

KCPL E-Mail Admin

From: Giles Chris
Sent: Wednesday, May 03, 2006 10:04 AM
To: Chesser Mike
Cc: Grimwade John
Subject: FW: Risk for cost increases

FYI

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

From: Giles Chris
Sent: Wednesday, May 03, 2006 9:24 AM
To: 'Kobayashi Todd'
Cc: Bassham Terry; Downey William; Riggins Bill; Easley Steve; Riggins Bill
Subject: RE: Risk for cost increases

Here is a response for you. I am copying others as this may come up in a variety of forums.

The estimates we used in the Comprehensive Energy Plan(CEP)were based upon preliminary engineering estimates, and at that time, did not include any results from bids. All participants in the process understood that a definitive cost estimate would not be available or meaningful until all bidding results were known. Although, considerable progress has been made, the bidding process is not completed. KCPL is required to continuously monitor changing circumstances that may affect the analysis and comparison of alternatives included in the initial assessment of the CEP. We are continuing to monitor and assess changing circumstances, including costs, and at this point in time the CEP is still the appropriate plan and we expect it continue to be so as the bidding process comes to a close. As long as we follow the requirements set out in the Stipulation and Agreement we should have no issues regarding recovery of prudently incurred costs.

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

From: Kobayashi Todd [mailto:Todd.Kobayashi@kcpl.com]
Sent: Wednesday, May 03, 2006 7:58 AM
To: 'chris.giles@kcpl.com'
Subject: Risk for cost increases

Chris

One question I anticipate from investors is: will we bear the risk of these cost increases or do we anticipate being able to pass them through to customers?

How should we answer that hot potatoe question?

Todd

Staff Exhibit No. 141
Case No(s) EM-2007-0374
Date 4-29-08 Rptr RF