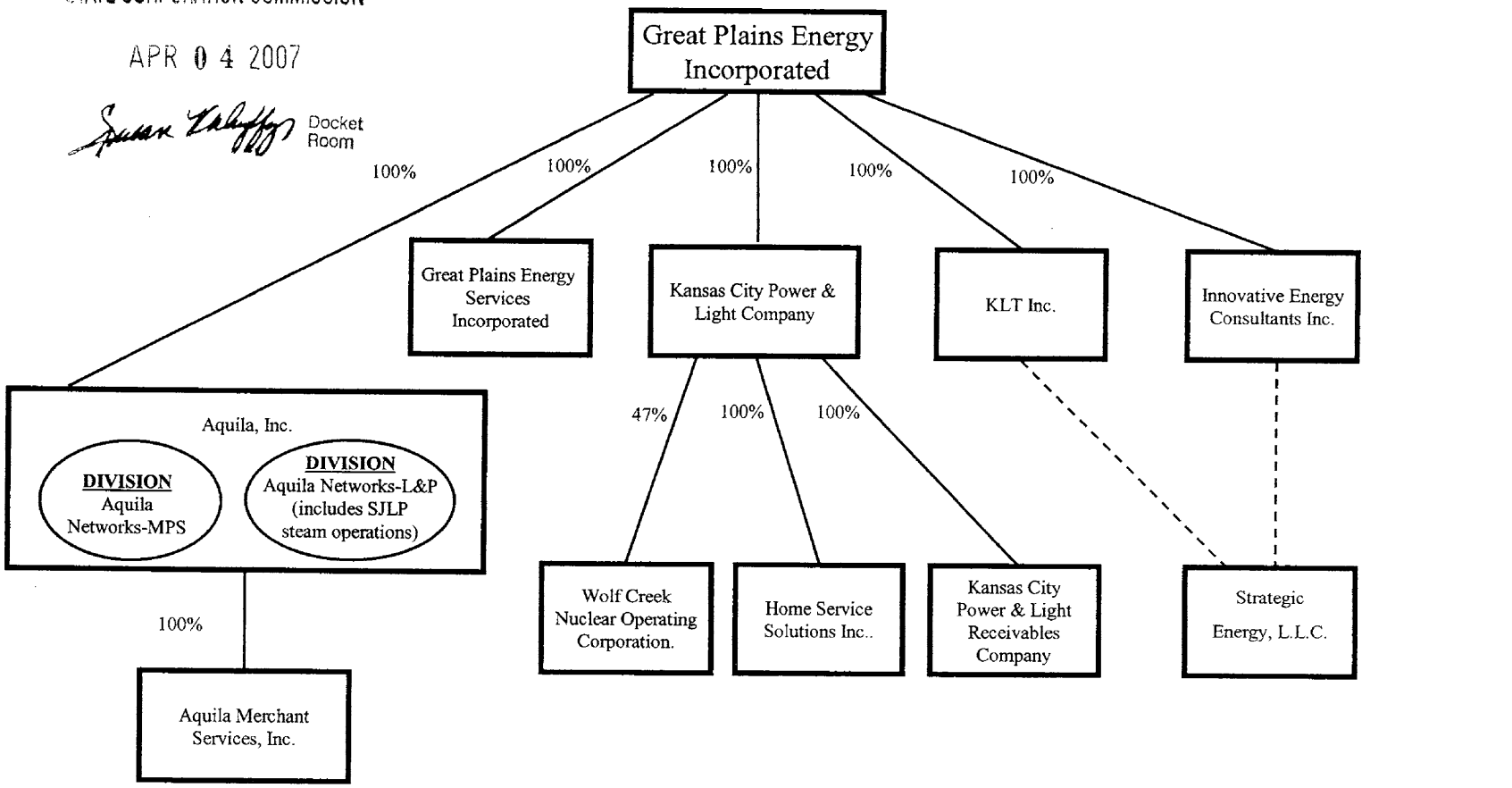
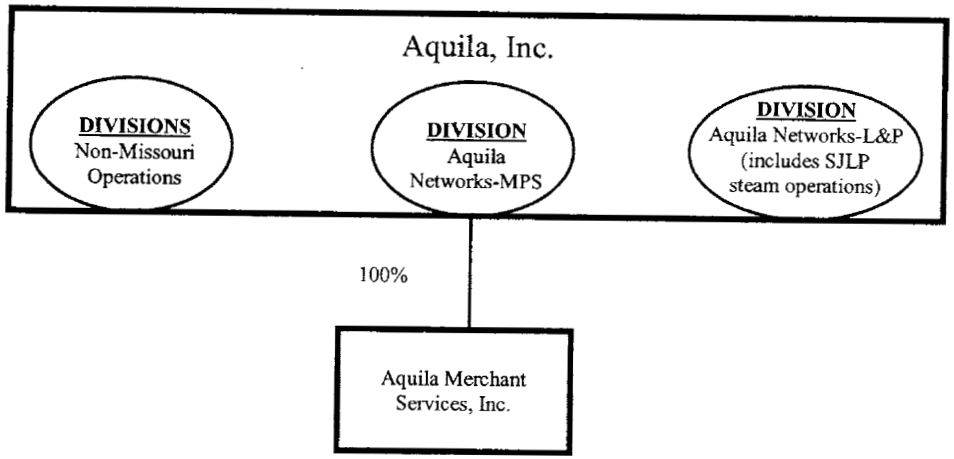
GREAT PLAINS ENERGY INCORPORATED
Post-Merger Organizational Structure



Direct Ownership ————

Indirect Ownership - - - - - -

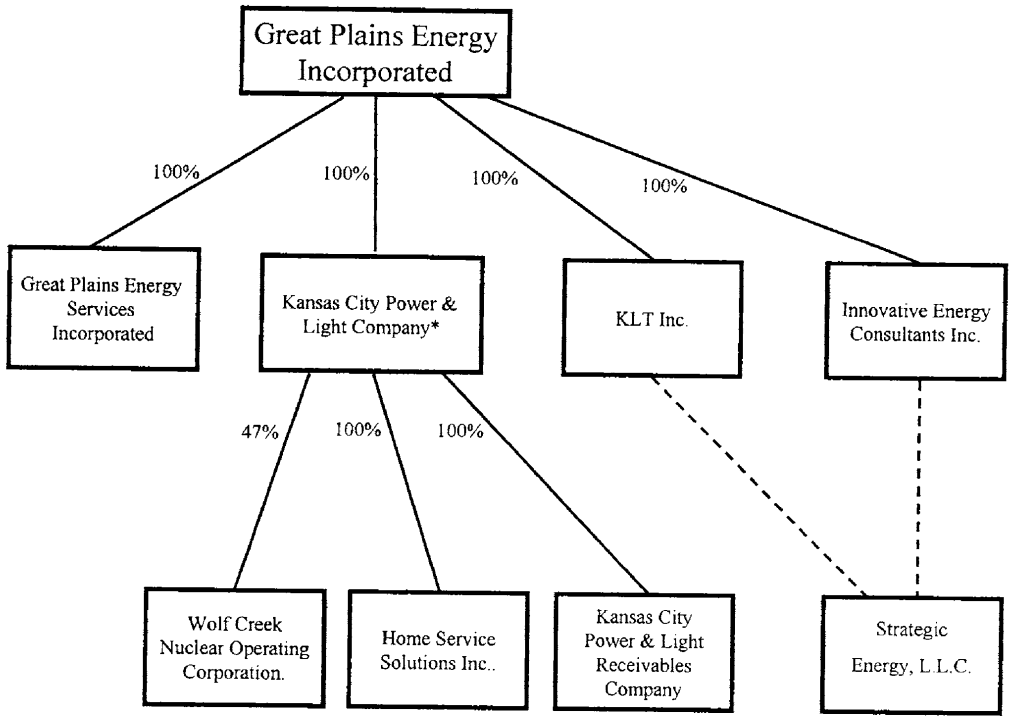
AQUILA, INC.
Pre-Merger Organizational Structure



Direct Ownership ————

Indirect Ownership - - - - - -

GREAT PLAINS ENERGY INCORPORATED
Pre-Merger Organizational Structure



Direct Ownership ————

Indirect Ownership - - - - - -

GREAT PLAINS ENERGY INCORPORATED

CERTIFICATE OF SECRETARY

I, Mark G. English, General Counsel and Assistant Secretary of Great Plains Energy Incorporated (the "Company"), do hereby certify that attached hereto is a true and correct copy of an excerpt from the minutes of the meeting of the Board of Directors of Great Plains Energy Incorporated held on February 6, 2007, at which a quorum for the transaction of business was present and acting throughout; that set forth in said excerpt is a true and correct copy of certain resolutions duly adopted at said meeting, which resolutions have not been amended nor rescinded and are now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of this 30th day of March, 2007.

General Counsel and Assistant Secretary

(SEAL)

GREAT PLAINS ENERGY INCORPORATED

EXCERPT FROM MINUTES OF
BOARD OF DIRECTORS MEETING HELD
February 6, 2007

Approval of Transactions (GPE)

WHEREAS, the Board of Directors (the "Board") of Great Plains Energy Incorporated, a Missouri corporation (the "Company") and the sole stockholder of Gregory Acquisition Corp., a Delaware corporation ("Merger Sub"), has determined that it is advisable and in the best interests of the Company, its stockholders and Merger Sub that the Company and Merger Sub enter into an Agreement and Plan of Merger with Aquila Inc., a Delaware corporation ("Aquila") and Black Hills Corporation, a South Dakota corporation ("Black Hills"), substantially in the form presented to the Board as described at this meeting (the "Merger Agreement"), and consummate the transactions contemplated by the Merger Agreement, including (i) the merger of Merger Sub with and into Aquila with Aquila being the surviving corporation (the "Merger"), pursuant to which (A) Aquila will become a wholly-owned subsidiary of the Company, and (B) each outstanding share of common stock, par value $1.00 per share, of Aquila (an "Aquila Share") will be converted into the right to receive 0.0856 share of Common Stock, no par value, of the Company (the "Stock") and $1.80 in cash, as more fully described in the Merger Agreement (such Stock and cash in the aggregate, the "Merger Consideration"); (ii) the issuance by the Company, in connection with the Merger, of the shares of Stock to be included in the consideration to the holders of Aquila Shares (the "Stock Issuance"), which is expected to total approximately 32 million shares of Stock; (iii) the sale (the "Asset Sale") by Aquila, immediately prior to the closing of the Merger (the "Closing"), of certain assets and partnership interests, constituting generally Aquila's natural gas utility businesses and its electric utility business in the State of Colorado, pursuant to an Asset Purchase Agreement to be entered into among the Company, Merger Sub, Aquila and Black Hills, substantially in the form presented to the Board as described at this meeting (the "Asset Purchase Agreement"), and a Partnership Interests Purchase Agreement, to be entered into among the Company, Merger Sub, Aquila, Black Hills and Gregory Acquisition Corp., substantially in the form presented to the Board as described at this meeting (the "Partnership Interests Purchase Agreement" and, together with the Asset Purchase Agreement, the "Asset Sale Agreements"), in exchange for purchase prices totaling $940 million in cash, subject to adjustments set forth in the Asset Sale Agreements, with a Transition Services Agreement to be entered into among the Company, Merger Sub and Black Hills, substantially in the form presented

to the Board as described at this meeting (the "Transition Services Agreement") to accompany the Asset Sale Agreements; and

WHEREAS, Credit Suisse (USA) LLC ("Credit Suisse"), financial advisor to both the Company and Black Hills, has rendered to the Company its opinion that, as of the date of such opinion, the Merger Consideration to be paid by the Company in the Merger is fair to the Company from a financial point of view; and

WHEREAS, Sagent Advisors, Inc. ("Sagent", and together with Credit Suisse, the "Financial Advisors"), financial advisor to the Company, has rendered to the Company its opinion that, as of the date of such opinion, the Merger Consideration to be paid by the Company pursuant to the Merger Agreement is fair to the Company from a financial point of view; and

WHEREAS, upon careful consideration of the information presented to the Board by the officers of the Company, the representatives of the Financial Advisors and the representatives of the Company's outside legal counsel, Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden, Arps"), and after full discussion of those matters that the Board believes are necessary or appropriate to enable it to properly evaluate and reach an informed decision regarding the fairness and advisability of the Merger and the other transactions contemplated by the Merger Agreement, the Board has determined that it is advisable and in the best interests of the Company and its stockholders to approve the Merger Agreement, the Asset Sale Agreements, the Transition Services Agreement and the consummation of the transactions contemplated thereby, including the Merger, the Stock Issuance and the Asset Sale.

NOW, THEREFORE, BE IT:

Merger Agreement, Asset Sale Agreements and Other Agreements

RESOLVED, that the Board has determined that the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement, together with such changes thereto as may be approved by any of the Chief Executive Officer, President and Chief Operating Officer of the Company, or any Executive Vice President, Senior Vice President or vice president of the Company (all such officers, the "Authorized Officers"), and the transactions contemplated thereby, including the Merger, the Stock Issuance and the Asset Sale, are advisable, fair to and in the best interests of the Company, its stockholders and Merger Sub.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the

Company, to execute and deliver the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement in such form, with such changes therein as the Authorized Officer executing the same shall approve, the signature of such Authorized Officer thereon to be conclusive evidence of the approval of such changes, and to adopt and approve the Merger Agreement and the Merger on behalf of the Company as the sole stockholder of Merger Sub.

FURTHER RESOLVED, that the form and provisions of any other agreements, instruments and documents (collectively, the "Other Transaction Documents") necessary, appropriate or advisable in connection with the consummation of the Merger, the Asset Sale, and the other transactions contemplated by the Merger Agreement, the Asset Sale Agreements or the Transition Services Agreement, and the performance by the Company of its obligations thereunder, be, and they hereby are, approved in all respects, and that the Authorized Officers of the Company be, and each of them individually hereby is, authorized and directed to execute and deliver, in the name and on behalf of the Company, the Other Transaction Documents.

FURTHER RESOLVED, that approval of the Merger, the Stock Issuance, the Asset Sale, the Merger Agreement, the Asset Sale Agreements, the Transition Services Agreement, the Other Transaction Documents and the other agreements and transactions referred to therein and the transactions contemplated thereby, including the Asset Sale Agreements and the Transition Services Agreement, constitute approvals for purposes of any "business combination" or other state takeover statutes, including any state statutes similar to Section 351.459 of the General and Business Corporation Law of Missouri (the "GBCL") that might be deemed applicable to the transactions contemplated thereby.

Stock Issuance

RESOLVED, that the Company be, and it hereby is, authorized to issue upon the closing of the Merger the number of shares of Stock necessary to satisfy the Company's obligations under the Merger Agreement out of the authorized and unissued Stock of the Company, subject to the approval of a vote of the stockholders of the Company pursuant to the rules of the New York Stock Exchange at a special meeting of the stockholders of the Company to be held in accordance with the GBCL and the Company's By-laws.

FURTHER RESOLVED, that upon issuance, the Stock to be issued in the Stock Issuance shall be validly issued, fully paid and non-assessable.

FURTHER RESOLVED, that the Authorized Officers be, and each of them individually hereby is, authorized and directed, in the name and on behalf of the Company, to prepare or cause to be prepared, execute and deliver or cause to be delivered the certificates evidencing the Stock to be issued in the Stock Issuance.

FURTHER RESOLVED, that the Stock Issuance be, and it hereby is, approved and authorized in all respects.

FURTHER RESOLVED, that the Board hereby recommends approval by the stockholders of the Company of the Stock Issuance and directs that the proxy statement (together with any supplements thereto, the "Proxy Statement") be distributed to the Company's stockholders in connection with the meeting of such stockholders held to consider, among other matters, the Stock Issuance, shall contain such recommendation of the Board.

Stockholders Meeting

RESOLVED, that the Stock Issuance, and any agreements or other documents or transactions contemplated by the Merger Agreement or the Asset Sale Agreements (if any) as to which the Authorized Officers, with the assistance of counsel, determine that approval or adoption by the Company's stockholders is required (collectively, "Approval Matters"), shall be submitted to a vote of the Company's stockholders at a meeting (the "Meeting") held in accordance with the GBCL and the Company's By-laws.

FURTHER RESOLVED, that the Chairman of the Board is authorized and directed, in the name and on behalf of the Board, to (i) establish or change the record date for the Meeting, (ii) establish, change or postpone the date, time, and place of, or adjourn, the Meeting, (iii) appoint agents in connection with the Meeting to receive and tabulate proxies, (iv) designate new or additional proxies for stockholders in connection with the solicitation of proxies by management for the Meeting and (v) take or cause to be taken any and all such further actions necessary or proper in connection with securing stockholder approval of each of the Approval Matters.

FURTHER RESOLVED, that the stockholders of record of the Company at the close of business on the record date established by the Chairman of the Board shall be entitled to receipt of the Proxy Statement and to vote at the Meeting on the Approval Matters.

FURTHER RESOLVED, that the Secretary of the Company be, and hereby is, authorized and directed to send notice of the Meeting to the stockholders of the Company entitled to vote at the Meeting.

FURTHER RESOLVED, that the Authorized Officers, each with full power to act alone, be, and they hereby are, designated to act as the proxies for stockholders in connection with the solicitation of proxies by management for the Meeting.

FURTHER RESOLVED, that the Authorized Officers are empowered to appoint one or more inspectors of voting to act at such meeting or any adjournment or postponement thereof with such duties as may be prescribed by the Board.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, from time to time, to take such additional action and to execute and deliver such other and further documents, agreements, certificates, notices and other instruments, and do and perform such acts and things as any of them, in their discretion, may deem necessary or advisable in connection with the Meeting and the Proxy Statement, such determination to be conclusively evidenced by such performance.

Agents and Professionals

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, to engage one or more exchange agents, proxy solicitors, printers and any other professionals on behalf of the Company that the Authorized Officers deem necessary, advisable or appropriate in connection with the transactions contemplated by the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement.

Securities and Exchange Commission Filings, NYSE Filings and State Filings

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, with the assistance of counsel, to prepare, execute and file or cause to be filed, and to cooperate with Aquila and Black Hills in the preparation of, all reports, schedules, statements, documents and information required to be filed by the Company, Merger Sub, Aquila or Black Hills pursuant to the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") and the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), in connection with the

Stock Issuance, the Merger Agreement and the transactions contemplated thereby, including, without limitation, a Form S-4 (including the Proxy Statement and prospectus which will form a part of the registration statement on Form S-4), a Form S-8, one or more current reports on Form 8-K and filings pursuant to Rule 425 under the Securities Act.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, with the assistance of counsel, to prepare, execute and file or cause to be filed, and to cooperate with Aquila and Black Hills in the preparation of, all filings with, and to provide notices to, the New York Stock Exchange and to take all other action necessary or appropriate in connection with the Merger, the Stock Issuance, the Asset Sale, and the other transactions contemplated by the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement.

FURTHER RESOLVED, that the General Counsel of the Company be, and hereby is, appointed and designated as the Company's agent for service and the person duly authorized to receive notices and communications from the Securities and Exchange Commission (the "SEC") with respect to such filings under the Securities Act, with the powers conferred upon such agent by the Securities Act and the rules and regulations of the SEC thereunder.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, with the assistance of counsel, to take all action necessary or appropriate to prepare, execute, deliver and file, or cause to be prepared, executed, delivered and filed, and to cooperate with Aquila and Black Hills in the preparation of, all documents and information required to be filed by the Company or by Merger Sub, Aquila or Black Hills pursuant to, and to take all other action necessary or appropriate in connection with, any applicable state securities laws in connection with the Merger, the Stock Issuance, the Asset Sale, and the other transactions contemplated by the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement.

Regulatory Filings

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, with the assistance of counsel, to prepare, execute, deliver and file or cause to be prepared, executed, delivered and filed all reports, statements, documents, and information necessary or appropriate pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder, and to respond to all requests for

additional information in connection therewith.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, with the assistance of counsel, to prepare, execute, deliver and file or cause to be filed, and to cooperate with Aquila and Black Hills in the preparation of, all reports, schedules, statements, documents, and information required to be filed by the Company, Merger Sub, Aquila or Black Hills with the Federal Energy Regulatory Commission, the Federal Communications Commission, the Missouri Public Service Commission, the Kansas Corporation Commission, the Colorado Public Utilities Commission, the Nebraska Public Service Commission, the Iowa Utilities Board and any other governmental or regulatory authority, and to take all other action necessary or appropriate in connection therewith in connection with the Merger, the Asset Sale, the Stock Issuance, and the other transactions contemplated by the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement, including in connection with the preparation and filing of a rate case by Aquila as contemplated by the Merger Agreement.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, with the assistance of counsel, to prepare, execute, deliver and file, or cause to be prepared, executed, delivered and filed, all reports, statements, documents and information, to respond to all requests for additional information and to do such other things necessary or appropriate in connection with any statute, rule or regulation, whether foreign, federal, national, state or local.

Legal Proceedings

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, to take any and all such actions in connection with initiating or defending legal proceedings in any court or agency as such officer or officers, after consultation with counsel for the Company, deem necessary or appropriate in connection with the Merger, the Asset Sale, the Stock Issuance, or the other transactions contemplated by the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement.

Third-Party Consents

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, to take all such action to notify, or to obtain any authorizations, consents,

waivers or approvals of, any third party that such Authorized Officer deems necessary or appropriate in order to carry out the terms and provisions of the Merger Agreement, the Asset Sale Agreements, the Transition Services Agreement, and the Merger, the Asset Sale, the Stock Issuance, or the other transactions contemplated thereby or the intent and purposes of these resolutions.

General

RESOLVED, that the execution by the Authorized Officers of any document or instrument authorized by these resolutions, or any document or instrument executed in the accomplishment of any action or actions so authorized, is and shall become upon delivery the enforceable and binding act and obligation of the Company, without the necessity of the signature or attestation of any other officer of the Company or the affixing of any corporate seal.

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed to take or cause to be taken any and all such further actions, incur such costs or expenses and to prepare, execute, deliver and file, or cause to be prepared, executed, delivered and filed, all such further reports, schedules, statements, consents, documents, agreements, certificates, other documents and undertakings, in each case, in the name and on behalf of the Company, as contemplated by the Merger Agreement, the Asset Sale Agreements and the Transition Services Agreement in connection with any filings under the Securities Act, the Exchange Act or any other federal, state, local or foreign statute, rule or regulation, or with any other government or regulatory authority or any third party, or otherwise determined by such officer to be necessary or appropriate to effectuate the Merger, the Stock Issuance, the Asset Sale, and any other transaction contemplated by the Merger Agreement, the Asset Sale Agreements, the Transition Services Agreement or the intention of any of the foregoing resolutions.

FURTHER RESOLVED, that all actions previously taken by any officer or director of the Company in connection with the transactions contemplated by the foregoing resolutions, including, without limitation, entering into the Letter of Intent, dated November 21, 2006, between the Company and Black Hills, and engaging Skadden, Arps, the Financial Advisors, and other representatives or agents on behalf of the Company, are hereby approved, adopted and ratified in all respects.

SECRETARY'S CERTIFICATE

I, Christopher M. Reitz, do hereby certify that I am duly elected and acting Secretary of Aquila, Inc. (the "Company"), and as such corporate officer, have in my custody and under my control the corporate records and seal of the Company.

I further certify that the resolutions attached hereto as Exhibit A are full, true and correct copies of resolutions adopted by the Directors of the said Company on February 6, 2007, and said resolution are in full force and effect and have not been amended or revoked.

IN WITNESS WHEREOF, I have hereunto signed this Certificate this 2nd day of March, 2007.

CHRISTOPHER M. REITZ
SECRETARY

EXHIBIT A

RESOLUTIONS

WHEREAS, the Company has retained Lehman Brothers Inc. ("Lehman Brothers"), and The Blackstone Group L.P. ("Blackstone"), and the Board of Directors (the "Board") has retained Evercore Partners L.P. (together with Lehman Brothers and Blackstone, the "Financial Advisors") to assist the Company and the Board with reviewing and analyzing certain strategic alternatives, including a potential merger or sale of the Company;

WHEREAS, after determining that a merger or sale of the Company would maximize stockholder value when compared to other strategic alternatives, the Financial Advisors recommended to the Board that the Company conduct a process to explore a potential merger or sale of the Company (the "Transaction Process");

WHEREAS, in connection with the Transaction Process, the Company's management and the Financial Advisors conducted a process in which they (i) identified more than a dozen transaction candidates, ultimately contacting nine transaction candidates; (ii) entered into confidentiality agreements with seven transaction candidates; (iii) prepared and disseminated a detailed confidential information memoranda to seven transaction candidates; (iv) created comprehensive electronic and physical data rooms; (v) received and evaluated indicative, non-binding bids from five transaction candidates, ultimately inviting all five parties to participate in the next phase of the process; (vi) conducted management presentations for the four transaction candidates that wished to receive presentations; (vii) responded to extensive due diligence questions from the transaction candidates; and (ix) prepared and disseminated a form of merger agreement, including disclosure schedules, to the three transaction candidates that wished to receive those materials;

WHEREAS, after two transaction candidates withdrew from the Transaction Process, the Company received from the only remaining potential counterparties, Great Plains Energy Incorporated, a Missouri corporation and the parent company of Kansas City Power & Light Company ("Great Plains") and Black Hills Corporation, a South Dakota corporation ("Black Hills"), a proposal for a transaction in which the Company's Colorado utilities and Iowa, Kansas and Nebraska gas utilities would be sold to Black Hills, with the remaining assets of the Company being acquired by Great Plains;

WHEREAS, Great Plains required that the Company agree to conduct discussions exclusively with Great Plains and Black Hills as a condition to Great Plains' willingness to proceed with discussions regarding its and Black Hills' proposal and, after reviewing the terms of the proposal and obtaining the advice of the Financial Advisors and its special legal counsel, Fried, Frank, Harris, Shriver and Jacobson LLP, the Board authorized the Company to enter into an exclusivity agreement with Great Plains;

WHEREAS, the Company engaged in extensive negotiations with Great Plains and Black Hills regarding their transaction proposal during which the Company's management, with the assistance of the Financial Advisors, the Company's special legal counsel, and the Company's regulatory counsel, (i) conducted reverse due diligence on Great Plains; (ii) reviewed and analyzed the plans of Great Plains and Black Hills for obtaining the regulatory approvals necessary to complete the transaction and the likelihood of Great Plains and Black Hills successfully obtaining these approvals; and (iii) negotiated terms and conditions of definitive transaction agreements (described below) with Great Plains and Black Hills.

WHEREAS, the Company, Great Plains and Black Hills have negotiated the following definitive transaction agreements:

i. the agreement and plan of merger (the "Merger Agreement"), pursuant to which a wholly-owned subsidiary of Great Plains would merge with and into the Company (the "Merger"), with the Company surviving the Merger and becoming a wholly-owned subsidiary of Great Plains, and all of the outstanding shares of common stock, par value $1.00 per share, of the Company (the "Shares") will be converted into the right to receive the Merger Consideration (as that term is defined in the Merger Agreement);

ii. the asset purchase agreement (the "APA"), pursuant to which the Company's Iowa, Kansas, and Nebraska natural gas businesses and assets will be sold to Black Hills immediately prior to the closing of the Merger (the "Gas Asset Sale"); and

iii. the partnership interests purchase agreement (the "PIPA" and together with the Merger Agreement and the APA, the "Transaction Agreements"), pursuant to which the Company will, immediately prior to the closing of the Merger, transfer (a) its Colorado electric business and assets to a newly-formed limited partnership, (b) its Colorado natural gas business and assets to a newly-formed limited partnership, and (c) the Company's direct and indirect interests in the two newly-formed limited partnerships to Black Hills (the "Equity Sale," and together with the Gas Asset Sale, the "Asset Sale Transactions"), in each case, immediately prior to the closing of the Merger;

WHEREAS, each Financial Advisor has provided to the Board an opinion that the Merger Consideration is fair to the Company's stockholders from a financial point of view; and

WHEREAS, after review of presentations by, and discussions with the Company's management, the Financial Advisors, and the Company's special legal counsel, Fried, Frank, Harris, Shriver & Jacobson, LLP, regarding the Transaction Process, and the terms and conditions of the Transaction Agreements, the Board believes the Merger and the Asset Sale Transactions, together, are fair to and in the

best interests of the Company and its stockholders and the Merger Agreement and other Transaction Agreements are advisable;

NOW THEREFORE, BE IT:

RESOLVED, that the Transaction Agreements and the transactions contemplated thereby, including the Merger and the Asset Sale Transactions, and all documents contemplated thereby or otherwise related thereto (the "Related Documents") be and they hereby are authorized and approved and the Merger Agreement and other Transaction Agreements are hereby declared advisable;

FURTHER RESOLVED, that the Board hereby recommends that the Company's stockholders vote to adopt the Merger Agreement and approve the Merger and authorizes the Company to include this recommendation in the Proxy Material (as hereinafter defined);

FURTHER RESOLVED, that, pursuant to Section 251(c) of the Delaware General Corporation Law (the "DGCL"), the Board hereby directs that the Merger shall be submitted to the stockholders of the Company for their consideration and approval at a stockholders meeting (the "Stockholders Meeting") to be held in accordance with the applicable provisions of the DGCL as soon as practicable after the execution and delivery of the Merger Agreement and the clearance of the Proxy Material by the Securities and Exchange Commission, with the date, time and place of the Stockholders Meeting and the applicable record date to be determined by the Board (and, if appropriate, in consultation with Great Plains), and each of the Authorized Officers (as hereinafter defined) is hereby authorized and empowered to arrange for the solicitation of proxies from the stockholders of the Company and take all other legal action necessary to obtain the approval of those stockholders of the Merger Agreement and the Merger;

FURTHER RESOLVED, that the Authorized Officers are, and each of them acting individually is, hereby authorized, empowered and directed to prepare and file, or cause to be prepared and filed, all documentation necessary and incidental to the consummation of the transactions contemplated by the Transaction Agreements and the Related Documents, including, without limitation:

(i) the filing with the Department of Justice and the Federal Trade Commission Notifications and Report Forms pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any other reports, documents or information necessary or advisable to be filed thereunder, and any other reports, documents, applications or information as may be necessary or advisable to be filed with any governmental authority, in each case, with respect to or in connection with the consummation of the transactions contemplated by the Transaction Agreements and the Related Documents;

(ii) the filing with the Securities and Exchange Commission of a proxy statement/prospectus relating to the matters to be

submitted to the Company's stockholders at the Stockholders Meeting, including a form of proxy, in preliminary and final form (the "Proxy Material"); and

(iii) the filing with or notification to any local, state or federal public utility commissions or similar local, state and foreign regulatory bodies, including the United States Federal Energy Regulatory Commission, the United States Federal Communications Commission, and any other local, state or federal governmental authority as may be necessary or advisable with respect to the transactions contemplated by the Transaction Agreements and Related Documents.

FURTHER RESOLVED, that the Merger, upon the terms and conditions set forth in the Merger Agreement (including the conversion of the Shares into the right to receive the Merger Consideration), be and hereby is approved for purposes of Section 203 of the DGCL and any other statute which might apply to the foregoing transactions and Article Seven of the Company's certificate of incorporation;

FURTHER RESOLVED, that the employee retention plan (the "Retention Plan"), the terms and conditions of which have previously been reviewed by the Compensation and Benefits Committee of the Board, are designed to retain key employees of the Company through the period during which the Merger will be consummated and a copy of which has been provided to Great Plains, is hereby approved, provided that the cash amount to be paid out under the Retention Plan shall not exceed $8,600,000 in the aggregate;

FURTHER RESOLVED, that the Chief Executive Officer, the Chief Operating Officer, the Chief Accounting Officer, Treasurer, and the Senior Vice Presidents of the Company (the "Authorized Officers") be, and each Authorized Officer hereby is, authorized to negotiate, execute, and deliver on behalf of the Company the Transaction Agreements and the Related Documents, and any amendments and ancillary agreements and instruments thereto from time to time, containing such terms and conditions as the Authorized Officers or any of them deem necessary, advisable, or appropriate, provided that the terms and conditions of the any amendments, ancillary agreements or instruments to the Transaction Agreements are materially consistent with the terms and conditions presented by the Company's management and the Financial Advisors to the Board;

FURTHER RESOLVED, that the Company is hereby authorized to perform its obligations under the Transaction Agreements, including by taking such steps as may be necessary, advisable, or appropriate, as determined by the Authorized Officers, to satisfy the conditions to completing the Merger, the Asset Sale Transactions, and the other transactions contemplated by the Transaction Agreements and Related Documents;

FURTHER RESOLVED, that the Authorized Officers are, and each of them acting individually is, hereby authorized, empowered and directed in the name and on behalf of the Company, to do and perform all such additional actions including: (i)

seeking all requisite consents and approvals and taking those actions as are necessary or advisable to comply with the requirements of federal, state and foreign laws or regulations; (ii) retaining advisors, consultants and agents (including an exchange agent); (iii) incurring and paying any fees, costs and expenses; (iv) filing with the appropriate state and federal governmental authorities and self-regulatory organizations any further certificates, instruments and other documents; (v) obtaining any and all other third-party consents and approvals required in connection with the Merger and the Asset Sale Transactions or the other transactions contemplated by the Transaction Documents and Related Documents; (vi) taking those steps as may be necessary, advisable, or appropriate, as determined by the Authorized Officers to assist Great Plains and Black Hills (including their respective subsidiaries) in consummating the Merger and the Asset Sale Transactions, including assisting (A) Great Plains and Black Hills with the separation and transition of certain assets and operations as part of the Asset Sale Transactions, (B) Black Hills with its financing efforts to raise the capital required to fund the purchase price of the Asset Sale Transactions, and (C) Great Plains and Black Hills with the preparation of audited financial statements of certain of the Company's assets and operations; and (vii) executing, delivering and performing all agreements, alterations or amendments to agreements, undertakings, obligations, certificates, instruments, notices, filings, opinions and other documents and taking such action as the Authorized Officers, or any of them, consider necessary, advisable or appropriate, on behalf of the Company or otherwise, in each case in order to effectuate the foregoing resolutions and to carry out the intent and purposes thereof or otherwise to effectuate any of the transactions contemplated by the Transaction Agreements and the Related Documents, including, without limitation, the Merger and the Asset Sale Transactions; and

FURTHER RESOLVED, that all actions heretofore taken by any officer or director of the Company in connection with the Transaction Agreements the Related Documents and the transactions contemplated thereby be, and each of them hereby is, ratified and approved in all respects.

EXECUTION COPY

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement"), made as of February 6, 2007 among Black Hills Corporation, a South Dakota corporation ("Buyer"), Great Plains Energy Incorporated, a Missouri corporation ("Parent"), and Gregory Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Parent ("Merger Sub"). Buyer, Parent and Merger Sub are referred to individually as a "Party" and collectively as the "Parties." Any capitalized terms set forth herein which are not otherwise defined have the meaning set forth in the Asset Purchase Agreement (as defined below).

RECITALS

WHEREAS, Aquila, Inc., a Delaware corporation ("Seller"), and Buyer, and for the purposes indicated therein, Parent and Merger Sub, have entered into that certain Asset Purchase Agreement, dated the date hereof (the "Asset Purchase Agreement"), pursuant to which, among other things, Buyer, or certain of its Affiliates, will acquire certain assets currently owned and utilized by Seller for gas utility operations in Iowa, Kansas and Nebraska (the "Gas Utility Businesses").

WHEREAS, Seller, Aquila Colorado, LLC, a Delaware limited partnership and a wholly-owned subsidiary of Seller, Buyer, and for the purposes indicated therein, Parent and Merger Sub, have entered into that certain Partnership Interests Purchase Agreement, dated the date hereof (the "Interests Purchase Agreement"), pursuant to which, among other things, Buyer, or certain of its Affiliates, will purchase all of the partnership interests of Electric Opco and Gas Opco (in each case, as defined in the Interests Purchase Agreement), each of which shall be formed by Seller to hold the assets related to Seller's electric utility business and gas utility business, respectively, in Colorado (the "Colorado Businesses").

WHEREAS, Seller, Parent and Merger Sub, and Buyer, have entered into an Agreement and Plan of Merger dated the date hereof (the "Merger Agreement"), which, among other things, provides for the merger of Merger Sub with and into Seller (the "Merger"), which operates certain assets utilized for its electric utility business in Missouri (the "Missouri Business").

WHEREAS, Parent and Merger Sub recognize that it is necessary and desirable to continue to receive specific shared services from Buyer as the owner of certain assets of Seller following the closing of the Asset Purchase Agreement and the Interests Purchase Agreement, and Buyer recognizes that it is necessary and desirable to continue to receive specific shared services from Merger Sub or its successor as the owner of certain assets of Seller following the Merger.

AGREEMENT

NOW THEREFORE, in consideration of the Parties' respective covenants, representations, warranties, and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1
SERVICES

Section 1.1 Provision of Services. The Party providing, or causing the provision of, the Services (as defined below) is referred to herein as the "Service Provider" and the Party receiving such Services is referred to herein as the "Service Recipient." Each of the following may be a Service Provider or a Service Recipient: (i) on behalf of Buyer: Buyer, its wholly-owned subsidiary Black Hills Service Company, or Buyer's Affiliates and (ii) on behalf of Parent and Merger Sub: Parent, Merger Sub or its successor, or Parent's Affiliates. The provision of the Services by an Affiliate of a Party shall remain subject to the terms and conditions of this Agreement as if provided by such Party.

Section 1.2 Customer Support Services. Buyer and Merger Sub agree to, and Parent agrees to cause Merger Sub or its successor to, provide the customer support services to be added to Schedule 1.2 hereto on or before July 30, 2007 by mutual agreement of the Parties (the "Customer Support Services") to Merger Sub or its successor, as applicable, and Buyer, respectively, from and after the Closing Date.

Section 1.3 Information Technology Services. Buyer and Merger Sub agree to, and Parent agrees to cause Merger Sub or its successor to, provide the information technology services to be added to Schedule 1.3 hereto on or before July 30, 2007 by mutual agreement of the Parties (the "Information Technology Services") to Merger Sub or its successor, as applicable, and Buyer, respectively, from and after the Closing Date.

Section 1.4 Accounting Services. Buyer and Merger Sub agree to, and Parent agrees to cause Merger Sub, its successor or its applicable Affiliate to, provide the accounting services to be added to Schedule 1.4 hereto on or before July 30, 2007 by mutual agreement of the Parties (the "Accounting Services," and together with the Customer Support Services and the Information Technology Services, the "Services") to Merger Sub or its successor, as applicable, and Buyer, respectively, from and after the Closing Date.

Section 1.5 Data. All data supplied to a Service Recipient pursuant to any of the Services shall be provided in its then existing format. Each Service Provider reserves the right to change the format of the data supplied to the Service Recipients as a result of any upgrades or improvements in Service Provider's existing systems, software or hardware. If a Service Recipient requests that data be supplied in a different format, the relevant Service Provider shall, if commercially reasonable, provide such data in the format requested by such Service Recipient, provided that any such provision of data shall be subject to a cost based additional fee calculated in accordance with Section 2.1. No Service Provider shall be required to make any upgrade or improvements to its existing systems, software or hardware on behalf of any Service Recipient in order to provide any Services or data in any different format. As between the Service Provider and the Service Recipient, each Service Recipient shall own all data provided by such Service Recipient to the Service Provider in connection with the provision of Services to such Service Recipient, or created by or on behalf of the Service Provider solely in connection with the provision of Services to such Service Recipient. To the extent permitted by any applicable third party agreement, each Service Provider hereby grants to each Service Recipient a perpetual, irrevocable, non-exclusive, worldwide, royalty-free, fully-paid license to use all other data

created by or on behalf of such Service Provider in connection with the provision of Services to such Service Recipient.

Section 1.6 Access to Service Providers. For purposes of facilitating each Service Recipient's utilization of Services hereunder, from and after the Closing Date, each Party shall be permitted to directly contact during normal business hours those individuals employed by the other Party to be set forth on Schedule 1.6 hereto on or before July 30, 2007 by mutual agreement of the Parties (and any successor(s) to the position(s) currently held by such individuals), as may be amended, so long as such individuals are employees of such other Party and remain in the same or similar positions as they currently occupy on the date Schedule 1.6 is completed.

Section 1.7 Standards of Service. In providing the Services, each Service Provider shall use Good Utility Practices and shall provide the Services in substantially in the same manner as the Services have been provided with regard to the Colorado Businesses, the Gas Utility Businesses and the Missouri Business by Seller prior to the Closing Date (including without limitation with respect to emergency response times, if applicable), and shall undertake to provide the Services in accordance with all applicable legal requirements.

Section 1.8 Use of Third Parties.

(a) To the extent practicable, each Service Provider will use the equipment and employees acquired in connection with the Merger Agreement, Asset Purchase Agreement and Interests Purchase Agreement in providing the Services hereunder.

(b) Subject to Sections 1.8(a) and 1.8(c), after completion of the Transition Services Plan, each Service Provider may (i) engage consultants to provide services in connection with transition issues related to or arising in connection with performing or preparing to perform any of the Services or the migration services pursuant to Section 1.9 and (ii) subcontract performance of all or part of the Services or such migration services to a qualified third party (each, a "Third Party Engagement"), provided that, notwithstanding any such Third Party Engagement, the Service Provider shall remain liable for performance of the Services in accordance with this Agreement. All costs incurred by the Service Provider pursuant to any Third Party Engagement will be charged to the Service Recipient in accordance with Sections 2.1 and 2.2 hereof, as applicable.

(c) In the event that a Service Provider wishes to enter into a material Third Party Engagement, the Service Provider will provide to the Service Recipient a written description of the services to be performed pursuant to such Third Party Engagement, the estimated cost thereof, the material terms and conditions of the Third Party Engagement and the subcontractor or consultant performing such services. At the Service Recipient's request, the Service Provider will consult in good faith with the Service Recipient regarding such material Third Party Engagement, the costs associated therewith and the terms and conditions thereof prior to entering into a binding agreement with such subcontractor or consultant.

(d) Each Service Provider, together with Seller, will use reasonable best efforts to obtain any third party consents necessary to perform the Services as set forth herein. In

the event that the Service Provider and Seller are unable to obtain any such consent, the Service Provider shall not be obligated to provide such Services, and the Parties will work together in good faith to explore a commercially reasonable alternative arrangement. Any costs and expenses incurred by the Service Provider in connection with obtaining such consents, including any consent fees charged by a third party, or in connection with implementing such alternative arrangement, will be charged to the Service Recipient in accordance with Sections 2.1 and 2.2 hereof, as applicable. Any costs incurred by Seller in connection with obtaining any such consents, including any consent fees charged by a third party, will be borne by the Parties in accordance with Section 7.11 of the Merger Agreement.

Section 1.9 Migration. From and after the Closing Date, each Service Recipient shall use commercially reasonable efforts to migrate the Services from the Service Provider as soon as reasonably practicable. In the event that a Service Recipient reasonably believes that it requires a Service Provider's assistance in migrating any of the Services from such Service Provider, the Service Recipient shall submit a detailed written description to the Service Provider setting forth the scope of such migration services, and the Service Provider will provide such migration services. In the event that the Service Recipient engages a third party to provide any migration services, the Service Provider shall cooperate with the Service Recipient at the Service Recipient's reasonable request in connection with the Service Recipient's receipt of such services from a third party. All costs incurred by the Service Provider in connection with such migration services or such cooperation, as applicable, shall be borne by the Service Recipient in accordance with Sections 2.1 and 2.2, as applicable.

Section 1.10 Non-solicitation. Except as expressly set forth herein or in the Asset Purchase Agreement, neither Buyer nor Merger Sub, nor any of their respective Affiliates or successors shall, directly or indirectly, solicit the employment or services of any employee of the other Party or its Affiliates or successors (whether as an employee, consultant, independent contractor or otherwise) without such Party's prior written consent. For purposes of this Section 1.10, the term "solicit the employment or services" shall not be deemed to include general searches for employees through media advertisements, employment plans, open job fairs, recruitment or otherwise, provided that such searches are not focused or targeted on the other Party's employees.

Section 1.11 Preparation of Schedules. Each Party shall use its reasonable best efforts to complete the preparation of all schedules to this Agreement by the applicable dates set forth herein.

Section 1.12 Transition Services Committee.

(a) Within thirty (30) Business Days after the date hereof, a committee of three Persons comprised of one Person designated by Parent, one Person designated by Buyer and one Person designated by Seller (at the request of Parent and Buyer), and such additional Persons as may be appointed by the Persons originally appointed to such committee (the "Transition Services Committee") will be established to examine transition services issues relating to or arising in connection with the Services contemplated hereby. From time to time, the Transition Services Committee will report its findings to the senior management of each of Parent and Buyer. The Transition Services Committee shall have no authority to enter into

agreements with third parties on behalf of the Parties. The Transition Services Committee will use reasonable best efforts to prepare and finalize by July 30, 2007 a transition services plan setting forth the steps to be taken by each Party in order to enable Parent and Buyer to perform their respective obligations as set forth in this Agreement, including the Schedules to be completed pursuant to Sections 1.2, 1.3, 1.4 and 2.3 ("Transition Services Plan"), and the Parties will use their reasonable best efforts to implement the Transition Services Plan. Except as set forth in Section 1.12(b), all costs incurred by the Parties or any of their Affiliates in connection with the implementation of the Transition Services Plan shall be borne by the Parties in accordance with Sections 2.1 and 2.2 hereof, as applicable. All costs incurred by the Seller in connection with the activities contemplated by this Section 1.12(a) shall be borne by the Parties in accordance with Section 7.11 of the Merger Agreement.

(b) In the event that the Transition Services Committee agrees to engage a consultant to provide advice to the Transition Services Committee in connection with this Agreement, (i) such engagement shall occur pursuant to a written agreement with such consultant that shall be subject to the prior written approval of each of Buyer and Parent, and (ii) all out-of-pocket costs incurred by Parent and Buyer pursuant to such consulting agreement will be split between Buyer and Parent, with each of Buyer and Parent bearing 50% of such costs. Notwithstanding the foregoing, nothing herein shall be construed to limit the rights of a Service Provider pursuant to Section 1.8.

ARTICLE 2
COMPENSATION

Section 2.1 Service Fees. Each Service Recipient will pay each Service Provider, as compensation for the Services provided by such Service Recipient, such Service Provider's costs incurred in connection with providing the Services. For purposes hereof, a Service Provider's costs shall be the actual out-of-pocket employment costs (including, without limitation, wages and benefits) for the individuals performing the Services (based upon the actual time expended by Service Provider in performing the Services) together with actual out-of-pocket third party expenses reasonably incurred by Service Provider in providing the Services, provided that such expenses shall exclude the allocation of any corporate overhead expense (collectively, the "Service Fees").

Section 2.2 Unassigned Service Expenses. The Parties acknowledge that there may be costs incurred by each Service Provider in connection with provision of the Services that are not assignable to particular Services and are not included in the Service Fees, including but not limited to (i) the actual out-of-pocket employment costs (including, without limitation, wages and benefits) for the individuals performing the Services, (ii) the actual out-of-pocket third party expenses reasonably incurred by such Service Provider in providing the Services, (iii) corporate overhead expenses and (iv) supervisory and management expenses incurred by such Service Provider in providing the Services (collectively, "Unassigned Service Expenses"). The Unassigned Service Expenses will be split between the Service Provider and the Service Recipient, with each of the Service Provider and the Service Recipient bearing fifty percent (50%) of the Unassigned Service Expenses.

Section 2.3 Shared Agreements. Notwithstanding anything to the contrary herein, from and after the Closing Date, all costs and expenses incurred by Buyer, Parent, Merger Sub or Merger Sub's successor pursuant to the shared services facilities and equipment agreements set forth on Schedule 2.3 hereto and such other shared services facilities and equipment agreements to be added to such Schedule on or before July 30, 2007 by mutual agreement of the Parties (collectively, the "Shared Agreement Expenses") shall be split between Buyer and Merger Sub, or Merger Sub's successor, as applicable, with each of Buyer and Merger Sub, or Merger Sub's successor, as applicable, bearing fifty percent (50%) of the Shared Agreement Expenses.

Section 2.4 Transitional Employee Severance Costs. Buyer shall be responsible for forty percent (40%), and Parent or Merger Sub or its successor shall be responsible for sixty percent (60%), of all costs of short-term severance related benefits, including outplacement benefits, gross-ups for taxes, and severance payments made or provided by Buyer, Parent or Merger Sub, or Merger Sub's successor, to the Corporate Employees after the Closing Date (collectively, "Employee Severance Costs").

Section 2.5 Invoices. Each Service Provider will provide each Service Recipient with a monthly invoice with reasonable detail of such prior calendar month's Services, if any, and the Service Fees and Unassigned Service Expenses for such prior calendar month. Each Service Provider shall provide promptly to Service Recipient such additional supporting documentation evidencing the provision of Services, if any, and the calculation of Service Fees related thereto as may be reasonably requested by such Service Recipient, provided that no Party shall be obligated to disclose salary or benefits information for any individual employee. In addition, from and after the Closing Date, (a) each of Parent and Buyer will cause to be provided to the other a monthly invoice with reasonable detail of the prior calendar month's Shared Agreement Expenses to be borne by the other Party and (b) each of Parent and Buyer will cause to be provided to the other a monthly invoice with reasonable detail of the Employee Severance Costs to be borne by the other Party. All amounts shall be due and payable on or before the twenty-fifth (25th) day following a Party's receipt of an invoice, delivered to such Party in accordance with this Section 2.6. Each Party shall pay all amounts due under this Agreement free of any set-off, deduction or withholding. Without prejudice to any Party's other rights and remedies, where any sum remains unpaid five (5) business days after the applicable due date, it shall carry interest, which shall accrue daily, from the due date until the date of actual payment, at an annual interest rate of nine percent (9%).

ARTICLE 3
TERM; TERMINATION

Section 3.1 Term of Services. Each Service Provider shall provide the Services for a period beginning on the Closing Date and continuing for twelve (12) months following the Closing Date (the "Services Period") unless extended pursuant to Section 3.2 below or terminated early pursuant to Section 3.3 below.

Section 3.2 Extension of Term of Services. If, despite its compliance with Section 1.9 hereof, a Service Recipient will not be able to migrate all of the Services from the Service Provider prior to the end of the Services Period, the Service Recipient may request extension of such Services for up to an additional six (6) months or the completion of the migration of such

Services, whichever occurs earlier (the "Extension Period") by providing written notice to the Service Provider at least sixty (60) days prior to the end of the Services Period. During the Extension Period, the amount of all Service Fees due pursuant to Section 2.1 shall be increased by 20%. During the Extension Period, such Service Recipient shall continue to use commercially reasonable efforts to migrate such Services from the Service Provider.

Section 3.3 Termination. Any Party may at any time, without waiving any legal rights or remedies it may otherwise have, immediately terminate this Agreement upon the occurrence of any of the following events: (a) a material breach of this Agreement by any other Party and subsequent failure to cure such breach within thirty (30) days after receipt of written notice describing the breach in sufficient detail, or if the breach cannot be completely cured within thirty (30) days, failure to make substantial progress towards a cure within the thirty (30) day period; (b) if any other Party files bankruptcy, has an involuntary petition in bankruptcy filed against it, makes an assignment to the benefit of its creditors, becomes insolvent or ceases to do business as a going concern, or ceases to conduct its operations in the normal course of business; or (c) termination of the Asset Purchase Agreement pursuant to Article X thereof. In addition, a Service Recipient may terminate any Service prior to the end of the Services Period or the Extension Period upon ninety (90) days prior written notice to the Service Provider. This Agreement will automatically terminate upon the earlier of (x) the expiration of the Services Period or the Extension Period, as applicable, and (y) termination of all Services pursuant to this Section 3.3.

Section 3.4 Effect of Termination. Any termination under the provisions of Section 3.3 shall not affect any monies owing or obligations incurred hereunder by any of the Parties prior to the effective date of termination.

ARTICLE 4
INDEPENDENT CONTRACTOR; ETC.

Each Service Provider will perform the Services in the capacity of an independent contractor. Nothing in this Agreement will be construed or inferred to imply that a Service Provider is a partner, joint venturer, agent or representative of, or otherwise associated with, another Party that is the Service Recipient. Each Party agrees not to represent to others or take any action from which others could reasonably infer that any of the Parties hereto is a partner, joint venturer, agent or representative of, or otherwise associated with, the other Parties. All employees and representatives of a Service Provider shall be deemed for purposes of all compensation and employee benefits matters to be employees or representatives of such Service Provider and not employees or representatives of the relevant Service Recipient.

ARTICLE 5
INDEMNIFICATION

From and after the Closing Date, each Party hereto shall, and Parent shall cause Merger Sub's successor, if applicable, to, indemnify, defend, save and hold harmless each other Party (and each such Party's respective former, present and future officers, directors, employees, agents and shareholders), and such Party's successors and assigns from and against any Losses in connection with third party claims caused by, relating to or arising out of the indemnifying

Party's gross negligence or willful misconduct in connection with the transactions contemplated by this Agreement, except with respect to any Losses arising from the indemnified Party's gross negligence or willful misconduct.

ARTICLE 6
LIMITATION ON LIABILITY

Notwithstanding anything to the contrary elsewhere in this Agreement or provided for under any applicable Law, (a) except with respect to claims that are the subject of indemnification pursuant to Article 4, no Party will, in any event, be liable to any other Party, either in contract or in tort, for any consequential, incidental, indirect, special or punitive damages of such other Party arising out of or in connection with this Agreement, including loss of future revenue, income, or profits, diminution in value, or loss of business reputation or opportunity, relating to the breach or alleged breach hereof or otherwise, whether or not the possibility of such damages has been disclosed to such other Party in advance or could have been reasonably foreseen by such other Party and (b) except with respect to any liabilities arising from a Party's gross negligence or willful misconduct, no Party shall be liable to any other Party for damages arising out of or in connection with this Agreement.

ARTICLE 7
MISCELLANEOUS

Section 7.1 Governing Law. THIS AGREEMENT WILL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE CONFLICTS OF RULES THEREOF.

Section 7.2 Arbitration. Any dispute, controversy or disputed claim arising under, in connection with or relating to, this Agreement, as well as any amendment, purported amendment or termination, or any breach or violation thereof, shall be finally settled and determined under and pursuant to the applicable commercial arbitration rules and procedures of the American Arbitration Association. The arbitration shall be held in Chicago, Illinois. The arbitrator(s) shall have no affiliation or relationship with any Party or their counsel and, when feasible, shall have training or experience in the subject matter of the dispute. Any award or decision rendered pursuant to such rules and procedures shall be final and binding on all of the Parties hereto and their respective successors and assigns. Such decision or award shall be in writing, signed by the arbitrator(s), shall state the reasons upon which the decision or award is based and shall be rendered no later than three (3) months after the completion of the arbitration proceedings. The arbitrator(s), in deciding any dispute, controversy or claim arising under this Agreement as provided in this Section 7.2, shall look to the substantive laws of the State of Delaware for the resolution of the dispute, controversy or claim. Judgment on any decision or award pursuant hereto may be entered in any court having jurisdiction thereof. Notwithstanding anything herein to the contrary, if a Party makes a good faith determination that a breach of the terms of this Agreement by another Party is such that the damages to such Party resulting from the breach would be incapable of redress such that a temporary restraining order or other immediate injunctive relief is the only adequate remedy, then such Party may make immediate application

to a state or federal court located in Chicago, Illinois, and each Party submits to such venue and jurisdiction for such purposes.

Section 7.3 Survival. The provisions of Section 3.4 and of Articles 4, 5, 6 and 7 of this Agreement shall survive indefinitely following termination or expiration of this Agreement for any reason. In addition, the provisions of Section 2.3 shall survive termination or expiration of this Agreement for any reason until such time as Parent and Buyer and their respective Affiliates have no further obligations pursuant to the shared services facilities and equipment agreements set forth on Schedule 2.3 hereto.

Section 7.4 Counterparts. This Agreement, and any certificates and instruments delivered under or in accordance herewith, may be executed in any number of counterparts (including by facsimile or other electronic transmission), each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same instrument, it being understood that all of the Parties need not sign the same counterpart.

Section 7.5 Successors and Assigns. This Agreement will be binding upon the Parties and their respective successors and assigns, except that no right, benefit or obligation hereunder may be assigned by any Party without the prior written consent of the other Parties.

Section 7.6 Entire Agreement. This Agreement, together with the Asset Purchase Agreement, the Interests Purchase Agreement and the other agreements contemplated therein, contains the entire agreement among the Parties with respect to its subject matter and supersedes all negotiations, prior discussions, agreements, arrangements and understandings, written or oral, relating to the subject matter hereof. There are no representations, warranties, covenants or agreements between or among the Parties with respect to the subject matter hereof other than those expressly set forth herein.

Section 7.7 Amendments. This Agreement may be amended, modified, or supplemented only by written agreement executed and delivered by duly authorized officers of each of the Parties.

Section 7.8 No Third Party Beneficiaries. This Agreement is not intended to, and does not, confer upon any Person other than the Parties any rights or remedies hereunder other than their respective Affiliates and other than as set forth in Article 5. Without limiting the generality of the foregoing, no provision of this Agreement creates any third party beneficiary rights in any employee or former employee of Seller, Buyer, Parent or Merger Sub (including any beneficiary or dependent thereof) in respect of continued employment or resumed employment, and no provision of this Agreement creates any rights in any employee or former employee of Seller, Buyer, Parent or Merger Sub (including any beneficiary or dependent thereof) in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement except as expressly provided for under such plans or arrangements.

Section 7.9 Severability. Any term or provision hereof that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

Section 7.10 Force Majeure. A Party will not be deemed to have defaulted or failed to perform hereunder if that Party's inability to perform or default will have been caused by an event or events beyond the reasonable control and without the fault of that Party, including (without limitation) acts of Governmental Entity, embargoes, fire, flood, explosions, acts of God or a public enemy, strikes, acts of terrorism, labor disputes, vandalism, civil riots or commotions, or the inability to procure necessary raw materials, supplies or equipment.

Section 7.11 Notices. All notices and other communications required or desired to be given under this Agreement shall be given pursuant to the provisions of Section 11.4 of the Asset Purchase Agreement.

Section 7.12 Confidentiality.

(a) Each Party agrees to maintain the confidentiality of all non-public information relating to any other Party, its Affiliates or any third party that may be disclosed by a Party to such other Party in connection with the performance of the Services hereunder and to use such information solely for the purposes of providing or receiving the Services hereunder. Notwithstanding the foregoing, a Party's obligation hereunder shall not apply to information that:

(i) is already in the receiving Party's possession at the time of disclosure thereof and is not otherwise subject to a confidentiality obligation;

(ii) is or subsequently becomes part of the public domain through no action of the receiving Party;

(iii) is subsequently received by the receiving Party form a third party which has no obligation of confidentiality to the Party disclosing the non-public information.

(b) Notwithstanding Section 7.12(a), non-public information may be disclosed by the receiving Party:

(i) to the receiving Party's Affiliates, directors, officers, employees, agents, auditors, consultants and financial advisors, provided that the receiving Party ensures that such parties comply with this Section 7.12; and

(ii) as required by Law, provided that, if permitted by Law, written notice of such requirement shall be given promptly to the disclosing Party so that it may take reasonable steps to avoid and minimize the extent of such disclosure.

[The remainder of this page is blank. Signature page follows.]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed and delivered as of the date first above written.

"BUYER":

BLACK HILLS CORPORATION

By: _____
Name: David R. Emery
Title: President, Chief Executive Officer and Chairman of the Board of Directors

"PARENT":

GREAT PLAINS ENERGY INCORPORATED

By: _____
Name: Michael J. Chesser
Title: Chairman of the Board and Chief Executive Officer

"MERGER SUB":

GREGORY ACQUISITION CORP.

By: _____
Name: Terry Bassham
Title: President

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed and delivered as of the date first above written.

"BUYER":

BLACK HILLS CORPORATION

By: _____
Name: David R. Emery
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GREAT PLAINS ENERGY INCORPORATED

By: _____
Name: Michael J. Chesser
Title: Chairman of the Board and Chief Executive Officer

"MERGER SUB":

GREGORY ACQUISITION CORP.

By: _____
Name: Terry Bassham
Title: President

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

TERRY BASSHAM

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY, AND AQUILA, INC. FOR APPROVAL OF THE ACQUISITION OF AQUILA, INC. BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 07-KCPE-____-____

Q: Please state your name and business address.

A: My name is Terry Bassham. My business address is 1201 Walnut, Kansas City, Missouri 64106.

Q: By whom and in what capacity are you employed?

A: I am employed by Great Plains Energy Incorporated ("Great Plains Energy") as Executive Vice President, Finance & Strategic Development, and Chief Financial Officer. I am also employed by Kansas City Power & Light Company ("KCPL") as Chief Financial Officer. KCPL is a direct, wholly-owned subsidiary of Great Plains Energy.

Q: What are your responsibilities?

A: My responsibilities include the oversight of Great Plains Energy's financial activities, as well as the oversight of KCPL's finance and accounting departments.

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 have held my current positions at Great Plains Energy and KCPL since April of 2005. Prior to that time, I was employed by El Paso Electric for nine years in various positions including General Counsel, Chief Administrative Officer and Chief Financial Officer. 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 at the Kansas Corporation Commission or before any other utility regulatory agency?

A: I provided pre-filed testimony in KCPL's 2006 rate cases before both the Kansas Corporation Commission ("KCC") and the Missouri Public Service Commission ("MPSC"). I have also testified before the 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 is the purpose of your testimony?

A: My testimony is divided into four parts. First, I describe the structure of the various transactions that will culminate in Great Plains Energy's acquisition of Aquila, Inc. ("Aquila") (the "Merger"). Second, I explain the financing of the Merger. Third, I discuss the anticipated impact of the Merger on the credit ratings of Great Plains Energy,

KCPL and Aquila ("Joint Applicants"), including a summary of the interest rate savings Great Plains Energy expects Aquila to achieve as a result of the Merger. Finally, I summarize the finance-related relief the Joint Applicants are requesting in this proceeding.

I. MERGER-RELATED TRANSACTIONS

Q: Please summarize the transactions related to the Merger.

A: Aquila currently operates regulated gas utilities in Iowa, Nebraska, Kansas, and Colorado, and regulated electric utilities in Missouri and Colorado. There are two components to the Merger. First, Black Hills Corporation ("Black Hills") will acquire Aquila's gas assets in Iowa, Nebraska, Kansas, and Colorado and its electric assets in Colorado for approximately $940 million ("Black Hills Purchase"). Black Hills is a South Dakota corporation with several energy subsidiaries, including Black Hills Power, Inc., a regulated electric utility serving parts of South Dakota, Wyoming and Montana, and Cheyenne Light, Fuel & Power Co., a regulated electric and gas distribution utility serving the Cheyenne, Wyoming area.

After the Black Hills Purchase is complete, Gregory Acquisition Corp., a Delaware corporation and direct, wholly-owned subsidiary of Great Plains Energy ("Merger Sub"), will be merged with and into Aquila, with Aquila as the surviving entity. I describe the two components of the Merger in greater detail below.

Q: Will the Merger result in Great Plains Energy acquiring any KCC-jurisdictional assets?

A: No, it will not. Following the consummation of the Merger, Great Plains Energy will own the Aquila corporate entity. However, following the completion of the Black Hills

Purchase, the Aquila corporate entity will consist of (i) Aquila's current Missouri electric operations, *i.e.*, Aquila Networks – MPS and Aquila Networks – L&P; (ii) Aquila's St. Joseph Industrial Steam operations; and (iii) Aquila's merchant services operations, which primarily consist of the 340 MW Crossroads power generating facility in Mississippi and certain residual natural gas contracts that have been hedged to address price risk. None of these assets are located in Kansas. Nor are they otherwise subject to the jurisdiction of the KCC.

The Merger will expand Great Plains Energy's electric utility service territory in Missouri around the Kansas City metropolitan area. The Merger will add about 300,000 electric utility customers to the 500,000 customers Great Plains Energy currently serves through KCPL. Following the Merger, Great Plains Energy's utility subsidiaries will have a generating capacity of approximately 5,800 megawatts.

Q: Please summarize any conditions upon which the Merger is contingent.

A: I will describe the applicable conditions in greater detail below, but generally each transaction is conditioned upon the closing of the other transaction, meaning that the Merger will not close unless the Black Hills Purchase closes. The transactions are also subject to shareholder approval, as well as various state and federal regulatory approvals.

The Black Hills Purchase

Q: Please describe the Black Hills Purchase.

A: The controlling documents for the Black Hills Purchase are (i) the Asset Purchase Agreement ("APA") dated February 6, 2007, which was entered into by and among Aquila, Black Hills, Great Plains Energy, and Merger Sub and (ii) the Partnership Interests Purchase Agreement ("PIPA") also dated February 6, 2007, which was entered

into by and among Aquila, Aquila Colorado, LLC, Black Hills, Great Plains Energy, and Merger Sub.

Aquila will transfer to Black Hills the assets associated with Aquila's natural gas operations in Iowa, Kansas and Nebraska pursuant to the terms of the APA. Aquila will transfer to Black Hills the assets associated with Aquila's natural gas and electric operations in Colorado pursuant to the terms of the PIPA through the following series of transactions: (i) Aquila will form two Delaware limited partnerships, which for these purposes will be called "Electric Opco" and "Gas Opco". Aquila will be the general partner of Electric Opco and Gas Opco. Aquila Colorado, LLC, a Delaware limited liability company and wholly-owned subsidiary of Aquila ("Limited Partner"), will be the limited partner of Electric Opco and Gas Opco. (ii) Immediately before closing, Aquila will transfer its Colorado electric assets to Electric Opco and its Colorado natural gas assets to Gas Opco. (iii) Aquila and Limited Partner will then sell their partnership interests in Electric Opco and Gas Opco to Black Hills.

Following the closing of the APA and PIPA transactions, Black Hills will own and operate the natural gas assets of Aquila in Nebraska, Kansas, Iowa, and Colorado. Black Hills will also own Aquila's Colorado electric assets. Black Hills will assume the liabilities directly associated with the assets it acquires through the Black Hills Purchase. Black Hills will also acquire the intellectual property associated with doing business under the "Aquila" name. Consequently, upon consummation of the Merger, Great Plains Energy will rename Aquila.

Q: Please describe any closing conditions provided in the APA.

A: The transactions contemplated by the APA are subject to a number of conditions,

including (i) a waiver from, or the approval of, the KCC under the "standstill" obligations imposed on Aquila; (ii) the approval of the KCC, Iowa Utilities Board and Nebraska Public Service Commission; (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iv) the readiness of Great Plains Energy and Aquila to complete the Merger; and (v) the absence of a material adverse effect on the businesses being acquired by Black Hills, including the businesses being acquired by Black Hills under the PIPA.

Q: Please describe any closing conditions provided in the PIPA.

A: The transactions contemplated by the PIPA are also subject to a number of conditions, including (i) a waiver from, or the approval of, the KCC under the "standstill" obligations imposed on Aquila; (ii) the approval of the Colorado Public Utilities Commission; (iii) the approval of the Federal Energy Regulatory Commission; (iv) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (v) the readiness of Great Plains Energy and Aquila to complete the Merger; and (vi) the absence of a material adverse effect on the businesses being acquired by Black Hills, including the businesses being acquired by Black Hills under the APA.

The Merger

Q: Please describe the Merger.

A: The primary controlling document for the Merger is the Agreement and Plan of Merger dated February 6, 2007, which was entered into by and among Aquila, Great Plains Energy, Black Hills, and Merger Sub.

Immediately following the consummation of the Black Hills Purchase, Merger Sub will merge with and into Aquila, with Aquila as the surviving entity. Aquila will become a direct, wholly-owned subsidiary of Great Plains Energy. Aquila shareholders will then receive the consideration of stock and cash called for under the Agreement and Plan of Merger. I describe the specifics of that consideration later in my testimony.

Q: What impact will the Merger have on Aquila's current employees?

A: Although Great Plains Energy and KCPL expect to retain the majority of the employees working in Aquila's Missouri operations, including all plant, transmission and distribution operations personnel, Great Plains Energy and KCPL plan to (i) eliminate duplicative, or overlapping, administrative positions and (ii) convert the retained Aquila employees to either Great Plains Energy or KCPL employees. Consequently, the Joint Applicants will need to "share" a significant number of employees, *e.g.*, the employees of Great Plains Energy Services, Inc. ("GPES"), a wholly-owned subsidiary of Great Plains Energy, and KCPL will provide human resources, legal and accounting services to Aquila. Great Plains Energy estimates that it will save approximately $143 million over the next five years (2008-2012) as a result of sharing services in this manner.

Q: Has the Merger been approved by the Boards of Directors of both Great Plains Energy and Aquila?

A: Yes, the Boards of Directors of both companies unanimously approved the Merger.

Q: Please describe any closing conditions provided in the Agreement and Plan of Merger.

A: Consummation of the Merger is subject to a number of conditions, including (i) approval by Aquila's shareholders and the shareholders of Great Plains Energy; (ii) approval by

the Federal Energy Regulatory Commission, the MPSC and this Commission; (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iv) the receipt of all regulatory approvals and the completion of the Black Hills Purchase; and (v) the absence of a material adverse effect on the Aquila businesses that remain after giving effect to the Black Hills Purchase.

II. MERGER-RELATED FINANCES

Q: What is the overall value of the Merger to Great Plains Energy?

A: The Merger has a total indicated value of approximately $1.7 billion. Great Plains Energy will also assume approximately $1 billion of Aquila net debt and other liabilities.

Q: What consideration will Aquila shareholders receive for their stock under the Agreement and Plan of Merger?

A: At the effective time of the Merger, Aquila shareholders will receive a combination of Great Plains Energy stock and cash in exchange for their Aquila shares. Specifically, each share of Aquila common stock will convert into the right to receive (i) 0.0856 of a share of Great Plains Energy's common stock and (ii) a cash payment of $1.80. The exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the completion of the Merger. Based on Great Plains Energy's closing NYSE stock price of $32.05 on February 6, 2007, Great Plains Energy's offer represents a total value of $4.54 per share for Aquila shareholders.

Q: Where will the cash segment of the consideration to Aquila's shareholders come from?

A: As I described above, Black Hills will pay Aquila approximately $940 million in cash in consideration for the Black Hills Purchase. A portion of those proceeds will be used, with additional cash from Great Plains Energy, to fund the $677 million cash element of the consideration to be received by Aquila's shareholders under the terms of the Agreement and Plan of Merger.

Q: What "costs to achieve" are associated with the Merger?

A: Great Plains Energy estimates the total costs to achieve the Merger to be approximately $181 million. That figure includes $35 million in debt tender costs associated with refinancing and retiring Aquila's existing debt obligations, which I discuss later in my testimony. The other elements of the costs to achieve the Merger, as well as the synergy savings that are anticipated to result from the Merger, are discussed in the direct testimony of Robert Zabors and John Marshall. Although Great Plains Energy anticipates only minor changes in projected costs to achieve and synergies as the transition work progresses, we will provide the Commission an update in August of 2007.

Q: What will the ownership structure of Great Plains Energy look like following the Merger?

A: Upon consummation of the Merger, the current shareholders of Aquila will own approximately 27% of the combined company's outstanding common stock, with Great Plains Energy's current shareholders owning the remaining 73%.

Q: What impact will the Merger have on the capital structure of KCPL and Great Plains Energy?

A: Great Plains Energy and KCPL anticipate that the Merger will have little to no impact on their respective capital structures. Following the Merger, KCPL anticipates that it, Great Plains Energy and Aquila will each maintain a capital structure comprised approximately of 52%-55% equity.

Q: What impact do you anticipate the Merger having on Great Plains Energy's shareholders?

A: Assuming the Joint Applicants' proposed synergy-sharing mechanism is in place, I expect the Merger initially to have a modestly dilutive effect on Great Plains Energy's earnings per share in 2008 and to be accretive to Great Plains Energy's earnings per share beginning in 2009.

Q: What synergy-sharing mechanism are the Joint Applicants proposing?

A: The Joint Applicants request that the Commission authorize KCPL to retain for a five (5) year period fifty percent (50%) of its allocation of the synergy savings that result from the Merger, as quantified in the testimony of Robert Zabors. To work, the Merger needs to address the interests of all three groups of stakeholders, *i.e.*, retail customers, creditors and shareholders. Savings resulting from the Merger will benefit KCPL's Kansas customers. To reward shareholders for any additional risk they bear as a result of the Merger and to ensure that the impact on Great Plains Energy's earnings per share is accretive in the near future, Joint Applicants propose that the synergy savings be shared equally between retail customers and shareholders. The proposed methodology for

accounting for Merger-related synergies and costs to achieve is addressed in the direct testimony of Lori Wright.

Q: Does the Agreement and Plan of Merger contain termination provisions?

A: Yes, the Agreement and Plan of Merger contains certain termination rights for both Aquila and Great Plains Energy, including the right to terminate the agreement if the Merger has not closed within twelve months following the date of the agreement (subject to extension to up to 18 months for receipt of regulatory approvals required to consummate the Merger and the Black Hills Purchase). Aquila and Great Plains Energy also each have the right to terminate the Agreement and Plan of Merger in order to enter into a superior transaction after giving the other party six-business-day's notice and an opportunity to revise the terms of the agreement.

If Aquila terminates the Agreement and Plan of Merger under specified circumstances, including a termination to enter into a superior transaction, then Aquila would pay to Great Plains Energy a $45 million termination fee. If Great Plains Energy terminates the Merger, then Great Plains Energy would pay Aquila a $45 million termination fee and would pay Black Hills a termination fee equal to the lesser of $15 million or the actual transaction costs Black Hills had incurred at the time of termination.

III. POST-MERGER CREDIT RATINGS

Q: What impact will the Merger have on the credit ratings of the Joint Applicants?

A: Great Plains Energy has a Standard and Poor's ("S&P") credit rating of BBB- and KCPL has an S&P credit rating of BBB, both of which are investment grade. Upon the public announcement of the execution of the Merger agreements, S&P placed Great Plains Energy and KCPL on negative watch. This is a standard practice for an acquiring

company when a merger is announced. Following the Merger, Great Plains Energy and KCPL anticipate that they will continue to maintain their investment-grade credit ratings. Great Plains Energy previewed the terms of the Merger with both Moody's and S&P, and, given the assumptions provided, including regulatory treatment, both agencies indicated that Great Plains Energy's and KCPL's credit positions should be maintained following the Merger.

Aquila currently has an S&P credit rating of B, which is below investment grade. Upon the public announcement of the companies' intent to merge, S&P placed Aquila on positive watch. Great Plains Energy expects Aquila's credit metrics, after the Merger, combined with a guarantee by Great Plains Energy on existing Aquila debt, to be sufficient to meet the criteria established by credit rating agencies necessary for investment grade status. Consequently, Great Plains Energy expects that after the Merger, including Great Plains Energy's refinancing of Aquila debt, Aquila's financial metrics will support an investment-grade credit rating. The rating agencies' announcement of Aquila's improved credit rating will likely not occur immediately upon the closing of the Merger because the agencies will likely require some period of time to assess the effects of the Merger.

Q: What is the significance of Aquila receiving an investment-grade credit rating?

A: Maintaining high credit quality is vital to debt and equity investors, banks, and rating agencies for three primary reasons. First, investors need to have confidence in a company's credit strength and financial strength to feel comfortable making capital available on attractive terms, particularly given the number of investment alternatives otherwise available to them.

Second, achieving an investment-grade credit rating will significantly lower Aquila's cost of debt. Two of Aquila's high coupon debt issues have step-down provisions that lower the coupon on the debt upon achievement of an investment-grade credit rating (*i.e.*, Aquila has a coupon debt issuance currently at 14.875% that will step down to 11.875% and another coupon debt issuance currently at 9.95% that will step down to 7.95% upon its achievement of an investment-grade credit rating). The rest of Aquila's outstanding debt can be refinanced at lower, investment-grade interest rates. In addition, following the Merger, Aquila will be able to issue new debt to finance ongoing capital expenditures on more favorable terms than its current credit position allows.

Finally, equity investor views of Aquila's financial strength and credit quality will be a major influence on Great Plains Energy's stock price. Clearly, a number of other factors will also impact the performance of Great Plains Energy's stock. However, because Aquila's earnings will represent a significant portion of Great Plains Energy's core earnings and assets, assurance of Aquila's continued strength is, and will remain, extremely important to Great Plains Energy investors.

Q: You note that Aquila's outstanding debt can be refinanced at lower, investment-grade rates. What is Great Plains Energy's plan to achieve those synergy savings?

A: Great Plains Energy will retire or refinance all of Aquila's currently outstanding debt with the exception of two debt issuances that contain "make-whole" provisions that make their retirement uneconomic for the company. Fulfilling the requirements of those make-whole provisions would more than offset any interest savings achieved from refinancing or retiring those two debt issuances.

Q: What do the Joint Applicants estimate the savings to be of retiring or refinancing Aquila's currently outstanding debt?

A: Great Plains Energy estimates that Aquila will achieve debt interest savings of approximately $188 million over the next five years (2008-2012) as a result of the Merger.

Q: Will there be costs associated with achieving those savings?

A: Yes, Great Plains Energy anticipates that there will be debt tender costs associated with refinancing and retiring Aquila's currently outstanding debt. Great Plains Energy estimates that such costs will equal approximately $35 million.

IV. SUMMARY OF FINANCE-RELATED RELIEF REQUESTED

Q: Please describe the finance-related relief requested by Great Plains Energy and Aquila in this proceeding.

A: The Joint Applicants request that the KCC authorize Great Plains Energy to acquire and assume the stocks and bonds, other indebtedness and other obligations of Aquila.

The Joint Applicants further request that the Commission authorize KCPL to retain for a five (5) year period fifty percent (50%) of its allocation of the synergy savings that result from the Merger, as quantified in the testimony of Robert Zabors. In addition, recognizing that the costs to achieve the Merger are necessary to achieve the Merger-related synergy savings, the Joint Applicants further request that the portion of such costs, excluding the non-incremental labor costs of the integration team, properly allocated to KCPL's Kansas retail customers receive regulatory accounting treatment on the books of KCPL, *i.e.*, be placed in a regulatory asset, and be amortized over a five (5)

year period beginning on January 1, 2008, or the month immediately following consummation of the Merger, whichever occurs later.

Q: Does that conclude your testimony?

A: Yes, it does.

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 Aquila, Inc. for approval of the Acquisition of Aquila, Inc. by Great Plains Energy Incorporated	)))))	**Docket No. 07-KCPE-____-____**

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 employed by Great Plains Energy Incorporated as Executive Vice President and Chief Financial Officer.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of fifteen (15) 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 2nd day of April 2007.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2011

"NOTARY SEAL"
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

F. DANA CRAWFORD

ON BEHALF OF

GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY, AND AQUILA, INC. FOR APPROVAL OF THE ACQUISITION OF AQUILA, INC. BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 07-KCPE-____-____

Q: Please state your name and business address.

A: My name is F. Dana Crawford. My business address is 1201 Walnut, Kansas City, Missouri 64106.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCPL") as Vice President, Plant Operations.

Q: What are your responsibilities?

A: My responsibilities include the direction of the operation and maintenance of KCPL's fossil-fuel generating stations, including their support and construction services.

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

A: I graduated from the University of Missouri-Columbia with a degree in Civil Engineering. I also have a Master of Business Administration degree from DePaul University. I joined KCPL in 1977 as a Construction Engineer on the Wolf Creek Nuclear Plant project. In 1980, I was promoted to Manager, Nuclear and promoted to Director, Nuclear Power in 1983. Following completion of Wolf Creek, I became Manager, Distribution Construction & Maintenance, in 1988 and Manager, Customer Services, in 1989. In 1994, I became Plant Manager of the La Cygne Generating Station. I was promoted to my current position in March of 2005.

Q: Have you previously testified in a proceeding at the Kansas Corporation Commission ("KCC") or before any other utility regulatory agency?

A: Yes. I submitted testimony in KCPL's 2006 rate cases before the Kansas Corporation Commission ("KCC") and the Missouri Public Service Commission ("MPSC"). I have also submitted pre-filed testimony in the 2007 rate cases before the KCC and MPSC. In addition, I testified before the MPSC in KCPL's rate case concerning the Wolf Creek Nuclear Generating Station.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to describe the integration process between the supply departments of KCPL and Aquila, Inc. ("Aquila") and how Great Plains Energy Incorporated ("Great Plains Energy") plans to maintain top-tier performance of the KCPL/Aquila generation fleet. I will also address the issue of jointly dispatching the generation fleets and Great Plains Energy's long-term plan for it operations.

Q: As a preliminary matter, will Great Plains Energy acquire any Kansas jurisdictional generation assets as a result of the merger?

A: No. Great Plains Energy will not acquire any generation or other Kansas jurisdictional utility assets as a result of the merger.

Q: Please describe Great Plains Energy's plan to integrate Aquila's generation fleet?

A: Great Plains Energy is in the process of establishing a Plant Operations Integration Team. The team will be made up of employees in leadership positions from both the KCPL and Aquila Supply divisions. The Plant Operations Integration team will have two (2) primary functional teams; an Operations team and a Maintenance team. The Operations and Maintenance teams will be supported by several sub-teams that will include Training and Safety, Workforce, Supply Chain, Benchmarking, Environmental and Information Technology. The Teams will address key issues in the area of Capital requirements, Systems and Processes, Workforce Alignment and Organization, and Operations/ Maintenance philosophy. Team goals and objectives include the following:

- Conduct asset life assessment;
- Define and deliver key best practice operation and maintenance strategies to achieve top-tier performance;
- Develop an appropriate post-merger organizational structure;
- Identify optimum ongoing staffing requirements and necessary employee skill levels; and
- Integrate key data streams.

Q: Please describe how Great Plains Energy plans to maintain top-tier performance of the KCPL and Aquila generation fleets?

A: KCPL had previously identified two primary objectives to maintain the success of its generation assets. The first objective identified was effectively managing the work force. Great Plains Energy has introduced a corporate-wide "winning culture" initiative to improve employee engagement and accountability in the business. This has involved efforts such as leadership development and additional training programs in safety, maintenance and operations. We have also increased emphasis on communication throughout the organization and encouraged learning and growth opportunities at all levels.

The second objective KCPL identified was performance improvement projects on its generation assets. Under this second objective, projects were identified in four key areas: process improvement, outage planning and work execution, the use of technology, and asset component upgrades or retrofits. One example of a process improvement project would be the Electric Power Research Institute ("EPRI") Plant Reliability Optimization ("PRO") process. The purpose of the PRO process is to facilitate moving plant maintenance work from a reactive mode to a proactive (or planned) maintenance strategy. The PRO process also provides a means to communicate and share best practices on a consistent basis between plants. For example, by using the PRO maintenance basis and root-cause analysis, equipment breakdown information at one location can easily be discussed with the other plant sites. A key strategy in this process improvement effort is the increased utilization of industry collaboration opportunities to share experiences and operating practices with other utilities.

The second major area of asset performance improvements relates to outage planning and work execution. The goal is to minimize the outage durations while still accomplishing all the work necessary to operate the unit until the next scheduled outage. KCPL continues to focus on developing more comprehensive integrated outage schedules that it can analyze to determine the shortest schedule well in advance of the outage. Another major component of maintenance planning is the development of standardized work packages. Having pre-planned work packages greatly improves crew productivity by having all the information and material necessary to do the maintenance task ready when the work is assigned.

The use of technology is the third significant area of asset performance improvement initiatives. KCPL has installed a new technology application called "Smart Signal" on each KCPL generating unit. "Smart Signal" is a proprietary process that takes real-time plant operating data and feeds it into a model that compares it to "normal" conditions. Any deviation can be an indication of an equipment problem needing attention. "Smart Signal" is also a "backup" tool that can assist new or inexperienced employees during trouble-shooting activities. Each KCPL unit has a plant-specific operations simulator for operator training. Evaluations are underway to expand the use of these simulators to accomplish increased operator training during off-shifts. The simulators are also proving valuable in allowing "trial" runs of proposed changes in operating procedures or practices.

The fourth major area of plant asset improvements involves upgrades or retrofit projects to the existing stations. These projects may be necessary for a number of reasons such as aging plant components reaching the end of their useful life and projects to

increase the efficiency of the plant. These change-outs could be for safety reasons or to maintain the existing output and reliability of the plants. This is a very beneficial opportunity from both an economic and an environmental viewpoint.

Through the KCPL/Aquila integration team process we will take a collaborative look at these performance improvement projects and evaluate the potential implementation strategies for the current Aquila generation fleet. We will also evaluate additional performance improvement projects that are identified through the integration process and look for opportunities to implement them where appropriate throughout the KCPL/Aquila generation fleet.

Q: Will KCPL and Aquila jointly dispatch their generating units following the merger?

A: We currently do not anticipate jointly dispatching the KCPL and Aquila generating resources, although we will continue to evaluate the potential benefits and feasibility of joint dispatch. If at some point we conclude that joint dispatch makes sense, we will take the necessary steps to implement it.

Q: What factors might influence your decision?

A: Whether joint dispatch ultimately makes sense will depend on a variety of factors, such as whether Aquila can join the Southwest Power Pool ("SPP") on terms that are favorable to the company and its customers, the extent to which the evolving SPP-administered markets allow SPP participants to capture joint dispatch benefits through market-driven mechanisms, and the technical issues associated with combining control area operations.

Q: Do the estimates of synergy savings included in the testimony of Robert Zabors include savings related to joint dispatch?

A: No, they do not.

Q: Synergy savings related to joint dispatch would be in addition to Mr. Zabor's estimates?

A: Yes, they would.

Q: Does that conclude your testimony?

A: Yes, it does.

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 Aquila, Inc. for approval of the Acquisition of Aquila, Inc. by Great Plains Energy Incorporated	)))))	**Docket No. 07-KCPE-____-____**

AFFIDAVIT OF F. DANA CRAWFORD

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

F. Dana Crawford, being first duly sworn on his oath, states:

1. My name is F. Dana Crawford. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President, Plant Operations.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of Seven (7) 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.

F. Dana Crawford

Subscribed and sworn before me this 2nd day of April 2007.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2011

"NOTARY SEAL"
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

WILLIAM H. DOWNEY

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY, AND AQUILA, INC. FOR APPROVAL OF THE ACQUISITION OF AQUILA, INC. BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 07-KCPE-____-____

Q: Please state your name and business address.

A: My name is William H. Downey. My business address is 1201 Walnut, Kansas City, Missouri 64106-2124.

Q: By whom and in what capacity are you employed?

A: I am President, Chief Operating Officer, and a member of the Board of Directors of Great Plains Energy, Inc. ("Great Plains Energy"), the holding company of Kansas City Power & Light Company ("KCPL"). I am also the President and Chief Executive Officer of KCPL.

Q: What are your responsibilities?

A: My responsibilities include overall management of all aspects of Great Plains Energy and KCPL.

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

A: I hold a Bachelor of Science degree from Boston University, a Master of Science degree from Columbia University and a Master of Business Administration degree from the University of Chicago. I began working for KCPL in 2000 after 28 years of electric utility experience. I was named to my current position in October of 2003. Prior to joining KCPL, I served as vice president of Commonwealth Edison and president of Unicom Energy Services Company, Inc., an unregulated energy marketing and services company operating throughout the Midwest.

Q: Have you previously testified in a proceeding at the Kansas Corporation Commission ("Commission") or before any other utility regulatory agency?

A: Yes. I submitted pre-filed testimony in KCPL's 2006 rate case before the Commission. I have also testified before the Missouri Public Service Commission ("MPSC").

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to describe: (i) the strategic rationale for Great Plains Energy's submission of an offer to purchase Aquila, Inc. ("Aquila") (the "Merger"); (ii) the impact the Merger will have on customers and communities served by KCPL and Aquila in Missouri, and (iii) the significant and important policy decisions to be considered by the Commission that impact shareholders, creditors, and customers.

Q: Please provide an overview of the Merger.

A: The Merger is the result of a bidding process, established by Aquila, which culminated in an agreement by and among Great Plains Energy, Aquila and Black Hills Corporation ("Black Hills"). Black Hills is a South Dakota corporation that owns Black Hills Power, Inc., an electric utility serving western South Dakota, northeastern Wyoming and

southeastern Montana, and Cheyenne Light, Fuel & Power Co., an electric and gas distribution utility serving the Cheyenne, Wyoming area.

The Merger is the second part of a two-part transaction. The first part of the transaction is Black Hills' acquisition of Aquila's natural gas assets in Iowa, Nebraska, Kansas, and Colorado, as well as Aquila's electric assets in Colorado (the "Black Hills Purchase"). Consummation of the Black Hills Purchase is a condition precedent to the consummation of the Merger, that is, the Black Hills Purchase must occur prior to the Merger.

Immediately following the close of the Black Hills Purchase, the Merger will close. Mechanically, the Merger consists of Gregory Acquisition Corp., a Delaware corporation and direct, wholly-owned subsidiary of Great Plains Energy ("Merger Sub") merging with and into Aquila, with Aquila as the surviving entity. As I noted above, the result of the Merger is that Great Plains Energy will effectively acquire Aquila's Missouri electric and steam operations, as well as its merchant services operations, which primarily consist of the 340 MW Crossroads generating facility in Mississippi, and certain residual natural gas contracts.

The transactional mechanics and financing of the Merger are addressed in greater detail in the direct testimony of Terry Bassham.

Q: What will Great Plains Energy look like following the Merger?

A: The Merger will result in Great Plains Energy becoming an even stronger regional utility. Following the Merger, Great Plains Energy's footprint will be expanded into a larger contiguous service area covering nearly 18,000 square miles, serving nearly 800,000 customers.

Following the Merger, very little change will occur within Great Plains Energy or KCPL executive management. Michael Chesser will remain Chairman of the Board of Great Plains Energy and KCPL, as well as Chief Executive Officer of Great Plains Energy. I will remain President of Great Plains Energy and KCPL, as well as Chief Operating Officer of Great Plains Energy and Chief Executive Officer of KCPL. Following the Merger, I will become President and Chief Executive Officer of Aquila, as it will be subsequently renamed upon the closing of the Merger. The Merger will not alter the membership of the Boards of Directors of Great Plains Energy and KCPL, and Great Plains Energy's corporate headquarters will remain at 1201 Walnut. Once the Merger is finalized, Aquila corporate employees will relocate to Great Plains Energy's existing office space and other facilities.

Similarly, we expect to see little to no change in the senior management team of Great Plains Energy and KCPL as a result of the Merger. At Aquila, we expect to see no immediate reduction in current union employees, but anticipate eliminating approximately 250-350 overlapping administrative, management and support positions over a five (5) year period.

Q: Please describe the strategic rationale for Great Plains Energy to acquire Aquila.

A: There are a number of reasons why the acquisition of Aquila complements Great Plains Energy's current operations. Aquila's Missouri electric utilities are not only adjacent to KCPL's service territory, but also would fill in the gap that currently exists between KCPL's East District and the rest of its service territory. As a result, significant savings opportunities are available soon after the close of the Merger through synergy savings related to combined operations of many functions within KCPL and Aquila.

Furthermore, Great Plains Energy views Aquila's service territories as having strong growth potential.

KCPL and Aquila have had a working relationship for many years. KCPL and Aquila are joint owners of the coal-fired Iatan 1 generating plant ("Iatan 1") located at the Iatan Generating Station in Platte County, Missouri. KCPL and Aquila are also joint owners, with certain other parties, of the coal-fired Iatan 2 generating plant ("Iatan 2"), which is now under construction at the Iatan Generating Station.

In addition, the financial condition of Aquila after the Merger is anticipated to satisfy the financial metrics necessary to support an investment-grade credit rating. Such an improvement will result in lower debt costs to Aquila. The anticipated credit rating improvement and Great Plains Energy credit support will also allow greater access to capital markets on more reasonable terms for Aquila.

Finally, the Merger is anticipated to improve the overall business risk profile of Great Plains Energy. Great Plains Energy will own a higher percentage of regulated business than it does currently and will also spread the business risk of its nuclear assets over a broader asset and revenue base.

Q: Please describe the impact the Merger will have on customers and communities served by KCPL and Aquila in Missouri.

A: KCPL has achieved an impressive history of providing low-cost, reliable electric service to its customers and communities. It is recognized throughout the communities it serves as an innovative and high-performing utility. As Robert Camfield explained in his pre-filed testimony in KCPL's 2006 rate case, Docket No. 06-KCPE-828-RTS, KCPL ranks in the top tier of performance in nearly every category typically benchmarked by utilities,

including production cost, reliability, distribution cost to serve per customer, and is nearing top-tier in customer satisfaction. It is Great Plains Energy's and KCPL's objective to combine management practices and resources to achieve significant reduction in costs and further enhance reliability and customer satisfaction, with rates lower than they would have been had the Merger not occurred.

Q: What are the policy decisions requiring Commission determination in this proceeding?

A: The Merger needs to address the interests of retail customers, creditors and shareholders. Savings resulting from the Merger will benefit KCPL's Kansas customers. To ensure that the impact on Great Plains Energy's earnings per share is accretive in the near term, sharing of the synergy savings between retail customers and shareholders needs to occur. Consequently, the Joint Applicants propose to share the synergy savings equally between retail customers and shareholders. As discussed in the testimony of Terry Bassham, in this manner, retail customers and shareholders will benefit as the result of the Merger. We are also requesting the Commission to authorize KCPL to amortize an appropriate allocation of transaction and transition-related costs over a five-year period, and include those amortizations in KCPL's cost of service in its next rate case following the Merger.

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 Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for approval of the Acquisition of Aquila, Inc. by Great Plains Energy Incorporated	)))))	**Docket No. 07-KCPE-____-____**

AFFIDAVIT OF WILLIAM H. DOWNEY

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

William H. Downey, being first duly sworn on his oath, states:

1. My name is William H. Downey. I work in Kansas City, Missouri, and I am employed by Great Plains Energy Incorporated as President and Chief Operating Officer. I am also employed by Kansas City Power & Light Company as President and Chief Executive Officer.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of Six (6) pages, all of which 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.

William H Downey
WILLIAM H. DOWNEY

Subscribed and sworn before me this 2nd day of April 2007.

Nicol A. Wehry
Notary Public

My commission expires: Feb. 4 2011

"NOTARY SEAL"
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

R. THOMAS FLEENER

ON BEHALF OF

AQUILA, INC.

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY, AND AQUILA, INC. FOR APPROVAL OF THE ACQUISITION OF AQUILA, INC. BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 07-KCPE-____-____

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is R. Thomas Fleener and my business address is 20 West 9th Street, Kansas City, Missouri. I am presently employed by Aquila, Inc. ("Aquila") as Vice President, Corporate Development.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS BACKGROUND.

A. I have been in my current position with Aquila since mid-2004. Prior to this I served as Vice President of Corporate Development for Aquila Merchant Services. I began my employment with Aquila in July 2001. Prior to joining Aquila, I worked for Verizon Corporation where I was involved in corporate development, finance and accounting matters. I have an MBA from the University of Texas at Austin and a Bachelor of Science degree in business from Trinity University.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES AT AQUILA?

A. Among other duties, I am primarily responsible for leading corporate development, mergers and acquisitions, and other strategic initiatives for Aquila. In this transaction, I was responsible for managing the execution of the strategy, and I am currently involved in satisfying the conditions to close the transaction.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to describe the process that Aquila utilized to sell its Missouri and Colorado electric assets and its gas assets in Colorado, Iowa, Kansas and Nebraska to Great Plains Energy Incorporated and Black Hills Corporation as part of a two-step transaction.

III. AQUILA'S DECISION PROCESS

Q. WHY DID AQUILA DECIDE TO EXPLORE A POTENTIAL SALE?

A. Simply put, the timing was right. As Aquila completed its repositioning plan and strengthened its financial condition over the past few years, Aquila was approached about the possibility of a strategic transaction. Given Aquila's September 2005 announcement of the sale of four utility operations and its need to effectively deploy those sale proceeds, the Aquila Board of Directors ("Aquila's board") determined that it would be appropriate to conduct a strategic review of Aquila's remaining operations and consider alternatives to its stand-alone plan that could provide greater shareholder value. As part of this strategic review, Aquila compared its baseline stand-alone plan against other corporate business structure alternatives, such as a potential business combination or additional asset sales. As a result of the strategic review, Aquila's board determined that shareholder value would most likely be maximized through a sale of Aquila.

Q. WHEN DID AQUILA BEGIN ITS STRATEGIC REVIEW?

A. Aquila began its strategic review process in the fall of 2005. Aquila continued to refine its strategic plan and underlying financial models throughout 2006. For example, Aquila updated its stand-alone analysis as part of its normal quarterly process during 2006 and again when Aquila concluded its annual budgeting process in the fall of 2006.

IV. FINANCIAL ADVISORS

Q. WHO WERE THE FINANCIAL ADVISORS RETAINED BY AQUILA?

A. Aquila retained The Blackstone Group L.P. ("Blackstone") and Lehman Brothers Inc. ("Lehman Brothers") to advise Aquila on this transaction, and Evercore Group L.L.C. ("Evercore") to advise the independent members of Aquila's board regarding this transaction.

Q. HAD AQUILA PREVIOUSLY WORKED WITH BLACKSTONE, LEHMAN BROTHERS OR EVERCORE?

A. Yes, most recently, Aquila worked with Blackstone and Lehman Brothers in connection with the sale of Aquila's Michigan, Minnesota and Missouri gas operations and Kansas electric operations. Evercore has acted as the financial advisor to Aquila's independent directors since 2002, having provided advice to the independent directors on numerous aspects of Aquila's strategic restructuring transactions (including its liability management plans, asset sales and now, merger).

V. BID PROCESS

Q. HOW MANY POTENTIAL BUYERS DID AQUILA CONTACT AS PART OF ITS SALE PROCESS?

A. In May 2006, Aquila's financial advisors recommended and Aquila's board authorized Aquila's management to approach nine parties identified as potential buyers. In determining which parties to contact, Aquila considered, among other things, the "logical" potential bidders (in terms of operational synergies, financial wherewithal, M&A capability, etc.) and the parties that expressed an interest previously in acquiring all or portions of Aquila. The nine parties included seven strategic parties and two financial parties.

Q. HOW MANY CONTACTED PARTIES SIGNED CONFIDENTIALITY AGREEMENTS?

A. Seven (five strategic and two financial) of the nine contacted parties signed confidentiality agreements. The two other contacted parties declined to participate in the process, citing (i) in one case, an unwillingness to participate in an auction process and a view that delivering a premium to the then-current share price of approximately $4.20 could be challenging, and (ii) in the other case, an interest only in a portion of Aquila's regulated operations. Of the seven parties that signed confidentiality agreements, six were provided with confidential marketing materials, including the Company's financial projections. The seventh party elected not to continue in the process.

Q. HOW MANY PARTIES SUBMITTED INDICATIVE BIDS, AND WHAT WERE THE INDICATIVE PRICE RANGES?

A. Five parties submitted non-binding indicative bids in July 2006. Each indication of interest was conditional upon further due diligence and the confirmation of certain assumptions made by the party submitting the indication of interest. An overview of the indicative bids follows:

Indicative Bidder	Description of Participant	Indicative Bid Range per Aquila Share	Form of Consideration
A	Financial entity partnering with a strategic entity	$4.50 - $5.00	100% Cash
B	Strategic entity*	$4.50 - $4.95	100% Stock
C	Strategic entity	$4.50	100% Cash
D	Strategic entity**	$4.15 - $4.60	100% stock (potential 20% cash option)
E	Great Plains/Black Hills	$4.15 - $4.60	60% stock/40% cash

* This bidder subsequently indicated it would partner with another strategic party, which would acquire Aquila's gas operations.

** This bidder subsequently partnered with another strategic entity, which was to acquire Aquila's gas operations.

Q. HOW MANY BIDDERS WERE INVITED TO SUBMIT FINAL PROPOSALS IN THE "SECOND" ROUND OF THE PROCESS?

A. Each of the five parties that submitted a non-binding indication of interest was invited to conduct detailed due diligence and to submit a definitive offer in the "second" round of the sale process. In late August or early September of 2006, Aquila's management made presentations about Aquila's business operations to four of the five bidding entities participating in the second round of the process. The fifth participant declined an invitation to receive a management presentation.

Q. HOW MANY PARTICIPANTS IN THE SALE PROCESS SUBMITTED FINAL BIDS?

A. Of the five participants invited into the second round, only one bidder group (the Great Plains-Black Hills bidder consortium) submitted an offer in late November 2006. It was non-binding and contingent on the Company entering into exclusive negotiations to finalize the commercial terms of definitive agreements. The reasons cited by the other parties for not submitting final bids, based on conversations between the non-bidding parties and Aquila's financial advisors, include:

Indicative Bidder	Month of Withdrawal (2006)	Reasons Cited
A	September	Prioritized other foreign and domestic opportunities (including previously-announced transactions)
B	October	Indicated a willingness to proceed only if granted exclusivity and at a price reflecting an approximate 20% discount to its then-current share price
C	October	Cited concerns about the size of the transaction and potential regulatory issues
D	November	Cited regulatory and other considerations

Q. DID AQUILA EVER ENTER INTO EXCLUSIVE NEGOTIATIONS WITH ANY OF THE BIDDERS?

A. Yes. One of the conditions of the Great Plains-Black Hills proposal was that Aquila agree to negotiate exclusively with them. On December 8, 2006, after receiving detailed presentations regarding the status of the sale process and terms of the bid received from Great Plains and Black Hills, Aquila's board authorized Aquila to enter into exclusive negotiations with Great Plains and Black Hills in pursuit of a sale of Aquila.

Q. THROUGHOUT THE SALE PROCESS, DID ANY OTHER PARTIES CONTACT AQUILA OR ITS ADVISORS REGARDING A POTENTIAL BUSINESS COMBINATION?

A. No. At no point during the process did Aquila or its advisors receive any credible, unsolicited expressions of interest (that is, legitimate proposals from companies with sufficient balance sheet capacity, utility experience or M&A experience), even though reports of a potential sale of Aquila existed in the marketplace. For example, articles reported during the process include:

- July 2006: *Power Finance and Risk* reported Aquila had put itself up for sale;
- July 2006: *Reuters* reported on the *Power Finance and Risk* article, and the *Reuters* article was subsequently picked up by other sources, such as *The Energy Daily* and the *Kansas City Star;*
- July 2006: *The Australian Financial Review* reported that Aquila was for sale and that Australian companies were likely bidders;
- July 2006: *The Kansas City Star* reported on the market speculation surrounding Aquila having reportedly put itself up for sale;
- July 2006: *The Deal* listed Aquila in its "New on the Block" section, which tracks companies that have (or reportedly have) put themselves up for sale;
- July 2006: *Corporate Finance Weekly* reported Aquila had launched a sales process and hoped to "hook" a buyer in the $5.00 - $5.50 per share range; and
- November 2006: *Financial Times* reported Aquila was evaluating bids for a potential sale of the company.

Q. DID AQUILA CONFIRM OR DENY THESE REPORTS?

A. Like many companies, Aquila's long-standing policy has been, and continues to be, not to comment on speculation regarding Aquila's future. For obvious reasons, Aquila maintained this policy during the sales process.

VI. AQUILA'S BOARD OF DIRECTORS REVIEW OF FINANCIAL ADVISOR OPINIONS

Q. HOW INVOLVED WAS AQUILA'S BOARD OF DIRECTORS IN THE SALE PROCESS?

A. As shown by Aquila's Securities and Exchange Commission filings, Aquila's board was closely involved in the events that occurred throughout the period leading to the merger announcement. The process was discussed at every regularly-scheduled Aquila's board meeting, and between October 2006 and February 6, 2007, Aquila's board held eight special meetings solely to discuss the sale. Aquila's board also received updates periodically from management throughout the process, particularly as significant events occurred (such as the withdrawal of a bidder or events that could impact Aquila's stand-alone value).

Q. DID AQUILA'S BOARD RECEIVE ANY FAIRNESS OPINIONS BEFORE APPROVING THE MERGER?

A. Yes. Before unanimously approving the merger on February 6, 2007, Aquila's board received opinions from Blackstone and Lehman Brothers, and the independent members of Aquila's board received an opinion from Evercore, to the effect that, as of February 2007, based upon the assumptions and other qualifications contained in their opinions, the consideration to be received by Aquila's shareholders in the merger was fair from a financial point of view.

VII. FINANCIAL QUESTIONS

Q. WHAT WERE THE KEY ASSUMPTIONS MADE BY YOUR FINANCIAL ADVISORS IN RENDERING FAIRNESS OPINIONS?

A. The fairness analyses of Blackstone, Lehman Brothers and Evercore will be described in detail in Aquila's merger proxy statement, which will be filed when it is available. At Aquila's request, however, the financial advisors prepared drafts of the information they will be required to provide for Aquila's merger proxy statement with respect to their fairness opinions. The materials prepared by Blackstone, Lehman Brothers and Evercore are attached as an exhibit to the Schedule 14A filed with the Securities and Exchange Commission by Aquila on March 7, 2007, which is available at: http://www.sec.gov/Archives/edgar/data/66960/000006696007000032/0000066960-07-000032-index.htm

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

AFFIDAVIT

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

R. Thomas Fleener, of lawful age, being first duly sworn on oath, states:

That he is the Vice President, Corporate Development of Aquila, Inc., named in the foregoing Direct Testimony, and is duly authorized to make this affidavit; that he has read the foregoing Direct Testimony, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.

R. Thomas Fleener

SUBSCRIBED AND SWORN to before me this 2nd day of April, 2007.

Notary Public

My Commission Expires:

DEBRA S. BELLVILLE
Notary Public - Notary Seal
STATE OF MISSOURI
Jackson County
Commission # 06907212
My Commission Expires: June 28, 2010