

In the Matter of an Investigation into)
the Siting and Safety of a Proposed) Case No. EO-2012-0271
Transmission Line in Platte County, Missouri)

Q1 2013 REPORT
MAY 1, 2013

Table of Contents

| | |
|--|----|
| Introduction..... | 3 |
| Project Background..... | 3 |
| Project Reporting | 4 |
| Project Components..... | 6 |
| Project Progress Summary..... | 9 |
| Overall Status..... | 9 |
| Permitting..... | 9 |
| Engineering and Design..... | 9 |
| Procurement | 10 |
| Right-of-Way Acquisition | 11 |
| Construction..... | 11 |
| Schedule..... | 12 |
| Safety | 13 |
| Summary of KCP&L’s and GMO’s Contact with the Public..... | 14 |
| Status of Ownership of Iatan-Nashua Project..... | 15 |
| Current Ownership Status of Iatan-Nashua Project..... | 15 |
| Planned Transource Ownership of Iatan-Nashua Project | 15 |
| Attachments | 19 |
| Attachment A – Iatan-Nashua Project Final Route Map | 20 |
| Attachment B – Iatan-Nashua Project Components | 21 |
| Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY) | 22 |
| Attachment D – Level 1 Schedule (HIGHLY CONFIDENTIAL/PROPRIETARY) | 29 |

Introduction

Project Background

The Iatan to Nashua 345kV Transmission Project (“Iatan-Nashua Project”) was initiated as a result of the Southwest Power Pool’s (“SPP”) Balanced Portfolio Network Upgrades. SPP, a Regional Transmission Organization (“RTO”) with members in nine states and approved by the Federal Energy Regulatory Commission (“FERC”), has the obligation to plan and develop transmission solutions for the region in which it serves as an RTO. SPP in 2008 to 2009 began to develop a more comprehensive approach to their transmission expansion planning, which would bring about not only traditional reliability-based benefits, but also benefits of reduced regional market congestion, lower regional generation production costs and increased operating efficiencies. The first comprehensive set of such projects were developed as the Balanced Portfolio¹ containing seven major transmission projects within the SPP region.

SPP approved this set of projects in April 2009, and one of these was the Iatan-Nashua Project. The Iatan-Nashua Project will reduce congestion on the region’s transmission system and provide essential transmission capacity for long-term efficient delivery of energy within the region. Additionally, the Iatan-Nashua Project will provide an alternate transmission route during emergencies and greater service reliability for the northwest Missouri area.

The Iatan-Nashua Project involves the construction of a new 345kV transmission line in northwest Missouri. The transmission line will extend approximately thirty-one (31) miles from an existing substation at the Iatan power plant near Weston, Missouri (“Iatan Substation”), to the Nashua 161kV substation near Smithville, Missouri (“Nashua Substation”). The 161kV Nashua Substation will be expanded and upgraded to accommodate both the new 345kV Iatan-Nashua line, and the connection with the existing St. Joseph-Hawthorn 345kV transmission line, by installing a new 345/161kV autotransformer between the existing 161kV substation and the 345kV facilities at the Nashua Substation.

SPP issued a Notification to Construct (“NTC”) to KCP&L on June 19, 2009. SPP initially issued the NTC to KCP&L because KCP&L owns and operates both of the substations at the end points of the new 345kV transmission line. However, after spending more than a year evaluating routing options and meeting with the public, it became clear that the new 345kV transmission line would be located entirely within GMO’s service territory. As a result, at KCP&L’s request, SPP modified the Iatan-Nashua NTCs to also include GMO as a Designated Transmission Owners (“DTOs”) for this project.

On April 17, 2012, SPP issued revised NTCs to both KCP&L and GMO, directing them to coordinate with each other regarding the portion of the project each company would construct.

¹ SPP’s description of the Balanced Portfolio is available at <http://www.spp.org/section.asp?pageID=120>.

On June 22, 2012, KCP&L submitted a response to the revised NTC indicating it would construct the identified network upgrades at its Iatan Substation, and its 161kV Nashua Substation. As noted above, a new 345/161kV autotransformer will be installed at the Nashua Substation between the existing 161kV substation and the new 345kV facilities. On the same day, GMO also submitted a response indicating it would construct the 345kV transmission line between the substations.

Copies of the NTCs, modification requests, and Company responses described above can be found in the Q4 2012 Iatan-Nashua Project Quarterly Report², and in prior quarterly reports, in Case No. EO-2012-0271.

Project Reporting

On March 14, 2012 in Case No. EO-2012-0271³, the Missouri Public Service Commission (“MPSC” or “Commission”) issued an Order Directing Filing and Denying Motion for Local Public Hearing (“Order Directing Filing”)⁴.

The MPSC ruled in the Order Directing Filing that “throughout the planning, design, and construction process of **Line 62⁵ [emphasis and footnote added]** (as described in the body of this order), Kansas City Power & Light Company (“KCP&L”) and KCPL Greater Missouri Operations (“GMO”) shall continue the “the two-way communication, feedback, on-site visits and other meetings” as described in KCP&L and GMO’s Response to the Office of the Public Counsel’s Motion to Open an Investigation.”

The MPSC also ordered that beginning on March 30, 2012, KCP&L and GMO (collectively referred to herein as “the Company”) shall file quarterly updates that include at a minimum:

- The progress of the planning, design and construction of the proposed transmission line and any additional information that addresses the safety issues raised in this file

² The Q4 2012 Iatan-Nashua Project Quarterly Report is available through the Electronic Filing and Information System (“EFIS”) on the MSPC’s website at

https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EO-2012-0271&attach_id=2013013409

³ All case filings and submissions for Case No. EO-2012-0271 are available through EFIS at

https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EO-2012-0271&pagename=case_filing_submission_FList.asp

⁴ The Order Directing Filing is available through EFIS at

https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EO-2012-0271&attach_id=2012015122

⁵ The terms, “Line 62” or “Segment 62”, have been used somewhat loosely in various contexts and documents, including in the March 14, 2012 Order Directing Filing in this case, to refer to the Iatan-Nashua Project as a whole. Technically, “Segment 62” refers to one of the line segment options that were evaluated and not the entire Iatan-Nashua Project. Additional discussion on this topic can be found in the Project History section of the first quarterly report (dated March 30, 2012) filed in File No. EO-2012-0271. For the purposes of the quarterly reporting in Case No. EO-2012-0271, it should be presumed that all discussion refers the Iatan-Nashua Project as a whole, unless it is specifically stated otherwise.

- The status of ownership of *Line 62⁶ [emphasis and footnote added]*
- A summary of KCP&L's and GMO's contact with the public during the previous quarter.

The quarterly reports contain the following quarterly update sections to satisfy the requirements of the Order Directing Filing:

Project Progress Summary
 Overall Status
 Permitting
 Engineering and Design
 Procurement
 Right-of-Way Acquisition
 Construction
 Schedule
 Safety
 Summary of KCP&L's and GMO's Contact with the Public
 Status of Ownership of Iatan-Nashua Project

The initial report submitted on March 30, 2012 – in addition to the progress summary, owner status, and public contact information required by the Order Directing Filing – also included a summary of the Iatan-Nashua Project History. The Project History section was included in the first report in order to provide a summary of the project, especially with respect to the public interactions, from project inception to the time of the first quarterly report.

In addition to the Company's reporting in Case No. EO-2012-0271, the Company also provides project updates to SPP on a quarterly basis. The SPP quarterly project tracking reports⁷ contain information on all of the Balanced Portfolio projects, as well as other SPP projects, including Reliability, Transmission Service, Generation Interconnect, High Priority, and IPT10 upgrades. The Iatan-Nashua Project is shown in the SPP quarterly project tracking reports under three NTC IDs (shown in *Table 1* below):

Table 1 – Iatan-Nashua Projects NTCs

| <i>NTC_ID</i> | <i>UID</i> | <i>Project Owner</i> | <i>Upgrade Description</i> |
|---------------|------------|----------------------|--|
| 200189 | 50499 | GMO | 345 kV line from Iatan substation to Nashua substation |
| 200188 | 10935 | KCP&L | Upgrades at the Iatan and Nashua Substations |
| 20042 | 10945 | KCP&L | Nashua 345/161 kV Transformer |

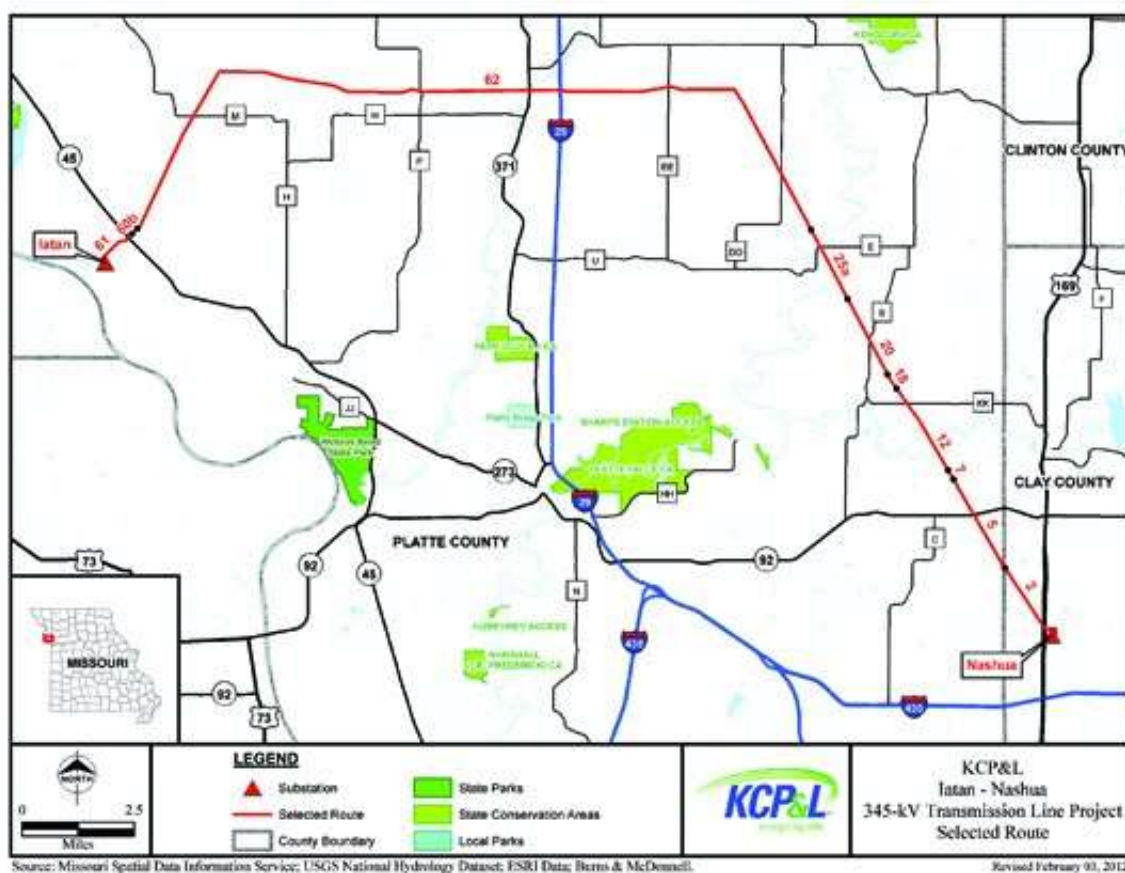
⁶ Id.

⁷ The SPP quarterly project tracking reports are publicly available at <http://www.spp.org/section.asp?group=1867&pageID=27>

Project Components

As noted above the Iatan-Nashua Project will extend approximately thirty-one (31) miles from the Iatan Substation to the Nashua Substation. The map in [Figure 1](#) below shows the final route, which was chosen for the Project. A larger version of this map of the project components is also included as [Attachment A – Iatan-Nashua Project Final Route Map](#).

Figure 1 – Iatan-Nashua Final Route Map

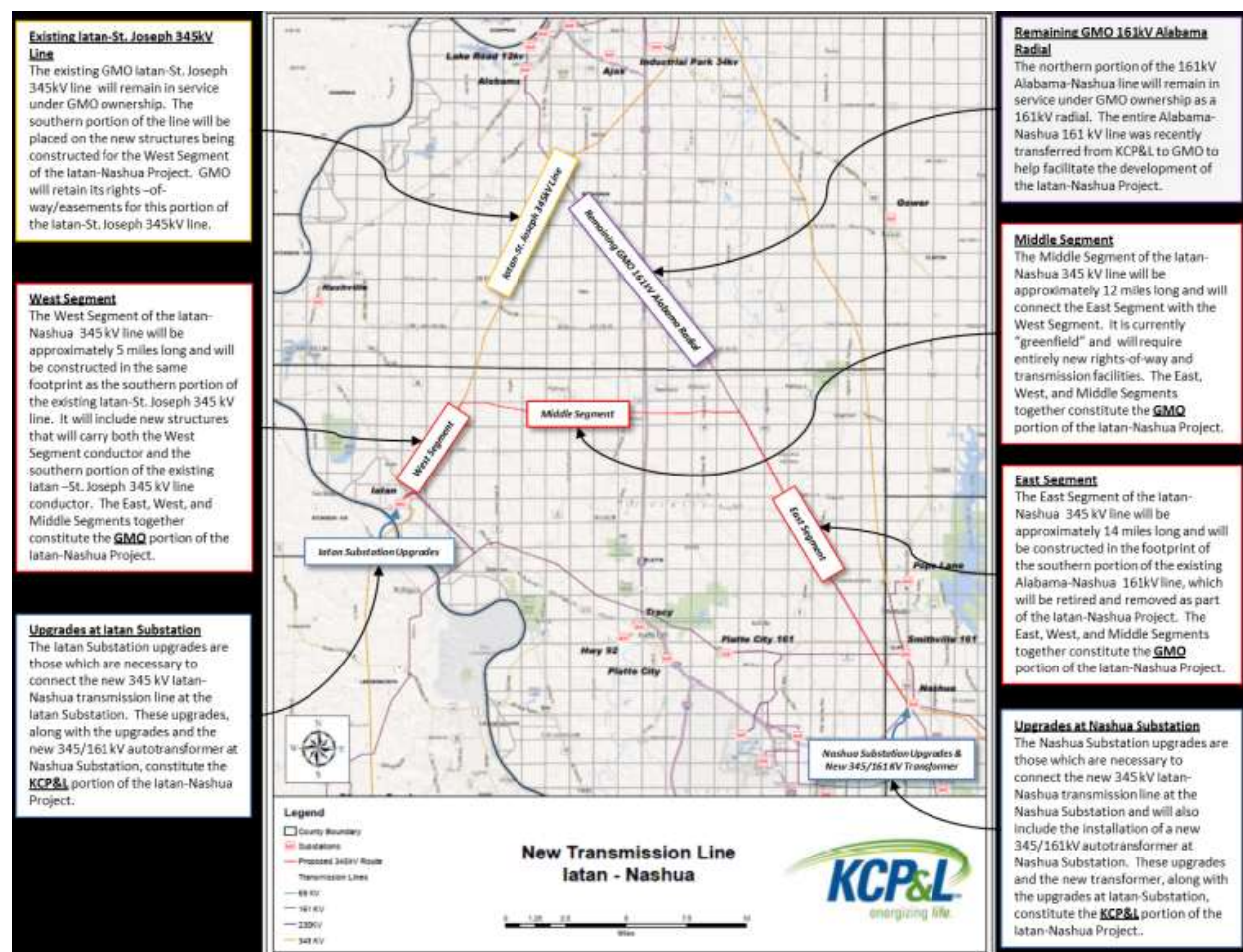


The Iatan-Nashua Project essentially has four distinct components: (i) the **West Segment**; (ii) the **East Segment**; (iii) the **Middle Segment**, which together constitute the GMO portion of the Iatan-Nashua Project; and (iv) the **substation upgrades**, which constitute the KCP&L portion of the Iatan-Nashua Project.

There are also two existing transmission lines - the **Iatan-St. Joseph 345 kV transmission line** and the **Alabama-Nashua 161 kV transmission line** – that, while not technically part of the Iatan-Nashua Project, are related to the Iatan-Nashua Project because of past or future common right-of-way usage.

A map showing these components is provided in [Figure 2](#) below along with further discussion of the components. A larger version of this map of the project components is also included as [Attachment B – Iatan-Nashua Project Components](#).

Figure 2 – Iatan-Nashua Project Components



The **West Segment** begins at the Iatan Substation located in Platte County near Weston, Missouri, extending in a northeasterly direction for about five (5) miles. This segment of the new 345kV transmission line will utilize GMO's existing **Iatan-St. Joseph 345 kV transmission line**⁸ rights-of-way supplemented by additional rights-of-way as needed for the new construction. To facilitate construction of the new 345kV transmission line from the Iatan Substation, the Companies intend to install new transmission structures that will be able to accommodate both GMO's existing 345kV Iatan-St. Joseph line, as well as the West Segment of the new 345kV Iatan-Nashua line. Consequently, the existing transmission structures along approximately five (5) miles of the Iatan-St. Joseph line will be retired and removed and the

⁸ The existing GMO Iatan-St. Joseph 345 kV transmission line will remain in service under GMO ownership and will not be part of the Iatan-Nashua Project for the purposes of the 100% regional cost allocation. The current retail and wholesale ratemaking will remain unchanged for the existing GMO Iatan-St. Joseph 345 kV transmission line.

existing line will be attached to the new structures. Subsequently, the West Segment of the new 345kV transmission line will be added to the new structures as part of the construction of the Iatan-Nashua Project. Both the West Segment of the new 345kV Iatan-Nashua line, and a portion of the existing Iatan-St. Joseph line, will share the new structures. At this time, we expect the existing Iatan-St. Joseph line to remain energized and in-service while it is moved from the existing structures to the new jointly used structures.

The **East Segment** begins at KCP&L's Nashua Substation located in Clay County near Smithville, Missouri, extending in a northwesterly direction for approximately fourteen (14) miles. This segment of the new 345kV transmission line will utilize existing rights-of-way (supplemented by additional rights-of-way as needed) that currently are used for a portion of the existing **Alabama-Nashua 161kV transmission line** that was recently transferred from KCP&L to GMO⁹. This southern fourteen (14) mile segment of the Alabama-Nashua Line will be retired and removed and will be replaced by the new 345kV transmission line. The remaining northern portion of the GMO Alabama-Nashua 161kV transmission line, after the southern portion is retired and removed, will remain in service¹⁰ for GMO as a radial line out of the Alabama Substation.

The **Middle Segment** will connect the East and West Segments, running approximately twelve (12) miles east-to-west through an area without any existing rights-of-way/easements – i.e., the Middle Segment is “greenfield.” Initial meetings with landowners to discuss right-of-way acquisition in this “greenfield” area began in mid-March 2013.

In order to facilitate the construction and operation of the new 345kV Iatan-Nashua transmission line, certain **substation upgrades** will need to be made at each substation terminus. Notably, the existing 161kV Nashua Substation will be expanded and upgraded to accommodate both the new 345kV Iatan-Nashua line, and connection with the existing St. Joseph-Hawthorn 345kV transmission line, by installing a new 345/161kV autotransformer between the existing 161kV substation and the 345kV facilities at the Nashua Substation. Additionally, upgrades will be required to connect the new 345kV transmission line to the Iatan Substation. As previously noted, the substation upgrades will be performed by KCP&L.

⁹ In Case No. EO-2012-0479, the Companies requested Commission approval to transfer the 161kV Alabama-Nashua Line from KCP&L to GMO in order to facilitate the Companies' plan to have GMO construct the entire 345kV Iatan-Nashua line because it will be wholly within GMO's service area. The Commission granted the Companies' application to transfer the Alabama-Nashua Line from KCP&L to GMO on August 15, 2012. The transfer is discussed in further detail in the application and related filings in Case No. EO-2012-0479, which are available through EFIS at

https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EO-2012-0479&pagename=case_filing_submission_FList.asp

¹⁰ The remaining GMO 161 kV radial out of Alabama Substation will remain in service under GMO ownership and will not be part of the Iatan-Nashua Project for the purposes of the 100% regional cost allocation. The current retail and wholesale ratemaking will remain unchanged for this GMO 161 kV Alabama radial.

Project Progress Summary

Overall Status

Construction on the Project commenced during the first quarter of 2013. The Company secured the necessary permits, contracts, materials, and rights-of-way, which enable it to begin Project construction activities on the West Segment that are scheduled to occur in conjunction with the Spring 2013 Iatan Station maintenance outage. The outage is currently scheduled to run

** _____ **.

Additional permitting, procurement, engineering, and rights-of-way acquisition activities will continue as scheduled in order to support the future construction activities on the remainder of the West Segment as well as the East and Middle Segments.

Representatives of the MPSC Staff (“Staff”) visited the Iatan-Nashua Project on March 22, 2013. The field visit included tours of the Nashua substation and of the construction work completed and in progress on the West Segment at and near Iatan Station. In addition, members of the Company’s transmission construction project team provided a presentation to Staff showing some recent construction activity, which is included as *Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)*.

Permitting

All required permitting is on track and the necessary notices, filings, and submittals have been made or are scheduled for the first quarter of 2013. This permitting includes:

- Federal - US Army Corps of Engineers (“USACE”), US Fish and Wildlife Service (“USFWS”), Federal Aviation Administration (“FAA”)
- State – State Historic Preservation Office (“SHPO”), Missouri Department of Natural Resources - National Pollutant Discharge Elimination System (Storm Water Pollution Prevention Plan) (“MDNR-NPDES (SWPPP)”), Missouri Department of Conservation (“MDC”)
- County/City - Floodplain & Public Right-of-Way Use
- Railroad & Roadway Crossings

Engineering and Design

Detailed design engineering work continues on the project with the bulk of the work being performed in-house by the KCP&L Transmission Engineering Department.

The initial engineering and design work is focused on the West and East Segments where the Company has existing rights-of-way/easements that will be utilized for the Iatan-Nashua Project and where any complications related to constructing near or removing existing equipment must be addressed. Engineering and design will not be fully finalized, however, until all of the right-of-way/easements are obtained, which is currently scheduled for the first quarter of 2014.

Engineering and design work on the West Segment, or Iatan end of the line, has been performed in order to coordinate efforts and preparation for project construction work that will be performed during scheduled Iatan Station outages in the spring of 2013 and 2014.

Engineering work was also accomplished to support first material orders, including steel poles, conductors, insulators, and hardware.

Procurement

The Company has issued requests for proposals (“RFPs”), evaluated the subsequent bids, and executed the contracts necessary to procure all of the essential services, materials and equipment required to begin construction during the first quarter of 2013.

Right-of-Way/Easement Acquisition & Permitting

- As noted in the previous quarterly reports, the Company selected Burns & McDonnell to serve as a contractor to negotiate and obtain the various easements required to begin construction.
- The Company also contracted with Burns & McDonnell for the environmental permitting assistance.

Geotechnical

- Alpha Omega was the successful bidder for geotechnical and began work in August 2012.
 - Geotechnical work on the West and East Segments was completed during the fourth quarter of 2012.
 - Geotechnical work on the Middle Segment is scheduled to commence in the third quarter of 2013.

Steel Poles

- The Company has executed contracts for the steel poles for the West and East Segments. A contract for the Middle Segment steel will be issued closer to the date when those poles are needed.
 - TransAmerica Power Products, Inc. (“TAPP”) was selected as the winning bidder to supply the West Segment steel poles
 - Steel poles deliveries for West Segment began in March 2013.

- FWT Utility Poles was selected as the winning bidder to supply the East Segment steel poles.
 - Steel poles deliveries for the East Segment are scheduled for June 2013.

Line Construction

- PAR Electric was selected to perform the line construction, and a contract was executed on December 14, 2012.
 - PAR has mobilized and begun construction activity on the West Segment near Iatan.

Autotransformer (345 to 161 kV 650MVA)

- General Electric was the successful bidder and the contract was executed on 3/4/13. Delivery is currently expected in December 2013.

Other Major Equipment

- Conductor - A contract was executed with Southwire on November 14, 2012.
- Fiber Optic / Ground Wire (“OPGW”) - A contract was executed with Brugg Cables on November 16, 2012.
- Insulators – A contract was executed with MacLean Power on December 18, 2012.

Right-of-Way Acquisition

All rights-of-way required for work planned during the Spring 2013 Iatan Outage have been acquired. Overall on the West Segment, agreements on the needed rights-of-way have been reached with all but two landowners. The condemnation process is underway for those remaining properties. Commissioners for the condemnation proceedings were assigned with the initial court date occurring on February 15, 2013.

The information gathering process including appraisals is complete for the East and Middle Segments to facilitate the right-of-way acquisition process and condemnation process, if necessary.

Construction

As noted above an agreement was reached with PAR Electric on the construction scope, and the contract was signed in December. PAR has mobilized and taken receipt of some material at Iatan. A Construction Kickoff Meeting was held on January 8, 2013.

Actual construction activity began the week of February 11, 2013 with pier drilling on the West Segment near Iatan. Over 10 foundations are currently complete. The construction team’s presentation during Staff’s March 22, 2013 Project field visit contains pictures of the some of the

foundation construction activity and is included as *Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)*.

Schedule

Overall, the Project is on track with no critical path issues. The schedule has been adjusted to coordinate with the recently adjusted Iatan Spring Outage schedules.

All required permitting is on track and the rights-of-way required for work planned during the Spring 2013 Iatan Outage have been acquired. All other major equipment (wire, fiber optic, insulators) is on order with expected delivery dates that will support the construction schedule.

The Level 1 Project Schedule outlines the major milestones and engineering, procurement, and construction activities that will need to be completed to support the current estimated in-service date of June 2015. It includes the current forecast/actual start and finish dates for the Level 1 summarized activities, as well as the baseline start and finish dates against which project status is tracked and reported.

The current Level 1 Schedule as of April 7, 2013 for the overall Iatan-Nashua Project is shown in *Figure 3* below. A larger version of the Level 1 Schedule above is also included as *Attachment D – Level 1 Schedule (HIGHLY CONFIDENTIAL/PROPRIETARY)*.

Figure 3 – Level 1 Schedule (HIGHLY CONFIDENTIAL/PROPRIETARY)

***Highly Confidential/Proprietary Schedule
has been redacted in this non-proprietary version***

Safety

There have been no work-related safety issues on the Project.

During the public meetings an issue was raised with the final route being in the proximity of petroleum or gas pipelines. Pipelines and transmission lines are located near one another in other locations in the Company's transmission system. The Company is aware of the existing ONEOK pipeline near the final route and has continued to work with ONEOK on easement and safety issues. Many of these issues cannot be totally resolved until the engineering design work is complete. The Company will follow all electric industry safety guidelines as well as those provided by ONEOK during construction of the transmission line. The Company will communicate on this particular issue in each report as the engineering work progresses until it is resolved. The Company is waiting for the acquisition of the easements along the northern route in order to complete the final location of structures and center line. The Company anticipates this work to be completed and the easements obtained during the first quarter of 2014. This detailed design information will be sent to ONEOK upon completion in order to start the development of a mitigation plan for the protection of their pipelines.

Summary of KCP&L's and GMO's Contact with the Public

Interactions with the public during the first quarter of 2013 primarily consisted of communications and negotiations with individual landowners regarding the acquisition of necessary easements for the Project.

The Company specifically has been pursuing easement negotiations on the West Segment to facilitate project construction work that will be need to be performed during the Spring 2013 Iatan outage. The Company has been able reach agreements with all but two landowners regarding the necessary easements on the West Segment. The condemnation process with respect to the remaining properties is in progress.

The Company has also begun initial meetings and other communications with landowners on the East Segment in preparation for those easement negotiations. The Company will follow a similar process to the West Segment on the East Segment. Sixty-day condemnation notice letters were sent to East Segment landowners with whom negotiated easement agreements had not been reached during the first quarter of 2013. Negotiations will continue, but the condemnation process will continue along a parallel path similar to that on the West Segment. The East Segment condemnation filing was made in mid-April.

Initial meetings with Middle Segment landowners regarding easements began in mid-March. Sixty-day condemnation notice letters were sent to Middle Segment landowners in mid-April. The intent, however, is to negotiate easement agreements with the landowners whenever possible.

The Company and the various contractors will communicate, as necessary, with landowners to ensure that construction activities occur within the acquired easements and rights-of-way.

Throughout the life of the Iatan-Nashua Project the Company will continue to proactively meet with citizens, local and state officials and the local news media. Citizens can continue to contact the Company through the Iatan-Nashua Project team members that they have met or through the dedicated Iatan-Nashua Project public outreach resources:

| | |
|----------------|---|
| Outreach line: | 1-800-541-0545 (press "6" for the Iatan-Nashua project) |
| Email address: | Iatan-Nashua@kcpl.com |
| Website: | http://www.kcpl.com/iatannashua/ |

The Company has and remains willing to meet with landowners as requested during any stage of the Iatan-Nashua Project. The Company will communicate with affected landowners prior to key points in the Iatan-Nashua Project (such as the beginning of easement negotiations, initial construction work, and other key activities as needed).

Status of Ownership of Iatan-Nashua Project

The process governing the construction of transmission facilities within the SPP region and the basis for SPP issuing NTCs are set forth in Section VI of Attachment O to the SPP Open Access Transmission Tariff (“SPP Tariff”)¹¹. Section VI also describes the process by which transmission owners designated to build projects are to accept or reject such designation by SPP, as well as how they may proceed to relinquish such designation and arrange for another entity to build and own a project in its place, subject to certain qualifications.

Current Ownership Status of Iatan-Nashua Project

As discussed in the Introduction section above, both KCP&L and GMO currently are DTOs for portions of the Iatan-Nashua Project. GMO is currently the DTO for the 345kV line components of the Iatan-Nashua Project, which includes the East Segment, West Segment, and Middle Segment of the line as described in the Introduction section above. KCP&L is currently the DTO for the substation upgrades portion of the Iatan-Nashua Project, which includes the new 345/161kV autotransformer to be installed at the Nashua Substation and the other necessary upgrades at the both the Iatan and Nashua Substations. The rationale and process for determining which portions of the Iatan-Nashua Project that each GMO and KCP&L will construct was discussed in the second quarterly report filed on June 29, 2012 (as revised July 3, 2012) in Case No. EO-2012-0271.

Copies of the NTCs, modification requests, and Company responses described above can be found in the Q4 2012 Iatan-Nashua Project Quarterly Report¹², and in prior quarterly reports, in Case No. EO-2012-0271.

Planned Transource Ownership of Iatan-Nashua Project

On April 4, 2012 Great Plains Energy (“GXP”) and American Electric Power (“AEP”), announced that they had formed a company to build and invest in transmission infrastructure. The new company, Transource EnergySM LLC (“Transource”)¹³, will pursue competitive transmission projects, initially in the Southwest Power Pool (“SPP”), Midwest Independent Transmission System Operator (“MISO”) and PJM Interconnection (“PJM”) regions, with the potential for expanding to other regions in the future. GXP owns 13.5 percent of Transource, and AEP owns 86.5 percent.

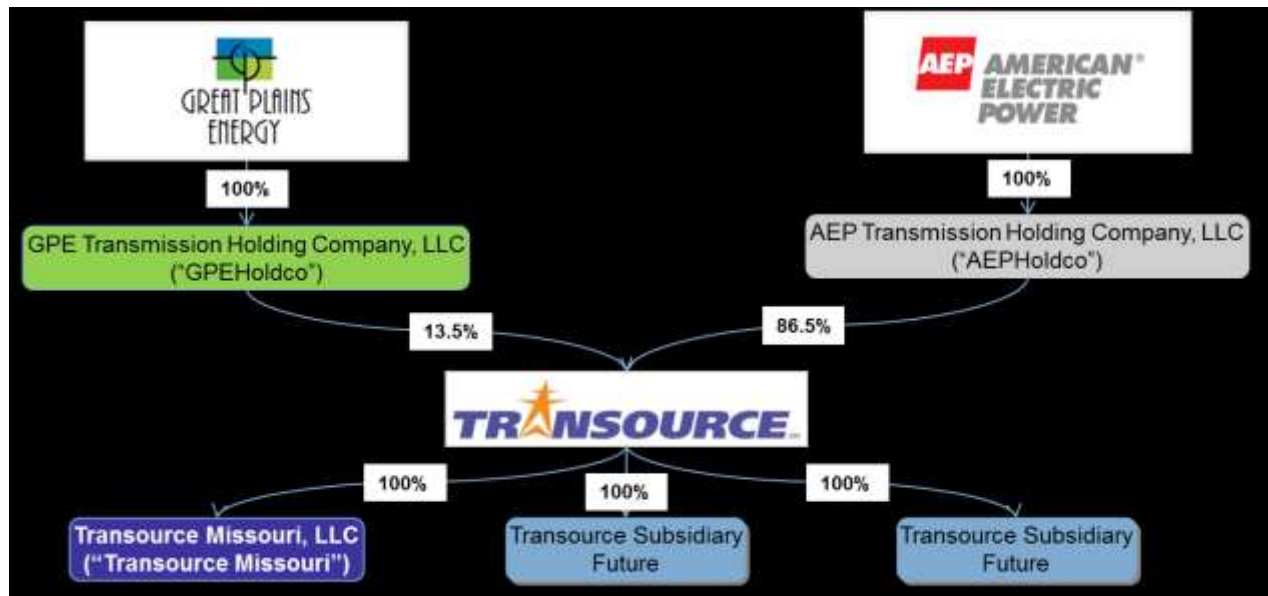
¹¹ The full SPP Tariff as well as individual Schedules and Attachments can be found at <http://www.spp.org/tariff-viewer.asp>

¹² The Q4 2012 Iatan-Nashua Project Quarterly Report is available through the Electronic Filing and Information System (“EFIS”) on the MSPC’s website at https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EO-2012-0271&attach_id=2013013409

¹³ The GXP and AEP news releases announcing the formation of Transource as well as other information about Transource can be found at <http://www.transourceenergy.com>

Transource Missouri, LLC (“Transource Missouri”) is a wholly-owned subsidiary of Transource. The corporate structure of Transource is shown in *Figure 4* below.

Figure 4 – Transource Corporate Structure



It is the Company’s intention that Transource will be the entity under which it will participate in any future regional transmission projects including the Iatan-Nashua Project and the Sibley-Nebraska City project. Specifically KCP&L and GMO plan to terminate and release their respective obligations as DTOs under the modified NTCs, and to designate Transource Missouri as the alternate DTO responsible for building and owning the Iatan-Nashua Project (and Sibley-Nebraska City Project) pursuant to Section VI of Attachment O to the SPP Tariff¹⁴.

On August 31, 2012, in Case No. EO-2012-0367, KCP&L and GMO filed an application with the MPSC for approval to transfer certain transmission property to Transource Missouri and for other related determinations. This request before the Commission is part of the process to help facilitate the novation of the NTCs for the Iatan-Nashua Project (and the Sibley-Nebraska City Project) to Transource Missouri. Specifically in this application, KCP&L and GMO requested that the Commission:

1. Authorize the transfer of certain electric transmission property from the Applicants to Transource Missouri under Section 393.190.1;
2. Find that no approval is required under Missouri law to novate the Notifications to Construct (“NTC”) received from SPP regarding the two regional, high-voltage

¹⁴ The full SPP Tariff as well as individual Schedules and Attachments can be found at <http://www.spp.org/tariff-viewer.asp>

transmission Projects, or otherwise express no objection to or approve the Applicants' plans in this regard; and

3. Grant a waiver of or variance from the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015.

More detail regarding this application can be found in the application and the associated direct testimony that was filed along with the application in Case No. EO-2012-0367¹⁵.

Concurrent with the KCP&L and GMO's application in Case No. EO-2012-0367, Transource Missouri also filed a related application in Case No. EA-2013-0098 for a line Certificate of Convenience and Necessity ("CCN") to construct, finance, own, operate, and maintain the regional Iatan-Nashua Project (and the Sibley-Nebraska City Project). More detail regarding this Transource Missouri CCN application can be found in the application and the associated direct testimony that was filed along with the application in Case No. EA-2013-0098¹⁶.

These cases were consolidated for procedural purposes on November 7, 2012 with Case No. EA-2013-0098 as the lead. The MPSC Staff and the Office of the Public Counsel ("OPC") filed rebuttal testimony in the consolidated cases on January 30, 2013. Missouri Industrial Energy Consumers ("MIEC") is also an intervenor in the cases but did not file testimony. The Company, Transource Missouri, and OPC filed surrebuttal testimony on March 6, 2013.

Subsequently the Company and Transource engaged in settlement discussions with Staff and OPC. The parties were able to negotiate an agreement to settle the issues¹⁷ in the cases, and they filed the Non-Unanimous¹⁸ Stipulation and Agreement ("Stipulation") with the Commission on April 12, 2013.

The Commission held a hearing on the Stipulation on April 16, 2013. The Commission has requested additional information related the Stipulation from the parties. The Company, Transource Missouri and the other parties are in the process of developing a procedural schedule to jointly respond to the Commission questions regarding the Stipulation.

In a related FERC case (Docket No. ER12-2554¹⁹), Transource Missouri has requested approval of certain project specific incentives as well as a transmission formula rate through which costs of the Iatan-Nashua Project, the Sibley-Nebraska City Project, and other future Transource Missouri transmission projects will be charged to transmission customers in the future. FERC

¹⁵ All case filings and submissions for Case No. EO-2012-0367 are available through EFIS at https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EO-2012-0367&pagename=case_filing_submission_FList.asp

¹⁶ All case filings and submissions for Case No. EO-2013-0098 are available through EFIS at https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EA-2013-0098&pagename=case_filing_submission_FList.asp

¹⁷ Certain issues, as specifically noted in the Stipulation, may, however, require future Commission action.

¹⁸ The Company, Transource Missouri, Staff, and OPC are signatories to the Stipulation and Agreement. MIEC is not a signatory but advised the other parties that it will not oppose the Stipulation and Agreement.

¹⁹ All case filings and submissions for FERC Docket No. ER12-2554 are available by searching on the docket number in FERC's online eLibrary at http://elibrary.ferc.gov/idmws/docket_search.asp.

has approved certain aspects of the Transource Missouri. Transource Missouri and the Kansas Corporation Commission (“KCC”), which was the only active intervenor in the case, reached a settlement on the remaining issues²⁰ in the case. On March 11, 2013, the FERC Trial Staff recommended that the FERC accept the settlement, and on March 19, 2013 the presiding judge certified the Offer of Settlement as uncontested. The FERC, however, has not yet ruled on the Offer of Settlement.

Assuming that the requested MPSC and FERC approvals are received, KCP&L/GMO will file an application at SPP requesting approval to novate the Iatan-Nashua and Sibley-Nebraska City Projects to Transource Missouri. SPP will evaluate Transource Missouri’s ability to construct and operate the Projects including such things and its creditworthiness and its technical expertise. Assuming that Transource Missouri meets the evaluation criteria, SPP will approve the novation and file it with FERC. At that point, Transource Missouri will assume all ownership rights and obligations for the construction and operation of the Projects.

It is currently anticipated that, if all of the remaining MPSC, FERC, and SPP approvals are received, Transource Missouri ownership of the Iatan-Nashua and Sibley-Nebraska City Project could potentially be consummated by the end of 2013. The Company has, however, continued to proceed with the necessary construction activities independent of the Transource proceedings. The Company’s operating and service agreements with AEP and/or Transource, as well as the Stipulation in Case Nos. EO-2012-0367 & EA-2012-0098, allow for the Company to continue construction activities until such time that it is determined that it is appropriate for a seamless transition to occur.

²⁰ The remaining issues on which settlement was reached were primarily related to base return on equity (9.8%), post-construction capital structure (55% equity cap), and some miscellaneous protocol changes.

Attachments

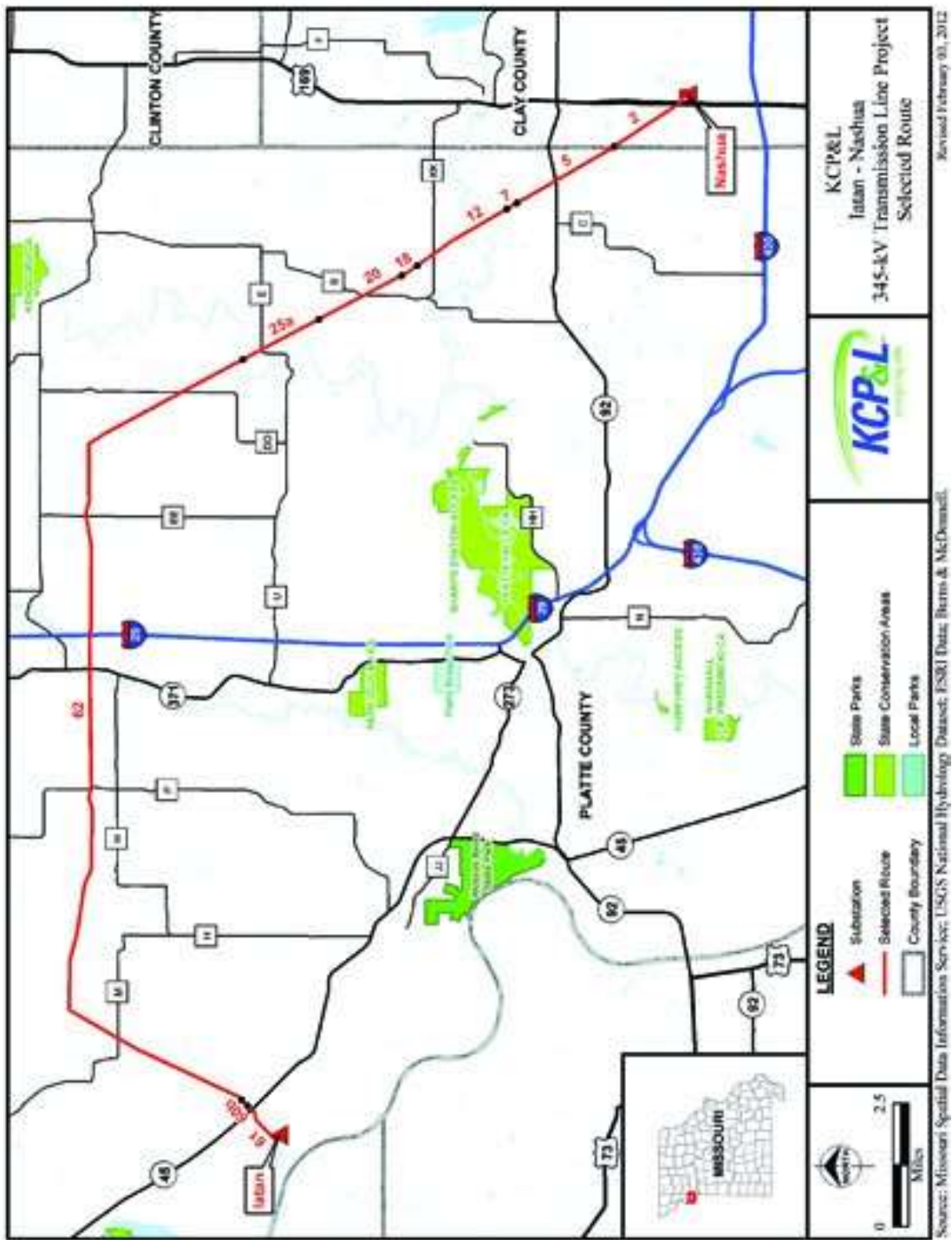
Attachment A – Iatan-Nashua Project Final Route Map

Attachment B – Iatan-Nashua Project Components

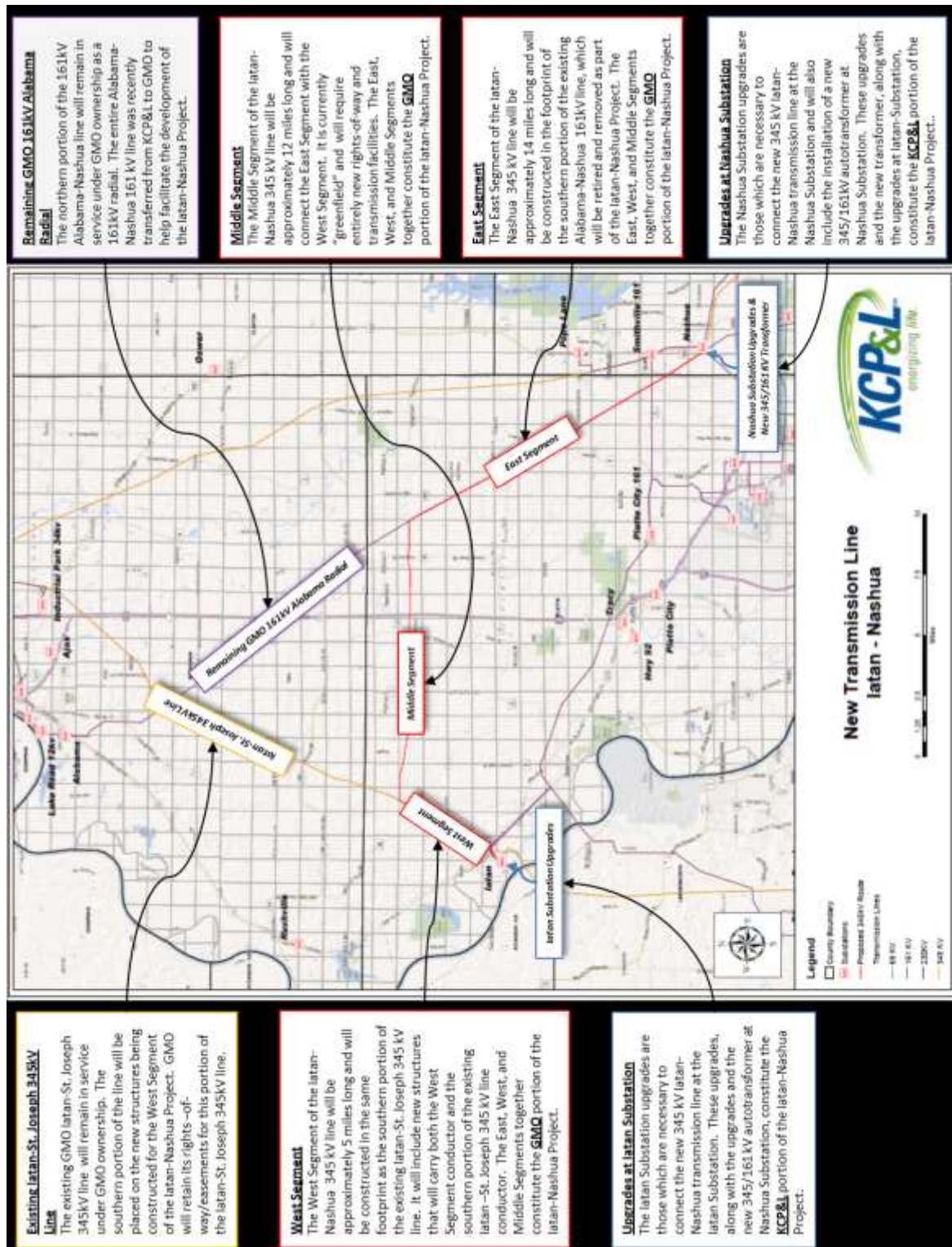
**Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY
CONFIDENTIAL/PROPRIETARY)**

Attachment D – Level 1 Schedule (HIGHLY CONFIDENTIAL/PROPRIETARY)

Attachment A – Iatan-Nashua Project Final Route Map



Attachment B – Iatan-Nashua Project Components



Attachment C – Iatan-Nashua Project Update Presentation
(HIGHLY CONFIDENTIAL/PROPRIETARY)

*Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version*

*Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)
(continued)*

***Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version***

*Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)
(continued)*

*Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version*

*Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)
(continued)*

*Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version*

*Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)
(continued)*

*Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version*

*Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)
(continued)*

***Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version***

*Attachment C – Iatan-Nashua Project Update Presentation (HIGHLY CONFIDENTIAL/PROPRIETARY)
(continued)*

*Highly Confidential/Proprietary Presentation
has been redacted in this non-proprietary version*

Attachment D – Level 1 Schedule (HIGHLY CONFIDENTIAL/PROPRIETARY)

*Highly Confidential/Proprietary Schedule
has been redacted in this non-proprietary version*