

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 7th
day of July, 2010.

In The Matter Of the Construction Audit and)
Prudence Review of Environmental Upgrades)
To Iatan 1 Generating Plant, and Iatan) **File No. EO-2010-0259**
Common Plant, and the Iatan 2 Generating)
Plant, Including All Additions Necessary For)
These Facilities to Operate)

ORDER MAKING FINDINGS

Issue Date: July 7, 2010

Effective Date: July 7, 2010

On April 28 and 29, 2010, the Commission held an On-the-Record proceeding in this matter. The briefing of issues was complete on June 4, 2010. Kansas City Power & Light Company ("KCPL") and KCP&L Greater Missouri Operations Company ("GMO") requested certain relief that the Commission's Staff opposes. Specifically, KCPL and GMO request that the Commission issue an order:

(1) clarifying the status of the Staff's audit and confirm that the Staff's prudence review of Iatan 1 and the common plant needed to operate Iatan 1 ended with the filing of the Staff's Reports on December 31, 2009;

(2) precluding Staff from proposing additional prudence disallowances in the next rate cases in addition to those eighteen (18) disallowances for KCP&L and twelve (12) disallowances for GMO that are already contained in its *Staff's Report Regarding Construction Audit and Prudence Review of Environmental Upgrades to Iatan 1 and Iatan Common Plant* filed in Case Nos. ER-2009-0089 and ER-2009-0090 on December 31, 2009, and;

(3) finding:

(a) The Companies have not engaged in any dilatory or unreasonable practices in responding to discovery during the construction audit and prudence review;

(b) The Companies' cost control system adequately tracks the costs of the projects, and is consistent with accepted industry standards;

(c) The Staff should be required by the Commission to complete their prudence review of Iatan 2, and file their proposed recommendations at the time that the Staff files its Direct Testimony in the rate cases involving the inclusion of Iatan 2 in rate base that are expected to be filed by KCP&L and GMO in the near future.

The Commission is addressing matters involving the audit activity in separate orders in the companies' newly filed rate cases. In this order, after reviewing all relevant pleadings and the sworn testimony provided at the On-the-Record Proceeding, the Commission will grant the relief requested in items 3(a) and (b).

THE COMMISSION ORDERS THAT:

1. The Commission finds that Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company have not engaged in any dilatory or unreasonable practices in responding to discovery during the construction audit and prudence review of the environmental upgrades to the Iatan I generating facility.

2. Nothing in this order shall be considered a finding by the Commission with regard to any ratemaking determinations.

3. This order shall become effective immediately upon issuance.

BY THE COMMISSION



**Steven C. Reed
Secretary**

(S E A L)

Clayton, Chm., Davis, Jarrett, Gunn,
and Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge