Exhibit No.:	
Issue:	Impact of Owning the Projects, Credit Pressures, and Transmission Financial Analysis
Witness:	Kevin E. Bryant
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company
Case No.:	EA-2013-0098 EO-2012-0367
Date Testimony Prepared:	March 6, 2013

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EA-2013-0098 and EO-2012-0367

SURREBUTTAL TESTIMONY

OF

KEVIN E. BRYANT

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY
AND
KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
March 2013

"[redacted]**" Designates "Highly Confidential" Information Has Been Removed.**
Certain Schedules Attached To This Testimony Designated "(HC)" Have Been Removed
Pursuant To 4 CSR 240-2.135.

Q: Please state your name and business address.

A: My name is Kevin E. Bryant. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L") as Vice President – Investor Relations and Strategic Planning and Treasurer for Great Plains Energy Incorporated ("GPE")[1]. KCP&L and KCP&L Greater Missouri Operations Company ("GMO") (collectively referred to as the "Applicants" or "Companies") are wholly-owned subsidiaries of GPE.

Q: What are your responsibilities?

A: My responsibilities include financing and investing activities, cash management, bank relations, rating agency relations, financial risk management, and investor relations. I am also responsible for strategic planning and insurance.

Q: Please describe your education, experience, and employment history.

A: I received dual undergraduate degrees in finance and real estate from the University of Missouri-Columbia where I graduated cum laude in May 1997. I received my Masters in Business Administration with an emphasis in finance and marketing from the Stanford University Graduate School of Business in June 2002.

I joined GPE in 2003 as a Senior Financial Analyst and was promoted to Manager – Corporate Finance in 2005 where I was responsible for contributing to the development

[1] GPE is a public utility holding company and does not own or operate any significant assets other than the stock of its operating subsidiaries KCP&L and GMO. KCP&L, through its employees and resources, is currently taking steps to move forward on the Projects, addressed in this testimony, on behalf of itself, as well as on behalf of GMO, pursuant to the terms and conditions set forth in the October 10, 2008 Joint Operating Agreement between KCP&L and GMO. Subsequent references in this testimony to GMO's responsibilities with respect to the Projects are made in this context.

and maintenance of the sound financial health of both GPE and KCP&L through the management of corporate financing activities. In August 2006, I was promoted to Vice President – Energy Solutions for KCP&L and served in that capacity until March 2011, when I became Vice President, Strategy and Risk Management. In August of last year, I assumed my current position.

Prior to joining GPE, I worked for THQ Inc. from 2002 to 2003, a worldwide developer and publisher of interactive entertainment software based in Calabasas, California. I served as Manager – Strategic Planning where I was responsible for establishing corporate goals and developing and assisting with the execution of the company's strategic plan. From 1998 to 2000, I worked as a Corporate Finance Analyst for what is now UBS Paine Webber. I worked on mergers and acquisitions for medium and large-sized companies. I also worked at Hallmark Cards as a Financial Analyst from 1997 to 1998.

Q: Have you previously testified in either Case No. EO-2012-0367 or Case No. EA-2013-0098 (the "Applications")?

A: No.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("Commission" or "MoPSC") or before any other utility regulatory agency?

A: Yes. I testified before the Commission in Case Nos. ER-2012-0174 (KCP&L 2012 Rate Case), ER-2012-0175 (GMO 2012 Rate Case), EO-2012-0009 (GMO MEEIA Case), and EM-2007-0374 (Aquila Acquisition Case). I also testified before the Kansas Corporation Commission in Docket Nos. 12-KCPE-764-RTS (KCP&L 2012 Rate Case), 11-KCPE-

581-PRE (LaCygne Predetermination Case), and 08-KCPE-581-TAR (KCP&L's application for its proposed Home Performance with ENERGY STAR® program).

Q: On whose behalf are you testifying?

A: I am testifying on behalf of KCP&L and GMO.

Q: What is the purpose of your Surrebuttal Testimony?

A: The purpose of my Surrebuttal Testimony is to address statements made in the Rebuttal Testimonies of Staff witnesses Charles Hyneman and David Murray and the Office of the Public Counsel ("OPC") witness Ryan Kind relevant to: (i) the impact that owning 100% of the SPP-directed regional Iatan-Nashua and Sibley-Nebraska City 345 kV transmission projects ("Projects") would have on the financial strength of the Companies; (ii) cash flow and credit pressures stemming from the Projects; and (iii) the Transmission Financial Analysis ("TFA") that GPE used in evaluating the strategic opportunities related to various ownership scenarios for the Projects.

I. IMPACT OF OWNING THE PROJECTS

Q: Do you agree with Staff and OPC's implication that maintaining full ownership of the Projects will not adversely impact the Companies?

A: No. As Treasurer of the Companies, and having the fiduciary responsibility to manage the overall credit quality and risk profile of the Companies, I believe that continuing to wholly own these Projects would limit the Companies' financial flexibility. As part of the Companies' responsibility to deliver clean, safe, and reliable power, we have a significant amount of mandatory capital investment obligations across the generation, distribution, and transmission systems that are required in order to meet those responsibilities. Mandatory investments include projects such as generating plant modifications required to meet increasingly stringent emission standards, delivery system improvements and replacements, customer interconnections, and construction or procurement of adequate generation – including renewables – necessary to serve our native load.

These obligations result in a significant level of baseline capital investment required of the Companies' in any given year. Given their relative scale, meeting these baseline capital obligations is significant. Much of the Companies' activity and ability to access low-cost capital is focused in support of these required initiatives. Raising capital beyond what is necessary to support the mandatory projects puts additional pressure on the Companies' ability to maintain a stable credit profile. Thus, if the Companies retained responsibility to build the Projects, particularly given the scale of the Projects relative to the existing asset base, it could significantly impact the Companies' financial flexibility.

Q: Are the Companies irrevocably obligated to build these Projects?

A: No. As explained by Applicant witness Todd E. Fridley in his Direct Testimony, the Notifications to Construct ("NTC"s) issued by Southwest Power Pool, Inc. ("SPP") to the Companies do not irrevocably obligate the Companies to construct these Projects. The ability to assign or novate the Projects, and the financial flexibility that provides, was certainly a consideration at the time that the Companies accepted the NTCs for the Projects.

Q: From a financial perspective, what is the rationale for the Companies seeking to novate these Projects to Transource Missouri, LLC ("Transource Missouri")?

A: The financial rationale for novating these Projects to Transource Missouri is to provide the Companies the benefit of scaling back the investment in large discretionary capital investments, while simultaneously providing the Companies with longer-term, more stable, and manageable investment opportunities. As each new opportunity presents itself, we evaluate that opportunity for the Companies' ability to make such investment in a financially prudent and cost-efficient manner. The scale, level of risk, and complexity of the Projects all present incremental challenges for the Companies. Given the Companies' baseline capital investment requirements, the regional nature of the Projects, and the unique ability to novate these Projects, we determined it was the best course of action for the Companies to improve its financial flexibility and off lay this capital investment to Transource Energy, LLC[2] ("Transource Energy"). In doing so, we preserved our ability to meet existing near-term obligations and other obligations that may emerge in the future in a cost efficient manner, while also providing the Companies with future investment opportunities through GPE's ownership in Transource Energy.

Q: What is the relative magnitude of the near-term projections for the baseline and discretionary capital expenditures that you have discussed?

A: The table below shows that the Companies' total utility capital expenditures are projected to be approximately $2.2 billion for 2013-2015. Of that amount, necessary capital spending on environmental projects is projected to be approximately $393 million, or 18% of the total 2013-2015 projected capital expenditures. The Projects constitute $247

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[2] Transource Missouri is a wholly-owned subsidiary of Transource Energy. GPE has a 13.5% ownership share of Transource Energy.

million or approximately 11% of the projected capital expenditures over that time frame. The regional nature of the Projects and the ability to novate the Projects means that the Projects are much more discretionary in nature than the baseline capital expenditures, including the significant level of spending for the environmental projects. Given the magnitude of the near-term projected baseline capital expenditures, the ability to novate the Projects, and potentially free up $70-$100 million of capital annually in the near term, provides the Companies with much needed financial flexibility.

Projected Utility Capital Expenditures

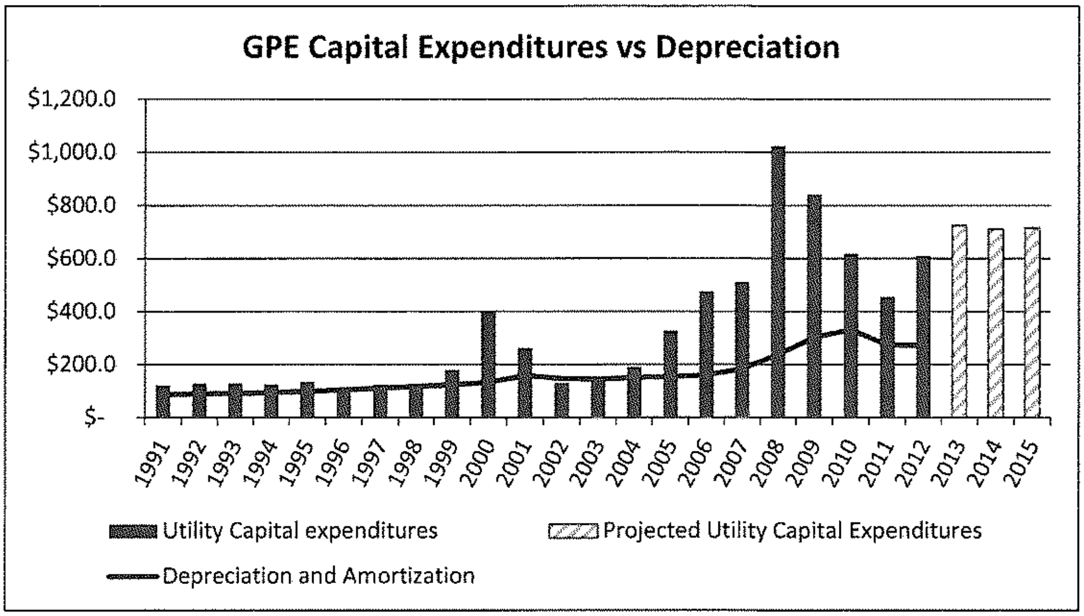
	2013		2014		2015		Total 2013-2015	
Generating facilities	$ 245.4	*34%*	$ 230.2	*32%*	$ 230.2	*32%*	$ 705.8	*33%*
Distribution and transmission facilities [a]	192.3	*27%*	199.1	*28%*	204.4	*29%*	595.8	*28%*
SPP-approved regional transmission projects	**73.6**	***10%***	**76.0**	***11%***	**97.7**	***14%***	**247.3**	***11%***
General facilities	45.7	*6%*	54.9	*8%*	53.3	*7%*	153.9	*7%*
Nuclear fuel	5.5	*1%*	1.6	*0%*	47.9	*7%*	55.0	*3%*
Environmental	162.4	*22%*	148.8	*21%*	82.0	*11%*	393.2	*18%*
Total utility capital expenditures	**$724.9**	***100%***	**$710.6**	***100%***	**$715.5**	***100%***	**$2,151.0**	***100%***

[a] Excludes SPP-approved regional transmission projects.

Source: Great Plains Energy 2012 Form 10-K

Q: How does the near-term level of projected capital expenditures compare to historical levels for the Companies?

A: The near-term level of projected utility capital expenditures may not seem extraordinary compared to the levels that the Companies have been incurring during the timeframe of the KCP&L Comprehensive Energy Plan ("CEP"), but the projected capital expenditure level is significantly greater than what would be considered a more ordinary long-run level – i.e., capital expenditures roughly at the level of depreciation expense. In fact, as can be seen in the table below, the Companies have been incurring capital expenditures well in excess of depreciation since the start of the CEP. This capital expenditure level well in excess of depreciation is projected to continue in the near term due, in part, to the large capital expenditures associated with the Projects. Novating the Projects will provide the Companies with additional flexibility to manage the capital expenditures for baseline and environmental projects that are necessary to provide service to retail customers.



Q: Did Staff or OPC provide their own assessment of the impact that owning these Projects would have on the Companies?

A: Yes.

Q: Do you agree with their respective assessments of the impact?

A: No. I will address specific assertions made by Staff and OPC witnesses in their Rebuttal Testimony in the Credit Pressures section of my Surrebuttal Testimony below.

II. CREDIT PRESSURES

Q: At page 9 of Staff witness Murray's Rebuttal Testimony, he states that the Companies' consolidated business risk would be reduced if the Companies maintained ownership of the Transmission Projects. Do you agree?

A: No. Business risk is a broad category of risk that relates to a company's ability to generate adequate returns. Staff witness Murray states that the low-business risk nature of these Projects is due to the various incentives authorized by the Federal Energy Regulatory Commission ("FERC") and the predictable revenue stream expected to be received from users of the regional transmission projects. Mr. Murray's conclusion, however, is based on a faulty assumption by Staff that is more directly expressed in the Rebuttal Testimony of Staff witness Hyneman. Mr. Hyneman's Rebuttal Testimony made it clear that Staff believes that, if the Companies maintain ownership of the Projects, any revenue resulting from the various incentives authorized by FERC should be credited back to Missouri retail customers via the inappropriate "Full Revenue Crediting" methodology defined and discussed in the Surrebuttal Testimony of Company witness Charles Locke. This Full Revenue Crediting that Staff is proposing would nullify any risk-compensating benefits of the FERC incentives, such as a higher authorized project-specific FERC return on equity ("ROE"). Without these FERC incentives available to investors, the business risk would actually be higher under the scenario proposed by Staff. The Companies would be making investments in projects FERC determined to have elevated risk due their size, complexity, and regional nature and would not be allowed to earn the appropriate higher rate of return necessary to compensate them for assuming that risk.

Q: Staff witness Murray also states at page 9 in his Rebuttal Testimony that the Companies' financial risk does not change by owning the Projects. Do you agree that the financial risk does not change?

A: No. Financial risk relates to the likelihood that a company will have adequate capital to meet its financial obligations. If the Companies maintained full ownership of the Projects, the capital required would be 100% of the total cost of the Projects instead of 13.5% of only the equity capital portion of the Projects. As such, maintaining ownership of the Projects results in a total obligation to the Companies for the Projects that is significantly greater than would be required under the Transource venture. This increased capital requirement clearly increases the Companies' financial risk.

Importantly, in March 2012 we told both Standard & Poor's ("S&P") and Moody's rating agencies that we were evaluating competitive transmission market partnership opportunities that may create greater balance sheet flexibility and lower near-term capital expenditure requirements. Both rating agencies indicated that such a partnership would most likely be viewed as credit supportive.

Q: Staff witness Murray summarizes his risk discussion at page 9 of his Rebuttal Testimony by stating that the Companies' consolidated business risk would be lower if they were to own the Projects. Do you agree?

A: No. As I just explained, maintaining ownership of the Projects by the Companies would result in increased financial risk, which combined with a business risk that would be higher under the Full Revenue Crediting methodology proposed by Staff, results in a higher consolidated risk profile for the Companies.

Q: Should the lower consolidated risk profile resulting from the Companies' proposal lead to lower capital costs?

A: Yes. While the Companies' consolidated risk profile is a function of a number of variables, the lower risk profile that the Companies expect by novating the Projects to Transource Missouri is expected to result in lower capital costs for the other capital expenditures that the Companies anticipate are necessary to continue to provide safe and reliable service to retail customers. The lower capital costs would be passed on to the retail customers in the form of lower rates.

Q: Staff witness Murray states several times at pages 2-4 of his Rebuttal Testimony that the Companies provided no quantitative information to support the position that the additional capital expenditures for the Projects would cause a decline in the Companies' financial flexibility. How do you respond?

A: No quantitative analysis is needed to understand that, all else being equal, higher capital expenditures decrease financial flexibility by increasing the amount of external capital required by the Companies. The Companies' overall capital expenditures during the 2013-2015 timeframe are projected to be approximately $700 million annually. The capital expenditures for the Projects during the 2013-2015 timeframe are projected to be $75-$100 million annually, which is over 11% of the total projected capital expenditures. Novating the Projects to Transource Missouri will free up a significant portion of the Project capital expenditures that the Companies would otherwise incur, which clearly improves financial flexibility. Again, based on our discussions in March 2012, both rating agencies noted above would view this near-term reduction in capital expenditure requirements as being credit supportive.

Q: At page 4 of his Rebuttal Testimony Staff witness Murray suggested that he was not aware of any concerns about potential reduced financial flexibility at the time when the Companies accepted the NTCs for the Transmission Projects. How do you respond?

A: There certainly were concerns about the Companies' level of construction expenditures at that time. In a Moody's March 11, 2009 publication (Schedule KEB-1) announcing credit rating downgrades for the Companies, Moody's stated that:

> **[redacted]**

These concerns about the level of construction expenditures by Moody's are the same concerns the Companies had at that time resulting in the need to raise equity capital even at prices below book value while continuing to identify further opportunities to trim capital expenditures.

Q: Did the Companies publicly discuss financial flexibility and alternative courses of action (other than owning the Projects) during the initial period after accepting the NTCs?

A: Yes. At page 29 of GPE's 2010 Form 10-K in the Management Discussion and Analysis section entitled "Transmission Investment Opportunities" (Schedule KEB-2), it states that:

> GMO and KCP&L have the obligation to build their separate lines, which may be done solely or with other entities, unless the obligation is transferred to another qualified transmission owner. GMO and KCP&L have not determined which of these alternative courses of action to pursue. SPP retains the authority to revise or withdraw existing Notifications to Construct for transmission projects based upon emerging transmission plans and the associated needs for specific projects.

In addition, since GPE's investor presentations began specifically addressing the Projects in 2011 (Schedule KEB-3), they have consistently noted that:

> Increasingly competitive environment requires consideration of strategic options
>
> Flexibility is important – opportunity to pursue projects unilaterally but also preserve capital if needed through partnership

Q: Do better credit metrics result in lower financing costs?

A: All else being equal, better credit quality would result in lower financing costs. Rating agencies look at credit metrics as part of their process of assigning a credit rating, but there are no specific metric values that automatically trigger a change in credit rating. There are only guideline ranges for broad categories of ratings. Depending on other factors, a decrease in credit metrics may be enough to reach a tipping point that triggers a credit rating downgrade. Investors also look at credit metrics and do not rely solely on credit ratings by the rating agencies. Even companies with the exact same credit rating have debt issued at different costs, and it is logical to infer that differences in credit metrics are part of the reason.

Q: Generally speaking, how do capital expenditures impact credit quality?

A: Capital expenditures drive the amount of debt financing that is required of a company. While there are a variety of factors that drive the overall credit evaluation of a company, it is the credit metrics related to a company's cash and debt profiles that often get the most focus. Because the net cash flows for a project will be significantly negative throughout the construction period, this is the period during which a company's cash and debt profiles would be impacted the most. Therefore, the level of capital expenditures is often highly examined by lenders and ratings agencies with regard to its impact on overall credit quality. In the case of the Companies, there would be less pressure on their credit metrics by reducing the capital requirement from 100% of the Projects' costs to only 13.5% of the equity component of the Projects' costs.

Q: At pages 4-5 of his Rebuttal Testimony Staff witness Murray referenced a March 2012 Goldman Sachs presentation to the Company regarding the impact of the Projects on GPE's credit rating? Please discuss the quote from that presentation that Staff witness Murray included at page 5 of his Rebuttal Testimony.

A: The Goldman Sachs presentation indicated that:

> **[redacted]**

This quote is consistent with what the Companies have been stating with regard to the Projects and financial flexibility. The Companies publicly stated that they "could" build the Projects under current conditions "if everything goes as planned." Freeing capital by novating the Projects, however, will enhance the Companies' financial flexibility under the very real possibility that everything will not go as planned.

Q: At page 5 of Staff witness Murray's Rebuttal Testimony he states that it is his understanding that the rating agencies contemplated the Companies directly incurring the projected capital expenditures for the Projects. Is he correct?

A: Staff witness Murray is correct in that the financial projections provided to the rating agencies at the last meeting in March 2012 included projections for 2012 to 2014. The three-year time horizon is a typical financial picture from which rating agencies make their credit quality determinations. However, during this three-year window, less than 27% of the total cost of the Projects was projected to be spent, with most of that occurring in 2014. This means a full $330 million of the total of approximately $450 million Projects cost was outside the window of the rating agencies' analysis. Due to the near-term focus of the rating agencies on projected financial performance, ownership of the Projects would have resulted in little impact on the rating agencies' analysis of the Company's 2012 – 2014 credit metrics in their March 2012 evaluation.

Q: At page 6 of his Rebuttal Testimony, Staff witness Murray pointed to a Company analysis that showed FFO/debt metrics. Do you agree with his conclusion?

A: No. Mr. Murray noted that there were a few years in the analysis, which show a better FFO/debt ratio for the Company-ownership scenario versus the Transource Missouri-ownership scenario for the Projects. That is true for some isolated years when the Projects go into service, but it is important to note that FFO/Debt, a metric considered in establishing credit ratings and cost of capital, is typically viewed as a trend over time rather than a specific point in time. In the specific analysis referred to by Mr. Murray, the years with an improved FFO/Debt ratio reflect earnings after Project in-service under 100% GMO ownership. However, our conclusion in our financial due diligence was that the financial flexibility during construction and the future growth opportunities under Transource Missouri ownership outweighed a few years of FFO/Debt ratio improvement cited by Mr. Murray.

Q: How do you respond to Staff witness Murray's suggestion at page 7 of his Rebuttal Testimony that "based on projected capture rates of potential transmission projects in a post FERC Order 1000 competitive environment, it is possible that the FFO/Debt ratios may be more strained in the long-term for the joint venture scenario"?

A: Concerns over the impact on capital requirements if the Transource venture is able to achieve high capture rates for future transmission projects in a post FERC Order No. 1000 world, combined with the Companies' already robust and challenging capital plan, is exactly what motivated the Companies to negotiate added financial flexibility into the operating agreements of Transource Energy. The agreements provide GPE with some limited flexibility to delay equity contributions to the venture if it is determined that credit metrics might be strained to the point that a potential credit rating downgrade would be likely.

Q: At page 8 of his Rebuttal Testimony, Staff witness Murray states that the reward to risk ratio is generally high because of the low-risk nature of these Projects due to the various incentives allowed by FERC and the predictable revenue stream expected to be received from users of the regional transmission lines. Is this view inconsistent with a request for a higher FERC allowed ROE for these Projects?

A: No. A higher FERC-authorized ROE for the Sibley-Nebraska City Project, the larger of the Projects, is one of the various incentives granted by FERC to compensate for the risk associated with constructing the Projects. The risk-compensating incentives granted by FERC are recovered through the future revenue streams that the Transmission Owner receives from the Transmission Customers. Without the ability to recover the FERC-authorized incentives, the Companies would not be adequately compensated for the higher risk that these Projects entail. The Full Revenue Crediting that Staff is proposing unfairly eliminates the Companies' opportunity to recover the FERC-authorized incentives and, thus, prevents the Companies from being adequately compensated for the risk associated with constructing the Projects.

III. TRANSMISSION FINANCIAL ANALYSIS

Q: What is the quantitative analysis conducted by KCP&L and GMO titled Transmission Financial Analysis ("TFA") discussed by OPC witness Kind in his Rebuttal Testimony, and how was it intended to be used?

A: This analysis represents a specific financial component of the Companies' due diligence efforts as they were evaluating future strategic options regarding the Projects and potential transmission partnerships with others. The analysis performed is similar to the analysis that the Companies, or any other company for that matter, would perform when evaluating all of the potential impacts of future strategic options. Because this TFA was done to evaluate all of the potential impacts of possible strategic alternatives, it was done in advance (June 2011) of the choice of any discrete strategic path. In fact, this analysis was done prior to the determination that Transource Energy would be the venture that would be chosen.

Q: Can you discuss the evaluation of the scenarios in the TFA analysisthat OPC witness Kind discusses?

A: The analysis was done to evaluate future strategic options. Accordingly, it was based on numerous forward-looking assumptions. Because most of the key assumptions in the analysis were forward-looking, it was especially important to evaluate scenarios for the potential impact of various courses of action being contemplated. As part of an exhaustive due diligence process, these scenarios appropriately included even those scenarios which were believed to be possible though not necessarily just or reasonable. It was prudent to evaluate such scenarios so that the Companies could appropriately evaluate alternative courses of action in the event that those unjust or unreasonable scenarios played out.

Q: Can you elaborate on what you mean by an unjust or unreasonable scenario in the context of the TFA analysis?

A: For example, Staff witness Hyneman has proposed a scenario in Schedule CRH-1 attached to his Rebuttal Testimony similar to that analyzed by the Companies when conducting the due diligence analysis of potential scenarios that I describe above. Mr. Hyneman's scenario assumes that retail customers will receive an unwarranted subsidy created by a Full Revenue Crediting of all SPP-charged revenues for these regionally allocated transmission Projects. Company witness Charles Locke describes why such Full Revenue Crediting is inappropriate, unreasonable, and unfair in his Surrebuttal Testimony.

Q: If you believe that Full Revenue Crediting scenario is unjust and unreasonable, why did the Company include that scenario in the quantitative analysis?

A: Company management has a duty to its Board of Directors to evaluate such scenarios if it is determined that there is a possibility that they could occur. This scenario, indeed, entered the realm of possibility when both Staff witness Hyneman and OPC witness Kind proposed in their Rebuttal Testimony that the retail customers should receive the unwarranted subsidy from the Full Revenue Crediting of the SPP-charged revenues from the regional transmission Projects.

Q: Can you address the comments made by OPC witness Kind in Rebuttal Testimony about the quantitative TFA analysis?

A: Yes, first at page 9 of OPC witness Kind's Rebuttal Testimony he states that:

[redacted]

The numbers that OPC witness Kind quoted from the TFA analysis actually compared ownership under the "utilities" versus ownership under a GPE subsidiary "transco" rather than versus Transource Missouri as stated in his Rebuttal Testimony.

That misidentification aside, the more important way in which he misinterpreted the alleged detriment to the public interest is that this alleged detriment is based on the comparison of (a) a scenario where retail customers receive the inappropriate subsidy created by the Full Revenue Crediting of the regional transmission project revenues with (b) a scenario where all transmission owner costs for regional projects are recovered through the SPP tariff so there is no need for revenue crediting and the inappropriate subsidy does not occur.

Q: Did the analysis that OPC witness Kind commented on in Attachment RK-2 also include a comparison of retail revenue requirements resulting from the ownership scenarios assuming that the inappropriate and unwarranted subsidy was eliminated?

A: Yes.

Q: Did OPC witness Kind note the results of that comparison in his Rebuttal Testimony?

A: No.

Q: Can you please describe the results of that comparison?

A: That comparison showed much more reasonable differences in the retail revenue requirement between the "utility" ownership scenario and the GPE subsidiary "transco" scenario. In fact, the "transco" scenario shows a slightly lower Missouri retail revenue requirement. **[redacted]**

Q: Can you address the comments that OPC witness Kind made at page 11 of his Rebuttal Testimony?

A: OPC witness Kind quoted the following two "notes" from the TFA analysis:

> **[redacted]**

and

> **[redacted]**

With respect to these "notes" Mr. Kind asserts that **[redacted]**.

With regard to the first "note," as I have previously discussed, the TFA analysis was done to evaluate the potential scenarios for various Project ownership structures. This "note" that OPC witness Kind quoted simply describes the results of the scenarios being compared, and the specific scenario comparison that OPC witness Kind has chosen to include in his Rebuttal Testimony is the one in which the retail customers receive the inappropriate subsidy resulting from Full Revenue Crediting. Scenarios with the Full Revenue Crediting subsidy represent unjust rate treatments and will inappropriately reduce Missouri retail rates.

The second "note" is describing the results of a "breakeven" analysis of the same Full Revenue Crediting subsidy scenario. It is describing the set of debt assumptions (i.e., debt % and cost of debt) that a "transco" would need to have in order to be able to overcome the inappropriate "subsidy" scenario's impact on retail rates. The "note" simply describes the results of this "breakeven" analysis, which is that it is not reasonably achievable – i.e., that the cost of debt would have to be unreasonably low and the amount of debt would have to be unreasonably high to "breakeven" with the inappropriate "subsidy" scenario. This breakeven result is not at all unexpected given the magnitude of the inappropriate subsidy created by the Full Revenue Crediting.

Q: Are there any other comments or assertions in OPC witness Kind's Rebuttal Testimony that you would like to address?

A: Yes, at page 19 of his Rebuttal Testimony, OPC witness Kind discusses that if the Commission denies Transource Missouri's Certificate of Convenience and Necessity ("CCN") application that GPE subsidiaries KCP&L and GMO will likely build the Projects. He goes on to state that:

> GPE, the holding company for KCPL and GMO, would prefer to have these projects transferred to, and built by, TransourceMO because doing so would permit it to execute the Transco business plan which it expects will provide a greater steam [sic] of earnings to shareholders in the long-run than if GPE and its utility operating companies build the two SPP projects as a stand alone project.

Then witness Kind states that:

> If TransourceMO is unable to build, own and operate the Iatan and Sibley lines, GPE will still find a way to obtain the enhanced shareholder earnings that the NTC from SPP gives it an opportunity to achieve because GPE's Board of Directors has a fiduciary responsibility to its shareholders to make this happen.

This appears to be an inconsistent assertion. Mr. Kind argues that allowing the Companies to actually earn the FERC-authorized return should be disallowed and that these revenues associated with the FERC-authorized rates should be subject to Full Revenue Crediting to provide an unwarranted subsidy to retail customers. He also argues that it doesn't matter that he is recommending to remove any opportunity for GPE to, as he states, *"obtain the enhanced shareholder earnings that the NTC from SPP gives it an opportunity to achieve,"* because the Companies will just find a way to make up the difference due to the Board's responsibility to shareholders. In other words, he argues that the Companies should always be able to provide expected returns to shareholders – no matter how much is taken away to provide unwarranted subsidies to retail customers – simply because of a fiduciary responsibility. I do not believe that the Companies could achieve such an outcome based on fiduciary responsibility alone under the scenario that OPC witness Kind has proposed.

Q: Please summarize your Surrebuttal Testimony.

A: I have shown that, contrary to the comments and assertions by Staff and OPC in Rebuttal Testimony, the Transource joint venture relieves credit pressures related to the capital expenditures associated with these regional transmission Projects and provides financial flexibility to address both known and unknown capital expenditure requirements in the near and medium-term future

Q: Does this conclude your Surrebuttal Testimony?

A: Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Finance, Own, Operate, and Maintain the Iatan-Nashua and Sibley-Nebraska City Electric Transmission Projects.	)	Case No. EA-2013-0098
In the Matter of the Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for Approval To Transfer Certain Transmission Property to Transource Missouri, LLC and for Other Related Determinations.	)	Case No. EO-2012-0367

AFFIDAVIT OF KEVIN E. BRYANT

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kevin E. Bryant, being first duly sworn on his oath, states:

1. My name is Kevin E. Bryant. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company ("KCP&L") as Vice President, Investor Relations and Treasurer.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of KCP&L and KCP&L Greater Missouri Operations Company consisting of (22) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth herein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Kevin E. Bryant

Subscribed and sworn before me this 5th day of March, 2013.

Notary Public

My commission expires: Feb. 4, 2015

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2015
Commission Number: 11391200

SCHEDULE KEB-1

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2011**

or

[ ] TRANSITION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______to_______

Commission File Number	**Exact name of registrant as specified in its charter, state of incorporation, address of principal executive offices and telephone number**	**I.R.S. Employer Identification Number**
001-32206	**GREAT PLAINS ENERGY INCORPORATED** (A Missouri Corporation) 1200 Main Street Kansas City, Missouri 64105 (816) 556-2200	43-1916803
000-51873	**KANSAS CITY POWER & LIGHT COMPANY** (A Missouri Corporation) 1200 Main Street Kansas City, Missouri 64105 (816) 556-2200	44-0308720

Each of the following classes or series of securities registered pursuant to Section 12(b) of the Act is registered on the New York Stock Exchange:

Registrant	Title of each class	
Great Plains Energy Incorporated	Cumulative Preferred Stock par value $100 per share	3.80%
	Cumulative Preferred Stock par value $100 per share	4.50%
	Cumulative Preferred Stock par value $100 per share	4.35%
	Common Stock without par value	
	Corporate Units	

Securities registered pursuant to Section 12(g) of the Act: Kansas City Power & Light Company Common Stock without par value.

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Crossroads to provide critical peaking and capacity support. This combined collection of generating assets meets KCP&L's and GMO's service obligations and produces joint cash flows based on system-wide average costs. Great Plains Energy conducted an analysis to assess the recoverability of the combined collection of generation asset resources and determined that no potential impairment exists.

The rates established by the modified MPSC order took effect on June 25, 2011. On June 24, 2011, GMO filed its appeal of the MPSC order with the Cole County, Missouri, Circuit Court regarding the Crossroads issues discussed above. Other parties to the case have also filed appeals of the MPSC order. However, the rates authorized by the modified MPSC order will be effective unless and until modified by the MPSC or stayed by a court.

GMO Fuel Adjustment Clause (FAC) Prudence Review

GMO's electric retail rates contain an FAC tariff under which 95% of the difference between actual fuel cost, purchased power costs and off-system sales margin and the amount provided in base rates for these costs is passed along to GMO's customers. The MPSC requires prudence reviews of the FAC no less frequently than at 18-month intervals. On November 28, 2011, the MPSC staff filed its prudence review report for the 18-month prudence review period covering June 1, 2009 through November 30, 2010. The MPSC staff recommended to the MPSC to order GMO to refund approximately $19 million, plus interest, to customers through an adjustment to its FAC because the MPSC staff asserts that GMO was imprudent in its use of natural gas hedges to mitigate risk associated with its future purchases in the spot power market. GMO is disputing the MPSC staff's claim of imprudence and filed its testimony on February 22, 2012. A hearing is scheduled for May 16 – 17, 2012, with an order expected in June 2012.

Transmission Investment Opportunities

In September 2010, GMO accepted a Notification to Construct from SPP for the Missouri portion of a 175-mile, 345kV transmission line in GMO's service territory from Sibley, Missouri to Nebraska City, Nebraska with an estimated cost of about $380 million for GMO's portion of the line and an expected 2017 in-service date. This line is one of a number of priority projects that the SPP has developed as part of its transmission expansion plans for the region. In June 2010, FERC approved the SPP's proposed cost allocation method for these projects. KCP&L has also accepted a Notification to Construct from SPP for a 30-mile, 345kV transmission line, with estimated construction costs of $54 million and an expected 2015 in-service date, from KCP&L's Iatan generating station to KCP&L's Nashua substation. GMO and KCP&L have the obligation to build their separate lines, which may be done solely or with other entities, unless the obligation is transferred to another qualified transmission owner. GMO and KCP&L are evaluating alternative courses of action. SPP retains the authority to revise or withdraw existing Notifications to Construct for transmission projects based upon emerging transmission plans and the associated needs for specific projects.

Wolf Creek Outage

On January 13, 2012, a breaker in a substation located at Wolf Creek failed. This failure was immediately followed by a loss of station power to Wolf Creek resulting in an unscheduled shutdown of Wolf Creek. Wolf Creek is expected to resume normal operations in March 2012 following the completion of repairs. This schedule assumes no discovery during the course of repairs of additional required work, and that all requirements of the NRC for resumption of normal operations are satisfied. Additional maintenance expenses and capital expenditures are expected as a result of this unscheduled outage.

Great Plains Energy

2011 Analyst Meeting

August 8, 2011

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Key Themes - Transmission

1. Two significant projects are currently in GXP's plans:
   - Iatan-Nashua 345kV line – Projected $54M total cost and 2015 in-service date
   - Sibley-Maryville-Nebraska City 345kV line – Projected $380M total cost and 2017 in-service date

2. Increasingly competitive environment requires consideration of strategic options

3. Flexibility is important – opportunity to pursue projects unilaterally but also preserve capital if needed through partnership