

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

In the Matter of a Management Audit of)
Kansas City Power & Light Company) Case No. EO-2016-0124

**PUBLIC COUNSEL’S REPLY
TO THE RESPONSES OF KCP&L AND STAFF**

COMES NOW the Missouri Office of the Public Counsel and for its reply to the responses of the Commission’s Staff and Kansas City Power & Light (“KCPL”), states:

1. On February 19, 2016, the Office of the Public Counsel (“Public Counsel”) filed three requests with the Commission: (1) authorizing Public Counsel to participate in the Staff’s management audit of KCPL; (2) directing the Staff to audit KCPL’s officer expense reports; and (3) that cost comparisons with other utilities be made regionally in addition to comparisons made with other Missouri utilities.

2. Given the Staff’s February 29, 2016 response to Public Counsel’s request to be involved in the management audit, Public Counsel hereby withdraws its request to participate in the management audit. However, Public Counsel reiterates its other two requests in full.

3. KCPL also responded on February 29, 2016 and addressed Public Counsel’s request to audit officer expense reports and direct the Staff to recommend expense controls. After reading KCPL’s reply, Public Counsel agrees that it would be premature to order expense controls before the results of the audit are complete. For that reason, Public Counsel asks only that officer expense reports be audited by the Staff to determine whether controls are necessary. To the extent KCPL believes any aspect of the

management audit is beyond the Commission's authority, as KCPL states in its reply, Public Counsel refers the Commission to its Report and Order in Case Number ER-2014-0370 ordering the management audit. There the Commission concluded; "It would benefit both customers and shareholders to find efficiencies and reduce costs, so a management audit is a reasonable mechanism to accomplish this result." This request is consistent with the order and is within the purview of the Commission's authority.

4. KCPL's reply also opposes a management audit comparing KCPL's administrative and general costs to other utilities in the region and states the Staff has only limited access to information from utilities outside of Missouri. Again, Public Counsel refers the Commission to its Report and Order in Case Number ER-2014-0370 where the Commission ordered the management audit. There the Commission concluded, "KCPL's Administrative & General ("A&G") costs from 2011 through 2013 were higher than three other utilities operating in this region." The Commission also found the Staff's examination of a peer group of utilities relevant stating this "credibly demonstrated that KCPL has some of the highest A&G expenses of its national peers and Missouri utilities." Based on this, the Staff was able to compare KCPL's A&G costs to other regional utilities and the Commission further found comparisons to other utilities not only in the region but also in the nation, to be a relevant factor in determining the reasonableness of KCPL's costs.

5. KCPL's last point states Public Counsel's reply was not timely. While Public Counsel's Reply to Staff's Audit Scope was titled as a reply, Public Counsel considered its pleading as a general comment following the Staff's invitation for additional comments. However, given a portion of Public Counsel's pleading replies to

the Staff's audit scope filing, Public Counsel hereby requests leave of the Commission to file the reply to the Staff's February 1, 2016 filing out of time.

WHEREFORE, the Office of the Public Counsel respectfully offers this reply and reiterates that it seeks: (1) to withdraw its request to be involved with the Staff's management audit; (2) direction for Staff to audit KCPL's officers expense reports; (3) to expand the scope of the Staff's cost comparisons to the region; and (4) leave to file its reply to the Staff's February 1, 2016 filing out of time.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston

Marc D. Poston (#45722)

Chief Deputy Counsel

P. O. Box 2230

Jefferson City MO 65102

(573) 751-5558

(573) 751-5562 FAX

marc.poston@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 4th day of March 2016.

/s/ Marc Poston