

-----Original Message-----

From: Easley Steve [mailto:Steve.Easley@kcpl.com]  
Sent: Wednesday, December 06, 2006 5:28 PM  
To: Bradley Beecher (E-mail); Sherman, Max; Stephen E. Parr (E-mail)  
Cc: Giles Chris; Davis Brent; Denise Schumaker (E-mail); Bassham Terry  
Subject: Control Budget Estimate for Iatan 2

<<materials for I2 partners 20061206.1500.pdf>>

As was discussed with you or your staff, this information is being provided in advance of KCPL's disclosure, with the understanding that it will not be released outside of your respective organizations until KCPL files its 8K, which is schedule for early next week. We will provide you advance notice of the filing so you will know when you can use it publicly as well.

This document contains 3 components, the first is a schedule which shows the estimate evolution from the Project Definition report to the current Control Budget Estimate, in a format that has been presented before. The Control Budget Estimate for Iatan 2 is \$1.465 billion plus \$220 million in contingency for a total estimate of \$1.685 Billion. KCPL has also provided the components of the project estimate which will be excluded when we talk about the \$/kw plant cost. These are identified on the 2nd page of the estimate schedule.

The two remaining pages are copies of PowerPoint slides. The first shows the drivers of the estimate changes over time, we have categorized these costs into Scope, Quantity and Price. The last slide shows the build up of the \$/kw information.

I am available for any questions you might have regarding this information over the next several days. We will be covering this topic in detail at the Joint Owners Meeting on Dec 14th. If you have specific concerns you want to make sure we address at the meeting let Brent or I know and we will make sure we cover them.

Thanks for your patience on this issue,

Regards

Steve Easley

Staff Exhibit No. 143  
Case No(s) EM-2657-0374  
Date 4-30-08 Rptr RF

**Iatan 2 Plant Expansion**  
**Burns & McDonnell Project Number: 35966**  
**Summary of Project Cost Estimates to Current Working Estimates**

	Aug-04 PDR	Jan-06 Scale-Up & 06-2010 Schedule	Apr-06 Partner Closing	Dec-06 Updated Control Budget Estimate
	800 MW	850 MW	850 MW	850 MW
<b>Construction Costs (B&amp;M Estimates)</b>				
1 <b>Boiler and APC EPC Contract:</b>	\$465,931,400	\$554,775,044	\$516,400,000	\$488,378,729
Boiler Equip / Install	409,681,919	498,359,767	515,000,000	488,824,431
Boiler & APC Instrument Install	2,132,276	2,132,276	Incl	1,154,298
Enclosures Scrubber / Prep / Dewater	4,518,077	4,969,884	Incl	Incl
Boiler / APC Labor Escalation	39,314,813	35,403,229	Incl	Incl
Boiler / APC Equip Escalation	6,671,383	9,178,414	Incl	Incl
Boiler / APC Install Material Escalation	2,015,173	2,769,590	Incl	Incl
Boiler / APC Performance Bond	1,597,758	1,961,883	Incl	Incl
Boiler Losing Bidder Proposal Cost	0	0	400,000	400,000
2 <b>Steam Turbine &amp; Boiler Feed Pumps</b>	48,565,894	58,373,410	58,380,000	55,982,300
Steam Turbine / TFA / Delivery	40,796,200	50,275,820	Incl	Incl
Boiler Feed Pump Drives	7,769,694	8,097,590	Incl	Incl
3 <b>Mechanical Construction / BOP Mechanical Equipmen</b>	188,776,704	208,137,363	246,192,168	325,611,340
BOP Equipment / Piping	30,593,466	35,248,230	67,522,418	78,330,781
Furnish & Erect	46,163,132	50,230,420	58,859,238	91,598,004
Construction	112,019,106	122,658,712	118,710,513	155,682,556
4 <b>Water Treatment Equipment:</b>	12,274,900	12,500,191	13,491,422	13,327,007
BOP Equipment / Piping	12,274,900	12,500,191	13,491,422	13,327,007
5 <b>Electrical &amp; Controls Equipment / Construction:</b>	70,950,818	74,494,887	84,152,029	88,638,736
Equipment	25,578,683	25,765,445	34,023,661	46,365,939
Construction	45,371,933	48,729,451	60,128,468	42,272,795
6 <b>Civil / Structural Equipment / Construction:</b>	91,983,704	94,868,966	121,663,781	218,736,659
BOP Equipment / Piping	600,000	600,000	672,000	562,110
Furnish & Erect	27,115,776	29,512,387	28,843,295	32,225,080
Construction	64,267,928	64,746,588	92,338,487	185,949,369
7 <b>Construction Indirects</b>	135,564,994	142,341,362	190,420,917	137,314,787
Start-up Craft Support	10,894,140	11,922,099	21,590,629	26,081,359
Engineering	40,500,000	40,500,000	40,500,000	42,614,501
Construction Management	16,719,225	16,719,225	26,081,991	35,835,348
Performance Bonds on BOP	0	0	7,687,585	10,838,539
Escalation - Labor (non-boiler/APC)	37,240,787	34,125,704	55,404,867	Incl
Escalation-Materials (non-boiler/APC)	13,589,819	20,034,580	15,367,767	Incl
Escalation-Indirects	7,544,013	9,962,774	12,648,319	Incl
Other Miscellaneous	9,077,000	9,077,000	11,130,080	21,945,041
8 <b>Owner's Indirects</b>	46,797,239	80,699,896	99,698,650	115,424,544
Rail Cars	16,500,000	39,000,000	35,145,000	37,069,413
Owner's Project Management	0	1,500,000	1,500,000	Incl
Owner's Legal Counsel	1,000,000	1,000,000	2,000,000	3,322,874
Fuel Inventory	5,850,745	12,432,833	12,432,833	13,770,912
Pre-Commissioning Operations Personnel	6,310,649	6,310,649	6,310,649	6,989,830
Outside Management Oversight	0	0	8,000,000	1,661,437
Project Development	750,000	750,000	7,000,000	7,763,372
Site Security	574,080	574,080	4,892,160	5,418,677
Operating Spare Parts	4,016,331	4,016,331	5,163,854	5,719,612
Builder's Risk	4,867,432	5,495,282	6,040,086	7,043,027
Sales Tax	0	0	951,494	1,210,612
Escalation on Indirects	0	2,692,720	3,834,663	Incl
Other Miscellaneous	6,928,002	6,928,002	8,428,002	25,464,778
9 <b>Other Costs Carried Outside the PDR</b>	29,124,000	19,663,000	19,663,000	21,586,000
Substation Expansion at Iatan	4,833,000	2,550,000	2,550,000	2,550,000
Interconnection (System Upgrades)	24,491,000	17,113,000	17,113,000	19,036,000
10 <b>Project Costs w/o Contingency and Financing</b>	<b>1,089,968,451</b>	<b>1,245,844,117</b>	<b>1,358,051,967</b>	<b>1,465,000,000</b>
Owner's Contingency	84,867,839	97,402,722	108,644,157	145,000,000
Low Probability - High Impact Contingency				75,000,000
11 <b>Total Project Costs w/o Financing</b>	<b>\$1,174,836,090</b>	<b>\$1,343,246,838</b>	<b>\$1,466,696,124</b>	<b>\$1,685,000,000</b>
less: Fuel Inventory	\$5,850,745	\$12,432,833	\$12,432,833	\$13,770,912
12 <b>Project Costs w/o Financing and Fuel</b>	<b>\$1,168,985,345</b>	<b>\$1,330,814,005</b>	<b>\$1,454,263,291</b>	<b>\$1,671,229,088</b>

**Iatan 2 Plant Expansion**  
**Burns & McDonnell Project Number: 35966**  
**Summary of Project Cost Estimates to Current Working Estimates**

Aug-04 PDR <u>800 MW</u>	Jan-06 Scale-Up & 06-2010 Schedule <u>850 MW</u>	Apr-06 Partner Closing <u>850 MW</u>	Dec-06 Updated Control Budget Estimate <u>850 MW</u>
--------------------------------	---	---	---

**13 Costs per KW**

<b>Project Costs w/o Financing and Fuel</b>	<b>\$1,168,985,345</b>	<b>\$1,330,814,005</b>	<b>\$1,454,263,291</b>	<b>\$1,671,229,088</b>
<b>\$/KW</b>	<b>\$1,461</b>	<b>\$1,566</b>	<b>\$1,711</b>	<b>\$1,966</b>

**Less: Exclusions**

Rail Cars	-16,500,000	-39,000,000	-35,145,000	-37,089,413
Substation Expansion at Iatan	-4,633,000	-2,550,000	-2,550,000	-2,550,000
Interconnection (System Upgrades)	-24,491,000	-17,113,000	-17,113,000	-19,036,000
Highway and Bridge Improvements (Off-site)				-4,683,000
Solid Waste Landfill (Including permit)			-8,716,067	-8,517,673
Operating Spare Parts	-4,016,331	-4,016,331	-5,163,854	-5,719,612

<b>Plant Costs</b>	<b>\$1,119,345,015</b>	<b>\$1,268,134,675</b>	<b>\$1,385,575,371</b>	<b>\$1,593,673,390</b>
<b>\$/KW</b>	<b>\$1,399</b>	<b>\$1,492</b>	<b>\$1,630</b>	<b>\$1,875</b>

\$ in millions

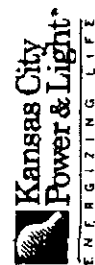
Current Estimate Date	PDR Aug-04	Stipulation Jan-06	Partner Apr-06	Budget Dec-06	Stipulation to Budget \$ Change	% Change
Scope Change:						
Permit/Third Party		0	5	21	\$26	2.1%
Design		0	53	(8)	45	3.7%
Plant Optimization		5	4	16	20	1.6%
Upsize 800MW to 850 (1080F)		68	0	0	0	0.0%
Sub-total		73	62	29	91	7.4%
Quantity Change		0	30	21	51	4.1%
Price Change		76	20	55	75	6.1%
Current Estimate Total *	\$1,100	\$1,331	\$1,454	\$1,631	\$340	25.6%

\* Excludes initial coal inventory \$6 \$12 \$12 \$14



Confidential

December 5, 2006



Total Plant MW

Base Costs \*

Contingency

Project Costs excluding AFDC

Rail Cars

Substation Expansion at latan

Interconnection (System Upgrades)

Highway Improvements (Off-site)

Bridge Improvements (Off-site)

Solid Waste Landfill

Operating Spare Parts

Exclusions Total

Plant Costs:

Project costs less exclusions

\* Excludes initial coal inventory

HIGHLY CONFIDENTIAL / PROPRIETARY

GRANT PLUMBS  
ENERGY

Confidential

December 5, 2006

Kansas City  
Power & Light  
ENERGIZING LIFE