Exhibit No.:	
Issue:	Iatan Project History
Witness:	Chris B. Giles
Type of Exhibit:	Direct Testimony
Sponsoring Party:	KCP&L Greater Missouri Operations Company
Case No.:	ER-2010-____
Date Testimony Prepared:	June 4, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-____

DIRECT TESTIMONY

OF

CHRIS B. GILES

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
June 2010

" [redacted] **" Designates "Highly Confidential" Information Has Been Removed Pursuant To 4 CSR 240-2.135.**

DIRECT TESTIMONY

OF

CHRIS B. GILES

Case No. ER-2010-____

Q: Please state your name and business address.

A: My name is Chris B. Giles. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am currently a regulatory consultant to Kansas City Power & Light Company ("KCP&L"). I have been a consultant to KCP&L since my retirement in July 2009 from my position as KCP&L's Vice President, Regulatory Affairs.

Q: As the Vice President, Regulatory Affairs, what were your responsibilities?

A: My responsibilities included all aspects of regulatory activities including cost of service, rate design, revenue requirements, and tariff administration.

Q: How long did you hold that position?

A: From March of 2005 until June 2009.

Q: What are your current consulting responsibilities?

A: My responsibilities include assisting and advising the current Senior Director, Regulatory Affairs. In this capacity, I remain actively involved in KCP&L's regulatory strategy and the oversight of the Iatan Unit 2 Project.

Q: Have you previously testified in a proceeding at the Missouri Public Service Commission or before any other utility regulatory agency?

A: I have previously testified before both the Missouri Public Service Commission and Kansas Corporation Commission on numerous issues regarding utility rates and regulation.

Q: Did you provide testimony in Docket No. ER-2009-0089?

A: Yes, I did.

Q: And in that case, did you previously testify as to your education, experience and employment history?

A: Yes.

Q: Has any of your testimony regarding your experience or employment history changed?

A: No, other than the fact that as I stated above, I retired from KCP&L as the Vice President of Regulatory Affairs and am now working as a consultant.

Q: What is the purpose of your Direct Testimony?

A: The purpose of my Direct Testimony is to discuss the following: (i) KCP&L's prudent management of its construction projects at the Iatan Generating Station; (ii) identification of the risks that KCP&L's senior management encountered during the Iatan Unit 2 Project and how those risks were mitigated; and (iii) the KCP&L Executive Oversight Committee's role in vetting of the Iatan Unit 2 Project's data and prudently making decisions during the course of the Project.

KCP&L'S MANAGEMENT OF THE IATAN UNIT 2 PROJECT

Q: Describe your involvement with the Iatan Unit 2 Project.

A: As the Vice President of Regulatory Affairs, I was involved with all aspects of the Regulatory Plan that includes its Stipulation and Agreement (Case No. EO-2005-0239, referred to as the "S&A"). Since the inception of the Iatan Unit 2 Project, I have been part of the Executive Oversight Committee, or EOC, that was formed to provide management oversight of this and the other projects that were governed by the S&A.

Q: Do you have an opinion regarding the management decisions that KCP&L made during the Project?

A: Yes. I believe that KCP&L's management has made appropriate management decisions in the construction of Iatan Unit 2. I agree with the testimony of Company witness Kenneth Roberts who stated that, "On large, complex construction projects, not all management decisions, including those that were made prudently, appear to be perfect in hindsight. However, under the applicable prudence standard, management decisions cannot be judged in hindsight, based solely on the outcome or evaluated in light of information or events arising only after the decision was made. Instead, the standard for prudence is focused on the decision-making process." (Roberts testimony at p. 6 ll. 13-18). Decisions are deemed to be prudent, regardless of the outcome of such decisions, if the decision-making process was sound. KCP&L put all of the proper tools in place to ensure that KCP&L's management could make decisions based upon the available data.

In general, KCP&L has made a number of significant decisions that have allowed the Iatan Unit 2 Project to meet the customers' needs, such as adding capacity without adding harmful emissions, maintaining the overall cost of the Iatan Unit 2

Project as low as it could be given the market conditions, and providing the customers with confidence in KCP&L's ability to meet the Project's schedule, and those decisions have been consistent with the commitments the Company made in the S&A.

Q: Do you believe that KCP&L has properly assessed and managed the Iatan Unit 2 Project's risks?

A: Yes. As I will point out in the remainder of my testimony, KCP&L knew the risks that the Iatan Unit 2 Project represented to customers and sought both knowledge of and mitigation of those risks throughout the length of the Project. To assist us in indentifying risks, KCP&L consulted with numerous experts in the utility construction industry and built tools to identify, report and manage risks as they occurred. Company Witness William Downey testifies to the roles of Schiff Hardin, LLP ("Schiff") and KCP&L's internal audit in assisting management in this regard. KCP&L engaged Schiff in August 2005 to, among other things, provide advice in procurement and processes, development of project controls, and to provide oversight of the projects for senior management. Schiff has a unique combination of skills and its team has been instrumental in helping KCP&L identify the project's risks and potential risk avoidance/mitigation strategies, and has provided independent information management has needed for making decisions. We have also utilized internal audit and Ernst & Young ("E&Y") to assess the effectiveness of processes that were put into place, which has provided management with additional information it has needed for decision-making. These measures have increased the flow of information to management. My testimony below identifies the risks that KCP&L identified throughout the Iatan Unit 2 Project and our transparency in providing the management of those risks to the MPSC

Staff and other interested parties. I believe that KCP&L has managed the risks of Iatan Unit 2 Project's costs and schedule in line with the general public interest.

Q: Do you believe KCP&L was successful in mitigating the known risks throughout the Iatan Unit 2 Project?

A: Yes, I do. Given the state of the construction industry from 2005-2009, I do not believe that KCP&L could have avoided an increase in the projected construction costs for Iatan Unit 2. As stated by Company witness Kenneth Roberts, that period of time was marked by commodity prices rising by more than 40% and the cost of power plant construction rising by 27% in 2007 alone. Because KCP&L constructed Iatan Unit 2 during a difficult economic environment, our best strategy was to mitigate the impact of these rising costs, which we successfully did. By comparison, KCP&L's construction budget for Iatan Unit 2 has only grown by approximately eighteen percent (18%) since the original 2006 Control Budget Estimate, as compared to the 40% increase experienced by the industry overall.

Q: Did KCP&L's management put into place the necessary tools needed for making decisions on the Iatan Unit 2 Project?

A: Yes. KCP&L had to implement a number of new processes and procedures and identify new tools for managing the project at all levels within the company. In my testimony below, I will describe many of those new processes and procedures that gave KCP&L's management the tools to make prudent decisions during the development of the Iatan Project.

IATAN PROJECT DEVELOPMENT

Q: What was KCP&L's Regulatory Plan?

A: The Company's Missouri Regulatory Plan is embodied in the Stipulation and Agreement approved by the Commission in Docket No. EO-2005-0329 ("Regulatory Plan"). The Iatan project is part of KCP&L's Regulatory Plan. KCP&L engaged in a year-long public dialogue with outside intervenors and interested parties to arrive at a solution for the Kansas City area's energy needs as well as identification of certain environmental upgrades required for the existing KCP&L fleet. This Plan is often referred to as the Comprehensive Energy Plan ("CEP").

Q: What was KCP&L's senior management's view of the Iatan Unit 2 Project in mid-2005?

A: Company witness William Downey testifies to KCP&L's senior management's realization that an undertaking such as Iatan Unit 2 would require some significant changes within KCP&L. Those changes included the following: 1) increasing our capabilities across the Company to support procurement and construction for the Iatan Unit 2 Project; 2) reviewing our corporate governance policies and deploying senior management to oversee and make prudent decisions related to the Project; 3) engaging appropriate entities who were experts in construction, project oversight and compliance to assist us in defining and implementing the Project; 4) identifying methods for transparently reporting the Project's progress to the Commission Staffs of both Kansas and Missouri as well as our partners and other interested parties; and 5) developing and implementing new procedures for procurement, project controls, safety and other key areas that the Project would utilize.

Q: What measures did KCP&L's management undertake in 2004-2005 to study the viability of the Iatan Unit 2 Project?

A: In September 2004, Burns & McDonnell provided KCP&L with a Project Definition Report ("PDR"). Company witness Brent Davis testifies as to the content of the PDR. **[redacted]**

Q: After receiving the PDR from Burns & McDonnell in September of 2004, what did KCP&L management do to confirm the viability of the Iatan Unit 2 Project?

A: The steps that management took to confirm the Iatan Unit 2 Project's viability are recounted in the Regulatory Plan. Additionally, the Regulatory Plan at Section 3 requires KCP&L to, "monitor the reasonableness and adequacy of the Resource Plan until the capital investments described therein are completed." KCP&L has, at various times, performed subsequent analyses in accordance with the Regulatory Plan that have confirmed that building Iatan Unit 2 is the best option at the least cost for Missouri ratepayers. Those subsequent analyses were presented to the MPSC Staff and other Regulatory Plan signatories in May 2006, February 2007, and September 2008.

Q: Once the Regulatory Plan was approved, what additional actions did KCP&L take with respect to proceeding with the Iatan Unit 2 Project?

A: We took certain proactive steps to insure that the Project could hit the ground running while management evaluated the Project's delivery method. For example, we recognized that the preparation of the boiler specification was one of the first and longest lead items necessary to meet our commitment to the Regulatory Plan's in-service date for Iatan Unit 2, and that concurrent to management's review of potential delivery methods for the Project, we could begin work on that critical item. Accordingly, soon after obtaining regulatory approval, KCP&L contracted with Black & Veatch to begin preparation of the Iatan Unit 2 boiler specification.

Q: Why did KCP&L choose to award the boiler specification to Black & Veatch?

A: KCP&L had previously worked with both Black & Veatch and Burns & McDonnell on other projects. Both engineering firms are highly respected and both were deemed capable of providing engineering services as the owner's engineer on the CEP projects. KCP&L felt that it was beneficial to engage each of these engineering firms in the early engineering activities to divide the workload and ease the transition upon KCP&L's selection of its owner's engineer for the Iatan Project. Accordingly, KCP&L requested that Burns & McDonnell prepare the PDR and other engineering studies and Black & Veatch prepare a specification for the boiler, which seemed like a natural division of the work.

Q: What did KCP&L management do next?

A: Management reviewed a number of factors in the third quarter of 2005 that contributed to the decisions that were made for proceeding with the Project. In October 2005, we

asked Burns & McDonnell and Black & Veatch to each prepare proposals for the owner's engineering services for the Iatan Unit 2 Project. We requested each firm to include an assessment of alternate project delivery methods from a scope, cost and schedule basis, among other things. In November 2005, we invited Black & Veatch and Burns & McDonnell to make separate presentations.

Q: Please describe Black & Veatch's proposal and presentation in November 2005.

A: Black & Veatch submitted a number of high level schedule scenarios which it associated with differing contracting methods. Their materials were impressive and were based on their current experience in the construction marketplace and, in particular, in the coal marketplace. Black & Veatch used the Weston 4 project in Wausau, Wisconsin as a reference plant. Black & Veatch was the owner's engineer on that project for Wisconsin Public Service, Co. ("WPS") and it incorporated some of the lessons learned from that project into its presentation. The Weston 4 project was performed on a multi-prime basis and by all accounts was a successful project for WPS.

Nonetheless, for the Iatan Unit 2 Project, Black & Veatch favored an engineering, procurement, and construction ("EPC") project delivery method for Iatan Unit 2. Black & Veatch recommended an EPC project method in which Black & Veatch would function as the engineer and construction manager in a joint venture with Kiewit. While there were some positive aspects of its proposal, there were aspects of Black & Veatch's proposal that KCP&L management did not favor.

Q: What aspects of Black & Veatch's proposal were viewed negatively by KCP&L?

A: Black & Veatch refused to bid the Project in November 2005 as a fixed-price EPC project. Instead, it offered a schedule in which it would negotiate an EPC "target" price

approximately one year into the Project, after the award of the boiler, air quality control systems ("AQCS") and turbine generator. In its meeting with KCP&L management on November 8, 2005, Black & Veatch's team stated that KCP&L did not have time to competitively bid an EPC for the Project and that bidding an EPC would likely extend the Provisional Acceptance date to October 2011. In addition to concerns about Black & Veatch's proposal, KCP&L recognized some of the inherent problems typical with a "full-wrap" EPC project or one in which a single EPC contractor performs virtually all the work on a turnkey basis for the entire project. These problems typically include factors like the inability to select equipment and the lack of transparency of schedule and cost data.

Q: Did Black & Veatch present an alternative contracting strategy to a negotiated EPC?

A: Yes. Black & Veatch presented multiple derivations including a multi-prime scenario. However, Black & Veatch did not have confidence that any of the other proposed contracting strategies could meet a June 1, 2010 in-service date as provided in the Regulatory Plan.

Q: Did Black & Veatch highlight any additional risks to KCP&L's management at this time?

A: Yes. Black & Veatch identified the two biggest risks to the market constraints facing the Iatan Unit 2 Project as: (1) AQCS equipment, which was in short supply because of vendors' backlog; and (2) finding qualified EPC contractors for either a total plant or the Balance of Plant EPC bid if KCP&L chose this approach. On this point, Black &

Veatch noted, "For a union project of this size, only a few qualified bidders will have the ware-with-all (sic) and the ability to bid."

Q: Did Black & Veatch offer any mitigation strategies to KCP&L?

A: Yes. Black & Veatch noted that "the best chance to meet the June 2010 date is by releasing procurements as early as possible. This will return the specific design information earlier and allow the overall design to proceed. Delaying the process until sufficient design is complete for a larger package risks delaying the overall schedule." Additionally, Black & Veatch stated that initial engineering needed to proceed immediately.

Q: Describe Burns & McDonnell's proposal and presentation to KCP&L on November 8, 2005.

A: Burns & McDonnell, with whom KCP&L had worked extensively on Hawthorn Unit 5 after the explosion in 1999, came to our offices with their entire proposed project team, including all of their lead designers, their chief executive officer, the vice president of their power division, and key ancillary support members of their proposed team.

Burns & McDonnell presented multiple scenarios as well to the project team and to Schiff, one of which identified a path for engineering the boiler and AQCS for Iatan Unit 2 as well as the AQCS for Iatan Unit 1 over a period of nine months with major procurements occurring in the first two quarters of 2006. Under this plan, Burns & McDonnell believed that the in-service dates for both the Iatan Unit 1 AQCS and Iatan Unit 2 could be met and that costs for the projects could be within industry expectations.

Q: What did KCP&L management do next?

A: The project team and Schiff vetted the information presented by Black & Veatch and Burns & McDonnell. There were follow-up meetings with each vendor to discuss aspects of their respective proposals.

Q: What was the result of that vetting process?

A: It was the recommendation from the Project team and from Schiff that Burns & McDonnell presented both the strongest team and the better plan for proceeding with engineering and procurement by the Iatan projects, and that the plan they presented preserved the projected in-service dates for both Iatan Unit 1 and Iatan Unit 2.

Q: Why was it important to preserve the projected in-service date of Iatan Unit 2 in the Regulatory Plan?

A: There were several reasons to preserve the in-service date of Iatan Unit 2. First, Senior Management was focused on the information provided by Black & Veatch, Burns & McDonnell and Schiff and its own team's due diligence regarding the trends in the industry at that time and the concerns that the costs of commodities, equipment and labor would continue to increase because of the demand for both new coal based-generation and for air quality control systems. Second, KCP&L and the joint owners needed additional capacity in and around the summer of 2010. Third, in late 2005 and early 2006, KCP&L was able to sell excess energy into the off-system sales market at a price that would offset nearly the total increase in revenue requirement associated with the fixed costs of Iatan Unit 2. Fourth, KCP&L had made a commitment under the Regulatory Plan to complete Iatan Unit 2 by June 2010 and wanted to meet its commitment. In the proposals from Black & Veatch and Burns & McDonnell, each

estimated durations of 18 or more months for completing design work needed for fixed-price bids on an EPC. It was obvious to Senior Management that waiting 18 months for design to be completed would only add to the costs of the plant, reduce revenues from wholesale market opportunities, and thus increase the revenue required from customers once Iatan Unit 2 was placed into service.

Q: When were KCP&L's Senior Management's decisions regarding the owner's engineer and the procurement method made?

A: There was a meeting held on November 23, 2005, at which myself, Mike Chesser, William Downey, Bill Riggins and Steve Easley were in attendance. At this meeting, both Burns & McDonnell and Schiff made separate presentations to KCP&L Senior Management regarding Burns & McDonnell's capabilities to perform as the Iatan Units 1 and 2 project's owner's engineer, the key milestones and strategic plan necessary for the Iatan Units 1 and 2 project, and options for procurement for Iatan Units 1 and 2. Schiff prepared a PowerPoint presentation and adjoining charts showing its view of the strategic plan for the Iatan Units 1 and 2 projects. In Schiff's PowerPoint presentation, Schiff recapped a September 29, 2005 presentation it prepared regarding contract methodology and placed that in context with the owner's engineer proposals from Black & Veatch and from Burns & McDonnell. There was a discussion of the need of the owner's engineer to meet critical milestones in the strategic plan for Iatan Units 1 and 2 and how those milestones could impact the procurement strategy for the project.

** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]**

At this meeting, Senior Management discussed and agreed to the award of the owner's engineering position to Burns & McDonnell and released Burns & McDonnell to begin work. In addition, senior management also requested that Burns & McDonnell work closely with Schiff to refine the strategic schedule and the approach to procuring the major goods and services for Iatan Units 1 and 2. Also at this meeting, there was a discussion regarding whether the project was to proceed on a full-wrap EPC basis in which all detailed engineering, procurement and construction work is procured from a single-source. It was the consensus view from Schiff, Burns & McDonnell and the project team that the first step needed to be the procurement of the major components for both Iatan Unit 1 AQCS and Iatan Unit 2, including the Unit 2 boiler, the Unit 2 turbine generator and the environmental control systems for both units. It was

emphasized by both Burns & McDonnell and Schiff at the November 23, 2005 meeting that these were the key procurements with the longest lead times and that those needed to be pursued as quickly as possible. Burns & McDonnell committed to provide the necessary resources for KCP&L to timely procure and construct the plant.

Q: Did KCP&L follow the recommendations from Schiff and Burns & McDonnell at the November 23, 2005 meeting?

A: Yes. The strategy we employed followed the general recommendations and many of the very specific recommendations that Schiff and Burns & McDonnell made.

Q: Did KCP&L adhere to this plan in the execution of the Iatan Unit 2 Project?

A: Generally, yes. The major engineering, procurement and construction dates outlined in this early plan were all met or nearly met by KCP&L and its vendors. Adhering to these milestones and the strategic schedule was critical to the Iatan Unit 2 Project getting off to a good start.

IATAN UNIT 2 COST ESTIMATE DEVELOPMENT

Q: Do you know the origin of the estimate for the Iatan Unit 2 Project that was provided as part of the Regulatory Plan?

A: Yes. The number that was stated in the Regulatory Plan of **[redacted]**, based on KCP&L's then-estimated 500 MW share of the proposed 800 MW plant, was a very preliminary number that was based on the PDR Burns & McDonnell provided to KCP&L on September 9, 2004.

Q: Do you have an assessment regarding the quality of the estimate that was in the PDR?

A: Company witness Daniel Meyer testifies that the PDR estimate was a high-level estimate that was out-of-date by the time the Project was moving forward in early 2006.

Q: Why was the PDR out-of-date at that time?

A: Company witness Brent Davis testifies to the scope and programmatic changes to the Project that occurred from the time the PDR was prepared in 2006 when the unit size, heat rate and other factors were defined. In addition, at the time the PDR was prepared, KCP&L had not received its air permit for the unit or finalized its negotiations with its partners, both of which affected technology decisions and the size of the unit.

Q: Was the cost estimate included in the Regulatory Plan ever used as KCP&L's budget for the Iatan Unit 2 Project?

A: No. It was never intended to be a budget for the Project. The estimate in the PDR was only indicative of a conceptual coal plant. Company witness Mr. Meyer testifies in detail about the evolving levels of cost estimates, their intended purposes, and the specific estimates performed on KCP&L's Iatan Unit 2 Project. This estimate is typical of the estimates used in resource planning analysis. The expectation that costs would change substantially as the Project became more defined was evident by the language in the Regulatory Plan that specifically required the Resource Plan be re-evaluated when material changes in cost or schedule occurred (Regulatory Plan, Section II.B.3.). As I stated earlier in my testimony, these analyses were performed and provided to Staff and other parties subsequent to publication of the CBE and the 2008 cost reforecast of the

CBE. In each such present value of revenue requirements ("PVRR") analysis, Iatan Unit 2 continued to be the least cost resource.

Q: What was KCP&L's approved budget for the Project?

A: The Control Budget Estimate ("CBE") referred to in Company witness Brent Davis' direct testimony was the estimate that was presented to the Board of Directors for budgetary purposes for Iatan Unit 2 in the fourth quarter of 2006 and once approved, the CBE became the Project's budget.

Q: What was the basis for the CBE?

A: Company witness Daniel Meyer testifies in detail as to the formation of the CBE. In general, the CBE was developed on the basis of 20-25% complete engineering and after the award of the ALSTOM Power, Inc. ("ALSTOM") EPC contract, Toshiba turbine generator and other engineered materials.

Q: What was the contracting model on which the CBE was premised?

A: Company witnesses Daniel Meyer and Brent Davis each testify in detail as to the contracting model that was in place at that time. In summary of that testimony, the contracting model was a multi-prime with ALSTOM as the largest and most important vendor. The assumption was that the remaining work outside of the ALSTOM contract, or the "Balance of Plant" work, would be designed by Burns & McDonnell and performed by multiple specialty contractors.

Q: What was the amount of the CBE for Iatan Unit 2?

A: The approved CBE for Iatan Unit 2 was ** [redacted] ** total project, excluding Allowance for Funds Used During Construction ("AFUDC").

Q: Was there a point at which KCP&L revisited the costs of the Iatan Unit 2 Project?

A: Yes. The Project's costs have been monitored on a constant basis since establishment of the CBE in December 2006. Company witnesses Daniel Meyer testifies regarding the cost reforecast process in which KCP&L engaged from mid-2007 to May 2008, in the first two quarters of 2009, and again in the first quarter of 2010.

Q: What were the results of these three cost reforecasts?

A: Company Witness Dan Meyer testifies to the results of the various cost reforecasts. In summary, in May 2008, the CBE for Iatan Unit 2 was increased from **[redacted]** to **[redacted]**, which was a **[redacted]** increase. In July 2009, the cost reforecast resulted in some changes within the CBE but the total estimate at completion in the CBE did not change. The reforecast completed in early April 2010 (the "April 2010 Cost Reforecast") included an estimate at completion of **[redacted]**, or a **[redacted]** increase. The final cost will not be known until the Iatan Unit 2 Project is completed. However, KCP&L continues to carefully track its costs and will inform the Commission of the final cost when it is known.

Q: Were any of the increases in the Iatan Unit 2 Project's costs the result of management imprudence by KCP&L?

A: Not to my knowledge, no.

IDENTIFICATION OF IATAN PROJECT'S RISKS

Q: What commitments did KCP&L make to inform the Staff of the Missouri Public Service Commission ("Staff") and the other parties to the Regulatory Plan as to the CEP Projects' status?

A: In the Regulatory Plan, KCP&L agreed to provide Staff with quarterly status updates on these infrastructure commitments that would include detailed information regarding actual expenditures in comparison to planned expenditures and a description of any and all efforts by KCP&L to efficiently and reasonably procure equipment and services related to the investments. In addition, KCP&L was to continue with its current process of working with the parties in its long-term resource planning efforts to ensure that its current plans and commitments are consistent with the future needs of its customers and the energy needs of the State of Missouri.

Q: Did KCP&L prepare such reports?

A: Yes. Beginning with the first quarter of 2006, KCP&L has submitted on a quarterly basis "Strategic Infrastructure Investment Status Reports," or simply the "Quarterly Reports," to Staff and the other signatory parties to the Regulatory Plan. We have also been available to meet with the Staff, Public Counsel, and representatives of the Regulatory Plan signatories[1] on a quarterly basis ("Quarterly Meetings") at the Commission offices in Jefferson City, Missouri.

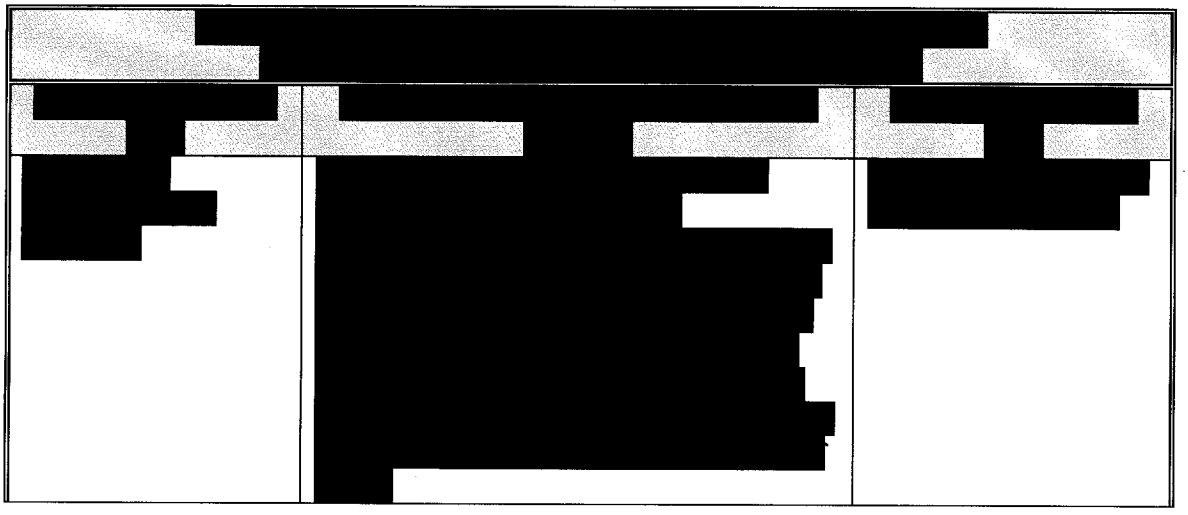
Q: Did the Quarterly Reports and Quarterly Meetings comprehensively address the Company's management of the Iatan projects?

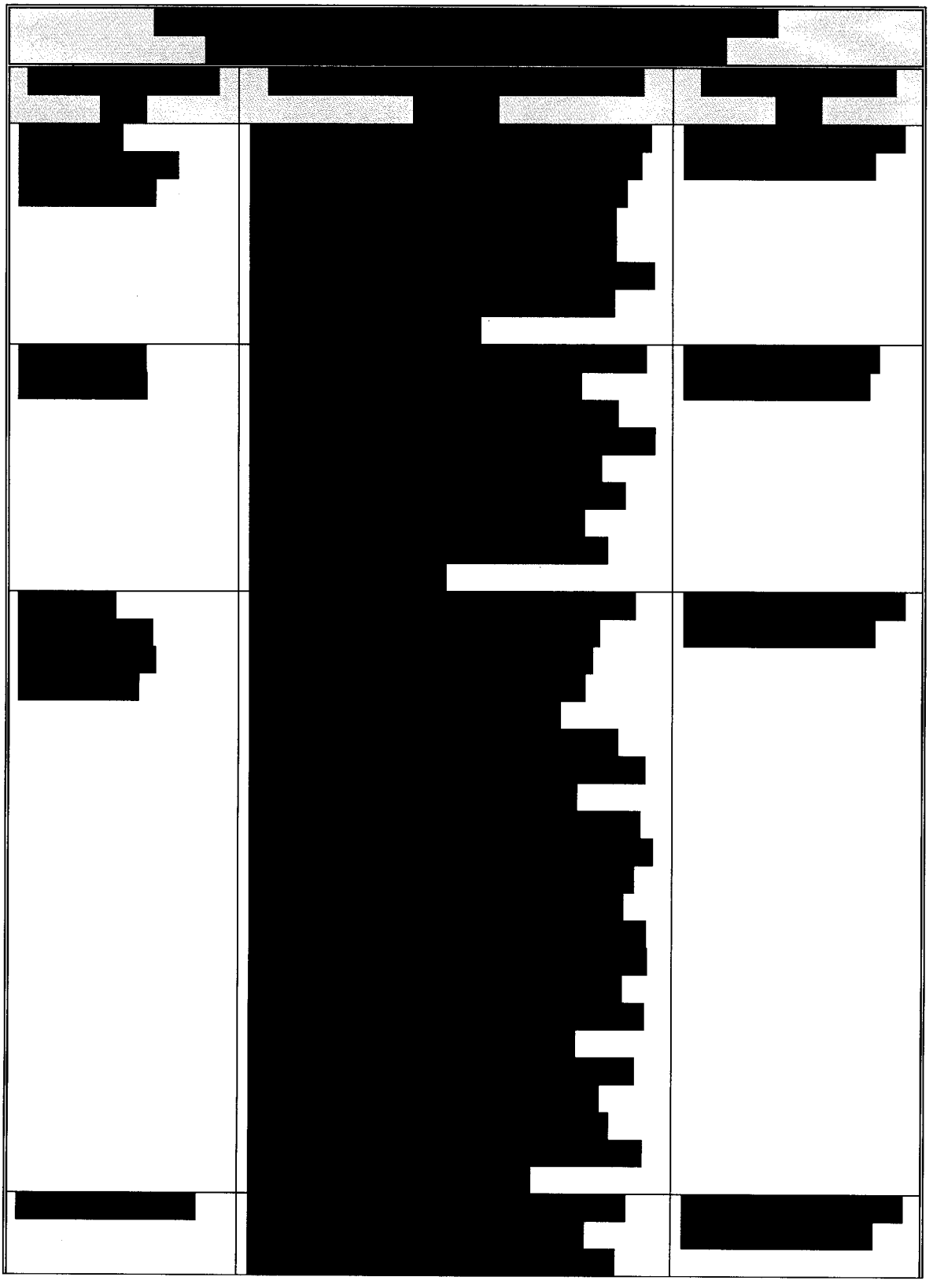
A: Yes. The Quarterly Reports chronicled the key events that were ongoing at any particular time. **[redacted]**

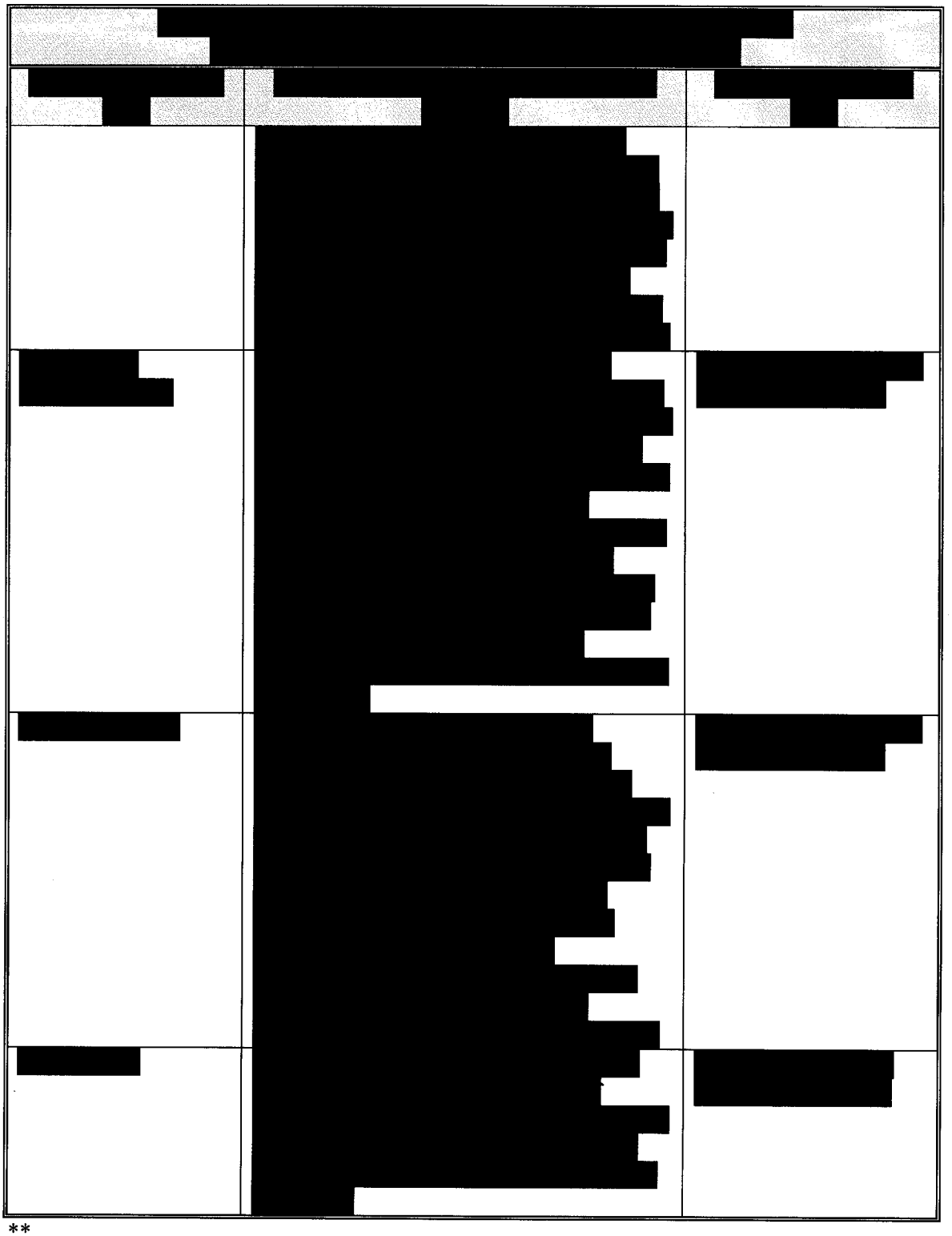
[1] All Regulatory Plan signatories were invited to these meetings. However, all Regulatory Plan signatories did not attend every meeting.

Q: When did KCP&L begin identifying risks to the Iatan Unit 2 Project in the Quarterly Reports?

A: From the inception, we tracked the Iatan Unit 2 Project's major risks. **[redacted]







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Q: Did you provide information to the Staff regarding KCP&L management's decision-making process with respect to the risks identified in your chart?

A: Yes. As noted in the chart above, the Quarterly Reports highlighted these and other risks and discussed the methods used for mitigation or avoidance of risks from first quarter of 2006 to the most recent report of first quarter of 2010.

Q: Has the projection for the Iatan Unit 2 Project's in-service date changed from the original schedule?

A: Yes. Company Witnesses Brent Davis and Robert Bell testify regarding the changes to the Project's in-service date.

Q: What is the current projection for Iatan Unit 2's in-service date?

A: As Company Witness Mr. Bell testifies, the project is managing the work to a projected in-service date of **[redacted]** though the Project Team has identified certain risks from a full examination and assessment of the Project's start-up period that could result in the Project completing later than that projection. The full assessment of the Project Team's projections for the in-service date is found in the Project's Risk Assessment of April 6, 2010, which the Project Team performed in conjunction with the April 2010 Cost Reforecast. (Schedule RNB2010-1)

Q: How have the risks of start-up been assessed by the Project Team?

A: KCP&L has been cognizant of the risks of start-up since the outset of the Iatan Unit 2 Project. When the Project's Strategic Schedule was assembled in late 2005 to early 2006, it was the Project Team's and Schiff's recommendation to ensure that the start-up period have as much time reserved as practical due to the inherent risks start-up presents. As time has progressed, the Project Team has evaluated the time needed for

start-up on multiple occasions. In early 2009, KCP&L's Project Team started an effort with the major contractors to review the schedule for Construction Turn-over ("CTO") packages, which as Company Witness Brent Davis testifies are the points of interface between the contractors and KCP&L's Start-up Team. This effort resulted in an agreement to CTO dates in July 2009. At that time, it was believed that the Project's revised in-service date of July 31, 2010 could be met if the contractors were able to maintain the schedule for CTO completion.

However, as Company Witness Mr. Downey testifies, KCP&L on January 13, 2010, KCP&L filed a Form 8-K with the U.S. Securities and Exchange Commission ("January 13, 2010 Disclosure") in which KCP&L disclosed, "Due to construction delays and unusually cold weather, Great Plains Energy and KCP&L currently anticipate that the in-service date of Iatan No. 2 will shift approximately two months into the fall of 2010." (Schedule WHD2010-2) This delay resulted in the Project Team commencing a reforecast of both the Project's cost to complete and its schedule. That reforecast was completed by the end of the first quarter of 2010 and presented to KCP&L's Senior Management, and included a summary of the Project Team's Risk Assessment. Once the Project Team's reforecast was completed, KCP&L issued a second 8-K on April 8, 2010 in which the projected fourth quarter in-service date was recognized. (Schedule WHD2010-3)

Q: Has KCP&L informed Staff of the changes to the in-service dates that have occurred on the Project?

A: Yes. In each of the Quarterly Meetings, we discuss the status of the Iatan Unit 2 project relative to the in-service dates. We met with Staff on April 15, 2010 to provide the

results of the April 2010 Cost Reforecast. In that meeting, members of the KCP&L Project Team and I explained the content of the Project Team's Risk Assessment and the basis for KCP&L's conclusions regarding the schedule and cost projections.

Q: What is your opinion regarding the level of transparency KCP&L has provided to Staff during the Iatan Unit 2 Project?

A: Based upon my experience, the high degree of transparency in this process between KCP&L and Staff is unprecedented.

Q: Does that conclude your testimony?

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-____

AFFIDAVIT OF CHRIS B. GILES

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Chris B. Giles, being first duly sworn on his oath, states:

1. My name is Chris B. Giles. I work in Kansas City, Missouri, and I am currently a regulatory consultant to Kansas City Power & Light Company.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of Twenty - Six (26) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Chris B. Giles

Subscribed and sworn before me this 28th day of May, 2010.

Notary Public

My commission expires: Feb 4, 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200