facilitation in April 2008, in which KCP&L, ALSTOM, Kiewit, and Burns & McDonnell
6 participated that led to the ALSTOM Settlement Agreement as well as the contractors'
7 involvement in providing key data needed for determining an appropriate risk band in the
8 second quarter 2008 cost reforecast.

9 Company witnesses William Downey and Carl Churchman testified as to the
10 positive impact the ALSTOM Settlement Agreement had on the Iatan 1 Project.
11 Company witness Carl Churchman also testified that the ALSTOM Settlement
12 Agreement made an already strong commercial agreement even stronger. I agree with
13 both Mr. Downey's and Mr. Churchman's testimony.

14 **MITIGATION OF RISKS FROM UNIT 1 OUTAGE**

15 **Q: What were the risks that KCP&L's Senior Management identified related to the**
16 **Unit 1 Outage?**

17 A: Senior Management's concerns were two-fold: we recognized the risk of the Unit 1
18 Outage work itself; and the risk that Iatan 1 work could impact the progress on Iatan 2.
19 KCP&L identified and reported these risks, among others, in its Third Quarter Report of
20 2007. Additionally, as Company witness Brent Davis testified, the Unit 1 Outage
21 increased in complexity as the design for Iatan 1 matured and the performance
22 requirements under the ALSTOM contract were understood.

23 **Q: What made the Unit 1 Outage more difficult to accomplish?**

1 A: Company witness Mr. Davis testified regarding the added scope items that were required
2 to bring Iatan 1 back to service after the Unit 1 Outage, including the additional Iatan 1
3 economizer surface area project necessary to meet the required outlet gas temperature for
4 ALSTOM's SCR performance. We noted in First Quarter Report of 2007 that due to the
5 timing of this design, these items were not included in the Iatan Unit 1 CBE.
6 Specifically, in that same Quarterly Report we identified the award of the following
7 contracts that were additions to the original CBE: (1) Distributed Control System (DCS)
8 Configuration was awarded to Emerson to design, engineer, and test the DCS
9 configuration; (2) Construction Support Buildings awarded to Hoffman Cortes, a certified
10 M/WBE, to furnish and erect the warehouse, oil storage and paint storage, and fabrication
11 shop buildings; (3) Bottom Ash/Fly Ash Handling awarded to United Conveyor
12 Company to provide equipment and materials for the ash handling tanks, bins, pumps,
13 piping, controls, and panel. The contract was awarded to United Conveyor Company; (4)
14 Waste Water Treatment was awarded to Aquatech to provide brine concentrators, spray
15 dryers, distillate storage tank, piping, valves, fittings, and instrumentation and controls. I
16 recall that Company witness Mr. Davis informed the Staff of the risk to the Unit 1 Outage
17 of these contracts and other scopes of work that were added to the Iatan 1 project after the
18 CBE was established.

19 **Q: What was the risk to Iatan 2 from the Iatan 1 work?**

20 A: As stated previously, there was an ongoing concern regarding the availability of craft
21 labor. The schedule and planning documents for the Iatan Project showed that the
22 project's labor peak would occur during the Unit 1 Outage. Our Third Quarter Report of
23 2008 summarized these risks on the eve of the Unit 1 Outage, in which we stated that

1 KCP&L recognized the importance of the successful completion of Iatan Unit 1 outage
2 construction by December 30, 2008 to allow the labor forces to migrate entirely to Iatan
3 Unit 2 at a critical juncture.

4 **Q: What was the “Tiger Team?”**

5 Company witnesses William Downey and Brent Davis testified regarding the need for the
6 Tiger Team KCP&L reported to the Commission regarding the Tiger Team in our First
7 Quarter Report 2008 as follows:

8 During first quarter 2008, representatives of the Project Team, Burns &
9 McDonnell, ALSTOM and Kiewit met to intensively study the Iatan Unit
10 1 outage. Major objectives of the Tiger Team were to: Determine a high
11 confidence start date that maximizes the amount of construction
12 completed prior to the outage; Determine an outage duration, which is as
13 short as possible, while maintaining high levels of safety and quality
14 performance; and Accomplish the Iatan Unit 1 Provisional Acceptance
15 date as soon after the outage completion as practical. The final report of
16 outage recommendations is expected in early second quarter 2008.

17 **Q: What was the result of the Tiger Team?**

18 A: Company witness Mr. Downey testified that once the Tiger Team completed its review
19 and issued its report, KCP&L convened meetings with ALSTOM’s management to
20 resolve any outstanding commercial issues. In the Third Quarter Report of 2008, we
21 informed Staff of the process that the parties engaged in to reach this agreement started
22 in first quarter 2008, starting with the mutual recognition that the schedule for the Iatan
23 Unit 1 work required an extensive review, which led to the Tiger Team, the facilitation
24 on April 15 and 16, 2008, concluded with the ALSTOM Settlement Agreement.

25 **Q: What were the benefits of the ALSTOM Settlement Agreement?**

26 A: Company witness Mr. Churchman testified regarding the benefits of the ALSTOM
27 Settlement Agreement. I agree with that testimony.

28 **Q: How was the Staff informed of these events?**

1 A: In the Second Quarter Report of 2008, we informed the Staff that facilitated sessions
2 with ALSTOM had occurred, culminating in ** [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]**.

7 In the Third Quarter Report of 2008, KCP&L identified the following as the
8 primary benefits accruing to KCP&L's customers and shareholders from the ALSTOM
9 Settlement Agreement: ** [REDACTED]

10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]**.

22 Q: What did KCP&L's Project Team do during the Unit 1 Outage to monitor progress
23 of the work?

1 A: I agree with Company witness Carl Churchman's testimony that KCP&L's active
2 engagement of the contractors was one of the keys to success on the Unit 1 Outage. As
3 noted in our Third Quarter Report of 2008, KCP&L closely tracked the work of all the
4 Iatan Unit 1 contractors on both an earned value and schedule basis in accordance with
5 the aforementioned Revised Iatan Unit 1 Schedule. Progress to this schedule was
6 reviewed with the contractors on a daily basis, and potential issues were escalated to the
7 Vice President, Construction and the contractors' senior project management teams.
8 These measures allowed KCP&L to both know and understand the issues facing the
9 contractors on a real-time basis, which has led the Project Team to identify and
10 implement mitigation efforts and other work-arounds to overcome difficulties. We noted
11 in that Quarterly Report and at the Quarterly Meetings on September 9, 2008 and
12 November 18, 2008 that KCP&L's ability to transparently identify issues to the
13 contractors and hold the contractors accountable for their performance allows for the
14 Project's best chance for meeting schedule and budget goals.

15 **MITIGATION OF RISKS – EARLY PROCUREMENT**

16 **Q: What were other ways that KCP&L mitigated risk on the Iatan Project?**

17 A: As Company witness William Downey testified, there was a strategy laid out in late 2005
18 to procure the large equipment for the Iatan Project as expeditiously as possible.
19 KCP&L's Senior Management was aware of the risks of procurement in the then-
20 overheated construction market, and tracked those risks until the majority of
21 procurements were in place.

22 **Q: How successful was KCP&L at mitigating these risks?**

1 A: KCP&L's procurement effort has been very successful and has mitigated these risks.
2 Company witnesses Steven Jones and Kenneth Roberts discussed in detail in their
3 testimony the ways in which the procurement effort succeeded in both getting ahead of
4 the market and procuring materials and services in time to meet the Project's schedule.
5 We reported our progress in procurement to the Staff in each of the Quarterly Reports.
6 Examples of these Quarterly Reports include:

- 7 • As described in our Fourth Quarter Report of 2006, we reported that KCP&L had
8 successfully targeted and procured over 55% of the estimated direct portion of the
9 Iatan Unit 2 Project value and 78% of the estimated direct portion of the Unit 1
10 Project value, which had reduced this risk. The Project's Procurement Team
11 worked diligently to further reduce this risk by first, identifying those items that
12 are most needed and/or have long lead times, and second, insuring that the items
13 are purchased in accordance with the Project's budget and schedule. KCP&L's
14 Procurement Team constantly monitored the industry and worked with Burns &
15 McDonnell to release as much work for bid as possible in the near term.
- 16 • In our Third Quarter Report of 2007, 84% of the estimated direct portion of the
17 Iatan Unit 1 Project value and 70% of the estimated direct portion of the Iatan
18 Unit 2 Project value.
- 19 • By the Third Quarter Report of 2008, procurements for Iatan Unit 1 were reported
20 at 97% committed and Iatan Unit 2 was 96% committed. We also reported that
21 with the majority of the major procurements having been awarded, the Iatan
22 Project had successfully mitigated one of the identified major risks to the Project
23 with cost variability and certainty.

1 **UNIT 1 OUTAGE PREPARATION AND PROGRESS**

2 **Q: When was KCP&L first aware that the original schedule for the Unit 1 Outage**
3 **could not be met?**

4 A: In our Fourth Quarter Report of 2007, we reported that ALSTOM's Iatan Unit 1 SCR
5 duct fabrication was as much as 12 weeks behind. KCP&L requested ALSTOM provide
6 a recovery plan for this work. As ALSTOM was preparing its recovery plan, as
7 Company witness William Downey testified, ALSTOM, through executive meetings in
8 the first quarter 2008, identified the need for the major parties to come together in a
9 "Tiger Team" to examine the Unit 1 Outage schedule.

10 **Q: What was discussed in the Tiger Team meetings relative to the Unit 1 Outage**
11 **schedule?**

12 A: Company witness Brent Davis testified regarding the Tiger Team meetings. That
13 testimony comports with my understanding.

14 **Q: What did you report to the Staff regarding the results of the Tiger Team analysis?**

15 A: In the First Quarter Report of 2008, we reported that the work required to return Iatan
16 Unit 1 to service with the new AQCS components, which was being performed by
17 ALSTOM, also included significant maintenance and plant optimization scope for the
18 Iatan Unit 1's fall 2008 outage. We further reported that the Tiger Team was created to
19 review all work scopes and provide a joint KCP&L and contractor recommendation to
20 mitigate this risk. In addition, we reported that the Project Team was working closely
21 with the Iatan Unit 1 operations and maintenance staff to plan the Iatan Unit 1 outage
22 work months earlier than normal, so as to anticipate performance risks, manpower peaks,
23 laydown space, site access and other requirements as early as possible.

1 In the Second Quarter Report of 2008, we advised that the Tiger Team
2 conclusions had been adopted and that Iatan Unit 1 outage completion was scheduled for
3 December 30, 2008, the revised date for Iatan Unit 1's breaker close, which would

4 ** [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]**. The Project instituted daily
8 meetings with Project management to review and track work based on the Revised Iatan
9 Unit 1 Schedule to ensure ongoing project readiness for the fall 2008 outage.

10 **Q: Was there a concern that the accident involving ALSTOM's large erection crane on**
11 **May 23, 2008 (referred to as the "Crane Accident") would impact the Unit 1**
12 **Outage?**

13 A: Yes.

14 **Q: Did you inform the Staff of these risks?**

15 A: Yes. I recall that shortly after the Crane Accident occurred, I spoke with the Staff
16 regarding the accident, and shortly after that conversation David Elliott arrived at site for
17 a tour of the damage. Our Second Quarter Report of 2008 recapped the facts that were
18 known at the time and discussed the ongoing investigation. By the September 9, 2008
19 Quarterly Meeting with Staff, KCP&L had received notice from OSHA that it would not
20 be cited for any fault associated with the Crane Accident.

21 In our Second Quarter Report of 2008, we noted that ALSTOM had relocated the
22 damaged crane on June 21, 2008, was resurfacing the crane mats and was ready to begin
23 erection of its replacement 4600 crane. These actions allowed for the dates in the

1 Revised Unit 1 Schedule to be maintained in spite of the Crane Accident, though, as
2 noted in our Second Quarter Report of 2008, the Crane Accident reduced the amount of
3 float the Project would have available to meet the Iatan Unit 1 outage start date of
4 October 18, 2008 and the close of the Unit's breaker on December 30, 2008.

5 I would also note that the Commission granted the request of Staff and others to
6 hold special evidentiary hearings during the merger case in Case No. EM-2007-0374
7 specifically to address the Crane Accident and its potential impact on the Iatan
8 construction schedule and the finances of the Company.

9 **PROJECT COST REFORECAST**

10 **Q: When was the Staff informed that Iatan 1 was likely to exceed the CBE?**

11 A: In the Second Quarter Report of 2007, we noted that the Project Team had identified to
12 the CEP Oversight Committee the possibility that the Iatan Unit 1 budget could be
13 exceeded. It was projected at that time that even under the Best Case scenario, an
14 overspend of the then-current contingency amount was projected to occur for Iatan Unit
15 1. The major reasons cited at that time for the projected Iatan Unit 1 overspend were:
16 (1) the additional economizer surface area to insure a proper inlet temperature for the new
17 SCR; and (2) a larger than initially anticipated foundation cost for the SCR structural
18 steel installation.

19 **Q: What was the process used for reforecasting the CBE?**

20 A: The process for the reforecast was described in the direct testimony of Company witness
21 Mr. Davis and the rebuttal testimony of Company witnesses Mr. Roberts and Mr. Meyer.

22 **Q: When was Staff informed that KCP&L was reforecasting the Control Budget?**

1 A: In the Cost Control System document presented to the Staff in July 2006, KCP&L
2 committed to performing periodic reforecasts of the Iatan Project's costs. In the
3 Quarterly Meeting in November 2007, we informed the Staff of the conclusions we had
4 reached relative to the Iatan 1 budget discussed above, and identified the process that the
5 project team would undertake to re-examine the Iatan 1 project's scope, contingency,
6 schedule and risks. KCP&L documented each of the events in the reforecast process in
7 the Quarterly Reports and Quarterly Meetings of late 2007 to mid-2008.

8 In our First Quarter Report of 2008, we described the following relative to the
9 reforecast of the Control Budget:

- 10 • KCP&L sought input from each of the Project's major contractors and the
11 Owner's Engineer that it would use for assisting in projecting the velocity of the
12 Project's costs.
- 13 • The Project Team was engaged to perform an (1) Evaluation of the risk and
14 opportunity justification and back-up documentation; (2) Evaluation of separately
15 prepared quantity analyses by Burns & McDonnell, Kiewit and KCP&L; (3)
16 Redefining scope growth classifications and application of the new classifications
17 to all contingency draws to relate to current circumstances; (4) Developing and
18 evaluating of the Project's contingency analysis; (5) Analyzing direct cost
19 modifications; and, (6) Analyzing potential contractor requests for contract
20 adjustments.
- 21 • In order to properly develop and consider the multiple aspects of this cost
22 reforecast, the Project Team developed a process and associated schedule for the

1 reforecast activities, from which the Project Team set a goal to produce the
2 reforecast by the end of April 2008.

3 **Q: When was the reforecasted Control Budget presented to the Executive Oversight
4 Committee?**

5 A: April 25, 2008.

6 **Q: When was the reforecasted Control Budge approved for Iatan 1?**

7 A: On May 5, 2008, after Schiff presented to the Executive Oversight Committee its view of
8 the reforecasted Control Budget, at which time Senior Management was able to render a
9 decision regarding the size of the budget and associated contingency.

10 **Q: What was the reforecasted Control Budget amount?**

11 A: As I previously testified, the Control Budget was increased for Iatan 1 to \$484.1 million.

12 **IATAN 1 ECONOMIZER CASING**

13 **Q: What was the latent condition found on Unit 1 in the fourth quarter of 2008?**

14 A: Part of the upgrades to Unit 1 included adding surface area i.e., additional boiler tubes, to
15 the Unit 1 Economizer. This work was required by the ALSTOM Contract to reduce the
16 exit gas temperature to the new Iatan Unit 1 SCR. As stated in our Third Quarter Report
17 of 2008, Babcock & Wilcox ("B&W") had been awarded the contract for the surface area
18 work. By September 2008, B&W had mobilized on site and had begun preparatory work
19 in September 2008. B&W's schedule was fully vetted by the KCP&L Project Team prior
20 to its mobilization and found to be realistic. It was anticipated that B&W's installation
21 plan for the work would require approximately 48,000 man-hours, and that B&W would
22 complete its work by the end of November 2008.

1 In order to access the boiler tubes, B&W needed to first demolish portions of the
2 external casing around the economizer. To do this, B&W needed to remove insulation
3 and lagging and cut into portions of the steel constructed 30 years ago when Iatan Unit 1
4 was built. On November 8, 2008, three weeks after the Iatan Unit 1 Outage began, B&W
5 discovered a crack in the economizer casing. This crack was initially the size of a
6 fingernail, though over the course of two days, it propagated into a four foot long cleave
7 crack that had a brittle appearance.

8 **Q: What happened after the crack in the economizer casing was discovered?**

9 A: B&W and the KCP&L Project Team identified this as a potential significant life safety
10 issue that could also significantly disrupt the schedule for the Iatan Unit 1 Outage.
11 KCP&L immediately engaged a team of third party metallurgists and secured additional
12 engineering assistance from M&M Engineering, Burns & McDonnell and Packer
13 Engineering (collectively, the “Technical Team”) to assist in the investigation. The
14 Technical Team first investigated the root cause and extent of the condition of the
15 problem and then developed a remediation plan for the economizer.

16 **Q: What was the root cause of the crack?**

17 A: Based upon the investigation by the Technical Team, it was determined that the
18 economizer casing plate’s steel alloy is called Cor-Ten A steel, which is a high strength,
19 low alloy steel. A common physical property of Cor-Ten A is that under low
20 temperatures it becomes brittle. Once the Outage started and the steel cooled to ambient
21 temperatures, heavy welds and an arc weld strike from on-going repair work caused the
22 crack to occur.

23 **Q: What was the remediation plan developed by the Technical Team?**

1 A: The remediation plan included a risk assessment of the likelihood of failure for all areas
2 where Core-Ten A material was known to exist. In all locations where the Technical
3 Team determined there is a high consequence of failure, the Cor-Ten A material was
4 replaced, with the exception of the ash hoppers. The Technical Team determined the risk
5 of failure of the economizer hoppers could be mitigated through a modification to the
6 structural support system to the hoppers which would prevent a catastrophic failure in the
7 event of severe Cor-Ten A cracking. The modification to the structural support system
8 was designed by Burns & McDonnell and had to be installed by B&W during the outage.

9 **Q: How was the Outage impacted by the discovery of the casing crack?**

10 A: As we reported to the Staff in our Fourth Quarter Report of 2008, the discovery of this
11 latent condition in the Unit 1 economizer increased B&W's scope of work with the
12 discovery of the latent economizer cracking. B&W performed the remediation plan work
13 including the replacement of the casing itself and installing the modified structural
14 support system for the hoppers per the design prepared by Burns & McDonnell.
15 Although there was a schedule impact on the Unit 1 outage for this additional work, the
16 schedule impact because of this latent condition was substantially shorter given the
17 course of action taken by KCP&L and the work by the contractors.

18 Prior to the discovery of the casing condition, ALSTOM had improved its
19 schedule performance and the likelihood of ALSTOM completing its construction work
20 to support a breaker closed date within one to two weeks of December 30, 2008
21 milestone was increasing. However, the casing condition caused the breaker closed date
22 to slip thirty two days, or to February 2, 2009. The Technical Team concluded that had
23 KCP&L not acted quickly and prudently in identifying both a safe and expedient

1 Economizer Remediation Plan, the Unit 1 Outage would have likely extended an
2 additional two to three months.

3 **Q: What other risks to a successful start-up of Unit 1 did KCP&L identify in its**
4 **Quarterly Reports?**

5 A: In the Fourth Quarter Report of 2008, KCP&L stated that the economizer casing
6 condition helped to illustrate the level of risk of performing significant upgrades to a 30-
7 year old operating power plant. KCP&L identified other unexpected events that could
8 extend the schedule by discussing potential impediments to the start-up of the unit. Such
9 events included failure of selected critical equipment, turbine balancing difficulties or
10 boiler tube failures, which were flagged as high risks at the outset of the Unit 1 Outage by
11 the Project Team.

12 **Q: Have any of the events identified by KCP&L impacted the start-up of Unit 1?**

13 A: Yes. We reported in our Third Quarter of 2008 report that KCP&L contracted with
14 General Electric ("GE") to perform a generator rewind, high pressure turbine rotor
15 replacement and maintenance of the turbine generator that was necessary to ensure
16 continued performance and enhance the overall operation of Iatan Unit 1. This work was
17 scheduled for a 54 day duration including the removal of the rotor and transport to GE's
18 shop in Chicago. GE planned to expend approximately 25,000 man-hours for the outage
19 work. GE had completed its original scope of work at the time of KCP&L's Fourth
20 Quarter Report of 2008.

21 On February 3-4, 2009, KCP&L initiated its start-up procedures for the turbine.
22 During that time, KCP&L attempted to roll the turbine four times. The first three starts
23 were terminated due to vibration, which, historically, has been an issue with this Unit

1 during start-up. On its fourth roll, the unit was in the process of performing boiler tuning
2 at ~100 MWe and also putting the feedwater heaters and deaerator into service at the time
3 that the Unit again tripped due to vibration. On February 5, 2009, the cover of the turbine
4 was opened, and it was determined the rotor was damaged causing bowing in the metal
5 shaft. Attempts were made to straighten the bow without further damage, but the rotor
6 would had to be sent to GE's facility in Chicago to evaluate the damage and make the
7 necessary repairs. The turbine rotor was shipped to Chicago for repairs. Fortunately, the
8 damage was not as severe as originally feared, and GE was able to make repairs and ship
9 the rotor back to KCP&L in less than three weeks. On February 28, 2009 the rotor was
10 delivered back to the Iatan site for re-assembly.

11 **Q: Has KCP&L determined a root cause for the permanent bowing of the rotor?**

12 A: Yes. KCP&L retained a turbine expert to perform a root-cause analysis. Concurrently,
13 GE's in-house experts performed their own root cause analysis. KCP&L and GE
14 exchanged the reports prepared by the experts, and on February 25th and 26, 2009, met to
15 determine if a consensus could be reached as to the root cause. Ultimately, both
16 KCP&L's expert and GE's experts agreed that the failure was triggered by differential
17 expansion. Excessive turbine differential expansion caused an axial rub, which in turn
18 caused the bowing of the metal shaft. Permanent bowing from an axial rub alone is
19 extremely rare based on GE's experience. However, it is not uncommon to have radial
20 rubs during a startup, especially on a new turbine. These radial rubs also would not
21 typically cause a permanent bow in and of itself. Therefore, it is believed that a
22 combination of both an axial and radial rub caused permanent bowing of the rotor. It is
23 believed that differential expansion can be controlled and by doing so will prevent a

1 reoccurrence of this event. As a result, KCP&L has reviewed its start-up procedures to
2 ensure that there is maximum confidence that a successful start-up will occur.

3 **Q: When does KCP&L currently expect to achieve Provisional Acceptance on Unit 1?**

4 A: The turbine was placed on turning gear on or about March 8, 2009. Full load is expected
5 on March 18, 2009. This will allow us to inspect ALSTOM's work to ensure that it has
6 met its Mechanical Completion requirements in its contract. Once ALSTOM's
7 Mechanical Completion status is verified, ALSTOM will have twenty-one (21) days to
8 achieve Provisional Acceptance. Right now, we believe Provisional Acceptance will
9 occur on or before April 30, 2009.

10 **Q: Are there continued risks to a successful start-up of Unit 1?**

11 A: Yes. KCP&L reported in the Fourth Quarter Report of 2008 that during the Iatan 1
12 Outage, the work included not only the tie-in of the new SCR and AQCS but also a series
13 of significant evolutions in addition to ALSTOM's scope that will need to meet
14 performance requirements for Iatan 1 to successfully start-up and achieve the uprated
15 capacity of the unit. These included: (1) new low NOx burners that require tuning; (2)
16 turbine generator upgrades; (3) new DCS system; (4) bottom ash conveyor; (5) additions
17 to economizer surface area to lower exit gas temperature; and (6) other plant maintenance
18 work. Because Unit 1 has not yet completed start-up, it is unknown at this time whether
19 Unit 1 will experience further issues in successfully starting-up and meeting its
20 performance requirements.

21 **IN-SERVICE CRITERIA**

22 **Q: Do you recall whether KCP&L and the Staff reached agreement on the in-service**
23 **criteria for Iatan 1?**

1 A: Yes. Company witness Brent Davis provided direct testimony in this case regarding the
2 acceptance of the in-service criteria. The in-service criteria the Company agreed to with
3 Staff in consultation with the Office of Public Counsel were attached to Mr. Davis's
4 Direct Testimony as Schedule BCD-2. In addition, in our Third Quarter Report of 2008,
5 we reported that the Project Team worked with the Staff and reached agreement on the
6 in-service criteria for the Iatan Unit 1 AQCS equipment for Missouri. The in-service
7 criteria included separate criteria for each of the following: NO_x control equipment
8 (SCR); Particulate and opacity control equipment (Baghouse); SO₂ control equipment
9 (Scrubber). Each of these criteria outlined the conditions required to be met for this
10 equipment to be considered "in service."

11 **ECONOMIC CONDITIONS**

12 **Q: Have you reviewed the Direct Testimony filed by James Dittmer on behalf of the**
13 **Hospital Intervenors?**

14 A: Yes, I have.

15 **Q: How would you characterize their testimony?**

16 A: Mr. Dittmer devotes several pages of his testimony to describing the challenges of the
17 current economic environment and the impact those challenges are having on KCP&L's
18 customers.

19 **Q: How would you respond to his suggestion that KCP&L's request for rate increase**
20 **should be adjusted to reflect the current economic environment?**

21 A: KCP&L is keenly aware of the difficult times many of its customers are facing. KCP&L
22 has done everything it can to minimize the impact of the rate increase it requested in this
23 case, as perhaps best demonstrated by the Company's request to receive a dramatically

1 lesser amount of Additional Amortizations than the formula included in the Regulatory
2 Plan would justify. The Company's direct case includes a request for \$15.1 million of
3 Additional Amortizations. The formula set forth in the Regulatory Plan would have
4 supported approximately \$47 million of Additional Amortizations in our direct case.
5 However, the Company re-evaluated its cash needs for 2009 and determined that it would
6 not ask its customers to support the full amount, especially in the current economic
7 environment.

8 I would also note that although KCP&L is sensitive to the impacts of a rate
9 increase, as a regulated public utility, KCP&L's rates are based upon its historical costs.
10 KCP&L committed to the environmental control projects at Iatan Unit 1 in 2005 as part
11 of the Regulatory Plan, has been paying for the project since that time, and filed its
12 current rate case using a 2007 test year. So while the timing of this case is unfortunate,
13 that fact is unrelated to the merits of the Company's requested rate increase. Ultimately,
14 the Commission sets KCP&L's rates based on the Company's cost of service. Those
15 costs are audited extensively by Staff, the Office of Public Counsel, and intervenors. The
16 Commission determines what rates are just and reasonable.

17 **SEVERANCE COSTS – TALENT ASSESSMENT**

18 **Q: Have you reviewed Staff's recommendation as sponsored by Mr. Hyneman**
19 **concerning the Company's continued recovery of severance costs related to the**
20 **Talent Assessment?**

21 **A:** Yes, I have.

22 **Q: What is your response to Mr. Hyneman's recommendation?**

1 A: It is inappropriate because it is inconsistent with prior findings by the Commission and
2 based on a flawed analysis.

3 **Q: Please explain.**

4 A: In KCP&L's prior rate case, Case No. ER-2007-0291, the Commission concluded that it
5 was appropriate for KCP&L to recover severance costs related to the Company's Talent
6 Assessment. The Commission expressly concluded that the program would be beneficial
7 to the Company's customers. As the Staff Report correctly states, "The Commission
8 concluded that the Talent Assessment severance costs should be recognized in cost of
9 service, and ordered the costs be deferred and amortized over five (5) years commencing
10 January 2007." Not quite through the second year of that five-year period, Mr. Hyneman
11 now asks the Commission to overrule itself based upon Mr. Hyneman's flawed analysis
12 that he purports demonstrates that KCP&L's customer service or satisfaction has
13 deteriorated since the Talent Assessment. He also references the Company's customer
14 service since the acquisition of Aquila, Inc. In his opinion, the Company's recovery of
15 "approximately one-third" of what the Commission authorized it to recover "is more than
16 adequate." Staff Report, p. 94.

17 **Q: What was flawed about Mr. Hyneman's analysis?**

18 A: As discussed in the Rebuttal Testimony of Company witnesses Jimmy Alberts and
19 William Herdegen, Mr. Hyneman misinterprets the pertinent data to arrive at the
20 incorrect conclusion that KCP&L's customer service or customer satisfaction has
21 deteriorated since the Talent Assessment or merger. To the contrary, KCP&L believes it
22 has maintain or improved the service it provides to its customers since the Talent
23 Assessment and since the acquisition of Aquila, Inc.

1 TRANSITION COST RECOVERY MECHANISM

2 **Q: Have you reviewed Staff's recommendation as sponsored by Mr. Hyneman**
3 **concerning the Company's recovery of transition costs related to the acquisition of**
4 **Aquila, Inc.?**

5 A: Yes, I have.

6 **Q: What is your response to Mr. Hyneman's recommendation?**

7 A: Mr. Hyneman casts aside any notion of tracking merger-related synergy savings and
8 comparing those savings to merger-related transition costs. His recommendation is
9 therefore inconsistent with the Commission's determination in the merger case, Case No.
10 EM-2007-0374. In that case, the Commission found that "There is no credible evidence
11 in the record that weighs against allowing the Applicants to recover transition costs if the
12 Commission approves the Applicant's merger proposal." The Commission reasoned that
13 "The transition costs quantified by the Applicants will be incurred to integrate Aquila and
14 KCP&L operations. Without incurring these costs, the companies could not achieve the
15 estimated synergies, while maintaining or improving system reliability for Aquila's and
16 KCP&L's customers." The Commission also noted that recovery of transition costs
17 "would not be sought if insufficient synergy savings were realized to cover those costs."
18 Although Mr. Hyneman is correct that a precise methodology for accomplishing this was
19 not included in the Commission's order, the order clearly contemplates that KCP&L will
20 be able to recover its merger-related transition costs to the extent those costs are offset by
21 merger-related synergy savings.

22 Mr. Hyneman does not suggest that his proposal results in the recovery of
23 KCP&L's transition costs, as the Commission deemed appropriate in its merger order.

1 Instead, he quotes statements attributable to Lori Wright concerning the difficulty of
2 tracking synergy savings and statements attributable to Terry Bassham about how
3 regulatory lag would result in the recovery of some level of synergy savings. Ms.
4 Wright's statements are true. It is difficult to track synergy savings. Nonetheless, such
5 tracking is what the Commission contemplated in the merger order and is discussed
6 further in the Rebuttal Testimony of Darrin Ives. Mr. Hyneman quotes Mr. Bassham's
7 comments out of context. Mr. Bassham is not indicating that regulatory lag would result
8 in the Company recovering transition costs deemed prudent by the Commission for
9 recovery. Instead, Mr. Bassham indicated that regulatory lag would result in some
10 sharing of synergy savings between customers and shareholders.

11 **HAWTHORN 5 SCR WARRANTY SETTLEMENT**

12 **Q: Have you reviewed Staff's position concerning the Company's receipt of a**
13 **negotiated settlement concerning the SCR at Hawthorn 5?**

14 A: Yes, I have.

15 **Q: Staff proposes that KCP&L's customers should receive the benefit of the settlement**
16 **proceeds. Do you believe that is appropriate?**

17 A: No, I do not. Staff's position is premised on the incorrect assumption that KCP&L's
18 customers "paid for the costs KCP&L incurred because of the substandard performance
19 of the plant." Staff Report, p. 102. The settlement payment reimburses KCP&L for
20 increased expenses it incurred going back to 2001. Because KCP&L did not increase its
21 rates until January 2007, it is incorrect to say that the Company's customers bore those
22 costs. The facts surrounding the Hawthorn 5 SCR warranty settlement and Staff's
23 argument concerning the settlement are nearly identical to the issues involving the

1 Hawthorn 5 subrogation proceeds and Wolf Creek Department of Energy refund issues
2 that were litigated in Case No. ER-2007-0291. In both cases as here, the Company
3 received a payment during the test year that reimbursed it for past costs the Company
4 incurred that were not included in rates. The Commission agreed with the Company that
5 reaching back to prior years outside the test period, in order to apply a “refund” going
6 forward constitutes retroactive ratemaking, and is not appropriate. Such a determination
7 would need to be premised on the contention that KCP&L over-recovered its cost of
8 service during that timeframe. It is no more appropriate to reach back beyond the test
9 year than it is for the Company to reach back for rate increases foregone during this
10 period. Here, KCP&L did not have a rate increase until January 2007. The settlement of
11 the Hawthorn 5 SCR performance issue addresses expenses incurred by the Company
12 going back to 2001. Customers did not bear those costs. Moreover, although KCP&L
13 received the settlement payment during the test year in this case, the payment represents a
14 one-time event that does not reflect KCP&L’s cost of service going forward.

15 **HAWTHORN TRANSFORMER SETTLEMENT**

16 **Q: Have you reviewed the testimony filed by Charles Hyneman on behalf of Staff**
17 **concerning this topic?**

18 A: Yes, I have.

19 **Q: Again, Staff proposes that KCP&L’s customers should receive the benefit of the**
20 **settlement proceeds. Do you believe that is appropriate?**

21 A: No, I do not. Again, Staff’s position is premised on the incorrect assumption that
22 KCP&L’s customers “paid for the costs KCP&L incurred because of the substandard
23 performance of the plant.” Staff Report, p. 103. The settlement payment reimburses

1 KCP&L for increased expenses it incurred going back to 2005. Because KCP&L did not
2 increase its rates until January 2007, it is incorrect to say that the Company's customers
3 bore those costs. Similar to the SCR warranty issue discussed above, the facts
4 surrounding the Hawthorn transformer settlement and Staff's argument concerning the
5 settlement are nearly identical to prior retroactive ratemaking issues litigated before the
6 Commission in Case No. ER-2007-0291 involving the Hawthorn 5 subrogation proceeds
7 and Wolf Creek Department of Energy refunds. In those instances as here, the Company
8 received a payment during the test year that reimbursed it for past costs the Company
9 incurred that were not included in rates. The Commission agreed with the Company that
10 reaching back to prior years outside the test period, in order to apply a "refund" going
11 forward constitutes retroactive ratemaking, and is not appropriate. Here, KCP&L did not
12 have a rate increase until January 2007. The settlement of the Hawthorn transformer
13 issue addresses expenses incurred by the Company going back to 2005. Customers did
14 not bear those costs. In addition, although KCP&L received the settlement payment
15 during the test year in this case, the payment represents a one-time event that does not
16 reflect KCP&L's cost of service going forward.

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

18 **A:** Yes, it does.

**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) Case No. ER-2009-0089
Continue the Implementation of Its Regulatory Plan)

AFFIDAVIT OF CHRIS B. GILES

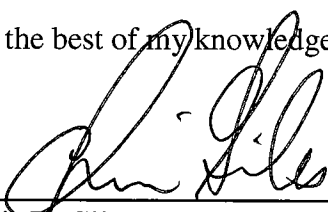
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Chris B. Giles, being first duly sworn on his oath, states:

1. My name is Chris B. Giles. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President, Regulatory Affairs.

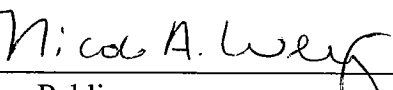
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of fifty-three (53) pages and Schedule(s) CBG - 1 through _____, all of which having been prepared in written form for introduction into evidence in the above-captioned 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.



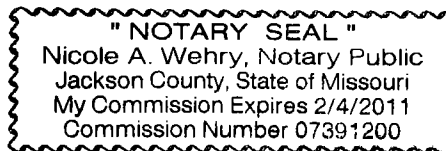
Chris B. Giles

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

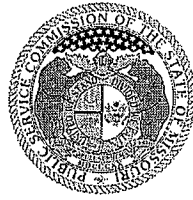


Notary Public

My commission expires: Feb. 4, 2011



SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Terry Bassham

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Friday, March 28, 2008, at 9:00 a.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri, or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, to testify at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief, which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008.

[Name] Secretary [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____, in _____ County, in the State of Missouri.

[Name]

[Title]

Terry Bassham Attachment A

1. Each and every Proxy Statement filed with SEC and provided to shareholders regarding Great Plains Energy's proposed acquisition of Aquila.
2. Each and every document created since June 1, 2007 that shows the status at any time of the potential Great Plains Energy sale of Strategic Energy.
3. For each opinion given to Great Plains Energy or Kansas City Power & Light Company by a consultant after January 1, 2008 on the impact on the debt ratings of Kansas City Power & Light Company and/or Aquila if Great Plains Energy acquires Aquila, each and every document provided to or received from the consultant.
4. A copy of each and every policy and each and every procedure currently available to an employee of Great Plains Energy or Kansas City Power & Light Company to report concerns regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
5. A copy of each and every policy and procedure for the processing of a formally expressed concern of a Great Plains Energy or Kansas City Power & Light Company employee regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
6. Each and every document where an employee of Great Plains Energy or Kansas City Power & Light Company expresses any concern about Great Plains Energy's pending acquisition of Aquila.
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10. A copy of each and every policy and each and every procedure of the process(es) at Great Plains Energy and at Kansas City Power & Light Company to address employee grievances whistle blowers, and retaliation against employees.
11. A copy of the current Code(s) or Standard(s) of Conduct at Great Plains Energy and at Kansas City Power & Light Company.
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23. Document(s) that identify (1) all of the members of Kansas City Power & Light Company's accounting team, (2) Kansas City Power & Light Company's senior management and (3) Great Plains Energy's senior management.

24. Each and every presentation and document provided to the Board of Directors of Great Plains Energy and/or the Board of Directors of Kansas Power & Light Company during the period from June 1, 2005 through June 1, 2008 regarding construction of Iatan 2 or construction activities on Iatan 1.
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28. Each and every "Iatan Status Report" made during the period June 1, 2005 through June 1, 2008.
29. Each and every Iatan "Baseline Schedule" created during the period June 1, 2005 through June 1, 2008.
30. Each and every document Ernst and Young or GPE Audit Services received regarding Iatan 1 & 2 construction activities during the period June 1, 2005 through June 1, 2008.

SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Lori Cheatum

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Wednesday, March 26, 2008, at 1:30 p.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008

[Name] Secretary [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____ in _____ County, in the State of Missouri.

[Name]

[Title]

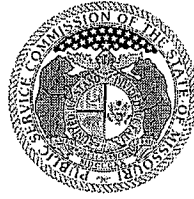
Lori Cheatum Attachment A

1. Each and every Proxy Statement filed with SEC and provided to shareholders regarding Great Plains Energy's proposed acquisition of Aquila.
2. Each and every document created since June 1, 2007 that shows the status at any time of the potential Great Plains Energy sale of Strategic Energy.
3. For each opinion given to Great Plains Energy or Kansas City Power & Light Company by a consultant after January 1, 2008 on the impact on the debt ratings of Kansas City Power & Light Company and/or Aquila if Great Plains Energy acquires Aquila, each and every document provided to or received from the consultant.
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SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Michael Chesser

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Friday, March 21, 2008, at 1:30 p.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008
[Signature] Secretary
[Name] [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____ in _____ County, in the State of Missouri.

[Name]

[Title]

Michael Chesser Attachment A

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SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Michael Cline

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Friday, March 21, 2008, at 9:00 a.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief, which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008.
[Signature] Secretary
[Name] [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____ in _____ County, in the State of Missouri.

[Name]

[Title]

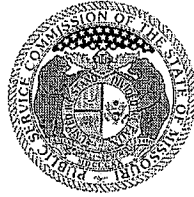
Michael Cline Attachment A

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30. Each and every document Ernst and Young or GPE Audit Services received regarding Iatan 1 & 2 construction activities during the period June 1, 2005 through June 1, 2008.

SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Brent Davis

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Tuesday, March 25, 2008, at 1:30 p.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return

Given under my hand, this 11th day of March, 2008
[Signature] Secretary
[Name] [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____, in _____ County, in the State of Missouri.

[Name]

[Title]

Brent Davis Attachment A

1. A copy of each and every policy and each and every procedure currently available to an employee of Great Plains Energy or Kansas City Power & Light Company to report concerns regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
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RETURN

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[Name]

[Title]

William Downey Attachment A

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27. Each and every Iatan "Daily Communication Meeting Minutes" for meetings during the period June 1, 2005 through June 1, 2008.
28. Each and every "Iatan Status Report" made during the period June 1, 2005 through June 1, 2008.
29. Each and every Iatan "Baseline Schedule" created during the period June 1, 2005 through June 1, 2008.
30. Each and every document Ernst and Young or GPE Audit Services received regarding Iatan 1 & 2 construction activities during the period June 1, 2005 through June 1, 2008.

SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Stephen T. Easley

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Monday, March 24, 2008, at 1:30 p.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief, which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008.

[Name] Secretary [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____ in _____ County, in the State of Missouri.

[Name]

[Title]

Steve Easley Attachment A

1. Each and every Proxy Statement filed with SEC and provided to shareholders regarding Great Plains Energy's proposed acquisition of Aquila.
2. Each and every document created since June 1, 2007 that shows the status at any time of the potential Great Plains Energy sale of Strategic Energy.
3. For each opinion given to Great Plains Energy or Kansas City Power & Light Company by a consultant after January 1, 2008 on the impact on the debt ratings of Kansas City Power & Light Company and/or Aquila if Great Plains Energy acquires Aquila, each and every document provided to or received from the consultant.
4. A copy of each and every policy and each and every procedure currently available to an employee of Great Plains Energy or Kansas City Power & Light Company to report concerns regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
5. A copy of each and every policy and procedure for the processing of a formally expressed concern of a Great Plains Energy or Kansas City Power & Light Company employee regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
6. Each and every document where an employee of Great Plains Energy or Kansas City Power & Light Company expresses any concern about Great Plains Energy's pending acquisition of Aquila.
7. Each and every document where an employee of Great Plains Energy or Kansas City Power & Light Company expresses any concern about the progress of construction and/or the costs of the Iatan 1 and/or Iatan 2 Kansas City Power & Light Company Regulatory Plan activities
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10. A copy of each and every policy and each and every procedure of the process(es) at Great Plains Energy and at Kansas City Power & Light Company to address employee grievances whistle blowers, and retaliation against employees.

11. A copy of the current Code(s) or Standard(s) of Conduct at Great Plains Energy and at Kansas City Power & Light Company.
12. A copy of each and every procurement policy and procedure at Great Plains Energy and at Kansas City Power & Light Company.
13. A copy of each and every policy and procedure requiring that particular provisions must be in each contract for goods or services made between Great Plains Energy or Kansas City Power & Light Company and third parties.
14. Each and every Great Plains Energy Report on Operating and Capital Budgets/Plans made for the period 2008-2012.
15. The most current Iatan Construction Project Execution Plan (PEP), with all appendices and attachments.
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20. Each and every document showing the highest level of procurement or supply chain savings Great Plains Energy and Kansas City Power & Light Company have achieved on an annual basis during the last ten years.
21. Document(s) that list and describe each and every course available at GPE University.
22. Each and every e-mail to or from any or all of the following—Chris Giles, Bill Downey, Dave Price, the accounting team and other Kansas City Power & Light Company or Great Plains Energy senior management—regarding the Comprehensive Energy Plan sent at any time during the period June 1, 2005 through June 1, 2008.
23. Document(s) that identify (1) all of the members of Kansas City Power & Light Company's accounting team, (2) Kansas City Power & Light Company's senior management and (3) Great Plains Energy's senior management.
24. Each and every presentation and document provided to the Board of Directors of Great Plains Energy and/or the Board of Directors of Kansas Power & Light Company during the period from June 1, 2005 through June 1, 2008 regarding construction of Iatan 2 or construction activities on Iatan 1.

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30. Each and every document Ernst and Young or GPE Audit Services received regarding Iatan 1 & 2 construction activities during the period June 1, 2005 through June 1, 2008.

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____, in _____ County, in the State of Missouri.

[Name]

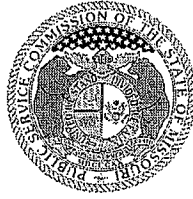
[Title]

Terry Foster Attachment A

1. A copy of each and every policy and each and every procedure currently available to an employee of Great Plains Energy or Kansas City Power & Light Company to report concerns regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
2. A copy of each and every policy and procedure for the processing of a formally expressed concern of a Great Plains Energy or Kansas City Power & Light Company employee regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
3. Each and every document where an employee of Great Plains Energy or Kansas City Power & Light Company expresses any concern about the progress of construction and/or the costs of the Iatan 1 and/or Iatan 2 Kansas City Power & Light Company Regulatory Plan activities
4. A copy of each and every policy and each and every procedure of the process(es) at Great Plains Energy and at Kansas City Power & Light Company to address employee grievances whistle blowers, and retaliation against employees.
5. A copy of the current Code(s) or Standard(s) of Conduct at Great Plains Energy and at Kansas City Power & Light Company.
6. A copy of each and every procurement policy and procedure at Great Plains Energy and at Kansas City Power & Light Company.
7. A copy of each and every policy and procedure requiring that particular provisions must be in each contract for goods or services made between Great Plains Energy or Kansas City Power & Light Company and third parties.
8. The most current Iatan Construction Project Execution Plan (PEP), with all appendices and attachments.
9. Each and every document Schiff Hardin, LLP, Thomas J. Maiman, J. Wilson and Associates, Inc. and/or Meyer Construction Consulting, Inc. provided to Kansas City Power & Light Company during the period June 1, 2005 through June 1, 2008.
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12. The "Cost Portfolio" for the Iatan projects from June 1, 2005 through June 30, 2008.
13. Each and every e-mail to or from any or all of the following—Chris Giles, Bill Downey, Dave Price, the accounting team and other Kansas City Power & Light Company or Great Plains Energy senior management—regarding the Comprehensive Energy Plan sent at any time during the period June 1, 2005 through June 1, 2008.
14. Each and every document that identifies any or all of the members of Kansas City Power & Light Company's accounting team, Kansas City Power & Light Company's senior management and Great Plains Energy's senior management.
15. Each and every presentation and document provided to the Board of Directors of Great Plains Energy and/or the Board of Directors of Kansas Power & Light Company during the period from June 1, 2005 through June 1, 2008 regarding construction of Iatan 2 or construction activities on Iatan 1.
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20. Each and every Iatan "Baseline Schedule" created during the period June 1, 2005 through June 1, 2008.
21. Each and every document Ernst and Young or GPE Audit Services received regarding Iatan 1 & 2 construction activities during the period June 1, 2005 through June 1, 2008.

SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Chris Giles

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Thursday, March 27, 2008, at 1:30 p.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 17th day of March, 2008
[Signature] Secretary
[Name] [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____ in _____ County, in the State of Missouri.

[Name]

[Title]

Chris Giles Attachment A

1. Each and every Proxy Statement filed with SEC and provided to shareholders regarding Great Plains Energy's proposed acquisition of Aquila.
2. Each and every document created since June 1, 2007 that shows the status at any time of the potential Great Plains Energy sale of Strategic Energy.
3. For each opinion given to Great Plains Energy or Kansas City Power & Light Company by a consultant after January 1, 2008 on the impact on the debt ratings of Kansas City Power & Light Company and/or Aquila if Great Plains Energy acquires Aquila, each and every document provided to or received from the consultant.
4. A copy of each and every policy and each and every procedure currently available to an employee of Great Plains Energy or Kansas City Power & Light Company to report concerns regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
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21. Document(s) that list and describe each and every course available at GPE University.
22. Each and every e-mail to or from any or all of the following—Chris Giles, Bill Downey, Dave Price, the accounting team and other Kansas City Power & Light Company or Great Plains Energy senior management—regarding the Comprehensive Energy Plan sent at any time during the period June 1, 2005 through June 1, 2008.
23. Document(s) that identify (1) all of the members of Kansas City Power & Light Company's accounting team, (2) Kansas City Power & Light Company's senior management and (3) Great Plains Energy's senior management.

24. Each and every presentation and document provided to the Board of Directors of Great Plains Energy and/or the Board of Directors of Kansas Power & Light Company during the period from June 1, 2005 through June 1, 2008 regarding construction of Iatan 2 or construction activities on Iatan 1.
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SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To John Grimwade

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Tuesday, March 25, 2008, at 9:00 a.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief which is pending before the Missouri Public Service Commission.

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, and 393.140 RSMo., to be and appear personally before a notary public or other person authorized to give oaths on Friday, March 21, 2008, at 1:30 p.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri, to testify at a deposition in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy

Incorporated and for Other Related Relief, on behalf of the Staff of the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008.
_____, Secretary
[Name] [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____, in _____ County, in the State of Missouri.

[Name] [Title]

John Grimwade Attachment A

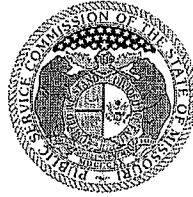
1. Each and every Proxy Statement filed with SEC and provided to shareholders regarding Great Plains Energy's proposed acquisition of Aquila.
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4. A copy of each and every policy and each and every procedure currently available to an employee of Great Plains Energy or Kansas City Power & Light Company to report concerns regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.
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regarding any aspect of the operations of Great Plains Energy or Kansas City Power & Light Company.

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SUBPOENA DUCES TECUM



THE STATE OF MISSOURI: To Steve Jones

You are hereby commanded, pursuant to Sections 386.040, 386.250(1) and (7), 386.390.4, 386.420.2, 386.440(1) and (2), 386.460, to be and appear personally to testify under oath before a notary public or other person authorized to give oaths on Thursday, March 27, 2008, at 9:30 a.m. of that day, at 1201 Walnut, Kansas City, in the County of Jackson, in the State of Missouri or at such other time, date and place as the Staff of the Missouri Public Service Commission may agree, at a deposition taken on behalf of the Staff of the Missouri Public Service Commission in Case No. EM-2007-0374, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a subsidiary of Great Plains Energy Incorporated and for Other Related Relief which is pending before the Missouri Public Service Commission.

And that you bring with you and produce at said deposition a copy of the items described on Attachment A. And hereof fail not at your peril.

The person or officer serving this writ is commanded to have the same at the time and place aforesaid, certifying thereon its return.

Given under my hand, this 11th day of March, 2008.
[Signature] Secretary
[Name] [Title]

RETURN

I HEREBY CERTIFY that I have served the within writ by reading the same in the presence and hearing of the within named _____ on the _____ day of _____, _____ in _____ County, in the State of Missouri.

[Name]

[Title]

Steve Jones Attachment A

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