Exhibit No.:	
Issue:	Overview and Policy
Witness:	Curtis D. Blanc
Type of Exhibit:	Direct Testimony
Sponsoring Party:	KCP&L Greater Missouri Operations Company
Case No.:	ER-2010-____
Date Testimony Prepared:	June 4, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-____

DIRECT TESTIMONY

OF

CURTIS D. BLANC

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
June 2010

DIRECT TESTIMONY

OF

CURTIS D. BLANC

Case No. ER-2010-____

Q: Please state your name and business address.

A: My name is Curtis D. Blanc. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L") as Senior Director – Regulatory Affairs.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of KCP&L Greater Missouri Operations Company ("GMO" or the "Company") for the territories served by L&P ("L&P") and MPS ("MPS").

Q: What are your responsibilities?

A: My responsibilities include oversight of the Company's Regulatory Affairs Department, as well as all aspects of regulatory activities including cost of service, rate design, revenue requirements, and tariff administration.

Q: Please describe your experience and employment history.

A: I received a Bachelor of Science degree from Washington University in St. Louis with majors in Finance and Economics. I also received a *Juris Doctor* from the George Washington University, National Law Center. Prior to coming to KCP&L, I worked as an attorney in private practice first at Shook, Hardy & Bacon, LLP, then at Vinson & Elkins, LLP, representing energy companies primarily before the Federal Energy

Regulatory Commission (the "FERC"). I came to KCP&L in 2005 as in-house regulatory counsel and continued in that role until being promoted to my current position in July 2009.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("Commission" or "MPSC")?

A: Yes. I testified before the Commission in Case No. EO-2010-0259 with respect to the construction audit and prudence review of the KCP&L's and GMO's investment in air quality control system ("AQCS") equipment at Iatan 1. Also, in my prior role as counsel for the Company, I testified in a rulemaking proceeding before the Commission.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to provide an overview of the Company's proposed rate increase, including a description of the major drivers in the case. In addition, I describe the Company's compliance with the commitments it made in the Stipulation and Agreement that resolved its most recent rate case in Case No. ER-2009-0090 ("0090 S&A"). I also discuss the Company's efforts to control its costs and address the needs of its low-income customers.

CASE OVERVIEW AND DRIVERS

Q: Please briefly summarize the Company's case.

A: The Company is requesting an increase of $75.8 million or 14.43 percent for its MPS jurisdiction, based on a current Missouri jurisdictional base revenue, including fuel adjustment clause revenue of $525.1 million, to be reflected in rates effective May 4, 2011. The Company is requesting an increase of $22.1 million or 13.87 percent for its L&P jurisdiction, based on a current Missouri jurisdictional base revenue, including fuel adjustment clause revenue of $159.3 million, also to be reflected in rates effective May 4, 2011.

For both its MPS and L&P jurisdictions, the Company's case is based on a historical test year that ended December 31, 2009. GMO anticipates an update based on June 30, 2010 financials and a true-up as of December 31, 2010. Accordingly, test year data was annualized and normalized and reflects projected values for true-up items as of December 31, 2010.

The Company then allocated the resulting annualized and normalized MPS amounts between its FERC and Missouri jurisdictions. The annualized and normalized L&P amounts were allocated between its electric and steam utilities. The allocation process is described in the Direct Testimony of Company witness John Weisensee, with the allocation factors listed on his Schedule JPW2010-6. Mr. Weisensee's Direct Testimony also supports the cost of service and revenue requirement determination, which is included in his Schedule JPW2010-1.

Q: What are the major drivers underlying GMO's proposed rate increase?

A: This case includes GMO's share of Iatan 2, an 850 MW super-critical, coal-fired generation facility that is expected to be fully operational and used for service prior to the December 31, 2010 true-up date in this case. I expect that Iatan 2 will be a cost-effective, reliable source of base load generation for the region for many years to come.

GMO owns an 18% interest in Iatan 2, which equates to a 153 MW interest. GMO's ownership share means that over the past several years the Company has spent approximately $360 million on Iatan 2. Because of the prohibition on construction work in progress, none of those dollars are currently reflected in the Company's Missouri rates.

That reality emphasizes the need for rates reflecting Iatan 2 to go into effect as soon as possible after the plant is in-service.

Another significant driver in the case affecting the L&P jurisdiction is the Company's investment in AQCS equipment on Iatan 1. The Iatan 1 AQCS project included the addition of a selective catalytic reduction ("SCR") system to reduce nitrous oxide emissions, a flue gas desulphurization unit ("Scrubber") to reduce sulfur dioxide emissions, and a pulse jet fabric filter ("Baghouse") to reduce particulate matter emissions. The project was completed in February 2009 and deemed to be fully operational and used for service in April 2009. GMO owns 18% of Iatan 1, all of which is assigned to the L&P jurisdiction. Although a majority of the Company's investment in the Iatan 1 AQCS equipment was included in rates as part of its most recent rate case, ER-2009-0090 (the "2008 Case"), a portion remains to be included in rates as part of this case.

In addition, GMO added an SCR to Sibley 3. The Sibley 3 SCR became fully operational and used for service in February 2009. Although a majority of the Company's investment in the Sibley 3 SCR was included in rates as part of the 2008 Case, a portion remains to be included in rates as part of this case.

AQCS equipment was also added at the Jeffrey Energy Center ("Jeffrey"), which is principally comprised of three coal-fired generating units, each with a generating capacity of 720 MW, completed between 1978 and 1983. Each unit was built with a Scrubber of that vintage. The Scrubbers were rebuilt to contemporary standards. The rebuild of the Scrubber on Jeffrey 1 was completed in August 2008. The rebuild of the Scrubber for Jeffrey 3 was completed in December 2008. GMO owns an 8% interest in

Jeffrey. Through its subsidiaries, Westar Energy ("Westar") owns 84% of the facility and leases the remaining 8%. The majority of the Company's investment in Jeffrey 1 and 3 was included in rates as part of the 2008 Case. GMO seeks recovery of remaining costs in this case. The rebuild of the Scrubber for Jeffrey 2 was not completed in time for consideration in the 2008 Case. As discussed in the Direct Testimony of Company witness Terry Hedrick, it became fully operational and used for service in April 2009. GMO seeks recovery of those costs in this case.

This case also includes continued investments in system reliability focused transmission and distribution ("T&D") projects. Similarly, the case includes the continuation of cost recovery related to GMO's Customer Programs, *i.e.*, energy efficiency, affordability, and demand response programs. The Company does not seek at this time to alter how the costs of such programs are being recovered. However, GMO does intend to avail itself of any new cost recovery mechanisms that might be permissible as a result of the Commission's rulemaking efforts concerning Senate Bill 376. GMO will not seek to make its Customer Programs permanent until there is greater certainty concerning cost recovery.

This case also includes other investments in plant along with increasing operating costs. These costs contribute to the revenue deficiency being addressed in this case.

Q: What effective date do the Company's proposed tariffs being filed in this case bear?

A: The tariffs bear an effective date of May 4, 2011, eleven months after filing. Although utilities typically file tariffs with an effective date thirty days after filing, consistent with how KCP&L has filed its tariffs under its Regulatory Plan, GMO filed the tariffs for its most recent rate case with an effective date eleven months after filing, the presumed operation of law date, assuming the Commission would like to have the maximum amount of time to consider the case.

Q: What impact does using a May 4, 2011 (eleven-month) effective date have on the timing of the rates going into effect?

A: Ideally, it will have no impact at all. If Iatan 2 is deemed fully operational and used for service prior to the December 31, 2010 true-up date in this case, the rates resulting from this case will go into effect May 4, 2011, as provided on the proposed tariffs. If Iatan 2 has not been deemed to be in service by the true-up date, GMO will very likely request that the Commission delay both the true-up date and the effective date for the new rates, similar to what occurred in KCP&L's and GMO's last rate cases with respect to the Iatan 1 AQCS equipment. No portion of the Company's significant investment in Iatan 2, approximately $360 million, is currently reflected in its Missouri jurisdictional rates. It is therefore critical that the new rates reflecting Iatan 2 go into effect as soon as possible after the plant become fully operational and used for service. Delaying the effectiveness of new rates beyond eleven months would be harmful to the Company's financial health.

Q: Has GMO taken steps to control costs during the test year for this case?

A: Absolutely. In addition to the Company's usual efforts to keep its costs as low as possible, in light of the economic conditions affecting us and our customers, GMO has redoubled its efforts to control costs and conserve capital. Great Plains Energy the parent company of GMO, reduced its dividend by 50%. KCP&L, which provides operating services to GMO, also suspended external hiring for all but essential skills, and has left a significant number of open positions unfilled. KCP&L also tightened its belt concerning its operations and maintenance expenses and capital expenditures. In addition, the

Company re-reviewed savings that result from Great Plains Energy's acquisition of Aquila, Inc. in 2008. Company witness Darrin Ives speaks to those synergy savings in his Direct Testimony. The Company has been able to realize greater savings than initially anticipated.

Q: Does the Company's requested revenue requirement include costs incurred by Company officers and reflected on their expense reports?

A: No, it does not. These costs are reasonable and appropriate for recovery. I anticipate that GMO will seek to include such costs in future rate cases. However, given that officer expense charges, especially mileage reimbursements for business-related travel, have proven to be a distraction from other more significant issues and the importance to the Company that Iatan 2 be addressed in this rate case, GMO has removed all officer expense charges incurred during the test year for this case. GMO has also removed all officer expenses charged to Iatan 2, regardless of when they were incurred. It is GMO's hope that the removal of these charges from the case will make it easier for the parties and the Commission to focus on the important issues to be decided in this case.

Q: What steps has GMO taken to assist its low-income customers during these difficult economic times?

A: As described in the Direct Testimony of Company witness Jim Alberts, in GMO's last rate case, GMO began its Economic Relief Pilot Program ("ERPP"). The ERPP is a fixed credit that reduces electric bills for low-income customers. In this case, again as described in Mr. Alberts's testimony, GMO seeks to continue its ERPP with some modifications to increase customer participation. For example, GMO has entered into a partnership with the Salvation Army to direct customers to GMO's ERPP. As in the Company's last case, it only seeks to recover half of its ERPP costs.

Mr. Alberts also describes the Company's Connections Program. The point of the Connections Program is to help customers manage their energy usage and reduce their electric bills, as well as to help customers access resources for assistance with paying their electric bills. The program has included a number of resource fairs to educate and assist our customers near where they work and live.

Q: Has the Company included in this case the revenue requirement impact of the acquisition of Aquila, Inc. by Great Plains Energy?

A: Yes, as discussed in the Direct Testimony of Darrin Ives, GMO has included its allocable share of the merger savings and transition cost amortization in the revenue requirement in this case, as ordered by the Commission in Case No. EM-2007-0374. The Company has realized more synergy savings than it had expected to at that time of the merger.

Q: During the course of Case No. EM-2007-0374, the Company agreed not to seek recovery of all of its actual debt costs, based on past commitments made by Aquila, Inc. with respect to certain specific debt issuances. Has the Company's cost of capital calculation been made consistent with this agreement?

A: Yes, consistent with prior rate cases the Company has not sought to recover actual debt costs for certain debt issued at non-investment grade interest rates.

Q: What is the return on equity GMO is requesting in this case?

A: GMO is requesting a return on equity of 11.0 percent based upon the projected capital structure of Great Plains Energy, GMO's parent holding company, as of December 31, 2010, 46.2 percent of which is comprised of common equity. GMO witness Dr. Samuel

Hadaway presents in his Direct Testimony his cost of capital study results and recommendations in support of the Company's requested return on equity. Dr. Hadaway has utilized the same approach as in GMO's three recent rate cases before the Commission. Dr. Hadaway's approach is based on a traditional approach to estimate the underlying cost of equity capital for a group of comparable, investment-grade electric utility companies.

GMO requests a return on equity commensurate with the top of Dr. Hadaway's range to reflect the Company's reliability and customer satisfaction achievements. GMO's T&D systems continued to perform at Tier 1 reliability levels in 2009, as measured by System Average Interruption Duration Index ("SAIDI") in the annual Edison Electric Institute Reliability Survey. In addition, KCP&L/GMO is ranked as one of the highest rated electric utilities in Customer Satisfaction according to JD Power and Associates. In February 2010, JD Power recognized KCP&L/GMO as No. 1 in Customer Satisfaction among business customers in the Midwest Large electric utilities. Similar results were seen in the JD Power Residential study that was released in July 2009 when KCP&L/GMO was ranked No. 2 among the Midwest Large utilities. KCP&L/GMO continue to be tracking very well in its 2010 Residential study that will be released July 2010.

Q: What is the status of the Iatan 1 AQCS Project?

A: The Iatan 1 AQCS Project was placed into service in April 2009. GMO included costs for Iatan 1 in its 2008 Case. Ultimately, the parties in that case reached a settlement. Prudence issues related to Iatan 1 and the common facilities necessary to operate Iatan 1 were deferred to this proceeding for consideration by the Commission, but pursuant to the settlement agreement, any proposed disallowance for imprudence is capped at $15 million.

Q: What is the status of the Iatan 2 generation facility?

A: Construction of Iatan 2 is essentially complete. The Project team has begun start-up and commissioning activities. Iatan 2 is expected to become fully operational and used for service in the fourth quarter of 2010, in time for the true-up in this case. Consequently, the Company expects to include in its rates as part of this rate case all prudently incurred costs related to Iatan 2 that were incurred prior to the true-up date established for this rate case. Similarly, if for some reason Iatan 2 is not fully operational and used for service by the true-up date in this case, it is very likely that GMO will seek to move both the in-service date and the effective date for the new rates to coincide with Iatan 2's in-service date. Company witnesses William Downey, Robert Bell, Brent Davis, Chris Giles, Kenneth Roberts, Steve Jones, and Daniel Meyer discuss various aspects of the construction of Iatan 2 in their Direct Testimonies.

Iatan 2 will be one of the newest, most efficient base load generating units in the region. As noted, GMO owns 153 MW (18%) interest in Iatan 2 to be allocated between MPS and L&P as discussed in the Direct Testimony of Company witness Burton Crawford. GMO's partners in Iatan 2 are KCP&L, which owns 465 MW (54.7%); The Empire District Electric Company, which owns 102 MW (12%); Missouri Joint Municipal Electric Utility Commission, which owns 100 MW (11.8%); and Kansas Electric Power Cooperative, which owns 30 MW (3.5%).

Q: What is the status of GMO's Customer Programs investments?

A: As a result of the Company's two demand response programs, Energy Optimizer and MPower, GMO has approximately 24 MW it can call upon for curtailment. In addition, GMO estimates that its energy efficiency and affordability programs have resulted in energy savings of more than 17,000 MWh.

Q: How has the Fuel Adjustment Clause ("FAC"), first approved by the Commission in the 2007 case and continued in GMO's subsequent rate cases, been addressed in the current case?

A: GMO is requesting to continue the FAC. Company witness Tim Rush discusses the FAC in his Direct Testimony.

0090 S&A UPDATE

Q: What commitments made by the signatory parties to the 0090 S&A will you address here?

A: I will address GMO's commitments concerning the submission of a class cost of service study and vegetation management reporting.

Q: What was the specific commitment in the 0090 S&A concerning the submission of a class cost of service study?

A: GMO agreed to file a class cost of service study with the Commission by June 30, 2010.

Q: What is the status of this commitment?

A: The results of GMO's class cost of service study are discussed in the Direct Testimony of Company witness Paul Normand. The complete study will be provided as a work paper supporting his testimony.

Q: What was the specific commitment in the 0090 S&A regarding vegetation management reporting?

A: GMO agreed to submit to the Commission's Energy Department quarterly reports detailing the Company's vegetation management activities and expenses its Missouri jurisdictional service territory.

Q: What is the status of this commitment?

A: GMO has provided the required quarterly reports to the Commission's Energy Department.

OTHER REQUESTS

Q: Does the Company request Commission authorization on any additional matters?

A: Yes, GMO requests Commission authorization on the following items:

- GMO requests the same pension methodology as has been authorized for KCP&L, as discussed by Company witness C. Kenneth Vogl in his Direct Testimony in this case. Additionally, GMO requests the Commission to determine that this proposed pension method satisfies the requirement in Case No. EM-2000-292, the UtiliCorp United/St. Joseph Light & Power Company ("SJL&P") merger case, that the SJL&P pension funded status be accounted for separately following the merger.
- GMO requests that the Commission authorize the continuation of depreciation rates authorized by the Commission in the 2007 Case and the use of the Iatan 2 depreciation rates recommended by Company witness John Spanos in his Direct Testimony, Schedule JJS2010-4.

- GMO requests that the unrecovered general plant be recovered as recommended by Mr. Spanos and that such costs be amortized over twenty years, as recommended by Company witness John Weisensee in his Direct Testimony. Additionally, the Company requests that the Commission authorize the plant accounting practice generally referred to as “general plant amortization”, as recommended in the Direct Testimony of Mr. Spanos and Mr. Weisensee.
- GMO requests that the Commission approve the amortization of rights to use equipment that the Company does not own using the depreciation rate the Commission has previously authorized for similar equipment owned by the Company, as recommended by Company witness John Weisensee in his Direct Testimony.
- GMO requests that the deferred depreciation portion of the Iatan Unit 1 AQCS and Iatan common cost regulatory asset approved in the 0090 S&A, be transferred to FERC account 108, Accumulated Depreciation, as a reduction in that balance and that the carrying cost portion of the regulatory asset be transferred to FERC account 101, Plant in Service, as an increase in that balance, as recommended by Company witness John Weisensee in his Direct Testimony. Alternatively, in the event the Commission does not grant this request, we ask that the amortization period for the regulatory asset be set at the remaining depreciable life of Iatan Unit 1, FERC plant account 312, or 27 years, also as discussed by Mr. Weisensee in his Direct Testimony.

- GMO requests authority to establish a tracking mechanism for Other Post-employment Benefits, as recommended by Company witness John Weisensee in his Direct Testimony.
- GMO requests authority to implement a transmission expense tracker as proposed by Company witness Tim Rush in his Direct Testimony, in the event the Company's request to include transmission costs in the fuel adjustment clause, as recommended by Mr. Rush in his Direct Testimony, is not approved.
- GMO requests the Commission to authorize a three-year amortization of ERPP costs deferred prior to the establishment of a cost recovery mechanism in this case and that cost recovery for ongoing costs during the pilot program be established so that one-half of the ongoing costs for this program is included in cost of service, as recommended by Company witness John Weisensee in his Direct Testimony.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of KCP&L Greater Missouri Operations Company to Modify Its Electric Tariffs to Effectuate a Rate Increase	)))	Docket No. ER-2010-____

AFFIDAVIT OF CURTIS D. BLANC

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Curtis D. Blanc, being first duly sworn on his oath, states:

1. My name is Curtis D. Blanc. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Senior Director – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of fourteen (14) pages, 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.

Curtis D. Blanc

Subscribed and sworn before me this 28th day of May, 2010.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2011

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