

**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)	Case No. EM-2007-0374
the Merger of Aquila, Inc. with a Subsidiary of Great)	
Plains Energy Incorporated and for Other Related)	
Relief)	

**RESPONSE OF GREAT PLAINS ENERGY INCORPORATED
AND KANSAS CITY POWER & LIGHT CO. TO PETITION
TO REOPEN RECORD AND SCHEDULE HEARING**

Great Plains Energy Incorporated (“Great Plains Energy”) and Kansas City Power & Light Company (“KCPL”) hereby provide their response to the petition of the Industrial Intervenors’ (“Industrials”) to reopen the record and schedule a hearing in the above-captioned proceeding. The Missouri Public Service Commission (“Commission”) should deny the Industrials’ petition because no “material changes of fact or of law” have occurred. In support hereof, Great Plains Energy and KCPL respectfully state as follows:

I. The May 23rd Incident is not Related to the Merger Application.

1. Pursuant to an engineer, procure and construct (“EPC”) contract, KCPL engaged Alstom Power, Inc. (“Alstom”) to install pollution control equipment on Unit 1 of the Iatan Generating Station (“Iatan Unit 1”), and to construct the boiler and pollution controls at Unit 2 of the station (“Iatan Unit 2”). In turn, Alstom entered into a subcontract (“Maxim Subcontract”) with Maxim Crane Works, L.P. (“Maxim”). KCPL is not a signatory to the Maxim Subcontract. Under the terms of the Maxim Subcontract, Maxim provided Alstom with a Manitowoc 18000 crane (“Manitowoc 18000 Crane”), which was manufactured by Manitowoc Company, Inc. Maxim also provided the personnel to operate the Manitowoc 18000 Crane. Maxim’s personnel have operated the Manitowoc 18000 Crane at Iatan Generating Station since September 2007.

2. On May 23, 2008, the Manitowoc 18000 Crane, which was being operated at the Iatan Unit 1 site, collapsed (the “Crane Incident”), resulting in one fatality and injuries to three other individuals. Neither the deceased nor any of the injured workers were KCPL employees. At the time of the Crane Incident, the deceased and one of the injured workers were employed by Alstom. The second injured worker was employed by Maxim, while the third was employed by Aerotek, Inc., an industry-specific staffing agency. The injured workers were treated for their injuries and medically released.

3. Immediately after the Crane Incident, KCPL ordered all contractors to cease construction activities. The following business day, May 27, 2008, KCPL ordered all contractors engaged in construction activities to conduct safety meetings with their employees. On May 28, 2008, construction activities resumed, except for areas directly affected by the Crane Incident.

4. The Crane Incident is irrelevant to the Commission’s review of the benefits and potential detriments of the Merger. It was an unforeseen event wholly independent of the Merger, and moreover, at present, it does not appear to materially affect the assumptions relied upon by the credit rating agencies in their confirmation that Great Plains Energy and KCPL will retain their investment-grade credit rating after the Merger closes. Consequently, the Crane Incident does not represent a change of fact worthy of reopening the record in this proceeding.

II. The Commission Should not Reopen the Record.

5. The Industrials request to reopen the record in this proceeding and schedule a hearing under Commission Rule 4 C.S.R. 240-2.110(8). That rule only allows the opening of a case for taking notice of material changes in fact or law which occur after the conclusion of a hearing. No such change has occurred here.

6. Contrary to the Industrials’ assertion that admission of evidence after the conclusion of a hearing is normal, the relief requested by the Industrials is extraordinary. True-

up hearings are regularly scheduled as part of a procedural schedule; therefore the record is not closed in those cases with true-ups. Here there are no additional hearings scheduled as the post-hearing briefs are being filed today, June 2, 2008. The Commission has rarely reopened a hearing under Rule 240-2110(8), particularly at so late a stage in the procedural schedule.

7. The Industrials' argument appears to be that because the post-closing credit ratings letters from S&P and Moody's were based on an assumption of the schedule and budget of Iatan Unit 1 and Iatan Unit 2 and that since the schedule and budget will, they conjecture, necessarily change after the Crane Incident, the Commission must reopen the docket to see if the credit rating agencies analysis is still valid. This argument fails for the reasons detailed below.

8. The S&P and Moody's letters were premised on many different assumptions at a discrete point in time.¹ The Commission should not reopen the hearing every time an assumption changes. Indeed, credit ratings are not normally changed due to a single event. See Tr. 2324 (Bassham). Because the credit rating letters were issued on a point-in-time basis, it does not make sense to reopen the record to examine specific instances of alleged changed circumstances. The Commission has already taken evidence of the potential impact changed circumstances might have on the credit ratings of Great Plains Energy and KCPL. For example, KCPL witnesses Bassham and Cline were cross-examined during the hearings in this case concerning the schedule and budget changes affecting both Unit 1 and Unit 2 at Iatan, as set forth in the reforecast.

9. If the Commission were to reopen the case every time an assumption changed that a rating agency might have relied upon, it would never be able to make a decision. Some of the January 2008 assumptions have already changed such as the completion date of the Merger and

¹ Ex. 125 (Moody's January 8, 2008 letter) indicates that the "ratings determined herein are assessed on a point-in-time basis and are therefore effective only on the above-referenced date of this letter."

the amount received from the sale of Strategic Energy. In addition, the economy has seen changes since January most notably the rise in energy prices. These changes, like the Crane Incident, do not materially impact the rating agencies' analysis of Great Plains Energy and KCPL. Reopening the docket to examine the effect these changes and the Crane Incident might have, if any, on the validity of the rating agency letters will only serve to burden the record and unnecessarily tax the resources of the Commission as well as all of the parties to this case. The Crane Incident does not represent a material change of fact to the credit rating agencies and therefore is irrelevant to this proceeding.

10. Great Plains Energy and KCPL do not believe that the record should be reopened as any impact related to the Crane Incident should be mitigated by Alstom through standard construction means and methods. After reviewing the remaining work at Iatan Unit 1, KCPL believes that Alstom has several alternatives that should allow it to meet the Unit 1 schedule. For example, KCPL believes that Alstom should be able to replace the Manitowoc 18000 Crane with any one of three cranes that are already at the Iatan Generating Station if those cranes were reconfigured. Although KCPL has not completed its assessment of the Crane Incident on the Iatan Unit 1 schedule and budget, KCPL believes that the recovery plan that is being developed should enable Alstom and other contractors to complete their work at Iatan Unit 1 on or near schedule. As for the Crane Incident's impact on cost, it is premature to discuss this issue in detail. KCPL has not completed its root cause analysis or its assessment of the amount of insurance proceeds that may be available from various insurance carriers as a result of the Crane Incident. Nevertheless, it is important to note that KCPL's reforecast budget for Iatan Unit 1 contains an unallocated reserve contingency to cover costs associated with unanticipated events.

11. The Commission's focus in this docket is to examine the long-term, broad view of the benefits and potential detriments *of the Merger*. Unforeseen events such as accidents or

outages are wholly independent of the Merger and can be investigated in an investigatory docket or the Comprehensive Energy Plan docket. Moreover, the Crane Incident does not materially impact the assumptions relied upon by the credit rating agencies.

12. In the event the Commission grants the relief requested by the Industrials, Great Plains Energy and KCPL consent to having a hearing on June 11, 2008.

WHEREFORE Great Plains Energy/KCPL requests that the Commission deny the Industrials' petition to reopen the record.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 2nd day of June, 2008, to all counsel of record.

/s/ Karl Zobrist
Karl Zobrist