

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In The Matter of KCP&L Greater Missouri)
Operations Company's tariffs changing the)
steam quarterly cost Adjustment for service)
provided to customers in the KCP&L Greater) Case No. HR-2008-0340
Missouri Operations Company Service)
Territory.)
)

In The Matter of KCP&L Greater Missouri)
Operations Company's tariffs changing the)
steam quarterly cost Adjustment for service)
provided to customers in the KCP&L Greater) Case No. HR-2010-0028
Missouri Operations Company Service)
Territory.)
)

In The Matter of KCP&L Greater Missouri)
Operations Company's tariffs changing the)
steam quarterly cost Adjustment for service)
provided to customers in the KCP&L Greater) Case No. HT-2010-0288
Missouri Operations Company Service)
Territory.)
)

**KCP&L GREATER MISSOURI OPERATIONS COMPANY'S
REPLY TO STAFF'S STATUS REPORT AND RECOMMENDATION AND
STAFF'S RECOMMENDATIONS**

COMES NOW KCP&L Greater Missouri Operations Company's ("GMO" or
"Company") and for its reply to Staff's Status Report and Recommendation, and Staff's
Recommendations in the above referenced dockets, states as follows:

**HR-2008-0340, HT-2010-0288 and HT-2010-0288 should be closed as the time for
Staff's audit has passed.**

1. On December 14, 2011, Commission Staff filed its Status Report and
Recommendation ("Report") in the above referenced cases. The Commission had
ordered the Staff to indicate in the Report when it would file recommendations in the

above referenced cases. These recommendations are to determine whether GMO was prudent in its operation of the Quarterly Cost Adjustment (“QCA”).

2. Paragraph 5 of the Report states that the Staff plans to delay filing a recommendation in Case No. HR-2010-0028 until the conclusion of a complaint case filed by industrial steam customers. Ag Processing, Inc. did file a “Prudence Challenge” taking “the Form of a Complaint” in HR-2010-0028 on January 29, 2012. The Commission promptly separated this pleading from the QCA docket in HR-2010-0028 and opened a new proceeding, No. HC-2012-0259, where it directed the issues raised by Ag Processing to be heard.

3. On December 20, 2011 the Staff filed a Recommendation in HT-2010-0288 that requested that the Commission close the docket.

4. On January 20, 2012, the Staff filed a Recommendation in HR-2008-0340 that indicated that Staff did not intend to conduct an audit for the case because Staff had no material concerns. Staff requested that the case be closed.

5. The Company agrees with Staff that HR-2008-0340 and HT-2010-0288 should be closed. The Company also believes that HR-2010-0028 should be closed. While the Company provided all necessary audit materials for an audit, Staff has never issued an audit recommendation in any of these cases. Staff’s opportunity to audit the QCA has long passed in these cases and the Staff is barred from conducting an audit of these cases under the terms of GMO’s tariffs.

6. Under the terms of GMO’s QCA tariff, any prudence review by Staff must be completed no later than 225 days after the end of each QCA year (Original Sheet No.

6.9, paragraph 7). The 225 days to conduct a prudence review has expired in HR-2008-0340, HT-2010-00288 and HR-2010-0028.

7. Staff's failure to conduct a prudence audit is not supported by the Commission's Report and Order in HC-2010-0235 where the Commission stated that under the terms of the Stipulation and Agreement that established GMO's QCA in 2005, the Staff is required to conduct an initial, step one prudence review to determine "that no significant level of imprudent costs is apparent."¹

8. GMO believes that Staff's failure to conduct such a review violates GMO's tariffs and the 2005 Stipulation and Agreement, and that such failure to conduct a prudence review unnecessarily prolongs the QCA dockets. Staff's timely prudence review and recommendation would assist the Commission in processing these dockets on a timely basis. Staff has never issued a prudence recommendation and, as a result there is a backlog of past QCA cases that have never been closed even though Staff's audit time has expired.

WHEREFORE, GMO respectfully requests that the Commission close the above referenced cases and for other relief as appropriate in the circumstances.

Respectfully submitted,

/s/ **Roger W. Steiner**

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¹ Ag Processing, Inc. v. KCP&L Greater Missouri Operations Company, September 28, 2011 Report and Order, p. 17

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all parties of record in this proceeding on this 6th day of February, 2012.

/s/ Roger W. Steiner

Roger W. Steiner