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| Witness: | William H. Downey |
| Type of Exhibit: | Direct Testimony |
| Sponsoring Party: | KCP&L Greater Missouri Operations Company |
| Case No.: | ER-2010-____ |
| Date Testimony Prepared: | June 4, 2010 |

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2010-____**

# DIRECT TESTIMONY

**OF**

**WILLIAM H. DOWNEY**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri**
**June 2010**

**"**[redacted]**" Designates "Highly Confidential" Information.**
**All Such Information Should Be Treated Confidentially**
**Pursuant To 4 CSR 240-2.135.**

**DIRECT TESTIMONY**

**OF**

**WILLIAM H. DOWNEY**

**Case No. ER-2010-____**

**Q: Please state your name and business address.**

A: My name is William H. Downey. My business address is 1200 Main, Kansas City, Missouri 64105.

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

A: I am President, Chief Operating Officer, and a member of the Board of Directors of Great Plains Energy Incorporated ("Great Plains Energy"), the holding company of Kansas City Power & Light Company ("KCP&L"). I am also the President and Chief Operating Officer of KCP&L.

**Q: What are your responsibilities?**

A: My responsibilities include overall management of all aspects of Great Plains Energy and KCP&L.

**Q: Please describe your experience and employment history.**

A: I hold a Bachelor of Science degree from Boston University, a Master of Science degree from Columbia University and a Master of Business Administration degree from the University of Chicago. I began working for KCP&L in 2000 after 28 years of electric utility experience. I was named to my current position in October of 2003. I also served as KCP&L's Chief Executive Officer from 2003 until 2008. Prior to joining KCP&L, I served as vice president of Commonwealth Edison and president of Unicom Energy

Services Company, Inc., an unregulated energy marketing and services company operating throughout the Midwest.

**Q: What is the purpose of your testimony in this case?**

A: The purpose of my testimony is to: (i) identify the actions KCP&L's senior management took to plan and oversee the Company's Comprehensive Energy Plan ("CEP") Projects, including instituting the processes senior management used for decision-making; (ii) discuss the plan for early procurements; (iii) identify the measures KCP&L's executive management took to facilitate management of the ALSTOM and Kiewit contracts; and (iv) identify KCP&L's decision-making process regarding the contracting strategy employed for Iatan Units 1 and 2, including but not limited to the balance of plant work.

## PROJECT PLANNING/CREATION OF OVERSIGHT

**Q: Please define "Executive Management" and "Senior Management" within the KCP&L organization.**

A: "Executive Management" consists of the Chairman, the President, and Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO"), and the Executive Vice Presidents. "Senior Management" consists of those same individuals plus the Company's other Vice Presidents.

**Q: Could you describe the resources used by KCP&L's Executive Management to oversee the Iatan Project?**

A: KCP&L has created the Executive Oversight Committee ("EOC") from its Senior Management ranks to provide oversight from a management perspective. The EOC also engaged external oversight from Schiff Hardin, LLP ("Schiff"). In addition, KCP&L's

Internal Audit Department as supplemented by Ernst & Young ("E&Y") provides both Senior Management and the KCP&L Board of Directors with oversight of the Iatan Project.

**Q: Why did KCP&L engage these oversight groups?**

A: KCP&L's Executive Management recognized that the Company had not engaged in a large construction project such as the projects in our Comprehensive Energy Plan (the "CEP Projects") since the construction of the Wolf Creek nuclear station in 1978-85. KCP&L had engaged in a number of smaller construction projects, and had rebuilt the Hawthorn 5 station after the 1999 explosion. While those projects provided KCP&L with some project management experience, those projects were not analogous to the kind of large strategic initiatives we were committed to under the CEP Projects. As of the approval of the Stipulation and Agreement (Report and Order in Case No. EO-2005-0329) issued on July 28, 2005 and effective August 7, 2005 (the "Missouri Stipulation"), Senior Management recognized that it needed to adopt a structured approach to the management of the contractors on the CEP Projects that included heavy owner involvement. During the early CEP Project planning, KCP&L's Senior Management recognized that KCP&L did not at that time have the internal resources experienced in construction management necessary to oversee projects of the size and complexity that were contemplated in the CEP Projects.

**Q: What is the overall purpose of the EOC?**

A: There are two essential purposes for the EOC: (1) KCP&L Senior Management needed to be kept informed of the ongoing work on the CEP projects to ensure that our investments were made wisely and prudently; and, (2) KCP&L's Senior Management needed to

contribute to the decision-making process and vet the ongoing activities of the CEP projects in order to ensure that the all expenditures for CEP projects were reasonable given the circumstances. The EOC had a specific charter outlining its role and responsibilities. That charter is attached as Schedule WHD2010-1.

**Q: What was the genesis of the EOC?**

A: As stated above, Senior Management identified that the CEP Projects were a major endeavor and the size, complexity and overall cost of these projects made it essential for members of the Senior Management team to be involved in oversight. In the summer of 2005, we placed the CEP Projects under the control of the Senior Vice President of Supply, Steven Easley. I felt that it was necessary for Mr. Easley's peers to provide oversight to the project on a regular basis.

Though the moniker "EOC" was used later, we effectively established the EOC in the summer of 2005 after KCP&L finalized the Kansas and Missouri stipulations. In the fall of 2005, after Schiff was brought in to review the CEP Projects' schedules and procurement options, the Senior Management team that ultimately composed the EOC had a number of important meetings. One notable formal meeting of this group occurred on September 29, 2005 when the project team and Schiff presented various contracting options for the CEP Projects. A second important meeting of this group was held on November 23, 2005. At both of those meetings, myself, Terry Bassham, Chris Giles, Bill Riggins and Steve Easley were in attendance. Great Plains Energy and KCP&L's Chairman, Mike Chesser was also in attendance for the November 23, 2005 meeting. As the CEP Projects progressed, the EOC became more formalized.

**Q: Who has served on the EOC?**

A: Myself, Mr. Bassham, Mr. Giles, Mr. Riggins, Mr. Easley, Ms. Lora Cheatum, and at various times later, John Marshall, Barbara Curry, Michael Cline, Lori Wright, Maria Jenks, David Price, Carl Churchman, Scott Heidtbrink, and Curtis Blanc. We also included other non-executive individuals in the meetings for information purposes, such as Brent Davis and the other CEP Projects' project managers, and others as necessary.

**Q: Why was each of those individuals chosen to be on the EOC?**

A: I felt it was important for the Senior Management team to both receive information and accept accountability for the CEP Projects. I also felt the EOC needed expertise from the various disciplines to ensure proper insight and oversight to assure Senior Management that all expenditures were reasonable given the circumstances. For instance, Mr. Riggins in his role as General Counsel has oversight of the legal effort, and Mr. Giles while in his role as Vice President of Regulatory Affairs and subsequently his successor Curtis Blanc had responsibility for the regulatory issues related to and arising from the CEP Projects. Because construction issues overlap many areas, good corporate governance requires that Senior Management obtain insights from an array of perspectives to insure that the information upon which we base essential decisions is timely and takes into account all reasonable considerations.

**Q: How often does the EOC meet?**

A: At different times, the EOC met on a weekly or bi-weekly basis. Throughout 2006, as the CEP Projects were taking shape, I thought it essential that the EOC members be kept informed as often as possible because the construction planning, procurement, and

development was occurring at a rapid pace. Starting in May of 2007, the EOC began conducting monthly meetings, which we have maintained since that time.

**Q: What topics are typically discussed during the EOC meetings?**

A: In the initial EOC meetings, there were numerous and detailed discussions regarding the contracting strategy and procurement of the CEP Projects' major vendors. Because of the size and complexity of these procurements, I felt it necessary for Senior Management to provide another level of oversight, understand the risks that the Company was taking, and to directly contribute to the discussions relative to those risks. As the CEP Projects have progressed, the discussion topics have evolved to include the method and pace of the engineering and construction itself, as well as the tracking of the CEP Projects' schedule and budget.

**Q: What information is presented to the EOC for its consideration?**

A: The meetings, whether weekly or monthly, typically consisted of presentations from the CEP Projects' project teams. When the EOC meetings began, sections of those meetings were devoted individually to the LaCygne Selective Catalytic Reduction system and the Spearville project, as well as Iatan. Obviously, as LaCygne and Spearville completed, those projects were removed from the agenda. Additionally, we would receive an update on the projects from Schiff, who presented both written and verbal reports, as well as project tracking metrics. The meetings included a wide ranging discussion among the EOC, the project team members, and Schiff regarding those materials as they were presented. In addition, on select occasions, the EOC meetings would include presentations from KCP&L's Internal Audit, as well as its consultants, E&Y. Typically,

those presentations occurred in executive-only sessions with members of the EOC and KCP&L's Internal Audit.

**Q: Has the EOC been effective?**

A: Yes. In my experience, the EOC has been very effective in meeting its goals of informing Senior Management and involving the Senior Management in the decision-making process to ensure that all expenditures were reasonable under the circumstances. The results from the EOC have also been very useful for our presentations to our Board of Directors.

**Q: How are the EOC meetings documented?**

A: The project team typically presents information regarding: (1) project schedule progress and schedule compliance/adherence; (2) budget status; (3) safety statistics; (4) quality statistics; (5) any other information that project team believes could impact the project. The project team's presentations to the EOC are maintained as part of the Iatan Unit 2 Project's files. Additionally, Schiff may present a verbal report and/or written materials for the EOC's consideration regarding the project's status or specific issues as needed. E&Y and the Internal Audit team have at times also prepared written materials for the EOC, though such materials are generally discussed in an executive-only session. There are minutes of the EOC meetings that have been maintained by KCP&L's compliance department.

**Q: Did the EOC act reasonably and prudently in its decision-making on the Iatan Unit 2 Project?**

A: Yes. The EOC has established the methodology for vetting information from the Iatan Project Team and from our external consultants. The information that has been presented

to the EOC has been timely presented and thorough. That information has included key details regarding commercial strategies with contractors, schedule and budget tracking, safety, and technical aspects of the construction. The EOC's members are all very active and engaged in decision-making, asking questions when appropriate and demanding additional information when necessary, to ensure that all members are fully informed of the circumstances surrounding all expenses. On that basis, I believe that the EOC has made timely and prudent decisions during the Iatan Unit 2 Project.

**Q: Can you describe the level of oversight on the Iatan Project, specifically the role of KCP&L's Internal Audit Department in providing oversight of the CEP Projects.**

A: KCP&L has always utilized financial auditing as part of its normal course of business. In the third quarter of 2006, the Iatan 1 and 2 project team was in the process of developing the Control Budget Estimate for approval by the Board of Directors, and the ALSTOM Contract had been executed. Senior Management believed at that time that it was both appropriate and necessary for the CEP Projects to be subjected to review of its policies and procedures by an auditing group separate from the typical financial audit. Under the direction of KCP&L's CFO, KCP&L's Internal Audit Department brought in a consulting group from E&Y that specialized in construction matters. Starting in late 2006, Internal Audit and E&Y began its compliance auditing on the procedures that were being prepared by the Iatan project team.

**Q: Please describe Schiff's oversight role.**

A: In August of 2005, we retained Schiff to perform a number of services on our behalf. Schiff's initial focus was to: (1) utilize their industry expertise to review and validate the essential milestone dates and critical path activity durations needed to achieve the critical

in-service dates for Iatan Units 1 and 2, the LaCygne 1 SCR, and the Spearville 1 wind project in accordance with the Stipulation; (2) provide procurement advice regarding potential contracting methods for each of the CEP Projects based on Schiff's considerable experience with major procurements in the utility construction industry; (3) assist KCP&L in the development of and procurement of the goods and services needed for the CEP Projects, (4) provide project oversight and reporting to the Senior Management of KCP&L, (5) assist the CEP Projects teams with developing appropriate and industry-standard project controls standards and metrics, and (6) assist KCP&L in the development of policies and procedures for the cost and schedule management of the CEP Projects. As the Iatan Unit 2 Project progressed, Schiff's team has worked with the KCP&L project team in the field on a daily basis. Schiff's focus has been, among other things, working with our project management team on identifying and mitigating construction and management issues, validating the project's schedule and cost trends, continued ongoing legal and procurement advice, and assisting the project team with strategies for resolving commercial issues and defending KCP&L's commercial positions. Schiff has reported its independent findings to the project team and to the EOC, and members of Senior Management and Executive Management. In its various roles, Schiff's unique skill set and capabilities provide significant value to KCP&L that KCP&L needs for proper oversight of the project and for which KCP&L does not have the capability of performing itself.

**Q: How do the roles of Internal Audit and Schiff differ?**

A: KCP&L's Internal Audit Department and Schiff serve very different roles, but do complement each other. As an example, Schiff helped develop policies and procedures

in use while Internal Audit reviews the project teams' compliance to those policies and procedures. Schiff has also aided KCP&L in the development and negotiation of the contracts for the CEP Projects which are then subject to audit to ensure that the contracts are being administered as intended.

## EARLY PROCUREMENTS

**Q: What procurement options for the Iatan Project did KCP&L consider after obtaining regulatory approval?**

A: KCP&L was open to any method for procurement that would result in a high probability of meeting schedule and budget goals while also providing the necessary level of transparency to the Kansas and Missouri Commissions. On September 29, 2005, Schiff gave a presentation to the KCP&L executive team regarding multiple procurement options for the work at Iatan. The options included: an Engineering-Procurement-Construction or EPC contract with a single source; a hybrid EPC contract in which the majority of the performance requirements would be covered under a single supplier; and a larger multi-prime method in which multiple contracts would be procured and managed by KCP&L as the overall construction manager.

**Q: In late 2005 and into 2006, what did KCP&L's Senior Management do to ensure that the Iatan Projects were making progress?**

A: We were advised by the project team, Burns & McDonnell, Schiff and Black and Veatch ("B&V"), an engineering firm providing services on the Iatan Unit 2 Project in the fall of 2005, that the construction market was overheated, that there was enormous competition for materials, services, and construction management talent. We were also advised as to the risks of labor availability and productivity issues once construction started. Senior

Management used this information to monitor the project team's progress on these and other essential issuesto keep the Iatan Unit 1 and Unit 2 projects on target.

**Q: During the early 2005-2006 timeframe, did KCP&L identify the critical early procurements related to both Iatan Unit 1 and Unit 2 to support the schedule?**

A: Yes. Identification of procurements with long-lead times and limited competition was critical to the development of our contracting strategy, Procurement Plan and strategic schedule development.

**Q: What major procurements were impacted by market conditions in the 2005-2006 timeframe?**

A: Based on the information that we received from our project team, Burns & McDonnell, B&V and Schiff, each believed it was possible to still obtain competitive pricing on most of the major equipment, but there appeared to be a general industry trend towards longer lead times. Additionally, there were some significant supply constraints on some of the most critical procurements. One example I recall was Chimneys were in high demand because of the shortage of qualified vendors and available vendor slots, as well as the availability of special alloy materials needed for Iatan 1 and 2. Due to this known market constraint, the project team focused on obtaining the design information to procure a chimney as early as possible. In August 2006, KCP&L developed a request for proposal for a combined Unit 1 and 2 chimney for Iatan. Responses were received to this RFP from only three vendors, two of whom were not capable of meeting the then current Units 1 and 2 construction schedule. The vendor selected for this work was Pullman Industries ("Pullman"), who was the low bidder. However, Pullman required mobilization in the

fall of 2006 due to its availability, and in order for the stack to be constructed, Burns & McDonnell designed the foundations and chimney map.

In addition, KCP&L issued a request for proposal for foundations and substructure work, and received only one qualified bid from Kissick Construction, and that bid response was on a unit price basis. Both of these early procurements allowed key construction work to be performed as early as possible so as not to impact the remainder of construction and reduce the overall risk of the Project schedule.

**Q: What else did KCP&L do to advance the schedule during calendar year 2006?**

A: Starting in the second quarter of 2006, the project's procurement department developed and executed a plan to procure all of the necessary equipment, services and materials for the Iatan Unit 2 project (the "Procurement Plan"). In addition, procurement also negotiated the ALSTOM contract, which was executed on August 10, 2006.

**Q: Was the Procurement Plan effective?**

A: Yes. By the fourth quarter of 2006, procurement had contracted for nearly $1 billion worth of work. As Company Witness Steven Jones testifies, the Procurement Plan included the development of a detailed schedule for each of the remaining contracts and purchase orders and met on a weekly basis with personnel from Burns & McDonnell, KCP&L legal, and Schiff to progress that schedule. As a result of this procurement effort, the major equipment packages, including the ALSTOM contract, were procured on favorable terms and on a timely basis.

## MAJOR CONTRACTS – ALSTOM

**Q: What is the scope of the ALSTOM contract for Iatan Unit 2?**

A: Company witnesses Brent Davis and Kenneth Roberts testify in detail to ALSTOM's responsibilities on Iatan Unit 2. In summary, the ALSTOM contract is an Engineering-Procurement-Construction, or EPC contract, for Iatan 2 boiler and the Iatan 1 and 2 Air Quality Control System ("AQCS").

**Q: What risks did you perceive with the ALSTOM contract?**

A: KCP&L's management perceived some risk in bundling so much of the Iatan Unit 1 and 2 Projects' scope of work under one large EPC contract, though it was determined through careful vetting of the multiple options available at the time that in the end, the ALSTOM contract presented the best possible contracting method for KCP&L. The contract was negotiated over a period of six months, and required ALSTOM to provide significant transparency that was necessary for KCP&L to meet our reporting requirements and commitments to the Kansas and Missouri Commissions. In addition to the requirements under the ALSTOM contract, we recognized it would be necessary to maintain discourse with ALSTOM's management at the executive level.

**Q: What have you done at the executive level to mitigate the perceived risks with the ALSTOM contract?**

A: My team and I have engaged in a number of efforts in this regard over the last two and a half years to establish a solid, professional working relationship with ALSTOM's executive management in order to identify potential and real commercial issues and resolve those issues as cooperatively as possible on terms that were favorable to the ratepayers.

**Q: Describe the executive level discussions that you have had with ALSTOM.**

A: At various times, ALSTOM's management and our management have felt it necessary to meet to discuss critical issues that could affect ALSTOM's performance under the contract. By late 2006, some issues in the day-to-day management of the ALSTOM contract had become apparent to the EOC, including some communication issues between ALSTOM and Burns & McDonnell. In February of 2007, ALSTOM's management and most of the members of the EOC met at ALSTOM's offices in Knoxville, Tennessee (the "Knoxville Meeting") to discuss the key issues that had arisen between or among ALSTOM, Burns & McDonnell, and KCP&L.

**Q: What were the issues discussed at the Knoxville Meeting?**

A: At that time, I believe there were two major issues that needed to be resolved in these meetings. ** [redacted] ** I believe that there needed to be a way for KCP&L, ALSTOM, and Burns & McDonnell to identify

open engineering issues and make them visible to the executives of all of the companies in order to resolve outstanding issues.

**Q: What changes did you see after the Knoxville Meeting in the level of cooperation between ALSTOM, KCP&L, and Burns & McDonnell?**

A: There were immediate results. ALSTOM allowed KCP&L to have an on-site representative in its Knoxville office for a period of five months to act as an expediter of decisions and facilitate the completion of the AQCS design engineering, which appeared to be behind schedule at that time. In addition, the KCP&L, ALSTOM, and Burns and McDonnell project teams started meeting on a bi-weekly basis at a rotating location among ALSTOM's offices, KCP&L's offices or Burns & McDonnell's offices. These meetings, which were known as the "Critical Issues Meetings," were intended to facilitate cooperation and resolve open engineering issues. The EOC received regular reports from our project team on the status of these Critical Issues Meetings and it was apparent that a greater level of cooperation existed as a result of these communications. These meetings continued into 2008 until engineering was substantially completed by ALSTOM.

**Q: What is your opinion of ALSTOM's management of the project?**

A: It is apparent to me that ALSTOM has had some challenges managing its work on the Iatan project. ALSTOM's entity performing the work at Iatan is actually a consortium of three separate ALSTOM subsidiaries. KCP&L's contract was with a joint-venture of these three entities.

**Q: How did the consortium affect KCP&L's ability to manage ALSTOM?**

A: ALSTOM's structure on the Iatan project has often been problematic. Reaching closure on key ongoing issues at the project level has often required intervention by both our

executives and ALSTOM's executives. That is why engaging ALSTOM's consortium leads in meetings such as the Knoxville Meeting was important to breaking through and resolving ongoing issues. I viewed this meeting as a critical step in setting the proper tone with ALSTOM in order to resolve both behavioral and commercial issues that needed to be addressed.

**Q: Are there other examples where ALSTOM and KCP&L executives had to intercede to facilitate the relationship?**

A: Yes. We have utilized the relationship established with ALSTOM's executives to resolve commercial issues on the Iatan Unit 2 Project. I have maintained a relationship with each of ALSTOM's executive consortium leaders for the Iatan Unit 2 Project, and in particular have maintained a regular dialogue with Tim Curran, Vice President, ALSTOM Power, Inc. As an example, we used a facilitation process with ALSTOM to resolve our disputes on Iatan Unit 1. We selected an eminent mediator/facilitator of construction disputes, Jonathan Marks, and established a process that allowed the parties to work cooperatively at resolving disputed issues and have used Mr. Marks as a resource throughout the Iatan 1 and 2 projects. This has had enormous benefit to resolving disputes with ALSTOM as they have arisen on Iatan Unit 2.

As an example, Company witness Brent Davis discussed the issue with the T-23 material in the Iatan Unit 2's boiler waterwalls. After both ALSTOM and KCP&L performed a thorough investigation of the technical issues with the waterwalls, we developed a clearer understanding of the risks that we may encounter during the start-up of Iatan Unit 2. KCP&L and ALSTOM utilized Mr. Marks to facilitate meetings between

myself and Mr. Curran to negotiate additional protections for KCP&L with respect to this material.

**Q: Please describe these additional protections.**

A: **[redacted]**

**Q: **[redacted]

A: **[redacted]

**Q: **[redacted]

A: **[redacted]

[redacted]**

Q: **[redacted]**

A: **[redacted]

[redacted]**

## MAJOR CONTRACTS--KIEWIT

**Q: What does "Balance of Plant" work refer to?**

A: The term Balance of Plant work as used for Iatan 1 and 2 was the work outside of the Iatan 2 boiler and Iatan 1 and 2 AQCS in ALSTOM's EPC contract. The Balance of Plant scope would include, but not be limited to; the erection of the turbine generator building, the erection of equipment within that building including the turbine generator itself and the condensers; electrical wiring of all devices; foundations and substructures under all major equipment; the erection of the cooling tower for Iatan 2; the erection of the multiple tanks and water treatment facility that would be common to both Iatan 1 and Iatan 2, and the Zero Liquid Discharge ("ZLD") building.

**Q: What did KCP&L's Senior Management discuss regarding the balance of plant work during the meeting on November 23, 2005?**

A: In Schiff's presentation at this meeting as well as its earlier presentation on September 29, 2005, Schiff identified certain advantages an owner could realize by procuring the Balance of Plant work through a single, large contractor that could perform all Balance of Plant functions on site. In addition, Schiff noted in their presentations that the Balance of Plant contractor could serve as a general contractor or construction manager.

Also discussed at that meeting were alternatives to KCP&L contracting with a single Balance of Plant contractor. Based on the schedule scenarios that were presented by both Schiff and Burns & McDonnell at that meeting, it was evident that portions of the Balance of Plant work needed to be performed more quickly than others. The project team advocated splitting out those scopes of work for performance by smaller specialty contractors who could have had the same level of capability as any of the larger general contractor firms available.

In any event, it was presented to management that a decision regarding the Balance of Plant contractor was secondary to the procurement of the major equipment, *i.e.*, the turbine generator, boiler and AQCS, which needed to proceed to the Request for Proposal ("RFP") stage very quickly.

**Q: How did KCP&L choose to proceed with Balance of Plant work through the year 2006?**

A: Based on the information from Burns & McDonnell and Schiff, it was evident that the design and procurement of the major equipment foundations was the most critical portion of the Balance of Plant work that had to proceed immediately and in close coordination

with the procurement of major equipment. As Burns & McDonnell and Schiff worked with the project team to develop the strategic schedule for Iatan, many of the critical dates necessary to meet key milestones for the foundations and substructures on site became clearer.

There were several key dates that Schiff and Burns & McDonnell identified, including the completion of the Iatan 2 boiler foundation by August 15, 2007, in order to allow sufficient time for the then unnamed vendor to erect the Iatan 2 boiler. For Burns & McDonnell to design the various foundation loads, it needed information from the selected major contractors on such things as the size of buildings, the weights of the equipment within the buildings, and structural loads and capabilities of those buildings and equipment.

It also was evident in early 2006 that in order to meet certain critical dates, Burns & McDonnell needed information from vendors who had not yet been selected, in particular, for the boiler and AQCS. The project team suggested, and Senior Management approved, a limited notice to proceed to both vendors who were competing for the boiler/AQCS work.

That limited notice to proceed ("LNTP") was issued on February 26, 2006. In that LNTP, KCP&L agreed to pay both vendors a not-to-exceed price in order for those vendors to accelerate their provision of structural loads for the Unit 2 boiler. Obtaining this data allowed Burns & McDonnell to begin designing the foundation for the Unit 2 boiler prior to even the actual award of the boiler. For the Iatan 1 and 2 AQCS work, KCP&L made receipt of key structural loads needed to meet the early foundation design and construction schedule a condition of its award of this scope to ALSTOM. By doing

so, KCP&L was able to mitigate several months of potential delay. Had that information not been received until the award of the boiler and AQCS work on August 10, 2006, based on the information available from both Schiff and Burns & McDonnell, the in-service dates for both Iatan 1 and 2 would have been significantly challenged.

**Q: When were you first apprised of Kiewit's interest in performing work on the Iatan 1 and 2 project?**

A: I recall that Kiewit had expressed interest in bidding work for the Iatan project in the spring of 2006. I believe that members of the Iatan project team investigated the possibility of Kiewit performing work and I was told that due to Kiewit's schedule and the types of projects it was willing to take on, it was not a good fit at that time.

**Q: When were you advised of Kiewit's interest in being the Balance of Plant contractor for the unlet portions of the work?**

A: Company witness Brent Davis testifies that in late 2006, representatives from Kiewit contacted Mr. Davis to inform him that a project for which Kiewit had been selected as Balance of Plant contractor had been postponed and these Kiewit representatives asked Mr. Davis if KCP&L had any interest in contracting with Kiewit for the Balance of Plant work. Shortly after Kiewit contacted him, Mr. Davis informed me of this and I was favorable to entertaining at least a proposal from Kiewit for how it would handle the Balance of Plant work.

**Q: After initially proceeding with the Balance of Plant work on a multi-prime basis, why did KCP&L consider listening to Kiewit's proposal for the remaining Balance of Plant work?**

A: First of all, we were aware of Kiewit's reputation in the industry for its safety and quality and its ability to manage work as a general contractor on major projects. Although we were comfortable at the time with proceeding on a multi-prime basis, we were nonetheless aware of the risk of procuring small specialty contractors to perform the majority of the Balance of Plant work. **[redacted]**

**Q: What were some of the risks that were being discussed at that time?**

A: Company witness Brent Davis testifies as to these risks and the impact that these risks had on the project's Control Budget Estimate. In summary, the construction market in Kansas City at the time was very competitive and labor availability was a significant concern.

**Q: When did Kiewit provide its proposal to KCP&L?**

A: In January, 2007 Senior Management authorized Burns & McDonnell to share information regarding design of the BOP work, quantities of work and scope of supply. Kiewit and Burns & McDonnell met for most of January 2007 and Kiewit's team received the necessary information. Kiewit supplied its initial proposal to Mr. Davis on

February 13, 2007. The Executive Oversight Committee saw tremendous value in obtaining an estimate from Kiewit as a basis for making a decision on the direction for the remaining Balance of Plant work. At a minimum, Kiewit's estimate could be used to validate KCP&L's budget for the Balance of Plant work. Kiewit's initial proposal was attractive enough that the Executive Oversight Committee asked Kiewit to make a formal presentation to the Executive Oversight Committee. That presentation occurred on April 16, 2007.

**Q: Did you attend the presentation to the Executive Oversight Committee on April 16, 2007?**

A: Yes, I did, and I believe the majority of the members of the Executive Oversight Committee were there as well. We also had Mr. Davis and other key members of the Iatan 1 and 2 project team and members of the Schiff team at the meeting as well.

**Q: What do you remember about that presentation?**

A: Kiewit's team included its division president, Howard Barton, and Jack Cotton, its proposal manager, as well as its proposed project manager, Andre Aube, all of whom were at the meeting to make the presentation. The presentation lasted the morning of April 16th. Kiewit presented a written package of materials on April 13, 2007 and a summary presentation for the meeting. Kiewit walked through its methodology for approaching such large projects and how it typically planned and scheduled the work. Kiewit explained that a key management tool for them is to maintain a ratio of management personnel to field craft that allowed for organized, planned, and coordinated field work. For Iatan, due to the size and complexity of the work, Kiewit recommended a so called "craft-to-staff ratio" of 4:1. Kiewit provided industry and experience-based

context for this proposed staff to craft ratio. Kiewit also discussed its processes and procedures for safety and project organization and discussed the particular challenges of being a Balance of Plant contractor on site with a large EPC contractor such as ALSTOM.

**Q: In its proposal to KCP&L, what type of risk was Kiewit proposing it take on via its proposal for the remaining Balance of Plant work?**

A: Kiewit identified a number of risks on the Iatan Project including ALSTOM's performance and ALSTOM's ability to influence labor on the site. Also, Kiewit was concerned with labor availability and productivity on a project of this size at this time, when the construction market was highly competitive. Kiewit also presented some representative materials from another nearby project in Council Bluffs, Iowa, for MidAmerican Energy as an example of how projects with productivity issues can significantly exceed their budget and put schedule at risk. Kiewit intimated that without the type of management that it could provide, Iatan could be subjected to the same type of productivity problems as the Council Bluffs project.

**Q: What happened after the April 16th meeting with Kiewit?**

A: The EOC decided after that meeting that it would be prudent for us to pursue more detailed negotiations with Kiewit. At the same time these discussions were happening at the executive level, we had hired a new Vice President of Construction, David Price, who started work with KCP&L on May 1, 2007. I asked Mr. Price, Mr. Easley and Mr. Bassham to engage in discussions with Kiewit regarding refinement of its proposal for the project.

The first such meeting occurred on May 3, 2007, after which Mr. Easley and Mr. Price reported to the EOC that Kiewit was amenable to alternate contracting models in which Kiewit would assume some of the risk of its performance on the project. In Senior Management's view, this was important to contracting with Kiewit.

**Q: Were there any concerns regarding this being a single source procurement?**

A: Company witness Steven Jones testifies regarding the market survey he performed in 2006 regarding potential large Balance of Plant contractors. The result of that market pulse was that the majority of the larger contractors who typically performed such work were at or beyond capacity and did not have interest in either Iatan or the Kansas City market.

In April 2007, at the time that Kiewit made its proposal, the EOC asked procurement, again, to contact the same suppliers, including Fluor, Bechtel and Washington Group, and found that there was no interest. In addition, it was evident at that time that a bid process for the Balance of Plant work on a fixed price basis would not allow for timely procurement of that contract to meet schedule dates.

In order to assure ourselves that we were receiving a good deal from Kiewit, we requested Kiewit provide us with a significant amount of information regarding its estimate and allow for the project team, Burns & McDonnell and Schiff to engage in detailed vetting of that estimate. Company witness Daniel Meyer testifies regarding the estimate vetting that occurred through the spring and summer of 2007. Prior to Kiewit's proposal, we had established, within the Control Budget Estimate an estimate for the Balance of Plant work and used that estimate as a baseline for comparison with the Kiewit contract. In the Control Budget Estimate we had included substantial contingency

due to the acknowledged risks of KCP&L acting as a construction manager in a multi-prime contracting situation.

**Q: Based upon the review and analysis by the project team and Schiff, what was the recommendation with respect to engaging Kiewit in the Balance of Plant work?**

A: In the final analysis, which was discussed and vetted by the Executive Oversight Committee over a period of several months, we saw the following as the primary advantages of having Kiewit as the Balance of Plant contractor. First, Kiewit's presentation and organization appeared to provide the best plan for optimizing schedule performance of the remaining Balance of Plant work. Kiewit stressed the importance to management of co-locating at Burns & McDonnell's office to develop constructability reviews of Balance of Plant work as the engineering was being completed. This gave us comfort that Kiewit would be able to lend its expertise at the front end as the engineering was being completed. Second, Kiewit's construction management capability was well known in the industry and was well represented by the team that it proposed for Iatan. Third, we recognized that Kiewit's estimate provided a level of cost certainty that KCP&L would not have for up to 12 additional months as it continued to contract for Balance of Plant work with smaller specialty contractors. Company witness Brent Davis testifies to the risk that these future unlet contracts would be procured with little or no competition to vendors much less capable than Kiewit.

Kiewit's proposal included an assumption of productivity risks and confirmed with only few exceptions the design quantities that Burns & McDonnell had identified in its design work.

Next, Kiewit presented data to management showing the effectiveness of its safety program and made it clear to management how important safety was as a component of its daily work. Safety is our company's first concern, and safety is often a significant cost variable on a large project.

Next, Kiewit also presented statistics showing its quality of performance and the plan for co-locating with Burns & McDonnell appeared to provide a good solution to vetting engineering before it was released for construction. Also, Kiewit's capability and project controls was also notable and Kiewit agreed to be transparent in providing project controls information to the KCP&L team in keeping with KCP&L's regulatory commitments.

**Q: When did management decide that it would proceed in contracting with Kiewit?**

A: Once the process for vetting the estimate was discussed with Kiewit, KCP&L asked Kiewit to provide an updated proposal that could be used for further discussion and negotiation. Kiewit provided that proposal on May 13, 2007, in which it identified multiple scenarios under which it would be willing to contract for the work, including whether Kiewit would be responsible for procuring engineered materials. Kiewit's proposal was vetted by the project team and by Schiff, and on June 8, 2007, Kiewit was issued limited notice to proceed, under which it began its co-location at Burns & McDonnell as well as provided ongoing oversight and advice to Kissick on the forming and pouring of the turbine generator pedestal, among other services.

**Q: KCP&L contracted with Kiewit in November of 2007?**

A: Yes.

**Q: And what was the total cost of the Kiewit contract at that time?**

A: It was **[redacted]**.

**Q: The cost of Kiewit's contract price exceeded the remaining control budget for balance of the plant work?**

A: At that time, yes.

**Q: On what basis did you decide then to proceed with Kiewit?**

A: For all the reasons stated. The project's risk profile as expressed in the control budget contingency, showed that the project's biggest risk at that time was KCP&L procuring and managing multiple small specialty contractors. Kiewit has a long and demonstrated track record in the power industry. It had the resources necessary and available to manage, coordinate and perform the work under a single point responsibility. Because of the canceled project, it had a team ready to go, and that saved KCP&L from having to substantially increase the size of its own project team. We could also utilize Kiewit's already developed processes and procedures for safety and quality.

Burns & McDonnell worked with Kiewit in the past on previous joint ventures, including a project that was ongoing simultaneously to Iatan. The co-location with Burns and McDonnell allowed for the acceleration of engineering without additional costs because constructability would be built into the engineering. Kiewit's safety record is among the best in the industry, and Kiewit's focus on avoiding late engineering, labor management and material delivery appeared to be the best option available at that time to support the project's success.

In evaluating Kiewit's price, the project team and Schiff looked at the available contingency in the control budget as well as the low probability, high impact contingency

that was held at the management level and determined that substantial offsets of perceived and known risks on the project could be realized with Kiewit as the Balance of Plant contractor.

At the Executive Oversight Committee's request, Schiff and the project team each evaluated the potential contingency offset. They concluded that **[redacted]** of held contingency at that time could be offset by Kiewit's presence on the project.

In addition, there were other potential cost savings that were factored into the decision such as an opportunity to avoid additional project team and project management expense under KCP&L's control.

Finally, we recognized the ability of Kiewit to mitigate the loss of scheduled float. Kiewit's quality program was perceived as a critical check to still ongoing engineering work that Burns & McDonnell was performing.

**Q: What has KCP&L done to manage Kiewit's work on the Iatan Unit 2 Project?**

A: Company witness Brent Davis testifies regarding the day-to-day management of the Kiewit work. At the executive level, we have maintained a strong relationship with Kiewit's executives that has enabled us to work through issues as they have arisen. I have maintained a regular dialogue with Kiewit's Executive Vice President Doug Patterson, Kiewit's senior executive in charge of the project, that has allowed us to work through issues that have been escalated for our attention. We have also utilized the facilitative process with Jonathan Marks discussed earlier in my testimony to resolve certain critical issues.

## PROJECT SCHEDULE STATUS AND 2010 COST REFORECAST

**Q: What is the current projection for the Iatan Unit 2 Project's in-service date?**

A: Company Witness Robert Bell testifies that the project is currently projecting to be in-service during the fall of 2010, and the project team currently forecasts the projects in-service will occur between mid-October and mid-December, 2010.

**Q: Has the Iatan Unit 2 Project's in-service date changed since the project's inception?**

A: Yes. The targeted range for the in-service date for the project has changed from the summer of 2010 to the fall of 2010. Company Witness Robert Bell testifies that the current Iatan Unit 2 Project's detailed schedule shows the targeted in-service date has been adjusted to **[redacted]**. The project's baseline schedule projected a June 1, 2010 date for plant in-service.

**Q: When did KCP&L initially revise the Iatan Unit 2 Project's projected in-service date?**

A: The Project's in-service date was initially altered in July 2009, when it was adjusted from June 1, 2010 to July 31, 2010. **[redacted]** On July 28, 2009, the Board of Directors approved this change to the project's schedule.

**Q: Was there an impact to the project's cost projection from the change to the schedule in July 2009?**

A: No. As Company witness Daniel Meyer testifies, the project team engaged in a reforecast of the project's cost and determined that there would be essentially no change

to the project's estimate at completion ("EAC"), in large part due to the changes in the schedule.

**Q: Has the project's in-service date changed subsequent to July 2009?**

A: Yes. On January 13, 2010, pursuant to Section 13, or 15 (d) of the Securities and Exchange Act of 1934, KCP&L filed a Form 8-K ("January 13, 2010 Disclosure") in which KCP&L disclosed the following:

> Great Plains Energy and KCP&L have previously announced a late summer 2010 anticipated in-service date for Iatan No. 2. Due to construction delays and unusually cold weather, Great Plains Energy and KCP&L currently anticipate that the in-service date of Iatan No. 2 will shift approximately two months into the fall of 2010.
>
> The shift in the expected in-service date will likely cause approximately the same movement in the effective dates of rates to be set in KCP&L's pending Kansas rate case and KCP&L's and GMO's anticipated Missouri rate cases, which had been originally projected to be October 17, 2010 and early first quarter 2011, respectively.
>
> Additionally, as the Iatan No. 2 project moves into the startup phase, KCP&L has commenced a cost and schedule reforecast process for Iatan No. 2. The results will be disclosed when the process is completed, which is currently projected to be in the second half of the first quarter of 2010.
>
> (Schedule WHD2010-2)

**Q: Was the information regarding the slippage of the project's schedule in the January 13, 2010 Disclosure accurate?**

A: Yes. The information provided in the January 13, 2010 Disclosure was based on what we knew at the time relative to the impacts to the project's in-service date.

**Q: Subsequent to the January 13, 2010 Disclosure, did KCP&L engage in a reforecast of the Iatan Unit 2's cost and schedule?**

A: Yes.

**Q: What was the result of the reforecast of the Iatan Unit 2's cost and schedule?**

A: Company Witness Dan Meyer testifies regarding the results of the cost reforecast that was performed by the project team and Schiff. In summary of that testimony, the project team forecasted the Iatan Unit 2 project's EAC was **[redacted]**

**Q: **[redacted]**

A: **[redacted]**

**Q: When was the reforecast of the Iatan Unit 2 Project's cost and schedule completed?**

A: Company Witness Dan Meyer testifies that the project team and Schiff presented the results of the cost and schedule reforecast to the EOC on March 26, 2010. Management presented the results to the KCP&L Board of Directors on April 6, 2010, who approved the changes.

**Q: How were the results of the cost and schedule reforecast reported?**

A: On April 8, 2010, KCP&L filed a Form 8-K on April 8, 2010 that disclosed the results of the cost and schedule reforecast as follows, in pertinent part:

Great Plains Energy and KCP&L (the "Companies") previously announced a shift in the anticipated in-service date for Iatan No. 2 from late summer 2010 to the fall of 2010 and the commencement of a cost and schedule reforecast process as the project enters the startup phase. Based on the results of the reforecast process, the Companies currently project a fourth quarter 2010 in-service date for Iatan No. 2,...The increase in the cost estimate ranges is primarily due to the shift in the expected in-service date, the impact of lower wholesale prices on expected test power revenues that offset construction cost, and a level of contingency the Companies consider appropriate in light of recent start-up events encountered at other coal plants under construction.

(Schedule WHD2010-3)

**Q: What is KCP&L's share of the reforecasted increase in the Project's EAC?**

A: In our April 8, 2010 filing, KCP&L included the following explanation of the change to the Iatan Unit 2 Project's CBE from the reforecast:

| | Current Estimate Range | Previous Estimate Range | Change |
|---|---|---|---|
| | (millions) | | |
| Great Plains Energy (73% share) | $ 1,222 - $ 1,251 | $ 1,153 - $ 1,201 | $ 69 - $ 50 |
| KCP&L (55% share) | 919 - 941 | 868 - 904 | 51 - 37 |

(Schedule WHD2010-3)

**Q: Were the projected increases in the Iatan Unit 2 Project's EAC the result of imprudent management by KCP&L?**

A: No, I do not believe so.

**Q: What is the basis for your opinion?**

A: As Company Witness Brent Davis testifies, the Iatan Unit 2 Project is a very complex project involving the efforts of thousands of workers who worked millions of manhours to build a state-of-the-art facility. Company Witness Kenneth Roberts testifies that KCP&L had the tools necessary to make prudent decisions throughout the course of the project, and I believe that management has utilized those tools to make appropriate and

timely decisions regarding the project's schedule. KCP&L has from the start of the project effectively managed the coordination of the project's contractors, aggressively maintained KCP&L's commercial positions, and managed the risks of the project's start-up and commissioning as they have become known. As a result of our management of the project, KCP&L has mitigated the impact of the delays to the in-service date on the project's cost.

**Q: Does that conclude your testimony?**

A: Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION**
**OF THE STATE OF MISSOURI**

| | | |
|---|---|---|
| In the Matter of the Application of KCP&L Greater Missouri Operations Company to Modify Its Electric Tariffs to Effectuate a Rate Increase | ) ) ) | Docket No. ER-2010-____ |

**AFFIDAVIT OF WILLIAM H. DOWNEY**

**STATE OF MISSOURI )**
**) ss**
**COUNTY OF JACKSON )**

William H. Downey, being first duly sworn on his oath, states:

1. My name is William H. Downey. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as President and Chief Operating Officer.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of thirty-four (34) 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.

William H Downey
William H. Downey

Subscribed and sworn before me this 28th day of May, 2010.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

Kansas City Power & Light®
ENERGIZING LIFE

# Comprehensive Energy Plan Oversight Committee Charter

## Purpose

The Comprehensive Energy Plan (CEP) Oversight Committee (Committee) is charged with providing governance and oversight to the CEP projects and will be in effect through the life of the CEP. In addition, this committee will provide support and advice to the CEP project teams.

## Membership

The CEP Committee consists of members of the senior leadership team and other key stakeholders of Kansas City Power & Light Company (KCP&L) representing the disciplines embedded in the projects. The Committee members will be appointed by the KCP&L President and Chief Executive Officer and approved by the Great Plains Energy Chairman of the Board and Chief Executive Officer.

Committee Membership at inception:

| KCP&L Title | Corresponding Great Plains Energy Title |
|---|---|
| President and Chief Executive Officer | President and Chief Operating Officer |
| Chief Financial Officer | Executive Vice President, Finance and Strategic Development and Chief Financial Officer |
| Secretary | Senior Vice President, Corporate Services and Corporate Secretary |
| Senior Vice President, Supply (1) | Senior Vice President, Supply – KCP&L |
| Senior Vice President, Delivery (1) | Senior Vice President, Delivery – KCP&L |
| Vice President, Administrative Services | N/A |
| Treasurer | Treasurer and Chief Risk Officer |
| Vice President, Legal and Environmental Affairs and General Counsel | N/A |
| Vice President, Regulatory Affairs | N/A |
| Senior Director – Budget and Planning | N/A |

(1) Committee member for projects where member is not the executive sponsor of the project.

The Committee will exist through the life of the CEP. Committee membership will be reviewed annually. Members may be removed and appointed on an as needed basis by the Kansas City Power & Light Company Chief Executive Officer approved by the Great Plains Energy Chief Executive Officer.

**Structure and Operation**

The KCP&L President and Chief Executive Officer will chair the Committee.

The Committee will create its own operating processes and may delegate administrative matters outside of the Committee.

The Committee will meet at such times it determines necessary or appropriate, generally weekly. In addition to the regular meeting schedule established by the Committee, the Chair of the Committee may call a special Committee meeting at any time.

In the absence of the Chair during any Committee meeting, the Committee may designate a Chair pro tempore, which in order of preference are the Chief Financial Officer and Secretary. A majority of the members of the Committee will constitute a quorum thereof.

**Responsibilities and Activities**

The following are the responsibilities and common recurring activities of the Committee in carrying out its purpose. These activities are set forth as a guide with the understanding that the Committee may diverge from this guide, as appropriate, given the circumstances:

- Routinely review and evaluate the projects and take necessary action to re-direct the project as necessary.
- Monitor the projects for adherence to corporate policies.
- Monitor the projects for compliance with the performance criteria defined in the projects' business cases.
- Monitor project level decision making processes.
- Confirm the projects in terms of strategic alignment, cost, benefits, deliverables and scope.
- Review, test, and analyze project reports and other pertinent information to ensure internal, cost and scheduling controls are operating as designed.
- Objectively review the direction and progress of the project at key intervals to ensure the project objectives are being met.
- Assess impact of external influences on the project.
- Assess project risks and provide guidance and support on mitigation strategies.
- Assess resource requirements and teams' performance throughout the course of the projects.
- Exercise organizational leadership with regard to the project and all parties involved.
- Review and approve relevant reports prior to submission to the Commissions and/or other regulatory bodies.
- Review and approve applicable Board of Director reports prior to distribution to the Board.
- Review management's assessment of key vendor contract performance including any bonus and / or penalty assessments.

Kansas City Power & Light

CEP Oversight Committee Charter

Approved this 2nd day of February, 2007.

William H Downey

William H. Downey, KCP&L President and Chief Executive Officer

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**FORM 8-K**

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 13, 2010

| Commission File Number | Registrant, State of Incorporation, Address and Telephone Number | I.R.S. Employer Identification Number |
|---|---|---|
| 001-32206 | **GREAT PLAINS ENERGY INCORPORATED**<br>(A Missouri Corporation)<br>1200 Main Street<br>Kansas City, Missouri 64105<br>(816) 556-2200<br><br>NOT APPLICABLE<br>(Former name or former address,<br>if changed since last report) | 43-1916803 |
| 000-51873 | **KANSAS CITY POWER & LIGHT COMPANY**<br>(A Missouri Corporation)<br>1200 Main Street<br>Kansas City, Missouri 64105<br>(816) 556-2200<br><br>NOT APPLICABLE<br>(Former name or former address,<br>if changed since last report) | 44-0308720 |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This combined Current Report on Form 8-K is being filed by Great Plains Energy Incorporated (Great Plains Energy) and Kansas City Power & Light Company (KCP&L). KCP&L is a wholly owned subsidiary of Great Plains Energy and represents a significant portion of its assets, liabilities, revenues, expenses and operations. Thus, all information contained in this report relates to, and is filed by, Great Plains Energy. Information that is specifically identified in this report as relating solely to Great Plains Energy, such as its financial statements and all information relating to Great Plains Energy's other operations, businesses and subsidiaries, including KCP&L Greater Missouri Operations Company (GMO), does not relate to, and is not filed by, KCP&L. KCP&L makes no representation as to that information. Neither Great Plains Energy nor GMO has any obligation in respect of KCP&L's debt securities and holders of such securities should not consider Great Plains Energy's or GMO's financial resources or results of operations in making a decision with respect to KCP&L's debt securities. Similarly, KCP&L has no obligation in respect of securities of Great Plains Energy or GMO.

**Item 8.01 Other Events**

KCP&L has a 55% ownership interest, and GMO has an 18% ownership interest, in Iatan No. 2, an estimated 850MW coal-fired electric generating unit currently under construction. Great Plains Energy and KCP&L have previously announced a late summer 2010 anticipated in-service date for Iatan No. 2. Due to construction delays and unusually cold weather, Great Plains Energy and KCP&L currently anticipate that the in-service date of Iatan No. 2 will shift approximately two months into the fall of 2010.

The shift in the expected in-service date will likely cause approximately the same movement in the effective dates of rates to be set in KCP&L's pending Kansas rate case and KCP&L's and GMO's anticipated Missouri rate cases, which had been originally projected to be October 17, 2010 and early first quarter 2011, respectively.

Additionally, as the Iatan No. 2 project moves into the startup phase, KCP&L has commenced a cost and schedule reforecast process for Iatan No. 2. The results will be disclosed when the process is completed, which is currently projected to be in the second half of the first quarter of 2010. While Great Plains Energy and KCP&L presently believe there will be no material increase in the estimated construction cost range of Iatan No. 2 or material impact on 2010 earnings, there is no assurance regarding the impact of the currently expected delay, the results of the cost and schedule reforecast process or the effects of the actual cost and in-service date of Iatan No. 2 on Great Plains Energy's and KCP&L's results of operations, financial position and cash flows. Great Plains Energy expects to issue 2010 earnings guidance in late February 2010.

**Forward-Looking Statements:**
Statements made in this report that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, the outcome of regulatory proceedings, cost estimates of the Comprehensive Energy Plan and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the registrants are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions in regional, national and international markets and their effects on sales, prices and costs, including, but not limited to, possible further deterioration in economic conditions and the timing and extent of any economic recovery; prices and availability of electricity in regional and national wholesale markets; market perception of the energy industry, Great Plains Energy, KCP&L and GMO; changes in business strategy, operations or development plans; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and

restructuring of the electric utility industry; decisions of regulators regarding rates KCP&L and GMO can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and credit spreads and in availability and cost of capital and the effects on nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts; increased competition including, but not limited to, retail choice in the electric utility industry and the entry of new competitors; ability to carry out marketing and sales plans; weather conditions including, but not limited to, weather-related damage and their effects on sales, prices and costs; cost, availability, quality and deliverability of fuel; ability to achieve generation planning goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates and cost increases of additional generating capacity and environmental projects; nuclear operations; workforce risks, including, but not limited to, retirement compensation and benefits costs; the ability to successfully integrate KCP&L and GMO operations and the timing and amount of resulting synergy savings; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Other risk factors are detailed from time to time in Great Plains Energy's and KCP&L's most recent quarterly report on Form 10-Q or annual report on Form 10-K filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which such statement is made. Great Plains Energy and KCP&L undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GREAT PLAINS ENERGY INCORPORATED**

/s/ Michael W. Cline
Michael W. Cline
Vice President-Investor Relations and Treasurer

**KANSAS CITY POWER & LIGHT COMPANY**

/s/ Michael W. Cline
Michael W. Cline
Vice President-Investor Relations and Treasurer

Date: January 13, 2010.

# GXP 8-K 4/8/2010

# Section 1: 8-K (JOINT FORM 8-K IATAN REFORECAST)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**FORM 8-K**

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 8, 2010

| Commission File Number | Registrant, State of Incorporation, Address and Telephone Number | I.R.S. Employer Identification Number |
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Based on the results of the reforecast process, the Companies currently project a fourth quarter 2010 in-service date for Iatan No. 2. The current and previous cost estimate ranges are shown in the following table. Consistent with the Companies' Iatan No. 2 cost estimate disclosures in their 2008 and 2009 Form 10-Ks, the cost estimate ranges do not include allowance for funds used during construction or the cost of common facilities that will be used by both Iatan No. 1 and Iatan No. 2.

| | Current Estimate Range | | | Previous Estimate Range | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (millions) | | | | | |
| Great Plains Energy (73% share) | $ 1,222 | - | $ 1,251 | $ 1,153 | - | $ 1,201 | $ 69 | - | $ 50 |
| KCP&L (55% share) | 919 | - | 941 | 868 | - | 904 | 51 | - | 37 |

The increase in the cost estimate ranges is primarily due to the shift in the expected in-service date, the impact of lower wholesale prices on expected test power revenues that offset construction cost, and a level of contingency the Companies consider appropriate in light of recent start-up events encountered at other coal plants under construction.

KCP&L currently expects that the rates to be set in its pending Kansas rate case will be effective in the late fourth quarter of 2010 or early first quarter of 2011. KCP&L and GMO expect to file rate cases in Missouri in May 2010 and that new rates will be effective early in the second quarter of 2011. Management expects to provide additional detail with regard to these filings in the Companies' first quarter 2010 10-Qs and earnings release, which are expected to be issued after market close on May 6, 2010, and in the first quarter 2010 earnings conference call and webcast expected to be held on May 7, 2010.

**Item 7.01 Regulation FD Disclosure**

The information contained in Item 8.01 above is incorporated by reference herein. Great Plains Energy does not expect these reforecast process results to impact its announced 2010 earnings guidance of $1.20 - $1.40 per share.

The information under this Item 7.01 is being furnished and shall not be deemed filed for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended. The information under this Item 7.01 shall not be deemed incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, unless otherwise expressly indicated in such registration statement or other document.

**Forward-Looking Statements:**
Statements made in this report that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, the outcome of regulatory proceedings, cost estimates of the Comprehensive Energy Plan and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the registrants are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions in regional, national and international markets and their effects on sales, prices and costs, including, but not limited to, possible further deterioration in economic conditions and the timing and extent of any economic recovery; prices and availability of electricity in regional and national wholesale markets; market perception of the energy industry, Great Plains Energy and KCP&L; changes in business strategy, operations or development plans; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates the companies can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and credit spreads and in availability and cost of capital and the effects on nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts; increased competition including, but not limited to, retail choice in the electric utility industry and the entry of new competitors; ability to carry out marketing and sales plans; weather conditions including, but not limited to, weather-related damage and their effects on sales, prices and costs; cost, availability, quality and deliverability of fuel; ability to achieve generation planning goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates and cost increases of additional generating capacity and environmental projects; nuclear operations; workforce risks, including, but not limited to, retirement compensation and benefits costs; the timing and amount of resulting synergy savings from the GMO acquisition; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Other risk factors are detailed from time to time in Great Plains Energy's and KCP&L's most recent quarterly report on Form 10-Q or annual report on Form 10-K filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which such statement is made. Great Plains Energy and KCP&L undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GREAT PLAINS ENERGY INCORPORATED**

/s/ Michael W. Cline
Michael W. Cline
Vice President-Investor Relations and Treasurer

**KANSAS CITY POWER & LIGHT COMPANY**

/s/ Michael W. Cline
Michael W. Cline
Vice President-Investor Relations and Treasurer

Date: April 8, 2010.

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