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Case No.: EM-2017-0226, et al.
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EM-2017-0226, et al.

SURREBUTTAL TESTIMONY

OF

WILLIAM J. KEMP

ON BEHALF OF

GREAT PLAINS ENERGY INCORPORATED
KANSAS CITY POWER & LIGHT COMPANY
KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
March 2017

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SURREBUTTAL TESTIMONY

OF

WILLIAM J. KEMP

Case No. EM-2017-0226, et al.

Q: Are you the same William J. Kemp who submitted Direct Testimony in this proceeding?

A: Yes, I am.

1. INTRODUCTION AND PURPOSE

Q: What did you do to prepare your Surrebuttal Testimony?

A: I reviewed the testimony of witnesses in this proceeding who addressed directly Great Plains Energy's ("GPE") estimates of efficiencies that would be produced from its acquisition of Westar Energy, Inc. ("Westar") (the "Transaction"), i.e., Missouri Energy Consumers Group ("MECG") witness Mike Gorman and City of Independence ("Independence") witness Joe Herz. After considering the logic and evidence presented by these witnesses, I developed the surrebuttal points that are set forth below.

Q: What is the purpose of your Surrebuttal Testimony?

A: This testimony responds to the referenced intervenor witnesses. It is intended to reinforce the basic message from my Direct Testimony, help focus on the most material issues, and assist the Commissioners in making a well-informed decision in promoting the public interest, including no detriment to Missouri customers in approving the Transaction.

More specifically, this testimony responds to certain ill-founded assertions contained in the testimony of witnesses Gorman and Herz. They each take issue with elements of my Direct Testimony. I will demonstrate through my Surrebuttal Testimony

that their positions are factually incorrect, suffer from serious logical flaws, or advocate bad public policy.

Finally, additional evidence will be provided on key points in response to witness Gorman and witness Herz's testimony.

2. EXECUTIVE SUMMARY

Q. Please summarize the conclusions of your Surrebuttal Testimony.

A. My major conclusions are as follows:

- No witnesses have contradicted the fact the estimated total savings from the Transaction are generally consistent with the middle of the range of what has been achieved from similarly situated mergers. GPE's savings estimates are conservative and reasonable, and GPE is committed to achieve them.
- The integration planning work since July 2016 has reinforced the reasonableness and achievability of the total estimated efficiencies from the Transaction. The initial savings estimates developed during the bid phase are reasonable and achievable. They have been reviewed and validated by the integration planning teams, who have also found opportunities for additional efficiencies.
  - GPE's estimates of efficiencies from the Transaction in the Generation and Supply Chain areas were not challenged by Mr. Gorman or Mr. Herz. It should be noted that GPE achieved significantly more than the targeted Supply Chain savings from the KCP&L-Aquila transaction.
  - GPE's estimates of Shared Services savings from the merger are conservative and robust. To argue that Shared Services savings are not core benefits from the

Transaction flies in the face of economic common sense, industry experience and regulatory precedent.

- GPE's estimated total savings in the Transmission and Distribution ("T&D") and Customer Service areas are not large, and should be very achievable. GPE is taking a very conservative approach to any such cost reductions, so that reliability and customer satisfaction are not negatively affected.

- GPE counted only operational and capital cost savings that were attributable to the Transaction, *i.e.*, they were directly created or enabled by the Transaction, and could not reasonably be realized in the normal course of business as separate companies. The Commission has accepted this standard in the past, notably in the KCP&L-Aquila transaction.
- GPE has demonstrated that it can successfully execute and harvest substantial efficiency savings from merger transactions. Its achieved savings from the KCP&L-Aquila transaction significantly exceeded the initial estimates. On a comparative basis, the operations and maintenance ("O&M") costs per customer for GPE's operating utilities improved from 124 percent of the industry median in 2008 to 110 percent in 2015,[1] *i.e.*, in the seven years following the close of than transaction.

[1] After adjustments to exclude O&M costs that vary very widely across utilities due to structural factors largely beyond management control, such as generation divestiture, ISO/RTO costs, energy efficiency program mandates and pension plans.

Q. Has the level of confidence by GPE's management around the reasonableness and achievability of the overall savings changed since the time of the initial savings analyses completed by GPE Management in conjunction with your team?

A. Yes. Their level of confidence has grown higher due to the more detailed integration planning work performed by GPE and Westar since July 2016. See the surrebuttal testimony of Steven Busser for an overview of the status of the integration planning work. The achievability of the initially estimated levels of total Transaction savings has been confirmed, and specific plans are being readied for execution.

3. CORRECTIONS

Q. Do you have any corrections that you wish to make to your Direct Testimony?

A. Yes, I have one set of corrections that I would like to make. I do not believe these corrections are material.

I would like to revise the Costs to Achieve by non-fuel operations and maintenance ("NFOM") category for 2017 only, to make my Schedule WJK-3 consistent with the numbers for costs to achieve that were used in the final GPE financial model run for the bid. The total NFOM Costs to Achieve for 2017 increases by $1.2 million:

- Generation increases from $0.7 million to $1.4 million.
- T&D and Customer Service increases from $0.6 million to $1.2 million.
- Shared Services decreases from $5.5 million to $5.4 million.

There are no changes to Costs to Achieve for 2018-2020.

The revised summary table of estimated savings, incorporating these changes, is attached as Schedule WJK-3R.

4. SAVINGS ESTIMATION APPROACH

Q. Do you have any general comments about Mr. Gorman's reliance upon testimony of other witnesses in the merger approval proceeding before the Kansas Corporation Commission ("KCC")?

A. Yes. In pages, 30-32[2] of his rebuttal testimony, where he develops his views on the savings estimation process used by GPE, Mr. Gorman cites and relies heavily on testimony and evidence presented before the KCC by other witnesses in that proceeding (Docket No. 16-KCPE-593-ACQ). He freely quotes their conclusions and echoes their concerns.

However, Mr. Gorman has not brought into evidence in the instant case before the Missouri Public Service Commission ("MPSC" or "Commission") any of the data or analyses that these other witnesses relied upon in formulating their concerns and conclusions. As an expert in developing cost savings estimates attributable to merger transactions, I could not form an expert opinion on the validity of Mr. Gorman's positions on savings without such information. Mr. Gorman's conclusions on GPE's savings estimates deserve no credence because they are based on testimony and evidence that is not before this Commission, and are therefore unreliable.

[2] Note: All cites are to the March 23, 2017 Michael P. Gorman Rebuttal testimony filed in MPSC Docket No. EM-2017-0226 *et al.*, based upon representations of MECG counsel that this is the only Gorman Rebuttal that will be offered into evidence.

Q. Mr. Gorman (at page 7, lines 6-7) and Mr. Herz (page 11, lines 1-12 and page 13, lines 12-21) both attempt to characterize the estimates of savings from the proposed Transaction that GPE developed during the bid process as uncertain, lacking sufficient detail or speculative. Do you agree with these characterizations?

A. No. GPE developed its initial savings estimates in the context of an auction process. The time and data available for the initial savings analysis were limited by the bid process timeline, as they often are in transactions such as this one. GPE's team had to operate within the same constraints as the other bidders. The process was not unusually abbreviated from my experience in other transactions. As is typical for many major decisions in the business world, GPE made its decisions around the bid using the best data available at the time.

After the bid process ended and the legal limitations on information sharing were lifted, information began to flow more freely between Westar and GPE. GPE and Westar have been developing since July 2016 successively more detailed integration plans, with quantified savings goals and executive accountability for achieving them. The leader of GPE's Integration Project (to plan and execute the integration of the GPE and Westar), Steve Busser, testifies that this substantial additional work has increased GPE's confidence in the savings estimates from the bid process. He further testifies that the total level of estimated savings increased during the course of the integration planning work.

Q. Was the savings estimation team in the bid process charged with developing definitive, exhaustive estimates of savings?

A. No. Our goal was not exhaustive quantification, but rather analysis adequate to answer the over-riding question: Are the reasonably achievable savings sufficient to meet the targets for making a competitive bid while maintaining GPE's financial and operational health and producing significant long-term benefits for customers and shareholders? We were conducting a sufficiency test.

GPE fully expected the savings mix to shift, and likely expand, as it drilled down into further detail in the integration planning process. And that indeed has been the case.

Q. Mr. Herz asserts that the efforts of GPE's savings estimation team appeared to be biased or circular due to the savings targets that they were asked to assess (page 11, lines 12-14). Do you agree?

A. No. As explained in the preceding Question and Answer, the team was not trying to come up with a definitive estimate. We were analyzing whether the reasonably achievable savings (singles and doubles, not home runs) were sufficient to make the deal work for the benefit of both customers and shareholders.

The guidance from GPE management to keep the estimates conservative, as well as the responsibility placed on GPE executives to achieve the savings, effectively prevented the team from pursuing overly aggressive savings estimates. The need to answer the sufficiency question in a parallel but opposing way encouraged the team not to get too conservative. The team had to find the right balance.

Assuring that the conservatively estimated savings are sufficient to generate benefits and preserve GPE's financial health is the same right balance for assessing

whether the Transaction is in the public interest. Any savings beyond that are "icing on the cake," since GPE is proposing to pass all savings through to customers as they are flowed through the normal ratemaking process.

Mr. Herz's concern about what is sometimes called "confirmation bias" is misplaced. As I state in my direct testimony at page 9, line 17 through page 10, line 7, Enovation provided the initial set of broad savings expectations to GPE in the analysis of utility industry experience with merger savings that was delivered to GPE in March 2016, before the start of the bid process and before Enovation was aware that GPE had opened discussions with Westar. Enovation had no role in defining the minimum target savings, and was not given any initial merger-related savings estimates, so the team's estimates could hardly be subject to confirmation bias.

Q. Mr. Gorman (page 7, lines 7-10 and page 31, lines 6 through 9) proposes a standard that would require GPE to show that the savings projections can only be achieved through the Transaction, and cannot be achieved absent the Transaction. Is such a standard consistent with Missouri Public Service Commission ("MPSC" or "Commission") precedents on merger approvals?

A. No. First of all, Mr. Gorman appears to have fabricated a quote from my direct testimony. He states on page 31, line 8 that my direct testimony contains the phrase "absent the proposed Transaction." It does not. Neither that phrase nor the word "absent" appear anywhere in my testimony in this case.

Second, Mr. Gorman's logic equates to requiring a strict "but for" test, wherein only savings that could not be achieved in any way without the merger are allowed to be counted. This was not the standard used during the proceeding which resulted in MPSC

approval of GPE's acquisition of Aquila, Inc. in 2008. I know this personally because I was a witness on the topic of transaction savings in that proceeding. The Commission used the same standard in that case as the one I applied in my Direct Testimony in the instant case.[3]

Q. Why is a strict "but for" standard impractical to implement?

A. It is impractical because it invites parties to deny the reality of benefits from the merger by creating unrealistic and unproven hypotheticals of how similar benefits could be achieved without the merger.

For example, Boris Steffen[4], who testified on behalf of Kansas City, Kansas Board of Public Utilities ("BPU") in the KCC merger approval case, suggested a number of ill-advised ideas on how GPE could help Westar achieve greater efficiencies without merging. These include GPE renting out part of its new customer information system ("CIS") to provide CIS services for Westar's customers (a recipe for information technology ("IT") and legal disaster), outsourcing back office and support services (more expensive and not as effective as merger consolidation), and selling its supply chain advanced analytics capabilities to Westar (ignores violation of vendor contract confidentiality and required IT capabilities at Westar).

Reducing GPE's estimated savings on account of such hypothetical alternative paths to savings, as has been suggested by Mr. Gorman, would create an illusory standard that is not grounded in reality. It is not realistic to require that GPE and Westar should operate as though they have merged, when in fact they have not. If such a practice was

[3] See MPSC Docket No. EM-2007-0374, Report and Order, p. 80, paragraphs 177-180 (July 1, 2008).
[4] Mr. Gorman cites Mr. Steffen approvingly on page 32.

practical and effective, we would see numerous of examples of such "pretend mergers." But we do not.

The end result of the standard supported by Mr. Gorman would be to deny that mergers can produce cost savings. In fact, when pressed on this point in hearing before the KCC, Mr. Steffen admitted that under his standard, none of the estimated savings from the GPE-Westar combination would be counted as merger-related: not the consolidation of management structures and corporate programs; not the consolidation of central shared services; not the increased bargaining power and economies of scale in the supply chain function; nothing.

Departing from MPSC precedents to apply such an artificial standard would discourage transactions that will clearly produce significant efficiency benefits for customers and the state. Regulation of utility mergers would become more complex and less predictable, and economic growth would suffer.

Q. What standard did you apply for counting savings as merger-related?

A. GPE counted only operational and capital cost savings that were attributable to the Transaction, *i.e.*, they were directly created or enabled by the Transaction, and could not reasonably be realized in the normal course of business as separate companies.

The phrase "in the normal course of business as separate companies" could count benefits as merger-related if they demonstrably can be achieved at significantly greater speed or lower risk through the merger, even if those benefits may hypothetically be possible to achieve as separate companies after normal business practices have been set aside. Acceleration of cost savings by 3-5 years or more will reduce revenue

requirements and produce rate benefits. Such savings are certainly not detrimental to the public interest.

Q. Is it true, as concluded by Mr. Gorman at page 32, lines 17-20 of his rebuttal testimony that "it is at very best uncertain whether or not the savings are caused only due to the merger or rather the savings could be achieved without the proposed Transaction?"

A: Absolutely not. Mr. Gorman attempts to paint the whole range of estimated savings with a broad brush of uncertainly about their relationship to the merger. In fact, the record before this Commission is replete with examples of savings that could only be achieved with the Transaction. These include the core (or "created") merger savings mentioned above, around consolidation of management structures, corporate programs, central shared services, etc. A merger is the fastest, most effective and often the only practical way to access these savings.

For a more extended example, in the Supply Chain area:

- GPE's savings estimates include benefits from applying GPE's better practices in data analytics and contract management to Westar, and from extending the terms of the most favorable GPE or Westar contracts for similar services to the combined company.
- Westar does not have the internal data bases or IT capabilities to implement advanced analytics in Supply Chain, and has not succeeded in recent years in its attempts to implement such analytics. GPE's better practices in data analytics and contract management cannot be "sold" to Westar.

- Very substantial amounts of Supply Chain savings also depend on leveraging the much larger size of the combined company to negotiating more favorable pricing and terms on procurement

None of these benefits would be accessible in the near term without the merger.

5. SAVINGS ESTIMATE ISSUES

Q. Mr. Gorman cites a concern raised by KCC Staff witness Ann Diggs on the estimated vs. actual savings from the KCP&L-Aquila transaction. Could you please clarify what was achieved?

A. Yes. GPE's initial estimates of the savings from the potential KCP&L-Aquila transaction were developed in February 2007. The level of information sharing and savings analysis at that point in the merger discussions was roughly equivalent to that during the bid process in the GPE-Westar discussions. Estimated non-fuel operations and maintenance expense savings ("NFOM") in the first five years after close were $264 million.

The estimated synergy savings finally filed with the MPSC in November 2007 were considerably higher. Projected NFOM savings for the first five years had risen 16 percent, to $312 million. See my Schedule WJK-6, which is Schedule RTZ-6 from the testimony of GPE witness Robert Zabors in MPSC Docket No. 07-KCPE-1064-ACQ.

In her recent testimony before the KCC, Ms. Diggs raised a question about why the NFOM cost reductions achieved by three years after the KCP&L-Aquila transaction (9.3% of total NFOM)[5] were slightly smaller than the 10.1% that had been estimated in

[5] See Exhibit WJK-5, page 2, and supporting workpapers.

the November 2007 surrebuttal testimony in the KCP&L-Aquila case.[6] My response to Ms. Diggs was that GPE had absorbed larger than expected costs in rebuilding Aquila's customer service function. And the Great Recession had caused operational complications and significantly increased costs such as uncollectible accounts, which are booked as a NFOM expense item but are clearly not merger-related. But GPE still came close to meeting its final synergy savings estimates, as reflected in changes in total NFOM expenses.

At a more merger-specific level, the regulated operating synergy savings for the first five years after close of the Aquila transaction, as tracked and reported to the MPSC, came in well above the final estimates ($367.5 million vs. $312 million), and thus extended above the initial estimate of $264 million from early 2007 by an even greater amount. Corporate savings outside of regulated operating savings added another large pool of realized savings.

It is clear from the record that the KCP&L-Aquila transaction achieved actual savings that were substantially higher than initially estimated. GPE executed well, even in trying economic circumstances.

Q. Mr. Herz discusses a concern on page 12, lines 6-14 of his rebuttal testimony that GPE's "integration plans will be results driven," and that may result in pressure to generate targeted savings that could adversely impact security and reliability. Do you share his concerns?

A. No. While I certainly do hope and expect that the integration plans will be results driven in the sense of achieving at least the estimated total savings, GPE has adopted a highly

[6] See Exhibit WJK-3 in Kemp Supplemental Direct testimony in MPSC Docket No. EM-2007-0374

conservative approach to pursuing savings in the operational areas that affect security, reliability and customer satisfaction. As explained above and on pages 19 and 24-25 of my direct testimony, overly aggressive savings measures that would carry higher execution risk were screened out, as were any significant reductions in resources for T&D field work and customer service. GPE is pursuing efficiency improvements in T&D and Customer Service only to the extent that they could be achieved with minimal or no risk of negative service impacts on customers.

Q. Mr. Herz goes on to assert that GPE is pursuing estimated savings of nearly five percent (5%) in Distribution O&M expense and capital expenditures. Is his concern justified?

A. No. Mr. Herz appears to have pulled the five percent figure from my Schedule WJK-4, which shows an estimated savings for Distribution O&M expense of 4.9% vs. a 2016 baseline. First, this figure did not address capital expenditure reductions. It was only for O&M. Second, two-thirds of the estimated Distribution O&M savings by 2020 are an allocated portion of savings from the Supply Chain function, as shown on that same schedule. Reducing the cost of the conductor, poles, transformers, etc. through procurement efficiencies will not have any negative impact on reliability, security or customer services. The estimated reduction by 2020 in real O&M expense for the core Distribution function (before allocated Supply Chain savings) is only 1.8 percent, and almost all of that is from centralized engineering and planning, not Distribution field operations.[7]

[7] See Schedule WJK-7, which is an excerpt from KCP&L's response to Staff data request 230 in MPSC Docket No. ER-2014-0370.

6. BENCHMARKING DATA IMPLICATIONS

Q. The final section of Mr. Gorman's rebuttal testimony on the topic of savings (pages 35-38) presents two sets of benchmarking data, making the argument that these data show that GPE and Westar should not be allowed to combine. Do you agree with his logic and conclusions?

A. No. First, Mr. Gorman again mischaracterizes my standard for counting cost reductions as merger-related. That standard is stated in my direct testimony (page 18, lines 2-4) and above in this surrebuttal testimony. It is the same basic standard that I used in my testimony before this Commission in the KCP&L-Aquila merger case.

Second, the logical nexus between achieving specific merger-related savings and rankings in a set of cost and rate benchmarking results is tenuous at best. The argument that the latter determines the former is specious. It ignores actual merger management performance (see above), which is a more directly relevant consideration. It also ignores drivers of costs and rates that are not merger-related, but can greatly influence benchmarking positions. I explain some of these drivers below, as they apply to KCP&L, GMO, and Westar.

Third and most fundamentally, Mr. Gorman's logic and conclusions would make for bad public policy. He would bar utilities that - for whatever reason - have higher cost structures from pursuing major actions (e.g., M&A transactions) that are intended to reduce their costs. Apparently only utilities whose cost benchmarks are low would be allowed to pursue mergers or acquisitions, even if their reliability, customer satisfaction, corporate citizenship and other performance metrics were very bad. It is difficult to tell from Mr. Gorman's testimony what he recommends as the path forward for utilities with

higher cost metrics. It is also difficult to tell how a non-utility buyer would be able to pass his test. There are better uses for benchmarking data.

Q. Do GPE's merger savings estimates make the assumption that GPE and Westar are "low cost providers," as asserted by Mr. Gorman on page 35, lines 14-15?

A. No. The baseline costs, against which the estimated savings were estimated, were the O&M and capital expenditure budgets of GPE and Westar. There was no assumption that either company was a low cost provider, or a high cost provider for that matter.

The goal was to identify reasonably achievable cost savings and improve cost performance.

Q. Is Mr. Gorman's characterization of KCP&L and KCPL Greater Missouri Operations ('GMO") as "relatively high cost providers" fair and accurate?

A. Not based on his analysis. Mr. Gorman's "comparison" of O&M costs (summarized in MPG-2) is misleading. His conclusions, therefore, are erroneous and unreliable.

To illustrate these flaws, using solely Gorman's MPG-2, one clearly sees the following examples:

- Illustration 1. Consider the total range of NFOM costs presented in MPG-2. As summarized in Table 1 below, the NFOM per customer for the highest cost utility (line 2) in any given year is 12.2 to 60.6 times (line 3) the low NFOM utility (line 1). Simply stated, it implies that to consider Mr. Gorman's conclusion relevant, the Commission must accept that some utilities operate at 1-2 orders for magnitude higher costs, that these cost variations are largely due to management performance, and the other Commissions are satisfied with this cost performance. Even by applying a more conservative comparative view, say, comparing the #70 ranked

utility NFOM costs versus the #20 ranked utility in any given year (2012 -2015) suggests that these (relatively) "high" NFOM cost utility are 1.9-2.0 times the unit cost (line 6) times the cost of the (relatively) "low" NFOM cost systems. Again, to accept Mr. Gorman's assertion, the Commission would need to accept that these extreme comparisons are meaningful. Alternatively, the Commission could allow that there is more to this topic (see below).

Table 1
Ranges of NFOM per Customer

		Total NFOM from Gorman				
Line		2012	2013	2014	2015	Notes
1	Low	75	28	132	150	From MPG-1
2	High	1640	1696	1857	1824	From MPG-1
3	Multiple (H/L) (#2/#1)	*21.9*	*60.6*	*14.1*	*12.2*	Calculated Value
4	Rank #20	448	447	469	490	From MPG-1
5	Rank #70	829	815	918	915	From MPG-1
6	Multiple (H/L) (#5/#4)	*1.9*	*1.8*	*2.0*	*1.9*	Calculated Value

- Illustration 2. Reviewing any one utility – say, Cleveland Electric, as an example – reveals that NFOM costs are not necessarily stable and often vary widely from year to year from a variety of factors (lines 7 and 8), from $212 to $364 per customer in 2012-2015. Even within a utility, these are wide variances (again, in a very mature, stable business).

Table 2
NFOM per Customer for Comparable Utilities

		Total NFOM from Gorman				
Line		2012	2013	2014	2015	Notes
7	Cleveland Electric Illum Co.	289	212	310	364	From MPG-1
8	Y/Y Change of #7 (%)		*-27%*	*46%*	*17%*	Calculated Value
9	Dayton Power & Light	1092	1354	1610	1519	From MPG-1
10	Toledo Edison	533	448	598	634	From MPG-1
11	Multiple (Day/Tol) (#9/#10)	*2.0*	*3.0*	*2.7*	*2.4*	Calculated Value

- Illustration 3. Reviewing two reasonably comparable systems will likewise often reveal enormous – and unexpected (to a layman) – variations in NFOM costs as presented by Mr. Gorman. Consider, for example, Dayton P&L and Toledo Edison. Both are Ohio utilities (a common regulator), serving similar communities (similar work force/labor rates, similar topography, similar weather, similar economic/demographic markets, etc.). They are located about 100 miles apart. Nevertheless, Dayton P&L has NFOM cost per customer (as presented by Gorman) that are 2-3 times higher than Toledo Edison. See Table 2, line 11 above.
- Illustration 4. Mr. Gorman totally relies on NFOM costs for comparison, although he does not define it. For example, are supply NFOM costs included in power production NFOM? Is purchased power expense in NFOM?

Q. What are the implications of these wide differences in reported NFOM expense?

A. Accepting Mr. Gorman's conclusion that, "GPE's existing utility subsidiaries are relatively high cost utility providers rather than low cost providers" without definition, qualification, explanation, or understanding of the local cost drivers is misleading at best and suggests that these apparently very large NFOM cost differences are: 1) the result of management action or carelessness, and 2) are perfectly acceptable to their common Commissions and the diligent work of decades of public utility regulation. That is not plausible.

Therefore, a useful comparative NFOM assessment must, at a minimum, consider and adjust for: 1) major structural differences among utility systems, 2) some of the most obvious, material, and discernable (through FERC accounts) historic regulatory choices that often drive variances in NFOM cost levels, and 3) workforce choices made in by

management and observed by the Commission over many decades. Mr. Gorman's assessment (MPG-2 and testimony) lacks this understanding and discernment.

Q. Did you conduct an analysis of the reported costs of utilities that are comparable to GPE and Westar, to illustrate the impacts of these local cost drivers?

A. Yes. 178 U.S. electric utilities report FERC Form 1 data on a comparable basis and are included in the publicly available data base of the SNL data service. SNL is the same data service referenced by Mr. Gorman. Our comparative sample, or peer group, included the 75 electric systems with greater than 300,000 customers and less than 1.5 million customers.

This comparative subset was designed to address the following issues around comparability:

- Experienced industry analysts recognize that very large U.S. utilities (say, Consolidated Edison of New York, Pacific Gas and Electric, Southern California Edison, etc.) often have very distinct system design, customer usage, and other operating characteristics that are radically different from systems like GPE and Westar. These differences significantly distort typical "per customer" or "per kWh" comparative measures. For example, these large, densely-urban systems may have millions of customers who have very low average usage (e.g. in multifamily housing) and underground (rather than overhead), networked (rather than radial) systems that have plant investment, operating cost, and reliability characteristics very different from smaller, less urban systems.
- Relatively small systems (say, less than 300,000 customers) are also eliminated to avoid their often unusual characteristics that, likewise, distort comparative

assessments. Even a cursory review of Mr. Gorman's Exhibit MPG-2 quickly affirms this view and the potential for misinterpretation. Mr. Gorman's lauded "low cost" systems (e.g. Kingsport, Emera) may well not have achieved their low costs from management or regulatory innovation but rather because they lack the responsibility for (and/or the related costs) for major system elements (e.g. no production or transmission system, separate accounts, etc.).

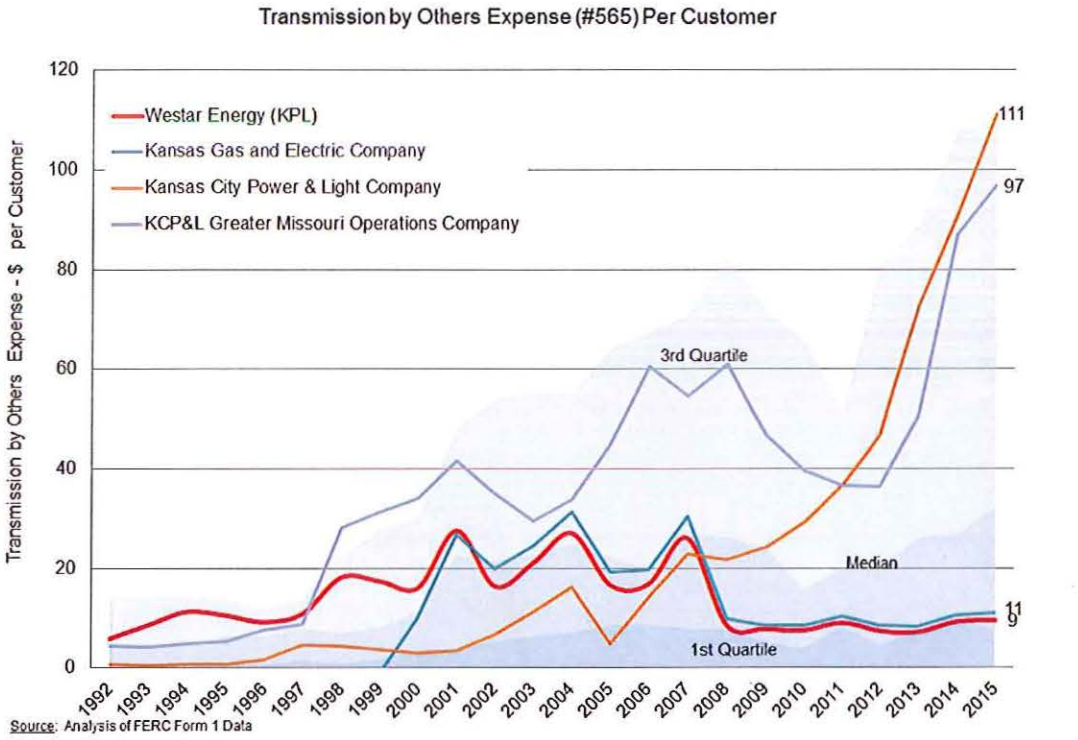
The 75 systems included in the comparative dataset that I analyzed are sufficiently large and diverse to offer meaningful comparisons within a range of reasonableness.

Q. What are some of the types of structural differences that can have major impacts on reported NFOM expense?

- First, regarding only the most obvious structural differences, utility systems vary widely in their level of purchased power vs. in-system generation. Thus, the appropriate comparison NFOM should be based solely on the Transmission, Distribution, Customer Accounting & Service ("Customer Service"), Sales, Administrative and General ("A&G") expenses. Moreover, delivery of off-system purchases requires transmission fees paid to other systems, which are recorded in FERC account 565.

In reviewing investor-owned electric utilities reporting their costs to FERC, we note GPE's subsidiaries have relatively high expenses for net transmission fees paid to others to satisfy power supply needs of customers. These NFOM costs add approximately $70 (vs. median) to $90 (vs. low quartile) per customer for GPE's systems, relative to the peer group for this account.

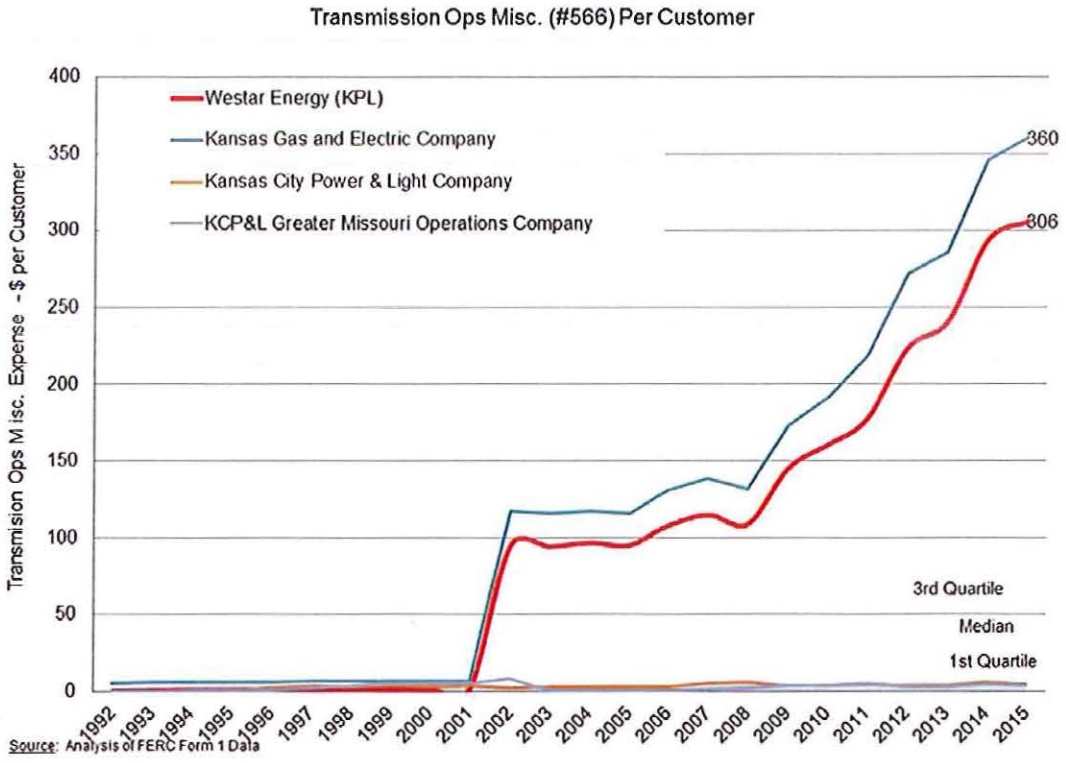
Figure 1



Source: Analysis of FERC Form 1 Data

Similarly, we note that some utilities have relatively high expenses for miscellaneous transmission operations expense (FERC account 566). In Westar's case, these costs include the network transmission charges paid to the Southwest Power Pool ("SPP"). Such SPP-related NFOM costs add over $300 per customer for Westar's systems, relative to the peer group median or first quartile costs for this account. This is a very substantial local cost driver.

Figure 2

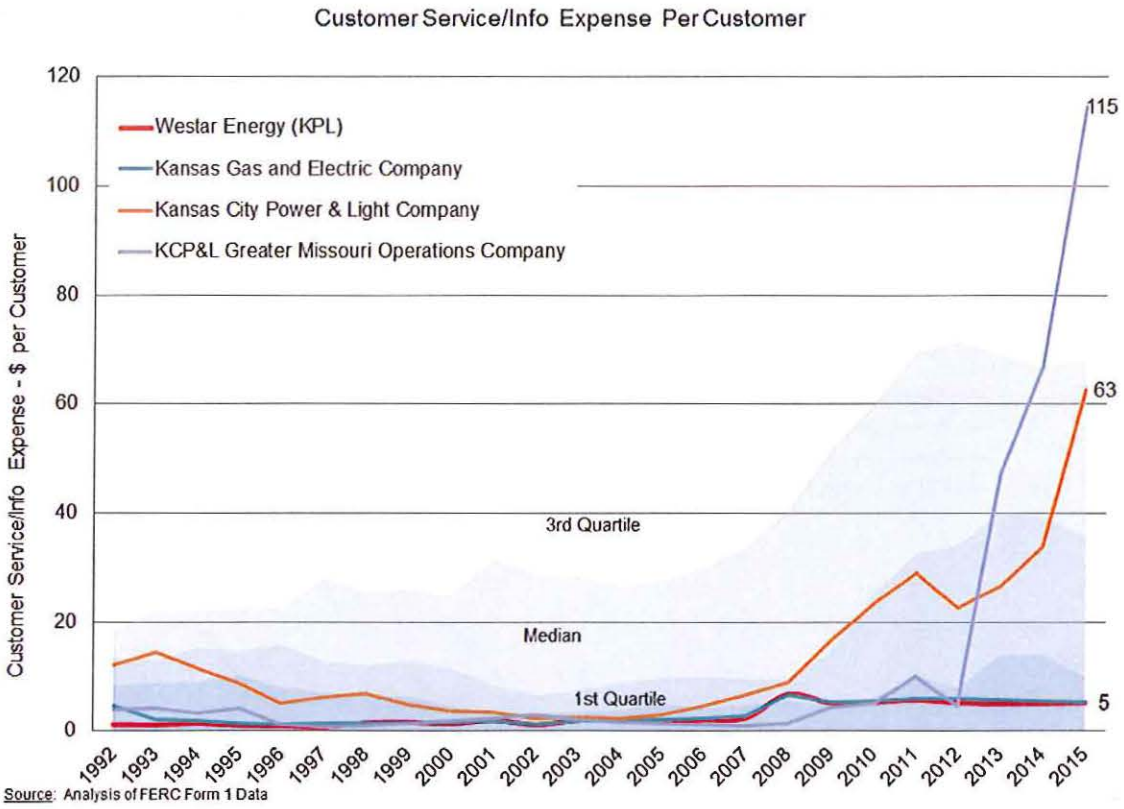


- Second, the scope and cost of Energy Efficiency and Demand Response (EE&DR) programs implemented at various utilities varies: a) widely among states, b) widely among utilities within states (i.e. a common regulator), c) significantly from year-to-year for the same utility, and d) in accounting treatment (i.e. the booking to FERC accounts).

Although accounting methods for these EE&DR programs vary widely among utilities, most are presented in the FERC Customer Service and Customer Information Expense accounts (various 900-series FERC accounts). In reviewing FERC-reporting IOUs, we note GPE's GMO subsidiary has relatively high Customer Service and Information expenses related to these EE&DR programs in recent years. These

NFOM costs add approximately $80 (vs. median) to $105 (vs. low quartile) per customer relative to the industry for the total NFOM costs. As shown below:

Figure 3



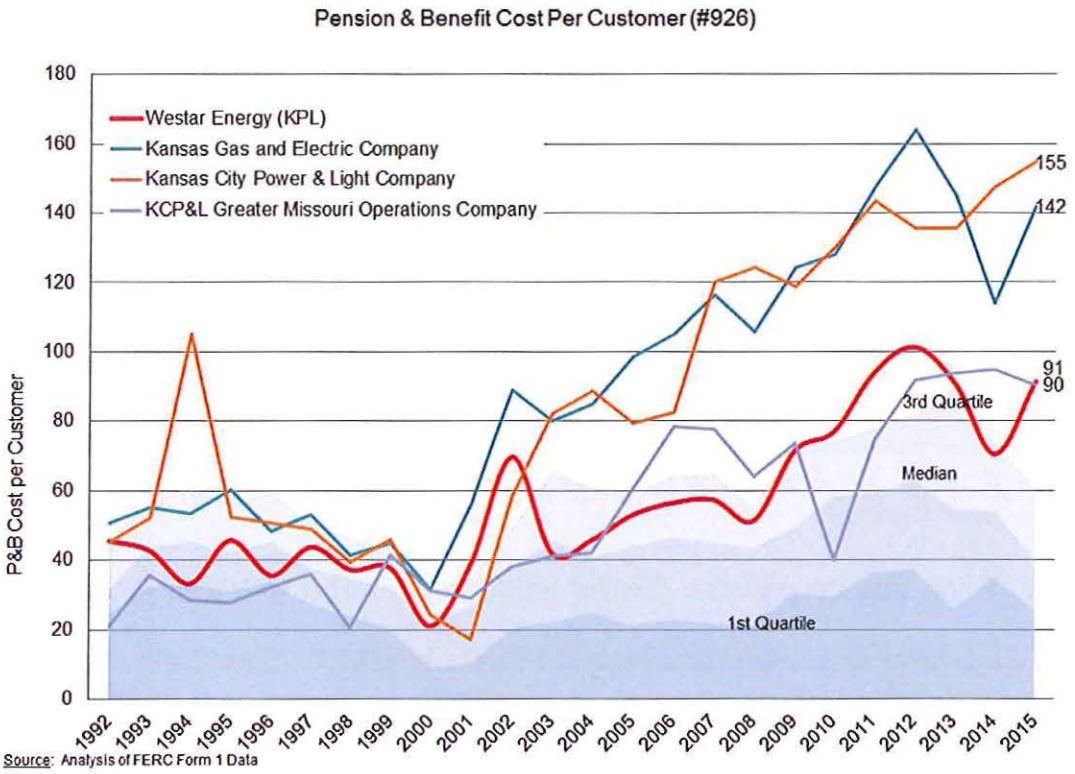
Source: Analysis of FERC Form 1 Data

- Third, over the past two decades utilities have varied widely in their approach to employee and retiree pension and benefits programs. Specifically, some systems have transitioned employees to Defined Contribution plans, while others have maintained historic Defined Benefit plans to the maximum degree possible. Among those systems with Defined Benefit programs, various plan assumptions (discount rates, employee contributions, etc.) affect Pension and Benefit costs (FERC account 926). Often, more conservative systems have higher costs. These decisions have been made by management with the active participation and oversight of regulators

and other stakeholders. Consequently, Pension and Benefit costs (account 926) vary enormously among utility systems as illustrated below in Figure 3.

In reviewing FERC-reporting IOUs, we note GPE subsidiaries have relatively high expenses for Pension and Benefit costs. These NFOM costs add approximately $110 (vs. median) to $130 (vs. low quartile) per customer relative to the industry for the total NFOM costs.

Figure 4



Source: Analysis of FERC Form 1 Data

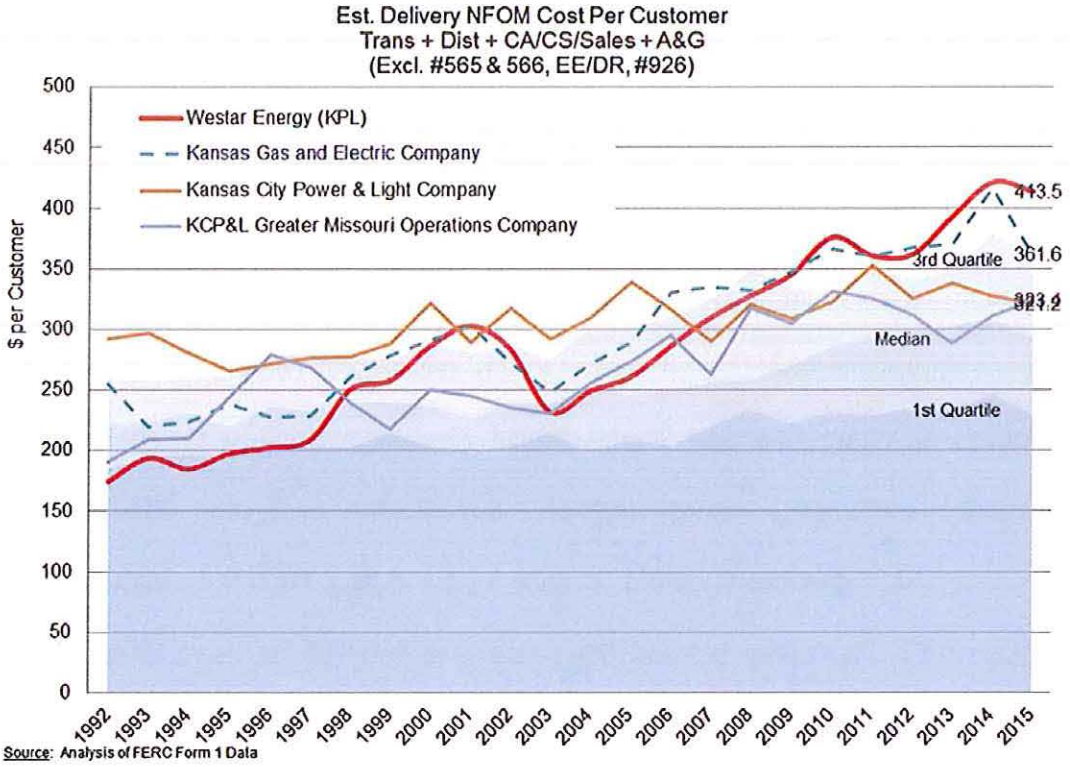
Q. How do the operating utilities of GPE and Westar compare on costs per customer with their utility peers when adjustments are made for these major structural factors?

A. The three structural cost drivers discussed above demonstrate the perils of a total NFOM analysis without definition, qualification, or consideration of (some) important and material variances among systems.

Given the topics noted above, a more meaningful comparison of NFOM across utilities including GPE and Westar should consider and adjust for the most obvious structural differences among utilities. Specifically, generation NFOM should be excluded, and adjustments should be made for the impact of net transmission fees paid to others (FERC accounts 565 and 566), estimated costs of extensive EE&DR programs (Customer Services/Information account group), and Pension and Benefit Costs. The chart below presents the GPE utilities' NFOM costs versus the industry on a comparable basis (i.e. these same costs have been removed from all data, and thus "normalized" from reported values.)

This is not a full normalization. Other factors such as customer density can affect NFOM cost levels per customer. Fewer customers per mile of distribution line increases the cost per customer. Westar's systems have relatively low customer densities. For the sake of simplicity, however, I have limited the adjustments for my normalized analysis to the structural cost drivers discussed above.

Figure 5

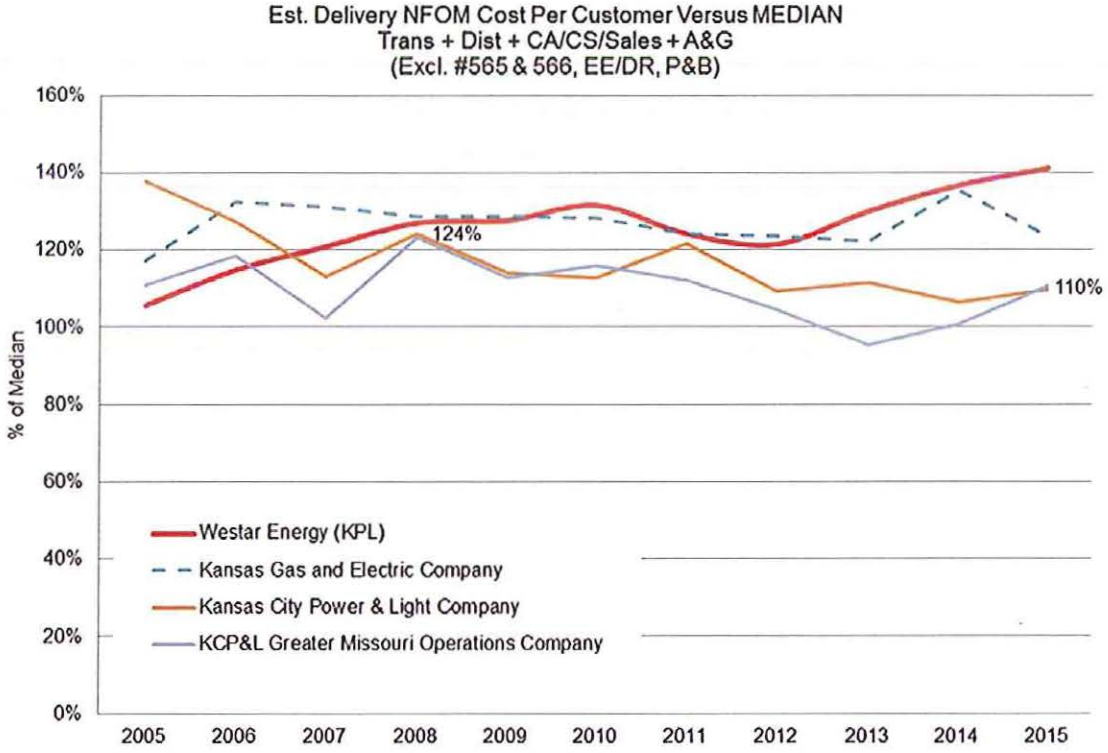


Source: Analysis of FERC Form 1 Data

As can be seen from Figure 5, when distortions from several localized cost drivers are removed, the NFOM costs per customer for GPE's operating utilities are close to the median of the 75-utility peer group. Westar's operating utilities are in the upper fourth quartile for this metric.

Figure 6 presents the same data as Figure 5, but in a relative form. It shows the Delivery NFOM cost per customer as a percentage of the median for the peer group, after excluding the FERC NFOM accounts that reflect the three structural cost drivers discussed above.

Figure 6



Source: Analysis of FERC Form 1 Data

Q. What insights do you draw from Figure 6, on the issue of whether the KCP&L-Aquila merger allowed GPE to improve its relative cost performance?

A. GPE's operating utilities improved their Delivery NFOM cost per customer from 124 percent of the industry median (for the relevant peer group) in 2008, to 110 percent of the industry median in 2015. The merger enabled GPE to harvest successfully a substantial volume of efficiency savings, for the ultimate benefit of its customers.

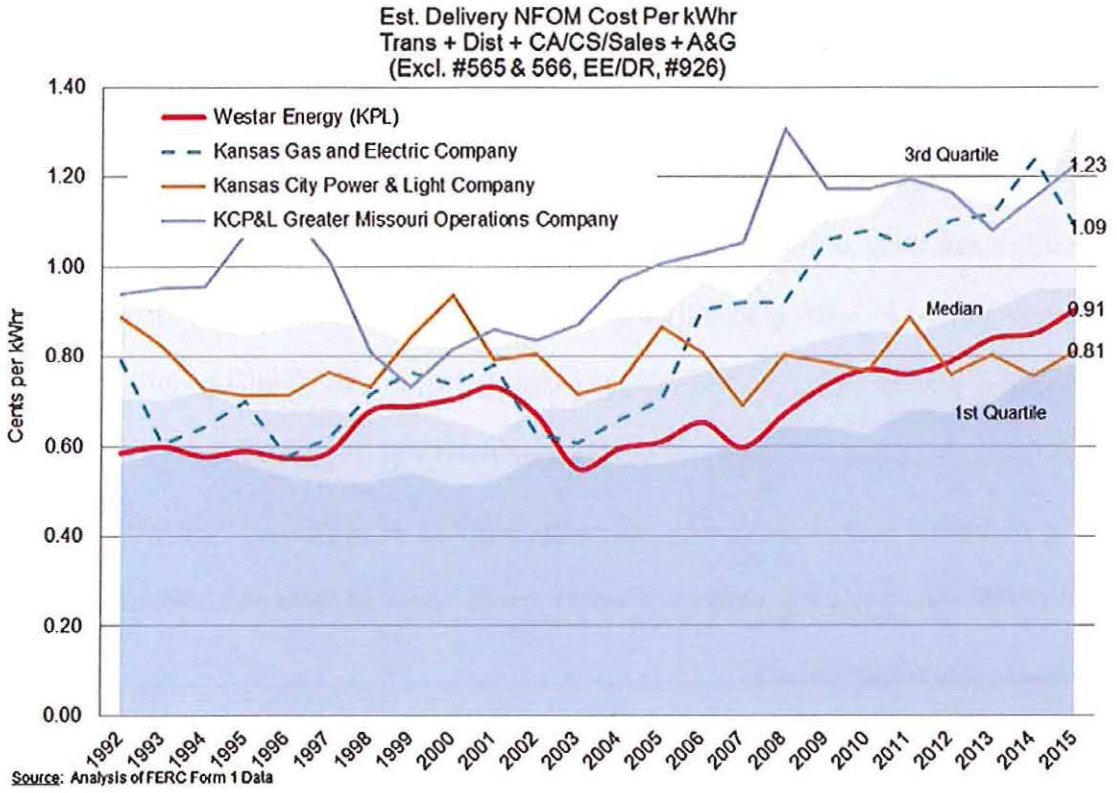
Q. In a similar vein, how do the operating utilities of GPE and Westar compare on NFOM costs per kWh with their utility peers when adjustments are made for these major structural factors?

A. On page 38 of his rebuttal testimony, Mr. Gorman highlights the higher than average rates for GPE versus regional firms. While these comparisons may be true on their face,

they do not enable any direct or meaningful assessment of GPE's management for precisely the same reasons noted above.

For example, Figure 7 below shows the Delivery NFOM cost per kWh, after adjusting for the three major structural cost drivers noted above. This metric includes all Transmission O&M, Distribution O&M, Customer Accounting/Service, Sales, and A&G costs, with the exceptions of external transmission expense (FERC accounts 565-566), DSM and energy efficiency program costs, and Pension & Benefits costs (FERC account 926). As can be seen in Figure 7, all of the operating utilities of GPE and Westar are in the second or third quartile, *i.e.*, their cost performance is close to the industry average, not high. KCP&L's cost per kWh comes very close to first quartile performance.

Figure 7



Source: Analysis of FERC Form 1 Data

Mr. Gorman's benchmarking analysis is seriously flawed, he draws the wrong conclusions about GPE and Westar's cost performance, and his policy advice is counterproductive. His recommendations should be rejected.

Q. Mr. Gorman raises concerns about GPE's A&G costs, citing evidence presented by MPSC Staff in KCP&L's last rate case. What are some of the factors that tend to increase KCP&L's A&G costs?

A. The discussion above points out the large impact of the Pension and Benefit costs (FERC account 926). KCP&L also records rent expense, due to the downtown GPE headquarters location, whereas certain peer utilities that own their headquarters would reflect the asset on rate base and record depreciation expenses, thus creating an A&G cost disparity among peer utilities.

Mr. Gorman certainly seems to pre-judge the results of the management audit to which GPE has agreed. He states on page 38, lines 20-22 that merely the need for (actually the agreement to conduct) a management audit should be enough to disqualify GPE from completing its Transaction with Westar. In fact, the report filed by Staff in Case No. EO-2016-0124 specifically acknowledged that "KCPL A&G expenses are high in numerous comparisons, driven primarily by Pension Expense. The Company has taken actions to better control pension expense and while the benefit of those actions will not be realized in the near term, they are anticipated to eventually lower A&G costs."

Once again, Mr. Gorman's policy advice is to penalize GPE for trying to reduce its A&G costs (and other costs) through the proposed Transaction.

7. CONCLUSIONS

Q: Could you please summarize the major conclusions of this Surrebuttal Testimony?

A. My major conclusions are as follows:

- GPE stands by its estimates of total savings from the Transaction. The initial savings estimates developed during the bid phase have been reviewed and validated by the work of the integration planning teams since July 2016, with some shifts among categories as more detailed analyses were completed. The integration teams have also found opportunities for additional efficiencies, which is to be expected as they deepen their understanding. GPE management is more, not less, confident that total estimated efficiencies from the Transaction will be achieved.
  - GPE's estimates of efficiencies from the Transaction in the Generation and Supply Chain areas were not challenged. It should be noted that GPE achieved Supply Chain savings from the KCP&L-Aquila transaction that were substantially higher than initially estimated, using an approach similar to that assumed in the GPE-Westar savings analysis.
  - GPE's estimates of Shared Services savings from the merger are conservative and robust. Scale economies in Shared Services are a core element of merger savings. To argue that Shared Services savings are not benefits from the Transaction flies in the face of economic common sense, industry experience and regulatory precedent.
  - GPE's estimated savings in the T&D and Customer Service areas are not large, because GPE is taking a very conservative approach to any such cost

reductions, so that reliability and customer satisfaction are not negatively affected.

- Messrs. Gorman and Herz argue for very narrow, artificial criteria for counting customer benefits. The "but for" test may sound plausible, but it would be very difficult to apply, would require acceptance of unproven hypotheticals on alternative paths to savings, and can easily lead toward an unproductive defense of the status quo.
- GPE counted only operational and capital cost savings that were attributable to the Transaction, *i.e.*, they were directly created or enabled by the Transaction, and could not reasonably be realized in the normal course of business as separate companies.
- No witnesses have contradicted the fact the estimated total savings from the Transaction are generally consistent with the middle of the range of what has been achieved from similarly situated mergers. This squares with the broad, real world experience of other utility mergers, and with GPE's track record in the Aquila acquisition. GPE's savings estimates are conservative and reasonable, and GPE is committed to achieve them.
- GPE has demonstrated that it can successfully execute and harvest substantial efficiency savings from merger transactions. Its achieved savings from the KCP&L-Aquila transaction significantly exceeded the initial estimates. On a comparative basis, the Delivery O&M costs per customer for GPE's operating utilities improved from 124 percent of the industry median in 2008 to 110 percent in 2015, *i.e.*, in the seven years following the close of that transaction.

Q: Does that conclude your surrebuttal testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

IN THE MATTER OF THE APPLICATION OF GREAT PLAINS ENERGY INCORPORATED FOR APPROVAL OF ITS ACQUISITION OF WESTAR ENERGY, INC.	))))	Docket No. EM-2017-0226

AFFIDAVIT OF WILLIAM J. KEMP

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

William J. Kemp, being first duly sworn on his oath, states:

1. My name is William J. Kemp. I am a Founder and Senior Managing Director at Enovation Partners, LLC. My company's headquarters are in Chicago, Illinois.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Great Plains Energy Incorporated, Kansas City Power & Light Company, and KCP&L Greater Missouri Operations Company consisting of thirty-two (32) 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 J. Kemp

Subscribed and sworn before me this 21st day of March, 2017.

Notary Public

My commission expires: Feb. 4 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200

SCHEDULE WJK-3R

ESTIMATED TRANSACTION SAVINGS

(based on analyses performed in support of GPE's bid)

$million	Gross Savings				Costs to Achieve				Net Savings				
	2017 (1)	2018	2019	2020	2017 (1)	2018	2019	2020	2017 (1)	2018	2019	2020	2021+ (3)
NFOM Expense													
Generation	3	6	61	79	1		28	9	1	6	33	70	80
T&D / CS	2	5	5	5	1				1	5	5	5	5
Shared Services	10	23	24	24	5	2	2	1	5	21	22	23	25
Supply Chain	12	22	66	66	8	2	2	2	5	20	64	64	65
Total NFOM	28	55	155	174	16	3	31	12	12	52	124	162	176
Capital (2)	3	11	25	36	-	-	-	-	3	11	25	36	
Total	**30**	**66**	**180**	**210**	**16**	**3**	**31**	**12**	**15**	**63**	**149**	**199**	**176**

(1) Assumed Jul-Dec 2017

(2) Revenue requirement impact of capital expenditure reduction

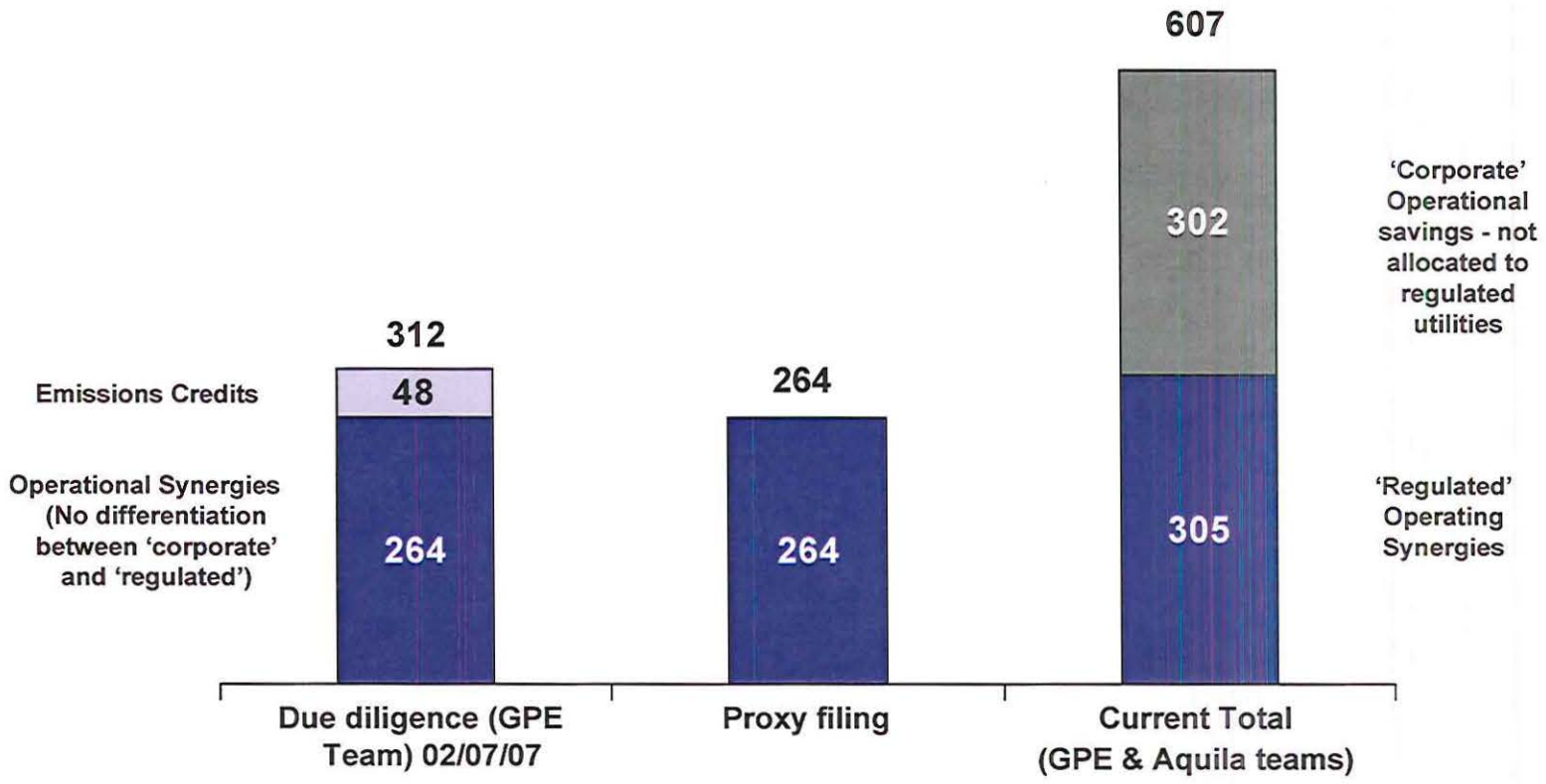
(3) Annual savings after 2020 were not projected for GPE's bid, but minimal additional costs to achieve would be expected, and gross annual NFOM savings would be expected to increase at roughly the rate of inflation. Capital-related savings would decline after 2020 and have not been quantified.

Source: GPE savings estimates

Schedule RTZ-6: Summary of Synergies*

*Originally submitted in MPSC Docket No. EM-2007-0374 with Supplemental Direct Testimony of Robert Zabors

Five Year Cumulative Synergies ($mm)



Note:

- Emissions are not in current synergy total as Aquila is taking steps to capture emissions credit savings prior to deal close
- Synergy numbers are based on Aquila's actual 2006 costs
- Aquila states that corporate costs have now been reduced to a level that would imply $221 million in corporate savings rather than $302 million if 2007 was used as a basis instead of 2006

KCP&L-AQUILA SYNERGY SAVINGS
Based on Actuals July 8, 2008 to June 30, 2013

Sum of AMOUNT				YEAR						
CATEGORY	FUNCTIONAL	PROJ NAME	SYNERGY PROJ	2008	2009	2010	2011	2012	2013	Grand Total
Corp	Capital	20 W 9TH HQ	FAC551	951,468	1,902,935	3,526,044	3,526,044	3,526,044	1,763,022	15,195,558
		Nebraska Facilities	FAC554	24,008	72,024	72,024	72,024	72,024	36,012	348,116
		Sale of Blue Springs	FAC553		(3,948)	(15,792)	(15,792)	(15,792)	(7,896)	(59,220)
	Gain on Sale	20 W 9TH HQ	FAC551		(155,000)					(155,000)
		Liberty Service Center Consol	FAC552			(73,779)				(73,779)
		Nebraska Facilities	FAC554					(2,909,716)		(2,909,716)
		Sale of Blue Springs	FAC553		0					0
		Sale of Platte City	FAC550	1,200,000						1,200,000
	NFOM	20 W 9TH HQ	FAC551	732,060	1,509,513	1,556,309	1,604,554	1,654,295	852,783	7,909,520
		Aquila BOD Fees & Stock Plan	GEN906	164,905	340,034	350,575	361,443	372,648	192,100	1,781,706
		ELT Meals & Travel	HR105	106,057	218,693	225,459	232,458	239,665	123,547	1,145,885
		Employee Headcount Reduction	HR100	10,818,882	22,308,534	23,000,098	23,713,101	24,448,207	12,603,051	116,891,873
		Liberty Service Center Consol	FAC552		(10,000)	0				(10,000)
		Nebraska Facilities	FAC554	17,784	55,006	14,178				86,968
		Redundant Spend-Central Services	SCP250.2	81,632	163,002	173,544	178,924	184,470	95,094	876,666
		Redundant Spend-Engineering	SCP250.3	282,940	583,422	601,508	620,155	639,380	329,600	3,057,006
		Redundant Spend-Environmental	SCP250.4	96,174	198,212	204,459	210,797	217,331	112,034	1,039,007
		Redundant Spend-Finance - Banking	SCP250.6	37,113	76,526	78,899	81,345	83,866	43,233	400,982
		Redundant Spend-Finance - Services	SCP250.7	1,165,561	2,651,166	3,005,212	2,116,354	443,745	723,351	10,105,390
		Redundant Spend-Gen Management	SCP250.9	464,695	958,201	987,906	1,018,531	1,050,105	541,329	5,020,767
		Redundant Spend-HR & Temp Labor	SCP250.1	1,080,796	2,313,707	2,391,324	2,465,317	2,541,870	1,310,341	12,103,355
		Redundant Spend-Insurance	SCP250.8	2,888,975	5,957,067	6,141,735	6,332,130	6,528,426	3,365,404	31,213,738
		Redundant Spend-Legal	SCP250.12	2,864,403	7,235,803	7,214,655	7,784,583	8,023,550	4,137,354	37,260,547
		Redundant Spend-Office Supplies	SCP250.10	182,267	382,586	394,447	406,674	419,281	216,140	2,001,395
		Redundant Spend-Other Misc	SCP250.13	12,738,970	3,695,214	3,803,662	3,927,870	4,049,634	2,087,586	30,302,936
		Redundant Spend-Safety	SCP250.11	241,777	509,301	526,551	542,874	559,703	288,527	2,668,732
		Redundant Spend-Security	SCP250.5	164,963	340,154	349,803	361,570	372,779	192,168	1,781,436
		Sale of Blue Springs	FAC553			(15,000)	(10,628)	(10,960)	(5,650)	(42,238)
		Six Sigma Prog Office Elim	GEN907	34,902	71,967	74,198	76,499	78,870	40,658	377,094
		Non-ELT Meals & Travel	HR106		425,476	438,666	452,265	466,285	240,370	2,023,062
	Other	Employer Payroll Tax Reduction	HR104	797,352	1,638,244	1,695,108	1,747,657	1,801,834	928,845	8,609,040
		Interest Savings	FIN907	8,194,191	17,162,867	17,746,200	15,250,685	7,296,790		65,650,733
		LOC Fees	FIN908	3,618,615	7,441,068	6,876,533	6,348,284	7,256,330	3,658,237	35,199,066
		Interest Savings - Power Tech - Eliminate Program	FIN909			334,322	691,417	775,223	404,977	2,155,939
Corp Total				**48,950,489**	**78,001,774**	**81,679,059**	**80,087,134**	**70,165,888**	**34,272,223**	**393,156,567**
Regulated	Capital	20 W 9TH HQ	FAC551	1,058,828	2,827,235	4,086,396	4,086,396	4,086,396	2,043,198	18,228,450
		Fleet Reductions	DIS350			83,669	83,669	83,669	41,835	292,842
		Liberty Service Center Consol	FAC552	2,296	57,164	116,388	116,388	116,388	58,194	466,818
		Sale of Blue Springs	FAC553		33,193	79,692	79,692	79,692	39,845	318,121
		Sale of Platte City	FAC550	6,824	38,816	75,504	75,504	75,504	37,752	309,904
		Street Light Maintenance	SCP251	7,889	23,292	22,647				53,828
		Transm & Subst Labor	TRN100		27,332	30,116	31,048	32,013	16,502	137,011
	Fuel	Continental Coal (Sibley)	PLT450		515,251	1,559,984	571,910			3,047,145
		Crossroads Gas Supply	PLT451		1,214,500	1,214,500				2,429,000
		SPP Network Transmission	PWR451		3,314,960	7,037,940	8,174,443	10,631,328	3,900,942	33,059,613
		Lake Road Boiler 6 Fuel Blending	PLT452		652,264	1,338,260	1,293,214	0	0	3,343,738
	NFOM	20 W 9TH HQ	FAC551	827,938	1,325,888	1,471,719	1,814,826	1,871,087	964,545	8,276,063
		A/P Audit	SCP903	252,777	6,255					259,032
		Aged Write-Offs Second Placement	CUS900			594,207	557,918	632,958	360,328	2,145,411
		Aquila BOD Fees & Stock Plan	GEN906	199,930	412,255	425,035	438,211	451,796	232,901	2,160,127
		Asset Recovery & Reclamation	SCP200	513,965	1,177,881	1,812,171	341,565	1,068,885	(829,439)	4,075,028
		Capacitors	SCP902	11,208	17,638	31,666	34,060	15,162	8,069	117,803
		Civil Engineering	PLT300		35,225	27,216	7,371	0	0	70,812
		CMF Additional Fabrication	PLT301	373,840	278,403	591,548	403,722	473,806	302,810	2,424,129
		Contingent Labor	SCP904	173,463	871,276	808,602	594,772	758,532	428,734	3,635,379
		Corporate Credit Card	SCP303		200,000	13,892	104,888	111,159	108,852	538,791
		ELT Meals & Travel	HR105	89,443	184,443	190,161	196,056	202,134	104,200	966,443
		Empl. Benefits Reduction	HR103	4,315,726	9,997,045	9,876,135	12,083,450	12,327,665	6,428,650	55,028,671
		Employee Headcount Reduction	HR100	1,774,641	3,659,309	3,772,747	3,889,702	4,010,283	2,067,301	19,173,983
		Energy Optimizer Program	SCP906			85,902	21,090	0	0	106,992
		Fleet Reductions	DIS350	344,572	2,325,276	2,353,455	597,599	332,559	1,155,636	7,109,497
		IT-Customer Systems (Stark)	IT904	14,511	84,121	126,530	152,970	157,712	81,300	617,143
		IT-Desktop & Client Services (Bartlett)	IT905		3,844	119	0	0	0	3,963
		IT-Enterprise Systems (Lynn)	IT901	222,275	1,078,714	2,063,750	396,260	1,139,128	587,220	5,487,347
		IT-Infrastructure/Architect(Ancil)	IT903	253,150	2,639,845	81,395	1,437,172	1,543,585	795,718	6,810,866
		IT-Real Time Systems (Debold)	IT906	13,550	398,214	45,803	139,301	144,360	74,418	816,046
		IT-WAN Services (Bean)	IT902	172,350	1,099,700	1,210,470	1,212,847	1,155,535	595,678	5,446,579
		Line Construction-Phase 1	SCP301	564,150						564,150
		Line Construction-Phase 2	SCP302		256,685	245,207	264,657	308,147	135,690	1,210,386
		Line Locates	SCP901	185,910	1,413,461	1,507,210	1,525,831	1,564,137	846,657	7,043,206
		Management Uplift	HR102	(40,000)	(82,480)	(85,559)	(88,252)	(90,988)	(46,904)	(434,224)
		Materials_HD Supply	SCP202		379,904	771,917	745,965	944,508	745,958	3,588,252
		Nebraska Facilities	FAC554	404,431	833,935	859,788	886,441	913,921	471,126	4,369,643
		OATI webTrader Software	PWR902		0	292,560	292,560	292,560	146,280	1,023,960
		Power Marketing GMO Subscriptions	PWR900		876,900	849,894	958,721	958,720	479,360	4,123,595
		Redundant Spend-Central Services	SCP250.2	40,429	80,728	85,949	88,614	91,361	47,096	434,178
		Redundant Spend-Engineering	SCP250.3	114,057	235,185	242,476	249,993	257,742	132,866	1,232,319
		Redundant Spend-Environmental	SCP250.4	42,478	87,546	90,305	93,104	95,991	49,483	458,908
		Redundant Spend-Finance - Banking	SCP250.6	10,880	22,435	23,131	23,848	24,587	12,675	117,557
		Redundant Spend-Finance - Services	SCP250.7	871,549	2,582,699	2,054,347	2,898,340	2,827,838	1,405,370	12,640,144
		Redundant Spend-Gen Management	SCP250.9	394,278	813,001	838,205	864,189	890,979	459,300	4,259,952
		Redundant Spend-HR & Temp Labor	SCP250.1	445,621	953,960	985,962	1,016,470	1,048,034	540,264	4,990,312
		Redundant Spend-Insurance	SCP250.8	1,371,709	3,658,723	6,222,829	6,811,972	6,706,315	3,405,710	28,177,257
		Redundant Spend-Legal	SCP250.12	426,727	1,077,961	1,074,840	1,159,716	1,195,316	616,366	5,550,927
		Redundant Spend-Other Misc	SCP250.13	66,702	260,349	268,420	276,741	285,320	147,083	1,304,615
		Redundant Spend-Safety	SCP250.11	43,046	90,676	93,747	96,653	99,649	51,369	475,139
		Redundant Spend-Security	SCP250.5	192,099	396,109	407,346	421,048	434,101	223,779	2,074,482
		Relay Dept. Consolidation	TRN900		212,052	48,163	34,890	80,851	28,825	404,781
		Sale of Blue Springs	FAC553		101,375	125,267	129,150	133,154	68,641	557,587
		Sale of Platte City	FAC550	46,920	145,122	149,621	154,259	159,041	81,986	736,948
		Six Sigma Prog Office Elim	GEN907	47,493	97,930	100,965	104,095	107,322	55,325	513,130
		Street Light Maintenance	SCP251	2,639	111,018	101,100	100,128	19,962	10,368	345,215
		Supply Staffing	PLT106		1,715,000	1,127,000				2,842,000
		Transm & Subst Labor	TRN100	13,500	162,555	274,404	323,044	257,028	124,284	1,154,815
		Union Uplift	HR101		(1,009,902)	(3,073,072)	(2,948,288)	(2,708,038)	(1,355,186)	(11,100,486)
		Vegetation Mgmt	SCP300	2,317,152	3,055,074	3,761,178	5,968,315	2,551,756	2,689,011	20,342,486
		Wood Poles	DIS200	0	120,415	62,837	75,458	91,098	56,531	406,339
		Freight & Shipping	SCP907	7,065	50,293	75,853	87,651	77,372	28,201	326,441
		Non-ELT Meals & Travel	HR106		1,349,587	1,341,284	1,241,921	1,481,047	244,801	5,659,041
		T&D Line Contractors	SCP304		4,481,871	5,149,804	3,093,368	6,455,235	5,177,273	24,357,550
		Power Tech - Eliminate Program	EN5500			109,293	111,270	113,285	57,669	391,517
		Sarbanes-Oxley Control Rationalization	SCP252	264,178	648,120	735,352	758,976	774,301	387,064	3,567,991
		O&M to Capital	PLT900			6,265,581	8,317,383	(1,600,681)	(1,041,694)	11,940,589
	Other	Employer Payroll Tax Reduction	HR104	11,990	36,554	44,814	62,878	83,270	49,026	294,532
		Energy Efficiency Programs	EN5600	18,767	2,209,459	2,898,094	3,895,137	4,126,645	2,863,187	16,011,289
	Revenue	Revenue Assurance	CUS600	2,081,202	2,622,884	3,323,197	2,634,138	2,746,740	1,632,859	15,041,020
		Supply Asset Recovery	SCP201		8,043	1,789,828	1,116,695	19,770	0	2,934,336
		Westinghouse Meter Exchange	DIS600			103,274	229,854	217,545	70,179	620,852
Regulated Total				**20,614,612**	**64,561,991**	**83,023,590**	**83,073,379**	**75,532,276**	**40,703,068**	**367,509,317**
Grand Total				**69,565,102**	**142,563,765**	**164,703,049**	**163,160,513**	**145,698,165**	**74,975,291**	**760,665,884**

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