

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of
Kansas City Power and Light Company
for Approval to Make Certain Changes
in its Charges for Electric
Service To Continue the Implementation
of Its Regulatory Plan

ER-2009-0089

In the Matter of the Application of
KCP&L Greater Missouri Operations
Company for Approval to Make Certain
Changes in its Charges for
Electric Service

ER-2009-0090

In the Matter of the Application of
KCP&L Greater Missouri Operations
Company for Approval to Make Certain
changes in its Charges for
Steam Heating Service

ER-2009-0092

**RESPONSE TO KCP&L'S STATUS REPORT AND MOTION TO
EXTEND THE PERIOD TO DEMONSTRATE COMPLIANCE WITH
IN-SERVICE CRITERIA**

COMES NOW the Intervenor National Nuclear Security Administration ("NNSA")
for its response to Kansas City Power & Light Company's ("KCPL") status report and
motion to extend the period to demonstrate compliance of its IATAN 1 facility with
certain in-service criteria. NNSA states the following:

1. On March 2, 2009, KCPL filed a "Status Report and Motion to extend Period to
Demonstrate Compliance with Certain In-Service Criteria". In this report, KCP&L
advised the Commission of a significant delay in testing and operation of the new Air

Quality Control System (AQCS) at its Iatan 1 facility. This delay was caused by the need to repair the rotor shaft of the turbine, which was damaged primarily due to excessive shaft vibrations and KCP&L's failure to observe a related alarm.

2. In its Status Report, KCP&L offers four alternatives for the scheduling:

Alternative 1 Retain the March 31, 2009 True-Up date;

Alternative 2 Extend the True-up date to April 30, 2009, and similarly extend the portions of the procedural schedule that are related only to the True-up proceeding.

Alternative 3 Same as Alternative 2, with a delay from August 5, 2009 to September 5, 2009 in the new rates' effective date.

Alternative 4 Exclude Iatan 1 costs from this proceeding, and address them in the next rate case. (Obviously, KCL&L opposes this.)

3. At page 8 of his direct testimony, KCP&L witness Brent C. Davis acknowledged a cost overrun of \$107.4 million or 28.50% in the installation of the AQCS at Iatan 1.

4. The revenue requirement related to the Iatan 1 AQCS costs is over \$29 million. KCP&L is proposing that this \$29 million be included in its True-up calculations.

5. KCP&L asks that, for ratemaking purposes, the Commission consider attainment of the Provisional Acceptance Date (PAD) as equivalent to meeting the construction contract's in-service criteria. The PAD and the in-service criteria are in no way equivalent.

6. The contract includes the following completion steps and dates:

Step	Estimated Date	Days from the Previous Step
Mechanical Completion	11/16/2008	
Provisional Acceptance	12/16/2008	30
Substantial Completion	04/16/2009	121
Final Completion Date		no date specified

This shows that the Completion date is 121 days after the PAD. Thus, even if one assumes that the Company will achieve Provisional Acceptance as of April 21, 2009, the Substantial Completion date will be on or about August 21, 2009. This is about two weeks after the proposed August 5, 2009 effective date for rates in this proceeding. Final Completion may be well beyond August 21, 2009, and could be close to or even subsequent to the time when KCPL files its next rate case.

7. The contract mandates that certain stringent conditions be satisfied by the final completion date: These include:

- A. Work must be 100% completed (except for remaining Warranty work);
- B. All performance guarantees are met, as demonstrated by certain performance tests pursuant to the contract's technical specifications, and/or all liquidated damages have been paid;
- C. No outstanding event of contractor default exists.

8. Provisional acceptance provides no assurance that these and other applicable conditions for attainment of Final Completion have been met or will ever be met. If there were any such assurance, the contract would not require 121 days between the PAD and Completion.

9. Iatan1 cannot be provisionally or fully completed, and certainly cannot be in-service, by the March 31 end of the True-up period. The Company acknowledges that it does not expect even Provisional Acceptance before the second or third week of April, 2009. Because the date of start-up activities has been slipping, it is possible that Provisional Acceptance may occur later than the end of April, 2009.

10. It would be premature to include Iatan 1 costs in this proceeding because there is no assurance and, indeed no meaningful specific indication, as to:

- A. when the facility will be finally completed and performing satisfactorily;
- B. what the facility's final costs will be; and
- C. whether all of those costs were prudently incurred.

11. In sum, KCP&L is demanding that KCPL customers pay for a \$339 million facility, with \$29 of additional annual revenues, on the basis of nothing more than Provisional Acceptance that may not occur prior to April 30, 2009, and despite the fact that the facility may not be fully completed - much less operational- for several months beyond

the August 5, 2009 effective date for rates in this proceeding, and the fact that there has been no review of the facility's costs, including acknowledged cost over runs of more than one hundred million dollars.

12. NNSA opposes neither the installation of air quality control equipment at latan 1 nor the concept of including the cost of such equipment at latan 1 in the Company's rates. NNSA asserts only that those costs should not be included in rates *at this time*.

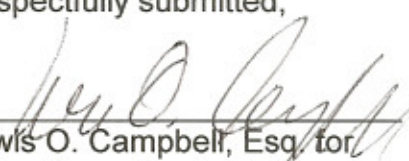
13. For the reasons set out above, NNSA respectfully recommends that:

A. the rates that are set in this proceeding should not include any recovery of latan 1 costs;

B. if the Commission does approve rates that include recovery of some or all of latan 1 costs, it should place whatever part of the rates is based on recovery of latan 1 costs in effect subject to refund;

C. the Commission should order a prudency investigation of latan 1 costs, either as part of this case, or the subsequent rate case, or as a new docket.

Respectfully submitted,



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Certificate of Service

I hereby certify that copies of the foregoing have been included and transmitted by e-mail to all counsel of record this 11th day of March, 2009.



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