BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the 2011 Resource Plan Of Kansas City Power & Light Company.	)))	File No. EE-2011-0032

STAFF RESPONSE TO FOURTH REPORT
OF KANSAS CITY POWER & LIGHT COMPANY

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and for its response to the Fourth Report of Kansas City Power & Light Company states:

1. In its fourth report KCPL "prays that the Commission grant its request to resolve this proceeding in an expeditious manner." Staff understands KCPL's prayer to be a renewal of its request in its application for a Commission Order allowing KCPL until April 1, 2012, to make its next Chapter 22 electric utility resource planning filing—a filing that, by a Commission approved Stipulation and Agreement, presently is due November 5, 2011. Staff does not oppose that request.

2. Although Staff does not oppose the Company's request because Staff does not believe that postponing the filing from November 2011, until April, 2012, will significantly impact KCPL's resource planning, Staff does have a number of concerns with how KCPL, and its affiliate KCP&L Greater Missouri Operations Company ("GMO"), have planned and carried out resource additions. Concerns regarding GMO are relevant since it is KCPL employees who perform this work for GMO. Those concerns include the following:

- KPCL’s initial failure to consider whether to build a new coal unit rather than retrofit LaCygne with environmental upgrades, and the inadequacy of the analysis of whether a new coal unit was more cost effective than retrofitting LaCygne.

- KCPL’s and GMO’s decisions to not add new or expand demand-side management programs or to accept new participants in their MPower programs.

- KCPL’s vacillations and delays in adding wind generating resources after it added 100 MW of wind from Spearville in 2006.

- Allocation of the costs of Iatan 2 between GMO’s two rate “districts”—MPS and L&P

- GMO’s reliance on combustion turbines built in Mississippi for the wholesale market it proposes recovery of based on book cost plus transmission expenses, rather than building combustion turbines in Missouri.

Staff is currently addressing these concerns through various avenues, including the current KCPL and GMO rate cases, File Nos. ER-2010-0355 and ER-2010-0356, respectively. However, as stated above, Staff does not believe that postponing KCPL’s next Chapter 22 resource planning filing from November 2011, until April, 2012, will significantly impact these types of resource planning issues.

3. In paragraph 7 of its fourth report KPCL argues for KCPL and KCP&L Greater Missouri Operations Company (“GMO”) to make a single Chapter 22 resource planning filing on April 1, 2012, “that considers the resource needs of both [KCPL] and GMO simultaneously,” i.e., resource planning for KCPL and GMO collectively as if they are a single entity. Based on the current status and relationships of KCPL and GMO, Staff opposes KCPL and GMO making a Chapter 22 resource planning filing based on treating KCPL and GMO as if they are a single entity. KCPL and GMO are separate legal entities, each of which is obligated to consider its best interests, including when performing resource planning. Neither KCPL nor GMO have presented to Staff any agreement between them that establishes respective rights and responsibilities for joint resource planning. While they may believe that it is in the best

interests of both to do their resource planning jointly, absent a formal relationship between them for resource planning that is found not detrimental to ratepayers, Staff opposes their filing a single Chapter 22 resource planning filing "that considers the resource needs of both [KCPL] and GMO simultaneously." The mere fact that they are affiliates is an insufficient relationship for this type of joint resource planning as a *fait accompli* as the Commission recognized when it authorized the acquisition of Aquila, Inc. by Great Plains Energy with conditions. In its Report and Order where it authorized the acquisition of Aquila, Inc. by Great Plains Energy the Commission, regarding the issue of synergy savings from the acquisition, ordered, in ordered paragraph 6.b., KCPL and GMO to "execute and file with the Commission a joint operating agreement." They filed that joint operating agreement on October 10, 2008 in Case No. EM-2007-0374. Notably, under "**Supply**" on pages 11 to 12 of that joint operating agreement the following appears:

> Supply is responsible for all aspects of providing the electric energy necessary to reliably, and in compliance with applicable laws, fulfill the electric demands of KCP&L GMO customers. In order to effectively meet this obligation, Supply shall provide the following general services to KCP&L GMO: resource planning; plant operations and maintenance; fuel procurement and logistics; generation dispatch; power purchases and sales; new unit construction; and system black-start. These services shall apply to all present and future KCP&L GMO generating facilities. These services also include the optimization of all KCP&L GMO jointly owned units and all capacity and energy contracts that exist or may be entered into from time to time. ***KCP&L and KCP&L GMO will be operated and planned for as separate control areas with wholesale transactions governed by applicable FERC tariffs and rules, until and unless otherwise determined by the parties and approved by all applicable regulatory bodies***. (Emphasis added.)

WHEREFORE, Staff responds to the Fourth Report of Kansas City Power & Light Company as set forth above.

Respectfully submitted,

/s/ Nathan Williams____________________
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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 30th day of November, 2010.

/s/ Nathan Williams____________________