

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

DIRECT TESTIMONY

OF

MARK A. RUELLE

WESTAR ENERGY

DOCKET NO. 16-KCPE-____-ACQ

I. INTRODUCTION

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Mark A. Ruelle, 818 South Kansas Avenue, Topeka, Kansas
4 66612.

5 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. Westar Energy, Inc. and its wholly-owned subsidiary, Kansas Gas
7 and Electric Company (together as "Westar"), as President and
8 Chief Executive Officer.

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS**
10 **EXPERIENCE.**

11 A. I hold bachelors and masters degrees in economics. I have worked
12 in the utility industry for over 30 years, with 25 of those 30 years
13 working at Westar and residing in this community. I started at

1 Westar in 1986 as a regulatory economist, worked in numerous
2 other positions, then resigned in early 1997.

3 Prior to rejoining Westar in 2003, I worked as Chief Financial
4 Officers, and briefly as president of a large utility operating
5 subsidiary of a Nevada-based integrated electric and natural gas
6 utility.

7 In early 2003, I returned to Westar as Executive Vice
8 President and Chief Financial Officer and held that position for
9 about eight years until becoming President, and shortly thereafter
10 Chief Executive Officer in 2011.

11 **Q. HAVE YOU TESTIFIED BEFORE THIS OR OTHER**
12 **REGULATORY BODIES IN THE PAST?**

13 A. Yes.

14 **II. PURPOSE AND SUMMARY OF TESTIMONY**

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. My testimony addresses policy considerations relevant to the Joint
17 Application (Application) being filed with the Commission for the
18 approval of Great Plains Energy Incorporated's (GPE) acquisition of
19 Westar (the "Transaction"). Specifically, my testimony will:

- 20 1. Provide background about Westar and our operations;
- 21 2. Discuss some of the considerations that led to this
22 Application;
- 23 3. Explain the process Westar went through to develop and
24 approve the Merger Agreement;

1 4. Demonstrate that the Transaction has appropriately
2 balanced competing issues consistent with the public
3 interest, with a focus on our customers, employees, the
4 communities in which we serve and the State of Kansas.

5 My perspective on these matters is, necessarily, more from
6 Westar than GPE, but because of the similarities of our two
7 companies, I suspect much of my testimony will apply equally to
8 both companies.

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 A. Since last fall, Westar has been considering the possibility of
11 combining with another company. We initiated this process
12 because we realized that in our industry, a larger energy company
13 would be better suited to manage costs, regulatory risks and
14 decreasing sales, while modernizing the grid and serving our
15 customers. By starting and managing the process ourselves, we
16 were able to plan and execute a process and select the best
17 partner under the circumstances – GPE – that not only agreed to
18 provide significant value for our shareholders, but also agreed to
19 conditions designed to provide important assurances for our
20 employees, our communities, and the state and local economies.
21 My testimony will demonstrate how the Transaction is in the public
22 interest from the perspective of the benefits that will result for the

1 major stakeholders – customers, shareholders, Kansas, local
2 communities, and our employees.

3 **Q. AS WESTAR’S PRESIDENT AND CEO, WHAT ARE YOUR**
4 **PERSONAL SENTIMENTS ABOUT THE PROPOSED**
5 **TRANSACTION WITH GPE?**

6 A. I have mixed emotions.

7 This is probably the hardest thing I will ever do in my career;
8 certainly the hardest to this point. Just because it may be a logical
9 next step doesn’t make it easy. What we know today as “Westar”
10 is a company with a legacy stretching back for a century or more.
11 The idea that it exists no more as an independent NYSE-traded
12 public company feels like a tremendous loss. But when looked at
13 through the lens of history and not just sentiment, the company
14 Westar is today already is nothing but an interim culmination of a
15 series of prior utility consolidations; each one, no doubt, having
16 involved gut-wrenching decisions to balance important competing
17 tensions of its day.

18 I’ve had the privilege of leading Westar for just a few years. I
19 have many more years left to fulfill my career. It might have been
20 possible for me simply to push aside considerations of size,
21 circumstance, timing and value that I will testify about here, and
22 hope that we could nurse the status quo for a little while longer. But

1 had I done so, I do not believe I would have been acting in a
2 manner consistent with my responsibilities.

3 In one sense, in having GPE as our partner, I feel a sense of
4 relief. For Westar to have taken this next step, and not knowing
5 ahead of time with whom we might be combining and on what
6 terms was unsettling, to say the least. This is a small town, even a
7 small state, and it's been my home for decades. The fact that it
8 turned out to be a combination with our next door neighbor,
9 someone familiar to us and our state, and who shares similar
10 commitments to its communities and employees was a sense of
11 relief, both personally and I hope for others in our state.

12 Nobody goes down the path Westar has without a lot of soul
13 searching, confirming, reconfirming and still questioning. Certainly
14 that was the experience of our Westar board of directors. The
15 process we went through to get here, the Transaction that has
16 resulted, and the Application we have before you I am confident are
17 in the public interest, and I respectfully ask you to approve it as
18 quickly as you can consistent with appropriate due process. Any
19 time longer than what is absolutely necessary only adds risk and
20 uncertainty to a combination that is good for our customers and
21 good for Kansas.

22 III. OVERVIEW OF WESTAR'S OPERATIONS

23 Q. DESCRIBE WESTAR.

1 A. Westar is a Kansas corporation and an investor-owned vertically
2 integrated Kansas public utility. Westar and its wholly owned
3 subsidiary, Kansas Gas and Electric Company (KGE), are engaged
4 in the business of providing electric service to retail and wholesale
5 customers, with the origins of that business stretching back more
6 than a century. As the chart attached as Exhibit MR-1
7 demonstrates, the Westar that exists today is the result of about a
8 hundred prior business combinations that occurred over the past
9 century. Although this proposed combination is certainly much
10 larger than the prior ones in terms of absolute scale of the two
11 parties, it is, in effect, another step along that same path.

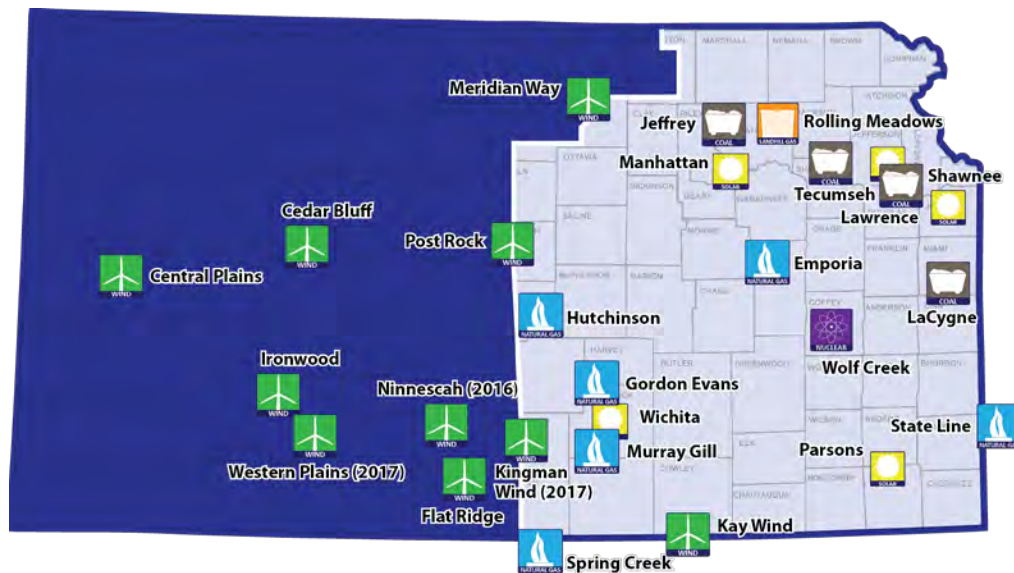
12 Westar is a transmission-owning member of the Southwest
13 Power Pool, Inc. (SPP) and a market participant in the SPP
14 Integrated Marketplace. Our retail electric rates are—and will
15 continue to be – regulated by the Commission and our wholesale
16 and transmission rates are – and will continue to be – regulated by
17 the Federal Energy Regulatory Commission (FERC). We have
18 almost 8,000 MW of electric generating resources powered by coal,
19 uranium, natural gas, wind and landfill gas.

20 **Q. DESCRIBE THE AREA SERVED BY WESTAR.**

21 A. Our service territory, broadly defined, is approximately 10,000
22 square miles, running roughly from the eastern border of Kansas –
23 other than the more immediate Kansas City metro area – west to

1 Salina and south to the Hutchinson and Wichita areas. Figure 2
2 below shows an approximation of our service area and the location
3 of our generating facilities, recognizing that many of the more rural
4 areas are not served at retail by us, but by electric cooperatives
5 and smaller publicly owned utilities, many of whom we serve at
6 wholesale.

7 Figure 2

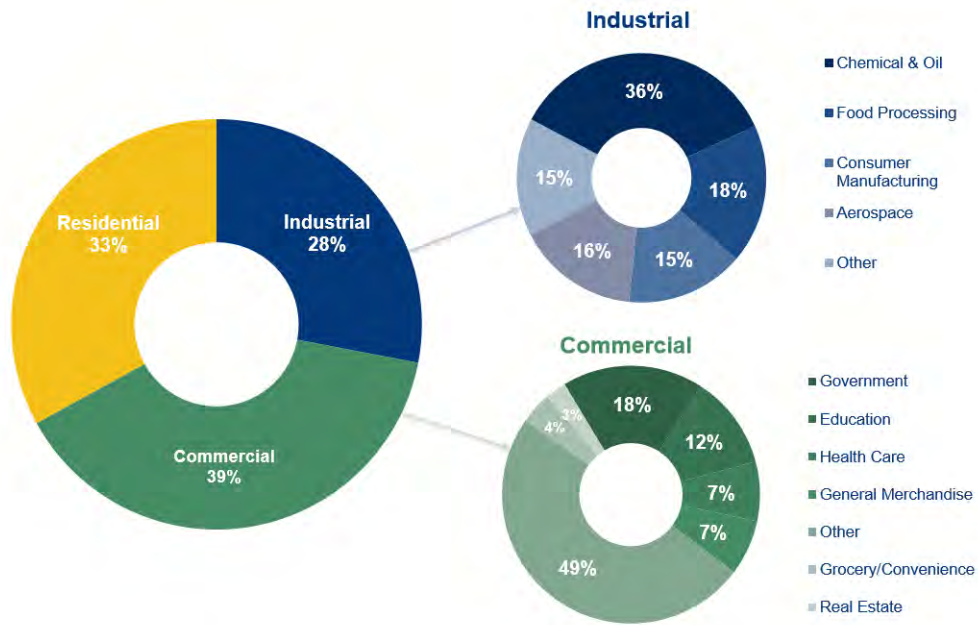


8 **Q. HOW MANY RETAIL CUSTOMERS DOES WESTAR SERVE?**

9 A. We serve nearly 702,000 customers, all in Kansas. Figure 3 below
10 reflects the mix of energy sales among residential, commercial, and
11 industrial customers.

1

Figure 3



2

IV. RATIONALE FOR THE TRANSACTION

3

Q. WHAT WERE WESTAR'S PRIMARY CONSIDERATIONS BEFORE HEADING DOWN THIS PATH?

4

5

A. Mostly, we had to deal with size, circumstances, timing and value.

6

Q. WHAT SIZE AND SCALE CONSIDERATIONS DID YOU CONSIDER?

7

8

A. Size matters in this industry. Virtually no other industry is this capital intensive. Single, complex pieces of equipment can cost hundreds of millions of dollars; some a billion or more. With that capital intensity comes significant fixed costs. Scale matters, in that a company's ability to spread those fixed costs over a large customer base reduces the prices for those who pay those costs; that is, our customers. But with scale comes more complexity. No

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1 longer do companies have a few customers that they can know by
2 name and handle on a personal basis, but rather, efficiency across
3 scale requires yet more complex systems. With that added
4 complexity, come more economies of scale. Though it may not
5 sound like it, much of what I just described is progress.

6 In that context, it's not surprising then, that consolidation in
7 our industry has continued, with the result being fewer companies
8 serving more customers.

9 As we considered the rising cost environment, coupled with
10 the fact that we collect our revenues based primarily on the volume
11 of electricity sales; sales that are, at best, pretty flat, maybe even
12 declining, the inevitable conclusion was to expect more price
13 increases. As we considered different ways to moderate future
14 price increases, size and scale became an obvious tool to consider.
15 Pooling resources with another company would allow Westar to be
16 part of a more efficient company and spread costs over a larger
17 platform to the benefit of customers in the form of reduced future
18 rate increases. If we can deliver expected financial results without
19 so much reliance on future rate increases, that's a win-win. There is
20 one thing probably everyone reading this testimony can agree on,
21 and that's nobody likes price increases. I am confident the scale
22 resulting from this Transaction will reduce the size of necessary
23 future rate increases, which is good for customers and our state's

1 economy, as energy costs are a key factor in the costs of producing
2 virtually everything in our state.

3 **Q. WHAT WERE SOME OF THE CIRCUMSTANCES WESTAR**
4 **CONSIDERED IN HEADING DOWN THIS PATH?**

5 A. We considered whether it was likely that sales would soon or ever
6 pick up. We saw nothing to suggest it will. We considered whether
7 it was likely that we could soon bring about significant change in the
8 method by which we recover our costs, to make revenue less
9 reliant on electricity sales. We found little evidence to suggest that
10 would change enough, fast enough. We considered whether the
11 high cost and pressures of environmental regulation might abate.
12 Everywhere we looked, we saw evidence to the contrary. No
13 longer was it just the EPA and environmental activists pushing their
14 agendas, but it was moving into other areas as well – tax
15 preferences, securities disclosure, customer expectations,
16 shareholder demands, etc. We considered whether any new or
17 more stringent regulations might be imposed that likely would raise
18 our costs. Daily we read about threats and concerns over the
19 reliability and security of the power grid, with statements that
20 utilities and regulators are not doing enough. I believe the
21 combined company can address these concerns and manage costs
22 better than the companies standing alone.

1 **Q. THOSE ALL SOUND PRETTY NEGATIVE. WERE THERE ANY**
2 **POSITIVE CIRCUMSTANCES YOU CONSIDERED THAT**
3 **HELPED LEAD YOU DOWN THIS PATH?**

4 A. Yes, many. We don't consider ourselves victims to these
5 circumstances, but we do know that it's our responsibility to
6 manage through them, and we have tools and choices with which
7 to do so.

8 One very positive circumstance is that within the energy
9 industry, we knew Westar is respected and perceived as a well-
10 managed and governed company, operating in a good market and
11 operating under regulation that most consider reasonable. We
12 were pretty confident that if we allowed ourselves to consider being
13 consolidated, it would not be difficult to find interested, qualified
14 suitors.

15 Market conditions were right for Westar to choose our own
16 path forward, rather than potentially react to someone else's plan.
17 By taking the actions we have, we were able to choose a path that
18 we think is best for stakeholders – customers, employees,
19 investors, communities, and our state. By running a competitive
20 process, where each party was responding to the criteria we
21 determined to be most important, we achieved the best result.

1 **Q. BUT WESTAR INITIATED THIS PROCESS ON ITS OWN**
2 **INITIATIVE. WHY WOULD YOU START A PROCESS THAT**
3 **RESULTS IN THE COMPANY BEING SOLD?**

4 A. We started a process that we had the ability to control on our terms,
5 but we were not the only ones to think about it. Westar has been a
6 pretty regular object of confidential, unsolicited interest. There was
7 reason to believe a process might happen even if Westar had not
8 initiated a process itself and in that situation, we may have lost the
9 ability to negotiate the terms we felt important, for stakeholders
10 other than just shareholders. I will explain further with a
11 hypothetical example:

12 Let's say you were one of the folks on our board of directors.
13 You would be paid to look after shareholders. If you're a board
14 member, you would have a "legal obligation" to look out for
15 shareholders. Now, I'm not saying directors don't care about the
16 company – you, me, our customers, our service obligations and our
17 communities – because they do. I'm just talking about the narrow
18 view under securities law ... "legal duties" as a board member.

19 Now let's say we're all just going about our business – taking
20 care of our customers, watching out for one another, running our
21 power plants, putting up lines, paying our shareholders their
22 dividends – then one day, out of the blue – some company comes
23 in with a huge dollar offer for our shareholders. For arguments

1 sake, let's say they had offered \$60, the same value we have in this
2 Transaction, and that this came about when we were trading in the
3 mid \$40s, or so. But let's also add that maybe this party wasn't so
4 keen about making any commitments to our employees and our
5 communities. Or, that they had an aggressive and unusual
6 regulatory plan in mind, or wanted to push all the transaction risk
7 onto us.

8 In this hypothetical example, the only information to you as a
9 board member would be:

10 * \$60 vs., say \$45; and

11 * The "unsolicited" takeover wouldn't give us any
12 assurances about other important things we care
13 about – like our employees and our communities.

14 At this point, you, as a board member, would face a tough dilemma
15 and would be in a very difficult situation if you turned the offer
16 down. Sure, directors have the right to "just say 'no'", but
17 shareholders get pretty impatient with those kinds of directors at
18 annual meetings in which directors are elected. While all this might
19 be going on, we still have a company to manage; electricity to
20 make, power to keep flowing and customers to take care of, amidst
21 huge distraction.

22 That is the reason Westar chose this path – taking the bull
23 by the horns, running our own competitive process, with the time,
24 place and partner of our choosing. We negotiated not just a

1 tremendous value for our shareholders, but negotiated just as hard
2 for our people and other things we care about deeply with a
3 company open and supportive to that approach. They, too, care
4 about their employees and communities.

5 **Q. DID WESTAR START THIS PROCESS BECAUSE IT RECEIVED**
6 **AN UNSOLICITED “BEAR HUG” LETTER, OR SIMILAR?**

7 A. No. This was initiated by Westar. However, we were mindful that
8 such an imposition could have occurred.

9 **Q. WHAT WERE THE CRITERIA YOU DEEMED MOST IMPORTANT**
10 **WHEN EVALUATING BIDS?**

11 A. Value, and certainty of value for our shareholders, and providing
12 assurances to our customers, communities and employees that
13 would clearly demonstrate the transaction to be in the public
14 interest, and therefore likely gain the Commission’s approval. Given
15 the huge, lengthy distractions and regulatory risks associated with
16 utility mergers, we also wanted circumstances and incentives that
17 suggested a high probability of closing the Transaction, so that
18 none of this would be for naught.

19 **Q. DID GPE MEET THOSE CRITERIA?**

20 A. Yes. Every one of them. Responding as they did, we were able to
21 choose the right partner rather than risk Westar becoming an
22 outpost for some far-flung conglomerate. At first the idea of some
23 absentee owner sounds kind of easy. “Gee, maybe they’ll give us

1 great value and then just leave things as they are?” But that’s not
2 why people buy things...to leave them just as they are. Any tenant
3 will share how frustrating it can be with an absentee landlord.

4 For no other company would Kansas have been such an
5 important part of that company as will be the case with GPE; a
6 known, familiar, regional—even local—company acquiring the
7 other. After the Transaction, GPE will have almost 950,000 out of
8 its more than 1.5 million customers in Kansas. This alone will
9 ensure that they continue to invest in and retain employees in the
10 state. This is a contrast to other bidders for whom the percentage
11 of customers in Kansas would have been small.

12 Working to integrate our company into GPE is the next
13 logical step for Westar and for Kansas. It will make the company
14 more resilient and, with GPE as our new parent, represents a huge
15 commitment to Kansas’ future for the combined company. The
16 questions, I believe, are not just about “why” and “whether” to
17 accommodate consolidation, but more about “how” and “when.”

18 **Q. TELL US MORE ABOUT WHY IT IS YOU CHOSE NOW, AS TO**
19 **TIMING?**

20 A. A lot of that is in the circumstances, I described above, but a couple
21 of other important things – totally unrelated to one another – helped
22 answer the question of “why now?”

1 First, is that utilities are trading at pretty high values. The
2 reason for that is low interest rates. That meant that the value for
3 our shareholders is good, and that with a combination could be
4 even better, yet there were assurances that a buyer could finance
5 the transaction on acceptable terms. Maybe those conditions will
6 persist, maybe they won't, but we felt it important to capture those
7 advantages.

8 Another element to timing has to do with the demographics
9 of our workforce. We are still on the front end of a period in which
10 we are experiencing huge natural attrition as so many baby
11 boomers have reached retirement age. Our guess is that we have
12 at least a half dozen more years of these elevated levels of natural
13 retirements. After that, our workforce will be significantly younger.
14 As a result, the efficiencies that also entail needing fewer
15 employees can be accomplished without laying off those
16 employees, as many of them will leave on their own terms in the
17 normal course and simply not be backfilled. Were we to do this
18 same transaction 10 years from now, the effects on our workforce
19 could be much more difficult.

20 V. THE TRANSACTION

21 **Q. WHAT WERE THE STEPS IN PURSUING THE TRANSACTION?**

22 A. Having the facts and circumstances just described earlier, our
23 board began more seriously to consider the merits of potentially
24 pursuing a strategic transaction. Wanting to be better advised

1 about such matters and to hear other opinions, late last year we
2 hired a strategic advisor, Guggenheim, to provide information and
3 analysis to the board about utility industry developments generally,
4 but certainly related to consolidation. After entering into a
5 confidentiality agreement, we started quiet discussions with a single
6 party. When that process didn't bear fruit, in late February we
7 decided to conduct a competitive process. Through our advisors,
8 we sought potential interest from other companies. As a result of
9 that step, we signed confidentiality agreements with a number of
10 those parties. Once that occurred the interested companies had
11 the ability to access more information. Five companies submitted
12 non-binding indications of interest in April. We invited all of them to
13 pursue more detailed due diligence and inquiry. Following that due
14 diligence, three companies provided further indications of interest in
15 late May. Over Memorial Day weekend, we negotiated the
16 definitive agreement that Westar and GPE's boards of directors
17 unanimously approved.

18 This was a thoughtful, measured, competitive process with
19 decision points along the way as to whether to continue the process
20 or not. It was a competitive process and, pursuant to the
21 agreements they signed with us, the identity and specific
22 information about the other participants must remain confidential.
23 However, additional information regarding the process will be made

1 available to all parties when Westar files its proxy statement, in July
2 in advance of seeking shareholder approval.

3 **Q. DESCRIBE THE AGREEMENT.**

4 A. The Agreement contemplates Westar becoming a wholly-owned
5 subsidiary of GPE – GPE will be acquiring Westar – with Westar
6 becoming a GPE subsidiary alongside KCP&L. There will be no
7 change in the Westar-KGE legal structure, but of course, Westar’s
8 public shareholders will be replaced by one shareholder, GPE.
9 KGE will remain a wholly owned subsidiary of Westar.

10 Under the agreement, Westar shareholders will receive \$60
11 per share of total consideration for each share of Westar common
12 stock held, consisting of \$51 in cash and \$9 in GPE common stock.
13 The precise value of the stock, outside of a +/-7.5% movement in
14 GPE’s share price, could be slightly more or less than \$9 at the
15 time of close, although due to the relatively small portion of the
16 consideration being in stock, the total value for Westar
17 shareholders is unlikely to be significantly different than the nominal
18 \$60 per share price.

19 **Q. WILL ANY OF YOUR CURRENT BOARD MEMBERS BE**
20 **JOINING THE NEW COMPANY’S BOARD?**

21 A. GPE has agreed to nominate one of our current directors to its
22 board. GPE has not determined who it will ask to serve, but we

1 agreed in principle that it should be one who knows Kansas well
2 and understands the interests most important to Kansans.

3 **Q. WHAT FURTHER APPROVALS ARE NEEDED BEFORE THE**
4 **TRANSACTION BECOMES EFFECTIVE?**

5 A. In addition to approval from the Commission, we also need to
6 obtain approval from the FERC, both GPE's and Westar's
7 shareholders, and the Nuclear Regulatory Commission. There is
8 still some discussion as to whether the approval of the Missouri
9 Public Service Commission will be required, but that is a possibility,
10 as well. My understanding is that GPE is seeking clarity on
11 Missouri approval and that a determination is likely very soon. In
12 addition, the companies must satisfy the early termination or
13 expiration of the waiting period under the Hart-Scott-Rodino pre-
14 merger filing requirements.

15 **Q. DOES WESTAR STILL EXPECT TO FILE AN ABBREVIATED**
16 **RATE CASE IN THE FALL OF 2016?**

17 A. Yes. We will be filing that case as agreed to at the culmination of
18 our last rate case, and as planned to incorporate costs related to
19 grid resiliency improvements, the final costs of the environmental
20 project at La Cygne Generating Station, costs related to capital
21 projects at the Wolf Creek Nuclear Generating Station, and costs
22 related to the conclusion of our Environmental Cost Recovery Rider
23 into rates, because it is no longer in effect for future periods. It has

1 been a long, costly, but very effective process, and I am pleased to
2 say that we do not presently anticipate any additional, huge
3 environmental projects. At this time, we also plan to proceed with
4 our next general rate case filing as previously contemplated, which
5 we expect would be sometime in mid-2018.

6 **Q. WHAT ATTRIBUTES MAKE GPE THE RIGHT PARTNER FOR**
7 **WESTAR?**

8 A. First, the two companies have a lot in common. We are the two
9 largest investor-owned electric utilities serving in Kansas. We
10 already have long-standing relationships working together to
11 manage three of our largest assets, which we jointly own. We have
12 contiguous territories, with nearly adjacent facilities in a few cases.
13 We operate similar major computing platforms. We are both
14 members in SPP. Both of us are subject to the jurisdiction of this
15 Commission.

16 Second, Westar and KCP&L share a common vision for our
17 customers, employees, investors, and the communities we serve.
18 As you see on the wall when you walk in our Topeka headquarters,
19 Westar has stated its mission: *“We power lives – one home, one*
20 *business, one community at a time – with safe, clean, reliable*
21 *electricity and the highest dedication to customer care.”* Our vision
22 of building trust and confidence means *“taking to heart the needs of*
23 *those we serve – our customers, employees, investors and*

1 *communities.*” And our core values are safety, integrity,
2 accountability, and adaptability.

3 Similarly, when describing its culture and its aspirations,
4 KCP&L has stated that they “*bring an essential service to those*
5 *who count on electricity we deliver.*” KCP&L indicates that “*our*
6 *highest purpose is to improve life in the communities we serve.*
7 *We’re not just delivering electricity, we’re delivering a way of life . . .*
8 *We provide safe, reliable power and customer-focused energy*
9 *solutions. We achieve that goal through operational excellence,*
10 *innovation, and a diverse, engaged workforce.*”

11 The common ground between our companies and our
12 approach to serving our customers and communities is clear and
13 I’m confident will make the combination of the two companies even
14 better. An illustration of this commitment has already begun when
15 shortly after the announcement both Terry Bassham, GPE’s
16 chairman, president and CEO, and I together reached out to
17 community leaders, legislators, business owners, and employees to
18 listen and answer questions. His message to them is the same
19 message you see in his and my testimony. Also, as described in
20 Mr. Bassham’s testimony, GPE and Westar have similar levels of
21 employees that volunteer and serve on non-profit and community
22 Boards – about 150 each, and similar company policies that lend
23 support for those activities.

1 No doubt we have many small differences between our
2 companies, but in the things that matter most, it's pretty hard to
3 imagine a better fit.

4 **Q. DIDN'T THE COMPANIES ATTEMPT TO MERGE IN THE PAST,**
5 **AND WEREN'T THOSE EFFORTS UNSUCCESSFUL? WHY IS**
6 **IT DIFFERENT THIS TIME?**

7 A. Those were very different circumstances. It was even a different
8 century. Both companies had different management teams. And
9 an important difference is that those earlier attempts were launched
10 without invitation by the other; exactly the kind of difficult process I
11 described above and that Westar worked to avoid. In the present
12 case, each company has welcomed the interest of the other and
13 has come to this point without compulsion by the other. It is a
14 "friendly deal", in M&A parlance.

15 **Q. WHY WILL THE COMBINED COMPANY BE BETTER THAN THE**
16 **TWO COMPANIES SEPARATELY?**

17 A. Each company has had a greater degree of success in some areas
18 than the other that can now be shared throughout the combined
19 company. For example, Westar has a history of success with
20 public/private partnerships, especially related to security and cyber
21 security. That best practice will be used to benefit KCP&L and its
22 customers, too. Westar has also had great success with its safety
23 record, being nationally recognized for safety, and we eagerly wish

1 to share those best practices. We are particularly proud of our
2 reputation with Kansas and federal environmental regulators and
3 the collaborative, constructive solutions we have pursued together
4 in a tense, even difficult environment.

5 On the other hand, while we are proud of our customer
6 relations, KCP&L has had even greater success in satisfying its
7 customers, with great service, more energy efficiency programs,
8 and more customer-owned solar generation. Their reputation with
9 their customers exceeds even ours.

10 Of course, bigger isn't ALWAYS better, but in this business
11 it's almost always less expensive. Good service delivered at a
12 lower cost than either of the companies could do individually, I
13 suspect will be perceived as "better" in most of our customers'
14 minds.

15 **VI. THE TRANSACTION IS IN THE PUBLIC INTEREST**

16 **Q. WHAT IS THE STANDARD FOR COMMISSION APPROVAL OF**
17 **THE TRANSACTION?**

18 A. The Commission has authority to determine whether the
19 Transaction is in the public interest. Historically, the Commission
20 has applied a 12 factor test to make this determination. GPE
21 witness Darrin Ives will summarize how the application addresses
22 each of the 12 factors, but I will focus my illustration of benefits
23 through a discussion of each key stakeholder group – customers,
24 employees, shareholders, communities, and the State of Kansas.

1 **Q. HOW WILL THE TRANSACTION BENEFIT CUSTOMERS?**

2 A. In today's environment with relatively flat sales, rising customer
3 expectations, increasing environmental standards, and increased
4 security threats to the power grid, energy companies must become
5 more efficient to keep energy costs affordable. This transaction
6 creates a company with the size, management expertise, and
7 positioning to do just that. Because so many of our costs are fixed,
8 and not related to size, a larger platform over which to spread those
9 costs is favorable to prices.

10 Customers will benefit from the efficiencies and cost savings
11 that will be achieved over time as a result of combining the two
12 companies. Moreover, GPE's approach, which is much different
13 than the regulatory approach taken by Westar when KG&E was
14 acquired, is substantially simpler and more favorable for customers.
15 Unlike that earlier transaction that spawned the 12 factors the
16 Commission will consider, in this case GPE is not asking that rates
17 be set to recover the premium being paid, or even the transaction
18 costs necessary to consummate the transaction. This is a huge
19 compromise to remove cost and risk from customers, and frankly,
20 one of the reasons we chose GPE as our partner. Their approach
21 should significantly lower any barriers to a finding that the public
22 interest is being served, as it removes any costs of the Transaction
23 from being our customers' responsibility.

1 While looking to obtain these efficiencies and cost savings,
2 both companies also have a shared commitment to great service,
3 while providing safe, clean, reliable, and affordable energy to
4 customers. Additionally, the combined companies will have
5 broader management expertise and a deeper pool of talent from
6 which to draw.

7 **Q. WHAT ASSURANCES DO YOU HAVE THAT GPE WILL, IN**
8 **FACT, DRAW FROM THAT LARGER TALENT POOL AND**
9 **INCLUDE SOME OF WESTAR’S LEADERSHIP?**

10 A. In my experience, the best indicator of someone’s future behavior is
11 their past behavior. GPE has recent acquisition experience and in
12 that experience I found them willing to draw on both companies’
13 talent pools.

14 **Q. HOW WILL THE COST SAVINGS YOU MENTIONED BE**
15 **REFLECTED IN CUSTOMERS’ RATES?**

16 A. As I just noted, GPE is not requesting recovery of any acquisition
17 premium or transaction costs. As a result, customers will not incur
18 any additional costs as a result of the Transaction. However, as
19 discussed in the Direct Testimony of Darrin Ives, customers will
20 receive the efficiency benefits and resulting cost savings in the
21 prices they pay, when the Commission resets the revenue
22 requirement for each utility at the time of each future rate review.
23 For customers to get this benefit, there is nothing special, novel or

1 unusual, no new ratemaking tools or techniques required. The
2 simplicity and transparency of this approach is part of its
3 attractiveness. We expect Westar to file its next general rate case
4 sometime in mid-2018, about a year after the Transaction would
5 likely close. Any net savings achieved during the first year after the
6 closing would be reflected in the test year numbers for that rate
7 case, the benefits of which will be passed on to customers when
8 the new rates become effective.

9 **Q. HOW DO YOU VIEW GPE'S DECISION NOT TO REQUEST**
10 **RECOVERY OF THE ACQUISITION PREMIUM FROM**
11 **CUSTOMERS?**

12 A. GPE's regulatory approach is perhaps the most striking and
13 unusual aspect of this deal. It means that GPE's and Westar's
14 customers will receive the benefits of this transaction – which will
15 be significant – without having to pay for the cost of the
16 Transaction. When the KPL/KGE merger occurred, KPL requested
17 recovery of the acquisition premium and the Commission
18 authorized recovery of a portion of that amount. This resulted in a
19 time-intensive process – for the companies and the Commission
20 and its Staff – of tracking savings that drug on for years. GPE's
21 willingness to not seek recovery of the acquisition premium or
22 transaction costs when setting rates is a remarkable and large

1 benefit for customers, the Commission, and the parties to the
2 docket.

3 **Q. WHAT WILL HAPPEN TO CAPITAL COSTS AFTER THE**
4 **MERGER?**

5 A. Very little, if anything. As GPE witness Mr. Bryant testifies, GPE,
6 and more importantly its utility company subsidiaries will continue to
7 enjoy investment grade ratings. At the subsidiary level, very little
8 will change in the capital structures of the operating companies,
9 and I surmise their ratings will be very similar if not identical to what
10 they are today. I believe the larger size and greater liquidity will
11 favor the combined company. As an example, just two weeks ago
12 – and two weeks after the announcement – we were able to issue
13 bonds at the lowest interest rate in our modern history, at a point
14 where uncertainty about this proposed Transaction was still at its
15 greatest. Customers will receive those benefits at our next rate
16 review.

17 **Q. WHAT IS IT THAT MADE YOU CONFIDENT IN GPE'S**
18 **FINANCING PLAN AND PROJECTED SAVINGS**
19 **CALCULATIONS?**

20 A. GPE has obtained firm interim financing commitments for the entire
21 amount of the purchase price, and has permanent financing already
22 arranged for a sizeable portion of it.

1 Its advisor and principal banker, Goldman Sachs, has
2 committed to finance the entire transaction until permanent
3 financing is in place. Goldman Sachs is among the most
4 sophisticated financial advisors in the world, and didn't get that way
5 by being naïve or careless or generous.

6 The independent ratings agencies themselves have
7 analyzed the plan and have indicated that when that plan is in place
8 the companies will enjoy the indicated investment grade ratings.
9 Mr. Bryant testifies to this in more detail.

10 During the due diligence process, Westar reviewed GPE's
11 financial model and savings calculations, including GPE's
12 confidential forecast and savings assumptions, and developed an
13 understanding of the process GPE used and became comfortable
14 with the overall reasonableness of the assumptions, including the
15 level of assumed savings that will result from the Transaction. We
16 also did a review to determine the value of the stock component our
17 shareholders would be receiving, which included a review of the
18 financial viability of GPE after the Transaction. Our CFO and our
19 team of advisors were able to ask any questions we wanted to and
20 received satisfactory answers, or we would not have committed our
21 shareholders to financing approximately \$1.3 billion of equity in this
22 new combined company.

1 Finally, a very sophisticated public pension manager, OCM
2 Credit Portfolio LP, has also committed \$750 million to financing the
3 Transaction. As a fiduciary for municipal employees, and one of
4 the largest in Canada, they didn't do that without careful and
5 thoughtful consideration.

6 Both companies recognize that this is a bold plan for GPE
7 and one that requires deft execution. Still, there is ample evidence
8 to suggest the financing plan is reasonable. These are not matters
9 of opinion only. It is backed by the actions of sophisticated parties
10 who have committed their companies to billions of dollars of
11 investment in this new company. At the time of the KPL/KGE
12 merger, that business combination was also seen as a big stretch;
13 however, no objective follower of our industry today would suggest
14 Kansas and Kansas customers are not better with those two
15 companies combined.

16 **Q. WILL CUSTOMERS SEE ANY CHANGE IN THE DAY TO DAY**
17 **SERVICE THEY RECEIVE EITHER BEFORE OR AFTER THE**
18 **TRANSACTION CLOSSES?**

19 A. No. Both Westar and GPE have committed to ensure that
20 customers continue to receive the same safe, effective, efficient
21 service they receive today. This is true for both the period leading
22 up to the closing and after that time. Although a limited number of
23 our employees are, of course, spending significant time working to

1 achieve the needed regulatory approvals to allow the Transaction
2 to close and working to form best practices for the new combined
3 operations, we have emphasized to all of our employees the need
4 to remain focused and continue to perform their jobs as they always
5 have. As a result, customers should see no change in the service
6 they receive.

7 Over time we expect it to be even better, as we take those
8 best practices and adopt them and start to see the efficiencies it
9 creates.

10 **Q. WHAT HAPPENS TO YOUR BUSINESS IN THE INTERIM,**
11 **WHILE AWAITING APPROVALS?**

12 A. Mostly it will be business as usual. I remind our people that they all
13 had important jobs yesterday, they have those jobs today, and we
14 have those same responsibilities into the future. Of course, we ask
15 them to be mindful not to make important decisions today that could
16 result in wasteful effort in the future, or give the combined company
17 less flexibility when we integrate. For example, we have long
18 needed to modernize an obsolete service center in Wichita. That
19 multi-million dollar groundbreaking remains on schedule. The
20 modernization of our field work system remains underway. Our grid
21 resiliency and reliability pilot in Topeka and the rest of the Westar
22 territory continues. We have scores of interns on site for the
23 summer as we scout talent for the future. We remain enthusiastic

1 about our new downtown Topeka redevelopment and GPE
2 executives and their families will help us celebrate that in a couple
3 of days.

4 **Q. WHAT IS THE EFFECT OF THE TRANSACTION FOR**
5 **WESTAR'S SHAREHOLDERS?**

6 A. As I mentioned earlier, at closing, Westar's shareholders will
7 receive \$51 per share in cash along with shares in the now larger
8 GPE. Westar will cease to have public shareholders, as all Westar
9 shares will then be owned by GPE.

10 **Q. HOW WILL THE TRANSACTION BENEFIT THE STATE OF**
11 **KANSAS?**

12 A. First, it should help Kansas ensure that its energy costs stay
13 competitive. Energy is a key input into the entire economy, and
14 keeping energy costs competitive is good for the Kansas economy.
15 Second, our best estimate is that we have about 18,000 Kansas
16 shareholders who hold about 10.5 million Westar shares. At
17 closing, that means a cash injection into the state economy of over
18 a half billion dollars, based on the \$51 per share that will come in
19 cash. While much of that will likely be reinvested in some other
20 investment, obviously some will circulate and recirculate as it is
21 spent in our local economy. Importantly, the entire \$60 per share
22 value is taxable. This means a large tax gain for Kansas coffers.
23 There is no way precisely to estimate each shareholder's individual

1 tax basis, but if we assumed just for argument's sake that those
2 shares were acquired ratably each January for the past 20 years,
3 the weighted average tax basis might be only \$26.50, implying
4 Kansas capital gains of about \$350 million, multiplied by the top tax
5 rate for Kansas individuals, might mean something on the order of
6 \$15 million or more for Kansas tax coffers.

7 No doubt there are advantages and disadvantages of a
8 transaction that will ultimately result in fewer utility workers, but
9 lower energy prices. A reasonable balancing of these interests
10 acknowledges this tension, but also considers what the future might
11 look like with some alternative future and set of risks than none of
12 us can contemplate today.

13 It is also important to remember that there is no such thing
14 as a status quo, for something always induces change,
15 somewhere. In this case we've chosen to induce the change we
16 believe to be best.

17 **Q. WILL THE COMMISSION MAINTAIN ITS FULL REGULATORY**
18 **OVERSIGHT FOLLOWING THE TRANSACTION?**

19 A. Yes. The transaction will not change Westar's status as a
20 regulated electric utility in Kansas. If anything, the convenience
21 and simplicity of dealing with only one company for both operating
22 units should make it easier, less costly, and therefore better. For
23 example, we already enjoy this advantage due to the combination

1 of the former KPL and KG&E years ago, as a result of which the
2 Commission and the parties deal with “Westar” for both.

3 **Q. WHAT IMPACT WILL THE TRANSACTION HAVE ON YOUR**
4 **COMMUNITIES?**

5 A. Of course, what we know is a chief concern is jobs. No doubt the
6 combined company will be more efficient, and that means fewer
7 utility jobs across both companies than exist with the two
8 companies individually. What makes it harder is that while the
9 tradeoff is lower energy costs in the future, the present concerns
10 about ANY loss of jobs weighs heavily.

11 But for the reasons I’ve stated and others have testified, this
12 is the most jobs-friendly transaction we could have negotiated. By
13 choosing GPE as our partner, we were successful in achieving
14 important assurances for jobs and our communities. GPE has
15 agreed to retain a substantial and meaningful downtown Topeka
16 headquarters and, for our communities, agreed to retain Westar’s
17 historic levels of community involvement and charitable giving. GPE
18 also agreed to maintain existing benefits for Westar retirees.

19 **Q. WHAT DO YOU MEAN WHEN YOU SAY THE AGREEMENT IS**
20 **JOBS-FRIENDLY?**

21 A. Part of what GPE is buying in this transaction is talented
22 employees. The Agreement maintains our existing labor contracts.
23 For our non-union employees, GPE has agreed to maintain existing

1 compensation levels and benefits for at least two years after
2 closing. After that I suspect the former Westar employees will be
3 compensated like other GPE employees and will enjoy
4 compensation and benefits similar to their colleagues. GPE has
5 also indicated that it is committed to attempting to achieve as much
6 of any required staffing efficiencies as possible through natural
7 attrition, enhanced by the favorable wave of retirements both
8 companies are currently experiencing. Today, both Westar and
9 KCP&L are facing 4-5% natural attrition per year due to retirements
10 of baby-boomers. On the combined workforce, including Wolf
11 Creek, that gives room to maneuver of about 250-300 jobs a year,
12 with a significant head start possible given the time it takes to gain
13 approval and close.¹ If natural attrition doesn't fit every place,
14 *targeted* voluntary reductions may also be offered. To provide
15 employees further assurance, GPE has agreed to continue
16 Westar's existing employee separation plan, even filling in a few
17 gaps to cover employees who may not have earned the protections
18 that longer service would have naturally provided.

19 **Q. WHAT MAKES YOU CONFIDENT THAT YOUR EMPLOYEES**
20 **WILL BE TREATED FAIRLY AFTER THE TRANSACTION?**

¹ Contrary to what may be an impression, Wolf Creek is not just a power plant, but a "company" managed by the Wolf Creek Nuclear Operating Corporation, which necessarily engages in many non-nuclear corporate-type support functions.

1 A. As I testified earlier, in my experience, the best indicator of
2 someone's future behavior is their past behavior. GPE has an
3 excellent record of treating employees well; offering competitive
4 compensation and benefits, working hard to assure that hard
5 working people have good jobs, and in the rare cases where
6 disruption is unavoidable, offering reasonable and competitive
7 severance terms and compensation.

8 I know GPE cares every bit as much about their employees
9 and their communities as we do.

10 **Q. WHY WOULDN'T IT BE NATURAL FOR GPE, SINCE IT'S**
11 **"PAID" A PREMIUM FOR THE RIGHT TO DO SO, TO FOCUS**
12 **JUST ON TOPEKA AND WESTAR TO GET THE EFFICIENCIES?**

13 A. That hasn't been their practice, and in this case we actually have a
14 rare instance of GPE having only recently completed a similar
15 adjacent acquisition where that wasn't the case.

16 Second, GPE will fail if that were to be the case. There
17 simply are not enough savings given the size of this transaction
18 were they to focus on only one part of the combined company. I
19 know that already their folks too are being extra careful about
20 taking steps today that would not be best for the combined
21 company.

1 Were GPE to focus only on Westar for cost savings they
2 would fail; for financial and operating reasons, and they would fail
3 the common sense test in their communities.

4 **Q. WHY DO YOU SAY THAT?**

5 A. The utility business is unique. It's a business involving billions of
6 dollars of fixed assets that cannot be relocated and that have very
7 specialized purposes; no mobility; no secondary market. This isn't
8 a business you can pick up and move if you don't like the market. It
9 is a business that succeeds or fails based on the quality of the
10 market it serves, and in my experience, how well the company is
11 accepted by those it has the privilege of serving.

12 Mr. Bassham will tell you that some of what we "negotiated"
13 in terms of assurances for our employees and our communities was
14 to them, "sleeves out of the vest," as the old saying goes. In other
15 words, it wasn't a hard ask, because to them, they gave up nothing,
16 because it just made sense. Doing the right thing for business is
17 usually just doing the right thing – at least that is how these two
18 companies see it.

19 GPE has been completely transparent with our employees,
20 our community leaders and with regulators that the combined
21 companies will have fewer employees than GPE and Westar have
22 today as separate companies. The words to describe what's likely
23 to come that appear in this Application are the same words I heard

1 Mr. Bassham share in our employee meetings. They have
2 committed to attempt to achieve efficiencies in the best way
3 possible, and with the minimum of personal disruption. Mr.
4 Bassham indicates in his testimony that GPE plans to achieve the
5 needed staffing reductions, not just from Westar, not just in Kansas,
6 but from both companies across both states.

7 As I've said, the best indication of someone's future behavior
8 is their past performance and GPE's performance when it acquired
9 Aquila is instructive in this situation. GPE achieved cost savings
10 from staffing reductions at both the Aquila level and the GPE level.
11 As GPE stated in a recent pleading filed with the Missouri
12 Commission,

13 when GPE acquired Aquila, there were approximately
14 2,200 Aquila employees at the time of closing. As the
15 acquisition was carried out, 105 Aquila employees
16 were provided severance packages at closing; 1,091
17 Aquila employees received jobs with Black Hills
18 Corporation, a partner to the transaction that acquired
19 Aquila's non-Missouri utility assets at the time of the
20 GPE closing; 920 Aquila employees became KCP&L
21 employees at closing; and 86 Aquila employees
22 received transitional employment contracts with either
23 KCP&L or Black Hills at closing. As a result, less than
24 5% of Aquila's total workforce received severance
25 packages at the close of the transaction . . .

26 Only 5% of Aquila's employees received severance as a result of
27 the merger and it is likely that a portion of those employees took
28 voluntary severance. As a result of the Aquila transaction, GPE
29 improved its executive management team and the talent of its

1 employees. For example, Scott Heidtbrink, GPE's current Chief
2 Operating Officer, was with Aquila at the time of that transaction
3 and remains with GPE today. The combination with Westar should
4 have similar results and GPE will have deeper bench strength as a
5 result.

6 **Q. CAN THIS TRANSACTION BE SUCCESSFUL IF THERE WERE**
7 **NO STAFFING REDUCTIONS AS A RESULT OF THE**
8 **COMBINATION?**

9 A. No. Moreover, I doubt any careful examination of such a
10 hypothetical combined company would pass the test of having
11 delivered efficient service, as I understand our obligation to be.

12 I'm not sure any utility company facing the circumstances we
13 are could be successful if its sole interest were in maintaining and
14 preserving the status quo. The status quo is illusory. For example,
15 even today Westar has 90 fewer employees than it did just five
16 years ago.

17 The old adage, "there is no free lunch" applies. We can
18 have a more efficient utility in Kansas by combining these two
19 companies, or we can prevent them from combining and potentially
20 have a few more utility jobs – for maybe just a little while longer –
21 until something else imposes difficult change.

1 We live in a world where everyone expects us to get more
2 efficient, somehow. The Transaction is just the best way to do that
3 right now.

4 **Q. BECAUSE THERE IS SO MUCH NATURAL EMOTION TIED UP**
5 **WITH JOBS, IT IS EASY TO FOCUS ONLY THERE. ARE**
6 **THERE SAVINGS THAT DON'T INVOLVE EFFICIENCIES BY**
7 **COMBINING WORKFORCES?**

8 A. Yes, many. Other witnesses will talk about supply chain savings,
9 that flow through all the material and supplies the company buys,
10 whether for maintenance or capital investments. Just eliminating
11 one set of public company costs saves money; only one set of
12 NYSE fees; only one board of directors.

13 **Q. WHAT ARE SOME KEY SIMILARITIES AND DIFFERENCES OF**
14 **APPROACH BETWEEN THE COMPANIES?**

15 A. GPE and Westar agree on a lot. We both are concerned – as I am
16 sure the Commission is – that customers are experiencing some
17 fatigue from the rising cost of electricity that has occurred over the
18 last several years primarily as a result of government mandates.
19 We also know that what drives those increases are legitimate costs
20 of doing business in a changing world.

21 We also agree that a combined company will be more
22 efficient, and will result in smaller future rate increases than the
23 companies standing alone. Where we differ is our respective roles

1 in bringing these two companies together, with one of us being the
2 buyer and the other the seller.

3 Recently, we've both seen and share concerns about record
4 numbers of baseload plants – coal and nuclear, the most-job
5 intensive way to make electricity – shut down across the nation.
6 The estimates for coal plant closures just keep growing. Over
7 25,000 MW has been retired since 1995 and about another 15,000
8 MW is estimated to be retired by 2025. It wasn't many years ago
9 people were talking about a nuclear renaissance and long license
10 life extensions to 60, or maybe even 80 years. In just the past
11 couple of years – even days – we've learned of more nuclear plant
12 closures even as opportunity for extended license life remains. The
13 localized economic benefit to the mostly rural economies hosting
14 these plants can't be overstated. There are no certainties in the
15 world, but efficiencies from this Transaction may be one of the
16 things that keeps these big, rural baseload plants running – at least
17 in Kansas.

18 VII. CONCLUSION

19 Q. WILL YOU OFFER CONCLUDING REMARKS?

20 A. In some sense consolidation is inexorable. We have gone from
21 more than 100 electric utilities in the country to 50 in just a couple
22 of decades. If this Transaction, or one like it, were to occur 8-10
23 years from now, it would happen to a younger workforce, not a
24 workforce like we have today that affords us extraordinary flexibility

1 in achieving staffing reductions through natural attrition occurring
2 from so many baby boomers retiring.

3 Business combinations are never seamless. It is never easy.
4 But when planned and executed well, it is worth the tremendous
5 effort, disruption, inconvenience, angst, and unfortunately, in a few
6 cases, even upheaval.

7 Few in Kansas today, I believe, would suggest objectively
8 that customers are not better off with KPL and KGE having
9 combined years ago, even as some no doubt still yearn with
10 nostalgia for a time and circumstances of the past.

11 This is just the next logical step. I say next logical step,
12 because just as we no longer have the millions of family farms, tens
13 of thousands of corner grocery stores, and hundreds of unique local
14 department stores, gone are the days of our place name electric
15 utilities. Consolidation has been a way of life, not just for our
16 industry, but for most industries, and the demand for efficiency
17 suggests it will continue into the future. So the questions are when,
18 how and with whom, not whether. There are no more Cincinnati
19 Gas & Electrics, Indianapolis Power and Lights, Toledo Edisons,
20 Jersey Central Power and Lights, just as the companies that
21 combined to form KG&E and KPL are no longer in existence
22 separately but instead today are Westar, and with the necessary

1 approvals, will be known, together with KCP&L, as something
2 different still.

3 Change, especially big change, is never easy. But
4 sometimes it's the right thing to do, even the next logical step.

5 **Q. THANK YOU.**

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

In the Matter of the Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Westar Energy, Inc. for approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Incorporated)
)
) **Docket No. 16-KCPE-_____**
)
)
)

AFFIDAVIT OF MARK A. RUELLE

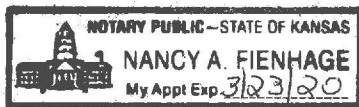
STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

Mark A. Ruelle, being first duly sworn on his oath, states:

1. My name is Mark A. Ruelle. I work in Topeka, Kansas, and I am employed by Westar Energy, Inc. as President and Chief Executive Officer.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Westar Energy, Inc. consisting of forty-two (42) pages and one exhibit, 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.

Mark A. Ruelle

Subscribed and sworn before me this 27th day of June 2016.



Nancy A. Fienhage
Notary Public

My commission expires: 3/23/2020

THE KANSAS POWER AND LIGHT COMPANY

KANSAS GAS & ELECTRIC CO.



NORTH AMERICAN LIGHT AND POWER CORP. NORTH AMERICAN LIGHT AND POWER COMPANY



1950

The new Hutchinson Generating Station goes on line with two 40,000 kw natural gas-fired units.

1952

A 4,800 horsepower compressor station is put into operation at Minneola. A second, 30,000 kw unit is placed in operation at the Lawrence Generating Station.

1954

Murray Gill Station, at 124,000 kw, is dedicated. It uses natural gas as its primary fuel. Neosho Unit 3, 73,500 kw using natural gas as fuel, is completed.



1955

KG&E common stock listed on the New York Stock Exchange. Units 1 and 2 at Tecumseh are retired.

1956

Murray Gill Unit 3 begins operation. The unit has a capacity of 113,600 kw.

1957

A 77,000 kw unit, known as 7-9, is added to the Tecumseh Generating Station.

1959

Fourth unit of Murray Gill Station is placed in service, bring capacity to 609,000 kw.



CHARTER / ACQUISITION DATE BY QUARTER CENTURY

- 1851-1875
- 1875-1900
- 1901-1925
- 1926-1950
- 1951-1975
- 1976-2000

1961

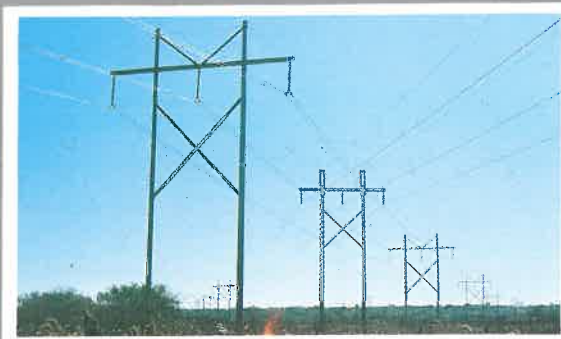
Gordon Evans Station goes on line with a 160,000 kw gas-fired unit.

1962

A 142,000 kw unit is placed in operation at Tecumseh.

1965

Work begins on Kansas' first 345 kV electric transmission line. Running from Kansas City to the Oklahoma border, the line is completed in 1966. KPL and KG&E join 15 other electric utilities in construction of the Southwest Experimental Fast Oxide Reactor (SEFOR). A 190,000 kw unit, number 4, is added at the Hutchinson Generating Station.



1967

KG&E requests water rights at John Redmond Reservoir for a nuclear power plant.

1968

The 110,000 kw Unit 4 at Lawrence Generating Station is equipped with the world's first limestone wet scrubber system to reduce sulfur emissions.

1971

Stock of The Gas Service Company is listed on the New York Stock Exchange. A 333,000 kw unit, Lawrence Energy Center Unit 5, is completed.