

**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 STAFF’S PROPOSED AUDIT SCOPE**

COMES NOW the Missouri Office of the Public Counsel and for its reply to the Staff’s proposed audit scope states:

1. On February 1, 2015, the Commission’s Staff filed its proposed scope of the management audit of Kansas City Power & Light Company (KCPL). In the Staff’s proposal, the Staff states that it “welcomes any comments KCPL and/or Public Counsel may offer regarding the Staff’s Proposed Audit Scope and would suggest that any such comments be filed in File No. EO-2016-0124.”

2. In this response, Public Counsel makes two requests. First, Public Counsel requests involvement in the management audit and that it be notified of all meetings and interviews with KCPL personnel regarding the management audit so that Public Counsel may attend. Public Counsel’s Chief Public Utility Accountant, Mr. Charles Hyneman, formerly a Staff auditor in the Commission’s Kansas City office, has a long history of involvement in KCPL’s cases and a significant knowledge of KCPL’s operations and management. If allowed to participate, Mr. Hyneman could provide valuable feedback to the Staff and the Commission.

3. Based upon Public Counsel’s initial review of the Staff’s proposal, Public Counsel is generally supportive of the Staff’s audit scope. However, Public Counsel also requests that the Staff add the following two items to its audit scope:

Officer Expense Reports – Public Counsel is concerned that KCPL does not have adequate policies and controls regarding KCPL officer’s expenses and expense reports, which include expenses such as meals for officers and vendors that do business for KCPL. Public Counsel proposes that the Staff’s audit scope include an audit of officer expense reports and that the Staff recommend expense controls, such as a minimum meal expense, limited to expenses that are absolutely necessary to provide utility service and that do not exceed a reasonable level of expense.

A&G Cost Comparison to Midwest Utilities – Public Counsel also requests that the Staff expand its administrative and general cost comparison. Staff’s current proposed audit scope would compare KCPL’s A&G expenses to other Missouri utilities. The Staff’s A&G analysis has historically compared such expenses to those incurred by other Midwest utilities. Public Counsel proposes that the audit scope compare A&G costs to other Missouri utilities as well as other Midwest utilities.

WHEREFORE, the Office of the Public Counsel respectfully offers this response to the Staff’s proposed audit scope and requests: (1) that Public Counsel be allowed to participate in the management audit; and (2) that the scope of the audit be expanded as addressed above.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 19th day of February 2016.

/s/ Marc Poston
