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Kansas Corporation Commission
/S/ Patrice Petersen-Klein

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

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of Kansas

DIRECT TESTIMONY OF

TERRY BASSHAM

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MAKE CERTAIN CHANGES IN
ITS CHARGES FOR ELECTRIC SERVICE**

DOCKET NO. 12-KCPE-764-RTS

I. INTRODUCTION AND OVERVIEW

Q: Please state your name, occupation and business address.

A: My name is Terry Bassham. I am President and Chief Operating Officer ("COO") of Kansas City Power & Light Company ("KCP&L" or "Company") and of KCP&L Greater Missouri Operations Company ("GMO"). I am also a member of the Board of Directors of Great Plains Energy Incorporated ("Great Plains Energy" or "GPE"), the holding company of KCP&L and GMO. Effective June 1, 2012, I will also assume the role of Chief Executive Officer replacing Michael Chesser who recently announced he will retire at that time. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: What is the purpose of your testimony?

A: My testimony, along with that of Company witness Mr. Darrin R. Ives, is offered to provide background and a high level summary of the Company, KCP&L's corporate activities, this rate increase request, the reasons for the request, and to preview the issues in this case for the Commission.[1] Our testimony will provide a roadmap or a framework for the Application and supporting testimony, and assist the Commission in understanding the evidence and how it supports the need for a rate increase. To that end, my testimony will:

1) Provide a summary of our current rate increase request;
2) Provide an overview of the key drivers of our request;
3) Discuss the factors considered in making the rate increase request;
4) Provide the Commission with an overview of KCP&L's operations and review KCP&L's Comprehensive Energy Plan;
5) Describe the Company's on-going efforts in controlling costs and managing our business efficiently; and
6) Discuss some of KCP&L's on-going initiatives.

II. SUMMARY OF RATE INCREASE REQUEST AND DRIVING FACTORS

Q: Before we cover your background and experience, please explain why KCP&L is seeking an increase in its charges for electric service.

A: Five primary reasons exist for the needed increase, two of which involve capital expenditures mandated by state or federal statutes or regulations. This case is being filed in large part as contemplated by previous orders of the Commission related to those

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[1] The Corporation Commission of the State of Kansas, the "Commission" or the "KCC."

mandatory expenditures and the directive regarding restructuring of KCP&L's rate design.

First, as addressed by the Commission in Docket No. 11-KCPE-581-PRE (the "581 Docket") last summer, KCP&L is required to complete environmental upgrades at its La Cygne generating Units 1 and 2 (the "La Cygne Environmental Project" or "La Cygne Project"). Part of the Company's current request for a rate increase, specifically Construction Work in Progress ("CWIP"), relates to the expenditures associated with this project. The La Cygne Environmental Project itself as well as the cost estimate for the Project was approved as prudent and reasonable in the 581 Docket by this Commission. As part of KCP&L's application in its most recent rate case in Docket No. 10-KCPE-415-RTS (the "415 Docket"), KCP&L requested a rider with regard to CWIP for environmental projects such as the La Cygne Project. The Commission denied the Company's request for various reasons. KCP&L again requested a rider in the 581 Docket but limited the rider to only the La Cygne Environmental Project. In its Order, the Commission denied the more specific rider request expressing its preference that a rate case be filed to address those costs. This case is filed, in part, for that purpose.

Second, KCP&L is required to comply with the Kansas Renewable Energy Standards Act passed by the Kansas Legislature in 2009 and contained in K.S.A. 66-1256 through 66-1262. The Act, and the Commission regulation implementing the Act, K.A.R. 82-16-1 through 82-16-6, requires KCP&L to have 10% of its peak demand provided by renewable resources beginning in 2011, 15% beginning in 2016, and 20% beginning in 2020. As part of the requested rate increase in this case, the Company requests recovery of its investment in additional wind generation capacity at its Spearville site built to meet that requirement.

Third, the Company requests a modification to the Commission's method of allocating capacity-related costs to the Company's Kansas and Missouri jurisdictions from a 12 monthly coincident peak demand ("12CP") basis to a 4 monthly coincident peak demand ("4CP") basis. KCP&L will demonstrate in this case that the 4CP method is the more appropriate method for allocation of these costs between the Company's jurisdictions, given that it operates a summer peaking business. While KCP&L is basing this request on the fact that 4CP is the correct jurisdictional allocator for KCP&L's business, I would add that consistent allocators between the states is also important so that the Company has the opportunity to recover all of its costs. Missouri presently recognizes that the 4CP method is appropriate for KCP&L.

Fourth, KCP&L requests that its proposed updated depreciation rates be applied to the Company's capital investment. An updated depreciation study and new depreciation rates are necessary at this time due to the large increase in plant investment occurring since the last study was performed.[2] The Company is requesting depreciation rates that fairly and accurately assign asset costs to the appropriate generation of customers who benefit from those assets.

Finally, KCP&L requests certain rate design changes.

There are other reasons supporting KCP&L's filing for a rate increase at this time, as discussed in the Direct Testimony of Mr. Ives, but the five items outlined above are the key drivers.

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[2] The depreciation study included with KCP&L's application in Docket No. 10-KCPE-415-RTS was based upon data from the 12-month period ending December 31, 2008.

Q: Can you explain how KCP&L determined the timing for its request?

A: Yes. As part of the regulatory compact with customers, KCP&L is obligated to provide reliable electricity to all customers in its service territories. In order to maintain the ability to do so, KCP&L must recover its prudently incurred cost of service and have an opportunity to earn a fair and reasonable return on its invested assets. KCP&L filed its last rate case roughly 2 ½ years ago on December 17, 2009. The Company has incurred significant additional costs over the last few years. Because the Company's rates are set based on historical costs, these cost increases need to be recovered in a timely manner through a rate increase request. Timely and adequate cost recovery is essential for the Company to be able to continue to provide the quality, reliable service that its' customers expect.

Q: How much of an increase is KCP&L requesting?

A: The Company is requesting an increase in its revenue requirement of approximately $63.55 million, which represents a 12.9% increase in rates. If approved, this would represent an increase of $0.41 a day for a typical residential customer. Such an increase would still result in KCP&L's rates remaining below the national average retail electric rates.

III. BACKGROUND AND EXPERIENCE

Q: Please describe your education, experience and employment history.

A: I hold a Bachelor of Business Administration degree in Accounting from the University of Texas at Arlington and a Juris Doctor degree from St. Mary's University School of Law in San Antonio, Texas. I was appointed President and COO of GPE, KCP&L and GMO in 2011 and as stated above, I will assume my new role effective June 1, 2012.

Prior to my current role, I served as Executive Vice President ("VP") – Utility Operations of KCP&L and GMO (2010-2011); Executive VP – Finance and Strategic Development and Chief Financial Officer ("CFO") of GPE (2005-2010) and of KCP&L and GMO (2009-2010); and, CFO of KCP&L (2005-2008) and GMO (2008). Prior to that time, I was employed by El Paso Electric for nine years in various positions including General Counsel, Chief Administrative Officer and CFO. The remainder of my work career I worked as an attorney in the primary practice of regulatory law.

Q. Have you previously testified in a proceeding before the Commission or before any other utility regulatory agency?

A: I have previously provided written testimony to the KCC. I have testified before the Missouri Public Service Commission, Federal Energy Regulatory Commission, the Public Utility Commission of Texas, the New Mexico Public Service Commission and various legislative committees of the Texas and New Mexico legislatures.

Q: What are your responsibilities in the positions you hold?

A: My responsibilities include overall management of all aspects of Great Plains Energy, including its wholly-owned regulated electric utility subsidiaries, KCP&L and GMO.

IV. OVERVIEW OF KCP&L

Q: Please discuss KCP&L's operations and history.

A: KCP&L was originally founded in 1882 and is recognized as one of the Midwest's most reliable and affordable energy suppliers. KCP&L is a wholly-owned subsidiary of GPE, which are both headquartered in Kansas City, Missouri. GPE is a public utility holding company which also owns GMO, formerly Aquila, Inc.

Through its regulated utility subsidiaries, GPE serves approximately 823,000 customers in 47 counties in eastern Kansas and Missouri including approximately 725,000 residences, 96,000 commercial firms, and 2,600 industrials, municipalities and other electric utilities. KCP&L's electric service territory includes the Kansas City metropolitan area and surrounding cities. KCP&L alone serves approximately 511,000 customers, including approximately 451,000 residences, 58,000 commercial firms, and 2,100 industrials, municipalities and other electric utilities with 47% of the residences, 46% of the commercial firms, and 48% of the industrials, municipalities and other electric utilities located in our Kansas service territory.

The Company's retail revenues – reflecting service provided to residences and businesses – averaged approximately 87 percent of its total operating revenues over the last three years. Wholesale sales and miscellaneous electric revenues accounted for the remainder of KCP&L's revenues. Margins earned on wholesale power and bulk power sales are used to offset the Company's fuel costs and are returned to Kansas customers through the Company's Energy Cost Adjustment mechanism. Like most electric utilities, KCP&L is significantly impacted by seasonality with approximately one-third of its retail revenues recorded in the third quarter—*i.e.*, during the summer months. Approximately 45 percent of KCP&L's retail revenues come from Kansas.

To serve its customers, on a combined basis, KCP&L and GMO own more than 4,300 megawatts ("MW") of base load generating capacity and almost 2,300 MW of peak load generating capacity. KCP&L's capacity is diversified with ownership in four large coal-fired generating stations, the Wolf Creek nuclear power generating station, 1,200 MW of natural gas and oil-fired peaking capacity and 149 MW of wind generating capacity located in Spearville, Kansas. During 2011, in order to continue to meet state renewable energy standards, KCP&L added additional renewable capacity by entering into several long-term power purchase agreements ("PPAs") for an additional 232 MW of wind and 56 MW of hydro generation.

On a combined basis, KCP&L and GMO operate and maintain approximately 22,000 miles of distribution lines and approximately 3,600 miles of transmission lines to serve customers within their service territories. KCP&L's combined Missouri and Kansas share of these lines is 12,000 miles of distribution lines and 1,800 miles of transmission lines.

KCP&L is one of the largest employers in the region. The Company employs more than 3,000 employees, including more than 1,900 union employees. These employees are active in the communities we serve and conduct our business and activities under the guiding principle of "Improving Life in the Communities We Serve."

V. GENERAL MANAGEMENT AND OPERATIONS OF KCP&L

Q: Please describe generally how you manage the Company to control costs.

A: As with any other business, KCP&L manages its resources to insure its continued viability and success. As part of that process, on a day-to-day basis, the Company works to minimize expenses and costs, improve processes and practices and prudently invest in its infrastructure to enhance its reliability and customer service.

Q: What are some examples of efforts taken by the Company to manage expenses?

A. We manage our costs to maintain competitive electric rates and we recognize that rate increase requests pose challenges for our customers. The Company has worked hard to manage the costs that can be controlled, which ultimately reduces the rate increase request. In addition to the Company's usual efforts to keep its costs as low as possible in light of the economic conditions affecting us and our customers, as discussed in the Direct Testimony of Company witness Darrin Ives, KCP&L has redoubled its efforts to control costs and conserve capital. Cost control measures the Company has taken include the following:

a) Organizational realignment and voluntary separation plan ("ORVS") – the Company reduced management headcount by 140 employees through this plan;

b) Flat non-fuel operations and maintenance budgets – where possible, KCP&L held its non-fuel O&M budgets flat year-over-year absorbing inflation and other cost increases;

c) Capital budget review and non-critical project delays – KCP&L reviewed upcoming capital projects and postponed many that were not critical to safety, reliability or operations;

d) Supply Chain Transformation Program – KCP&L initiated this program to build further efficiencies into our procurement (or supply chain) function;

e) Generation division benchmarking project – KCP&L is evaluating best practices regarding management and maintenance of the Company's generation fleet and implementing cost-effective practices where appropriate; and

f) Continued flow-through of GMO acquisition synergy savings – KCP&L continues to receive benefits from the acquisition of Aquila, Inc. and those savings are passed through to customers through lower test year costs of service.

Mr. Ives will discuss each of these in more detail in his Direct Testimony.

Q: Does KCP&L have programs designed to assist its low-income customers?

A. Yes. KCP&L offers Low-Income Weatherization Programs designed to assist low-income customers with weatherization of their homes and a Dollar-Aide Program designed to assist with payment of their electric bills. The Company also actively participates in community action programs, encourages volunteerism among its employees, and makes charitable contributions intended to benefit various segments of low-income and elderly customer groups.

The Company also has continued to offer more flexible payment arrangement options and connects customers with the Low Income Home Energy Assistance Program (better known as LIHEAP) funding and other financial assistance as part of its Connections program. This program has helped thousands of customers during a more challenging economy and has helped local community agencies reach the customers in greatest need of payment assistance.

VI. RECENT RATE CASE HISTORY

Q: Please describe the Company's recent rate case history.

A: Prior to 2006, the Company had not requested a rate increase request in more than 20 years. In fact, rates had decreased over that period of time. However, it became evident that a plan was needed to address growing demand in our region. So, in 2004, KCP&L engaged in a collaborative process with its customers, community leaders and regulators to develop a regional approach to the investments needed to meet our customers' needs for safe, reliable service that became known as the Comprehensive Energy Plan ("CEP"). Recent rate cases have been required to address the costs associated with the CEP.

Q: What were the major components of the CEP?

A: In the Non-Unanimous Stipulation and Agreement that was approved by the Commission in Docket No. 04-KCPE-1025-GIE, KCP&L committed to undertake commercially reasonable efforts to make the following investments:

- To build 100 MW of wind generation in 2006;
- To explore the potential for an additional 100 MW of wind in 2008;
- To proceed with environmental investments related to Iatan Unit 1 and La Cygne Unit 1 for accelerated compliance with environmental regulations;
- To invest in Transmission and Distribution facilities and upgrades;
- To build 800-900 MW of new coal-fired generation at the Iatan Station, including state-of-the-art environmental equipment; and
- To propose a portfolio of pilot Demand Response, Energy Efficiency and Affordability Programs for approval by the Commission.

Q: Has the CEP been successful?

A. Yes it has. The CEP investments are delivering value to our customers and the entire region. With the completion of the CEP, KCP&L has provided its customers with renewable energy, reliable transmission and distribution, programs to manage their energy usage, environmental upgrades to existing coal-fired generating facilities, and a significant new base load supply of electricity that will provide low-cost, reliable power for decades.

Q: Are your rates competitive in this region?

A: They certainly are. Even with the four recent rate increases under the CEP, KCP&L's average retail electric rates range between 13% and 23% below the national average. KCP&L's average Kansas residential customer (1,490 kilo-watt hours "kWh" in summer, 800 kWh in winter) spends $3.15 a day on electricity costs.

Q: Do you feel like the electricity you supply customers is a good value for the money people pay for it?

A: I certainly do. There are several ways to look at the relative value of the electricity we supply. First, we are one of the most reliable utilities in the Midwest. Over the last four consecutive years, the independent firm P.A. Consulting has ranked the combined service territories operating under KCP&L as the most reliable electric providers in the Midwest. Reliability certainly is a key driver of customer value. Price is another significant determinant of value. As mentioned previously, KCP&L's retail rates are still well below the national average, even after the CEP.

VII. ON-GOING KCP&L INITIATIVES

La Cygne Environmental Retrofit Project

Q: Please give a brief overview of KCP&L's La Cygne Generating Station.

A: KCP&L owns 50 percent of each of the two units and the common facilities at the La Cygne Station. Westar Energy, Inc. ("Westar"), through its Kansas Gas and Electric Company subsidiary, holds an equal share through ownership or sale/leaseback arrangements. KCP&L is the operator of both units. Since the addition of Iatan Unit 2, La Cygne Station represents approximately 26 percent of KCP&L's entire coal fleet MWh generation.

Q: Why must KCP&L install new environmental equipment at its La Cygne Generating Station?

A: As addressed before in front of this Commission in the 581 Docket, the environmental upgrades are necessary for KCP&L to maintain compliance with the rules and standards established by the Federal Environmental Protection Agency ("EPA").

Q: Has the Company begun the installation of environmental control equipment on La Cygne Units 1 and 2?

A: Yes. Following the Commission's August 19, 2011 Order in the 581 Docket approving the La Cygne Environmental Project and cost estimate, KCP&L proceeded with execution of the Engineer-Procure-Construct ("EPC") contract and the Project is now underway. Progress on the Project is reported through monthly status reports to the Commission in compliance Docket No. 12-KCPE-258-CPL. KCP&L also meets with Commission Staff each month to discuss the progress on the La Cygne Project. This Project will be on-going for four years. The Direct Testimony of Company witness Mr. Robert N. Bell addresses the status of the La Cygne Project.

Q: Is the Company asking for any recovery of the costs of the La Cygne Environmental Project in this case?

A: Yes. Under Kansas law the Company is allowed to seek recovery of CWIP. KCP&L is requesting to include costs for the La Cygne Environmental Project incurred through June 30, 2012 in its rate base effective with the base rates determined in this case.

<u>Renewable Energy Generation</u>

Q: Please explain what activities KCP&L has been engaged in over the past 12 months to secure additional wind-based generation resources.

A: KCP&L is committed to not only complying with its renewable energy obligations but pursuing additional renewable energy options when they result in benefits to ratepayers. In 2011, KCP&L negotiated two wind-based Power Purchase Agreements ("PPA") for a total of 231.9 MW. In May 2011, KCP&L signed a PPA for 131.1 MW that is expected to be fully operational by the end of June 2012. In November 2011, KCP&L signed a PPA for 100.8 MW that is contractually obligated to be fully operational by December 31, 2012. Both PPAs will supply renewable energy to KCP&L's customers in Kansas and Missouri for a term of 20 years.

Q: Has KCP&L been active in any other renewable energy related activity?

A: Yes, KCP&L signed a PPA for 56 MW of hydro-based generation from facilities in Nebraska under the control of Central Nebraska Public Power Irrigation District. The contract was signed on November 3, 2011 and delivery of energy will commence on January 1, 2014. The term of the contract is 10 years. Hydro generation is considered a renewable resource for meeting the Kansas Renewable Energy Standards.

Q: Please explain any activity in regard to solar based generation that KCP&L has been a part of the past year.

A: With respect to solar generation, KCP&L has a solar rebate program in its Missouri jurisdictions open to eligible customers since the Solar Photovoltaic Rebate Program tariff was initiated in 2010. This Missouri-only program is the direct result of legislation in that state. Additionally, in conjunction with its SmartGrid project, which is discussed later in this testimony, KCP&L has installed a 100 kW solar facility at the Paseo High School in Kansas City with an additional 80 kW of solar to be installed in 2012. KCP&L is also working with other customers interested in installing solar facilities.

Q: Why are these solar installations in Missouri important to the Company and to customers in Kansas?

A: Currently, Kansas customers are able to install solar energy panels and apply for KCP&L's net metering tariff or parallel generation tariff; however, there is no rebate offered in Kansas to help offset the cost of these facilities. The solar projects being undertaken by customers using KCP&L's Missouri solar rebate program will provide information and a foundation for future customer solar installations across the Company's entire service territory. While such installations are still not commonplace, they are on the rise and expectations are that solar will continue to gain a larger market. KCP&L is gaining experience with solar through its current projects – experience that will hopefully help move solar forward in both its Kansas and Missouri service territories.

Q: Looking into the future what do you see as KCP&L's additions in the renewable arena?

A: KCP&L evaluates the addition of renewable resources as part of its resource planning process. Last week the Company filed its latest Integrated Resource Plan in Missouri. We have shared this Missouri filing with the KCC Staff. KCP&L also remains active in monitoring potential changes to renewable energy requirements at both the state and federal levels. When it is determined that new renewable generation is cost-effective for customers or required under law, KCP&L will determine how to best meet the renewable additions for our customers. With the recent additions I discussed earlier, we have sufficient renewable capacity in place or under contract to meet our requirements under the Kansas RES Act through 2015.[3] The step increase in requirements in 2016 will be evaluated in the coming years.

Smart Grid Technology and Automation Distribution Projects

Q: What is the status of Smart Grid Demonstration Project?

A: There are over 14,000 customers (meters) in the project area located in mid-town Kansas City, Missouri, just east of the Country Club Plaza. The project area includes the Green Impact Zone; a cooperative effort to focus federal stimulus funds on projects in a targeted area of Kansas City, Missouri — bounded by 39th Street on the north, 51st Street on the south, Troost Avenue on the west, and Prospect Street to 47th Street to Swope Parkway on the east. The Green Impact Zone represents about 3,500 customers (meters) impacted by the project. It is challenged with high unemployment, low income and education levels, lack of internet access and lack of energy efficient homes.

Q: What is the purpose of the Smart Grid Demonstration Project?

A: The project goal is to deliver next generation smart grid technologies to enhance Kansas City's urban core, engage customers, and to evaluate technical, operational and business model feasibility for KCP&L and its customers.

Q: How is the project progressing?

A: The legacy meters have been replaced with Smart meters. They are integral to the Automated Meter Infrastructure that allows two-way communication between the

[3] While KCP&L has sufficient renewable capacity to meet the percentage set by the Kansas RES Act for calendar year 2012 under contract, some of these wind facilities will not be complete until December 2012 past the July 1, 2012 compliance date. KCP&L recently filed a waiver request with the Commission to address this timing situation.

Company and our customers. We have also offered new products and services to customers in the project area; installed renewable and distributed energy; and are in the process of automating grid analysis, management and control in order to adapt to condition changes while meeting safety, cyber security, and service needs.

Q: What is the significance of two-way communication between the Company and its customers?

A: Two-way communication allows the Company to provide nearly real time information about their electric use. This access to timely information can be used by the customer to better manage their electric use and expenditures. Those customers who choose to take advantage of the tools being offered can monitor their electric use. They can compare their actual use to a preset target bill and even be offered ways to use less electricity to meet their target bill goal.

Q: How are you automating grid analysis, management and control?

A: Much of the grid work will happen in 2012. During 2012 we plan to complete:

- Smart Substation Upgrades
- Smart Distribution Upgrades
- Battery Storage System
- Complete End-Use Installation
- Full Integration & Cyber Security Acceptance Testing
- Final System Interoperability Testing
- Fully Operational SmartGrid
- Begin Measurement Phase

Q: Why is this project important to KCP&L and its customers, including those in Kansas?

A: This project combines commercial innovation with a unique approach to smart grid development with a heavy focus on customer engagement and value. It provides information and enabling technologies for customers. It creates a complete, end-to-end smart grid — from smart generation to end-use — that will deliver improved performance focused on a major urban substation. It introduces new technologies, applications, protocols, communications and business models that will be evaluated, demonstrated and refined. It represents a best-in-class approach to technology integration, application development and partnership collaboration, allowing progression of complete smart grid solutions — with interoperability standards — rather than singular, packaged applications. KCP&L's demonstration project will provide the critical energy infrastructure required to support a targeted urban revitalization effort in Kansas City's Green Impact Zone and support a more sustainable future. In order to maintain reliability, KCP&L must continually invest in its system. Utilizing pilot programs such as in the SmartGrid project is a cost-effective way to evaluate emerging technologies and prove out potential system enhancements. By replacing equipment and improving technology, the Company will continue to meet its customers' expectations.

VIII. CONCLUSION

Q: Do you have concluding remarks?

A. Yes. The Company recognizes that these are difficult economic times and that another rate increase is the last thing our customers want to see. We understand the impacts on our customers and have undertaken efforts to keep our costs low. However, the Company is subject to regulation from a variety of state and federal agencies and is required to comply with the statutes, rules and regulations of those entities. In addition, the Company must abide by the regulatory compact that requires it to provide all customers within its service territory with reliable electric service, which requires continuous evaluation of its resources and infrastructure in planning for and meeting that obligation. The Company is asking the Commission to allow it to recover the costs it has incurred to comply with regulations and to provide service to its customers. While the costs to serve have increased, the Company continues to implement cost management strategies to help reduce the rate of increase.

The Company has also shared the burden with its shareholders. In the first quarter of 2009, the Company reduced its dividend to shareholders by 50 percent to conserve capital to reinvest in facilities needed by our customers. We have continued to pay-out dividends at a reduced level since that time.

Finally, the Company is asking the Commission to allow the Company the opportunity to earn a fair and reasonable return on its investments. This case is not about increasing profits for the Company. In recent years, the Company has not earned its allowed return on equity. Let me be clear that KCP&L is not asking for a guaranteed rate of return. However, by being allowed the opportunity to earn a fair and reasonable return on its investments, KCP&L will be able to continue serving its customers and attract the capital it needs to fund investments in its system.

Q: Why is it important that the Commission allow the Company an opportunity to earn a fair and reasonable return on its investments?

A. It is important for the Commission to allow the Company the opportunity to earn a fair and reasonable rate of return so that the Company will be in a position to be financially strong as it accesses the capital markets. The utility industry is among the most capital-intensive industries and is currently in an investment cycle based on state and federal mandates for renewable energy and environmental controls. The industry, and KCP&L, are also facing significant infrastructure investments to enhance and build out the country's transmission system to support the new renewable energy generation and to improve the flow of electricity as well as growing investments to maintain and update distribution systems that, in many cases, have been in place for decades. Failure to attract capital would have significant cost implications to the Company and ultimately to our customers. Dr. Samuel C. Hadaway is the Company's cost of capital expert in this case and he provides a more thorough analysis of KCP&L's proposed return on equity.

Earning close to our allowed return is essential to our credit metrics and maintaining an investment grade rating. Maintaining an investment grade rating for its bonds is an important goal to ensure that the costs of borrowing for the Company's projects will be reasonable and at the lowest realistic costs. These lower costs benefit all constituencies.

Q: Does that conclude your testimony?

A: Yes, it does.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Kansas City Power & Light Company to Make Certain Changes in Its Charges for Electric Service	))))	Docket No.: 12-KCPE- -RTS

AFFIDAVIT OF TERRY BASSHAM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Terry Bassham, being first duly sworn on his oath, states:

1. My name is Terry Bassham. I work in Kansas City, Missouri, and I am President, Chief Operating Officer, and a member of the Board of Directors of Great Plains Energy Incorporated, the holding company of Kansas City Power & Light Company ("KCP&L"). I am also the President and Chief Operating Officer of KCP&L.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L consisting of twenty (20) 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.

Terry Bassham

Subscribed and sworn before me this 18th day of April, 2012.

Nicole A. Wehry
Notary Public

My commission expires: Feb 4, 2015

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2015
Commission Number: 11391200