Exhibit No.:

Issue: Capital Structure Witness: Michael W. Cline

Type of Exhibit: True-Up Direct Testimony Sponsoring Party: KCP&L Greater Missouri Operations Company

Case No.: ER-2010-0356

Date Testimony Prepared: February 22, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-0356

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL W. CLINE

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri February 2011

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL W. CLINE

Case No. ER-2010-0356

1	Q:	Please state your name and business address.					
2	A:	My name is Michael W. Cline. My business address is 1200 Main Street, Kansas City,					
3		Missouri, 64105.					
4	Q:	Are you the same Michael W. Cline who prefiled rebuttal testimony in this matter?					
5	A:	Yes, I am.					
6	Q:	What is the purpose of your true-up direct testimony?					
7	A:	In my testimony, I will provide updates to the capital structure and cost of capital that					
8		KCP&L Greater Missouri Operations Company ("GMO" or the "Company") is					
9		requesting in this proceeding.					
10	Q:	Please update the Company's requested capital structure and overall rate of return.					
11	A:	The following table identifies the Company's requested capital structure components and					
12		the resulting overall rate of return:					
13		Requested Capital Structure					
14		Capital Components	Ratio	Cost	Weighted Cost		
15		Debt	48.58%	6.42%	3.11%		
16		Equity-linked convertible debt	4.52%	13.59%	0.61%		
17		Preferred stock	0.61%	4.29%	0.03%		
18		Common equity	46.29%	10.75%	4.98%		
19		TOTAL	100.00%		8.73%		

1 Q: What is the basis for the Company's requested capital structure and overall rate of return?

A: The requested capital structure and cost rates for debt, equity-linked convertible and preferred stock are calculated from Great Plains Energy's actual capital structure as of December 31, 2010. The requested return on equity is the recommendation contained in the rebuttal testimony of GMO witness Dr. Samuel C. Hadaway.

7 Q: How does this capital structure and overall rate of return vary from the original request filed by the Company in this proceeding?

9 A: The Company's initial overall rate of return and capital structure request, contained in Dr.

10 Hadaway's direct testimony as shown in the table below, was based on Great Plains

11 Energy's *projected* capital structure at December 31, 2010.

Initial Requested Capital Structure

13	Capital Components	Ratio	Cost	Weighted Cost
14	Debt	48.69%	6.73%	3.28%
15	Equity-linked convertible debt	4.53%	13.59%	0.61%
16	Preferred stock	0.62%	4.29%	0.03%
17	Common equity	46.16%	11.00%	5.08%
18	TOTAL	100.00%		9.00%

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The Company's actual capital structure as of December 31, 2010 reflects a slightly higher common equity component and slightly lower debt, equity-linked convertible debt and preferred stock components. The overall rate of return based on the Company's actual capital structure as of December 31, 2010 reflects a lower cost of debt and the lower requested return on common equity contained in the rebuttal testimony of Dr. Hadaway.

1 Q: What accounts for the difference in the capital structure?

- 2 A: The actual GPE consolidated common equity balance as of December 31, 2010 was \$15
- 3 million higher than initially projected due to actual 2010 earnings being \$17 million
- 4 higher than initially projected.

5 Q: What accounts for the difference in the cost of debt?

- 6 A: The initial projected cost of debt as of December 31, 2010 included a projected \$250
- 7 million debt issuance with a cost of 5.54%. The actual cost of the \$250 million debt
- 8 issuance completed in August 2010, including the cost of an interest rate forward starting
- 9 swap associated with the issuance, was 3.86%. This reduced the weighted average cost of
- debt as of December 31, 2010 from the projected level of 6.73% to 6.42%.

11 Q: Does that conclude your testimony?

12 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of KCP&L Greater Missouri Operations Company to Modify Its Electric Tariffs to Effectuate a Rate Increase) Docket No. ER-2010-0356
AFFIDAVIT OF MICH	AEL W. CLINE
STATE OF MISSOURI)	
COUNTY OF JACKSON)	
Michael W. Cline, being first duly sworn on h	nis oath, states:
1. My name is Michael W. Cline. I	work in Kansas City, Missouri, and I am
employed by Great Plains Energy, the parent compar	ny of Kansas City Power & Light Company
as Vice President-Investor Relations and Treasurer.	
2. Attached hereto and made a part her	eof for all purposes is my True-Up Direct
Testimony on behalf of KCP&L Greater Missouri Op	perations Company consisting of three
(<u>3</u>) pages, having been prepar	red in written form for introduction into
evidence in the above-captioned docket.	
3. I have knowledge of the matters set for	orth therein. I hereby swear and affirm that
my answers contained in the attached testimony to t	he questions therein propounded, including
any attachments thereto, are true and accurate to the	ne best of my knowledge, information and
belief.	
W	whal W llui
	W. Cline day of February, 2011.
Subscribed and sworn before me this 22 nd	day of February, 2011.
Notary F	Public
My commission expires: May 23, 2019	DONNA J. STOWAY Notary Public, Notary Seal State of Missouri Clay County Commission # 10889620 My Commission Expires May 23, 2014