Exhibit No.:	
Issue:	Missouri Energy Efficiency Investment Act of 2009
Witness:	Kevin E. Bryant
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	EO-2014-0095
Date Testimony Prepared:	April 14, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2014-0095

SURREBUTTAL TESTIMONY

OF

KEVIN E. BRYANT

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
April 2014

SURREBUTTAL TESTIMONY

OF

KEVIN E. BRYANT

Case No. EO-2014-0095

Q: Please state your name and business address.

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

Q: Are you the same Kevin E. Bryant who pre-filed Direct Testimony in this matter?

A: Yes, I am.

Q: What is the purpose of your Surrebuttal Testimony?

A: To respond to the Rebuttal Testimony of Missouri Public Service Commission ("MPSC") Staff ("Staff") witness Zephania Marevangepo.

Q: Would you please summarize the Staff's position regarding the projected impact of the incentive component of demand-side investment mechanism ("DSIM") on utility earnings and key credit metrics?

A: Mr. Marevangepo indicated on page 4 lines 22 through page 5 line 2 of his Rebuttal Testimony, that Staff admits that a recovery mechanism that allows for the recovery of only program costs generally has a negative impact on Kansas City Power & Light Company's ("KCP&L" or "Company") earnings and key credit metrics, but that the impact of the incentive component of the DSIM has a *de minimis* impact on KCP&L's key credit metrics.

Q: Is the amount of the negative impact on KCP&L's earnings and key metrics relevant?

A: No, it is not. There are many different categories of the costs for providing electric service to customers and several different recovery mechanisms that are utilized. Any specific cost looked at by itself may have little impact on the Company's overall earnings and key credit metrics, but it is the aggregate of all the Company's costs and recovery mechanisms that result in the total view of the Company's earnings and credit profile. To minimize the importance of fully recovering the cost of demand-side management ("DSM") investments based on the magnitude of the impact to Great Plains Energy as a whole is not appropriate.

Q: Is a utility's credit rating based solely on its key credit metrics?

A: No. The credit rating agencies have different methodologies, but both Moody's and S&P include an assessment of the regulatory framework as part their process. Moody's regulated utilities rating methodology has 40% of the analysis based on credit metrics, but 50% is based on their view of the utility's regulatory framework (25%) and the utility's ability to recover costs and earn returns (25%). In assessing these qualitative factors, Moody's considers the track record of regulatory decisions in terms of consistency, predictability and supportiveness. They also consider the protections that assure full cost recovery and a reasonable return for the utility on its investments. S&P's rating methodology for utilities also includes a qualitative regulatory assessment. S&P states that the regulatory framework is of critical importance when assessing regulated utilities' credit risk because it defines the environment in which a utility operates and has a significant bearing on a utility's financial performance. They base their assessment of the regulatory framework's relative credit supportiveness on their view of how regulatory stability, efficiency of tariff setting procedures, financial stability, and regulatory independence protect a utility's credit quality and its ability to recover it costs and earn a timely return.

Q: Why is the qualitative regulatory assessment by the credit rating agencies relevant?

A: It is important to understand how the approval of a recovery mechanism that allows the company to fully recover all of its cost related to DSM investments could have more of an impact on the company's credit profile from a qualitative perspective than it does from the quantitative impact on its credit metrics.

Q: How does the company's business risk impact its credit rating?

A: In S&P's rating methodology, a company's business risk profile is one of the two factors used to determine the anchor credit rating for the company. A company's financial risk profile as determined by its credit metrics is the other factor. The anchor credit rating determined by the business risk profile and financial risk profile can be further modified by other factors for some companies.

Q: What business risk score did S&P give regulated electric utilities in Missouri?

A: In the S&P publication, North American Corporate Rating Scores By Industry Sector As Of Feb. 6, 2014, a business risk score of 1 (lowest risk) was given to Ameren Corp. ("Ameren") and a business risk score of 2 (higher risk) was given to Great Plains Energy and The Empire District Electric Company.

Q: Will approval of a mechanism that allows for recovery of an incentive component of DSIM result in a better business risk score by S&P?

A: It is doubtful that approval of this one recovery mechanism will result in an upgrade of the business risk score by S&P, but it would be viewed as a positive move in that direction.

Q: Do utilities with better business risk as defined by S&P receive a lower allowed return on equity ("ROE")?

A: No, not necessarily. Ameren, who has a better business risk score by S&P than KCP&L does, was granted a higher allowed ROE than KCP&L in their latest respective general rate cases before the MPSC.

Q: How can recovery mechanisms that help the Company earn its allowed return result in lower costs to customers in the long run?

A: By approving recovery mechanisms that are viewed as supportive by the credit rating agencies because they reduce regulatory lag and improve the utility's ability to earn its allowed return, the regulatory assessment by the credit rating agencies of the utility will improve over time. An improving regulatory assessment combined with improving credit metrics due to the full and timely recovery of costs will increase the Company's ability to use more lower cost debt in its capital structure to fund additional capital investments and lower its cost of capital to ratepayers over time. A less supportive regulatory framework requires more higher cost equity in the Company's capital structure in order to maintain an investment grade credit profile resulting in a higher cost of capital to ratepayers over time.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Application for Approval of Demand-Side Programs and for Authority to Establish A Demand-Side Programs Investment Mechanism	))))	File No. EO-2014-0095

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 as Vice President, Investor Relations and Strategic Planning and Treasurer.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Kansas City Power & Light Company consisting of five (5) 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 therein. 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 14th day of April, 2014.

Nicole A. Wehry
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