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March 11, 2011

Dr. Michael Schmidt, Director of Utilities
Mr. Jeff McClanahan, Chief of Accounting & Financial Analysis
Kansas Corporation Commision
1500 SW Arrowhead Road
Topeka, Kansas 66604

Re: Compliance Docket No. 11-KCPE-533-CPL
Kansas City Power & Light Company
Submittal Under the Commission's Ring-Fencing Rules

Dear Dr. Schmidt and Mr. McClanahan:

Pursuant to section C.3 of the reporting standards adopted by the Commission in its Order dated December 3, 2010, in Docket No. 06-GIMX-181-GIV, *In the Matter of the Investigation of Affiliate and Ring-Fencing Rules Applicable to all Kansas Electric and Gas Public Utilities*, Kansas City Power & Light Company (KCP&L) submits the following documents:

A - Gabelli & Company, Inc. Report dated March 10, 2011.

A copy of the report is included with this correspondence. Thank you.

Sincerely,

TPemberton

Terri Pemberton
Counsel for KCP&L

cc: Client

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March 10, 2011

Gabelli & Company, Inc.

Great Plains Energy (GXP - $19.68 - NYSE) — Long-Term Value - Buy

Year	EPS	P/E	PMV	
2013P	$2.00	9.8X	$34	Dividend: $0.83 Current Return: 4.2%
2012P	1.80	11.0	30	Shares O/S: 136.8 million
2011E	1.65	11.9	29	52-Week Range: $20.14 - $16.63
2010A	1.64(a)		-	(a)Excludes non-recurring items

SUMMARY AND OPINION

Great Plains Energy, a mid-sized regulated utility, is the holding company for Kansas City Power & Light Company (KCP&L) and Greater Missouri Operations (GMO). GMO was acquired in July of 2008 from Aquila. The electric utilities serve over 823,000 customers located in western MO (70% of revenues) and eastern Kansas (30%) and own 6,600 MWs of generation (80% of 2010 output from coal and 17% nuclear).

- Our 2011, 2012 and 2013 earnings estimates are $1.65, $1.80 and $2.00 per share, respectively. We lowered our 2012 earnings estimate to $1.80 per share, from $1.90 per share, and maintained our 2013 estimate of $2.00 per share. New KCP&L-MO/GMO rates are expected to be effective in May/June of 2011 to recognize capital costs for GXP's 73% share of the $1.7 billion 850-MW Iatan Unit 2, the new coal generating unit, as well as other investment associated with the 2005 pre-approved Comprehensive Energy Plan (CEP).

Table 1 Great Plains Energy Private Market Value Analysis, 2006A-2014P

Utilities	2006A	2007A	2008A	2009A	2010A	2011E	2012P	2013P	2014P
Revenue	$1,140.4	$1,292.7	$1,670.1	$1,965.0	$2,255.5	$2,345.3	$2,427.0	$2,524.0	$2,569.0
EBITDA (margin)	412.4	432.1	510.0	622.3	803.9	858.9	923.9	1,007.2	1,038.2
Valuation Multiple	8.5	8.5	8.5	8.5	8.8	9.0	9.0	9.0	9.0
Segment Value	$3,505.4	$3,672.9	$4,335.0	$5,289.6	$7,033.9	$7,729.9	$8,315.3	$9,064.8	$9,343.5
Total Private Market Value	$3,505.4	$3,672.9	$4,335.0	$5,289.6	$7,033.9	$7,729.9	$8,315.3	$9,064.8	$9,343.5
Less: Net Debt	1,153.6	1,511.0	3,211.5	3,626.0	3,824.6	3,780.7	3,744.7	3,757.1	3,799.4
Equity Private Market Value	$2,350.4	$2,161.1	$1,122.1	$1,663.6	$3,209.3	$3,949.2	$4,570.6	$5,307.7	$5,543.1
Shares Outstanding (year-end)	74.8	80.4	119.4	135.6	136.1	136.1	153.9	154.2	154.2
PMV per share	$31	$27	$9	$12	$24	$29	$30	$34	$36
Current Market Discount to PMV	*37%*	*27%*	*-109%*	*-60%*	*17%*	*32%*	*34%*	*43%*	*45%*
EPS	$1.93	$1.48	$1.37	$1.14	$1.53	$1.65	$1.80	$2.00	$2.10
P/E	10.2	13.3	14.4	17.2	12.8	11.9	11.0	9.8	9.4
Year End Book Value Per Share	16.69	18.16	21.37	20.60	21.20	22.02	20.45	$21.65	$22.76
Price-to-book value multiple	118%	108%	92%	96%	93%	89%	96%	91%	86%

Source: Company data and Gabelli & Company, Inc. estimates

(1) After-tax payments to buy out option holders at Private Market Value

- Based on $5.8 billion of utility rate base outlined in recent rate requests, GXP's current utility earnings power would be roughly $2.00 per share assuming a 10% return on a 46% equity ratio. We do not expect the company to achieve its earnings power until 2013. GXP's ability to earn $2.00 per share in 2013, or closer to a normal utility return on equity of 10%, will be dependent upon the outcome of pending rate requests, the health of the service area economy and the timing of additional rate filings. The timing of GXP's next MO rate filing will take into consideration a 6/15/12 equity conversion and a $500 million 11.875% debt refinancing.

- GXP shares offer investors a competitive 4.2% current return on the $0.83 annual dividend, which we consider secure. Shares trade at 11.9x and 11.0x our 2011 and 2012 earnings estimates, which compares to group multiples of 14.8x and 13.4x, respectively. Our 2011 and 2012 private market values are $29 and $30 per share.

Earnings Outlook Dependent Upon Pending Rate Cases

Our 2011, 2012 and 2013 earnings estimates are $1.65, $1.80 and $2.00 per share. We lowered our 2012 earnings estimate to $1.80 per share, from $1.90 per share and maintained our 2013 estimate of $2.00 per share. Given the major impact that pending Missouri rate cases will have on 2011 and 2012 earnings, GXP has not provided earnings guidance. New KCP&L-MO/GMO rates are expected to be effective in May/June of 2011 to recognize capital costs for GXPs 73% share of the $1.7 billion 850-MW Iatan Unit 2, the new coal generating unit, as well as other unrecognized investment associated with the 2005 pre-approved Comprehensive Energy Plan (CEP). Roughly 70% of GXP's annual earnings normally occur in the months of May through December.

The CEP included Iatan 2, completed in late-summer 2010, new wind projects, environmental upgrades and other infrastructure investments. The pre-approval allowed for a series of rate increases (up to four) during the capital spend, with the final rate treatment to coincide with the expected in-service date for Iatan 2. In the third quarter of 2009, GXP received its third round of CEP-related rate increases, including KCP&L ($59 million in KS and $95 million in MO) GMO ($63 million in MO). GXP subsidiaries were awarded roughly 85% of the revenues requested.

Table 2 **Iatan 2 Final Cost Estimate**

($ in millions)

	Final Cost (850 MW)			GXP Share (618 MW)		
	Current	**Previous**	**Increase**	**Current**	**Previous**	**Increase**
High	$1,668	$1,714	($45)	$1,218	$1,251	($33)
Low	1,648	1,674	($26)	1,203	1,222	($19)

Source: Company data

Major factors impacting 2011 earnings will be an expected return to normal weather, which added $0.18-0.20 per share to 2010 results, a full year of higher Kansas rates, higher Missouri rates in the second half of 2011, increased maintenance outages and higher fuel costs. Management forecasts a 0.7% increase in weather-normalized retail sales as the economy recovers slowly. GXP expects to incur higher maintenance expenses associated with the 47%-owned Wolf Creek nuclear plant given a scheduled spring 2011 outage and associated replacement of four turbine rotors. The La Cygne unit is also scheduled for a three to four month outage beginning in late November. KCP&L's Missouri jurisdiction will experience regulatory lag associated with a new coal transportation contract, which is expected to negatively impact early 2011 results by roughly $0.10 per share. Until new rate implementation, KCP&L and GMO will use construction accounting for Iatan 2 in Missouri. The utility accounting treatment allows for the continuation of AFUDC for the construction work in progress attributable to Iatan 2 and capitalized depreciation, O&M and property taxes.

Earnings in 2012 will be driven by a full year of higher rates related to the Missouri rate cases and a full year of traditional accounting treatment of Iatan Unit 2. On June 15, 2012, GXP's equity units convert, which will add 17.3 million shares outstanding and roughly 8.6 million to earnings dilution, and the $500 million, 11.875% senior notes due July 2011 will be refinanced at a lower rate. We expect GXP to file rate cases in late 2011 or early 2012 to recognize the additional equity.

Based on $5.8 billion of utility rate base outlined in recent rate requests, GXP's current utility earnings power would be roughly $2.00 per share assuming a 10% return on a 46% equity ratio. We do not expect the company to achieve its earnings power until 2013 when we expect rate base to total roughly $6.5 billion. GXP's ability to earn $2.00 per share in 2013, or closer to a normal utility return on equity of nearly 10%, will be dependent upon the outcome of pending rate requests, the health of the service area economy and the timing of the additional rate filing. The timing of GXP's next MO rate filing will take into consideration a June 15, 2012 equity conversion and the $500 million 11.875%. Over the long-term, we expect 4-6% average annual earnings growth driven by transmission, renewable and normal utility investment partially aided by a relatively low dividend payout ratio.

Kansas Rate Case Decided in Late 2010

On December 1, 2010, KCP&L-KS implemented a $21.8 million annual revenue increase based on a $1.781 billion rate base, 10.0% allowed ROE and 49.7% equity ratio. KCP&L had filed for a $55 million increase based on a 10.75% allowed ROE, 46% equity ratio and $1,795 billion rate base. The order included a $13.1 million reduction in depreciation rates and a modest $5.1 million jurisdictional disallowance. The KCC disallowed $20 million of the $1.7 billion project compared to the Staff recommendation for a $230 million disallowance, or $58 million jurisdictional disallowance. Roughly 85% of the requested increase was related to recovery of the CEP, including costs for Iatan 1 environmental projects, the Iatan common plant not included in 2009 rate case and budgeted costs for Iatan 2.

Regulatory Update

On June 4, 2010, GXP's three MO divisions requested $190 million in annual revenue increases based on 11.0% allowed ROEs, 46.2% equity ratios and roughly $4.0 billion in rate base. New MO rates will be effective May 4, 2011 for KCP&L and June 4, 2011 for GMO. KCP&L's original $92.1 million requested increase was later adjusted to $55.8 million due to lower fuel and purchased power costs and higher deferred income taxes due to bonus depreciation. Similarly, GMO's initially-requested increase of $97.9 million was adjusted to $88.4 million. In February 2011, The MPSC Staff proposed a return on equity range of 8.5% to 9.5% and revenue increase ranges of approximately $2.2-17 million for KCP&L and $14.9-27.6 million for GMO. Primary differences are construction cost disallowances and lower ROEs. The Staff recommends disallowance of all audited expenditures as of October 31, 2010 in excess of the December 2006 control budget estimates for Iatan 1 and Iatan 2 of approximately $377 million and $1.685 billion respectively. GXP's estimates its share of the project's final cost was $1.203-1.218 billion. At $2,100/kW of capacity, the plant will be one of the more efficient in the Southwest Power Pool. Decisions in the Missouri cases are expected in the second quarter of 2011.

Table 3 **Great Plains Energy Recent Rate Case Summary**

Utility	Request Date	Revenue Request ($ millions)	Adjusted Request ($ millions)	Rate Base ($ millions)	ROE	Equity %	Effective Date
KCP&L-MO	6/4/2010	$92.1	$55.8	$2,122.8	11.00%	46.16%	5/4/2011
GMO-MPS	6/4/2010	75.8	65.2	1,468.7	"	"	6/4/2011
GMO-L&P	6/4/2010	22.1	23.2	422.0	"	"	"
KCP&L-KS	Effective	22.0	22.0	1,781.0	10.00%	49.66%	12/1/2010
Consolidated				$5,794.5			

Source: Company presentation

Roughly 30% of KCP&L-MO's requested increase relates to the CEP and 53% relates to the higher coal transportation cost. The renegotiation of the contract at nearly double the current price was reflected in a December 2010 "true-up" as KCP&L has no fuel clause in Missouri. For GMO, the requested annual increase is to recognize Iatan 2 costs incurred through the end of October 2010. The possibility of a disallowance similar to the Kansas staff recommendation is one of our more significant concerns. However, we believe GXP's management of the construction process has been prudent and Iatan 2 costs have been similar to other units constructed over the same time period.

Potential La Cygne Retrofit by 2015

In late February 2011, KCP&L filed a predetermination request with the KCC seeking rate-making treatment of a $1.23 billion environmental retrofit of the 1,418 MW coal-fired La Cygne generating units 1 and 2. Given that Westar and KCP&L (operator) each own 50% of the mid-1970s vintage coal units, GXP's share would total $615 million with its Kansas jurisdictional share at $281 million. The expenditures contemplated are consistent with a Kansas Department of Health and Environment consent agreement to bring the La Cygne station into compliance using the best available retrofit technology by June 1, 2015. The major project includes a scrubber and a baghouse for La Cygne 1, including a selective catalytic reduction system (SCR) installed in 2007 as part of the CEP, as well as a SCR, scrubber, baghouse and low NOx burners on unit 2. We consider it likely that a predetermination will provide clarity with respect to the KCC support or the retrofit decision and its confirmation that the predefined cost level is reasonable. As a result, we expect expenditures to be recoverable through the KCC annual environmental cost recovery rider (ECRR). A decision is expected in the third quarter of 2011, construction to begin upon receipt and project completion in June of 2015.

Heavy Cap-Ex Program Continues to Lighten

GXP lowered its 2011-2012 capital expenditure budget by $235 million to $1,117 billion, including $503 million in 2011 and $614 million in 2012, from $1,352 million. The company currently expects to spend $699 million, including $232 million on transmission, in 2013. We expect operating cash flow of $2.3 billion over 2011-2013, including $690 million in 2011, $790 million in 2012 and $835 million in 2013, and dividend requirements of $360 million. As a result, we expect capital expenditures and the dividend to be internally-funded.

Table 4 **GXP Projected Utility Capital Expenditures, 2011-2013**

($ millions)	2011	2012	2013
Generating facilities (excl. Iatan No. 2)	$172.2	$174.6	$171.8
Distribution and transmission facilities	171.0	178.9	232.2
Nuclear fuel and general facilities	44.0	89.4	76.1
Environmental	63.0	171.0	219.0
Iatan No. 2	53.0	-	-
Total utility capital expenditures	**$ 503.2**	**$ 613.9**	**$ 699.1**

Source: Company data and Gabelli & Company, Inc. estimates

Over the 2013-2017 period, GXP plans to build a $300 million 345 kV transmission line in GMOs service territory. The 175 mile line would stretch from Sibley, Missouri to Nebraska City, Nebraska. The project is one of a number of Southwest Power Pool (SPP) priority projects and part of the SPP's transmission expansion plans for the region. In late June, the SPP issued us a notice to construct the Missouri portion of the project.

Renewables

In 2010, GXP added 48 MWs of renewable capacity at the Spearville 2 site in Western Kansas bringing total Spearville capacity to 148 MWs. Owned capacity combined with 52 MWs of purchased renewable energy credits (RECs) puts the company is in compliance with the Kansas renewable energy standards, which calls for at least 10% of the three-year average peak retail demand. The standard increases to 15% by 2016 and 20% by 2020. In Missouri, KCP&L and GMO expect to meet the 2% renewable standard in 2011 and the 5% standard by 2021. However, the 2007 collaboration agreement with the Sierra Club as part of the CEP requires additional wind generation subject to regulatory approval. The company has issued RFPs for a 100-MW project with an ongoing evaluation underway, but assumes that any renewable energy needs in 2011 to 2013 are satisfied with PPAs or the purchase of RECS.

2010 Earnings Results

GXP reported full-year 2010 earnings of $1.64 per share (excludes non-recurring items netting to a negative $0.10/share), above our $1.60 per share estimate, compared with full-year 2009 earnings of $1.14 per share. Fourth quarter 2010 earnings were $0.07 per share (excludes a negative $0.06/share regulatory disallowance and a $0.05/share affordable housing write-down) compared to $0.11 per share for the same period in 2009. A 5% increase in shares outstanding related to a May 2009 public offering negatively impacted results by roughly $0.09 per share.

Improved results were driven by favorable weather and rate increases implemented in the third quarter of 2009. The full-year impact of higher rates, which became effective in August 2009 in KS and September 2009 in MO, added $150 million to 2010 revenues and favorable weather added $105 million ($60 million if weather-normalized) when compared to 2009. 2010 retail sales rose 6% primarily as a result of favorable weather, but were relatively flat on a weather-normalized basis. For the full year, total retail megawatt hour sales rose approximately 6% compared to last year almost entirely due to the positive impact of weather. GXP estimated that weather-normalized sales were flat compared to 2009 and that the positive impact of the weather added $0.18 to $0.20 per share compared to normal. Weather normalized residential sales rose 0.1%, commercial sales declined 0.7% and industrial sales rose 3%.

Conclusion

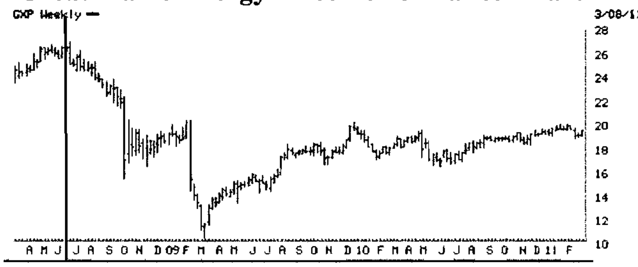
GXP shares offer investors a competitive 4.2% current return on the $0.83 annual dividend, which we consider secure. On February 11, 2009, GXP cut its annual dividend by 50% to $0.83 per share, from $1.66, to provide a source of internal equity capital to support its environmentally-focused capital expenditure program during the economic recession and financial crisis. We expect GXP to consider a policy of annual dividend increases following its pending rate decisions and assuming reasonable regulatory treatment. The utilities currently earn ROEs significantly below industry-norms primarily related to the external financing requirements associated with the 2005 CEP.

Our Buy rating is premised on GXP earnings returning levels closer to those allowed. While we expect the pending round of rate decisions decision to increase the company's opportunity to earn such a return, we believe it will take another round of rate treatment to recognize equity units issued in 2009 that convert in mid-2012. Shares trade at 11.9x and 11.0x our 2011 and 2012 earnings estimates, which compares to group multiples of 14.8x, 13.4x, respectively. Our 2011 and 2012 private market values are $29 and $30 per share.

Primary risks to our recommendation include pending rate cases, prudence decisions on costs associated with Iatan 2, external financing and interest rate/general market risk.

Other Companies Mentioned:
Westar Energy (WR – NYSE)

Great Plains Energy Price Performance Chart



Source: Public data. On June 12, 2009 we placed a BUY on GXP.

We, ***Tim Winter, CFA, and Jose Garza*** the Research Analysts who prepared this report, hereby certify that the views expressed in this report accurately reflect the analyst's personal views about the subject companies and their securities. The Research Analysts have not been, are not and will not be receiving direct or indirect compensation for expressing the specific recommendation or view in this report.

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Important Disclosures

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Ratings
Analysts' ratings are largely (but not always) determined by our "private market value," or PMV methodology. Our basic goal is to understand in absolute terms what a rational, strategic buyer would pay for an asset in an open, arms-length transaction. At the same time, analysts also look for underlying catalysts that could encourage those private market values to surface.
A **Buy** rated stock is one that in our view is trading at a meaningful discount to our estimated PMV. We could expect a more modest private market value to increase at an accelerated pace, the discount of the public stock price to PMV to narrow through the emergence of a catalyst, or some combination of the two to occur.
A **Hold** is a stock that may be trading at or near our estimated private market value. We may not anticipate a large increase in the PMV, or see some other factors at work.
A **Sell** is a stock that may be trading at or above our estimated PMV. There may be little upside to the value, or limited opportunity to realize the value. Economic or sector risk could also be increasing.

We prepared this report as a matter of general information. We do not intend for this report to be a complete description of any security or company and it is not an offer or solicitation to buy or sell any security. All facts and statistics are from sources we believe to be reliable, but we do not guarantee their accuracy. We do not undertake to advise you of changes in our opinion or information. Unless otherwise noted, all stock prices reflect the closing price on the business day immediately prior to the date of this report. We do not use "price targets" predicting future stock performance. We do refer to "private market value" or PMV, which is the price that we believe an informed buyer would pay to acquire 100% of a company. There is no assurance that there are any willing buyers of a company at this price and we do not intend to suggest that any acquisition is likely. Additional information is available on request.

As of February 28, 2011 our affiliates beneficially own on behalf of their investment advisory clients or otherwise approximately 3.38% of Westar Energy and 3.03% of Great Plains Energy. Because the portfolio managers at our affiliates make individual investment decisions with respect to the client accounts they manage, these accounts may have transactions inconsistent with the recommendations in this report. These portfolio managers may know the substance of our research reports prior to their publication as a result of joint participation in research meetings or otherwise. The analyst who wrote this report may receive commissions from our customers' transactions in the securities mentioned in this report. Our affiliates may receive compensation from the companies referred to in this report for non-investment banking securities-related services, or may be soliciting these companies as clients for non-investment banking securities-related services. The analysts who wrote this report, or members of their household, owns no shares of Great Plains Energy.