Exhibit No.:

Issue: Capital Structure Witness: Michael W. Cline

Type of Exhibit: True-up Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2010-0355

Date Testimony Prepared: February 22, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-0355

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL W. CLINE

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri February 2011

KCPL Exhibit No KCPL 109

Date 3 4 1 Reporter SmB

File No ERZOID-0355

TRUE-UP DIRECT TESTIMONY

OF

MICHAEL W. CLINE

Case No. ER-2010-0355

1	Q:	Please state your name and busin	ness address.			
2	Α :	My name is Michael W. Cline. My business address is 1200 Main Street, Kansas City,				
	A.	·	viy business ad	uress is 1200.	Main Succi, Kansas City,	
3		Missouri, 64105.				
4	Q:	Are you the same Michael W. Cline who prefiled direct and rebuttal testimony in				
5		this matter?				
6	A:	Yes, I am.				
7	Q:	What is the purpose of your true-up direct testimony?				
8	A:	In my testimony, I will provide updates to the capital structure and cost of capital that				
9		Kansas City Power & Light Con	npany ("KCP&	L" or the "Co	ompany") is requesting in	
10		this proceeding.				
11	Q:	Please update the Company's requested capital structure and overall rate of return.				
12	A:	The following table identifies the Company's requested capital structure components and				
13		the resulting overall rate of return:				
14		Requested Capital Structure				
15		Capital Component	Ratio	Cost	Weighted Cost	
16		Debt	48.58%	6.82%	3.31%	
17		Equity-linked convertible debt	4.52%	13.59%	0.61%	
18		Preferred stock	0.61%	4.29%	0.03%	
19		Common equity	46.29%	10.75%	4.98%	
20		TOTAL	100.00%		8.93%	

1	Q:	What is the basis for the Company's requested capital structure and overall rate of
2		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 KCP&L 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 below, was based on Great Plains Energy's

11 projected capital structure at December 31, 2010.

Initial Requested Capital Structure

13	Capital Components	Ratio	Cost	Weighted Cost
14	Debt	48.69%	6.82%	3.32%
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%		9.04%

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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 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: Does that conclude your testimony?
- 6 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company to Modify Its Tariffs to Continue the Implementation of Its Regulatory Plan) Docket No. ER-2010-0355						
AFFIDAVIT OF MICHAEL W. CLINE						
STATE OF MISSOURI)) ss COUNTY OF JACKSON)						
Michael W. Cline, being first duly sworn on his 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 company of Kansas City Power & Light Company						
as Vice President-Investor Relations and Treasurer.						
2. Attached hereto and made a part hereof for all purposes is my True-Up Direc						
Testimony on behalf of Kansas City Power & Light Company consisting of three						
(
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.						
Muchael W Clime						
Michael W. Cline						
Subscribed and sworn before me this 22 and day of February, 2011.						
1/2 De						
Notary Public						
My commission expires: My 23, 2019 DONNA J. STOWAY Notary Public, Notary Seal State of Missourl Clay County Commission # 10889620 My Commission Expires May 23, 2014						