

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

In the Matter of a Management Audit of)
Kansas City Power & Light Company)

File No. EO-2016-0124

STAFF MANAGEMENT AUDIT REPORT FILING

COMES NOW the Staff of the Missouri Public Service Commission, through the Office of the Staff Counsel, and files its Staff Management Audit Report of administrative and general (“A&G”) costs of Kansas City Power & Light Company (“KCPL”) ordered by the Missouri Public Service Commission (“Commission”). In support thereof, the Staff states as follows:

1. The Commission at pages 73-74 of its *Report and Order* in File No. ER-2014-0370 concluded that it would initiate a separate case after File No. ER-2014-0370 was completed that directs the Staff to audit KCPL's A&G expenses. On December 2, 2015, the Commission issued in File No. EO-2016-0124 its *Order Requiring a Management Audit of Kansas City Power & Light Company* wherein the Commission directed the Staff to conduct a management audit of KCPL A&G expenses, including potential cost savings related to a merger between KCPL and KCP&L Greater Missouri Operations Company ("GMO"). Among other things, the Commission also ordered that no later than December 16, 2015, the Staff shall file a pleading stating when it anticipates filing its final report in this matter.

2. On December 16, 2015, the Staff filed *Staff's Anticipated Final Report Date* in File No. EO-2016-0124 in which the Staff advised that it anticipated filing its final report no later than December 31, 2016. The Staff also proposed to file its audit scope

with the Commission by February 1, 2016, for approval by the Commission and to allow KCPL to review the Staff's audit report once it is complete, but before it is final. It has historically been the Staff's practice to permit the entity that is the subject of an investigation / management audit to review and comment on the complete, but not final audit report before it is filed. On February 29, 2016, the Staff filed *Staff's Response to Public Counsel's Reply to Staff's Proposed Audit Scope*. The Staff stated in its filing that in addition to submitting a draft Management Audit Report to KCPL for review and comment prior to filing the final version of its Management Audit Report with the Commission, the Staff would also submit the draft Management Audit Report to the Office of the Public Counsel ("Public Counsel") for review and comment prior to filing the final iteration of its Management Audit Report with the Commission.

3. On December 9, 2016, the Staff submitted to KCPL for review and comment a copy of the Staff's draft Management Audit Report. The Staff received from KCPL a copy of Staff's draft Management Audit Report with KCPL's comments on December 16, 2016. The Staff has related in a prior filing that unfortunately, by oversight, the Staff did not send to Public Counsel a copy of the Staff's draft Management Audit Report until December 22, 2016. To provide Public Counsel time to review and comment on the Staff's draft Management Audit Report the Staff filed on December 30, 2016, Staff's *Motion For Leave To Late-File Management Audit Report* no later than January 17, 2017.

4. The Commission issued an *Order Granting Motion For Extension Of Time* on January 11, 2017. The Staff subsequently sent to KCPL and Public Counsel for

review and comment an additional page of narrative and a table of data that the Staff planned to add, and has added to its Management Audit Report.

5. In addition to filing Highly Confidential (HC) and Non-Proprietary (NP) versions of the Staff's Management Audit Report of KCPL A&G expenses and potential cost savings related to a merger between KCPL and GMO, the Staff is filing Highly Confidential (Attachment A (HC)) and Non-Proprietary (Attachment A (NP)) versions of the comments the Staff received from KCPL on December 16, 2016 respecting the draft Staff Management Audit Report.

6. Comments, suggestions, and questions the Staff received were considered by the Staff and were reflected as appropriate by the Staff in the final version of the Staff's Management Audit Report.

WHEREFORE, the Staff files HC and NP versions of its Management Audit Report, including HC and NP Schedules and HC and NP versions of its draft Staff Management Audit Report with KCPL's comments and designation of material as HC.

Respectfully submitted,

/s/ Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 17th day of January, 2017.

/s/ Steven Dottheim