

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 )

**Q2 2013 REPORT**  
**AUGUST 2, 2013**

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## 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 Portfolio<sup>1</sup> 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.

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<sup>1</sup> 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 Report<sup>2</sup>, and in prior quarterly reports, in Case No. EO-2012-0271.

## ***Project Reporting***

On March 14, 2012 in Case No. EO-2012-0271<sup>3</sup>, the Missouri Public Service Commission (“MPSC” or “Commission”) issued an Order Directing Filing and Denying Motion for Local Public Hearing (“Order Directing Filing”)<sup>4</sup>.

The MPSC ruled in the Order Directing Filing that “throughout the planning, design, and construction process of **Line 62<sup>5</sup> [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

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<sup>2</sup> 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](https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EO-2012-0271&attach_id=2013013409)

<sup>3</sup> 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](https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EO-2012-0271&pagename=case_filing_submission_FList.asp)

<sup>4</sup> 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](https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EO-2012-0271&attach_id=2012015122)

<sup>5</sup> 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 62<sup>6</sup> [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 reports<sup>7</sup> 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

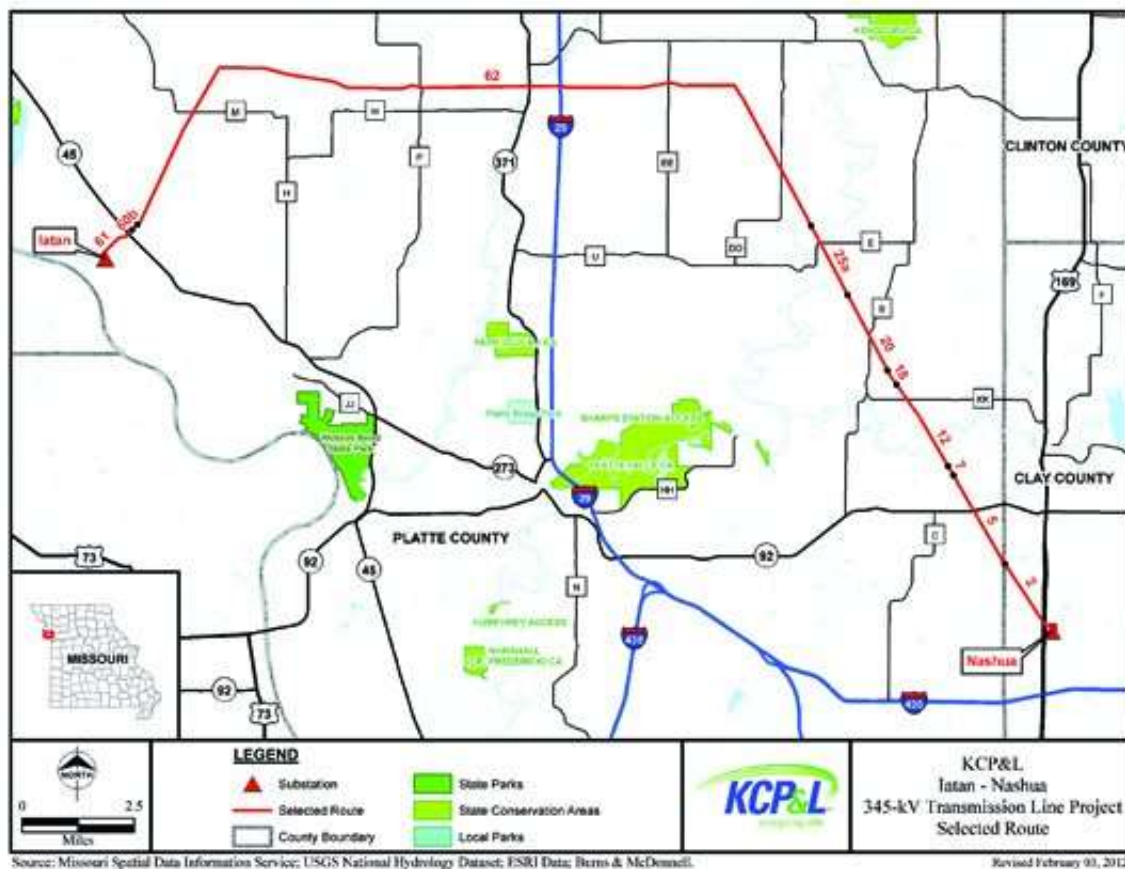
<sup>6</sup> Id.

<sup>7</sup> 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



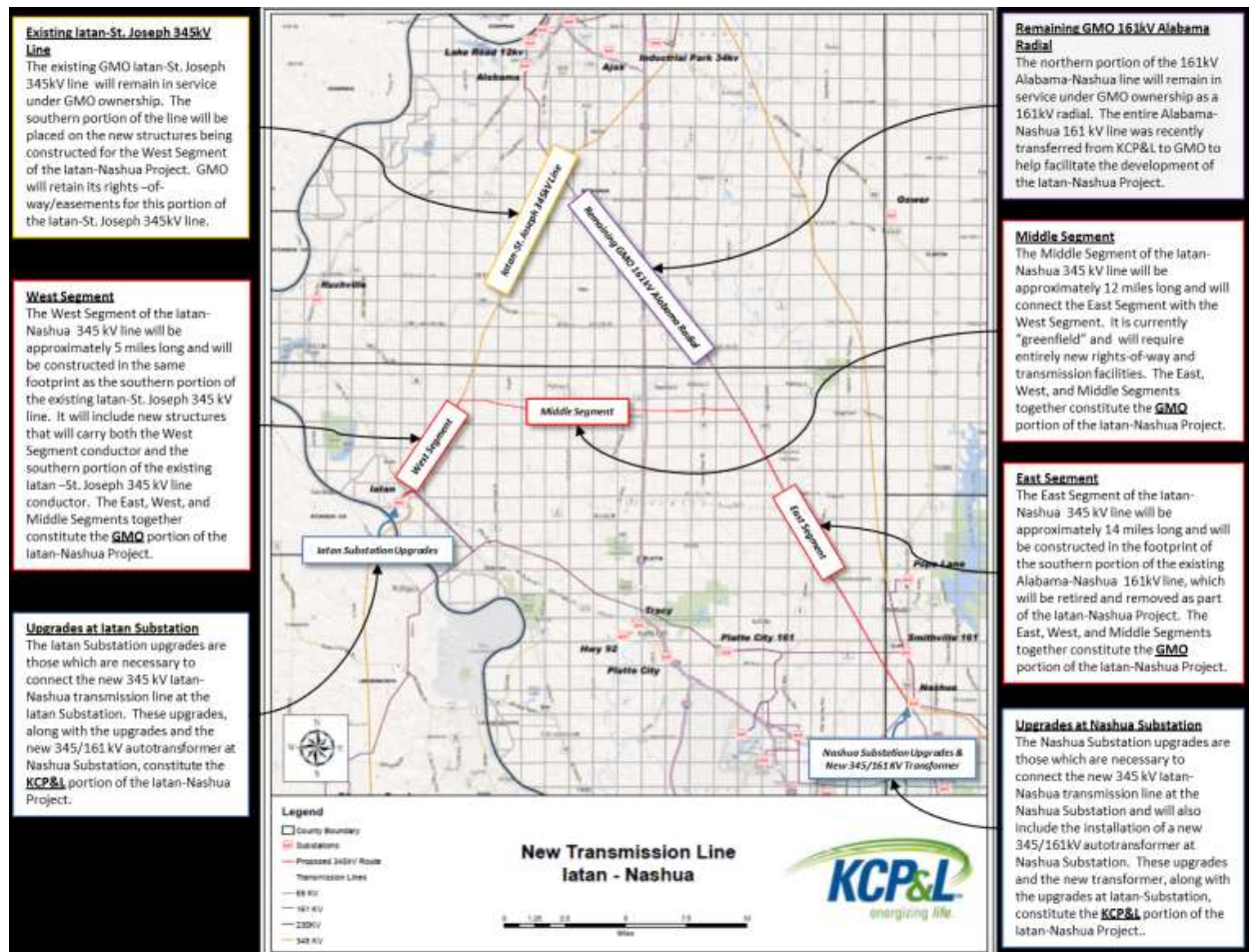
The Iatan-Nashua Project essentially has four distinct components: (i) the **West Segment**; (ii) the **East Segment**; (iii) the **Middle Segment**, which together constitute the GMO portion of the Iatan-Nashua Project; and (iv) the **substation upgrades**, which constitute the KCP&L portion of the 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**<sup>8</sup> 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

<sup>8</sup> 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. The existing Iatan-St. Joseph line is expected to remain energized and in-service during the construction of the West Segment including, at times, while the Iatan-St. Joseph conductors are being 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 GMO<sup>9</sup>. 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 service<sup>10</sup> 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.

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<sup>9</sup> 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](https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EO-2012-0479&pagename=case_filing_submission_FList.asp)

<sup>10</sup> 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***

Overall, the Project is on track with no critical path issues.

During the second quarter, installation of the new foundations and structures on the West Segment was completed. This work included moving the existing conductors on the southern portion of the existing Iatan-St. Joseph 345kV transmission line from the old wooden structures to the newly installed steel structures.

Foundation and structure installation commenced on the East Segment upon completion of the scheduled West Segment construction.

Project activity on the Middle Segment during the second quarter was primarily related to right-of-way acquisition.

### ***Permitting***

During the second quarter, permits/approvals related to railroad and roadway crossings necessary for work on the West Segment were requested and received.

Other permitting including necessary notices, filings, and submittals previously requested/received include:

- 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

### ***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. Engineering and design will not be finalized until all of the right-of-way/easements are obtained, which is currently scheduled for the first quarter of 2014. Engineering and design efforts during the second quarter were focused on developing the specifications for tree clearing and steel poles for the Middle Segment.

## ***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 meet the construction schedule. Contracts still to be awarded for remaining materials and services include those for the steel poles and for tree clearing for the Middle Segment. Contracts previously executed are discussed below:

### **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.
  - TransAmerica Power Products, Inc. (“TAPP”) was selected as the winning bidder to supply the West Segment steel poles
    - Steel poles deliveries for the West Segment were completed in April 2013.
  - FWT Utility Poles was selected as the winning bidder to supply the East Segment steel poles.
    - Steel poles for the East Segment were delivered in June 2013.
- It is currently anticipated that a contract for the Middle Segment steel poles will be executed in the third quarter of 2013.

### **Tree Clearing**

- It is currently anticipated that a contract for tree clearing on the "greenfield" Middle Segment will be executed in the third quarter of 2013.

### **Line Construction**

- PAR Electric was selected to perform the line construction, and a contract was executed on December 14, 2012.

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 necessary rights-of-way have been obtained for the West Segment.

On the East Segment, approximately 95% of the required rights-of-way (37 of 39 parcels) have been obtained. All right-of-way acquisition for the East Segment, including condemnations if necessary, is expected to be completed during the third quarter.

The right-of-way acquisition process is underway on the Middle Segment, and just over half of the 51 parcels have been obtained. The condemnation process was initiated with the issuance of the 60-day condemnation letter in mid-April. Condemnation filings on the remaining parcels were made the week of July 15, but the Company will continue to negotiate with landowners to acquire rights-of-way throughout the process.

### ***Construction***

PAR completed installation of the new foundations and new steel structures on the West Segment during the second quarter. This work included moving the existing conductors on the southern portion of the existing Iatan-St. Joseph 345kV transmission line from the existing wood structures to the newly installed West Segment steel structures. As mentioned in Project Components sections above, the new West Segment steel structures will carry both the new conductors for the Iatan-Nashua Project and the existing conductors from the southern portions of the existing Iatan-St. Joseph 345kV transmission line. After the existing Iatan-St. Joseph line conductors were moved to the new West Segment steel structures, the existing wooden structures on the southern portion of the Iatan-St. Joseph line were removed. The new conductors for the Iatan-Nashua Project will be strung and attached to the new steel structures during the 2014 Iatan 2 maintenance outage.

As noted in the Project Components section above it was expected that the Iatan-St. Joseph line would remain energized and in-service during construction of the West Segment. The Project construction team, however, was able to take advantage of the transmission outage on the Iatan-St. Joseph line during the Spring 2013 Iatan Unit 1 maintenance outage. PAR was able to complete a significant portion of the West Segment structure installation during that time. Several of the West Segment structures were, however, installed while the Iatan-St. Joseph line

was energized and in-service as anticipated would be necessary. Representatives of the MPSC Staff (“Staff”) conducted a field visit to Iatan-Nashua Project on May 22, 2013 to observe the installation of the final new structure on the West Segment, which was performed while the Iatan-St. Joseph line was energized and in-service. Some pictures of the structure installation that was completed during the Staff’s field visit are included as *Attachment C – Iatan-Nashua West Segment Structure Installation (HIGHLY CONFIDENTIAL/PROPRIETARY)*.

Foundation construction and structure installation is underway on the East Segment.

## ***Schedule***

Overall, the Project is on track with no critical path issues.

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 July 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 second quarter of 2013 primarily consisted of communications and negotiations with individual landowners regarding the acquisition of necessary easements for the Project.

The Company held meetings and communicated with landowners on the East Segment in preparation for those easement negotiations. The Company followed a similar process to that used on the West 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. The East Segment condemnation filing was made in mid-April. Negotiations will continue, but the condemnation process will continue along a parallel path similar to that on the West Segment. The Company has been able to reach agreements with all but two landowners on the East Segment.

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. Just over 50% of the easements have been fully acquired and condemnation filings on the remaining parcels were made the week of July 15. The Company will continue to negotiate with landowners to acquire rights-of-way throughout the condemnation process.

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](mailto: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”)<sup>11</sup>. 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 Report<sup>12</sup>, 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 Energy<sup>SM</sup> LLC (“Transource”)<sup>13</sup>, 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.

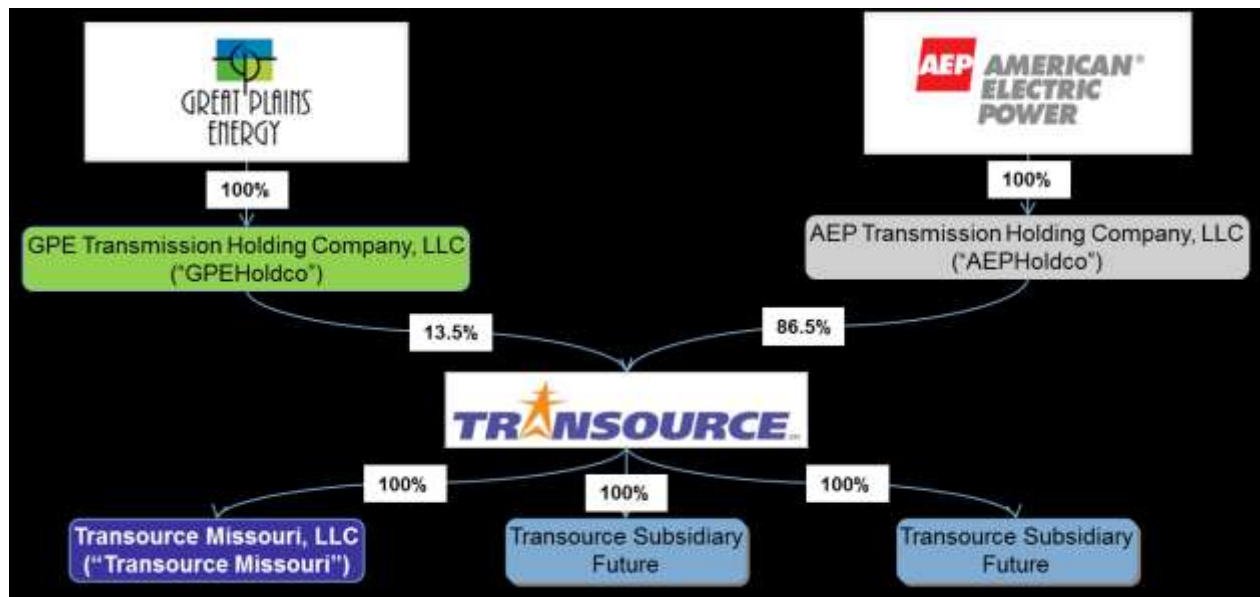
<sup>11</sup> The full SPP Tariff as well as individual Schedules and Attachments can be found at <http://www.spp.org/tariff-viewer.asp>

<sup>12</sup> 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](https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EO-2012-0271&attach_id=2013013409)

<sup>13</sup> 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 Tariff<sup>14</sup>.

### ***MPSC Transource Cases***

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:

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

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 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-2012-0367<sup>15</sup>.

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-2013-0098<sup>16</sup>.

The EO-2012-0367 case (“Transfer Case”) and the EA-2013-0098 case (“CCN Case”) 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 extensive settlement discussions with Staff and OPC. The parties were able to negotiate an agreement to settle the issues<sup>17</sup> in the cases, and they filed the Non-Unanimous<sup>18</sup> Stipulation and Agreement (“Original Stipulation”) with the Commission on April 12, 2013.

The Commission held a hearing on the Original Stipulation on April 16, 2013. A few issues, primarily related to future reporting requirements that were not adequately addressed in the Stipulation, were noted during the hearing. The signatories to the Original Stipulation addressed

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<sup>15</sup> 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](https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EO-2012-0367&pagename=case_filing_submission_FList.asp)

<sup>16</sup> 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](https://www.efis.psc.mo.gov/mpsc/Filing_Submission/DocketSheet/docket_sheet.asp?caseno=EA-2013-0098&pagename=case_filing_submission_FList.asp)

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

<sup>18</sup> 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.

those issues in the “First Amendment to Non-Unanimous Stipulation and Agreement”, which the signatories filed with the Commission on May 6, 2013. The First Amendment and the Original Stipulation (together “Amended Stipulation”) were not opposed by any non-signatory parties and, as such, are now considered Unanimous.

Subsequent to the hearing the Commission requested additional information related the Amended Stipulation from the parties. The signatory parties (i.e., the Company, Transource Missouri, the Staff, and the OPC) have subsequently made several filings in an attempt to address the Commission questions. On June 6, 2013, the signatories filed a “Joint Memorandum in Support of the Stipulation” and a “Joint Proposed Order Approving Unanimous Stipulation and Agreement”. After receiving some additional clarification from the Regulatory Law Judge assigned to the Transource cases, the signatories also filed on July 19, 2013 “Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement” and a “Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement”. The Regulatory Law Judge has presented these filings to the Commissioners for consideration but at this point the Commission has not yet ruled on these filings.

### ***FERC Transource Case***

In a related FERC case (Docket No. ER12-2554<sup>19</sup>), Transource Missouri 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. The FERC approved certain aspects<sup>20</sup> of the Transource Missouri application on October 31, 2012. Transource Missouri and the Kansas Corporation Commission (“KCC”), which was the only active intervenor in the case, reached a settlement on the remaining issues<sup>21</sup> in the case and filed it with FERC on February 27, 2012. On May 6th, FERC issued a letter order accepting the settlement, which resolved all remaining issues in the case. FERC determined the settlement to be fair and reasonable and in the public interest.

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<sup>19</sup> 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](http://elibrary.ferc.gov/idmws/docket_search.asp).

<sup>20</sup> In the October 31, 2012 order the FERC granted certain rate-making treatments and incentives including the establishment of a regulatory asset for pre-construction costs, the use of CWIP in rate base, recovery of abandoned plant costs, use of hypothetical capital structure prior to commercial operation, a 50-basis point ROE adder for RTO participation, and a 100-basis point ROE adder for the Sibley-Nebraska City Project to reflect risks and challenges associated with that project.

<sup>21</sup> 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.

## ***Future Steps Related to Planned Transource Ownership***

If the MPSC approves the Unanimous Stipulation and Agreement 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 as 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 in the first quarter of 2014. 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.

## ***Iatan-Nashua Ownership Status Timeline***

**Table 2** outlines some of the key dates related to the various approvals by SPP, the MPSC, and the FERC regarding the ownership status of the Iatan-Nashua Project. The dates and approval items shown in *red* have yet to occur.

**Table 2 - Iatan-Nashua Ownership Status Timeline**

<i><b>SPP</b></i>	<i><b>MPSC</b></i>	<i><b>FERC</b></i>
<b><i>April 2009</i></b>	SPP approved Balanced Portfolio Projects including Iatan-Nashua Project	
<b><i>June 19, 2009</i></b>	NTC issued to KCP&L for Iatan-Nashua Project	
<b><i>April 17, 2012</i></b>	Revised NTCs issued to both GMO & KCP&L for Iatan-Nashua Project	
<b><i>June 22, 2012</i></b>	KCP&L & GMO responses to revised NTCs for Iatan-Nashua Project	
<b><i>August 31, 2012</i></b>	KCP&L, GMO, & Transource Missouri Applications in EO-2012-0367 & EA-2013-0098	Transource Missouri Application in ER12-2554
<b><i>October 31, 2012</i></b>		FERC approval of certain aspects of Transource Application in ER12-2554 (approval of some requested incentives)

<i>SPP</i>	<i>MPSC</i>	<i>FERC</i>
<i>November 7, 2012</i>	Cases EO-2012-0367 & EA-2013-0098 consolidated under EA-2013-0098	
<i>January 30, 2013</i>	Staff & OPC filed Rebuttal Testimony in EO-2012-0367 & EA-2013-0098	
<i>February 27, 2013</i>		Settlement Agreement between Transource Missouri and KCC resolving remaining issues in ER12-2554 filed at the FERC
<i>March 6, 2013</i>	OPC and the Applicants filed Surrebuttal Testimony in EO-2012-0367 & EA-2013-0098	
<i>April 12, 2013</i>	Non-Unanimous Stipulation and Agreement between the Applicants, Staff, and OPC filed with MPSC	
<i>April 16, 2013</i>	Hearing on Stipulation and Agreement	
<i>May 6, 2013</i>	First Amendment to Non-Unanimous Stipulation and Agreement filed (together with April 12, 2013 Non-Unanimous Stipulation and Agreement these agreements are now considered unanimous)	FERC approval of Settlement Agreement between Transource Missouri and KCC resolving remaining issues in ER12-2554
<i>June 6, 2013</i>	Applicants, Staff, and OPC together file Joint Memorandum in Support of the Stipulation & Joint Proposed Order Approving Unanimous Stipulation and Agreement	
<i>July 19, 2013</i>	Applicants, Staff, and OPC together file Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement & Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement	
<i>The dates and approval items shown below have yet to occur</i>		
<i>TBD</i>	<i>MPSC approvals in EO-2012-0367 &amp; EA-2013-0098</i>	



<i><b>SPP</b></i>	<i><b>MPSC</b></i>	<i><b>FERC</b></i>
<i><b>TBD</b> (filing to be made immediately upon approval by MSPC)</i>	<i>KCP&amp;L/GMO will file application at SPP to novate Projects to Transource Missouri assuming requested MPSC approvals in EO-2012-0367 &amp; EA-2013-0098 are received</i>	
<i><b>TBD</b> (likely within 6 months of MPSC approval above)</i>	<i>Assuming SPP criteria are met SPP will approve novation of the Projects to Transource Missouri and will file novation with the FERC</i>	
<i><b>TBD</b> (likely shortly after SPP approval above)</i>		<i>FERC acceptance of SPP-approved novation</i>

## Attachments

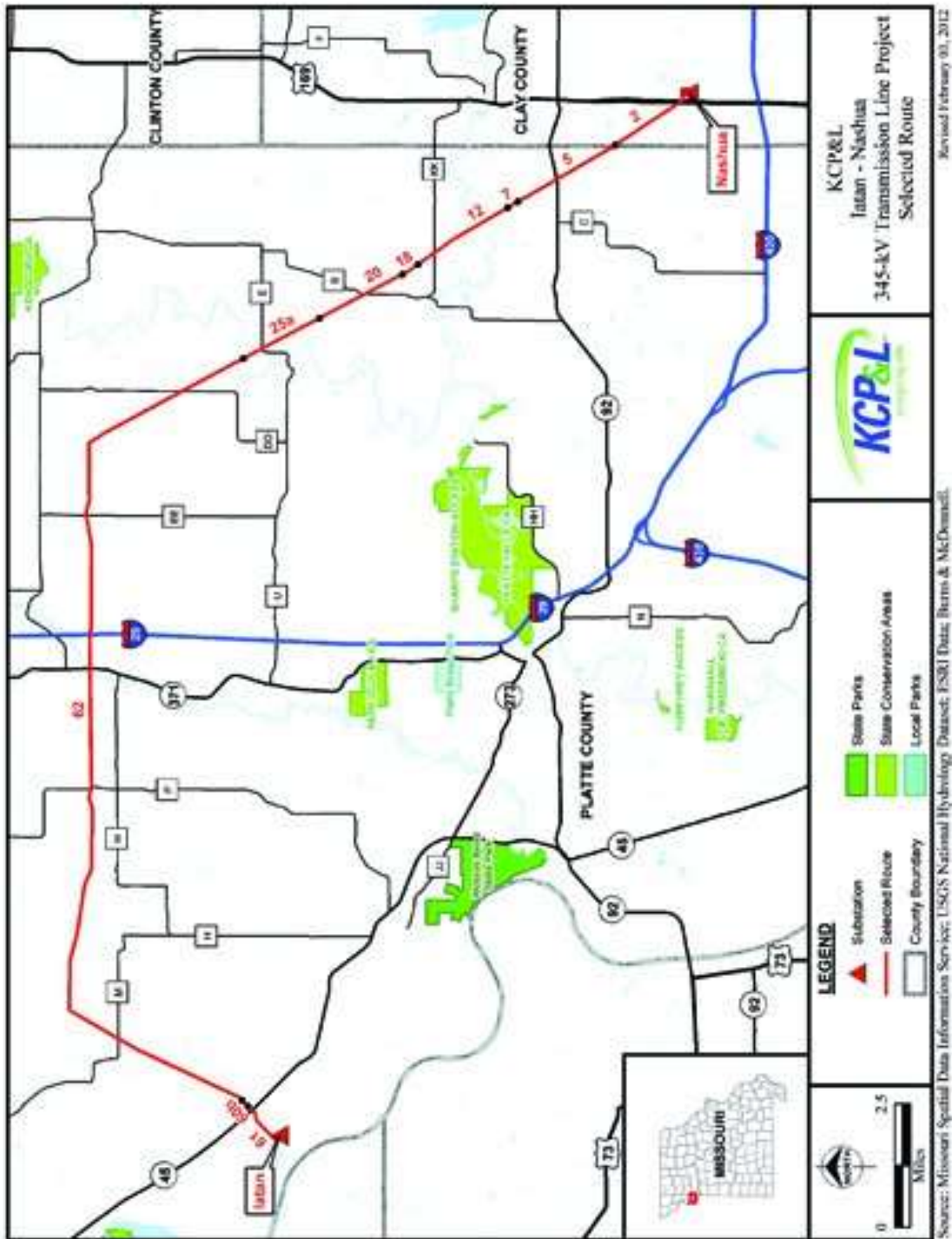
**Attachment A – Iatan-Nashua Project Final Route Map**

**Attachment B – Iatan-Nashua Project Components**

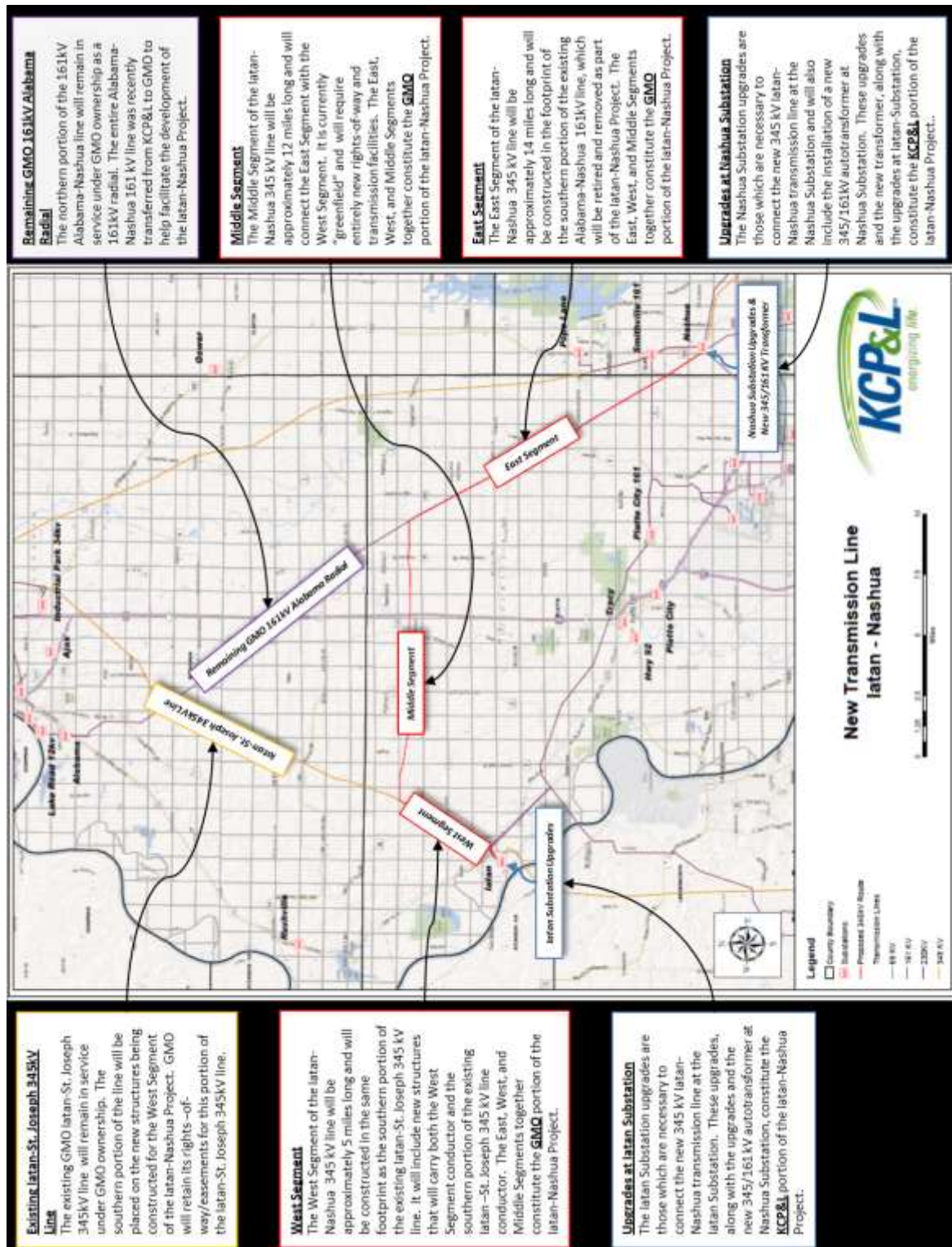
**Attachment C – Iatan-Nashua West Segment Structure Installation (HIGHLY  
CONFIDENTIAL/PROPRIETARY)**

**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 West Segment Structure  
Installation (HIGHLY CONFIDENTIAL/PROPRIETARY)**

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

Attachment C - Page 1

*Attachment C – Iatan-Nashua West Segment Structure Installation*  
**(HIGHLY CONFIDENTIAL/PROPRIETARY)**  
*(continued)*

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

Attachment C - Page 2



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

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