

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

In the Matter of the Joint Application of Great Plains)	
Energy Incorporated, Kansas City Power & Light)	
Company and Aquila, Inc. for Approval of the)	Case No. EM-2007-0374
Merger of Aquila, Inc. with a Subsidiary of Great)	
Plains Energy Incorporated and for other related)	
relief)	

**REPLY OF APPLICANTS TO RESPONSE OF STAFF, ET AL.
AND STAFF'S REQUEST FOR 16 DEPOSITIONS**

Applicants Great Plains Energy Incorporated (“Great Plains Energy”) and Kansas City Power & Light Company (“KCPL”) (collectively, “Applicants”) state the following in reply to the Response of Staff, the Office of the Public Counsel (“OPC”) and certain industrial intervenors (collectively, “Staff, et al.”), including the request to take 16 additional depositions:

1. On February 20, 2008, the Applicants filed a Detailed Status Report advising the Commission of the productive discussions that had occurred among the parties to this case since the hearings were recessed in December. The Applicants proposed a procedural schedule that would call for the filing of rebuttal and surrebuttal testimony during March, and the reconvening of the hearings on April 21, to be concluded by May 2. This schedule permits Great Plains Energy’s proposed acquisition of Aquila to be acted upon by the Commission this spring, if a settlement is not reached in the meantime.

2. On February 25 the Applicants filed 18 pages of additional supplemental direct testimony consisting primarily of concessions that resulted in the Applicants’ withdrawal of certain key requests made in their previous filings. The Applicants filed the testimony to comply with their commitment to the Commission to consider revising their proposal to accommodate certain concerns raised during the December 2007 hearing. The Applicants’ additional

supplemental direct testimony narrows the scope of this proceeding by removing the following issues from the case that had been in controversy:

a. Interest Expense: The Applicants do not seek to recover in any future general ratemaking proceeding any interest expense in excess of equivalent investment-grade debt that is currently held by Aquila.

b. Merger Savings: Applicants do not request a specific merger savings sharing mechanism, but rather will rely upon the traditional regulatory ratemaking process so that any merger savings will be passed through to Aquila and KCPL customers in future rate cases.

c. Regulatory Amortizations: Applicants do not request authority in this proceeding for Aquila to use regulatory “Additional Amortizations” to maintain the investment-grade credit rating that Aquila anticipates receiving upon approval of its acquisition by Great Plains Energy.

d. Aquila Senior Executive Severance Costs: Applicants do not request recovery of the severance costs related to departing Aquila senior executives.

As a result of removing these issues from the case, net benefits to customers will be generated in every year following the closing of the transaction.

3. In response to this effort by the Applicants to narrow and simplify the issues, Staff, et al. now seek to expand substantially the scope of these proceedings and ask that the majority of an additional week be added to the two-week hearing proposed by Applicants. They have also asked the Applicants to voluntarily produce 16 witnesses for depositions (14 KCPL/Great Plains Energy witnesses and 2 Aquila witnesses) related to KCPL’s Comprehensive

Energy Plan (“CEP”). This appears to be an effort to attack collaterally the Commission’s 2005 decisions in Case No. EO-2005-0329, which approved a lengthy and detailed Stipulation and Agreement (“2005 Stipulation”) that established a formal Regulatory Plan to implement the CEP and that provides a process for the review of information and data related to the CEP. The Applicants stand ready to utilize existing procedures in the 2005 Stipulation, as well as other Commission procedures to respond to any of the issues related to the CEP.¹

4. However, the progress and status of infrastructure projects specified in the CEP are unrelated to the acquisition of Aquila. The Applicants are willing to produce for depositions in this case the three witnesses who filed additional supplemental direct testimony on February 25: Terry Bassham, Michael W. Cline, and Chris B. Giles. To the extent that the Commission and/or parties to this case have questions regarding the expected credit quality of Great Plains Energy and/or KCPL post-transaction, given expected ongoing operating and capital expenditures, Messrs. Bassham and Cline are the appropriate witnesses to address those issues. Any further inquiry into the CEP beyond hypothetical potential impacts on credit quality are not required in this case, but rather in other dockets specifically designed to address the CEP under the 2005 Stipulation. Applicants will also seriously consider deposition requests in this case for any other witness who would be deposed on acquisition and merger issues. CEP issues, however, are not appropriate for discovery in this proceeding.

5. A quick resolution of the proper scope of these merger proceedings is important for several reasons. First, resolving this issue is a prerequisite to resuming the hearings in this case. Also, disputes between the Applicants and Staff are likely only to worsen until the scope

¹ This would include any pertinent provisions of the Aquila Stipulation and Agreement approved by the Commission on August 9, 2005 in Case No. EO-2005-0293 where Aquila’s participation in the Iatan 2 project was approved.

issue is resolved. For example, toady KCPL received nearly twenty data requests from Staff concerning CEP-related issues, including a request that would require a review of company e-mail over a three-year period. See Exhibit 1. Consistent with the arguments set forth herein, KCPL plans to object to Staff's CEP-related data requests as irrelevant to this proceeding. Resolving the scope issue will confirm whether KCPL needs to expend the significant resources that will be required to respond to these and future data requests concerning the CEP.

6. Staff, et al., accept Applicants' proposed procedural schedule with two exceptions. First, they suggest that there is no need for rebuttal or surrebuttal testimony. Second, they propose adding three days to the hearing. If no other party responds to the filing of Staff, et al. and indicates a desire to file rebuttal testimony, Applicants would agree that the Commission should eliminate the filing of the rebuttal and surrebuttal from their previously-filed proposed procedural schedule. If the Commission does not expand the scope of this hearing as requested by Staff, et al, the elimination of two rounds of testimony would allow the Commission to resume the hearings sooner than April 21, assuming the Commission's calendar permits. Moreover, an additional three hearing days would be unnecessary.

A. 2005 Stipulation Process.

7. The 2005 Stipulation contains a specific "Resource Plan Monitoring" process by which the elements of the plan are subject to continuous reporting and review. This process is set forth in Section III(B)(1)(o) at page 24 of the Stipulation. There are three key elements to this Monitoring Plan:

a. If KCPL determines that the plan should be modified because of changed facts or circumstances affecting "the reasonableness and adequacy of the Resource Plan," there is a formal notification process that KCPL is required to follow, including

production of “detailed work papers that support the evaluation and the process” if a new plan is chosen. See 2005 Stipulation, § III(B)(1)(o) at 26.

b. Any signatory to the Stipulation with concerns regarding any new proposal is required to notify KCPL and the other parties within 30 days of the KCPL notice, and meetings must promptly occur with the goal of reaching a consensus on any new plan. Id.

c. Any disputes that cannot be resolved in good faith are to be brought to the Commission for its determination within 90 days of the KCPL notification. Id.

8. Importantly, the Signatory Parties to the Stipulation may raise concerns in their own right, even if not reported or acknowledged by KCPL. Any issues not resolved may also be brought to the Commission, where KCPL retains the “burden of proof to demonstrate the continued reasonableness and prudence of the new Resource Plan” Id. at 27. The term “Resource Plan” is defined on page 6 of the 2005 Stipulation and has two elements: (1) Timely Infrastructure Investments² and (2) Demand Response, Efficiency and Affordability Programs.³

9. The major element of the Timely Infrastructure Investments is the new Iatan 2 super-critical, 850-MW coal-fired unit currently under construction. Therefore, to the extent that Staff, et al. wish to inquire into the status of that project, as well as any of the environmental investments that are defined as Timely Infrastructure Investments, there is an agreed-to process. It is not a proper subject for a merger proceeding.

² Section III(B)(4) at p. 44.

³ Section III(B)(5) at p. 46.

10. Pursuant to the 2005 Stipulation, KCPL has conducted numerous meetings and submitted periodic reports to advise Staff, OPC, and other Signatory Parties of CEP developments. Four separate meetings with Staff occurred in 2007, including a CEP Reassessment meeting on January 22, Quarterly Status Report meetings on June 5 and September 12, and a Staff tour at Iatan 2 on February 9. Two conference calls were held on wind project issues on September 28 and December 17, as well as one on IRP issues on May 15. Quarterly Status Reports for 2007 were submitted on May 15, August 15, November 15, 2007 and on February 15, 2008. KCPL met with Staff and other parties on January 23, 2008 to review the Third Quarter Status Report as well as KCPL's current financing plans.

11. KCPL recently received a letter from Staff requesting a meeting to discuss its concerns regarding the CEP. See Exhibit 2, Letter from Chief Deputy General Counsel Steven Dottheim to KCPL William G. Riggins, et al. (Feb. 21, 2008). That meeting was clearly requested as part of the Resource Plan Monitoring process set forth in the 2005 Stipulation. KCPL welcomes the opportunity to discuss its plans and decision-making, and is working with Staff to schedule a meeting in the near future.

12. In a related context, Staff and others have not objected to the Commission's order establishing a separate docket to deal with wind generation issues related to the CEP. Based upon the 2005 Stipulation and the decisions approved in Case No. EO-2005-0329, KCPL requested and the Commission agreed to take status reports in a separate proceeding regarding KCPL's decision not to install 100 MWs of new wind generation in 2008. See In re KCPL Status Report on Wind Investments, Case No. EO-2008-0224 ("Wind Docket"). Staff concurred that "there are provisions in the [2005] Stipulation ... for addressing this matter at this point," and advised the Commission that it had sent a letter to KCPL (Exhibit 1) requesting a meeting "to address, among other things, KCPL's decision not to proceed with the additional 100 MW of

wind generation in 2008.” See Staff Recommendation/Status Report at 5-6, Wind Docket (Feb. 22, 2008). KCPL has recently filed its response to the Staff Recommendation, as well as to comments offered by OPC, the Missouri Department of Natural Resources and others in the Wind Docket.

B. The Acquisition of Aquila is not related to the Comprehensive Energy Plan.

13. KCPL is obligated to carry out the elements of the CEP regardless of whether Aquila is acquired by Great Plains Energy. While the generation of efficiencies and synergies contemplated by the acquisition are fair areas of inquiry to determine whether the transaction meets the Missouri legal standard that the proposed acquisition “is not detrimental to the public interest” (4 CSR 240-3.125), there is no legal precedent for the Commission to deny the Applicants’ request on the basis of future events unrelated to the acquisition that may or may not occur.

14. In the most recent case addressing a utility merger, the Supreme Court in AG Processing, Inc. v. PSC, 120 S.W.3d 732, 735 (Mo. 2003) (“AG Processing”), did not change the standard of “not detrimental to the public interest.” The Court made clear that the Commission must conduct a “cost analysis when evaluating whether the proposed merger would be detrimental to the public.” Id. at 736. In that regard, Chief Justice White stated that the Commission must “consider and decide all the necessary and essential issues” related to an acquisition, including UtiliCorp’s proposed recoupment of a \$92 million acquisition premium. Id. However, there is no legal precedent in Missouri that would allow a merger or acquisition proceeding to be converted into either a Chapter 22 Electric Utility Resource Planning investigation under 4 CSR 240-22, or other similar inquiry, especially in light of the 2005 Stipulation’s specific procedures that were designed to monitor and review KCPL’s infrastructure plans.

15. Under AG Processing, there is no need for the Commission to consider certain elements of Applicants' earlier proposal because, as noted above in Paragraph 2, requests concerning Interest Expense, Merger Savings, Regulatory Amortizations, and Aquila Senior Executive Severance Costs have been withdrawn. Staff et al. seem to accept this proposition, except for the amortizations. However, as Mr. Bassham's testimony makes clear, Regulatory or Additional Amortizations are no longer part of the Applicants' request in this proceeding. See Bassham Add'l Supp. Direct Testimony at 4, lines 10-18. Amortizations have never been an element of the Agreement and Plan of Merger transaction whereby Aquila would be acquired by Great Plains Energy.

16. AG Processing requires that the Commission "consider and decide all the necessary and essential issues" related to a merger or acquisition. 120 S.W.3d at 736. Since Regulatory Amortizations are neither "necessary" nor "essential" to the acquisition of Aquila, the Commission need not consider them in its analysis of this case.

17. Mr. Bassham testified that "post-close of the transaction" Applicants intend to meet with interested parties "to develop a regulatory plan for Aquila that might include an amortization provision" See Bassham Add'l Supp. Direct Testimony at 4, lines 15-18 (emphasis added). Similarly, the Applicants advise the Commission that any future filing by Aquila, in a rate case or otherwise, may or may not contain an amortization proposal. Since it is not possible today to determine whether the need would exist in the future to support a request for Regulatory Amortizations, the Applicants cannot state whether such a request would even be made.

18. In construing Section 393.190, Mo. Rev. Stat. (2000), the Court of Appeals in State ex rel. v. Fee Fee Trunk Sewer, Inc. v. Litz, 596 S.W.2d 466, 468 (Mo. App., E.D. 1980), held that the "obvious purpose of this provision is to ensure the continuation of adequate service

to the public served by the utility. The Commission may not withhold its approval of a disposition of assets unless it can be shown that such disposition is detrimental to the public interest.” Id. Accord, State ex rel. City of St. Louis v. PSC, 73 S.W.2d 393, 400 (Mo. 1934). Following these judicial precedents, the Commission requires “a direct and present public detriment” to disapprove a proceeding under Section 393.190. See In re Kansas City Power & Light Co., 2001 Mo. PSC LEXIS 1657 at p. 5, Case No. EM-2001-464 (2001). To that end, the Commission has previously considered such factors as “the applicant’s experience in the utility industry; the applicant’s history of service difficulties; the applicant’s general financial health and ability to absorb the proposed transaction; and the applicant’s ability to operate the asset safely and efficiently.” Id., citing In re Joint Application of Missouri Gas Co., et al. for an Order Authorizing the Sale, Transfer and Assignment of Certain Assets to UtiliCorp United Inc., 1994 Mo. PSC LEXIS 30 at p. 3, Case No. GM-94-252 (1994).

19. The transaction in this case is the acquisition of Aquila by a subsidiary of Great Plains Energy, and the integration of Aquila and KCPL personnel and operations. In prior cases the Commission, as well as the courts, have made clear that the Commission’s duty is to examine the effects of the proposed transaction on the applicant’s financial and operational health. The Staff’s request for information outside the scope of the merger transaction does not meet the standard of “a direct and present public detriment.” CEP issues that may currently exist are obviously not direct or present public detriments related to the acquisition of Aquila, which has not yet occurred. Therefore, any inquiry into the CEP should not be conducted in this case, but rather in other dockets specifically designed to address the CEP under the 2005 Stipulation.

20. Other states have similarly rejected attempts by parties to a merger or acquisition proceeding to expand the proper scope of the case. The Colorado Public Utilities Commission in 1999 approved the merger of New Century Energies, Inc. with Northern States Power Company

to form Xcel Energy, Inc. See In re Application of Public Service Co. of Colorado for Authorization for New Century Energies, Inc. to Merge with Northern States Power Co., 1999 Colo. PUC LEXIS 95, Docket No. 99A-377-EG (1999). In response to requests to expand the scope of inquiry, the Colorado Commission stated:

For example, issues related to specific resource acquisition needs (type and size of resource) or suggested modifications to the Commission's Electric Integrated Resource Planning Rules ... would not be addressed in this docket. Similarly, the Commission [does] not believe it should resolve disputes between Public Service and prospective generation capacity suppliers in this docket. These issues are better addressed in other dockets.

Id., 1999 Colo. PUC LEXIS 95 at p. 2 [emphasis added].

21. This Commission has recognized the importance of maintaining focus on the relevant issues when an asset acquisition or transfer is being considered. In its Report and Order on Rehearing at 41, In re Application of Union Elec. Co. for an Order Authorizing the Sale, Transfer and Assignment of Certain Assets to Central Ill. Public Serv. Co., 2005 Mo. PSC LEXIS 190 at p. 20, Case No. EO-2004-0108 (2005), the Commission stated: "What is required is a cost-benefit analysis in which all of the benefits and detriments in evidence are considered." It noted that Ag Processing did not "require the Commission to deny approval where a risk of future rate increases exists." Id., Order at 41. While the Commission is required to consider the possible risks of future rate increases "together with other possible benefits and detriments," the focus should be on any detriment defined as "any direct or indirect effect of the transaction that tends to make the power supply less safe or less adequate, or which tends to make rates less just or less reasonable." Id., Order at 41-42 (emphasis added).

22. Because KCPL's CEP has been launched, and future rate increases as a result of those investments will occur regardless of the acquisition of Aquila, the Commission's focus should concentrate whether this transaction will have a direct and present detrimental effect on

the safe and adequate supply of power at just and reasonable rates. The testimony supplied by the Applicants demonstrates that the adjoining service territories of KCPL and Aquila, their long history of working together on joint projects, and the plans to integrate the best of their respective operations and personnel post-acquisition will not be detrimental to the public interest, particularly in light of the Applicants' February 25 withdrawal of certain requests.

23. As the Commission declared in the 2005 Union Electric case: "The mere fact that a proposed transaction is not the least cost alternative or will cause rates to increase is not detrimental to the public where the transaction will confer a benefit of equal or greater value or remedy a deficiency that threatens the safety or adequacy of the service." *Id.*, Order at 42.

C. Conclusion.

24. KCPL has worked and will continue to work with the Staff and other Signatory Parties regarding concerns related to the CEP. However, efforts to expand the scope of these proceedings to address non-merger related issues should not be permitted. This is particularly true in this case where the Applicants have just withdrawn several requests that were viewed by the parties as controversial, in order to reduce the costs of the acquisition to customers and to accelerate the flow of benefits to them.

25. As noted above, the Applicants will make available for depositions in this case the three witnesses who filed additional supplemental direct testimony on February 25, 2008. However, the Commission should limit the scope of those depositions and any other discovery in this proceeding, as well as any responsive testimony or evidence offered at hearing to the issues previously raised by the Applicants.

26. The Commission should explicitly rule that any issues related to the details of KCPL's Comprehensive Energy Plan will not be addressed in this proceeding.

WHEREFORE, the Applicants request that the procedural schedule proposed in its Detailed Status Report (as further described in this pleading) be adopted and that other relief be granted consistent with the Applicants' positions stated herein.

Respectfully submitted,

/s/ Karl Zobrist

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Attorneys for Great Plains Energy Incorporated and Kansas City Power & Light Company

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing has hand-delivered, emailed or mailed postage prepaid, first class, this 5th day of March, 2008, to all counsel of record.

/s/ Curtis D. Blanc
Attorney

Missouri Public Service Commission**Data Request**

Data Request No.	0378
Company Name	Kansas City Power & Light Company-Investor(Electric)
Case/Tracking No.	EM-2007-0374
Date Requested	3/6/2008
Issue	Mergers - Merger Rationale
Requested From	Lois J Liechti
Requested By	Bob Schallenberg
Brief Description	Chris Giles, Bill Downey, Dave Price, the accounting team and other KCPL/GPE senior management CEP e
Description	Please provide copies of all e-mails to and from Chris Giles, Bill Downey, Dave Price, the accounting team and other KCPL/GPE senior management regarding the Comprehensive Energy Plan (CEP) for the period June 1, 2005 through June 1, 2008.
Due Date	3/11/2008

The attached information provided to Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. EM-2007-0374 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Kansas City Power & Light Company-Investor(Electric) office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person (s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Kansas City Power & Light Company-Investor(Electric) and its employees, contractors, agents or others employed by or acting in its behalf.

Security	Public
Rationale	NA

With Proprietary and Highly Confidential Data Requests a Protective Order must be on file.

EXHIBIT 1



Commissioners

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Chairman

CONNIE MURRAY

ROBERT M. CLAYTON III

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TERRY JARRETT

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RE: Case No. EO-2005-0329 KCPL's Resource Plan / Comprehensive Energy Plan -
Staff Request For A Meeting

Dear Gentlemen:

The Staff of the Missouri Public Service Commission (Staff) is requesting that Kansas City Power & Light Company (KCPL) promptly schedule a meeting at a mutually convenient time with the Signatory Parties to the Stipulation And Agreement in Case No. EO-2005-0329 pursuant to the provisions of that agreement as approved by the Missouri Public Service Commission (Commission). The Staff requests that the meeting cover six topics: 1) the actual practice respecting, and content of, notification to the Signatory Parties of changed factors or circumstances relating to the adequacy and reasonableness of KCPL's Resource Plan; 2) the decision to construct and build Iatan 2 without completion of substantial engineering design; 3) the status of the construction schedule and definitive cost estimate for the completion of the Iatan 2 and 1 projects; 4) the cost and schedule controls that have resulted in the expected costs and schedule of the Iatan 2 and 1 projects being unknown at this time; 5) the notification process related to KCPL's decision to defer the LaCygne 1 scrubber and baghouse; and 6) the notification process related to KCPL's decision that it would not proceed with the additional 100 megawatts of wind generation facilities in 2008.

At this time, in general the Staff is concerned that the Signatory Parties are not being notified of changes in the Resource Plan as required under the Stipulation And Agreement in Case No. EO-2005-0329 and that the current expected outcome of the infrastructure investments is that more money will be expended than has currently been revealed to the Signatory Parties. Regarding specific items, the Staff is concerned that the Iatan 2 and 1 projects will not be completed on the basis of the original construction schedule and definitive estimate and the LaCygne 1 environmental enhancements will not be constructed on the schedule provided for in the Stipulation And Agreement. As KCPL is aware, Staff is concerned regarding construction cost overages and schedule slippage, independent of the two anonymous letters recently received at the Commission.

The Staff requests that the meeting cover the aforementioned six items under sections B.1.o and q of the Stipulation And Agreement in Case No. EO-2005-0329, which state:

o. Resource Plan Monitoring

KCPL agrees to actively monitor the major factors and circumstances which influence the need for and economics of all elements of its Resource Plan (the term "Resource Plan" is defined for purposes of this Agreement in Paragraph III.B.1.a.) until the capital investments described in Paragraph III.B.5 [sic] below are completed. Such factors and circumstances would include, but not be limited to:

- (x) a significant change in capital market conditions;
 - (xi) a significant change in the construction costs of elements of the resource plan;
- * * * *

If KCPL determines that its Resource Plan should be modified because changed factors or circumstances have impacted the reasonableness and adequacy of the resource plan, then it shall notify all Signatory Parties in writing within forty-five (45) days of any such determination. In its notification, KCPL shall: (1) explain the reason(s) (e.g., changed circumstances) for the proposed change in the Resource Plan; (2) specify the new proposed Resource Plan; (3) provide a description of the alternatives that it evaluated and the process that it went through in choosing the new proposed Resource Plan; and (4) provide detailed workpapers that support the evaluation and the process whereby a new proposed Resource Plan was chosen.

*

If any Signatory Party believes that there have been significant changes in factors or circumstances that have not been acknowledged by KCPL, any Signatory Party may notify KCPL and all other Signatory Parties and request a meeting of all

Riggins, Blanc, Fischer, Zobrist, Steiner
February 21, 2008
Page Three

Signatory Parties to discuss the specific changes in factors or circumstances that give rise to the concern of the Signatory Party giving such notice....

Cost Control Process for Construction Expenditures

KCPL must develop and have a cost control system in place that identifies and explains any cost overruns above the definitive estimate during the construction period of the latan 2 project, the wind generation projects and the environmental investments.

Regarding KCPL's intention to delay the LaCygne 1 scrubber and baghouse from 2009 to completion no sooner than in the fall 2011 and not to proceed with the 100 megawatts of new wind generation facilities to be installed in 2008, KCPL has not issued notification to the Signatory Parties as provided for under the first full paragraph on page 26 of the Stipulation And Agreement in Case No. EO-2005-0329. The meeting being requested by Staff is provided for under the first full paragraph on page 27 of the Stipulation And Agreement in Case No. EO-2005-0329. Although KCPL has indicated its intention to delay the LaCygne 1 scrubber and baghouse replacement from 2009 to completion no sooner than in the fall 2011, in direct testimony in Case No. ER-2007-0291, in its S02 Plan For 2008, which was sent to Staff on December 31, 2007, under the terms of the Stipulation And Agreement in Case No. EO-2005-0329, and apparently in one of the quarterly Regulatory Plan / Comprehensive Energy Plan Update meetings, this does not meet compliance with the Stipulation And Agreement in Case No. EO-2005-0329.

Staff believes that a meeting of the Signatory Parties to the Case No. EO-2005-0329 Stipulation And Agreement should be convened at a mutually convenient time in the near future to address these matters, pursuant to the specific provisions of the Stipulation And Agreement. in Case No. EO-2005-0329.

Staff looks forward to your reply.

Very truly yours,



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Riggins, Blanc, Fischer, Zobrist, Steiner
February 21, 2008
Page Four

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EXHIBIT 2