**BEFORE THE KANSAS CORPORATION COMMISSION**

**OF THE STATE OF KANSAS**

| | | |
|---|---|---|
| **In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Westar Energy, Inc. for Approval of the Acquisition of Wester Energy Inc. by Great Plains Energy Incorporated** | ) | **Docket No. 16-KCPE-593-ACQ** |

**DIRECT TESTIMONY OF**

**JOHN A. KRAJEWSKI, P.E.**

**JK ENERGY CONSULTING, LLC**

**ON BEHALF OF**

**KANSAS CITY, KANSAS BOARD OF PUBLIC UTILITIES**

**December 16, 2016**

**Unredacted Pursuant to Commission Order**

**Introduction**

**Q. Please state your name.**

A. John A. Krajewski.

**Q. By whom are you employed, what is your position and what is your business address?**

A. I am the president and sole owner of JK Energy Consulting, LLC, a Nebraska limited liability corporation, formed in 2009. My office is located at 650 J Street, Suite 108, Lincoln, Nebraska 68508.

**Q. Please describe your educational background and your work experience.**

A. I have a Bachelor's of Science in Mechanical Engineering from the University of Nebraska-Lincoln and am a professional engineer licensed in the states of Nebraska, Iowa, and Kansas. I have more than 20 years of experience in the electric utility industry, working for a joint action agency and three consulting firms. My areas of expertise include power supply resource planning, power supply and transmission contract negotiations, transmission access, regulatory affairs, cost of service and rate design for wholesale, retail and transmission service, distribution planning, and long-term financial and rate projections. A copy of my résumé is attached to this document (see Exhibit JAK-1).

**Q. Please list any professional organizations of which you are a member.**

A. I am an Individual Associate Member of the American Public Power Association, the National Society of Professional Engineers, and the Nebraska Society of Professional Engineers.

**Q. Have you served on any industry-related committees or organizations?**

A. From 2002 to 2008, I served on the Design Review Subcommittee of the Mid-Continent

Area Power Pool and the Midwest Reliability Organization Reliability Assessment Committee from 2005 to 2008. From 2000 to 2008, I served on the Nebraska Sub-regional Transmission Planning Group and the Nebraska Power Association Joint Planning Subcommittee. Currently, I serve as the Nebraska Power Review Board's representative on the Southwest Power Pool ("SPP") Cost Allocation Working Group. In 2013, I served as co-chair of the SPP Long-Term Congestion Rights Task Force and I currently serve as a member of the SPP Transmission Planning Improvement Task Force.

**Q. Describe your role as the Nebraska Power Review Board's representative on the Cost Allocation Working Group.**

A. In 2011, JK Energy Consulting, LLC was selected to provide services to the Nebraska Power Review Board related to the SPP and the state's membership on the SPP Regional State Committee. Through this engagement, I serve as Nebraska's representative on the Cost Allocation Working Group ("CAWG"). My firm monitors several other SPP working groups and committees, including the Economic Studies Working Group, Project Cost Working Group, Market Working Group, Market and Operations Policy Committee, the Regional State Committee, the Member's Committee and Board of Directors.

**Q. How is your work for the Nebraska Power Review Board relevant to this proceeding?**

A. The Regional State Committee has authority over many issues, including transmission cost allocation in the SPP region. The CAWG reports to the Regional State Committee and reviews many aspects of the SPP Open Access Transmission Tariff ("OATT" or "Tariff"), including cost allocation. Through this work, I am familiar with various aspects of the SPP Tariff, including calculation of revenue requirements for individual transmission owner zones as well as the allocation of regional costs across the SPP region. I am familiar with the tariff provisions that apply to network and point-to-point service.[1]

**Q. Have you testified before the Kansas Corporation Commission ("Commission" or "KCC") in the past?**

A. Yes. I testified before the Commission in 1999 in the proposed merger of Western Resources and Kansas City Power & Light (Docket No. 97-WSRG-676-MER) on matters related to transmission and wholesale market access, load flows across various constrained interfaces, effects on operations, generation dispatch, and transmission availability. In 2014, I filed testimony before the Commission on behalf of the City of Garden City, Kansas, in the matter of the joint application of Sunflower Electric Power Corporation and Wheatland Electric Cooperative, Inc. (Docket No. 14-SEPE-287-CON). That case settled before a hearing occurred. In 2016, I filed testimony before the Commission, again on behalf of the City of Garden City, Kansas, in the matter of Wheatland Electric Cooperative, Inc. for approval to make certain changes in charges for electric service (Docket No. 16-WHLE-305-RTS). That case was settled before a hearing occurred.

**Q. Have you testified before other regulatory bodies in the past?**

A. Yes. I have filed testimony before the Federal Energy Regulatory Commission ("FERC"), the Nebraska Power Review Board, and the Hawaii Public Utilities Commission on various issues related to transmission access, power supply planning, application for construction of new power supply resources, and retail rate issues. Attached to this document is a complete list of regulatory proceedings that I have participated in as well as other projects that I have worked on over the past 24 years (see Exhibit JAK-2).

[1] The statements made and positions contained in this Direct Testimony are mine, as an energy consultant familiar with the SPP Tariff, the regional cost allocation methodology used by SPP and matters related to electric utility operations. They do not necessarily represent the views of the SPP, any SPP Working Group, or the State of Nebraska.

**<u>Purpose / Summary of Conclusions</u>**

**Q. What is the purpose of your testimony today?**

A. I was asked by the Kansas City, Kansas Board of Utilities ("KCBPU") to identify potential impacts of the proposed acquisition of Westar by Great Plains Energy ("Proposed Transaction"). These impacts could potentially increase rates for KCBPU and its customers, as well as reduce reliability of service across the combined company's transmission system. The merger may also impact the rates KCBPU pays for energy through bilateral purchase agreements by eliminating one potential competitive power supplier.

**Q. What guidelines does the KCC use to determine if a proposed merger is in the public interest?**

A. The KCC's merger standards were re-affirmed in an Order issued on August 9, 2016.[2] According to legal counsel for KCBPU, the Commission looks at the following factors to determine if a proposed transaction is in the public interest:

(a) The effect of the transaction on consumers, including:

(i) the effect of the proposed transaction on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entities if the transaction did not occur;

(ii) reasonableness of the purchase price, including whether the purchase price was reasonable in light of the savings that can be demonstrated from the merger and whether the purchase price is within a reasonable range;

[2] *Order on Merger Standards*, KCC, Docket No. 16-KCPE-593-ACQ (2016).

(iii) whether ratepayer benefits resulting from the transaction can be quantified;

(iv) whether there are operational synergies that justify payment of a premium in excess of book value; and

(v) the effect of the proposed transaction on the existing competition.

(b) The effect of the transaction on the environment.

(c) Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state. Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate the harm.

(d) Whether the proposed transaction will preserve the jurisdiction of the KCC and the capacity of the KCC to effectively regulate and audit public utility operations in the state.

(e) The effect of the transaction on affected public utility shareholders.

(f) Whether the transaction maximizes the use of Kansas energy resources.

(g) Whether the transaction will reduce the possibility of economic waste.

(h) What impact, if any, the transaction has on public safety.

My testimony is focused on the impact on consumers who are customers of KCBPU and from the Kansas City, Kansas community, the potential for economic waste, and the potential impact on public safety that may be caused by reduced reliability of the transmission and distribution system of the combined company.

**Q. What is your conclusion?**

A. There will be detrimental impacts on KCBPU customers as a result of the merger. The detrimental impacts include higher transmission rates and decreased reliability of service. There will be no more competition between Westar and KCP&L for sales to or purchases from the KCBPU. In addition, the savings identified by the applicants appear to be overstated. I have communicated this information to KCBPU's economic experts for use in their analyses of the Proposed Transaction.[3]

**Existing BPU System**

**Q. Please describe the KCBPU electric utility.**

A. KCBPU is a municipally-owned, non-profit utility that owns and operates generation, transmission and distribution facilities. It provides electric service to 63,000 customers that make up the approximately 160,000 residents of Kansas City, Kansas. As of 2016, the approximate summer peak demand was 480 MW. KCBPU supplies its capacity and energy needs from a diversified portfolio of resources, including coal-fired generation, natural-gas fired generation, Federal hydro-power allocations, privately owned hydropower, wind energy, landfill gas generation, and a community solar project that is in the contracting stage.

**Q. How are KCBPU's power supply resources delivered?**

A. Some of KCBPU's resources are interconnected directly to the KCBPU transmission system; however, a significant portion of KCBPU's resources are located on the transmission systems of other utilities. Delivery of these resources require firm point-to-point transmission service across facilities controlled by the SPP regional transmission

[3] See Direct Testimony of Jonathan A. Lesser; Direct Testimony of Boris J. Steffen.

organization ("RTO"). The SPP OATT governs the firm point-to-point transmission service that is used to deliver these resources from the generator to the KCBPU system. As of November 2016, KCBPU had 180 MW in firm point-to-point transmission service reservations for delivery of resources not directly interconnected to the KCBPU transmission system.

**Q. What impact does the Proposed Transaction have on KCBPU's interconnections to SPP?**

A. The two transmission owners to which KCBPU is interconnected, KCP&L and Westar, have turned over operational control of their transmission facilities to SPP. If Great Plains Energy is successful in closing the Proposed Transaction, KCBPU would go from being interconnected to two completely independent transmission owners to having all of its interconnections owned by Great Plains Energy. Even though SPP exercises operational control under the OATT, Great Plains Energy would still be ultimately responsible for decisions including maintenance practices, vegetation management, repair and replacement practices, compliance with mandatory reliability standards, and planned outage scheduling.

With the proposed acquisition, KCBPU will become completely dependent on Great Plains Energy for its interconnections to the SPP system. KCBPU would become a captive transmission customer without a realistic option for transmission service from a transmission owner that is not part of Great Plains Energy in the immediate geographic vicinity. To the extent that Great Plains Energy makes decisions that reduce the reliability of the transmission system in the greater Kansas City area, the KCBPU will have no recourse and no alternate interconnection provider as it does now with the interconnection to Westar. If the Joint Applicants schedule generation and transmission outages based on the best interests of Great Plains Energy and those decisions have a negative impact on KCBPU, there would be no ability to rely on a different company for service because the system is combined. These actions could increase congestion or increase flows across the BPU transmission system, thus increasing losses borne by BPU's retail customers.

**Q. How did KCBPU come to be interconnected with both Westar and KCP&L?**

A. KCBPU has traditionally had a number of interconnections with KCP&L. In the early 1990s, KCBPU established an interconnection with a second transmission provider when it constructed the interconnection with Westar at the Edwardsville substation. The interconnection was built prior to the issuance of FERC Order 888 and the establishment of SPP as a FERC-approved Regional Transmission Organization. Although some of the benefits of having two separate transmission interconnections have diminished with the advent of the SPP RTO and subsequent enhancements such as the Integrated Marketplace, the BPU still receives a significant benefit by paying the "lower of" transmission rate for SPP OATT Schedule 7 and 8 point-to-point transmission services.

**<u>Operational Savings</u>**

**Q. Have you reviewed the Applicants estimates for operational savings that will result from the merger?**

A. Yes. I have reviewed the projected savings in three specific areas to assess the reasonableness of the Applicants' estimated savings. I prepared these opinions primarily to assist KCBPU expert witnesses Jonathan Lesser and Boris Steffen in the preparation of their testimony related to merger savings and the calculation of net benefits related to the Proposed Transaction.

**Q. What specific areas of projected savings did you review?**

A. I reviewed estimated savings related to generating plant retirements, vegetation management and distribution O&M.

<u>**Generating Plant Retirements**</u>

**Q. With regard to savings related to generating plant retirements, please describe what generating plants the Applicants claim could be retired as a result of the Proposed Transaction?**

A. In workpapers provided in response to data requests, it was indicated that generation savings could occur by retiring certain generating plants. These plants include:

Westar: Murray Gill, Tecumseh, Lawrence

KCP&L: Sibley, Montrose

In total, Mr. Kemp indicated that 1,606 MW of capacity could be retired by the end of 2019.

**Q. Is it reasonable to assume this much capacity could be retired by the end of 2019?**

A. No. As shown in Exhibit JAK-3, retiring that much capacity would result in a capacity deficit of 500 MW by 2020. This deficit was calculated based on the responses of the Joint Applicants to data requests BPU 2-24[4] and BPU 3-24[5]. For this case to be valid, there would need to be additional generating capacity added, along with the associated cost for such capacity.

[4] See Exhibit JAK-4, response to BPU Data Request 2-24.
[5] See Exhibit JAK-5, response to BPU Data Request 3-24.

**Q. Are there other defects in the analysis of generation savings prepared by Mr. Kemp?**

A. Yes. The most obvious defect is the fact that either company could implement generating unit retirements without the Proposed Transaction. Pursuant to BPU 3-21[6], Westar has at least 573 MW of surplus capacity through 2020. KCP&L shows a capacity surplus based on current projections of more than 400 MW through 2020.[7]

**Q. Would there be any reduction in the capacity requirement if the Proposed Transaction is approved?**

A. Based on current transmission arrangements, no. As stated in the response to BPU 3-18[8], the Joint Applicants indicated:

> "At the time of the Westar transaction completion, the Westar load and KCP&L/KCP&L GMO load will still have separate SPP reserve margin requirements just as they do today. The requirement will not change based on the transaction."

This response indicates that they are not expecting any meaningful reduction in capacity requirements as a result of the Proposed Transaction.

**Q. Is it possible in the future that there will be a reduction in the amount of capacity required?**

A. Yes. In the response to BPU 3-18[9], the companies indicated there is the possibility of a "slight" reduction in capacity needs. In the response to BPU 3-24[10], the Joint Applicants admit that any reduction would be minimal.

> "The Joint Applicants have not calculated what the reduction in system peak demand would be if the native load of both systems were combined as compared to each company's peak load on a stand-alone basis. To date, there has not been a

[6] See Exhibit JAK-6, response to BPU Data Request 3-21.
[7] Exhibit JAK-4, KCP&L response to BPU Data Request 2-24.
[8] See Exhibit JAK-7, response to BPU Data Request 3-18.
[9] See Exhibit JAK-7.
[10] See Exhibit JAK-6.

> need for such an evaluation. Given the adjoining service territories, the difference is likely minimal."[11]

Based on this response, the Joint Applicants do not believe there to be any significant reduction in capacity needs solely as a result of the Proposed Transaction.

**Q. Based on your review of the Proposed Applicants projected savings from generating plant retirements, do you have an opinion as to whether any savings from generating plant retirements are directly attributable to the Proposed Transaction?**

A. It is my opinion that none of the generation retirements included in the projected savings by Mr. William Kemp are attributable to the Proposed Transaction. Each company has surplus capacity as a stand-alone entity. If the Proposed Transaction is completed, the individual operating companies will continue to report their load and resource comparison independently. The proposed retirements in Mr. Kemp's worksheets result in capacity deficits for each company on a stand-alone basis as well as on a combined basis**.**

**Q. What would be your recommendation for the amount of savings from generating plant retirements to include in Mr. Kemp's analysis?**

A. Zero.

**<u>Vegetation Management</u>**

**Q. Regarding vegetation management, are Mr. Kemp's estimated savings reasonable?**

A. No. Mr. Kemp's savings projections do not appear to be reasonable for several reasons. First, vegetation management costs are typically proportional to the miles of transmission and distribution lines. Completion of the Proposed Transaction will not reduce the number of miles of transmission and distribution lines that require vegetation management.

[11] See Exhibit JAK-6.

Therefore, any savings attributable to this function would be limited to general supervision and not to front-line employees involved in executing vegetation management programs for each utility.

**Q. What were the expected savings from vegetation management cost reductions?**

A. Approximately $3 million in 2018 and beyond.

**Q. What do the Joint Applicants project for employee reductions in vegetation management?**

A. Mr. Kemp, in response to STAFF 131[12], indicated there are 14 employees at one Joint Applicant, responsible for program management, customer communication and field inspection. In a different workpaper provided in response to BPU 2-1, Mr. Kemp indicated that eight positions could be eliminated.[13]

**Q. Are the employee reductions projected by Mr. Kemp reasonable?**

A. No. Although it may be possible to reduce a management level employee, it would be difficult to eliminate customer communication and field inspection employees. The number of employees performing those functions are proportional to the amount of vegetation management activity occurring. The only way to reduce the number of employees engaged in customer communication and field inspection is to reduce the amount of vegetation management activity. Reducing vegetation management activity without reducing the miles of transmission and distribution lines would result in reduced reliability, increased risk of vegetation contact and potentially could lead to violations of North American Electric Reliability Corporation (NERC) standards.

[12] See Exhibit JAK-8, page 7, slide 10.
[13] See Exhibit JAK-9.

**Q. What would be a reasonable projected cost reduction from consolidating vegetation management operations?**

A. A reduction of one employee rather than eight might be reasonable. The employee would likely be a management level employee responsible for program management**.**

<u>**Distribution Capital Expenditure Savings**</u>

**Q. What are the Joint Applicants projecting for savings from distribution capital expenditures?**

A. Mr. Kemp suggests that the Joint Applicants could reduce distribution capital expenditures for Westar by decreasing the cost per customer to that of KCP&L. His analysis projects savings of $66 to $76 million per year based on this approach.

**Q. Is this reasonable?**

A. No. The approach selected by Mr. Kemp does not account for factors such as customer density, differences in terrain, accessibility of distribution lines and percentage of distribution miles that are underground as compared to overhead.

**Q. Is there a better metric than using the company with the lower cost per customer as a proxy for costs if the Proposed Transaction were implemented?**

A. A more appropriate metric would likely be cost per line mile. It would be preferable to do a separate analysis for overhead and underground lines; however, Mr. Kemp's analysis did not provide overhead and underground line capital expenditures separately. Exhibit JAK-10 also shows that KCP&L spends more per mile than Westar in 2016 and 2017, while Westar spends more in 2018 through 2020. If Westar reduced its capital expenditures per mile of line to the level of KCP&L, the reduction would be $14 to $20 million per year in 2018 through 2020. This is a significantly lower amount than Mr. Kemp projected.

**Impact on Consumers**

**Q. How does an increase in costs paid by KCBPU affect consumers?**

A. As a municipal utility owned by its consumers, any increase in costs paid by KCBPU must be passed through to ultimate consumers. There are no "shareholders" to absorb increased costs. An increase in transmission service costs would have to be recovered in the retail rates paid by KCBPU consumers.

**Q. How does the Proposed Transaction impact the rates paid by KCBPU for transmission service?**

A. There are two factors associated with the Proposed Transaction that could increase transmission rates paid by KCBPU. The first potentially adverse impact relates to higher interest costs if Great Plains Energy experiences a deterioration of its credit rating. The second potential impact is related to a rate increase for KCBPU when Great Plains Energy consolidates its transmission assets into a single transmission pricing zone.

**Q. How is Great Plains Energy planning to finance the Proposed Transaction?**

A. Great Plains Energy has secured $8 billion in debt financing, $750 million in mandatorily preferred convertible equity and is assuming $3.6 billion in debt from Westar.[14]

**Q. How do the major ratings agencies view the financing plan for the Proposed Transaction?**

A. Standard & Poor's, Moody's Investor Service and Fitch Ratings have all taken a negative view of the financing plan through ratings actions involving Great Plains Energy, KCP&L and Westar. On May 31, 2016, Standard & Poor's revised the outlook on Great Plains

[14] See Exhibit JAK-11, "Great Plains Energy to Acquire Westar Energy, Creating Long-Term Value for Shareholder and Cost Savings for Customers." Issued by Great Plains Energy, Inc. on 5/31/2016.

Energy, KCP&L and KCP&L Greater Missouri Operations from "stable" to "negative" to reflect its view that "GPE's financial risk profile will weaken due to the proposed financing, pressuring GPE's overall credit profile for the next few years."[15]

**Q. How does the deterioration of GPE's bond rating affect borrowing costs for the KCP&L and Westar operating companies?**

Typically, if an entity's credit profile deteriorates, its borrowing costs will increase to reflect increased investor risk. As described in the Direct Testimony of Jonathan A. Lesser, a decrease in the credit rating at the holding company level can result in an increase in borrowing costs at the operating company level.[16] In addition to Standard and Poor's revising its outlook for Great Plains Energy, Moody's also placed the credit ratings for senior unsecured debt as well as preferred stock and subordinate debt on review for downgrade shortly after the Westar acquisition was announced.[17] Finally, although Fitch Ratings does not publish a credit rating for Great Plains Energy, it did place the Issuer Default Rating for Westar Energy, Inc. on Ratings Watch Negative after the acquisition was announced.[18]

**Q. Does an increase in borrowing costs for KCP&L and Westar automatically get passed through to transmission service customers?**

A. Yes. KCP&L and Westar have each implemented a formula rate protocol. Through this protocol, various operating costs, load data, and other financial parameters are entered into

[15] See Exhibit JAK-12, S&P Global Ratings, "Great Plains Energy Inc. Ratings Affirmed, Outlook Revised to Negative on Proposed Acquisition of Westar Energy." May 31, 2016.
[16] See Direct Testimony of Jonathan A. Lesser.
[17] See Exhibit JAK-13, Moody's Investor Services, "Rating Action: Moody's Places Great Plains Energy on Review for Downgrade; Westar Energy, Kansas City Power & Light and KCP&L Greater Missouri Operations Affirmed; Outlooks Stable." May 31, 2016.
[18] See Exhibit JAK-14, Fitch Ratings, "Fitch Places Westar on Negative Watch Following Acquisition Announcement." June 1, 2016.

a rate template on an annual basis. The inputs are primarily based on FERC Form No. 1 data on an after-the-fact basis.

One of the parameters that is included in both the KCP&L and Westar formula rate templates is interest on long-term debt.[19] While the return on common equity cannot be changed without regulatory approval, the interest on long-term debt is an element of the revenue requirement calculation that is passed-through without regulatory oversight.

If the financial structure of the Proposed Transaction affects the perceived credit quality of KCP&L or Westar and increases long-term interest rates, there would be an increase in the long-term debt component of the return (R) in the formula rate.[20] The return is multiplied by rate base to determine the amount of return on rate base to include in the gross revenue requirements.[21]

**Q. Great Plains Energy has proposed a "Hold-Harmless" provision as part of its application. Would this protect transmission customers from adverse impacts from the Proposed Transaction?**

A. No. The hold-harmless provisions proposed by Great Plains Energy would not protect rate-payers from adverse impacts associated with the financial structure of the proposed acquisition of Westar. Great Plains Energy has not included any protections for wholesale or retail customers from increased interest rates or return on equity resulting from the transaction. For wholesale customers like KCBPU, the current rate template for KCP&L and KCP&L GMO states that the interest cost of all Great Plains Energy debt is used to

---

[19] See Exhibit JAK-15, "Rate Formula Template Utility FERC Form 1 Data, Actual Gross Revenue Requirements for the 12 Months Ended December 31, 2014, Kansas City Power & Light Company." Retrieved from http://sppoasis.spp.org/documents/SWPP/MemberRelatedPostings/MemberRelatedPostings.asp on September 15, 2016.

[20] See Exhibit JAK-15, page 4, line 21, column (7).

[21] See Exhibit JAK-15, page 2, line 26.

determine the interest expense component for both transmission zones. Based on this provision, it appears that increased interest cost even at the holding company level would result in an increase in transmission rates.

Further, as described in greater detail in the testimony of Jonathan Lesser, many of the projected merger savings appear to be overstated. The "hold harmless" provisions proposed by the Applicants do not protect consumers from adverse impacts of higher borrowing costs that directly result from credit rating downgrades caused by the Proposed Transaction if the projected merger savings do not materialize.

**Q. How does the structure of the Proposed Transaction affect transmission rates for Westar?**

A. Westar has not proposed any changes to its formula rate to account for the proposed transaction. Based on the structure of the Proposed Transaction, there is the potential for an increase in transmission rates because Great Plains Energy is assuming the debt obligations for Westar are part of the transaction.

The application makes it unclear if existing Westar debt would continue to be treated as Westar debt for purposes of the formula rate, or if existing Westar debt would be assumed by Great Plains Energy and held at the holding company level. If Westar's debt is assumed by Great Plains Energy at the holding company level, the capital structure for Westar would consist of 100% equity. The return on equity included in the formula rate for 2017 is 10.3%, compared to the interest rate on long-term debt of 5.17%.[22] The gross revenue requirements would increase from $244 million to $312 million, an increase of

[22] See Exhibit JAK-16, "Westar Energy Inc. Rate Formula Template, 2017 Rate Year", Retrieved from https://www.oasis.oati.com/WR/WRdocs/TransmissionFormulaRate(TFR)20161015_Projection_(2017_Rate_Year).xlsx on November 22, 2016.

approximately 28%.[23] The existing hold-harmless commitment by Great Plains Energy does not appear to address this potentially adverse impact to ratepayers.

**Q. Since KCBPU is currently interconnected to two separate zones, how are transmission rates determined?**

A. Because KCBPU is interconnected to two separate transmission pricing zones under the SPP OATT, the rates paid by KCBPU are somewhat complicated. The most significant element of the transmission service charge is the rate that BPU pays for firm point-to-point transmission service under Schedule 7 or 8 of the SPP OATT.[24]

Under the SPP OATT, transmission service under Schedule 7 (Firm Point-to-Point transmission service) and 8 (Non-Firm Point-to-Point Transmission Service) is billed based on the lowest zonal rate among the zones to which KCBPU is interconnected. Currently, the KCP&L zonal rate for monthly firm transmission service for Schedule 7 is approximately $0.912/kW, as compared to Westar's Schedule 7 monthly firm transmission service rate of $3.638/kW.[25] Therefore, KCBPU pays the KCP&L zonal rate for monthly firm transmission service for its 180 MW of point-to-point reservations.[26]

**Q. Would Great Plains Energy have any reasons to combine KCP&L, KCP&L GMO and Westar into a single transmission zone for rate-making purposes?**

A. Yes. At this point, it is known that Great Plains Energy plans several steps to extract savings from the Proposed Transaction. Great Plains Energy has identified certain areas such as

[23] See Exhibit JAK-17.
[24] While KCBPU uses Schedule 8, Non-Firm Point-to-Point service, its use varies significantly based on operating conditions, market prices and load conditions. While there would be a financial impact for Schedule 8 service with a consolidation of the KCP&L and Westar transmission pricing zones, it is a smaller than the impact for Schedule 7 and is not included in this analysis.
[25] See Exhibit JAK-18, SPP Price Matrix, retrieved September 15, 2016.
[26] The 180 MW of point-to-point reservations was based on settlement statements for July 2016. KCBPU has other pending long-term requests that may increase firm transmission service capacity in the future.

headquarters staffing and procurement practices that are likely to be consolidated. Another area that Great Plains Energy could consolidate operations is with the transmission facilities of its three operating companies. This could be done in a number of ways, including a spin-off of all transmission assets to an independent transmission company, a reorganization that puts all transmission assets into a single operating company under the Great Plains Energy holding company, or by requesting that SPP create a single transmission pricing zone with multiple owners.

One of the tests that SPP will use to determine if a single pricing zone is appropriate is the physical integration of the various facilities. As noted in the Application, KCP&L and Westar share several interconnections, as do KCP&L and KCP&L GMO. SPP would be likely to accept the request to consolidate the transmission facilities into a single zone because there is existing physical integration.[27]

There are other motivations that Great Plains Energy would have to consolidate its three zones. These motivations include simplifying the administration of the formula rate protocols by replacing three independent protocols with a single protocol. A single transmission pricing zone decreases the number of protocols, rate filings and customer meetings by two-thirds. There would likely be accounting cost reductions if Great Plains Energy consolidated its transmission accounting from three separate companies into a single system.

**Q. Could the Westar zone be combined with the KCP&L and KCP&L GMO zones absent the Proposed Transaction?**

[27] In Docket. No. ER16-204-001, SPP agreed to the request by Tri-State Generation and Transmission, Inc. ("Tri-State") to include its facilities in the Nebraska Public Power District ("NPPD") zone. A significant factor in this decision was the degree of physical integration of Tri-State's facilities with NPPD's facilities. This case is still being litigated.

A. It would be unlikely that the two zones would be consolidated absent an acquisition of Westar by Great Plains Energy for the simple reason that KCP&L would be faced with a significant rate increase for its own customer base which would directly benefit a competitor (in this case, Westar), and that rate increase would not be offset by sufficient administrative cost reductions.

**Q. What is the rate impact to KCBPU if the KCP&L, KCP&L GMO and Westar zones are combined?**

A. Exhibit JAK-19 provides an estimate based on the SPP "Revenue Requirements and Rates" file, dated August 1, 2016, of what the revenue requirements and Schedule 7 firm point rates would be for a combined pricing zone consisting of KCP&L, KCP&L GMO and Westar. This rate is based on the filed zonal revenue requirements and combined divisor without taking into account differences in the formulas between the three zones. I chose this methodology because the ultimate consolidation would be based on a number of unknown factors primarily under the control of the merged company. At this point, it is impossible to know how the merged company would resolve those differences in methodology. Based on this simplified methodology, a combined zone would have a Schedule 7 Firm Point-to-Point rate of approximately $2.261/kW-month.

If the three zones were permitted to be combined into a single transmission zone, KCBPU would go from paying the lower of the current KCP&L and Westar rates to paying the single combined rate. This would represent a possible increase from $0.912/kW-month to $2.261/kW-month, or an increase of 148%.

As of August 2016, KCBPU has 180 MW of monthly point-to-point transmission service reserved under the SPP OATT. Based on the increase in the rate and the reservations in place, BPU would be faced with the potential for a $2.9 million annual increase for transmission service as a result of the Proposed Transaction.[28]

**Q. Has the applicant committed that it will not seek consolidation of the KCP&L, KCP&L GMO and Westar transmission systems into a single pricing zone under the SPP Tariff?**

A. No. The hold-harmless provisions filed by Great Plains Energy do not include any protection from the adverse impact of a potential combination of the three transmission pricing zones that would be owned by Great Plains Energy. The failure on the part of Great Plains Energy to include in its hold-harmless provision a commitment to maintain separate transmission pricing zones for KCP&L, KCP&L GMO and Westar has a disproportionate impact to BPU since it pays the lower of the KCP&L and Westar zonal rates.

**Q. Are transmission rates regulated by the FERC? If so, why is KCBPU seeking protections at the KCC for matters that are FERC jurisdictional?**

A. Yes, the formula rates implemented by Westar and KCP&L are regulated by FERC under the SPP OATT. However, the KCBPU has significant interests in this proceeding. KCBPU, along with a number of other interveners in this case, filed protests at FERC and identified several deficiencies in the hold-harmless provisions as they related to the transmission formula rate. The KCC noted that at least one proposed hold-harmless provision is subject to its jurisdiction.[29] For this reason, KCBPU raises issues related to the Joint Applicants transmission rates, potential degradation of credit rating and potential remedies in this proceeding. Further, the increase in transmission service costs would have

[28] See Exhibit JAK-20.
[29] Motion for Leave to Answer and Answer of the Kansas Corporation Commission, FERC Docket No. EC16-146-000 (October 11, 2016).

a direct impact on KCBPU's retail customers as any transmission rate increase would need to be passed through in the form a retail rate increase.

**Impact on Public Safety**

**Q. Are there risks to public safety associated with the Proposed Transaction?**

A. Yes. The primary risk is related to potential cost-reduction measures suggested by the Joint Applicants. The Joint Applicants indicated that vegetation management and distribution capital expenditure reductions would be a primary source of potential savings.

**Q. Could these cost reductions pose a risk to public safety?**

A. Yes. Reductions in vegetation management expenditures pose a risk to public safety. If vegetation falls into a distribution line and causes it to fall to the ground, there is the potential for human contact. Tree contacts that do not result in line failure represent a potential public safety risk to people that come into close proximity to the contact. Outages caused by increased tree contacts have an indirect impact on public safety by affecting service to retail applications that affect public safety, including street lights, traffic signals, elevators, and home health care equipment.

**Q. How does a reduction in capital expenditures pose a risk to public safety?**

A. Reduced capital expenditures for distribution facilities may affect public safety if aging facilities are not replaced or refurbished when they become unreliable or dangerous. If wood poles are kept in service longer than they should, the risk of a catastrophic failure increases and places the public at greater risk for injury or death.

**Remedies**

**Q. How could the Commission and Joint Applicants address KCBPU's concerns related to transmission rates?**

A. The Commission and Joint Applicants could remedy the potentially detrimental impacts of the proposed acquisition on KCBPU by implementing measures designed to protect the credit rating of the regulated subsidiaries. These measures are further described in the Direct Testimony of Jonathan Lesser.[30] These measures are designed to limit Great Plains Energy's ability to extract cash from its regulated utility subsidiaries. In addition, the Joint Applicants could agree to maintain separate transmission zones and agree it would not take any steps that could result in its three separate transmission zones being consolidated into a single zone under the SPP OATT.

**<u>Closing</u>**

**Q. In closing, please summarize your recommendations regarding the Proposed Transaction.**

A. In conclusion, KCBPU and other KCP&L and Westar transmission customers, and the Kansas City, Kansas community, would be adversely impacted from a rate standpoint if the KCP&L or Westar operating company experiences a degradation in its credit quality. The hold-harmless provisions included in the Great Plains Energy filing do not provide adequate protections to KCBPU and other transmission service customers from adverse impacts related to a degradation of credit quality of the merging companies.

KCBPU would be exposed to the potential for a rate increase of 148% based on current zonal Schedule 7 rates for KCP&L if Great Plains Energy consolidates its three operating companies into a single transmission pricing zone. Again, the hold-harmless provisions included in the Great Plains Energy filing do not provide protections to KCBPU and other KCP&L transmission customers against an adverse rate impact.

---

[30] See Direct Testimony of Jonathan Lesser, pages 109-111.

The projected operational savings appear to be significantly overstated. In particular:

1. The generation retirements identified by the Joint Applicants do not appear to be reasonable as they would result in the combined company having a 500 MW capacity deficit in 2020. In addition, savings from generating plant retirements were incorrectly attributed to the Proposed Transaction when either company could undertake generating plant retirements on a stand-alone basis.
2. Savings from vegetation management appear to be overstated and, if implemented, could cause a degradation in reliability for transmission and distribution customers.
3. Savings from distribution capital expenditures appear to be overstated because they do not account for differing customer density. A more appropriate methodology would be based on cost per mile.

**Q. Does this conclude your Direct Testimony?**

A. Yes, it does.

EXHIBIT JAK-1

# JOHN A. KRAJEWSKI, P.E.

JK Energy Consulting LLC

650 J Street, Suite 108
Lincoln, NE 68508

Cell: 402-440-0227
Fax: 402-438-4322
E-mail: jk@jkenergyconsulting.com
www.jkenergyconsulting.com

## Summary of Qualifications

Mr. Krajewski is a registered professional engineer with more than 20 years of experience in the electric utility industry, working for a joint action agency and two consulting firms. His areas of expertise include power supply resource planning, transmission access, regulatory affairs, wholesale and retail rate design, and distribution system planning. As an employee of the NMPP/MEAN, Mr. Krajewski developed the Cost of Service / Rate Design Study service. Over the last 13 years, he has prepared cost of service and rate design studies for more than 40 municipal utilities.

Some of his major accomplishments include:

- Project Manager for Nebraska's first utility scale wind farm, the Municipal Energy Agency of Nebraska (MEAN) Wind Farm in Kimball, consisting of seven 1.5 MW wind turbine generators and completed in 2002.
- Responsible for resource planning, operating budget preparation, wholesale rate design, and long-term financial and rate projections for MEAN from 2000 through 2008. Annual operating revenues for MEAN exceeded $100 million in 2008.
- Prepared Integrated Resource Plans, resource plans, and power supply contract negotiations for utilities in nine states.
- Testified before the Federal Energy Regulatory Commission, Nebraska Power Review Board, Kansas Corporation Commission, and Hawaii Public Utilities Commission on various issues related to transmission access, application for construction of new power supply resources and retail rate issues.
- Experience in requesting transmission service, reviewing interconnection studies, and integrating new generation resources into the regional transmission system.

## Work History

| | |
|---|---|
| 1992-1996 | Power Supply Engineer – Municipal Energy Agency of Nebraska (MEAN) |
| 1996-2000 | Consulting Engineer – Sawvel and Associates, Inc. |
| 2000-2008 | Manager of Planning and Engineering – MEAN / NMPP Energy |
| 2008-2009 | Project Manager – JEO Consulting Group, Inc. |
| 2009-Present | President – JK Energy Consulting, LLC |

## Education

Bachelor of Science, Mechanical Engineering, 1992
University of Nebraska – Lincoln

## Industry Organizations / Committees

- American Public Power Association – Individual Associate Member
- National / Nebraska Society of Professional Engineers
- Mid-Continent Area Power Pool – Design Review Subcommittee, 2002-2008
- Midwest Reliability Organization – Reliability Assessment Committee, 2005-2008
- Nebraska Sub-regional Transmission Planning Group, 2000-2008
- Nebraska Power Association – Joint Planning Subcommittee, 2000-2008
- Southwest Power Pool – Cost Allocation Working Group – Nebraska representative, March 2011-present

## Professional Registrations

Professional Engineer, Year of Original Registration, License Number

- Kansas, 1999, License #15833
- Nebraska, 2000, License #9992
- Iowa, 2008, License #19210

EXHIBIT JAK-2

## List of Regulatory Proceedings and Other Projects
**John A. Krajewski, P.E.**

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| ***Federal*** | | | | | |
| Federal Energy Regulatory Commission (FERC) | Western Resources / Kansas City Power & Light (KCPL) | Docket Nos. EC97-56-000 / ER97-4669-000 | Transmission issues, load flow issues, effects of merger on operations, generation dispatch, and transmission availability | Kansas City, KS Board of Public Utilities | 1999 |
| FERC | Municipal Energy Agency of Nebraska (MEAN) / Transmission Access Policy Study Group (TAPS) | Docket No. AD04-13 | Written comments and comments regarding transmission and ancillary service issues related to wind energy | MEAN / TAPS | 2004 |
| FERC | Great Plains Energy Incorporated / Westar Energy, Inc. | Docket No. EC16-146-000 | Effects of merger on transmission rates, interconnection and other operational issues | Kansas City, KS Board of Public Utilities | 2016 |
| ***State*** | | | | | |
| Kansas Corporation Commission | Western Resources / KCPL | Docket No. 97-WSRG-676-MER | Transmission issues, load flow issues, effects of merger on operations, generation dispatch, and transmission availability | Kansas City, KS Board of Public Utilities | 1999 |
| Hawaii Public Utilities Commission | Hawaii Electric Light Company, Inc. | Docket No. 99-0207 | Generation dispatch, need for additional generation, avoided cost determination | Division of Consumer Advocacy, State of Hawaii | 2000 |
| Nebraska Power Review Board (NPRB) | MEAN | Application No. PRB-3350 | Engineering Feasibility Study for construction of wind energy generation facility | MEAN | 2001 |
| NPRB | MEAN | Application No. PRB-3376 | Engineering Feasibility Study for Council Bluffs Energy Center Unit #4 | MEAN | 2001 |
| District Court of Jefferson County, Nebraska | City of Fairbury, NE | Endicott Clay Products vs. City of Fairbury / Case No. CI06-195 | Expert witness on rate issue | City of Fairbury, NE | 2008 |
| NPRB | City of Wisner, NE | Application No. PRB-3582-G | Engineering Feasibility Study for construction of peaking generation | City of Wisner, NE | 2008 |
| Kansas Corporation Commission | City of Garden City, KS | Docket No. 14-SEPE-287-CON | Transmission rates; transmission contract negotiation | City of Garden City, KS | 2014 |
| United States District Court for the Western District of Missouri, Springfield Division | City of Springfield, MO | Case No. 14-CV-03543-JTM | Expert witness on curtailment issue | City of Springfield, MO | 2015 |
| Kansas Corporation Commission | Kansas City Board of Public Utilities | Docket No. 16-KCPE-593-ACQ | Merger of Great Plains Energy and Westar | Kansas City, KS Board of Public Utilities | 2016 |
| ***Local*** | | | | | |
| Village Board | Village of Lyman, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Lyman, NE | 2001<br>2005 |
| City Council | City of Bridgeport, NE | Electric Cost of Service Study | Cost of service, rate design | City of Bridgeport, NE | 2001<br>2005 |
| Village Board | Village of Oxford, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Oxford, NE | 2001 |
| City Council | City of Curtis, NE | Electric Cost of Service Study | Cost of service, rate design | City of Curtis, NE | 2001<br>2006 |
| City Council | City of Bayard, NE | Electric Cost of Service Study | Cost of service, rate design, impact of loss of major industrial customer | City of Bayard, NE | 2001<br>2006 |
| City Council | City of Friend, NE | Electric Cost of Service Study | Cost of service, rate design | City of Friend, NE | 2001 |

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| Town Board of Trustees | Town of Lyons, CO | Electric Cost of Service Study | Cost of service, rate design, impact of loss of major industrial customer | Town of Lyons, CO | 2002<br>2006 |
| Village Board | Village of Polk, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Polk, NE | 2002 |
| City Council | City of Sargent, NE | Electric Cost of Service Study | Cost of service, rate design | City of Sargent, NE | 2002<br>2007 |
| City Council | City of Central City, NE | Electric Cost of Service Study | Cost of service, rate design | City of Central City, NE | 2002<br>2006 |
| City Council | City of Holdrege, NE | Electric Cost of Service Study | Cost of service, rate design | City of Holdrege, NE | 2002<br>2006 |
| City Council | City of Crete, NE | Electric Cost of Service Study | Cost of service, rate design | City of Crete, NE | 2002<br>2006<br>2010<br>2012<br>2013<br>2014<br>2015<br>2016 |
| City Council | City of Wood River, NE | Electric Cost of Service Study | Cost of service, rate design | City of Wood River, NE | 2002<br>2004<br>2007<br>2009<br>2011<br>2014 |
| City Council | City of Yuma, CO | Electric Cost of Service Study | Cost of service, rate design | City of Yuma, CO | 2002<br>2015 |
| Village Board | Village of Shickley, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Shickley, NE | 2002<br>2007<br>2014 |
| City Council | City of Imperial, NE | Electric Cost of Service Study | Cost of service, rate design | City of Imperial, NE | 2003<br>2007 |
| City Council | City of Neligh, NE | Electric Cost of Service Study | Cost of service, rate design | City of Neligh, NE | 2003 |
| Village Board | Village of Morrill, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Morrill, NE | 2003 |
| Village Board | Village of Emerson, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Emerson, NE | 2003 |
| City Council | City of Kimball, NE | Electric Cost of Service Study | Cost of service, rate design | City of Kimball, NE | 2003 |
| Village Board | Village of Everly, IA | Electric Cost of Service Study | Cost of service, rate design | Village of Everly, IA | 2003 |
| Town Board of Trustees | Town of Lyons, CO | Water and Wastewater Cost of Service Study | Cost of service, rate design, impact of major capital improvements, implementation of major rate increase and structure change, sensitivity of revenue to major rate change | Town of Lyons, CO | 2003 |
| Village Board | Village of Hemingford, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Hemingford, NE | 2003 |
| City Council | City of Sidney, NE | Electric Cost of Service Study | Cost of service, rate design | City of Sidney, NE | 2003 |
| City Council | City of Mitchell, NE | Electric Cost of Service Study | Cost of service, rate design | City of Mitchell, NE | 2003 |
| City Council | City of Burwell, NE | Electric Cost of Service Study | Cost of service, rate design | City of Burwell, NE | 2004 |
| City Council | City of Franklin, NE | Electric Cost of Service Study | Cost of service, rate design | City of Franklin, NE | 2004<br>2014 |
| Village Board | Village of Stuart, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Stuart, NE | 2004 |
| City Council | City of Gothenburg, NE | Electric Cost of Service Study | Cost of service, rate design | City of Gothenburg, NE | 2004 |
| City Council | City of La Junta, CO | Electric, Water, Wastewater, Trash Cost of Service Study | Cost of service, rate design | City of La Junta, CO | 2005 |
| Village Board | Village of Chappell, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Chappell, NE | 2005 |

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| Village Board | Village of Callaway, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Callaway, NE | 2005 |
| Village Board | Village of Bradshaw, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Bradshaw, NE | 2005 |
| City Council | City of Blue Hill, NE | Electric Cost of Service Study | Cost of service, rate design | City of Blue Hill, NE | 2005 |
| Village Board | Village of Arnold, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Arnold, NE | 2006 |
| Village Board | Village of Ansley, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Ansley, NE | 2006 |
| City Council | City of Alliance, NE | Electric Cost of Service Study | Cost of service, rate design | City of Alliance, NE | 2006 |
| City Council | City of Delta, CO | Electric, Water, Wastewater, Trash Cost of Service Study | Cost of service, rate design | City of Delta, CO | 2006 |
| City Council | City of West Point, NE | Electric Cost of Service Study | Cost of service, rate design | City of West Point, NE | 2006<br>2010<br>2013 |
| Town Board of Trustees | Town of Haxtun, CO | Electric Cost of Service Study | Cost of service, rate design | Town of Haxtun, CO | 2007 |
| City Council | City of Fairbury, NE | Electric Cost of Service Study | Cost of service, rate design | City of Fairbury, NE | 2007 |
| City Council | City of South Sioux City, NE | Electric Cost of Service Study | Cost of service, rate design | City of South Sioux City, NE | 2007<br>2011 |
| City Council | City of Beatrice, NE | Electric Cost of Service Study | Cost of service, rate design | City of Beatrice, NE | 2008 |
| City Council | City of Syracuse, NE | Electric Cost of Service Study | Cost of service, rate design | City of Syracuse, NE | 2008 |
| City Council | City of Battle Creek, NE | Electric Cost of Service Study | Cost of service, rate design | City of Battle Creek, NE | 2008 |
| City Council | City of Wakefield, NE | Electric Cost of Service Study | Cost of service, rate design | City of Wakefield, NE | 2008<br>2011<br>2012<br>2013 |
| City Council | City of Fountain, CO | Update of Electric Cost Adjustment | Cost of service, rate design | City of Fountain, CO | 2008<br>2011<br>2012<br>2013<br>2014 |
| City Council | City of Fremont, NE | Electric Cost of Service Study | Cost of service, rate design | City of Fremont, NE | 2008<br>2010<br>2015 |
| City Council | City of Glenwood Springs, CO | Electric, Water, Wastewater, Natural Gas Financial Analysis | Revenue adequacy analysis; cost of service, rate design, rate review | City of Glenwood Springs, CO | 2008<br>2009<br>2010<br>2011<br>2012<br>2013<br>2014<br>2015 |
| Board of Directors | Norris Public Power District | Electric Cost of Service Study | Cost of service, rate design | Norris Public Power District | 2009<br>2013<br>2014<br>2015 |
| City Council | City of Falls City, NE | Electric, Water, Wastewater, Natural Gas Cost of Service Study | Cost of service, rate design | City of Falls City, NE | 2010<br>2013<br>2014<br>2016 |
| City Council | City of Beatrice, NE | Electric Cost of Service Study<br>Electric Cost of Service Study | Cost of service, rate design<br>Cost of service, rate design | JEO Consulting Group, Inc.<br>City of Beatrice, NE | 2010<br>2014 |
| City Council | City of Laurel, NE | Electric Cost of Service Study | Cost of service, rate design | City of Laurel, NE | 2010<br>2012 |

**Unredacted Pursuant to Commission Order**

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| City Council | City of Lexington, NE | Electric Cost of Service Study | Cost of service, rate design | City of Lexington, NE | 2010<br>2011 |
| City Council | City of Fountain, CO | Electric Cost of Service Study | Cost of service, rate design | City of Fountain, CO | 2011<br>2013 |
| City Council | Indianola Municipal Utilities | Electric Cost of Service Study | Cost of service, rate design | City of Indianola, IA | 2012<br>2015 |
| City Council | City of Sergeant Bluff, IA | Electric Cost of Service Study | Cost of service, rate design | City of Sergeant Bluff, IA | 2012<br>2013<br>2015 |
| Village Board | Village of Giltner, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Giltner, NE | 2014 |
| Village Board | Village of Shickley, NE | Electric Cost of Service Study | Cost of service, rate design | Village of Shickley, NE | 2014 |
| City Council | City of Randolph, NE | Electric Cost of Service Study | Cost of service, rate design | City of Randolph, NE | 2014 |
| City Council | City of Fort Morgan, CO | Electric Cost of Service Study | Cost of service, rate design, rate review | City of Fort Morgan, CO | 2014<br>2016 |
| Board of Utilities | Eldridge Electric & Water Utilities | Electric Cost of Service Study | Cost of service, rate design | Eldridge Electric & Water Utilities | 2015 |
| Village Board | Village of Hampton, NE | Electric Cost of Service Study | Cost of Service, rate design | Village of Hampton, NE | 2015 |
| City Council | City of Yuma, CO | Water and Wastewater Cost of Service Study | Cost of Service, rate design | City of Yuma, CO | 2015 |
| City Council | City of Fort Morgan, CO | Sanitation Cost of Service Study | Cost of service, rate design | City of Fort Morgan, CO | 2016 |
| ***Non-Regulatory Projects*** | | | | | |
| | Kansas City, KS Board of Public Utilities | Evaluation of Deactivating Kaw Station | Power supply analysis, solicitation and review of proposals | Kansas City, KS Board of Public Utilities | 1997 |
| | Kansas City, KS Board of Public Utilities | Electric, Water Cost of Service Study | Cost of service, rate design | Kansas City, KS Board of Public Utilities | 1997 |
| | MEAN | Integrated Resource Plan | Power supply analysis, demand side measure evaluation | MEAN | 1997<br>2002<br>2007 |
| | Marshfield (WI) Electric and Water Departments | Power Supply Study | Power supply analysis, solicitation and review of proposals | Marshfield (WI) Electric and Water Departments | 1998 |
| | Manitowoc (WI) Public Utilities | Power Supply Study | Power supply analysis, solicitation and review of proposals | Manitowoc (WI) Public Utilities | 1998 |
| | Great Lakes (WI) Utilities | Power Supply Study | Power supply analysis, solicitation and review of proposals | Great Lakes (WI) Utilities | 2000 |
| | Rolla Municipal Utilities / University of Missouri - Rolla | Power Supply Study | Power supply analysis, screening analysis of generation, cogeneration and purchased power alternatives | Rolla Municipal Utilities / University of Missouri - Rolla | 2000 |
| | Nebraska City (NE) Utilities | Integrated Resource Plan | Power supply analysis, demand side measure evaluation | City of Nebraska City, NE | 2002<br>2007 |
| | City of Falls City, NE | Integrated Resource Plan | Power supply analysis, demand side measure evaluation | City of Falls City, NE | 2002<br>2007<br>2012 |
| | Imperial (NE) Public Power District | Cogeneration Analysis | Screening analysis of generation, cogeneration and purchased power alternatives | Imperial (NE) Public Power District | 2003 |
| | Nebraska City (NE) Utilities | Power Supply Study | Power supply analysis | City of Nebraska City, NE | 2003 |
| | City of Neligh, NE | Power Supply Study | Power supply analysis | City of Neligh, NE | 2004 |
| | City of Aspen, CO | Business Plan Development | Review cost of service and rate design | City of Aspen, CO | 2004 |
| | City of Gillette, WY | Power Supply Study | Power supply analysis | City of Gillette, WY | 2005 |

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| | City of Wood River, NE | Contract Negotiations, Financing Assistance for Major Load Addition, Application for Power Review Board Certificate of Public Convenience and Necessity to Construct Transmission Line | Major load addition (ethanol plant) | City of Wood River, NE | 2006 |
| | Indianola Municipal Utilities | Power Supply Study | Power supply analysis | City of Indianola, IA | 2008 |
| | City of Carlisle, IA | Power Supply Study | Power supply analysis | City of Carlisle, IA | 2008 |
| | City of Wood River, NE | Distribution System Analysis | Financial assessment of distribution system, upgrades including power costs (Losses), transmission and sub-transmission service costs, and financing costs | JEO Consulting Group, Inc. | 2009 |
| | City of Sergeant Bluff, IA | Power Supply Study | Power supply analysis | City of Sergeant Bluff, IA | 2009 |
| | City of Breda, IA | Wind Energy | | City of Breda, IA | 2009 |
| | City of Laurel, NE | Rate Development | Rate and contract development for major load addition | City of Laurel, NE | 2009<br>2010 |
| | Indianola Municipal Utilities | Sustainability Study | CO2 emission inventory, energy use analysis, review of cost effective energy efficiency measures, review of cost effective renewable energy resources | City of Indianola, IA (with grant funding from Iowa Power Fund) | 2010<br>2012 |
| | City of Jackson, OH | NERC Compliance Assistance | Prepare documentation, provide monthly updates of NERC related activities | City of Jackson, OH | 2010<br>2011<br>2012<br>2013<br>2014<br>2015 |
| | ARPA | NERC Compliance Assistance | Review status of reliability compliance program and prepare letter to WECC requesting confirmation that ARPA is not subject registration on the NERC Compliance Registry | Arkansas River Power Authority | 2011 |
| | Village of Emerson, NE | Wind Energy | Financial analysis of wind energy resources | Village of Emerson, NE | 2011 |
| | City of Wayne, NE | Wind Energy | Financial analysis of wind energy resources | JEO Consulting Group, Inc. | 2011 |
| | Lamar (CO) Utility Board | Transmission Planning | Develop rate for use of 69 kV lines | City of Lamar, CO | 2011 |
| | City of Sargent, NE | Power Cost Analysis | Power cost analysis | City of Sargent, NE | 2011 |
| | ARPA | Integrated Resource Plan | Power supply analysis, demand side measure evaluation | Arkansas River Power Authority | 2012 |
| | ARPA | Power Supply Study | Power supply analysis, solicitation and review of proposals | Arkansas River Power Authority | 2012<br>2013<br>2014 |
| | ARPA | Long-Term Financial Planning | Rate analysis, long-term financial projections | Arkansas River Power Authority | 2012 |
| | City of Crete, NE | Local Generation | Power supply cost analysis | City of Crete, NE | 2012 |
| | City of Fort Morgan, CO | NERC Compliance Assistance | Review status of reliability compliance program and prepare letter for City use documenting exemption from requirement to register under NERC Compliance Registry | City of Fort Morgan, CO | 2012<br>2013 |

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| | Confidential municipal client | | Assistance in reviewing feasibility of establishing a municipal utility | Exponential Engineering | 2012<br>2013<br>2014 |
| | City of Falls City, NE | Economic Development | Assistance in developing rates and generation/transmission plan for economic development purposes | City of Falls City, NE | 2012 |
| | City of Fountain, CO | Smart Grid Project | Assistance in developing rate for customers who choose to "opt out" of advanced metering infrastructure installation | City of Fountain, CO | 2012 |
| | City of Garden City, KS | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Garden City, KS | 2012<br>2013<br>2014 |
| | City of Guttenberg, IA | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Guttenberg, IA | 2012 |
| | Indianola Municipal Utilities | NERC Compliance Assistance | Review status of reliability compliance program and prepare letter for City use documenting exemption from requirement to register under NERC Compliance Registry | City of Indianola, IA | 2012 |
| | City of Stanhope, IA | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Stanhope, IA | 2012<br>2013 |
| | City of Wood River, NE | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Wood River, NE | 2012<br>2013 |
| | City of Pierce, NE | Joint Use of Rate | Develop rate for joint use of distribution facilities with neighboring utilities | City of Pierce /<br>Northeast Nebraska PPD | 2013 |
| | City of West Point, IA | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of West Point, IA | 2013 |
| | City of Fort Morgan, CO | Power Cost Analysis Assistance | Review of power supply costs; assistance in optimizing future resource costs; rate review | City of Fort Morgan, CO | 2013<br>2014 |
| | City of Auburn, IA | Power Cost Analysis Assistance | Power supply analysis, solicitation and review of proposals | City of Auburn, IA | 2013<br>2014 |
| | City of Laurel, NE | Power Cost Analysis Assistance | Review of power supply costs; rate review | City of Laurel, NE | 2013<br>2014 |
| | Verdigre Land and Wind Partners, LLC | Wind Energy | Assistance in requesting transmission interconnection | Verdigre Land and Wind Partners, LLC | 2014 |
| | Village of Snyder, NE | Power Supply Study | Power supply analysis, solicitation and review of proposals | Village of Snyder, NE | 2014 |
| | City of Coffeyville, KS | Generating Capacity | Analysis of value of generating capacity | City of Coffeyville, KS | 2014 |
| | City of Fountain, CO | NERC Compliance Assistance | Review status of reliability compliance program for City | City of Fountain, CO | 2015 |
| | City of Beatrice, NE | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Beatrice, NE | 2015 |
| | City of Glenwood Springs, CO | Local Generation | Assistance in determining the feasibility of adding local generation | City of Glenwood Springs, CO | 2015 |
| | City of Sergeant Bluff, IA | Renewable Generation | Prepare economic assessment of renewable generation | City of Sergeant Bluff, IA | 2015 |

| Regulatory Agency | Utility | Proceeding | Issues and/or Scope | Client | Year |
|---|---|---|---|---|---|
| | Confidential Client | Power Supply | Assistance in reviewing feasibility of establishing back-up electric power supply using power supply agreements and on-site generation | SEGA, Inc. | 2015 |
| | Auburn Board of Public Works | Power Supply Study | Power supply analysis, solicitation and review of proposals | Auburn Board of Public Works | 2015 |
| | City of Madison, NE | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Madison, NE | 2015 |
| | City of Seward, NE | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Seward, NE | 2015 |
| | City of Hebron, NE | Power Supply Study | Power supply analysis, solicitation and review of proposals | City of Hebron, NE | 2016 |

EXHIBIT JAK-3

**Westar Surplus / (Deficit)**

| | | Proj 2017 | Proj 2018 | Proj 2019 | Proj 2020 |
|---|---|---|---|---|---|
| a) | Peak Native Load Forecast * | 5,066 | 5,120 | 5,174 | 5,234 |
| b) | Firm Sales | 0 | 0 | 0 | 0 |
| c) | Capacity Sales | 541 | 541 | 369 | 369 |
| d) | Generating Resources | 6,325 | 6,340 | 6,340 | 6,340 |
| d1) | Generation Retirement (1) | | 729 | 729 | 729 |
| | Lawrence | | 474 | 474 | 474 |
| | Murray Gill | | 190 | 190 | 190 |
| | Tecumseh | | 65 | 65 | 65 |
| e) | Firm Purchases | 0 | 0 | 0 | 0 |
| f) | Capacity Purchases | 508 | 508 | 508 | 508 |
| g) | % Reserve Margin = [ ( -b - c + d -d1 + e + f) - a ] / a | 24% | 9% | 11% | 10% |
| g1) | Surplus without Retirements | 618 | 573 | 684 | 617 |
| g) | MW Capacity Above SPP 12% reserve requirement =( - b - c + d + e + f ) - ( 1.12 * a ) | 618 | -156 | -45 | -112 |

(1) See response to BPU 3-14.

**Unredacted Pursuant to Commission Order**

## KCP&L Surplus / (Deficit)

| | | Proj 2017 | Proj 2018 | Proj 2019 | Proj 2020 |
|---|---|---|---|---|---|
| a) | Reported Surplus | 417 | 416 | 416 | 413 |
| b) | Generation Retirement (1) | 0 | 0 | 437 | 801 |
| | Sibley | | | 97 | 461 |
| | Montrose | | | 340 | 340 |
| c) | Adjusted Surplus | 417 | 416 | -21 | -388 |

(1) See response to BPU 3-14.

Prepared in response to KCBPU 3.21 - Project Planning Reserve Margin

**Combined Utility Surplus / (Deficit)**

| | | Proj 2017 | Proj 2018 | Proj 2019 | Proj 2020 |
|---|---|---|---|---|---|
| a) | Combined Surplus without Retirements | 1,035 | 989 | 1,100 | 1,030 |
| b) | Generation Retirement | 0 | 729 | 1,166 | 1,530 |
| c) | Adjusted Surplus | 1,035 | 260 | -66 | -500 |

EXHIBIT JAK-4

**Docket:** [ 16-KCPE-593-ACQ ] Merger - Great Plains
**Requestor:** [ Kansas City Board of PUblic Utilities ] [ Ashley Bond ]
**Data Request:** KCBPU-02.24 :: Re: Direct Testimony of William Kemp
**Date:** 0000-00-00

*Question 1* (Prepared by Geoff Greene)
Referring to the Direct Testimony of William Kemp at 22:19-23:1, please: 1. Provide the actual planning reserves for each Joint Applicant in 2016. 2. State the anticipated required planning reserves for each Joint Applicant for the years 2017-2020 and the anticipated planning reserve for the merged company.

*Response:*
1. The difference between actual 2016 peak and capacity, the planning reserve, is 6239 – 5183 = 1,056 MW. This is 434 MW more than required to maintain the 12% margin. 2. 2017 = 608 MW, 2018 = 614 MW, 2019 = 621 MW, 2020 = 628 MW. See Great Plains Energy response regarding KCP&L and combined company.

No Digital Attachments Found.



**Unredacted Pursuant to Commission Order**

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Bond Ashley Interrogatories - BPU_20160928
Date of Response: 10/12/2016

Question: 2-24

Referring to the Direct Testimony of William Kemp at 22:19-23:1, please:

1. Provide the actual planning reserves for each Joint Applicant in 2016.

2. State the anticipated required planning reserves for each Joint Applicant for the years 2017-2020 and the anticipated planning reserve for the merged company.

Response:
The response to this data request is considered **CONFIDENTIAL** as it contains marketing analysis or other market-specific information relating to services offered in competition with others.

1. Based on KCP&L's actual 2016 peak, there was 430 MW of reserve capacity between the peak and SPP-required capacity responsibility which was based upon the 2016 forecasted peak.

2. Planning reserve requirement (beginning in 2017, SPP requires 12% above the anticipated peak) for KCP&L is as follows:
   2017: 417 MW 2018: 416 MW 2019: 416 MW 2020: 413 MW

Westar will provide their reserve margin requirement. Combining KCP&L's and Westar's annual reserve margin requirements would provide merged-company reserve margin requirements.

**Response Provided By:**
Laura Becker, Manager, Resource Planning

Attachment:
QBPU-2-24_Verification.pdf

**Unredacted Pursuant to Commission Order**

# Verification of Response

## Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to BPU Data Request #2-24, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: Jon M. Becker

Title: Manager, Resource Planning

Date: October 4, 2016

EXHIBIT JAK-5

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Bond Ashley Interrogatories - BPU_20161107
Date of Response: 11/15/2016

Question:3-24

Please confirm whether or not the Joint Applicants have calculated if there is a reduction in the system peak demand for the combined company as compared to each company on a standalone basis. Please provide this calculation. If such a calculation does not exist, please so state and provide an explanation for why the Joint Applicants determined such a calculation was unnecessary.

Number of Attachments:

Response:

The Joint Applicants have not calculated what the reduction in system peak demand would be if the native load of both systems were combined as compared to each company's peak load on a stand-alone basis. To date, there has not been a need for such an evaluation. Given the adjoining service territories, the difference is likely minimal.

Attachment:
Q3-24_Verification.pdf

# Verification of Response

## Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to BPU Data Request #3-24, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: ______________

Title: Director, Energy Resource Management

Date: November 11, 2016

**Unredacted Pursuant to Commission Order**

EXHIBIT JAK-6

Home Page  Change Password

**Friday, November 18, 2016**
Logged in as: [**John Krajewski**]  Logout

**Docket:** [ 16-KCPE-593-ACQ ] Merger - Great Plains
**Requestor:** [ Kansas City Board of PUblic Utilities ] [ Angela Lawson ]
**Data Request:** KCBPU-3.21 :: Project planning reserve margin
**Date:** 0000-00-00

*Question 1* (Prepared by Geoff Greene)
In reference to Westar's response to BPU-2-24, please provide: 1. All information provided in BPU-2-24 in tabular form with all backup data used to calculate the project planning reserve margin for 2017-2020, including: a. Peak demand forecast b. Firm sales c. Capacity sales d. Generating resources, including additions and retirements e. Firm purchases f. Capacity purchases g. Calculation of reserve margin (in % and in MW above/below the 12% requirement) 2. Provide any projected load and resource data that has been prepared that would cover the period 2021 through 2026 in a similar format to that requested in part 1 above.

*Response:*
The attached spreadsheet contains the items requested which backup the data provided in BPU-2-24.

| Attachment File Name | Attachment Note |
|---|---|
| Calculations for response to KCBPU 321 111016.xlsx | |

prepared in response to KCBPU 3.21 : Project Planning Reserve Margin

| Item 1 | | | | | | Item 2 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Proj 2017 | Proj 2018 | Proj 2019 | Proj 2020 | Proj 2021 | Proj 2022 | Proj 2023 | Proj 2024 | Proj 2025 | Proj 2026 |
| a) | Peak Native Load Forecast * | 5066 | 5120 | 5174 | 5234 | 5289 | 5344 | 5397 | 5452 | 5503 | 5555 |
| b) | Firm Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) | Capacity Sales | 541 | 541 | 369 | 369 | 324 | 209 | 150 | 150 | 0 | 0 |
| d) | Generating Resources | 6325 | 6340 | 6340 | 6340 | 6340 | 6340 | 6275 | 6275 | 6015 | 6015 |
| e) | Firm Purchases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) | Capacity Purchases | 508 | 508 | 508 | 508 | 508 | 492 | 492 | 492 | 492 | 492 |
| g) | % Reserve Margin = [ ( -b - c + d + e + f) - a ] / a | 24% | 23% | 25% | 24% | 23% | 24% | 23% | 21% | 18% | 17% |
| g) | MW Capacity Above SPP 12% reserve requirement =( - b - c + d + e + f ) - ( 1.12 * a ) | 618 | 573 | 684 | 617 | 601 | 638 | 573 | 511 | 343 | 285 |

* includes reduction for WattSaver and Interruptible Contracts

**DRAFT FOR DISCUSSION ONLY**

Unredacted  Pursuant to Commission Order

EXHIBIT JAK-7

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Bond Ashley Interrogatories - BPU_20161107
Date of Response: 11/15/2016

Question:3-18

In reference to the response to BPU-2-24, please confirm that the Southwest Power Pool ("SPP") reserve margin requirement for the merged companies will equal the sum of the individual companies' margin requirements. If the answer is "no," please provide the forecast margin requirements for the merged company for the period of 2017-2021.

Number of Attachments:

Response:

At the time of the Westar transaction completion, the Westar load and KCP&L/KCP&L GMO load will still have separate SPP reserve margin requirements just as they do today. The requirement will not change based on the transaction.

However, in the future if the companies were to request and obtain network transmission service based on their combined loads, there may be a slight reduction in the combined load reserve margin requirement vs the sum of the individual companies' reserve margin requirements, depending on the diversity in companies' system loads.

Attachment:
Q3-18_Verification.pdf

# Verification of Response

## Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to BPU Data Request #3-18, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: ________________

Title: Director, Energy Resource Management

Date: November 11, 2016

**Unredacted Pursuant to Commission Order**

EXHIBIT JAK-8

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Grady Justin Interrogatories - KCC_20160923
Date of Response: 11/04/2016

Question:131

Please provide copies of all formal and informal Data Requests, and all Data Request responses, exchanged between KCPL or Great Plains and MPSC Staff in Case No. EM-2016-0324.

Number of Attachments:

Response:

This information is considered **CONFIDENTIAL** as it contains marketing analyses or other market specific information relating to services offered in competition with others; contains reports produced by financial analysts; contains employee-sensitive information; contains reports, work papers or other documentation related to work product by internal or external auditors or consultants and should be handled accordingly.

Due to the voluminous nature of the attachments in response to this request; items will be placed on CD and shipped via UPS.

Attachment: Q131_Verification.pdf

**Unredacted Pursuant to Commission Order**

# Verification of Response

## Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to KCC Data Request# 131, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: Mary Britt Turner

Title: Director, Regulatory Affairs

Date: October 4, 2016

# Project Wizard Due Diligence

HIGHLY CONFIDENTIAL

RESTRICTED/HIGHLY CONFIDENTIAL

# Key Questions and Due Diligence Areas

**Key areas of focus for Round 2 include, but are not limited to:**

**Financial**

- Business plan drivers: customer growth rates, non-fuel O&M drivers, customer rate impacts ***(Wright)***
- Potential synergies, Insurance ***(Busser/Wright)***
- Tax, acceleration of NOLs, etc. ***(Busser/Hardesty)***
- Risk management and hedging ***(Busser/Wright/Noblet/Anstaett)***
- Tax audits and contests ***(Hardesty)***
- Financing documents (restrictive covenants) ***(Wright)***
- Contractual obligations, such as leases or long-term contracts ***(Huddleston)***
- Collateral posting requirements ***(Busser/Wright/Noblet/Anstaett)***

**Regulatory**

- Understanding of regulatory undertakings between Wizard and KCC; prior merger conditions ***(Ives)***
- Regulatory strategy: rate case plans, capital structure ***(Ives)***
- Regulatory assets/liabilities ***(Ives)***
- FERC compliance ***(Fairchild)***
- Understanding regulatory landscape and merger approval process in KS ***(Ives/Huddleston/Hack)***

**Environmental**

- Any contingent liabilities related to environmental issues ***(Ling)***
- Review of any environmental site assessments/audits and proposed remediation plans ***(Ling)***
- Ongoing / potential litigation ***(Ling/Huddleston)***
- Compliance plans and programs; violations/exceptions ***(Fairchild)***
- Impact of new and potential environmental rules on generation fleet ***(Noblet/Anstaett/Crawford)***

HIGHLY CONFIDENTIAL

# Key Questions and Due Diligence Areas *(cont.)*

**Key areas of focus for Round 2 include, but are not limited to:**

**Operations**

- Status of physical infrastructure and testing (generation, etc.) ***(Noblet/Anstaett)***
- Capital expenditure plans – T&D maintenance / expansion ***(Noblet/Anstaett)***
- Assessment of Management's continued ability to operate independently ***(Noblet/Anstaett)***
- Commercial contracts (new wind build, PPAs, fuel) ***(Noblet/Anstaett/Crawford)***
- Power plant operations and performance, including SPP transmission costs ***(Noblet/Anstaett)***
- Governance and rights related to jointly-owned plants ***(Noblet/Anstaett)***
- Franchise terms, if relevant ***(Caisley)***
- Customer service ***(Noblet/Anstaett)***

**Labor / Other**

- Status of pension funding, recovery rates, etc. ***(Murphy)***
- IT ***(King)***
- Status of collective bargaining agreements ***(Murphy)***
- Stock plans and other benefit plans ***(Murphy)***
- Severance and change of control plans ***(Fairchild)***
- Review of compensation and benefits packages for current employees ***(Murphy)***
- Incentive compensation plans currently in place **(Murphy)**



# Due Diligence Team

**Well-Rounded, Appropriately Sized Internal Due Diligence Team**

**FINANCE**
- Bryant (Lead)
- Busser
- Hardesty
- Meyer
- Shull
- Wright
- Gilligan
- Clizer
- Higley
- Jones

**REGULATORY**
- Humphrey (Lead)
- Caisley
- Ives
- McDonald
- Hack

**LEGAL**
- Humphrey (Lead)
- Huddleston

**ENVIRONMENTAL/COMPLIANCE**
- Fairchild (Lead)
- Ling
- Jackson

**OPERATIONS**
- Heidtbrink (Lead)
- Anstaett
- Noblet
- Crawford
- Jenks

**LABOR / HR AND OTHER**
- Humphrey (Lead)
- King
- Murphy

**OUTSIDE EXPERTS**
- Financial Advisory (Goldman Sachs)
- Legal (Bracewell)
- Rating Agencies, Tax/Accounting
- Synergies (Enovation)

# Due Diligence Category – Legal

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Wizard and Utility Subsidiary First Mortgage Bonds | High | Complete | ▪Wizard and Utility Subsidiary First Mortgage Bonds Folder 4.6.1 | ▪Based on an initial review of the documents there does not appear to be any obligation to refinance the Mortgage Bonds as a result of the transaction<br>▪Calls of the Wizard/Utility Subsidiary first mortgage fixed rate bonds require a make-whole premium (spreads range from 15 to 50 bps).<br>▪Issuance of Wizard first mortgage bonds is limited to (i) 60% of the lesser of cost and fair market value of bondable property additions and (iii) net earnings for a period of 12 consecutive months in any 15 months preceding issuance being either at least 2x interest coverage or 10% of the principal of indebtedness outstanding.<br>▪Issuance of Utility Subsidiary first mortgage bonds is limited to (i) $3.5 billion, (ii) 70% of the lesser of cost and fair market value of bondable property additions and (iii) net earnings for a period of 12 consecutive months in any 15 months preceding issuance being either at least 2.5x interest coverage or 10% of the principal of indebtedness outstanding.<br>▪Utility Subsidiary required under the Utility Subsidiary first mortgage bonds to expend or accrue each year at least 15% of gross operating revenues towards maintenance or retirement (subject to a 5 year carryforward).<br>▪$50 million of 4.85% pollution control bonds are to be refunded in June 2016 | ▪None at this time | Humphrey |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Legal *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Change of Control Provisions in Debt Documents and Other covenants | High | Complete | ▪Revolving Credit Facilities Folder 4.6.2<br>▪Commercial Paper Agreements | ▪A "change in control" (i.e. acquisition of 30+%) triggers an "event of default" under both the Wizard $730 million and $270 million revolving credit facilities.<br>▪ As of 12/31/15, there were no borrowings under either facility and there were $19.2 million of outstanding letters of credit (which would need to be cash collateralized or replaced if the revolving credit lenders do not consent to the proposed transaction) and $308.9 million of short-term borrowings under Sky's commercial paper program, that is back-stopped by the revolving credit facilities, the commercial paper is all 30 day maturities and would be due without corresponding support in the event that the revolving credit lenders do not consent to the Proposed Transaction.<br>▪Both facilities require maintenance of a consolidated debt to capitalization ratio of 65% or less | ▪None at this time | Humphrey |
| Variable Interest Entities | High | Complete | ▪ Summaries of treatment Folder 4.4 and facility documents Folder 5.4 | ▪Utility Subsidiary holds its undivided 50% interest in La Cygne through a sale-leaseback and has an option to purchase the interest for the lesser of fair sale value and $342.63 million at the end of the basic lease term in 2029<br>▪In February 2016, Utility Subsidiary effected a refunding of the La Cygne $162.1 million bonds reducing the stated interest rate from 5.647% to 2.398% via fixed rate bonds (which are subject to a T+50 make-whole call) and swapped rate bonds. | ▪None at this time | Humphrey |

HIGHLY CONFIDENTIAL

## Due Diligence Category – Legal *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Benefits – 280G Issues | Medium | In-Progress | ▪2015 10-K<br>▪Dataroom documents Folder 13<br>▪Wizard Definitive Proxy Statement | ▪A number of employees have RSU that will likely result in large (relative to such employees) change of control payments. So far we estimate based on your first round bid and information in Sky's public Definitive Proxy Statement ("DEF14A") that payments to the top five officers for the RSUs will total greater than $15 million, with over $8 million of that going to the top officer. We know that there are a number of additional RSUs issued, however Sky has not provided the list and the pricing information. Many of these employees also have severance agreements, where additional payments would need to be made if they are terminated after the change in control.<br><br>▪The Definitive Proxy Statement lists potential payments upon change in control for five officers, including the vesting of all RSUs, and indicated that the value of RSU that will vest for each officer would be below the 280G threshold; however the Definitive Proxy Statement, contemplated a share price of $42.6225. Sky has represented that they do not have any calculations contemplating a higher price. If a higher price per share is offered, the value of the RSUs that vest could exceed the 280G threshold resulting in a loss of compensation deduction for a portion of the RSUs and a 20% excise tax for the officers. 208G calculations should be made as soon as practical after the final bidder is determined. | ▪We have asked Wizard for new 280G calculations and supporting documents, including base amount for each of the three officers and the valuation of the accelerated vesting of the RSUs under 280G. | Humphrey |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Legal *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| FERC Audits | High | In-Progress | Publicly filed FERC documents | ▪There are two open FERC audits, the scope and size of which is large. The audits cover many issues, including accounting and transmission rate issues, and cover multi-year periods. Wizard is awaiting FERC's audit findings. In response to diligence questions on this subject, the Companies have noted that they are not aware of any material violations that FERC has found in the course of the audits. | ▪Awaiting FERC to issue audit findings | Humphrey |
| FERC Rate Filings | High | Complete | Publicly filed FERC documents | ▪Sky's market-based rate filings reference Utility Sub, but Utility Sub does not have its own rate filings. Utility Sub has represented to us that it only makes sales to Sky and that it makes no balancing sales to SPP. We believe that Utility Sub should have its own rate filings pursuant to the Federal Power Act for the sales it makes to Sky and should file one as soon as possible. Although FERC could impose monetary penalties, it is unlikely.. | None at this time | Humphrey |
| FERC Market Power | High | Complete | | ▪As previously discussed with you, we engaged a consultant to examine potential FERC market power concerns, because Prairie and Sky are neighboring utilities, and there could be load pockets etc., that could raise issues. The consultant has initially determined that a combination the parties' generation portfolios should not raise market power concerns at FERC, nonetheless, FERC will require a detailed analysis for its approval process. . | None at this time | Humphrey |

HIGHLY CONFIDENTIAL



Unredacted Pursuant to Commission Order

# Due Diligence Category – Legal *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Transmission Development Exclusivity | High | Complete | Sky Competitive Transmission Joint Ventures<br><br>Prairie Transource Joint Venture | ▪Each of Prairie and Sky have entered into their own exclusive joint ventures for the development of competitive transmission projects. Each of these joint ventures prohibit Prairie and Sky, and their respective affiliates, from pursuing any competitive transmission project outside of their respective joint ventures. Upon consummation of the Proposed Transaction, the exclusive areas covered by these joint ventures would become inconsistent, so this will need to be addressed prior to the consummation of the Proposed Transaction.<br><br>▪In addition to competitive transmission projects, the Prairie transmission JV also has exclusivity over essentially all non-utility regulated transmission projects. Sky has a JV with Electric Transmission America ("Prairie Wind Transmission") for a specific transmission line, which would be carved out of the Prairie Transmission JV exclusivity, however Prairie Wind Transmission would be limited in its ability to undertake new merchant projects post-closing. | None at this time | Humphrey |



# Due Diligence Category – Delivery

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Vegetation Management | Medium | In Process | Received T&D vegetation management program O&M budget data and total line miles. | Sky 95% complete on first cycle and 9% into second cycle (4 year urban and 5 year rural). Sky has 14 internal employees for program management, customer communications, and field inspection.<br>Most the work is under fixed price contracts one year in length with remainder done on time & material.<br>In 2016 the work is split 50/50 between Asplundh and Wright.<br>Historical Spend is as follows:<br>2013 - $34.1M<br>2014 - $33.5M<br>2015 - $30.2M<br>2016 budget of $31M ($29m dist, and $2M tran) - $22M of the $29M is fixed price.<br>Electric Transmission (Greater than 35kV) - Majority of the transmission work is mowing and spraying of right of ways. | Request copies of Sky contractor agreements and IBEW Local 304 agreements with contractors.<br>Electric Distribution (35kV and below) – Request data on line miles by voltage, urban, rural, backbone, and lateral. Also, want data on history for budgets and actual spend by type of work.<br>Electric Transmission (Greater than 35kV) - Request data on line miles urban vs rural.<br>These additional data requests are not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |

# Due Diligence Category – Delivery *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Control and Call Centers | Medium | In Process | | There is generally little overlap in the Delivery field operations between Sky and Prairie. So limited to no opportunity expected to close service centers or reduce field staffing. However, possibility to stage in combining of control centers into one and call centers into one depending on multiple issues including cost. Example: would we have space at one of the current call centers to combine both or would we need to relocate both to one location. Same question for the control centers.<br>**Control Centers** – Per Sky union contract it appears Sky uses union personnel in their DSO, TSO, and PSO. Sky's GSO and TSO are located in Topeka while Sky's DSO is located in Wichita. Opportunity to at the least eliminate back up operations centers at each company (ie Prairie's LSOC).<br>**Call Center** – Per 1QC benchmark data for the Sky Call Center their cost is tier 2 while performance is tier 4. Sky has 125 employees and uses union call center personnel working out of Wichita. | • Disaster recovery plans for Sky DSO, TSO, and Call Center.<br>• Outage Management software being install in 2016 for Sky DSO.<br>• Software vendor being used in Sky TSO.<br>• Does Sky use temps in their Call Center and if so are they included in the 125 employee count and if used but not included in the 125 what was their average number of temps used in 2015. | Anstaett |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Delivery *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Line Contractors | Low | In Process | | May be some opportunity for either Sky or Prairie to negotiate improved pricing with line contractors. | Sky line contractor agreements, IBEW Local 304 contractor agreement, data on volume of work performed, by type of work, and historical spend at the most detail level available. Data requested is not absolutely necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |
| T&D Asset Management Plans | Low | In Process | No detailed data available on the data-site. Sky does have $50M of Distribution Reliability spend included in their abbreviated rate case (ARC). | Per Heidtbrink conversation with Sky. Sky has not historically done pole inspection & treatment until recently with current reject rates around 15% versus 2% for a utility consistently using such a program. There appears to be some risk here for Prairie. | | Anstaett |
| Fleet Vehicles | Low | In Process | Sky vehicles stock on capital lease of about $17M . | Received data on Sky vehicles including quantities by type, age., and purchase price. Expect minimal opportunity for savings here. | Historical data on replacement and maintenance spend. Additional data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Delivery *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Joint Use | Low | In Process | | Expect minimal, if any, savings or revenue enhancement opportunity here . | Request annual revenue from joint use (invoiced and actually collected). And, copies of Joint Use agreements for Sky's largest attachers. Data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |
| Security | High | In Process | | Sky noted they are in compliance with CIP. | Request Sky CIP audit results documentation. Data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |
| Safety | High | Complete | | Sky appears to have tier 1 safety performance. Probably an opportunity for Prairie to identify safety improvements at Prairie. | | Anstaett |
| Franchise concerns with any of Sky's major communities. | Low | Complete | | Based on conversation there are no franchises of concern with any of Sky's major communities. | | Anstaett |

HIGHLY CONFIDENTIAL

RESTRICTED/HIGHLY CONFIDENTIAL 13

# Due Diligence Category – Delivery *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Street Lighting & Area/Dusk to Dawn Lighting Maintenance | Low | In Process | | Expect minimal opportunity for savings here. | Request data on number of lights by type and location as well as data on historical spend over multiple years. Additional data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |
| Locates | Low | In Process | | Confirmed that sky outsources locates but still don't know to who to (probably USIC/SMP similar to Prairie). As a result expect minimal, if any, savings opportunity here . | Request State One Call agreements. Eventually still need volume of work, actual spend for multiple years, and any contracts for locate contractor(s). Additional data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |
| Reliability metrics | Med | In Process | | Metrics look typical for a highly rural utility. | Sky's split on line miles rural vs urban. Data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |
| Distribution Construction Performance | Low | In Process | | Sky is currently installing Maximo for T&D work management with plans to complete in early 2017. Possibly an opportunity for augmenting Prairie plans to eventually move to Maximo for T&D work management. | Details on Maximo installation for T&D. Data requested is not necessary for initial synergy estimates and can wait until deeper into synergy preparations. | Anstaett |

HIGHLY CONFIDENTIAL

RESTRICTED/HIGHLY CONFIDENTIAL 14

## Due Diligence Category – Generation

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Resource Planning – Capacity Adequacy / | Low | In-Progress | 1.2.2 | Load and capability report indicates that capacity appears adequate to meet load requirements through 2028. Currently 477 MW excess capacity<br><br>May be opportunity for significant DSM program implementation | Are there any plans to increase DSM programs? If so, please provide any details.<br><br>Has a retirement evaluation been completed for Lawrence Energy Center 4?<br><br>What are the specific retirement drivers for each generating plant?<br><br>Please provide any detail on the proposed 2025 generation capacity addition. | Noblet |
| Resource Planning/Wholesale Contracts | Low | In-Progress | 1.2.2, 7.1.2.1 through 7.1.2.13 | Need additional data | Are the full requirements wholesale customer load forecasts included in the load and capability file peak native load forecast?<br><br>Please provide copies of all capacity purchase contracts.<br><br>Please provide copies of the Chanute and MKEC capacity sales contracts.<br><br>Please provide copies of full requirements wholesale customer load forecasts. | Noblet |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Generation *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Resource Planning/ Renewable Compliance | Low | In-Progress | 1.2.2, 7.4.2.1 | Wind resources well in excess of amount needed to meet the Kansas renewable energy standard<br><br>No additional wind resources in planning stage beyond what has been publically announced<br><br>Option to purchase 50% of the Kingman wind facility (200 MW total) before substantial completion | Do you have any disputes related to SPP Reliability Directives?<br><br>Please provide copies of all wind contracts. | Noblet |
| Future Liabilities /Retired Generating Units | Medium | In-Progress | 1.2.2 | Data does not appear to be present to evaluate | For the five generating units retired in 2015, is your plan to retire in place or demolition? Decommissioning timeline? Decommissioning cost estimates? Any additional liabilities?<br><br>Please provide copy of any and all decommissioning / dismantlement studies. | Noblet |
| Capital Budgets / Long-term capital requirements | Low | In-Progress | 4.1.1.2 | Partial data provided for next 5 years | Are there any major equipment additions or replacements planned or expected over the next 20 years?<br><br>Please provide copy of any long-term (years 5 -20) capital projects for life extensions. | Noblet |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Generation *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Status of physical infrastructure / Operational performance of plants | Low | In-Progress | 1.2.1 | Generating Plant equivalent forced outage rates (EFOR) appears reasonable, except Gordon Evans Units 1 & 2 are high. Since these are gas-fired steam units (approx. 539 MW total), this should not have much impact on overall costs. In addition, Jeffery Energy Center Unit 1 EFOR rates were a bit high in 2013-2015. | Are there any formal plant availability improvement initiatives underway for coal and/or gas-fired steam resources?<br><br>Please provide all benchmarking studies. | Noblet |
| Environmental Compliance/ Clean Power Plan | Low | In Progress | 10.1 | Data does not appear to be present to evaluate. | Please provide any Clean Power Plan impact assessments. | Noblet |
| Transmission / Adequacy and obligations | Low | In-Progress | None | Data does not appear to be present to evaluate. | Which wind resources in place or under contract have firm transmission service?<br><br>For any wind facilities in place or under contract that do not have firm transmission, which facilities have SPP transmission service requests in process?<br><br>Do you have any point-to-point transmission obligations? If so, please describe. | Noblet |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Generation *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Generation Dispatching | Low | In-Progress | None | Data does not appear to be present to evaluate. | What is your bidding strategy for your generation units?<br><br>Do you self commit your units? | Noblet |
| Fuel and Rail Transportation | Low | In-Progress | None | Data does not appear to be present to evaluate.<br><br>Firm Gas Service: Emporia 25% firm, (enough to run the 4 LM6000s around the clock), Evans 25%, Stateline 100% (Sky share), No firm gas at Hutchinson, and No firm gas at Spring Creek<br><br>Additional firm gas supply may be needed | What is your buying strategy for coal?<br><br>What is your buying strategy for natural gas?<br><br>Do you have a formal or informal hedging strategy for fuel purchases?<br><br>Please provide all fuel related contracts. | Noblet |
| Energy Trading | Low | In-Progress | 4.5.2.1 | Data does not appear to be present to evaluate.<br><br>All non-asset based trading flows through to shareholders. | Please provide a copy of each outstanding letter of credit.<br><br>Please provide a copy of each active Energy Management Agreement (EMA). | Noblet |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Supply Chain

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Overall Supply Chain Health<br>• Sourcing savings<br>• FTE efficiency | Medium | In process | ▪Q&A Log<br>▪Management presentation<br>▪Supplier Alliances list<br>▪7.3 Suppliers<br>▪6.5.1 Enterprise Risk Management<br>▪6.4.1 2015 SOX management report<br>▪6.4.2 2015 SOX Deficiencies<br>▪2.4.1 Audit Committee minutes<br>▪1.4.2 Veg Mgmt<br>▪4.11.2 Shared Services Benchmarking<br>▪4.1.1.6 Historical Capex<br>▪13.6 Headcount Summary<br>▪8.1 Management Deck<br>▪Select Supply Chain operating metrics | ▪Sky has opportunity in the supply chain. It appears that focus has been more on transactional processing and improving technology with implementation of PS 9.2. Little has been done in terms of strategic sourcing, category management, supplier risk assessment, supplier performance management, inventory and logistics optimization, and investment recovery. Opportunities for cost synergies and efficiencies are fairly high. Risks around availability of data for this round of review.<br>▪A few of the categories with biggest potential early on include MRO, vegetation management, and boiler services.<br>▪Synergy assumptions are predicated upon ability to move Sky to Prairie's PeopleSoft instance early on, as well as ability to cleanse Sky's spend data, inventory item master, and supplier item database.<br>▪FTE analysis needs more rigor due to incomplete information available at this time. From data that was provided, it appears that supply chain staffing is very lean and some materials functions are handled by suppliers. | ▪Supplier risk assessment was not available<br>▪Not all operating metrics requested were available<br>▪FTE's provided – the sum of the parts did not equal the total provided<br>▪Need budget information both for Procurement and SCO<br>▪Need spend, by vendor, for past 3 years<br>▪Please describe what work has been done with Optima Supply Chain group and results<br>▪SC Organization chart<br>▪Total sourceable spend numbers did not seem to add up. Need to understand $200M increase in 2015<br>▪*Information not critical at this time, but will be needed for a more comprehensive assessment* | Jenks |
| Inventory | Medium | In process | ▪Q&A Log; Inv and SKU list by location | ▪T&D inventory levels at Sky are double Prairie's $ value and triple Prairie's # SKU's. Sky's inventory levels at their coal plants are about 65% higher than Prairie's $ value and almost double # SKU's. Sky's generation inventory per MW and T&D inventory per T&D mile appear to be 4th quartile.<br>▪Obsolete or excess inventory could be a risk and a thorough review should be done before transaction close to identify any areas of concern | ▪Need to better understand composition of the inventory, turnover, aging of items in stock, and history of write-offs<br>▪Will we have regulatory approval to share inventory across jurisdictions and be able to manage inventory centrally as a combined company? | Jenks |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Supply Chain *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Supply Chain technology/systems | Medium | In process | ▪1.3.1 IT Applications List<br>▪4.1.1.1.17 IT forecast<br>▪Q&A Log | ▪PeopleSoft is Sky's system of record for inventory, same as Prairie. Would need to cleanse inventory item master.<br>▪PeopleSoft is Sky's system of record for core purchasing functions. Sky's initial implementation of PS 9.1 had challenges in the supply chain modules. They have since re-engineered their supply chain functionality with their recent upgrade of PS 9.2. While improvements were made, Prairie's PS and Oracle based supply chain technology platforms provide enhanced functionality and analytics capabilities and will be critical to our ability to drive synergy savings from sourcing and inventory management. | ▪Where are requisitions entered<br>▪What electronic interfaces do you have with suppliers<br>▪Do all of your facilities use the same inventory item taxonomy, naming conventions and descriptions<br>▪*Note: none of this information is critical for this round of diligence* | Jenks |
| Warehousing and Logistics Model | Medium | In process | ▪Q&A Log; Inventory & Sku list by location<br>▪1.4.7 Territory Map | ▪ Sky runs two large warehouses in Topeka and Wichita. From there, they ship to the smaller locations. Vendor direct shipments are also employed. They do not characterize either of these warehouses as a central distribution facility. Sky runs some consignment programs with vendors, but nothing too significant.<br>▪There could be potential for significant transportation/freight savings as well as warehousing costs and efficiencies by creating a central distribution warehouse in KC metro area, near a rail and interstate hub. Other benefits could be achieved by leveraging central distributor's warehouse in the KC metro as well. Would need to conduct a thorough review of the materials and equipment requirements/movements, existing facilities, fleet, logistics to determine optimal warehousing and logistics model/framework for combined entity | ▪Listing of internal delivery and back-haul routes by location and frequency<br>▪Volume and nature of vendor drop ships<br>▪Will we have regulatory approval to share inventory across jurisdictions and be able to manage inventory centrally as a combined company? What are tax implications?<br>▪Should we look at implementing Purchasing Company? | Jenks |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Supply Chain *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Investment Recovery | Low | In process | ▪See above | ▪Prairie's investment recovery function (repair/refurbishment of transformers and other electrical apparatus, oil reclamation, scrap metal, and CMF) could be used to serve same function for Sky and from same facilities, as Sky does not have a similar capability. Apparatus could be back-hauled using internal fleet and logistics network. Prairie realizes approx. $5M/year savings from such activities. | ▪Describe your investment recovery function/capabilities. | Jenks |
| Wolf Creek Supply Chain | Medium | In process | ▪See above | ▪With close to 100% ownership, efficiencies could be gained by strategically sourcing Wolf Creek spend with the combined Prairie-Sky spend and managing the strategic procurements centrally. There would also be transactional efficiencies to move Wolf Creek to Prairie's supply chain systems. Wolf Creek does not run supply chain on Sky's systems today. | ▪Sourceable spend by category or vendor for Wolf Creek. | Jenks |
| Warranty program | Low | In process | ▪See above | ▪Uncertain whether Sky has a formal warranty management program. If not, there will be opportunities in terms of cost savings. | ▪Does Sky have a formal warranty management program? If so, please describe | Jenks |





# Due Diligence Category – Accounting

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| SEC/FERC Reporting | High | Complete | ▪None | Restatements of financial statements | In the last 5 years have there been any financial statement restatements, passed audit differences, significant deficiencies or material weaknesses. All documents, if any. | Busser |
| FERC Audit | High | In progress | | FERC audit, if any | Summarize any initial findings/conversations with auditors to date. All FERC Audit correspondence to date. | Busser |
| SEC Reporting | High | In progress | ▪TBD | SEC Comment Letters | Have there been any SEC comment letters received in conjunction with the SEC review of the filed SEC documents. All SEC comment letters. | Busser |
| Benefit Plan Reporting | High | In progress | ▪TBD | IRS or DOL audits on benefit plans | Are there any on-going IRS or DOL audits covering company benefit plans? Any related IRS/DOL correspondence. | Busser |

# Due Diligence Category – Accounting *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Financial Forecast | Medium | | Financial Forecast | Summary of load forecast assumptions | Please provide a summary of the load forecasting process and a detailed discussion of the primary drivers. | Meyer |
| Financial Forecast | Medium | | Financial Forecast | Summary of load forecast assumptions | Please provide a summary of the forecasted revenues, MWh's and growth rates by customer class. | Meyer |
| Financial Forecast | Medium | | Financial Forecast | Summary of load forecast assumptions | Please provide a summary of the historical revenues, MWh's and growth rates by customer class for 2011-2015. | Meyer |
| Financial Forecast | Medium | | Financial Forecast | Summary of forecast assumptions | Please provide a forecast of historical capex by function for 2011-2015 | Meyer |
| Financial Forecast | Medium | | Financial Forecast | Inclusion of CWIP in rate base | On the rate base schedule, CWIP is included in KCC rate base. Please confirm that you will be able to include CWIP in rate base in KS general rate cases. | Meyer/ Ives |
| Financial Forecast | Medium | | Change of Control | Schedule of employees eligible to receive change of control payments | Please provide a listing of employees covered by change of control payments and the approximate amounts for each. | Busser |
| Review of financial derivatives accounting | Med | In progress | Financial Accounting | Sky has a hedging/derivatives process for gas purchases | Evaluation of the strategy, risk and accounting around derivatives. | Noblet/ Busser |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Financial

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Credit Facility/Short Term Debt | High | In-Progress | ▪$270 mm Credit Agreement dated 2/18/2011 (now $250 mm effective 2/16)<br>▪$730 mm Credit Agreement dated 9/29/2011 (now $750 mm)<br>▪10-K/10-Q | ▪$270 mm credit facility expires 2/18/17<br>▪$20 mm terminated in 2/16<br>▪No remaining extensions available<br>▪WF admin agent<br>▪Increase option of $130 mm<br>▪$730 mm credit facility expires in 9/29/19<br>▪$20.7 mm terminates in 9/17<br>▪One 1-yr extension available<br>▪JPM admin agent<br>▪Increase option of $270 mm<br>▪Credit facilities backs-up CP program<br>▪No existing A/R facilities | ▪Have you evaluated using an A/R facility?<br>▪Please discuss your approach to short term financing.<br>▪Please describe your treasury/cash management process and your approach to cash forecasting.<br>▪Please provide a listing of all bank accounts. | Wright |
| Long Term Debt/Debt Capacity/Capital Markets | High | In-Progress | ▪Indentures<br>▪10-K/10-Q | ▪All LTD is secured ($3.2B billion) issued by Sky Energy and KGE<br>▪As of 12/31/15 approximately $851 mm of addl FMB could be issued by Sky and $1.5 billion by KGE | ▪Please discuss your approach to the capital markets<br>▪Provide a listing of all current security holders and their holdings (debt and equity).<br>▪Provide individual subsidiary capital structures<br>▪Provide shelf registration<br>▪Provide information on regulatory authority to issue long term debt | Wright |
| GXP Financing Plan | High | In-Progress | | ▪Short –term financing strategy<br>▪Long-term take-out strategy<br>▪Market risk mitigation tools<br>▪Determination of our all cash option? | | Wright |

HIGHLY CONFIDENTIAL



**Unredacted Pursuant to Commission Order**

## Due Diligence Category – Financial *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Rating Agencies – RAS/RES services | High | In-Progress | ▪Rating Agency Financial Forecast March 2016 | ▪S&P and Moody's Advisory Services<br>▪Combined forecast required<br>▪Potential review of 3 scenarios<br>▪Assume 1-2 week turnaround | | Wright |
| Dividend Restrictions | High | In-Progress | ▪10-K | ▪Consolidated Debt to Capital Ratio < 0.65 to 1.00<br>▪Consolidated Debt definition excludes VIE debt | ▪Please provide the most current dividend restriction calculations. | Wright |
| Capital Expenditures | High | In-Progress | ▪Rating Agency Financial Forecast March 2016<br>▪10-K | ▪$400 mm in 2016 for Wind<br>▪$91 mm Smart Grid in 2016-2018<br>▪$87 mm in Cap Ex in 2019 to pay GMO for ownership interest in Jeffrey Energy Ctr.<br>▪10-K and Rating Agency Presentation agree with totals | ▪Please explain Grid Resiliency expenditure planned for 2016 and Smart Grid | Wright |
| Vendor Payment Options | Medium | In-Progress | | ▪Sky does not have V-Card program<br>▪Currently evaluating P-Card vendors (RFP outstanding) | ▪Who is your credit card vendor (T&E/Fleet/Procurement)?<br>▪Please provide a breakdown and A/P payments by payment type (check, ACH, wire) for 2015? | Wright |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Financial *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Sky Shareholder Taxability | High | In-Progress | ▪None | ▪Assume that a 50% or 100% cash offer would mean that the deal would be taxable to the shareholders | ▪Not a Sky diligence item<br>▪Need to confirm with bankers and/or outside counsel | Hardesty |
| Sky Taxability | High | Complete | ▪None | ▪It is in the best interest of Sky and Prairie to create a sub under Prairie and merge Sky into it at the time of the acquisition. Do not want to trigger or elect taxability at Sky. | ▪None | Hardesty |
| Impact to Prairie NOL Utilization | Medium | Complete | ▪Forecasted taxable income provided by Sky including bonus depreciation, Due Diligence Questions | ▪5-Year forecast adds $790M of taxable income to Prairie<br>▪May accelerate Prairie NOL utilization by approximately 3 years<br>▪Apportionment Factor in MO decreased to 38% - MO NOL value reduced by $25M<br>▪May not need Prairie valuation allowance on MO Only NOLs – approx. $2M benefit<br>▪Include limited bonus depreciation for 2015 & 2016. | ▪None | Hardesty |
| Sky KS State Tax Credits | High | Complete | ▪Forecasted taxable income provided by Sky including bonus depreciation | ▪$180M of KS HPIP tax credit carryforward to 2016.<br>▪Need to evaluate whether or not a valuation allowance would be needed for this.<br>▪Valuation allowance of $7M | None | Hardesty |
| Uncertain Tax Positions | Medium | Complete | ▪10K, 2014 Tax Return, Due Diligence Questions | ▪UTPs listed identified in 2015 10K not material.<br>▪No tax opinions in the last 5 years.<br>▪No issues identified. | ▪None | Hardesty |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Financial *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Flow Through Computations | Medium | Complete | ▪Sky income tax projections | ▪Large flow-through tax adjustments. Not surprising considering KS is a flow-through state. | ▪None | Hardesty |
| Property Tax Rider Kansas | Low | Complete | ▪Sky forecast | ▪Sky has a full property tax rider in KS | ▪None | Hardesty |
| FERC Formula Rate ADIT Issue | Medium | Complete | ▪TBD | ▪Sky has the ADIT formula rate issue. Should be resolved similar to Prairie's ADIT formula rate issue. | ▪None | Hardesty |
| Golden Parachute Payments – 280G | High | Complete | ▪Change in control payment plan | ▪See HR section | ▪None | Hardesty |
| Section 382 – Tax Attribute Limitation | High | Complete | ▪Prairie offer letter<br>▪Previous 12 months LTAFR | ▪$54 times 141.6M shares =$7.6B purchase price<br>▪The Section 382 limit for tax attributes is generally the purchase price times the Long Term Federal Applicable Interest Rate (estimated to be 2.5%-3.0%)<br>▪ 382 limit is estimated to be $190M per year<br>▪At this level, there should be no problem using the NOLs and tax credits carried forward to Prairie from Sky | ▪None | Hardesty |
| Tangible Property Regulations Change in Accounting Method | High | Complete | ▪2014 Federal Tax Return - Form 3115 | ▪Resulted in a $99M 481a adjustment in 2014 | ▪None | Hardesty |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Financial *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Late General Asset Election | Medium | Complete | ▪2013 Federal Tax Return | ▪Protective election made to preserve casualty loss deductions<br>▪Consistent with KCPL & GMO | ▪None | Hardesty |
| Federal Tax Audit Risk | High | Complete | ▪None found in data room,<br>▪Due Diligence Questions | ▪No IRS correspondence in dataroom<br>▪2012 forward open under statute of limitations<br>▪No tax years under IRS audit | ▪None | Hardesty |
| Kansas Tax Audit | Medium | Complete | ▪Kansas Tax Audit documents | ▪KS tax audit to start in mid-2016- documents - appears normal<br>▪Audit also appears to be fairly current which is a good sign | ▪None | Hardesty |
| Foreign/Overall Foreign Loss | Medium | Complete | ▪10K<br>▪2013 Federal Tax Return<br>▪2014 Federal Tax Return | ▪Very little foreign activity included in tax returns or 10K<br>▪No issues identified | ▪None | Hardesty |
| Effective Tax Rate | High | Complete | ▪10K, 2015 income tax provision | ▪Has been 30-33% for last three years<br>▪Represents large benefits for PTC, COLI and expense on flow-through adjustments<br>▪No foreign activity | ▪None | Hardesty |
| Composite Rate/State Apportionment Factors | Medium | Complete | ▪2014 MO, KS, OK, MS State income tax returns | ▪Composite rate is for Sky is 39.55%<br>▪Appears reasonable for a utility primarily in KS<br>▪We expect a material change to Prairie's composite rate used for computing income taxes or valuing deferred taxes est. 39.3%<br>▪Prairie increase in ADIT Liabilities $20M<br>▪Skye decrease in ADIT Liabilities $10M | ▪None | Hardesty |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Financial *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Sky Property Insurance | High | Complete | ▪1.2.3.1 – 1.2.3.14, 11.1, 11.2, 4.5.2.1<br>▪EEI Insurance Survey 2014 & 2015 | ▪Recent change in carrier lineup to achieve significant premium reduction it appears. Less favorable but still investment grade insurance carriers.<br>▪Appropriate limits for risk exposure ($1B) and retention in line with expectations.<br>▪Identified transformer losses over the past 5 years. Information shared with Operations for further analysis. Will have some near term impact on renewals and loss control. | ▪Loss results should be shared with Operations Team for evaluation of operational equipment. | Higley |
| Sky Excess Liability Insurance | High | Complete | ▪11.1, 11.2<br>▪EEI Insurance Survey 2014 & 2015 | ▪~$100M in coverage with Utility Mutual Insurance carriers. Limit and deductible are appropriate.<br>▪No know losses and litigation report looks clean from an insurance perspective. | ▪10 year Excess Liability Insurance Claims history (Identifying Open and Closed Claims) | Higley |
| Sky Auto Insurance | Medium | Complete | ▪11.1 | ▪No insurance detail provided other than summary.<br>▪Limit and deductible are in line with expectations.<br>▪No known loss history. | | Higley |
| Sky OCIP Insurance | Medium | Complete | ▪11.1, 11.2 | ▪Risk transfer insurance providing work comp and general liability for outage / contractor work at Generating sites.<br>▪Cost savings and dedicated limits provide nice risk umbrella for reduced cost assuming you maintain strong safety culture.<br>▪Potential for long tail difficult claims as injured workers leave Sky worksites. | | Higley |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Financial *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Sky Directors & Officers Insurance<br><br>Sky Fiduciary appears to be included in D&O<br><br>Evaluation of size of expected D&O Claim and subsequent insurance impact | High | Complete | ▪11.1, 11.2<br>▪EEI Insurance Survey 2014 & 2015 | ▪Appropriate limits and deductible for risk transfer. Diverse and strong carrier lineup.<br>▪Difficult to determine size or complexity of D&O claim following M&A.<br>▪Believe D&O and Fiduciary policies are combined to achieve premium savings. Will erode D&O limits quicker if claim impacts Fiduciary policy as well. | ▪10 year Directors and Officers Claim history. | Higley |
| Sky Workers Compensation Insurance | Medium | Complete | ▪11.1, 11.2, 4.5.2.2<br>▪EEI Insurance Survey 2014 & 2015 | ▪Statutory limits of coverage with $750k deductible placed with reputable carriers<br>▪$188M in reported payroll | ▪Ground up Work Comp loss data for all open Work Comp claims<br>▪10 year insurance layer Workers Compensation claims (open and closed) | Higley |
| Sky Cyber Insurance | Low | Complete | ▪11.1, 11.2, 4.5.2.2 | ▪Appropriate limit and deductible for risk profile. Placed with reputable carriers with experience in the field.<br>▪Premium seems high compared to risk. IT engaged to evaluate potential loss or increased exposure | ▪10 year Cyber Insurance loss history<br>▪Any notification to carrier of cyber breach? If yes, information related to breach.<br>▪*Share any breach data with IT | Higley |

HIGHLY CONFIDENTIAL

## Due Diligence Category – Labor/Other: Non-Union Health & Welfare and Ancillary Benefits

DRAFT

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Benefits – Non-Union Actives | Medium | Complete | ▪13.4.1.1 Non Union Benefit Summary<br>▪13.4.1.5 Non-Union Business Travel Insurance<br>▪13.4.1.6 Non-Union Dental<br>▪13.4.1.7 Non-Union EAP<br>▪13.4.1.8 Non-Union Flex Benefits<br>▪13.4.5.2.4 LTD Plan | ▪Medical plan covers non-union actives, and includes medical, dental vision and life<br>▪Medical TPA is Aetna, Rx is provided by Express Scripts<br>▪Medical benefit options are HSA Investment Plan or Health Alliance Plan (PPO)<br>▪In Network 80%/20%, Out-of-Network is 60%/40% for PPO ad 50%/50% for HSA<br>▪Dental benefits appear to be comparable Ie: Standard and Premium plans offered $1,000 or $2,000 annual max, $2,000 ortho max for both. Dental carrier is Delta.<br>▪Vision benefits appear to be comparable, Vision carrier is Surency. Base and buy-up options offered<br>▪Offers H.S.A.<br>▪Offers F.S .A.<br>▪Offers Dependent Care F.S.A.<br>▪EAP provided by Employee Assistance Consultants (Empac), 6 sessions/year<br>▪Life – 1X is provided, can buy up to 4X<br>▪ADD – 1X is provided, can buy up to 4X<br>▪Supplemental Life – appears comparable<br>▪Sick leave appears comparable but accrual schedule differs<br>▪Dependent Care more generous – up to 5 days<br>▪Adoption Asst - $2,000 for Sky vs $5,000 for Prairie<br>▪Business travel insurance offered up to 10X salary capped at $1MM<br>▪Vacation – comparable but slightly different schedule. Sky slightly less generous than Prairie.<br>▪LTD appears to be a self-insured, unfunded plan | ▪Stop loss carrier and levels (but not material) | Murphy |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Labor/Other: Non-Union Health & Welfare and Ancillary Benefits *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Benefits – Non-Union Actives, Cont'd | Medium | Complete | ▪13.4.1.8 Non-Union Flex Benefits<br>▪13.4.1.9 Non-Union General Welfare Plans<br>▪13.4.1.10 Non-Union Life and ADD Insurance<br>▪13.4.1.11 Non-Union Long Term Disability<br>▪13.4.1.12 Non-Union Medical | ▪Flex dollars can be elected from pay to be used to reduce pay and toward for tax-free premiums<br>▪Eligible premiums for flex benefits include medical, dental, vision, group life, AD&D, dependent care reimbursement, health care reimbursement and healthcare savings account<br>▪Non-Union Life and ADD provided by Principal<br>▪Life Insurance for non-union retirees for those that retire prior to 10/1/14 is 50% of eligibility when they retired<br>▪LTD eligibility begins after 180 days sick leave | ▪Do non-union retirees who retire after 10/1/14 receive life insurance? Additional review required (but not material) | Murphy |
| Benefits – Non-Union Retirees | Medium | Complete | ▪13.4.1.27 VEBA (Retiree Health Benefits Trust) Summary of Plan Assets (12/31/15)<br>▪13.4.1.29 Summary of Non-Union Retirement Benefits for those hired after 1/1/02<br>▪13.4.1.31 Summary of Non-Union Retirement Benefits for those hired before 5/1/2000<br>▪13.4.5.2.5 Retiree Welfare Plan Valuation<br>▪13.4.1.26 2015 Retiree Welfare Plan Document<br>▪13.4.1.30 Summary of NU Ret Benefits for those hired 5/1/00-1/1/02 | ▪Retiree medical outsourced to One Exchange<br>▪HRA one-time funding at $1,425 for each YOS for those hired between 5/1/2000-1/1/02 and after 1/1/02<br>▪HRA for those hired before 5/1/2000 is for pre-65ers: $10,440/yr for retiree and $3,468 for spouse and post-65 is $2,520 for retiree plus $1,680 for spouse<br>▪Life insurance provided of $20,000<br>▪VEBA appears to be managed and recordkept at Russell and has approximately $115 MM as of 12/31/15<br>▪Funded levels appear in order<br>▪Dental offered through age 65 | | Murphy |

HIGHLY CONFIDENTIAL



**Unredacted Pursuant to Commission Order**

## Due Diligence Category – Labor/Other: Union Health & Welfare Benefits

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Benefits – Union Actives | Medium | Complete | ▪13.4.1.2 Union Benefit Summary<br>▪13.4.1.18 Union Dental<br>▪13.4.1.19 Union EAP<br>▪13.4.1.20 Flex Benefits<br>▪13.4.1.21 Union General Welfare Plans<br>▪13.4.1.22 Union Life and ADD Insurance<br>▪13.4.1.23 Union LTD<br>▪13.4.1.24 Union Medical<br>▪13.4.5.2.4 | ▪Medical plan covers union actives, includes medical, dental, vision and life<br>▪All Non-Union and Union dental is provided by Delta, max covered benefit $1,500/year, max implant is $2,000/life, max ortho is $1,200/life<br>▪Union employees receive same EAP benefits as non-union from EMPAC, up to 6 visits/year<br>▪Union employees appear to be eligible for Flex Benefits. If no active election they default to coverage including medical Health Alliance, group life at 2X base, ADD - $10K<br>▪Union Life provided by Principal, spouse life up to $100K, child life $5 or $10K<br>▪Union LTD provided by Principal, primary benefit is 60% of pay, up to $5K/Month<br>▪Medical provided by Aetna, coinsurance on both plans is 80% in net work, 50% out of network<br>▪Union Rx provided by Express Scripts<br>▪Sky seeds H.S.A. participants $750 or $1,500, deductibles are $1,300 or $2,600<br>▪Sky deductible for Health Alliance is $50 per person, $100 max<br>▪All union med plans have premiums<br>▪Can participate in healthcare F.S.A. at $2,500 and Dependent Care FSA up to $5,000<br>▪LTD appears to be a self-insured, unfunded plan | ▪Confirm understanding of union eligibility for Flex benefits<br>▪Governance structure of benefit plans?<br>▪What is relationship between Aetna and Century Health Solutions? | Murphy |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Labor/Other: Union Health & Welfare Benefits *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Benefits – Union Retirees | Medium | Complete | ▪13.4.1.27<br>▪13.4.1.32 Union Retiree Benefits for hired after 1/1/12<br>▪13.4.1.33 Union Retiree Benefits for hired 1/21/00-12/31/11<br>▪13.4.1.34 Union Retiree Benefits for hired before 1/21/00<br>▪13.4.5.2.5 Retiree Welfare Plan Valuation<br>▪13.4.1.26 2015 Retiree Welfare Plan Document | ▪Retiree medical outsourced to One Exchange<br>▪HRA funded at $9,000/year for retiree and $3,000/year for spouse up to age 65 (unless hired prior to Jan 21, 2000)<br>▪If hired prior to 1/21/00 get amounts listed above ($9k, $3k) through age 65, then $1,680/year for each retiree plus spouse<br>▪Dental offered through age 65<br>▪Life insurance provided of $20,000<br>▪VEBA appears to be managed and recordkept at Russell and has approximately $115 MM as of 12/31/15<br>▪Funded levels appear in order | | Murphy |

HIGHLY CONFIDENTIAL



Unredacted Pursuant to Commission Order

## Due Diligence Category – Labor/Other: Pension

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Pension Design | Medium | Complete | ▪13.4.1.1 Non-Union Benefit Summary<br>▪13.4.1.2 Union Benefit Summary<br>▪13.4.1.13 Non-Union Retirement Plan<br>▪13.4.1.25 Union Retirement Plan<br>▪13.4.1.26 Pension Plan Summary of Assets (12/31/15)<br>▪13.4.1.37.1 1st Amendment to Sky Retirement Plan<br>▪13.4.5.2.6 Retirement Plan 2016<br>▪13.4.1.37.4 1st Amendment to 2015 Reinstatement (same doc as 13.4.1.37.1) | ▪All employees are covered under same pension plan<br>▪Non-union employees hired up to 12/31/01 are final average earnings formula, those hired after 1/1/01 are in cash balance formula, sliding scale between 4-12% of eligible pay, interest credit is not fixed and varies year to year<br>▪Union employees hired up to 1/21/00 are in different FAE formula than those hired 1/21/00-12/31/11. Union employees hired after 1/1/12 are in Cash Balance plan<br>▪Normal retirement age is 65, early retirement is available at age 50 plus 5 years of service, unreduced retirement is at age 62 plus _ YOS or 60 and 35 YOS<br>▪Sky and Prairie plans are more similar for union population, quite dissimilar for non-union<br>▪Pension appears to be managed by SEI and was approx $650 MM | ▪Governance structure? | Murphy |
| Pension Funding | Medium | Complete | ▪13.4.5.2.3 2015 Retirement Funding Report<br>▪13.4.5.2.1 Wolf Creek Method One Stop Report<br>▪13.4.5.1 Towers Report Pre-Read<br>▪13.4.5.2.2. Wolf Creek Serp One Stop Report | ▪Pensions for Sky and WCNOC appears to be adequately funded | | Murphy |
| Pension Recoverability | Low | Complete | ▪7.1.2.2.9 Summary of Pension Trackers | ▪Pension expense is recovered in trackers | | Murphy |



## Due Diligence Category – Labor/Other: 401(k)

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| 401(k) and ESOP Plan | Medium | Complete | ▪13.4.1.1 Non-Union Benefit Summary<br>▪13.4.1.2 Union Benefit Summary<br>▪13.4.1.3 Non-Union 401(k) 2014 Changes<br>▪13.4.1.4 Non-Union 401(k) SPD<br>▪13.4.1.16 Union 401(k) 2014 Changes<br>▪13.4.1.17 Union 401(k) SPD<br>▪13.4.1.36.1 1st Amendment to 401(k) Plan<br>▪13.4.1.36.2 2nd Amendment to 401(k) Plan<br>▪13.4.1.36.4 401(k) Savings Plan signed 3/5/12 | ▪All employees are eligible for same plan<br>▪Can defer up to 50% of base pay<br>▪Eligibility for plan begins 1st of month after start date<br>▪Company match provided after 1 year of service and I s 75% of first 6% contributed<br>▪Non-union can take in-service withdrawals starting at age 59.5<br>▪Sky stock is offered in plan but capped at 15% of a participants holdings<br>▪Quarterly fees of $13.25 are deducted from participants accounts for recordkeeping fees<br>▪Didn't see ESOP component | ▪Who governs 401(k)?<br>▪What value, percent of holdings and participants are invested in Sky stock ? Was company match ever made in company stock? Were there ever any restrictions to sale of restricted stock?<br>▪Is there an ESOP component to 401(k)? | Murphy |
| 401(k) Plan Benefit Audit | Medium | Complete | | ▪Didn't locate any information in documents provided to date | ▪As noted above in request for all audit/5500s related to benefit plans, could audit/5500 be provide d for past two years? | Murphy |

# Due Diligence Category – Labor/Other: Comp/Performance

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Comp Policies and Plan(s) | Low | Complete | 13.4.3 Narrative of Compensation Practices<br>13.4.1.35 STI Plan | ▪Appears well designed and administered<br>▪Only non-union is eligible<br>▪Management discretion by division to allocate to each individual | | Murphy |
| Performance Management | Low | Complete | | ▪Didn't locate any information in documents provided to date | ▪Please provide any performance management philosophy , or other policy or plan documents be provided?* | Murphy |
| Engagement Survey | Low | Complete | | ▪Didn't locate any information in documents provided to date | ▪Are engagement surveys offered? Can summary results be provided from last time offered?* | Murphy |
| Recognition Platform | Low | Complete | | ▪Didn't locate any information in documents provided to date | ▪What recognition platforms are offered in the way of discretionary awards or e-cards? Can summary documents of utilization be provided?* | Murphy |
| Service and Retirement Awards | Low | Complete | | ▪Didn't locate any information in documents provided to date | ▪Does Sky have a service or retirement award program? Can summary documents on numbers and cost be provided?* | Murphy |
| Relocation Policy | Low | Complete | •13.4.4.2 Professional Relocation Policy<br>•13.4.4.1 Executive Relocation Policy<br>•13.4.4.3 Standard Relocation Policy | • Appears consistent with industry | | Murphy |

*Not material



# Due Diligence Category – Labor/Other: Union

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Union Contracts | Medium | Complete | ▪13.5.1 Union 2014-2017 Contract<br>▪13.5.6 Notice to Organize | ▪Initial review complete but will need more thorough review to map differences and alternative approaches<br>▪Last organizing appears to be in 2014 for I&C Techs and 3/11/15 for IT Data Center<br>▪Local 1523 appears to be generation, Local 304 appears to be IT (?) | ▪Would like additional clarity on which areas are covered by Local 1523 and Local 304 | Murphy |
| Grievance, Arbitration or litigation | Medium | Complete | ▪13.5.3 Employee Grievances Filed 2013-2015<br>▪13.5.5 NLRB Charges<br>▪13.5.2 Arbitration Decisions and Settlements<br>▪13.5.4 Future Obligations<br>▪13.5.7 Open Grievances | ▪Process to resolve grievances seems to be well-managed, numbers and topics appear somewhat high but reasonable<br>▪There are several NLRB charges that appear to be resolved and one open charge related to call-out. Number of NLRB charges seems slightly high, perhaps a reflection of labor relations. | | Murphy |

## Due Diligence Category – Labor/Other: Comp/Performance

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Comp Policies and Plan(s) | Medium | In Progress | | ▪Didn't locate any information in documents provided to date | ▪What STI plans are offered to employees? Who is eligible?<br>▪Please provide any comp philosophy or other policy or plan documents. | Murphy |
| Performance Management | Low | In-Progress | | ▪Didn't locate any information in documents provided to date | ▪Please provide any performance management philosophy , or other policy or plan documents be provided? | Murphy |
| Engagement Survey | Medium | In-Progress | | ▪Didn't locate any information in documents provided to date | ▪Are engagement surveys offered? Can summary results be provided from last time offered? | Murphy |
| Recognition Platform | Low | In-Progress | | ▪Didn't locate any information in documents provided to date | ▪What recognition platforms are offered in the way of discretionary awards or e-cards? Can summary documents of utilization be provided? | Murphy |
| Service and Retirement Awards | Low | In-Progress | | ▪Didn't locate any information in documents provided to date | ▪Does Sky have a service or retirement award program? Can summary documents on numbers and cost be provided? | Murphy |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Labor/Other: Union

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Union Contracts | Medium | In-Progress | ▪13.5.1 Union 2014-2017 Contract | ▪Initial review complete but will need more thorough review to map differences and alternative approaches | ▪What divisions/groups are represented by Locals 304 and 1523? | Murphy |
| Grievance, Arbitration or litigation | Medium | In-Progress | | ▪Didn't locate any information in documents provided to date | ▪Could a summary be provided on the grievance history by local for the past 5 years by number and type of grievance?<br>▪What current grievance, arbitration or other employee litigation (or threat thereof) exists? | Murphy |

HIGHLY CONFIDENTIAL



Unredacted Pursuant to Commission Order

# Due Diligence Category – NERC

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| NERC CIP | Medium | In-Progress | 8.2.5.1 | NERC CIP Audit on V5 compliance scheduled for 2016. Date continues to move due to NERC/SPP change in compliance deadlines | Monitor 2016 NERC CIP Audit timing and results | Fairchild |
| NERC 693 | Low | In-Progress | 8.2.5.1 | NERC 693 Audit scheduled for 2016 | Monitor 2016 NERC 693 Audit timing and results | Fairchild |
| NERC 693 | Medium | In-Progress | 8.2.5.4 | Self-Report for Mitigated Offer | Monitor investigation and enforcement actions resulting from self-report | Fairchild |
| 2015 FERC Audit | High | In-Progress | 8.2.5.1 – FERC Form 1/TFR; Docket Nos. FA15-09 &FA15-15 | Wizard is awaiting the FERC draft audit reports. | Monitor for completion of FERC draft audit report | Fairchild |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Environmental

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Environmental Liabilities - Asbestos Handling or Disposal | Medium | Complete | 10.13 & 4.1.2.10 | Current assessment of material asbestos environmental liabilities: Sky completed an asbestos removal study in 2005 of generation facilities and has asbestos related AROs for liability. | | Ling / Fairchild |
| Environmental Liabilities - Ash ponds | Medium | Complete | 10.14, 10.8, 4.1.2.10, & 4.1.1.1 | Current assessment of material ash pond environmental liabilities: Sky provided ash pond structural stability audits , ground water monitoring results for current permit requirements, proposed related environmental expenditures and related AROs for liability. Sky has not developed a strategy or potential costs associated with a CCR rule triggering event requiring immediate pond closure and corrective action for active ponds and landfills. | | Ling / Fairchild |
| Environmental Liabilities - Material Items Not Listed Including Liabilities Relating to Formerly Owned or Operated Facilities | Medium | Complete | 10.1 & 4.1.2.10 | Current assessment of any other material environmental liabilities including liabilities relating to formerly owned or operated facilities: Sky provided response in Q&A that it has five remediated properties for which it is a PRP but has not disclosed any remediation liability. Sky has asbestos, PCB, and ash pond related AROs for liability. | | Ling / Fairchild |

HIGHLY CONFIDENTIAL

# Due Diligence Category – Environmental *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Environmental Non-Compliance - Environmental Site Assessments/Inspections With Material Findings | Low | Complete | 10.1 | Current environmental site assessment/inspections reports with material findings: Sky provided response in Q&A that it has no reports of material findings for any of its facilities within the last five years. | | Ling / Fairchild |
| Environmental Non-Compliance - Material Violations, Notice of Non-Compliance, Letters of Warning, or Citations | Low | Complete | 10.11 | Current material environmental non-compliance issues: Sky provided no material non-compliance. | | Ling / Fairchild |
| Environmental Compliance Plans, budget, and recovery mechanisms – Coal Combustion Residual Rule and Effluent Limitation Guidelines. | Medium | Complete | 10.14, 10.8, 4.1.2.10, & 4.1.1.1 | Environmental Compliance Plans , budget, and investment recovery mechanisms for Coal Combustion Residual Rule and Effluent Limitation Guidelines: Sky provided ash pond structural stability audits , ground water monitoring results for current permit requirements, proposed related environmental expenditures and related AROs for liability. Sky has not developed a strategy , potential costs associated with a CCR rule triggering event requiring immediate pond closure and corrective action for active ponds and landfills or cost recovery mechanisms. | | Ling / Fairchild |



# Due Diligence Category – Environmental *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Any pending or threatened federal, state or local administrative or judicial enforcement proceedings, orders, claims by any federal, state or local agency or any private citizen relating to environmental matters, including personal injury claims, relating to any present or former operations and properties. | Medium | Complete | 10.1 | Sky provided response in Q&A that it has no pending or threatened federal, state or local administrative or judicial enforcement proceedings, orders, claims by any federal, state or local agency or any private citizen relating to environmental matters, including personal injury claims, relating to any present or former operations and properties. | | Ling / Fairchild |

## Due Diligence Category – IT

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| IT budget | Medium | Complete | IT 5 Year Capital Plan | ▪Need to obtain a 5 year view of the IT capital plan (at a more granular level) and O&M view | ▪5 year IT capital plan obtained, waiting on O&M data<br>▪Is there any third party labor/services included in the O&M and/or capital budgets? | King Busser |
| Staffing of functions | Medium | Complete | ▪TBD | ▪Need to obtain an IT organizational chart to assess headcount and synergy opportunity | ▪Please provide an IT organizational chart including headcount by function | King |
| Any third party outsourcing of IT functions | Medium | Complete | ▪PwC Outsourcing Agreement<br>▪FIS mainframe agreement | ▪No direct references found to outsourcing, but believe that some IT functions/support are outsourced | ▪Agreements provided for mainframe outsourcing (less costs) and application outsourcing arrangement with PwC (costs included) | King |
| Contractor headcount and/or SOW agreements | Medium | Complete | ▪PwC Outsourcing Agreement<br>▪FIS mainframe agreement | ▪Need to understand any third party staffing and commitments, including outsourcing arrangements | ▪Does Sky have any short and/or long term contractor staffing and/or outsourcing arrangements? | King |
| IT projected view of attrition | Medium | Complete | ▪TBD | ▪Need to understand anticipated future view of IT attrition/retirements | ▪Like to understand anticipated view of IT attrition/retirements. | King |
| Cyber assessment and event/incident history | Low | In-Progress | ▪Fishnet Assessment, June 2014 | ▪Would like to obtain a copy of any penetration test and/or cyber assessments along with a cyber incident history | ▪Copy of FishNet web app vulnerability provided<br>▪Like to obtain any other network penetration testing/assessments | King |
| Cyber tools | Low | Complete | ▪TBD | ▪What tools are currently used from a cyber security and CIP perspective? | ▪Like to obtain a list of current cyber security and/or CIP tools | King |
| System stability | Low | Complete | ▪TBD | ▪Like to understand historical view of core system reliability | ▪Statement provided that systems are stable | King |



## Due Diligence Category – IT *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Microwave system | Low | Complete | ▪TBD | ▪Sky has a larger fiber deployment than Prairie and thus smaller scale microwave deployment. How large is the Sky private microwave system? | ▪Sky has 15 towers, all owned | King |
| Cyber insurance | Low | Complete | ▪Insurance Summary | ▪Have a $35M cyber insurance policy with 12 month term | | King |
| View of CIP version 5 planning and related investments | Medium | In-Progress | ▪TBD | ▪Like to understand CIP version 5 preparations – investments, process definitions/ownership, readiness status | ▪Please provide understanding of Sky CIP version 5 preparation – ownership, investments, processes. | King Fairchild Heidtbrink |
| IT Incident Response Procedure | Low | Complete | ▪TBD | ▪Would like to obtain a copy of the Sky incident response plan to help assess cyber program maturity | ▪Like to see a copy of the Sky IT Incident Response procedure. | King |
| IT systems support | Medium | Complete | ▪TBD | ▪Like to have a view of IT systems support from a vendor perspective | ▪How much of current system portfolio (software and hardware) is under vendor maintenance? | King |
| Integration approach or strategy | Low | Complete | ▪TBD | ▪Like to understand if existing integration between Sky systems in point-to-point (custom) or if any shared services (e.g. SOA) are used | ▪Most legacy systems have point to point interfaces and new systems are integrated via services | King |

# Due Diligence Category – Regulatory

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Sky Undertakings-Rate Case | Medium | In-Progress | ▪18.1 Mgmt presentation<br>▪18.2 Mgmt call presentation | Abbreviated case 2016<br>▪File Oct 2016, effective July 2017<br>▪Approx $15M ask<br>▪True-up LaCygne env and WC outage<br>▪Add $50 grid resiliency investment<br>▪Expect rate base to $5.1B<br><br>General Rate Case 2018<br>▪File May 2018, effective Feb 2019<br>▪Approx $100M ask<br>▪Expect rate base to $5.9B<br>▪Wind and other investment thru 12/31/17<br>▪$87M JEC prch option<br>▪Loss of $150M wind PTCs<br>▪Loss of $40M wholesale contract<br>▪Combo of 2 losses is $60M rev reduction | ▪Potential for expansion of grid resiliency pilot<br>▪Is there potential for CWIP other for wind?<br>▪Continued pursuit of residential DG tariff<br>▪AMI meters being installed territory wide by 2018 | Ives |
| Sky Undertakings-Rate Case – Generation leases | Medium/Low | In-Progress | ▪5.4.2 LaCygne leveraged lease<br>▪5.3.2 JEC leveraged lease | ▪Regulatory treatment differences for LaCygne sale/leaseback<br>▪Also an 8% interest in JEC acquired from Aquila is under lease with option to buyout considered for 2018 case | ▪Need to understand Ops/legal alternatives upon conclusion of lease terms | Ives |
| Sky Undertakings-COLI | Medium | In-Progress | ▪8.1.2.1 – COLI ref to 3.3<br>▪4.3 COLI | ▪Sky has Corporate Owned Life Insurance – COLI<br>▪Set up in 1986 in response to WC issues. Plan called for earnings for 40 years to customers then remainder of earnings to shareholders thereafter | ▪Schedule 4.3.1.2 2016 summary update shows earning shortfall below original projections both for customers and shareholders, mostly due to lower than projected interest rates.<br>▪Is the shortfall going to be a regulatory issue? | Ives |
| Sky Undertakings-KEEIA | Low | In-Progress | ▪8.1.2.9 Energy Efficiency Rider Summary | ▪Sky currently has limited EE programs in place. Around the 2015 case they filed then pulled a more extensive EE portfolio | ▪Is there an opportunity to initiate a KEEIA portfolio and filing for Sky? | Ives |

HIGHLY CONFIDENTIAL



# Due Diligence Category – Regulatory *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| FERC Generation formula rates | Low | In-Progress | ▪18.2 Mgmt Call Presentation<br>▪7.1.1.2 wholesale revenues customers | ▪Sky has FERC Generation formula rates<br>▪Reset January annually<br>▪Applies to certain full requirements wholesale customers (150Mw to 200Mwunder formula | ▪What is impact to formula of $40M lost wholesale revenues contemplated in 2018 case<br>▪Are there any other unique nuances to formula? | Ives |
| FERC transmission formula rates | Low | In-Progress | ▪18.2 Mgmt Call Presentation | ▪Sky has FERC Transmission formula rates<br>▪Reset January annually<br>▪Retail rates adjusted through TDC without full GRC for transmission formula rate changes<br>▪Use of forward test year<br>▪ROE recently settled at 10.3% inclusive of 0.5% RTO participation | ▪Need to document differences from Prairie TFR and TDC during integration planning | Ives |
| Retail alternative rate mechanisms | Low | In-Progress | ▪18.1 Mgmt Presentation<br>▪18.2 Mgmt Call Presentation<br>▪8.1.2 various mechanism summaries | ▪Sky has fuel ECA, TDC, EER, PTS, CWIP and Predetermination, previous ECRR (environmental costs), extraordinary storm deferral, CIP/Cyber tracker, Pension trackers and availability of abbreviated rate cases | ▪Need to document differences from Prairie alternative mechanisms during integration planning | Ives |
| KPL/KGE Merger documents | Medium | In-Progress | ▪8.1.2.3 KGE merger documents | ▪KGE/KPL merger approved Nov 1991<br>▪Rate freeze until 1995<br>▪Cash refunds on merger effective and in year 2<br>▪50/50 synergy sharing with offset for partial acquisition premium recovery<br>▪Synergy tracking required | ▪Need to use structure as informative for merger approval filing.<br>▪Need to review merger stipulation and order to ensure no other commitments to be considered in new merger approval filing. | Ives |
| FERC Audits | Low | In-Progress | ▪8.2.5 Summary of Regulatory Audits<br>▪Mgmt Presentation | ▪ Sky has had a fair amount of FERC/regulatory audits recently<br>▪Indications are have been fairly routine and no significant unsettled issues expected | ▪Need to thoroughly evaluate during integration planning | Ives |

HIGHLY CONFIDENTIAL



Unredacted Pursuant to Commission Order

## Due Diligence Category – Regulatory *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Regulatory assets/liabilities | Low | In-Progress | ▪4.1.2.14 Regulatory Asset and Liability summaries | ▪As of 3/31/16 Regulatory Assets in the amount of $1.177B (current and long term). Largest of which is Pensions and OPEBs $406M.<br>▪As pf 3/31/16 Regulatory Liabilities in the amount of $461M (current and long term). Largest of which is Deferred gain from sale/leaseback of $148M. | ▪Need full assessment of Reg Asset and Liabilities during integration planning | Ives |
| Understanding regulatory landscape and merger approval process in KS and MO | High | In-Progress | | ▪Approval required by KS Commission. Also FERC. 300 day process in KS by statute. Don't anticipate approval required in MO. Typically an 8-12month process in MO. | ▪Need development of regulatory stakeholder communication plan post announcement<br>▪MO no detriment standard<br>▪Consideration of Prairie holding company agreement language in MO<br>▪KS net benefit standard | Ives |
| Regulatory strategy: Customers | Medium | Complete | ▪TBD | ▪ Sky has a few special customer contracts | ▪Need to find specifics of special retail customer contracts in data room.<br>▪What is the associated rate treatment? | Ives |
| Regulatory strategy: Customers | Medium/Low | Complete | ▪TBD | ▪ Customer Complaints | ▪Does Sky have pending formal customer complaints? | Ives |

HIGHLY CONFIDENTIAL



## Due Diligence Category – Regulatory *(cont.)*

| Topic / Issue | Priority (H, M or L) | Evaluation Status | Documents Reviewed (Data Room Citation) | Summary of Assessment | Outstanding Questions / Information Desired | Owner |
|---|---|---|---|---|---|---|
| Regulatory strategy: Compliance | High | Complete | ▪TBD | ▪ Reporting and Compliance Effort | ▪Identify a listing of jurisdictional reporting/compliance filings in data room or during integration planning | Ives |
| FERC | Medium | In-Progress | | ▪Market based rate authority | ▪Does Sky have Market Based Rate authority.<br>▪Find information in data room or determine during integration planning. | Ives |

HIGHLY CONFIDENTIAL

EXHIBIT JAK-9

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Bond Ashley Interrogatories - BPU_20160928
Date of Response: 10/12/2016

Question: 2-1

Referring to the Direct Testimony of William Kemp, please provide all work papers and documents relied on by Mr. Kemp to calculate his merger savings estimates, including all data, analyses, spreadsheets (with formulas intact and all "linked" spreadsheets included).

Response:

See the responses to KCC staff data requests 134 and 135 and the attached annotated workpaper that was provided with those responses, "Q7_CONF_Workpaper_Merger Savings Model_5-14-16_Annotated".

Attachment:
Q7_CONF_Workpaper_Merger Savings Model_5-14-16_Annotated
Q2-1_Verification.pdf

# Verification of Response

## Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to KCC Data Request# 2-1, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: William J Kemp

Title: Senior Managing Director

Date: October 11, 2016

Excerpt of Response to BPU 2-1
Vegetation Mangement Employee Count Reduction

| Label | Input | Ouptut |
|---|---|---|

| Prarie | ($USD) |
|---|---|

| Tab | # | Businness Unit | Division | Depart ment Id | Department Name | B HC 2016 | B HC 2017 | B HC 2018 | B HC 2019 | B HC 2020 | B HC 2021 | B HC 2022 | B HC 2023 | B HC 2024 | B HC 2025 | B HC 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | BASE | | | | | | | | | | |
| | | | | | | Allocation Reduction or Percent of Spend | | | | | | | | | | |
| Support | 2 | - | CHAIRMAN, PRESIDE | 900 | President & CEO | | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Support | 102 | KCPL SUPPORT | Finance / Strategy / ( | 893 | Senior VP & CFO | | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Support | 6 | - | Chief Operating Offic | 206 | NERC Implementation & Ops | | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Support | 7 | - | Chief Operating Offic | 219 | Chief Operating Officer | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 188 | KCPL SUPPORT | Treas / Investor Rel / | 894 | Corporate Finance | | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 |
| Support | 180 | KCPL SUPPORT | Risk Mgmt & Control | 699 | Controller | | 29.2 | 29.2 | 29.2 | 29.2 | 29.2 | 29.2 | 29.2 | 29.2 | 29.2 | 29.2 |
| Support | 188 | KCPL SUPPORT | Treas / Investor Rel / | 894 | Corporate Finance | | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 |
| Support | 110 | KCPL SUPPORT | Human Resources | 205 | Employee & Labor Relations | | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 |
| Support | 111 | KCPL SUPPORT | Human Resources | 845 | Organizational Development | | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Support | 112 | KCPL SUPPORT | Human Resources | 846 | HR Service Center & Tech Innov | | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 |
| Support | 113 | KCPL SUPPORT | Human Resources | 850 | HR Executive | | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Support | 114 | KCPL SUPPORT | Human Resources | 851 | Compensation & Benefits | | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| Support | 115 | KCPL SUPPORT | Human Resources | 855 | HRIS & Payroll | | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Support | 192 | KCPL SUPPORT | Regulatory Affairs | 661 | Regulatory Affairs | | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Support | 119 | KCPL SUPPORT | Legal Services | 861 | Law Department | | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Support | 165 | KCPL SUPPORT | Information Technol | 870 | IT Strategy & Management | | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| Support | 166 | KCPL SUPPORT | Information Technol | 871 | IT Infrastructure/Architecture | | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 |
| Support | 167 | KCPL SUPPORT | Information Technol | 872 | Customer Systems Support | | - | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Support | 168 | KCPL SUPPORT | Information Technol | 873 | Enterprise Systems Support | | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 |
| Support | 169 | KCPL SUPPORT | Information Technol | 874 | Desktop & Client Services | | 6.2 | 6.2 | 6.2 | 6.2 | 6.2 | 6.2 | 6.2 | 6.2 | 6.2 | 6.2 |
| Support | 172 | KCPL SUPPORT | Information Technol | 877 | IP Network Engineering Ops | | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Support | 173 | KCPL SUPPORT | Information Technol | 878 | Technical Services | | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Support | 174 | KCPL SUPPORT | Information Technol | 879 | Project Controls Office | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Support | 139 | KCPL SUPPORT | Marketing & Public A | 171 | Customer & Community Affairs | | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Support | 140 | KCPL SUPPORT | Marketing & Public A | 510 | Corporate Communications | | 7.0 | 8.0 | 8.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Support | 141 | KCPL SUPPORT | Marketing & Public A | 511 | Government Affairs | | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 142 | KCPL SUPPORT | Marketing & Public A | 512 | Community Relations | | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Support | 143 | KCPL SUPPORT | Marketing & Public A | 562 | Economic Development | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 144 | KCPL SUPPORT | Marketing & Public A | 564 | External Communications | | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Support | 145 | KCPL SUPPORT | Marketing & Public A | 570 | Customer Insight | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 146 | KCPL SUPPORT | Marketing & Public A | 571 | eServices | | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 147 | KCPL SUPPORT | Marketing & Public A | 572 | Marketing Intelligence | | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Support | 148 | KCPL SUPPORT | Marketing & Public A | 574 | Energy Efficiency | | 4.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Support | 149 | KCPL SUPPORT | Marketing & Public A | 576 | Customer Solutions | | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Support | 150 | KCPL SUPPORT | Marketing & Public A | 657 | Business Center | | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 128 | KCPL SUPPORT | Safety & Corporate S | 401 | Generation Safety | | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Support | 129 | KCPL SUPPORT | Safety & Corporate S | 853 | Medical | | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Support | 130 | KCPL SUPPORT | Safety & Corporate S | 854 | Safety | | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Support | 131 | KCPL SUPPORT | Safety & Corporate S | 863 | Security | | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Support | 155 | KCPL SUPPORT | Corp Compliance & E | 390 | Environmental Services | | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Support | 156 | KCPL SUPPORT | Corp Compliance & E | 406 | FERC Assurance | | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Support | 157 | KCPL SUPPORT | Corp Compliance & E | 705 | KCP&L Corporate Secretary | | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Support | 158 | KCPL SUPPORT | Corp Compliance & E | 820 | Audit Services | | 5.0 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Gen | 14 | KCPL GENERATION | Plant Operations | 450 | Central Machine Facility | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Gen | 16 | KCPL GENERATION | Plant Operations | 464 | Montrose | | - | - | 110.0 | 110.0 | 110.0 | 110.0 | 110.0 | 110.0 | 110.0 | 110.0 |
| Gen | 20 | KCPL GENERATION | Plant Operations | 786 | Sibley | | - | - | 33.3 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 |
| Gen | 25 | KCPL GENERATION | Generation Services | 414 | Generation Sales & Services | | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| Gen | 27 | KCPL GENERATION | Generation Services | 454 | Generation Engineering Srvcs | | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Gen | 29 | KCPL GENERATION | Generation Services | 457 | Production Administration | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Gen | Sky | GENMKTG | Plant Operations | 3A | Lawrence Energy Center | | - | - | 88.2 | 88.3 | 88.3 | 88.3 | 88.3 | 88.3 | 88.3 | 88.3 |
| Gen | Sky | GENMKTG | Plant Operations | 3A | Tecumseh Energy Center | | - | - | 34.1 | 34.1 | 34.1 | 34.1 | 34.1 | 34.1 | 34.1 | 34.1 |
| Gen | Sky | GENMKTG | Generation Services | 3B | Plant Support Engineering | | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Gen | Sky | GENMKTG | Plant Operations | 3D | Murray Gill Energy Center | | - | - | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 |
| TD_C | 46 | KCPL DELIVERY | Delivery Engineering | 360 | T&D Engineering | | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| TD_C | 47 | KCPL DELIVERY | Delivery Engineering | 412 | Transmission Planning | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| TD_C | 49 | KCPL DELIVERY | Delivery Engineering | 551 | Transmission System Operations | | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| TD_C | Sky | PDO | T&D Operations | 6A | Work & Asset Management System | | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| TD_C | Sky | PDO | Delivery Engineering | 6D | Vegetation Management | | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| TD_C | Sky | PDO | T&D Operations | 6G | System Planning | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| TD_C | Sky | PDO | T&D Operations | 6G | Transmission Operations | | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| TD_C | Sky | STRATEGY | Customer Services | 8A | Customer Relations Center | | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Support | | *KCPL GENERATION* | *Plant Operations* | *450* | *450-Central Machine Facility* | | | | | | - | - | - | - | - | - |
| Support | | *KCPL GENERATION* | *Renewable Resource* | *491* | *491-Wind Turb Generation* | | | | | | - | - | - | - | - | - |
| Support | | *KCPL DELIVERY* | *Delivery Engineering* | *560* | *560-Elec Trans Business Ops-Genl* | | | | | | - | - | - | - | - | - |
| Support | 180.0 | KCPL SUPPORT | Risk Mgmt & Control | 699 | Controller | | - | - | - | - | - | - | - | - | - | - |
| Supply Chain | | KCPL SUPPORT | Supply Chain | 755 | Purchasing Department | | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| Supply Chain | | KCPL SUPPORT | Supply Chain | 760 | Materials - T&D | | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |

**Unredacted Pursuant to Commission Order**

EXHIBIT JAK-10

## Revised Capital Expenditure Savings

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Miles of Line | | | | | |
| Westar | 28,900 | 28,900 | 28,900 | 28,900 | 28,900 |
| KCP&L | 22,600 | 22,600 | 22,600 | 22,600 | 22,600 |
| | | | | | |
| Distribution Spend | | | | | |
| Westar | 152.66 | 136.09 | 170.20 | 165.17 | 186.33 |
| KCP&L | 129.01 | 128.75 | 117.69 | 117.88 | 132.70 |
| | | | | | |
| Distribution Spend / Mile | | | | | |
| Westar | 5,282.39 | 4,709.01 | 5,889.20 | 5,715.35 | 6,447.46 |
| KCP&L | 5,708.58 | 5,696.81 | 5,207.40 | 5,215.92 | 5,871.69 |
| | | | | | |
| Adjusted Distribution Spend | | | | | |
| Westar | | | 150.49 | 150.74 | 169.69 |
| KCP&L | | | 117.69 | 117.88 | 132.70 |
| | | | | | |
| Adjusted Distribution Spend / Mile | | | | | |
| Westar | | | 5,207.40 | 5,215.92 | 5,871.69 |
| KCP&L | | | 5,207.40 | 5,215.92 | 5,871.69 |
| | | | | | |
| Distribution Capital Savings | | | 19.70 | 14.43 | 16.64 |

EXHIBIT JAK-11

# Great Plains Energy to Acquire Westar Energy, Creating Long-Term Value for Shareholders and Cost Savings for Customers

5/31/2016

## Transaction, valued at $12.2 billion, creates leading Midwest electric utility better positioned to serve customers and meet the region's energy needs.

MEDIA CONTACT:
KCP&L 24-hour Media Hotline
(816) 392-9455

Kansas City, Mo. (May 31, 2016) – Great Plains Energy Incorporated (NYSE: GXP), the parent company of KCP&L, and Westar Energy, Inc. (NYSE: WR), today announced a definitive agreement for Great Plains Energy to acquire Westar in a combined cash and stock transaction with an enterprise value of approximately $12.2 billion, including total equity value of approximately $8.6 billion. Upon closing, Westar will become a wholly owned subsidiary of Great Plains Energy.

Once the transaction is complete, Great Plains Energy will have more than 1.5 million customers in Kansas and Missouri, nearly 13,000 megawatts of generation capacity, almost 10,000 miles of transmission lines and over 51,000 miles of distribution lines. In addition, more than 45 percent of the combined utility's retail customer demand can be met with emission-free energy.

"Westar and KCP&L are trusted neighbors and have worked together for generations in Kansas. The combination of our two companies is the best fit for meeting our region's energy needs," said Terry Bassham, chairman and chief executive officer of Great Plains Energy and KCP&L. "This is an important transaction for Kansas and our entire region. By combining our two companies, we are keeping ownership local and management responsive to regulators, customers and regional needs, while enhancing our ability to build long-term value for shareholders."

Currently, Great Plains Energy and Westar jointly own and operate the Wolf Creek Nuclear Generating Station, as well as the La Cygne and Jeffrey power plants. With the addition of Westar's generation fleet, Great Plains Energy will have a more diverse and sustainable generation portfolio. This will provide increased flexibility to mitigate the potential customer impacts from future carbon regulation. In addition, among investor-owned utilities in the United States, the combined company will have one of the largest portfolios of wind generation in the country.

"This is an important day for Westar, our customers, employees, shareholders, the communities we support and for the state of Kansas," said Mark Ruelle, president and chief executive officer of Westar. "Our commitment to reliability, customer satisfaction, safety and sustainability is consistent with Great Plains Energy's values, which makes them our ideal partner. We're eager to join the Great Plains Energy team, and excited about this new chapter that combines the unique strengths of our respective organizations to form an even stronger company for our state."

Great Plains Energy has an established track record of successful integration with adjacent electric utilities. In 2008, Great Plains Energy completed its acquisition of Aquila, an electric utility serving customers in adjacent areas of Missouri. That successful acquisition has delivered – and continues to deliver – significant savings for customers, which exceeded initial expectations and was reviewed and approved by both the Missouri Public Service Commission and the Kansas Corporation Commission.

"The utility industry is facing rising customer expectations, increasing environmental standards and emerging cyber security threats. These factors, coupled with slower demand growth for electricity, are driving our costs and customer rates higher. Our acquisition of Westar will create operational efficiencies and future cost savings that will benefit all involved – customers, shareholders, employees and the communities we serve. These savings also will help reduce future rate increase requests," said Bassham. "Combining our two companies will result in cost savings and operational benefits for our more than 900,000 Kansas and 600,000 Missouri customers."

### Transaction terms and financing profile

Under the terms of the agreement, which was unanimously approved by the boards of directors for both companies, Westar shareholders will receive $60.00 per share of total consideration for each share of Westar common stock, consisting of $51.00 in cash and $9.00 in Great Plains Energy common stock, subject to a 7.5 percent collar based upon the Great Plains Energy common stock price at the time of the closing of the transaction, with the exchange ratio for the stock consideration ranging between 0.2709 to 0.3148 shares of Great Plains Energy common stock for each Westar share of common stock, representing a consideration mix of 85 percent cash and 15 percent stock.

The transaction enterprise value is expected to be approximately $12.2 billion, inclusive of approximately $8.6 billion in total stock and cash consideration to be received by Westar's shareholders and the assumption of approximately $3.6 billion in Westar's debt. Great Plains Energy has secured approximately $8.0 billion of committed debt financing from Goldman Sachs Bank USA and Goldman Sachs Lending Partners LLC in connection with the transaction for the full cash portion of the transaction consideration. Great Plains Energy has also secured a $750 million mandatorily preferred convertible equity commitment from the Ontario Municipal Employees Retirement System (OMERS), to be funded at the closing of the transaction. Great Plains Energy plans to issue long-term financing consisting of a combination of equity, equity-linked securities and debt prior to closing of the transaction. This financing mix will allow Great Plains Energy to maintain its solid, investment grade credit ratings.

Great Plains Energy expects savings generated from combining the two companies to be consistent with recent comparable transactions, and its own recent experience. Great Plains Energy expects the acquisition will be neutral to earnings-per-share in the first full calendar year of operations and significantly accretive thereafter. The long-term earnings growth target of the combined company is expected to grow to six to eight percent—better than either company on a standalone basis.

Leadership and headquarters Upon completion of the transaction, Bassham will be chairman and chief executive officer of the combined company. Ruelle will remain in his current role with Westar until the closing of the transaction. In addition, Great Plains Energy will add one director from the Westar Board of Directors to the Great Plains Energy Board of Directors.

"We understand the importance of Westar to the communities it serves and the meaningful contributions it makes as a major employer in Kansas," said Bassham. "We are committed to maintaining the operating headquarters for our Kansas service territory in downtown Topeka. We also know that Westar has a reputation as a strong supporter of community and charitable initiatives. We will continue this legacy and are committed to maintaining a strong presence in all of the communities Westar serves."

### Sustainability

Customers today expect their utility providers to identify and advance energy efficiency options that give them greater control and choice. The combined company will have a greater, more diverse portfolio of energy solutions that give customers the opportunities to better manage their individual energy needs. In addition, Great Plains Energy operates the nation's largest utility-owned electric vehicle charging network, which can be expanded to benefit Westar's customers.

### Regulatory Approval

The companies anticipate making the required regulatory filings with the Kansas Corporation Commission and other regulatory entities during June and July of 2016. In addition, Great Plains Energy and Westar will seek shareholder approvals later this year. The transaction is subject to approvals from the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. The transaction also is subject to the notification, clearance and reporting requirements under the Hart-Scott-Rodino Act by the Federal Trade Commission and the U.S. Department of Justice. The companies anticipate closing in the spring of 2017. In the coming months, the companies will work together to develop a robust integration plan.

### Advisors

Goldman, Sachs & Co. served as the exclusive financial advisor and Bracewell LLP served as legal advisor to Great Plains Energy. Guggenheim Securities, LLC served as the sole financial advisor and Baker Botts LLP served as legal advisor to Westar Energy.

### Analyst Conference Call/Webcast

Great Plains Energy and Westar will host a financial community conference call to provide additional information on Tuesday, May 31, 2016, at 10:00 a.m. Eastern Daylight Time/9:00 a.m. Central Daylight Time to discuss the Great Plains Energy and Westar transaction.

A live audio webcast of the conference call and presentation slides will be available on the investor relations page of Great Plains Energy's website at www.greatplainsenergy.com (http://www.greatplainsenergy.com). The webcast will be accessible only in a "listen-only" mode.

The conference call may be accessible by dialing (888) 353-7071 (U.S./Canada) or (724) 498-4416 (international) five to ten minutes prior to the scheduled start time. The passcode is 23802311.

A replay and transcript of the call will be available on or before Wednesday, June 1, 2016, by accessing the investor relations section of the company's website. A telephonic replay of the conference call will also be available on or before Wednesday, June 1, 2016, through June 7, 2016, by dialing (855) 859-2056 (U.S./Canada) or (404) 537-3406 (international). The passcode is 23802311.

About Great Plains Energy
Headquartered in Kansas City, Mo., Great Plains Energy Incorporated (NYSE: GXP) is the holding company of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company, two of the leading regulated providers of electricity in the Midwest. Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company use KCP&L as a brand name. More information about the companies is available on the internet at www.greatplainsenergy.com (http://www.greatplainsenergy.com) or www.kcpl.com (http://www.kcpl.com).

Investors
Calvin Girard, 816-654-1777
Senior Manager, Investor Relations
calvin.girard@kcpl.com (mailto:calvin.girard@kcpl.com)

Media
Courtney Hughley, 816-392-9455
Manager, Corporate Communications
courtney.hughley@kcpl.com (mailto:courtney.hughley@kcpl.com)

About Westar Energy
Westar Energy, Inc. (NYSE: WR) is Kansas' largest electric utility. For more than a century, Westar has provided Kansans the safe, reliable electricity needed to power their homes, businesses and communities. Every day, Westar professionals generate and deliver electricity, protect the environment and provide excellent service to nearly 700,000 customers. Westar's 2,400 employees live, volunteer and work in the communities they serve. The company has 7,200 MW of electric generation capacity fueled by wind, coal, uranium, natural gas and landfill gas. Westar also is a leader in electric transmission in Kansas. For more information about Westar Energy, visit us at www.WestarEnergy.com (http://www.WestarEnergy.com).

Investors
Cody VandeVelde, 785-575-8227
Director, Investor Relations
Cody.VandeVelde@westarenergy.com (mailto:Cody.VandeVelde@westarenergy.com)

Media
Jana Dawson
Director, Corporate Communications, 785-575-1975
Jana.Dawson@WestarEnergy.com (mailto:Jana.Dawson@WestarEnergy.com)
Westar Energy Media line: 888-613-0003

Forward Looking Statements:
Statements made on this website that are not based on historical facts are forward-looking, involve risks and uncertainties, and speak only as of the date when made. Forward-looking statements include, but are not limited to, statements relating to the proposed acquisition of Westar, the outcome of regulatory proceedings, cost estimates of capital projects and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Great Plains Energy is providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions in regional, national and international markets and their effects on sales, prices and costs; prices and availability of electricity in regional and national wholesale markets; market perception of the energy industry, Great Plains Energy and KCP&L; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates the Companies can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and credit spreads and in availability and cost of capital and the effects on derivatives and hedges, nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including, but not limited to, cyber terrorism; ability to carry out marketing and sales plans; weather conditions including, but not limited to, weather-related damage and their effects on sales, prices and costs; cost, availability, quality and deliverability of fuel; the inherent uncertainties in estimating the effects of weather, economic conditions and other factors on customer consumption and financial results; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates

and cost increases of generation, transmission, distribution or other projects; Great Plains Energy's ability to successfully manage transmission joint venture or to integrate the transmission joint ventures of Westar; the inherent risks associated with the ownership and operation of a nuclear facility including, but not limited to, environmental, health, safety, regulatory and financial risks; workforce risks, including, but not limited to, increased costs of retirement, health care and other benefits; the ability of Great Plains Energy to obtain the regulatory and shareholder approvals necessary to complete the anticipated acquisition of Westar; the risk that a condition to the closing of the anticipated acquisition of Westar or the committed debt or equity financing may not be satisfied or that the anticipated acquisition may fail to close; the failure to obtain, or to obtain on favorable terms, any equity, debt or equity-linked financing necessary to complete or permanently finance the anticipated acquisition of Westar and the costs of such financing; the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted relating to the anticipated acquisition of Westar; the costs incurred to consummate the anticipated acquisition of Westar; the possibility that the expected value creation from the anticipated acquisition of Westar will not be realized, or will not be realized within the expected time period; the credit ratings of Great Plains Energy following the anticipated acquisition of Westar; disruption from the anticipated acquisition of Westar making it more difficult to maintain relationships with customers, employees, regulators or suppliers; the diversion of management time and attention on the proposed transactions; and other risks and uncertainties. The foregoing list of factors is not all-inclusive because it is not possible to predict all factors. Additional risks and uncertainties are discussed in the joint proxy statement/prospectus and other materials that Great Plains Energy has filed and will file with the Securities and Exchange Commission (SEC) in connection with the proposed transaction. Other risk factors are detailed from time to time in Great Plains Energy's quarterly reports on Form 10-Q and annual report on Form 10-K filed with the SEC. Each forward-looking statement speaks only as of the date it was made. Great Plains Energy undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### Additional Information and Where to Find It

This information on this website does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy, vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed transaction, Great Plains Energy has filed with the SEC a Registration Statement on Form S-4 (Registration No. 333-212513), which was declared effective by the SEC, and a definitive joint proxy statement of Great Plains Energy and Westar, which also constitutes a prospectus of Great Plains Energy, each of which is publicly available, and Great Plains Energy and Westar have filed and may file other documents regarding the proposed transaction with the SEC. Great Plains Energy and Westar have mailed to their respective shareholders the definitive joint proxy statement/prospectus in connection with the transaction. WE URGE INVESTORS TO READ THE REGISTRATION STATEMENT AND DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT GREAT PLAINS ENERGY, WESTAR AND THE PROPOSED TRANSACTION.

Investors can obtain free copies of the Registration Statement and joint proxy statement/prospectus and other documents filed by Great Plains Energy and Westar with the SEC at http://www.sec.gov, the SEC's website, or free of charge from Great Plains Energy's website (http://www.greatplainsenergy.com (http://www.greatplainsenergy.com)) under the tab, "Investor Relations" and then under the heading "SEC Filings." These documents are also available free of charge from Westar's website (http://www.westarenergy.com (http://www.westarenergy.com)) under the tab "Investors" and then under the heading "SEC Filings."

### Participants in Proxy Solicitation

Great Plains Energy, Westar and their respective directors and certain of their executive officers and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from Great Plains Energy's and Westar's shareholders with respect to the proposed transaction. Information regarding the officers and directors of Great Plains Energy is included in its definitive proxy statement for its 2016 annual meeting filed with SEC on March 24, 2016. Information regarding the officers and directors of Westar is included in its definitive proxy statement for its 2016 annual meeting filed with the SEC on April 1, 2016. Additional information regarding the identity of potential participants, and their direct or indirect interests, by securities, holdings or otherwise, is set forth in the Registration Statement and definitive joint proxy statement/prospectus and other materials filed with SEC in connection with the proposed transaction. Free copies of these documents may be obtained as described in the paragraphs above.

####

### About KCP&L:

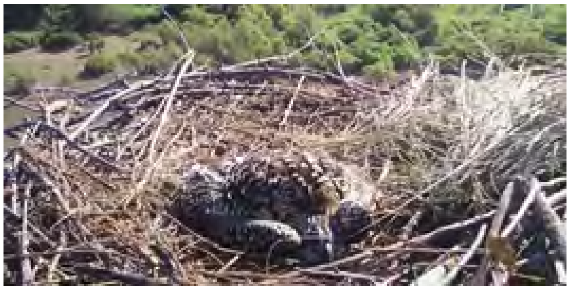
Headquartered in Kansas City, Mo., Great Plains Energy Incorporated (NYSE: GXP) is the holding company of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company, two of the leading regulated providers of electricity in the Midwest. Kansas City Power & Light and KCP&L Greater Missouri Operations use KCP&L as a brand name. More information about the companies is available on the Internet at www.greatplainsenergy.com (http://www.greatplainsenergy.com/) or www.kcpl.com (http://www.kcpl.com/).

## Related Links You Might Like


### Community Impact

KCP&L is devoted to improving the communities we serve through targeted donations and investments, as well as employee volunteerism and leadership.

Learn More (/about-kcpl/community-impact)



### Environmental Focus

We understand that as good stewards of our natural resources it is our responsibility to have a sound environmental strategy.

Learn More (/about-kcpl/environmental-focus)

EXHIBIT JAK-12

S&P Global Ratings

# Great Plains Energy Inc. Ratings Affirmed, Outlook Revised To Negative On Proposed Acquisition Of Westar Energy

31-May-2016 18:24 EDT

View Analyst Contact Information

Great Plains Energy Inc. (GPE) announced it will acquire Westar Energy Inc. for about $8.6 billion, plus the assumption of Westar's debt. The parties expect the transaction to close by mid-2017.
We are affirming our 'BBB+' issuer credit ratings on GPE and subsidiaries Kansas City Power & Light Co. and KCP&L Greater Missouri Operations Co. and for all three entities revising the outlook to negative from stable.
The negative outlook reflects the potential for lower ratings if GPE's financial risk profile, which will deteriorate due to financing used in the acquisition, does not improve after the transaction closes such that funds from operations to total debt is well over 13% after 2018.

NEW YORK (S&P Global Ratings) May 31, 2016--S&P Global Ratings said today it affirmed its ratings on Great Plains Energy Inc. (GPE) and subsidiaries Kansas City Power & Light Co. (KCP&L) and KCP&L Greater Missouri Operations Co. (GMO), including the 'BBB+' issuer credit ratings, and revised the outlook to negative from stable for all entities.

The ratings affirmation on GPE and its subsidiaries reflects our view that the Westar acquisition will enhance GPE's business risk profile given that Westar's operations also consist of regulated electric utilities that benefit from operations under a generally constructive regulatory framework and service territories with average customer growth.

The outlook revision to negative reflects our view that GPE's financial risk profile will weaken due to the proposed financing, pressuring GPE's overall credit profile for the next few years. We expect that after the acquisition closes, the combined entity's financial profile will strengthen mainly due to ongoing regulatory recovery of costs such that funds from operations (FFO) to total debt is consistently above 13%. In addition to assuming Westar's debt, GPE plans to fund the acquisition price of about $8.6 billion with common equity, mandatory convertible preferred stock, Great Plains common stock, and debt.

Prospectively, the combined entity would have more diverse electric utility cash flow sources, strengthening the excellent business risk profile. GPE's customer mix would shift from being about three-quarters in Missouri before the Westar transaction to about 40% after the closing, with Kansas customers making up the difference. The customer base would be further bolstered with an almost doubling of customers, which would mitigate exposure to any one industry, and would boost the base level of usage from the combined 1.55 million largely residential and commercial customers. GPE's stand-alone rate base mix would shift from about 65% in Missouri and 30% in Kansas, with the remainder under Federal Energy Regulatory Commission (FERC) jurisdiction, to 55% Kansas, 32% Missouri, and the remainder under FERC regulation.

The negative outlook on GPE and its subsidiaries reflects the potential for

Unredacted Pursuant to Commission Order

lower ratings if GPE's financial risk profile, which will deteriorate due to the financing used in the acquisition, does not improve after the transaction closes such that FFO to total debt is well over 13% after 2018.

We could lower ratings on GPE and its subsidiaries if GPE's financial risk profile remains weak after the merger such that FFO to total debt is consistently below 13%. This could occur if the transaction is funded disproportionately with debt or if capital spending increases materially while investment recovery lags.

We could affirm the ratings on GPE after the merger closes if the combined company demonstrates that it can achieve FFO to total debt of over 13% after 2018.

RELATED CRITERIA AND RESEARCH

Related Criteria

Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
Methodology: Industry Risk, Nov. 19, 2013
Group Rating Methodology, Nov. 19, 2013
Corporate Methodology, Nov. 19, 2013
Country Risk Assessment Methodology And Assumptions, Nov, 19, 2013
Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
Utilities: Notching Of U.S. Investment-Grade Investor-Owned Utility Unsecured Debt Now Better Reflects Anticipated Absolute Recovery, Nov. 10, 2008
Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008
2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Primary Credit Analyst: Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@spglobal.com
Secondary Contact: Safina Ali, CFA, New York (1) 212-438-1877; safina.ali@spglobal.com

HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact S&P Global Ratings, Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 or by e-mail to: research_request@spglobal.com.

EXHIBIT JAK-13

MOODY'S
INVESTORS SERVICE

# Rating Action: Moody's Places Great Plains Energy on Review for Downgr Westar Energy, Kansas City Power & Light and KCP&L Greater Missouri Operations Affirmed; Outlooks Stable

**Global Credit Research - 31 May 2016**

New York, May 31, 2016 -- Moody's Investors Service, ("Moody's") placed the long-term ratings of Great Pla Energy (Great Plains or GXP; see debt list below) on review for downgrade. The review is prompted by today's announcement that Great Plains agreed to acquire Westar Energy for over $12 billion, which includes the assumption of approximately $4 billion of Westar debt. Great Plains said the acquisition financing would include a mix of debt and equity.

At the same time, Moody's affirmed the long-term and short-term ratings of Kansas City Power & Light Company (KCPL), KCP&L -- Greater Missouri Operations Company (GMO) and Westar Energy (Westar) with stable outlooks.

On Review for Downgrade:

..Issuer: Great Plains Energy Incorporated

....Subordinate Shelf, Placed on Review for Downgrade, currently (P)Baa3

....Senior Unsecured Shelf, Placed on Review for Downgrade, currently (P)Baa2

....Pref. Stock Preferred Stock, Placed on Review for Downgrade, currently Ba1

....Subordinate Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa3

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa2

Outlook Actions:

..Issuer: Great Plains Energy Incorporated

....Outlook, Changed To Rating Under Review From Stable

..Issuer: Kansas City Power & Light Company

....Outlook, Remains Stable

..Issuer: Kansas Gas and Electric Company

....Outlook, Remains Stable

..Issuer: KCP&L Greater Missouri Operations Company

....Outlook, Remains Stable

..Issuer: Westar Energy, Inc.

....Outlook, Remains Stable

Affirmations:

..Issuer: Burlington (City of) KS

....Senior Secured Revenue Bonds, Affirmed A2

....Underlying Senior Secured Revenue Bonds, Affirmed A2

**Unredacted Pursuant to Commission Order**

....Senior Unsecured Revenue Bonds, Affirmed Baa1

....Underlying Senior Unsecured Revenue Bonds, Affirmed Baa1

..Issuer: Kansas City Power & Light Company

.... Issuer Rating, Affirmed Baa1

....Senior Secured Shelf, Affirmed (P)A2

....Senior Unsecured Shelf, Affirmed (P)Baa1

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Unsecured Commercial Paper, Affirmed P-2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa1

..Issuer: Kansas Gas and Electric Company

.... Issuer Rating, Affirmed Baa1

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Secured Shelf, Affirmed (P)A2

..Issuer: KCP&L Greater Missouri Operations Company

.... Issuer Rating, Affirmed Baa2

....Senior Unsecured Commercial Paper, Affirmed P-2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

....Senior Unsecured Shelf, Affirmed (P)Baa2

..Issuer: La Cygne (City of) KS

....Senior Secured Revenue Bonds, Affirmed A2

....Underlying Senior Secured Revenue Bonds, Affirmed A2

....Senior Secured Revenue Bonds, Affirmed VMIG 2

..Issuer: Missouri Env. Imp. & Engy. Res. Auth.

....Senior Secured Revenue Bonds, Affirmed A2

..Issuer: State Env. Improv. and Energy Res. Auth. MO

....Senior Unsecured Revenue Bonds, Affirmed Baa1

..Issuer: Wamego (City of) KS

....Senior Secured Revenue Bonds, Affirmed A2

....Underlying Senior Secured Revenue Bonds, Affirmed A2

..Issuer: Westar Energy, Inc.

.... Issuer Rating, Affirmed Baa1

....Senior Secured Bank Credit Facility, Affirmed A2

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Unsecured Commercial Paper, Affirmed P-2

RATINGS RATIONALE

"Great Plains is sacrificing its strong financial profile to acquire its neighbor," said Ryan Wobbrock, Vice President - Senior Analyst. "This is a bigger is better merger, where Westar will help Great Plains double i assets. But, the financing plan will triple its debt, leaving little financial flexibility and is indicative of management's higher tolerance for financial risk."

The addition of approximately $4.4 billion of parent-level acquisition debt is likely to result in a one-notch downgrade, to Baa3, for Great Plains. The review period will be focused on several risk factors that Moody's sees beyond the added leverage, including: various regulatory reviews and approval proceedings; the potentia for, and magnitude of, customer benefits required to close the transaction; execution of the financing plan including equity and hybrid issuances; and any differences between the parent company's cash inflows and outflows, where subsidiary upstream dividends are insufficient to cover all of the parent company's dividend and interest expense obligations.

From a strategic perspective Moody's sees Westar as a natural fit for Great Plains, given overlapping servi territories and a shared ownership of the 1,170 mega-watt Wolf Creek nuclear generating facility. Utilities with contiguous service territories tend to produce higher operating cost synergies. The primary credit benefi in acquiring Westar, is that Great Plains increases its exposure to the Kansas regulatory environment. Today, Moody's views the Kansas Corporation Commission (KCC) to be slightly more supportive to long-term credit quality than the Missouri Public Service Commission (MPSC), because Kansas provides a higher use of expense tracking mechanisms and the ability to file abbreviated rate cases for significant capital expenditures.

Moody's also sees the benefit of Westar bringing an additional $1.2 billion of Federal Electric Regulatory Commission (FERC) regulated transmission rate base. We view FERC as the most supportive regulatory jurisdiction in the US, due to forward looking, formula rates and relatively high allowed ROEs.

The acquisition debt will increase the percentage of parent holding company debt to total consolidated debt from a negligible 2% to over 35% at the transaction closing, which Moody's thinks will take about 12 months. The higher amount of parent holding company leverage will likely result in a wider rating-notch differential between the ratings of Great Plains and its principal utility subsidiaries, which include Kansas City Power & Light, Kansas Gas & Electric and Westar, and a weighted average rating of Baa1 senior unsecured.

The transaction's financing plans are viewed as a signal that Great Plains' management and board of direc have a higher risk tolerance for leverage than previously considered, which is a long-term credit negative. Wit little financial cushion, Great Plains will be more exposed to risks associated with successfully executing transition and integration plan and longer-term issues, such as waning regulatory support and softening of regional macro-economic fundamentals.

At this time, Moody's expects no more than a one-notch downgrade for Great Plains, which would place it ratings in the Baa3 rating category, down from the Baa2 rating category. Pro-forma the acquisition, Moody's calculates a ratio of cash flow from operations to debt around the 13% range, down from the 17% that Great Plains produced for the twelve months ended March 2016.

The affirmation of KCPL's Baa1 and GMO's Baa2 ratings reflect the improving financial performance of ea utility. This financial improvement is driven by the conclusion of extensive capital expenditures at each utility, which have been in progress for the past several years and were designed to help meet environmental compliance standards. Over the next two to three years, these investments should be fully incorporated into rate base, which will improve the cash position and standalone financial metrics of each utility (cash flow t debt slightly above 20% for KCPL and slightly below 20% for GMO).

The affirmation of the ratings and stable outlook for Westar reflects the maintenance of solid cash flow to d metrics around 20% despite a robust capital plan to add wind generation to its supply portfolio over the next two years.

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in December 2013. Please see the Ratings Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain

**Unredacted Pursuant to Commission Order**

regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulato disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the followi disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the relate rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's le entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosur for each credit rating.

Ryan Wobbrock
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
INVESTORS SERVICE



CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFIL ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF EN CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCI

MOODY’S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CRE
COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY’S DEFINES CREDIT RISK AS
THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY C
AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO N
ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET V
RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY’S OPINIONS INCLUDED IN MOO
PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY’S
PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT
RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY’S ANALYTICS, INC. CREDIT
AND MOODY’S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANC
ADVICE, AND CREDIT RATINGS AND MOODY’S PUBLICATIONS ARE NOT AND DO NOT PROV
RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER
RATINGS NOR MOODY’S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTME
ANY PARTICULAR INVESTOR. MOODY’S ISSUES ITS CREDIT RATINGS AND PUBLISHES MO
PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WI
DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER
CONSIDERATION FOR PURCHASE, HOLDING, OR SALE. MOODY’S CREDIT RATINGS AND M
PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RE
AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY’S CREDIT RATINGS OR MO
PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CON
YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMI
COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE
REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED,
REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPO
WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY
WITHOUT MOODY’S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY’S from sources believed by it to be accurate
reliable. Because of the possibility of human or mechanical error as well as other factors, however, a
information contained herein is provided “AS IS” without warranty of any kind. MOODY'S adopts all r
measures so that the information it uses in assigning a credit rating is of sufficient quality and from s
MOODY'S considers to be reliable including, when appropriate, independent third- party sources. Ho
MOODY’S is not an auditor and cannot in every instance independently verify or validate informatior
in the rating process or in preparing the Moody’s Publications.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representat
licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequentia
incidental losses or damages whatsoever arising from or in connection with the information containe
the use of or inability to use any such information, even if MOODY’S or any of its directors, officers, e
agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses
damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or
arising where the relevant financial instrument is not the subject of a particular credit rating assigned
MOODY’S.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representat
licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to
person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduc
other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or ar
contingency within or beyond the control of, MOODY’S or any of its directors, officers, employees, ag
representatives, licensors or suppliers, arising from or in connection with the information contained h
use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENE
MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING C
OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY’S IN ANY FORM OR MANNER
WHATSOEVER.

Moody’s Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody’s Corporat
(“MCO”), hereby discloses that most issuers of debt securities (including corporate and municipal bo

debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, I prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also m policies and procedures to address the independence of MIS's ratings and rating processes. Informa regarding certain affiliations that may exist between directors of MCO and rated entities, and betwee who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporat Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client neither you nor the entity you represent will directly or indirectly disseminate this document or its con "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rat opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the any form of security that is available to retail investors. It would be reckless and inappropriate for reta to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agenc of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly- subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidia MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, c ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigne entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Ser Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corpor municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or M applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) f appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350 MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requiremen

EXHIBIT JAK-14

FitchRatings

# Fitch Places Westar on Negative Watch Following Acquisition Announcement

Fitch Ratings-Chicago-01 June 2016: Fitch Ratings has placed the 'BBB+' Issuer Default Ratings (IDRs) of Westar Energy, Inc. (Westar) and Kansas Gas & Electric Co. (KGE) on Rating Watch Negative following the announcement of the proposed acquisition by Great Plains Energy Inc. (GXP; not rated by Fitch) for $12.2 billion, including $3.6 billion of assumed debt. Westar will become a direct wholly owned subsidiary of GXP upon deal closing, which is expected to occur by Spring 2017. A full list of rating actions is at the end of this press release.

Fitch's primary concern is the level of GXP consolidated leverage following the acquisition, inclusive of $4.4 billion of parent-level debt plus an undetermined amount of hybrid securities (Fitch typically assigns 50% to 100% debt value to hybrid structures prevalent in the utility sector). Fitch estimates that consolidated funds from operations (FFO)-adjusted leverage could exceed 6.5x following the merger, which is significantly weaker than the 5x average for utilities rated in the 'BBB' category. Fitch typically limits the notching difference between the parent and its subsidiaries to one or two notches, depending on the level of operational, functional and financial ties. Thus, elevated leverage at GXP would negatively weigh on Westar's and KGE's ratings and could result in a one or two notch downgrade. GXP's long-term financial policy, the amount of hybrids used to finance the acquisition, GXP's deleveraging plan as well as the level of integration and/or ring-fencing going-forward will become key criteria in assessing Westar's and KGE's credit profiles after the acquisition is completed.

GXP plans to acquire Westar for $7.3 billion in cash plus $1.3 billion of GXP common stock. At $60/share, the purchase price represents a 36% premium over the closing price on March 9, 2015, when rumours of a potential transaction surfaced. The transaction value of $12.2 billion, including assumed debt of $3.6 billion, represents a 12x multiple to Westar's latest 12 months (LTM) EBITDA at first-quarter 2016. GXP has secured $8 billion of committed financing and $750 million of mandatorily preferred convertible equity commitment but intends to ultimately finance the transaction using a mix of debt and equity, including equity-like hybrids.

KEY RATING DRIVERS

High Consolidated Leverage: The sheer size of the acquisition compared to GXP's current balance sheet will weigh on GXP's financial profile. Fitch notes that the acquisition-related debt of $4.4 billion, excluding hybrid securities, is larger than GXP's consolidated reported debt of $4.2 billion at March 31, 2016. Adding Westar's existing debt of $3.6 billion, Fitch estimates that pro forma consolidated adjusted debt will likely exceed $13 billion while consolidated EBITDA will be close to $2 billion resulting in adjusted debt to EBITDA of about 6.5x. Fitch's estimates are roughly consistent with management's guidance of 13%-14% FFO-debt leverage post-merger. These metrics typically equate to a 'BB' rating category, absent a firm and credible commitment to deleveraging.

Business Profile Mostly Unchanged: The combination of GXP and Westar brings together similar business models likely to generate synergy savings while presenting low integration risk, in Fitch's opinion. GXP and Westar operate contiguous service territories with significant connecting transmission lines and co-ownership of large generation assets. Improved scale and greater integration of these assets will likely result in significant synergies. While synergies are unlikely to be retained by Westar or GXP, they should create headroom in the retail rates for further rate-base investments and earnings growth. Furthermore, GXP is already familiar with the regulatory construct in Kansas through its ownership of Kansas City Power & Light (KCP&L).

Regulatory Approvals: State regulatory approval is only needed in Kansas, where the Kansas Corporation Commission (KCC) has 300 days from filings to judge whether the proposed acquisition is in the public interest based on an established list of criteria. The transaction will also need approval from the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission as well as from Westar and GXP shareholders, amongst others. Management expects the transaction to close in Spring 2017.

Stable Stand-Alone Credit Metrics: Under its base case scenario, Fitch anticipates Westar's credit metrics will remain relatively stable over the rating horizon with adjusted debt to EBITDAR and FFO-adjusted leverage estimated at 3.5x-3.7x over the 2016-2019 forecast period.

Parent/Subsidiary Rating Linkage: KGE is a wholly-owned operating utility of Westar and its ratings are the same, reflecting highly centralized operations with shared employees, treasury and corporate functions, and a consolidated capital structure for rate-making purposes. Business is also conducted under the Westar names in contiguous geographies and WR's revolving credit facilities are collateralized by KG&E's first mortgage bonds, which include cross default provisions.

KEY ASSUMPTIONS

Fitch's key assumptions within our rating case for the issuer include:
--Compound annual kwh sales growth of 0.50%;
--Rate increase of $78 million effective October 2015 and with incremental rate increase of $15 million effective July 2017;
--Return on equity on FERC-regulated assets of 10.3%;
--Capex of about $1.100 billion in 2016, $800 million in 2017, $750 million in 2018 and $700 million in 2019; and
--Debt/equity maintained around 53/47;
--Acquisition financing includes $750 million of mandatory preferred convertible equity (assigned 100% equity credit), $1.35 billion of hybrids (assigned 100% debt credit), $2.3 billion of equity and $4.4 billion of long-term debt as well as assumption of Westar's existing debt.

RATING SENSITIVITIES
Future developments that may, individually or collectively, lead to a positive rating action:
No positive rating action is anticipated in the near term given the pending acquisition and incremental parent leverage.

Future developments that may, individually or collectively, lead to a negative rating action:
Fitch believes that the completion of the acquisition, based on the proposed financing structure as disclosed, would result in a one or two notch downgrade of Westar's ratings. Fitch would consider a one-notch downgrade if GXP presents a firm and credible path to deleveraging to a capital structure consistent with a 'BBB-' rating and/or if regulatory approval of the acquisition results in effective ring-fencing of Westar. On the other hand, Fitch would consider a two-notch downgrade if GXP relies heavily on hybrid issuance to finance the acquisition, follows an aggressive financial policy, and/or there is limited regulatory ring-fencing of Westar post-merger.

FULL LIST OF RATING ACTIONS

Fitch has placed the following ratings on Rating Watch Negative:

Westar
--Long-Term IDR 'BBB+';
--Senior secured debt 'A';
--Senior unsecured debt 'A-';
--Short-Term IDR 'F2';
--Commercial paper 'F2'.

KGE
--Long-Term IDR 'BBB+';

**Unredacted Pursuant to Commission Order**

--Senior secured debt 'A';
--Pollution control revenue bonds 'A';
--Short-Term IDR 'F2'.

Contact:

Primary Analyst
Maude Tremblay, CFA
Director
+1-312-368-3203
Fitch Ratings, Inc.
70 W. Madison Street
Chicago, IL 60602

Secondary Analyst
Philip W. Smyth, CFA
Senior Director
+1-212-908-0531

Committee Chairperson
Craig Fraser
Managing Director
+1-212-908-0310

Media Relations: Alyssa Castelli, New York, Tel: +1 (212) 908 0540, Email: alyssa.castelli@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 17 Aug 2015) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869362&cft=0)

Additional Disclosures
Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=1005447)
Endorsement Policy (https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?context=2&detail=31)

EXHIBIT JAK-15

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2014

KANSAS CITY POWER & LIGHT COMPANY. (KCP&L)
(KCP&L)



| Line No. | (1) RATE BASE: | (2) Form No. 1 Page, Line, Col. | (3) KCP&L | (4) KCP&L Total | (5) | (6) Allocator | (7) Transmission (Col 4 times Col 6) |
|---|---|---|---|---|---|---|---|
| | PLANT IN SERVICE | | | | | | |
| 1 | Production | (Wksht. A-11, p.1, Line 1 & 2) | $ 5,422,506,880 | $ 5,422,506,880 | | | |
| 2 | Transmission | (Wksht. A-11, p.1, Line 3) | 439,344,909 | 439,344,909 | DA | 1.00000 | $ 439,344,909 |
| 3 | Less: Excluded Plant | (Wksht. A-4, p.1, Line 30 Note I & K) | | | | | 83,330,313 |
| 4 | Distribution | (Wksht. A-11, p.1, Line 4) | 2,036,145,897 | 2,036,145,897 | | | |
| 5 | General | (Wksht. A-11, p.1, Line 5) | 346,837,997 | 346,837,997 | W/S | 0.01544 | 5,354,563 |
| 6 | Intangible & Other | (Wksht. A-11, p.1, Line 6) | 260,221,724 | 260,221,724 | W/S | 0.01544 | 4,017,361 |
| 7 | TOTAL GROSS PLANT | (sum line 1, 2, 4, 5 & 6 less line 3) | $ 8,505,057,407 | $ 8,505,057,407 | | | $ 365,386,520 |
| | ACCUMULATED DEPRECIATION | (Note Q) | | | | | |
| 8 | Production | (Wksht. A-11, p.1, Line 8 & 9) | $ 2,382,743,114 | $ 2,382,743,114 | | | |
| 9 | Transmission | (Wksht. A-11, p.1, Line 10) | 183,930,421 | 183,930,421 | DA | 1.00000 | $ 183,930,421 |
| 10 | Less: Excluded Plant | (Wksht. A-4, p.1, Line 30 Note I & K) | | | | | 31,072,268 |
| 11 | Distribution | (Wksht. A-11, p.1, Line 11) | 753,880,376 | 753,880,376 | | | |
| 12 | General | (Wksht. A-11, p.1, Line 12) | 94,226,089 | 94,226,089 | W/S | 0.01544 | 1,454,684 |
| 13 | Intangible & Other | (Wksht. A-11, p.1, Line 13) | 184,031,355 | 184,031,355 | W/S | 0.01544 | 2,841,117 |
| 14 | TOTAL ACCUM. DEPRECIATION | (sum lines 8,9,11,12&13 less 10) | $ 3,598,811,355 | $ 3,598,811,355 | | | $ 157,153,954 |
| | NET PLANT IN SERVICE | | | | | | |
| 15 | Production | ( line 1- line 8) | $ 3,039,763,766 | $ 3,039,763,766 | | | |
| 16 | Transmission | ( line 2- line 9) | 255,414,488 | 255,414,488 | | | $ 255,414,488 |
| 17 | Less: Excluded Plant | ( line 3- line 10) | - | - | | | 52,258,045 |
| 18 | Distribution | ( line 4- line 11) | 1,282,265,521 | 1,282,265,521 | | | |
| 19 | General | ( line 5- line 12) | 252,611,908 | 252,611,908 | | | 3,899,879 |
| 20 | Intangible & Other | ( line 6- line 13) | 76,190,369 | 76,190,369 | | | 1,176,244 |
| 21 | TOTAL NET PLANT | (sum lines 15,16,18,19 & 20 less 17) | $ 4,906,246,052 | $ 4,906,246,052 | | | $ 208,232,566 |
| | ADJUSTMENTS TO RATE BASE | | | | | | |
| 22 | Accumulated Deferred Income Taxes | (Wksht. A-3, p.1, Line 9) | $ (44,061,334) | $ (44,061,334) | DA | 1.00000 | (44,061,334) |
| 23 | Reserve Funds (Non-Escrowed) | (Wksht. A-11, p.2, Line 23g) | (46,483) | (46,483) | DA | 1.00000 | (46,483) |
| 24 | Unamortized Abandoned Transmission Plant | (Wksht. A-11, p.2, Line 25, Note S) | - | - | DA | 1.00000 | - |
| 25 | CWIP for Incentive Transmission Projects | (Wksht. A-9, p.1, Line 28, Note T) | - | - | DA | 1.00000 | - |
| 26 | CWIP Regulatory Liability for Transmission Projects | (Wksht. A-11, p.2, Line 28, Note T) | - | - | DA | 1.00000 | - |
| 27 | TOTAL ADJUSTMENTS | (sum lines 22 thru line 26) | $ (44,107,817) | $ (44,107,817) | | | $ (44,107,817) |
| 28 | LAND HELD FOR FUTURE USE | (Wksht. A-11, p.2, lines 31 Note B) | $ - | $ - | DA | 1.00000 | $ - |
| | WORKING CAPITAL | | | | | | |
| 29 | CWC | calculated (Note C) | | | | | $ 1,324,775 |
| 30 | Materials & Supplies | (Wksht. A-11, p.1, Line 34 & 37) | $ 991,444 | $ 991,444 | TP | 0.81033 | 803,397 |
| 31 | Stores Expense | (Wksht. A-11, p.2, Line 41) | 8,177,112 | 8,177,112 | W/S | 0.01544 | 126,240 |
| 32 | Prepayments (Account 165) | (Wksht. A-11, p.2, Line 43) | 12,892,479 | 12,892,479 | W/S | 0.01544 | 199,037 |
| 33 | TOTAL WORKING CAPITAL | (sum line 29 thru line 32) | $ 22,061,035 | $ 22,061,035 | | | $ 2,453,449 |
| 34 | Rate Base | (sum lines 21, 27 , 28 & 33) | | | | | $ 166,578,198 |

**Unredacted Pursuant to Commission Order**

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2014

KANSAS CITY POWER & LIGHT COMPANY. (KCP&L)
(KCP&L)



| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) KCP&L | (4) KCP&L Total | (5) | (6) Allocator | (7) Transmission (Col 4 times Col 6) |
|---|---|---|---|---|---|---|---|
| | **O&M** | | | | | | |
| 1 | Transmission | 321.112.b | $ 63,740,698 | $ 63,740,698 | | | |
| 2 | Less Account 561 | 321.84.b thru 321.92.b | 7,252,539 | 7,252,539 | | | |
| 3 | Less Account 565 | 321.96.b (Note D) | 47,170,314 | 47,170,314 | | | |
| 3a | Less: Transmission Leases & Facility Charges | ( 321.Notes) | 2,366,166 | 2,366,166 | | | |
| 4 | Total Transmission O&M | ( line 1 less lines 2 thru 3a) (Note F) | $ 6,951,679 | $ 6,951,679 | TP | 0.81033 | $ 5,633,158 |
| 5 | A&G -Adjusted | (Wkshts. A-10, line 8) | 144,117,559 | 144,117,559 | W/S | 0.01544 | 2,224,919 |
| 5a | Less: Actual PBOP | (Wkshts. A-10, line 9) (Note R) | 5,832,775 | 5,832,775 | W/S | 0.01544 | 90,048 |
| 5b | Plus: PBOP (Projected 2010 see Note R) | (Wkshts. A-10, line 10) (Note R) | 8,598,615 | 8,598,615 | W/S | 0.01544 | 132,747 |
| 5c | Plus: Safety Advertising | (Wkshts. A-10, line 11) | - | - | W/S | 0.01544 | - |
| 5d | Plus: Advertising -Transmission | (Wkshts. A-10, line 16) | - | - | DA | 1.00000 | - |
| 5e | Plus: Research -Transmission | (Wkshts. A-10, line 21) | 261,088 | 261,088 | DA | 1.00000 | 261,088 |
| 5f | Plus: Regulatory Exp -Transmission | (Wkshts. A-10, line 26) | 68,479 | 68,479 | DA | 1.00000 | 68,479 |
| 5h | Plus: Corporate Visibility -Transmission | (Wkshts. A-10, line 32) | 109,669 | 109,669 | W/S | 0.01544 | 1,693 |
| 6 | Transmission Lease Payments & Facility Charges | (321.Notes) (Note E) | 2,366,166 | 2,366,166 | DA | 1.00000 | 2,366,166 |
| 7 | TOTAL O&M | (sum lines 4, 5, 5b thru 6 less 5a ) | $ 156,640,480 | $ 156,640,480 | | | $ 10,598,202 |
| | | | | | | | |
| | **DEPRECIATION EXPENSE** | (Note Q) | | | | | |
| 8 | Transmission | (336.7.f ) | $ 7,799,464 | $ 7,799,464 | TP | 0.81033 | $ 6,320,144 |
| 9 | General | (336.10.b,c & d) | 13,066,019 | 13,066,019 | W/S | 0.01544 | 201,716 |
| 10 | Intangible & Other | 336.1f | 19,259,815 | 19,259,815 | W/S | 0.01544 | 297,337 |
| 11 | Amortization of Abandoned Transmission Plant | Acct. 407 (Note S) | - | - | DA | 1.00000 | - |
| 12 | TOTAL DEPRECIATION | (sum line 8 thru line 11) | $ 40,125,298 | $ 40,125,298 | | | $ 6,819,197 |
| | | | | | | | |
| | **TAXES OTHER THAN INCOME TAXES** | (Note G) | | | | | |
| | LABOR RELATED | | | | | | |
| 13 | Payroll | (Wksht A-6, line 10) | $ 11,885,334 | $ 11,885,334 | W/S | 0.01544 | $ 183,488 |
| 14 | Highway and vehicle | (Wksht A-6, line 10) | - | - | W/S | 0.01544 | - |
| | PLANT RELATED | | | | | | |
| 15 | Property | (Wksht A-6, line 10, Note M) | 86,795,166 | 86,795,166 | GP | 0.04296 | 3,728,815 |
| 16 | Gross Receipts | (Wksht A-6, line 10) | 60,407,260 | 60,407,260 | NA | | - |
| 17 | Other | (Wksht A-6, line 10) | - | - | GP | 0.04296 | - |
| 18 | TOTAL OTHER TAXES | (sum line 13 thru line 17) | $ 159,087,760 | $ 159,087,760 | | | $ 3,912,303 |
| | | | | | | | |
| | **INCOME TAXES** | (Note H) | | | | | |
| 19 | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} | | | 38.82% | | | |
| 20 | EIT=(T/(1-T)) * (1-(WCLTD/WACC)) = | | | 42.20% | | | |
| 21 | GRCF = 1 / (1 - T) | (GRCF = 1 / (1-T from Line 19)) | | 1.634429 | | | |
| 22 | Amortized Investment Tax Credit | (266.8f) (enter negative) | $ (962,914) | $ (962,914) | | | |
| | | | | | | | |
| 23 | Income Tax Calculation | (Line 20*(Line 34 of Page 1)*( Line 21 of Page 4 ) + Line 26 of Page 4 ) | | | | | $ 5,876,952 |
| 24 | ITC adjustment | ( line 21 X line 22) | | (1,573,815) | NP = | 0.04244 | (66,796) |
| 25 | Total Income Taxes | ( line 23 plus line 24) | | | | | $ 5,810,156 |
| | | | | | | | |
| 26 | **RETURN** | ((Line 34 of Page 1)*( Line 21 of Page 4 ) + (Line 25 - Line 26) of Page 4 ) | | | | | $ 13,927,213 |
| | | | | | | | |
| 27 | **GROSS REV. REQUIREMENT WITH INCENTIVES** | (sum line 7, 12, 18, 25 & 26) | | | | | $ 41,067,071 |
| 28 | LESS: Gross Revenue Requirements for Incentives | ( line 35 of page 4 ) | | | | | - |
| | | | | | | | |
| 29 | **GROSS REV. REQUIREMENT** | ( line 27 less line 28) | | | | | $ 41,067,071 |

**Unredacted Pursuant to Commission Order**

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2014

KANSAS CITY POWER & LIGHT COMPANY. (KCP&L)
(KCP&L)



**SUPPORTING CALCULATIONS**

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) KCP&L | (4) KCP&L Total | (5) | (6) Allocator | | (7) Transmission (Col 4 times Col 6) |
|---|---|---|---|---|---|---|---|---|
| | **TRANSMISSION PLANT INCLUDED IN FORMULA** | | | | | | | |
| 1 | Total transmission plant | (Line 7 of Page 3 ) | $ 439,344,909 | $ 439,344,909 | | | | $ 439,344,909 |
| 2 | Less: Net Substation, 34kV, & Radial Lines to Distr. Pl | (Wksht A-4, ln 28) (Note I) | 80,426,041 | 80,426,041 | | | | 80,426,041 |
| 3 | Less: Total GSU in Transmission Plant | (Wksht. A-4, ln 7) (Note K) | 2,904,272 | 2,904,272 | | | | 2,904,272 |
| 4 | Transmission plant included in rates | ( line 1 less lines 2 & 3) | $ 356,014,596 | $ 356,014,596 | | | | $ 356,014,596 |
| 5 | Percentage of transmission plant included in rates | ( line 4 / line 1) | | | | TP= | 0.81033 | |
| | **GROSS AND NET PLANT ALLOCATORS** | | | | | | | |
| | GROSS PLANT IN SERVICE (ACTUAL HISTORICAL COST) | | | | | | | |
| 6 | Production | ( page 1, line 1 ) | $ 5,422,506,880 | $ 5,422,506,880 | | NA | | |
| 7 | Transmission | ( page 1, line 2 ) | 439,344,909 | 439,344,909 | | DA | 1.00000 | $ 439,344,909 |
| 8 | Less: Excluded Plant | ( page 1, line 3 ) | | | | | | 83,330,313 |
| 9 | Distribution | ( page 1, line 4 ) | 2,036,145,897 | 2,036,145,897 | | | | |
| 10 | General & Intangible | ( page 1, line 5 & 6 ) | 607,059,721 | 607,059,721 | | W/S | 0.01544 | 9,371,925 |
| 11 | TOTAL GROSS PLANT | (sum Line 6, 7, 9 & 10 less Line 8) | $ 8,505,057,407 | $ 8,505,057,407 | | GP = | 0.04296 | $ 365,386,521 |
| | ACCUMULATED DEPRECIATION (ACTUAL HISTORICAL COST) | (Note Q) | | | | | | |
| 12 | Production | ( page 1, line 8 ) | $ 2,382,743,114 | $ 2,382,743,114 | | NA | | |
| 13 | Transmission | ( page 1, line 9 ) | 183,930,421 | 183,930,421 | | DA | 1.00000 | $ 183,930,421 |
| 14 | Less: Excluded Plant | ( page 1, line 10 ) | | - | | | | 31,072,268 |
| 15 | Distribution | ( page 1, line 11 ) | 753,880,376 | 753,880,376 | | | | |
| 16 | General & Intangible | ( page 1, line 12 & 13 ) | 278,257,444 | 278,257,444 | | W/S | 0.01544 | 4,295,801 |
| 17 | TOTAL ACCUM. DEPRECIATION | (sum Line 12, 13, 15 & 16 less Line 14) | $ 3,598,811,355 | $ 3,598,811,355 | | | | $ 157,153,954 |
| | NET PLANT IN SERVICE (ACTUAL HISTORICAL COST) | | | | | | | |
| 18 | Production | ( line 6 less 12) | $ 3,039,763,766 | $ 3,039,763,766 | | | | |
| 19 | Transmission | ( line 7 less 13) | 255,414,488 | 255,414,488 | | | | $ 255,414,488 |
| 20 | Less Excluded Plant | ( line 8 less 14) | - | - | | | | 52,258,045 |
| 21 | Distribution | ( line 9 less 15) | 1,282,265,521 | 1,282,265,521 | | | | |
| 22 | General & Intangible | ( line 10 less 16) | 328,802,277 | 328,802,277 | | | | 5,076,124 |
| 23 | TOTAL NET PLANT | (sum Line 18, 19, 21 & 22 less Line 20) | $ 4,906,246,052 | $ 4,906,246,052 | | NP = | 0.04244 | $ 208,232,567 |

**Unredacted Pursuant to Commission Order**

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2014

KANSAS CITY POWER & LIGHT COMPANY. (KCP&L)
(KCP&L)

**SUPPORTING CALCULATIONS**

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) KCP&L | (4) KCP&L Total | (5) | (6) Allocator | | (7) Transmission (Col 4 times Col 6) |
|---|---|---|---|---|---|---|---|---|
| | **WAGES & SALARY ALLOCATOR (W&S)** | | $ | $ | TP | Allocation | | |
| 1 | Production | 354.20.b | $ 106,399,954 | $ 106,399,954 | | - | | |
| 2 | Transmission | 354.21.b | 2,698,711 | 2,698,711 | 0.81033 | 2,186,848 | | |
| 3 | Distribution | 354.23.b | 21,896,614 | 21,896,614 | | - | | W&S Allocator |
| 4 | Other | 354.24,25,26.b | 10,656,235 | 10,656,235 | | - | | ($ / Allocation) |
| 5 | Total | (sum line 1 thru line 4) | $ 141,651,514 | $ 141,651,514 | | 2,186,848 | | |
| 5a | Wage & Salary Allocator Calculation | (Col 6, Line 5 divided by Col 4, Line 5) | | | | | WS= | 0.01544 |
| | **RETURN (R)** | (Note N) | | | | | | |
| 6 | Interest on Long-Term Debt | 256 & 257 notes | $ 195,018,926 | $ 195,018,926 | | | | $ 195,018,926 |
| 7 | Amort. of Debt Disc. and Expense | 256 & 257 notes | 3,180,128 | 3,180,128 | | | | 3,180,128 |
| 8 | Amortization of Loss on Reacquired Debt | 256 & 257 notes | 413,492 | 413,492 | | | | 413,492 |
| 9 | Less: Amort. of Premium on Debt-Credit | 256 & 257 notes | 637,163 | 637,163 | | | | 637,163 |
| 10 | Less: Amort. of Gain on Reacquired Debt-Credit | 256 & 257 notes | - | - | | | | - |
| 11 | Long Term Interest | (sum line 6 to 8, less 9 & 10) | $ 197,975,383 | $ 197,975,383 | | | | $ 197,975,383 |
| 12 | **Preferred Dividends** | 256 & 257 notes | $ 1,646,000 | $ 1,646,000 | | | | $ 1,646,000 |
| | **Development of Common Stock:** | (Note N) | | | | | | |
| 13 | Proprietary Capital | 256 & 257 notes | $ 3,546,148,471 | $ 3,546,148,471 | | | | $ 3,546,148,471 |
| 14 | Less Preferred Stock | 256 & 257 notes | 39,000,000 | 39,000,000 | | | | 39,000,000 |
| 15 | Less Noncontrolling Interest | 256 & 257 notes (Note O) | 0 | - | | | | - |
| 16 | Less OCI Account 219 | 256 & 257 notes | (20,545,551) | (20,545,551) | | | | (20,545,551) |
| 17 | Common Stock | ( line 13 Less 14, 15 & 16) | $ 3,527,694,022 | $ 3,527,694,022 | | | | $ 3,527,694,022 |
| | | | $ | $ | % | Cost (Note P) | | Weighted |
| 18 | Long Term Debt | 256 & 257 notes | $ 3,504,373,924 | $ 3,504,373,924 | 49.56% | 0.0565 | WCLTD= | 0.0280 |
| 19 | Preferred Stock | 256 & 257 notes | 39,000,000 | 39,000,000 | 0.55% | 0.0422 | | 0.0002 |
| 20 | Common Stock | 256 & 257 notes | 3,527,694,022 | 3,527,694,022 | 49.89% | 0.1110 | | 0.0554 |
| 21 | Total | (sum line 18 thru line 20) | $ 7,071,067,946 | $ 7,071,067,946 | 100.00% | | R= | 0.083608 |
| | **GROSS REV. REQUIREMENT FOR INCENTIVE PROJECTS** | | | | | | | |
| | **Plant Granted Incentive ROE Adder:** | | | | | | | |
| 22 | Total Incentive Plant | ( Wksht A-9, line 22) | $ - | $ - | | | | |
| 23 | Less: Total Accumulated Depreciation | ( Wksht A-9, line 22) | - | - | | | | |
| 24 | Net Incentive Plant | ( line 22 less line 23) | $ - | $ - | | | | |
| 25 | Incentive Return Including Taxes | ( Wksht A-9, p. 1, line 28) | | | | $ - | | |
| 26 | Taxes Included in Incentive Return | ( line 25 *( page 2, line 19) | | $ - | | | | |
| 27 | **Construction Work In Progress:** | | | | | | | |
| 28 | Total CWIP | ( Wksht A-9, p. 1, line 28 Note T) | $ - | $ - | | | | |
| 29 | Incentive Return Including Taxes | ( Wksht A-9, p. 1, line 28 ) | | | | $ - | | |
| 30 | **Abandoned Plant:** | | | | | | | |
| 31 | Unamortized Abandoned Transmission Plant | ( line 24 of page 2) (Note S) | $ - | | | | | |
| 32 | Tax-Adjusted Return on Abandoned Plant | ( line 21 X line 31 X ( 1 +EIT) | | $ - | | | | |
| 33 | Amortization Expense for Abandoned Plant | (Line 11 of page 2) | | - | | | | |
| 34 | Total Recovery for Abandoned Plant | (sum line 32 thru line 33) | | | | $ - | | |
| 35 | TOTAL GROSS REV. REQ. FOR INCENTIVE PROJ. | (sum line 25 , 29 & 34) | | | | | | $ - |

**Unredacted Pursuant to Commission Order**

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2014

KANSAS CITY POWER & LIGHT COMPANY. (KCP&L)
(KCP&L)

General Note: References to pages in this formula rate are indicated as: (page#, line#, col.#).
References to data from FERC Form 1 are indicated as: page#.line#.col

| Note Letter | |
|---|---|
| **A** | Reserved for future use. |
| **B** | Includes only Transmission plant. |
| **C** | Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 2, line 7, col. 7. Prepayments are the electric related prepayments booked to Account No. 165 and reported on FERC Form 1, p. 111, ln. 57.c. |
| **D** | Expenses recorded in Account 565, Transmission of Electricity by Others, are not recoverable through the formula rate. |
| **E** | Lease and joint facilities charges included on line 6, page 2 of 5, are those costs attributable to transmission facilities. |
| **F** | Transmission O&M on this line does not include any SPP charges for Schedule 1-A of the SPP OATT. |
| **G** | Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template. |
| **H** | The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "percentage of federal income tax deductible for state income tax purposes". Furthermore, a utility that elected to utilize amortization of tax credits against taxable income rather than book tax credits to Account 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 2, line 21). When FIT or SIT statutory tax rate changes take effect on other than a calendar year basis, the statutory rates to be used in the formula rate template shall be weighted averages for the calendar year determined by weighting the statutory tax rates by the number days each such tax rate was in effect during the calendar year for which the costs are being determined. KCMO Earnings Tax is not included in the calculation of the Composite State Income Tax Rate. |

Inputs Required:

| | | | |
|---|---|---|---|
| FIT = | 35.00% | Federal Income Tax Rate |
| SIT= | 6.58% | Composite State Income Tax Rate or Composite SIT |
| p = | 32.80% | Percentage of federal income tax deductible for state income tax purposes |

The Composite State Income Tax Rate reflects the effective rate for each tax jurisdiction, as well as the Composite Portion of FIT Deduction in State Returns:

| | Apportionment Factor | Rate | Effective Rate | % of FIT Deductible | Portion of Fed Tax Deductible = p |
|---|---|---|---|---|---|
| Missouri | 65.60% | 6.25% | 4.1001% | 50.00% | 32.8005% |
| Kansas | 35.47% | 7.00% | 2.4829% | 0.00% | 0.0000% |
| KS City | 0.00% | 1.00% | 0.0000% | 0.00% | 0.0000% |
| Composite State Income Tax Rate | | | 6.5830% | | |
| Composite Portion of FIT Deduction for State Returns | | | | | 32.8005% |

| | |
|---|---|
| **I** | Removes transmission plant determined by Commission order to be excluded from RTO transmission rate base under Docket No. EL08-89-000 (to the extent FERC Form 1 balances are not adjusted). |
| **J** | Unless otherwise specified, OATT refers to the KCP&L and SPP OATTs. |
| **K** | Removes generator step-up facilities determined by Commission order to be excluded from RTO transmission rate base under Docket No. EL08-89-000 (to the extent FERC Form 1 balances are not adjusted). |
| **L** | Reserved for future use. |
| **M** | If the transmission related component of property tax is specifically identified in Form 1, then a TP allocator shall be used. Property tax shall be allocated to transmission by the GP allocator if transmission related property tax is not specifically identified in the Form 1. |
| **N** | Beginning in 2009, included in page 256 notes of the FERC Form 1, the long term interest expense and preferred dividends and a 13-month average balance for long-term debt, preferred stock and common equity of Great Plains Energy will be provided. This information will be the reference for the capital structure and weighted cost of long term debt and preferred stock. |
| **O** | The Noncontrolling Interest represents a third party's 50% investment in one of GPE's consolidated subsidiaries reported on the consolidated balance sheet's equity section separate from the parent's equity, as required by generally accepted accounting principles effective January 1, 2009. |
| **P** | The approved ROE is 11.1%. No change in ROE may be made absent a filing with FERC. Any incentive ROEs approved by the Commission are shown by project in Worksheet A-9. |
| **Q** | The current depreciation rates used to calculate depreciation expense and accumulated depreciation balances are shown in worksheet A-5. |
| **R** | The Post-Employment Benefits Other than Pensions (PBOP) expense projected for FY 2010 set forth below will be used in lieu of the actual PBOP in 2009 and subsequent years absent a filing with FERC that alters the amount. Post-Employment Benefits Other than Pensions $8,598,615 |
| **S** | The Unamortized Abandoned Transmission Plant can only be included in rate base if authorized by the Commission. |
| **T** | CWIP balances only included as authorized by the Commission. Regulatory liability offsets AFUDC accrual where CWIP is not included in state-regulated rate base. |
| **U** | Reserved for future use. |

**ALLOCATION FACTORS**

| Line No. | Allocators | Description | Location of Calculation or First Use of Allocator |
|---|---|---|---|
| 1 | **TP** | Percentage of transmission plant included in rate base. | Page 3, line 5, col 6 |
| 2 | **W/S** | Percentage of transmission labor included in rates | Page 4, line 5a, col 7 |
| 3 | **DA** | Direct assignment | First used on page 1, line 2, col 6 |
| 4 | **GP** | Ratio of allocated transmission, general, & intangible plant to total gross plant. | Page 3, line 11, col 6 |
| 5 | **NA** | Not applicable for the transmission formula rate. | First used on page 2, line 16, col 6 |
| 6 | **NP** | Ratio of net transmission, general, & intangible plant to total net plant. | Page 3, line 23, col 6 |

**Unredacted Pursuant to Commission Order**

EXHIBIT JAK-16

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

| Line No. | (1) RATE BASE: | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | Allocator | (6) | (7) Transmission (Col 5 times Col 6) |
|---|---|---|---|---|---|---|---|---|
| | PLANT IN SERVICE | | | | | | | |
| 1 | Production | 205.46.g | $ 3,221,663,445 | $ 3,498,015,228 | $ 6,719,678,673 | | | $ - |
| 2 | Transmission | 207.58.g | 1,101,136,422 | 894,268,612 | 1,995,405,034 | TP | 0.99963 | 1,994,671,079 |
| 3 | Distribution | 207.75.g | 1,221,729,687 | 978,018,197 | 2,199,747,884 | | | - |
| 4 | General | 207.99.g | 202,161,676 | 111,053,753 | 313,215,429 | W/S | 0.04409 | 13,810,710 |
| 4a | Intangible | 205.5g | 85,598,394 | 29,670,762 | 115,269,156 | W/S | 0.04409 | 5,082,600 |
| 5 | Common | 356.1 | - | - | - | W/S | 0.04409 | - |
| 6 | TOTAL GROSS PLANT | (sum lines 1-5) | $ 5,832,289,624 | $ 5,511,026,552 | $ 11,343,316,176 | | | $ 2,013,564,389 |
| | ACCUMULATED DEPRECIATION | (Note Q) | | | | | | |
| 7 | Production | 219.20-24.c | $ 1,034,150,934 | $ 1,216,729,530 | $ 2,250,880,464 | | | $ - |
| 8 | Transmission | 219.25c | 288,717,157 | 238,620,354 | 527,337,511 | TP | 0.99963 | 527,143,544 |
| 9 | Distribution | 219.26c | 384,446,910 | 307,998,327 | 692,445,237 | | | - |
| 10 | General | 219.28.c | 98,313,506 | 65,308,633 | 163,622,139 | W/S | 0.04409 | 7,214,644 |
| 10a | Intangible | Workpaper | 30,885,972 | 17,672,370 | 48,558,342 | W/S | 0.04409 | 2,141,099 |
| 11 | Common | 356.1 | - | - | - | W/S | 0.04409 | - |
| 12 | TOTAL ACCUM. DEPRECIATION | (sum lines 7-11) | $ 1,836,514,479 | $ 1,846,329,214 | $ 3,682,843,693 | | | $ 536,499,287 |
| | NET PLANT IN SERVICE | | | | | | | |
| 13 | Production | (line 1 less line 7) | $ 2,187,512,511 | $ 2,281,285,698 | $ 4,468,798,209 | | | $ - |
| 14 | Transmission | (line 2 less line 8) | 812,419,265 | 655,648,258 | 1,468,067,523 | | | 1,467,527,534 |
| 15 | Distribution | (line 3 less line 9) | 837,282,777 | 670,019,870 | 1,507,302,647 | | | - |
| 16 | General | (line 4 less line 10) | 103,848,170 | 45,745,120 | 149,593,290 | | | 6,596,066 |
| 16a | Intangible | (line 4a less line 10a) | 54,712,422 | 11,998,392 | 66,710,814 | | | 2,941,502 |
| 17 | Common | (line 5 less line 11) | - | - | - | | | - |
| 18 | TOTAL NET PLANT | (sum lines 13-17) | $ 3,995,775,145 | $ 3,664,697,338 | $ 7,660,472,483 | | | $ 1,477,065,102 |
| | ADJUSTMENTS TO RATE BASE | | | | | | | |
| 19 | Accumulated Deferred Income Taxes | (Wkshts. A-5 & A-7, p. 1, Subtotal, To | $ (172,468,643) | $ (120,515,692) | $ (292,984,335) | DA | 1.00000 | $ (292,984,335) |
| 19a | Unamortized Extraordinary Property Loss | Account 182.1 (Note S) | - | - | - | TE | 0.89832 | - |
| 19b | Transmission Storm Damage Reserve | Account 228.1 (Note S) | 911,784 | 663,555 | 1,575,338 | TE | 0.89832 | 1,415,161 |
| 20 | TOTAL ADJUSTMENTS | (line 19 + line 19a - line 19b) | $ (173,380,426) | $ (121,179,247) | $ (294,559,673) | | | $ (294,399,495) |
| 21 | LAND HELD FOR FUTURE USE | 214.x.d (Note B) | $ - | $ - | $ - | TP | 0.99963 | $ - |
| | WORKING CAPITAL | | | | | | | |
| 22 | CWC | calculated (Note C) | | | | | | $ 3,258,872 |
| 23 | Materials & Supplies | 227.8.c (Note B) | $ 18,835,923 | $ 11,035,772 | 29,871,695 | TP | 0.99963 | 29,860,708 |
| 23a | Stores Expense | 227.16.c (Note B) | 361,143 | 473,679 | 834,822 | W/S | 0.04409 | 36,810 |
| 24 | Prepayments (Account 165) | 111.57.c (Note C) | 11,055,534 | 5,622,081 | 16,677,615 | GP | 0.17751 | 2,960,462 |
| 25 | TOTAL WORKING CAPITAL | (sum lines 23 - 24) | $ 30,252,600 | $ 17,131,532 | $ 47,384,132 | | | $ 36,116,851 |
| 26 | Rate Base | (sum lines 18, 20, 21, & 25) | | | | | | $ 1,218,782,458 |



Unredacted Pursuant to Commission Order

Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | Allocator | (6) | (7) Transmission (Col 5 times Col 6) |
|---|---|---|---|---|---|---|---|---|
| | **O&M** | | | | | | | |
| 1 | Transmission (Note D) | (Worksheet A-4 & Worksheet A-6) | $ 14,509,545 | $ 10,819,923 | $ 25,329,469 | | 1.00000 | $ 25,329,469 |
| 2 | Less Account 561 | 321.84.b thru 321.92.b | 2,002,204 | 564,882 | 2,567,086 | | 1.00000 | 2,567,086 |
| 2a | Less Account 565 (Note E) | 321.96.b | 3,549,713 | 3,531,068 | 7,080,781 | | 1.00000 | 7,080,781 |
| 3 | A&G | 323.197.b | 113,539,063 | 106,387,179 | 219,926,242 | W/S | 0.04409 | 9,697,279 |
| 3a | Less: Actual PBOP | (Note R) | 724,217 | 437,691 | 1,161,908 | W/S | 0.04409 | 51,232 |
| 4 | Plus: PBOP adder | (Note R) | 9,697,558 | 6,642,051 | 16,339,609 | W/S | 0.04409 | 720,468 |
| 5 | Less FERC Annual Fees | Included as part of line 6b | - | - | - | W/S | 0.04409 | - |
| 6 | Less EPRI | 335 (Note F) | 50,000 | 710,040 | 760,040 | W/S | 0.04409 | 33,513 |
| 6a | Less Total Advertising Costs | 323.191(b) (Note F) | 1,598,849 | 36,753 | 1,635,602 | W/S | 0.04409 | 72,119 |
| 6b | Less Total Regulatory Commission Expenses | 323.189(b) (Note F) | 2,267,221 | 1,357,629 | 3,624,850 | W/S | 0.04409 | 159,832 |
| 7 | Plus Transmission Related Reg. Comm. Exp. | 351.h (Note F) | 288,500 | 32,458 | 320,958 | TE | 0.89832 | 288,324 |
| 8 | Plus Safety Advertising | (Note F) | - | - | - | W/S | 0.04409 | - |
| 9 | Common | 356.1 | - | - | - | CE | 0.04409 | - |
| 10 | Transmission Lease Payments | | - | - | - | | 1.00000 | - |
| 11 | TOTAL O&M | (sum lines 1, 3, 4, 7-10 less lines 2, 2 | $ 127,842,462 | $ 117,243,548 | $ 245,086,011 | | | $ 26,070,976 |
| | **DEPRECIATION EXPENSE** | | | | | | | |
| 12 | Transmission | 336.7.f or Worksheet A-8 | $ 29,365,620 | $ 22,031,920 | $ 51,397,540 | TP | 0.99963 | $ 51,378,635 |
| 13 | General | 336.10.f | 7,346,766 | 4,608,233 | 11,954,999 | W/S | 0.04409 | 527,136 |
| 13a | Intangible | 336.1f | 11,590,770 | 2,338,768 | 13,929,538 | W/S | 0.04409 | 614,200 |
| 14 | Common | 336.11.b | - | - | - | CE | 0.04409 | - |
| 14a | Amortization of Property Loss | Acct. 407-Unrecovered Plant and Regulatory Study Costs (Note S) | - | - | - | TE | 0.89832 | - |
| 15 | TOTAL DEPRECIATION | (Sum lines 12-14a) | $ 48,303,156 | $ 28,978,921 | $ 77,282,077 | | | $ 52,519,970 |
| | **TAXES OTHER THAN INCOME TAXES (Note G)** | | | | | | | |
| | LABOR RELATED | | | | | | | |
| 16 | Payroll | 263.i | $ 11,969,570 | $ 2,472,183 | $ 14,441,753 | W/S | 0.04409 | $ 636,785 |
| 17 | Highway and vehicle | 263.i | - | - | - | W/S | 0.04409 | - |
| | PLANT RELATED | | | | | | | |
| 18 | Property (Note P) | 263.i | 97,701,225 | 43,072,576 | 140,773,801 | GP | 0.17751 | 24,988,910 |
| 19 | Gross Receipts | 263.i | - | - | - | NA | 0.00000 | - |
| 20 | Other | 263.i | 20,265 | 265 | 20,530 | GP | 0.17751 | 3,644 |
| 21 | Payments in lieu of taxes | | - | - | - | GP | 0.17751 | - |
| 22 | TOTAL OTHER TAXES | (sum lines 16 - 22) | $ 109,691,060 | $ 45,545,024 | $ 155,236,084 | | | $ 25,629,340 |
| | **INCOME TAXES** | (Note H) | | | | | | |
| 23 | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | | | 39.55% | | | |
| 24 | CIT=(T/1-T) * (1-(WCLTD/R)) = | | | | 45.44% | | | |
| | where WCLTD=(page 5, line 21) and R= (page 5, line 24) | | | | | | | |
| | and FIT, SIT & p are as given in Note H. | | | | | | | |
| 25 | 1 / (1 - T) = (from line 23) | | | | 1.654260 | | | |
| 26 | Amortized Investment Tax Credit (266.8f) (enter negative) | | $ (1,240,527) | $ (1,638,853) | $ (2,879,380) | | | |
| 27 | Income Tax Calculation = line 24 * line 30 | | | | | NA | | $ 43,983,155 |
| 28 | ITC adjustment | (line 25 * line 26) | | | $ (4,763,242) | NP | 0.19282 | (918,431) |
| 29 | Total Income Taxes | (line 27 plus line 28) | | | | | | $ 43,064,724 |
| 30 | **RETURN** | | | | | NA | | $ 96,795,484 |
| | [ Rate Base (page 2, line 16) * Rate of Return (page 4, line 24) plus Incentive Return (page 4, line 28)] | | | | | | | |
| 31 | Interest on Network Credits | | | | $ - | DA | 1.00000 | $ - |
| 32 | **GROSS REV. REQUIREMENT** | (sum lines 11,15, 22, 29, 30 & 31) | | | $ 477,604,172 | | | $ 244,080,494 |

**Unredacted Pursuant to Commission Order**

Unredacted Pursuant to Commission Order

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

SUPPORTING CALCULATIONS

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | Allocator | (6) | | (7) Transmission (Col 5 times Col 6) |
|---|---|---|---|---|---|---|---|---|---|
| | **TRANSMISSION PLANT INCLUDED IN FORMULA** | | | | | | | | |
| 1 | Total transmission plant | (page 3, Line 13, col. 5) | $ 1,101,136,422 | $ 894,268,612 | $ 1,995,405,034 | | | | $ 1,995,405,034 |
| 2 | Less transmission plant excluded from ISO rates | (Note I) | 667,180 | 66,775 | 733,955 | | | | 733,955 |
| 3 | Less transmission plant included in OATT Anc. Srv | (Notes J&K) | - | - | - | | | | - |
| 4 | Transmission plant included in rates | (line 1 less lines 2 & 3) | $ 1,100,469,242 | $ 894,201,837 | $ 1,994,671,079 | | | | $ 1,994,671,079 |
| 5 | Percentage of transmission plant included in rates | (line 4 divided by line 1) | | | | | | TP= | 0.99963 |
| | **TRANSMISSION EXPENSES** | | | | | | | | |
| 6 | Transmission expenses | (Page 2, line 1, col. 7) | | | | | | | $ 25,329,469 |
| 7 | Less transmission other expenses included in Anc. | (Note L) (Page 2, line 2, col 7) | | | | | | | 2,567,086 |
| 8 | Included transmission expenses (line 6 less line 7) | | | | | | | | $ 22,762,383 |
| 9 | Percentage of transmission expenses after adjustment (line 8 divided by line 6) | | | | | | | | 0.89865 |
| 10 | Percentage of transmission plant included in ISO Rates (line 5) | | | | | | | TP= | 0.99963 |
| 11 | Percentage of transmission expenses included in rates (line 9 times line 10) | | | | | | | TE= | 0.89832 |
| | **GROSS AND NET PLANT ALLOCATORS** | | | | | | | | |
| | GROSS PLANT IN SERVICE (ACTUAL HISTORICAL COST) | | | | | | | | |
| 12 | Production | (page 1, line 1) | $ 3,221,663,445 | $ 3,498,015,228 | $ 6,719,678,673 | NA | | | |
| 13 | Transmission | (page 1, line 2) | 1,101,136,422 | 894,268,612 | 1,995,405,034 | TP | 0.99963 | | $ 1,994,671,079 |
| 14 | Distribution | (page 1, line 3) | 1,221,729,687 | 978,018,197 | 2,199,747,884 | NA | | | |
| 15 | General & Intangible | (page 1, line 4) | 287,760,070 | 140,724,515 | 428,484,585 | W/S | 0.04409 | | $ 18,893,310 |
| 16 | Common | (page 1, line 5) | - | - | - | CE | 0.04409 | | - |
| 17 | TOTAL GROSS PLANT | (sum lines 12-16) | $ 5,832,289,624 | $ 5,511,026,552 | $ 11,343,316,176 | GP = | 17.751% | | $ 2,013,564,389 |
| | ACCUMULATED DEPRECIATION (ACTUAL HISTORICAL COST) (Note Q) | | | | | | | | |
| 18 | Production | (page 1, line 7) | $ 1,034,150,934 | $ 1,216,729,530 | $ 2,250,880,464 | NA | | | |
| 19 | Transmission | (page 1, line 8) | 288,717,157 | 238,620,354 | 527,337,511 | TP | 0.99963 | | $ 527,143,544 |
| 20 | Distribution | (page 1, line 9) | 384,446,910 | 307,998,327 | 692,445,237 | NA | | | |
| 21 | General & Intangible | (page 1, line 10) | 129,199,478 | 82,981,003 | 212,180,481 | W/S | 0.04409 | | $ 9,355,743 |
| 22 | Common | (page 1, line 11) | - | - | - | CE | 0.04409 | | - |
| 23 | TOTAL ACCUM. DEPRECIATION | (sum lines 12-16) | $ 1,836,514,479 | $ 1,846,329,214 | $ 3,682,843,693 | | | | $ 536,499,287 |
| | NET PLANT IN SERVICE (ACTUAL HISTORICAL COST) | | | | | | | | |
| 24 | Production | (line 12 less line 18) | $ 2,187,512,511 | $ 2,281,285,698 | $ 4,468,798,209 | | | | |
| 25 | Transmission | (line 13 less line 19) | 812,419,265 | 655,648,258 | 1,468,067,523 | | | | $ 1,467,527,534 |
| 26 | Distribution | (line 14 less line 20) | 837,282,777 | 670,019,870 | 1,507,302,647 | | | | |
| 27 | General & Intangible | (line 15 less line 21) | 158,560,592 | 57,743,512 | 216,304,104 | | | | $ 9,537,567 |
| 28 | Common | (line 16 less line 22) | - | - | - | | | | - |
| 29 | TOTAL NET PLANT | (sum lines 24-28) | $ 3,995,775,145 | $ 3,664,697,338 | $ 7,660,472,483 | NP = | 19.282% | | $ 1,477,065,102 |

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

**SUPPORTING CALCULATIONS**

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | | (6) Allocator | | (7) Transmission (Col 5 times Col 6) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **WAGES & SALARY ALLOCATOR (W&S)** | | | | | | | | | | |
| | | | $ | $ | $ | TP | Allocation | | | | |
| 1 | Production | (Worksheet A-10) | $ 34,526,485 | $ 70,956,951 | $ 105,483,436 | 0.00000 | 0 | | | | |
| 2 | Transmission | (Worksheet A-10) | 3,891,218 | 3,033,584 | 6,924,802 | 0.99963 | 6,922,255 | | | | |
| 3 | Distribution | (Worksheet A-10) | 14,735,660 | 12,139,412 | 26,875,072 | 0.00000 | 0 | | W&S Allocator | | |
| 4 | Other | (Worksheet A-10) | 10,189,140 | 7,518,543 | 17,707,683 | 0.00000 | 0 | | ($ / Allocation) | | |
| 5 | Total (sum lines 1-4) | | $ 63,342,503 | $ 93,648,490 | $ 156,990,993 | | 6,922,255 | = | 0.04409 | = | WS |
| | **COMMON PLANT ALLOCATOR (CE) (Note M)** | | | | | | | | | | |
| | | | | | $ | | % Electric (line 17 / line 20) | | W&S Allocator (line 16) | | CE |
| 6 | Electric | 200.3.c | $ 5,422,661,578 | $ 4,233,861,857 | $ 9,656,523,435 | | 1.00000 | * | 0.04409 | = | 0.04409 |
| 7 | Gas | 200.3.d | - | - | - | | | | | | |
| 8 | Water | 200.3.e | - | - | - | | | | | | |
| 9 | Total (sum lines 6 - 8) | | $ 5,422,661,578 | $ 4,233,861,857 | $ 9,656,523,435 | | | | | | |
| | **RETURN (R)** | | | | | | | | $ | | |
| 10 | Interest on Long-Term Debt | 117.62.c | $ 101,751,759 | $ 54,418,904 | $ 156,170,663 | | | | | | |
| 11 | Amort. of Debt Disc. and Expense | 117.63.c | 3,677,779 | 689,274 | 4,367,053 | | | | | | |
| 12 | Amortization of Loss on Reacquired Debt | 117.64.c | 4,251,665 | 878,798 | 5,130,463 | | | | | | |
| 13 | Less: Amort. of Premium on Debt-Credit | 117.65.c | - | - | - | | | | | | |
| 14 | Less: Amort. of Gain on Reacquired Debt-Credit | 117.66.c | - | - | - | | | | | | |
| 15 | Long Term Interest (sum of lines 10 - 12 less 13 and 14) | | $ 109,681,203 | $ 55,986,976 | $ 165,668,179 | | | | $ 165,668,179 | | |
| 16 | | Preferred Dividends (118.29c) (positive number) | | $ - | $ - | | | | $ - | | |
| | Development of Common Stock: | | | | | | | | | | |
| 17 | | Proprietary Capital (112.16.c)(WEN F | $ 3,656,721,445 | | $ 3,656,721,445 | | | | $ 3,656,721,445 | | |
| 18 | | Less Preferred Stock (line 28) | | | | | | | - | | |
| 19 | | Less Account 216.1 (112.12.c) (Note N) | | | | | | | - | | |
| 20 | | Common Stock | (sum of lines 17 - 19) | | | | | | $ 3,656,721,445 | | |
| | | | WEN | WES | $ | % | Cost (Note O) | | Weighted | | |
| 21 | Long Term Debt (112, sum of 18.c., 19c and 21.c) | | $ 2,230,500,000 | $ 971,440,000 | $ 3,201,940,000 | 46.68% | 0.0517 | | 0.0242 | =WCLTD | |
| 22 | Preferred Stock (112.3.c)(WEN Only) | | - | - | - | 0.00% | - | | 0.0000 | | |
| 23 | Common Stock (line 26)(WEN Only) | | 3,656,721,445 | - | 3,656,721,445 | 53.32% | 0.1030 | | 0.0549 | | |
| 24 | Total (sum lines 21-23) | | | | $ 6,858,661,445 | 100.00% | | | 0.0791 | =R | |
| | **Incentive Return** | | | | | | | | | | |
| 25 | Total Incentive Plant | (Worksheet A-11) | | | $ 194,004,544 | | | | | | |
| 26 | Less: Total Accumulated Depreciation | (Worksheet A-11) | | | 79,579,334 | | | | | | |
| 27 | Net Incentive Plant | (line 25 less line 26) | | | $ 114,425,210 | | | | | | |
| 28 | Incentive Return | (Worksheet A-11) | | | | | $ 427,044 | | | | |

**Unredacted Pursuant to Commission Order**

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

**NOTES**

General Note: References to pages in this formula rate are indicated as: (page#, line#, col.#).
References to data from FERC Form 1 are indicated as: page#.line#.col

Letter

A Reserved for future use.

B Identified in Form 1 as being only transmission related.

C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 2, line 11, col. 7.
Prepayments are the electric related prepayments booked to Account No. 165 and reported on FERC Form 1, p. 111, ln. 57.c.

D Transmission O&M expense does not include any SPP charges for Schedule 1-A of the SPP OATT.

E Transmission By Others, Account 565 includes only costs associated with transmission facilities which are assigned to the Westar pricing zone by SPP.

F Industry Association Dues are capped at $1,000,000. Line 6 - EPRI Annual Membership Dues listed in Form 1 at p. 335,
Line 6a Remove all Advertising expenses in Account 930.1.
Line 6b Remove all Regulatory Commission Expenses itemized at 351.h.
Line 6c - Add in wholesale Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
Line 6d Add in Safety related advertising that are in Account 930.1.

G Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.

H The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p ="the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduc rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 28). When FIT or SIT statutory tax rate changes take effect on other than a calendar year basis, th rates to be used in the formula rate template shall be weighted averages for the calendar year determined by weighting the statutory tax rates by the number days each such tax rate was in effect during the calendar year for which the costs are being det

| Inputs Required: | | | |
|---|---|---|---|
| | FIT = | 35.00% | |
| | SIT= | 7.00% | (State Income Tax Rate or Composite SIT) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |

I Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until FERC Form 1 balances are adjusted to reflect application of seven-factor test).

J Unless otherwise specified, OATT refers to the Westar and SPP OATTs.

K Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities ar facilities at a generator substation on which there is no through-flow when the generator is shut down.

L Removes dollar amount of transmission expenses included in the OATT ancillary services rates. Costs related to Ancillary 1, Scheduling and Control, Acct 561 is shown on Actual Gross Rev, page 2, line 2.

M Enter dollar amounts

N For Account 216.1, enter zero if the actual balance is negative

O Debt cost rate = long-term interest (line 15) / long term debt (line 21). Preferred cost rate = preferred dividends (line 16) / preferred stock (line 22).
The approved ROE is 11.3%, no change in ROE may be made absent a filing with FERC. Any incentive ROEs approved by the Commission are shown by project in Worksheet A-11.

P If the transmission related component of property tax is specifically identified in Form 1, then a TP allocator shall be used. Property tax shall be allocated to transmission by the GP allocator if transmission related property tax is not specifically identified in

Q The initial depreciation rates below will be used to calculate depreciation expense and accumulated depreciation balances absent an appropriate filing with FERC.

| | | Depreciation Rate | | |
|---|---|---|---|---|
| | | Non-incentive Plant | Wichita-to-Reno-to-Summit | Future Incentive Project |
| | FERC Account Number | | | |
| 60.00 | 350 Land and Land Rights | | | |
| | 351 (reserved) | | | |
| | 352 Structures and Improvements | 2.68 | 6.67 | - |
| | 353 Station Equipment | 1.54 | 6.67 | - |
| | 354 Towers and Fixtures | 3.51 | 6.67 | - |
| | 355 Poles and Fixtures | 3.19 | 6.67 | - |
| | 356 Overheard Conductors and Devices | 2.05 | 6.67 | - |
| | 357 Underground Conduit | 1.50 | 6.67 | - |
| | 358 Underground Conductors and Devices | 2.10 | 6.67 | - |
| | 359 Roads and Trails | 1.56 | 6.67 | - |

The incentive depreciation rates will be applied to assets recorded in the Wichita-to-Reno-to-Summit location code in WES's

R The initial Post-Employment Benefits Other than Pensions (PBOP) expense set forth below will be used in lieu of the actual PBOP expense incurred in the year absent an appropriate filing with FERC.

| | WEN | WES | TOTAL |
|---|---|---|---|
| Post-Employment Benefits Other than Pensions | $ 9,697,558 | $ 6,642,051 | $ 16,339,609 |

S Page 1 line 19a is the unamortized balance related to the recovery of transmission expense for the December 2007 ice storm booked in Account 182.3. Accrued transmission expenses for the December 2007 ice storm shall be amortized in the transmission O&M accounts over 36 months beginning June 1, 2008. The total amount to be amortized in the transmission O&M accounts shall be $6,647,679, developed as follows:

| | WEN | WES | Total |
|---|---|---|---|
| Total transmission expenses accrued for the December 2007 ice storm | $ 6,758,037 | $ - | $ 6,758,037 |
| Less total transmission storm damage reserve as of December 2007 | 110,358 | 147,615 | 257,973 |
| Total transmission expense to be amortized | $ 6,647,679 | $ (147,615) | $ 6,500,064 |

* All future accruals of transmission storm damage reserves will be subtracted from rate base until they are applied to offset the December 2007 ice storm damage expenses.

EXHIBIT JAK-17

Unredacted Pursuant to Commission Order

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)
Adjusted for Assumption of Debt by Great Plains Energy

| Line No. | (1) RATE BASE: | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | Allocator | (6) | (7) Transmission (Col 5 times Col 6) |
|---|---|---|---|---|---|---|---|---|
| | PLANT IN SERVICE | | | | | | | |
| 1 | Production | 205.46.g | $ 3,221,663,445 | $ 3,498,015,228 | $ 6,719,678,673 | | | $ - |
| 2 | Transmission | 207.58.g | 1,101,136,422 | 894,268,612 | 1,995,405,034 | TP | 0.99963 | 1,994,671,079 |
| 3 | Distribution | 207.75.g | 1,221,729,687 | 978,018,197 | 2,199,747,884 | | | - |
| 4 | General | 207.99.g | 202,161,676 | 111,053,753 | 313,215,429 | W/S | 0.04409 | 13,810,710 |
| 4a | Intangible | 205.5g | 85,598,394 | 29,670,762 | 115,269,156 | W/S | 0.04409 | 5,082,600 |
| 5 | Common | 356.1 | - | - | - | W/S | 0.04409 | - |
| 6 | TOTAL GROSS PLANT | (sum lines 1-5) | $ 5,832,289,624 | $ 5,511,026,552 | $ 11,343,316,176 | | | $ 2,013,564,389 |
| | ACCUMULATED DEPRECIATION | (Note Q) | | | | | | |
| 7 | Production | 219.20-24.c | $ 1,034,150,934 | $ 1,216,729,530 | $ 2,250,880,464 | | | $ - |
| 8 | Transmission | 219.25c | 288,717,157 | 238,620,354 | 527,337,511 | TP | 0.99963 | 527,143,544 |
| 9 | Distribution | 219.26c | 384,446,910 | 307,998,327 | 692,445,237 | | | - |
| 10 | General | 219.28.c | 98,313,506 | 65,308,633 | 163,622,139 | W/S | 0.04409 | 7,214,644 |
| 10a | Intangible | Workpaper | 30,885,972 | 17,672,370 | 48,558,342 | W/S | 0.04409 | 2,141,099 |
| 11 | Common | 356.1 | - | - | - | W/S | 0.04409 | - |
| 12 | TOTAL ACCUM. DEPRECIATION | (sum lines 7-11) | $ 1,836,514,479 | $ 1,846,329,214 | $ 3,682,843,693 | | | $ 536,499,287 |
| | NET PLANT IN SERVICE | | | | | | | |
| 13 | Production | (line 1 less line 7) | $ 2,187,512,511 | $ 2,281,285,698 | $ 4,468,798,209 | | | $ - |
| 14 | Transmission | (line 2 less line 8) | 812,419,265 | 655,648,258 | 1,468,067,523 | | | 1,467,527,534 |
| 15 | Distribution | (line 3 less line 9) | 837,282,777 | 670,019,870 | 1,507,302,647 | | | - |
| 16 | General | (line 4 less line 10) | 103,848,170 | 45,745,120 | 149,593,290 | | | 6,596,066 |
| 16a | Intangible | (line 4a less line 10a) | 54,712,422 | 11,998,392 | 66,710,814 | | | 2,941,502 |
| 17 | Common | (line 5 less line 11) | - | - | - | | | - |
| 18 | TOTAL NET PLANT | (sum lines 13-17) | $ 3,995,775,145 | $ 3,664,697,338 | $ 7,660,472,483 | | | $ 1,477,065,102 |
| | ADJUSTMENTS TO RATE BASE | | | | | | | |
| 19 | Accumulated Deferred Income Taxes | (Wkshts. A-5 & A-7, p. 1, Subtotal, Tc | $ (172,468,643) | $ (120,515,692) | $ (292,984,335) | DA | 1.00000 | $ (292,984,335) |
| 19a | Unamortized Extraordinary Property Loss | Account 182.1 (Note S) | - | - | - | TE | 0.89832 | - |
| 19b | Transmission Storm Damage Reserve | Account 228.1 (Note S) | 911,784 | 663,555 | 1,575,338 | TE | 0.89832 | 1,415,161 |
| 20 | TOTAL ADJUSTMENTS | (line 19 + line 19a - line 19b) | $ (173,380,426) | $ (121,179,247) | $ (294,559,673) | | | $ (294,399,495) |
| 21 | LAND HELD FOR FUTURE USE | 214.x.d (Note B) | $ - | $ - | $ - | TP | 0.99963 | $ - |
| | WORKING CAPITAL | | | | | | | |
| 22 | CWC | calculated (Note C) | | | | | | $ 3,258,872 |
| 23 | Materials & Supplies | 227.8.c (Note B) | $ 18,835,923 | $ 11,035,772 | 29,871,695 | TP | 0.99963 | 29,860,708 |
| 23a | Stores Expense | 227.16.c (Note B) | 361,143 | 473,679 | 834,822 | W/S | 0.04409 | 36,810 |
| 24 | Prepayments (Account 165) | 111.57.c (Note C) | 11,055,534 | 5,622,081 | 16,677,615 | GP | 0.17751 | 2,960,462 |
| 25 | TOTAL WORKING CAPITAL | (sum lines 23 - 24) | $ 30,252,600 | $ 17,131,532 | $ 47,384,132 | | | $ 36,116,851 |
| 26 | Rate Base | (sum lines 18, 20, 21, & 25) | | | | | | $ 1,218,782,458 |

**Unredacted Pursuant to Commission Order**



Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

| | (1) | (2) | (3) | (4) | (5) | | (6) | (7) |
|---|---|---|---|---|---|---|---|---|
| Line No. | | Form No. 1 Page, Line, Col. | Westar Energy, Inc (WEN) | Kansas Gas and Electric Company (WES) | Company Total | Allocator | | Transmission (Col 5 times Col 6) |
| | **O&M** | | | | | | | |
| 1 | Transmission (Note D) | (Worksheet A-4 & Worksheet A-6) | $ 14,509,545 | $ 10,819,923 | $ 25,329,469 | | 1.00000 | $ 25,329,469 |
| 2 | Less Account 561 | 321.84.b thru 321.92.b | 2,002,204 | 564,882 | 2,567,086 | | 1.00000 | 2,567,086 |
| 2a | Less Account 565 (Note E) | 321.96.b | 3,549,713 | 3,531,068 | 7,080,781 | | 1.00000 | 7,080,781 |
| 3 | A&G | 323.197.b | 113,539,063 | 106,387,179 | 219,926,242 | W/S | 0.04409 | 9,697,279 |
| 3a | Less: Actual PBOP | (Note R) | 724,217 | 437,691 | 1,161,908 | W/S | 0.04409 | 51,232 |
| 4 | Plus: PBOP adder | (Note R) | 9,697,558 | 6,642,051 | 16,339,609 | W/S | 0.04409 | 720,468 |
| 5 | Less FERC Annual Fees | Included as part of line 6b | - | - | - | W/S | 0.04409 | - |
| 6 | Less EPRI | 335 (Note F) | 50,000 | 710,040 | 760,040 | W/S | 0.04409 | 33,513 |
| 6a | Less Total Advertising Costs | 323.191(b) (Note F) | 1,598,849 | 36,753 | 1,635,602 | W/S | 0.04409 | 72,119 |
| 6b | Less Total Regulatory Commission Expenses | 323.189(b) (Note F) | 2,267,221 | 1,357,629 | 3,624,850 | W/S | 0.04409 | 159,832 |
| 7 | Plus Transmission Related Reg. Comm. Exp. | 351.h (Note F) | 288,500 | 32,458 | 320,958 | TE | 0.89832 | 288,324 |
| 8 | Plus Safety Advertising | (Note F) | - | - | - | W/S | 0.04409 | - |
| 9 | Common | 356.1 | - | - | - | CE | 0.04409 | - |
| 10 | Transmission Lease Payments | | - | - | - | | 1.00000 | - |
| 11 | TOTAL O&M | (sum lines 1, 3, 4, 7-10 less lines 2, 2 | $ 127,842,462 | $ 117,243,548 | $ 245,086,011 | | | $ 26,070,976 |
| | **DEPRECIATION EXPENSE** | | | | | | | |
| 12 | Transmission | 336.7.f or Worksheet A-8 | $ 29,365,620 | $ 22,031,920 | $ 51,397,540 | TP | 0.99963 | $ 51,378,635 |
| 13 | General | 336.10.f | 7,346,766 | 4,608,233 | 11,954,999 | W/S | 0.04409 | 527,136 |
| 13a | Intangible | 336.1f | 11,590,770 | 2,338,768 | 13,929,538 | W/S | 0.04409 | 614,200 |
| 14 | Common | 336.11.b | - | - | - | CE | 0.04409 | - |
| 14a | Amortization of Property Loss | Acct. 407-Unrecovered Plant and Regulatory Study Costs (Note S) | - | - | - | TE | 0.89832 | - |
| 15 | TOTAL DEPRECIATION | (Sum lines 12-14a) | $ 48,303,156 | $ 28,978,921 | $ 77,282,077 | | | $ 52,519,970 |
| | **TAXES OTHER THAN INCOME TAXES (Note G)** | | | | | | | |
| | LABOR RELATED | | | | | | | |
| 16 | Payroll | 263.i | $ 11,969,570 | $ 2,472,183 | $ 14,441,753 | W/S | 0.04409 | $ 636,785 |
| 17 | Highway and vehicle | 263.i | - | - | - | W/S | 0.04409 | - |
| | PLANT RELATED | | | | | | | |
| 18 | Property (Note P) | 263.i | 97,701,225 | 43,072,576 | 140,773,801 | GP | 0.17751 | 24,988,910 |
| 19 | Gross Receipts | 263.i | - | - | - | NA | 0.00000 | - |
| 20 | Other | 263.i | 20,265 | 265 | 20,530 | GP | 0.17751 | 3,644 |
| 21 | Payments in lieu of taxes | | - | - | - | GP | 0.17751 | - |
| 22 | TOTAL OTHER TAXES | (sum lines 16 - 22) | $ 109,691,060 | $ 45,545,024 | $ 155,236,084 | | | $ 25,629,340 |
| | **INCOME TAXES** | (Note H) | | | | | | |
| 23 | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | | | 39.55% | | | |
| 24 | CIT=(T/1-T) * (1-(WCLTD/R)) = | | | | 65.43% | | | |
| | where WCLTD=(page 5, line 21) and R= (page 5, line 24) | | | | | | | |
| | and FIT, SIT & p are as given in Note H. | | | | | | | |
| 25 | 1 / (1 - T) = (from line 23) | | | | 1.654260 | | | |
| 26 | Amortized Investment Tax Credit (266.8f) (enter negative) | | $ (1,240,527) | $ (1,638,853) | $ (2,879,380) | | | |
| 27 | Income Tax Calculation = line 24 * line 30 | | | | | NA | | $ 82,656,274 |
| 28 | ITC adjustment | (line 25 * line 26) | | | $ (4,763,242) | NP | 0.19282 | (918,431) |
| 29 | Total Income Taxes | (line 27 plus line 28) | | | | | | $ 81,737,843 |
| 30 | **RETURN** | | | | | NA | | $ 126,335,570 |
| | [ Rate Base (page 2, line 16) * Rate of Return (page 4, line 24) plus Incentive Return (page 4, line 28)] | | | | | | | |
| 31 | Interest on Network Credits | | | | $ - | DA | 1.00000 | $ - |
| 32 | **GROSS REV. REQUIREMENT** | (sum lines 11,15, 22, 29, 30 & 31) | | | $ 477,604,172 | | | $ 312,293,698 |

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

SUPPORTING CALCULATIONS

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | Allocator | (6) | (7) Transmission (Col 5 times Col 6) |
|---|---|---|---|---|---|---|---|---|
| | **TRANSMISSION PLANT INCLUDED IN FORMULA** | | | | | | | |
| 1 | Total transmission plant | (page 3, Line 13, col. 5) | $ 1,101,136,422 | $ 894,268,612 | $ 1,995,405,034 | | | $ 1,995,405,034 |
| 2 | Less transmission plant excluded from ISO rates | (Note I) | 667,180 | 66,775 | 733,955 | | | 733,955 |
| 3 | Less transmission plant included in OATT Anc. Srv | (Notes J&K) | - | - | - | | | - |
| 4 | Transmission plant included in rates | (line 1 less lines 2 & 3) | $ 1,100,469,242 | $ 894,201,837 | $ 1,994,671,079 | | | $ 1,994,671,079 |
| 5 | Percentage of transmission plant included in rates | (line 4 divided by line 1) | | | | | TP= | 0.99963 |
| | **TRANSMISSION EXPENSES** | | | | | | | |
| 6 | Transmission expenses | (Page 2, line 1, col. 7) | | | | | | $ 25,329,469 |
| 7 | Less transmission other expenses included in Anc. | (Note L) (Page 2, line 2, col 7) | | | | | | 2,567,086 |
| 8 | Included transmission expenses (line 6 less line 7) | | | | | | | $ 22,762,383 |
| 9 | Percentage of transmission expenses after adjustment (line 8 divided by line 6) | | | | | | | 0.89865 |
| 10 | Percentage of transmission plant included in ISO Rates (line 5) | | | | | | TP= | 0.99963 |
| 11 | Percentage of transmission expenses included in rates (line 9 times line 10) | | | | | | TE= | 0.89832 |
| | **GROSS AND NET PLANT ALLOCATORS** | | | | | | | |
| | GROSS PLANT IN SERVICE (ACTUAL HISTORICAL COST) | | | | | | | |
| 12 | Production | (page 1, line 1) | $ 3,221,663,445 | $ 3,498,015,228 | $ 6,719,678,673 | NA | | |
| 13 | Transmission | (page 1, line 2) | 1,101,136,422 | 894,268,612 | 1,995,405,034 | TP | 0.99963 | $ 1,994,671,079 |
| 14 | Distribution | (page 1, line 3) | 1,221,729,687 | 978,018,197 | 2,199,747,884 | NA | | |
| 15 | General & Intangible | (page 1, line 4) | 287,760,070 | 140,724,515 | 428,484,585 | W/S | 0.04409 | $ 18,893,310 |
| 16 | Common | (page 1, line 5) | - | - | - | CE | 0.04409 | - |
| 17 | TOTAL GROSS PLANT | (sum lines 12-16) | $ 5,832,289,624 | $ 5,511,026,552 | $ 11,343,316,176 | GP = | 17.751% | $ 2,013,564,389 |
| | ACCUMULATED DEPRECIATION (ACTUAL HISTORICAL COST) (Note Q) | | | | | | | |
| 18 | Production | (page 1, line 7) | $ 1,034,150,934 | $ 1,216,729,530 | $ 2,250,880,464 | NA | | |
| 19 | Transmission | (page 1, line 8) | 288,717,157 | 238,620,354 | 527,337,511 | TP | 0.99963 | $ 527,143,544 |
| 20 | Distribution | (page 1, line 9) | 384,446,910 | 307,998,327 | 692,445,237 | NA | | |
| 21 | General & Intangible | (page 1, line 10) | 129,199,478 | 82,981,003 | 212,180,481 | W/S | 0.04409 | $ 9,355,743 |
| 22 | Common | (page 1, line 11) | - | - | - | CE | 0.04409 | - |
| 23 | TOTAL ACCUM. DEPRECIATION | (sum lines 12-16) | $ 1,836,514,479 | $ 1,846,329,214 | $ 3,682,843,693 | | | $ 536,499,287 |
| | NET PLANT IN SERVICE (ACTUAL HISTORICAL COST) | | | | | | | |
| 24 | Production | (line 12 less line 18) | $ 2,187,512,511 | $ 2,281,285,698 | $ 4,468,798,209 | | | |
| 25 | Transmission | (line 13 less line 19) | 812,419,265 | 655,648,258 | 1,468,067,523 | | | $ 1,467,527,534 |
| 26 | Distribution | (line 14 less line 20) | 837,282,777 | 670,019,870 | 1,507,302,647 | | | |
| 27 | General & Intangible | (line 15 less line 21) | 158,560,592 | 57,743,512 | 216,304,104 | | | $ 9,537,567 |
| 28 | Common | (line 16 less line 22) | - | - | - | | | - |
| 29 | TOTAL NET PLANT | (sum lines 24-28) | $ 3,995,775,145 | $ 3,664,697,338 | $ 7,660,472,483 | NP = | 19.282% | $ 1,477,065,102 |



Unredacted Pursuant to Commission Order

Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

**SUPPORTING CALCULATIONS**

| Line No. | (1) | (2) Form No. 1 Page, Line, Col. | (3) Westar Energy, Inc (WEN) | (4) Kansas Gas and Electric Company (WES) | (5) Company Total | | (6) Allocator | (7) Transmission (Col 5 times Col 6) | |
|---|---|---|---|---|---|---|---|---|---|
| | **WAGES & SALARY ALLOCATOR (W&S)** | | | | | | | | |
| | | | $ | $ | $ | TP | Allocation | | |
| 1 | Production | (Worksheet A-10) | $ 34,526,485 | $ 70,956,951 | $ 105,483,436 | 0.00000 | 0 | | |
| 2 | Transmission | (Worksheet A-10) | 3,891,218 | 3,033,584 | 6,924,802 | 0.99963 | 6,922,255 | | |
| 3 | Distribution | (Worksheet A-10) | 14,735,660 | 12,139,412 | 26,875,072 | 0.00000 | 0 | W&S Allocator | |
| 4 | Other | (Worksheet A-10) | 10,189,140 | 7,518,543 | 17,707,683 | 0.00000 | 0 | ($ / Allocation) | |
| 5 | Total (sum lines 1-4) | | $ 63,342,503 | $ 93,648,490 | $ 156,990,993 | | 6,922,255 = | 0.04409 = | WS |
| | **COMMON PLANT ALLOCATOR (CE) (Note M)** | | | | | | | | |
| | | | | | **$** | | % Electric (line 17 / line 20) | W&S Allocator (line 16) | CE |
| 6 | Electric | 200.3.c | $ 5,422,661,578 | $ 4,233,861,857 | $ 9,656,523,435 | | 1.00000 * | 0.04409 = | 0.04409 |
| 7 | Gas | 200.3.d | - | - | - | | | | |
| 8 | Water | 200.3.e | - | - | - | | | | |
| 9 | Total (sum lines 6 - 8) | | $ 5,422,661,578 | $ 4,233,861,857 | $ 9,656,523,435 | | | | |
| | **RETURN (R)** | | | | | | | $ | |
| 10 | Interest on Long-Term Debt | 117.62.c | $ 101,751,759 | $ 54,418,904 | $ 156,170,663 | | | | |
| 11 | Amort. of Debt Disc. and Expense | 117.63.c | 3,677,779 | 689,274 | 4,367,053 | | | | |
| 12 | Amortization of Loss on Reacquired Debt | 117.64.c | 4,251,665 | 878,798 | 5,130,463 | | | | |
| 13 | Less: Amort. of Premium on Debt-Credit | 117.65.c | - | - | - | | | | |
| 14 | Less: Amort. of Gain on Reacquired Debt-Credit | 117.66.c | - | - | - | | | | |
| 15 | Long Term Interest (sum of lines 10 - 12 less 13 and 14) | | $ 109,681,203 | $ 55,986,976 | $ 165,668,179 | | | $ 165,668,179 | |
| 16 | | Preferred Dividends (118.29c) (positive number) | | $ - | $ - | | | $ - | |
| | Development of Common Stock: | | | | | | | | |
| 17 | | Proprietary Capital (112.16.c)(WEN F | $ 3,656,721,445 | | $ 3,656,721,445 | | | $ 3,656,721,445 | |
| 18 | | Less Preferred Stock (line 28) | | | | | | - | |
| 19 | | Less Account 216.1 (112.12.c) (Note N) | | | | | | - | |
| 20 | | Common Stock | (sum of lines 17 - 19) | | | | | $ 3,656,721,445 | |
| | | | WEN | WES | $ | % | Cost (Note O) | Weighted | |
| 21 | Long Term Debt (112, sum of 18.c., 19c and 21.c) | | $ - | $ - | $ - | 0.00% | - | 0.0000 | =WCLTD |
| 22 | Preferred Stock (112.3.c)(WEN Only) | | - | - | - | 0.00% | - | 0.0000 | |
| 23 | Common Stock (line 26)(WEN Only) | | 3,656,721,445 | - | 3,656,721,445 | 100.00% | 0.1030 | 0.1030 | |
| 24 | Total (sum lines 21-23) | | | | $ 3,656,721,445 | 100.00% | | 0.1030 | =R |
| | **Incentive Return** | | | | | | | | |
| 25 | Total Incentive Plant | (Worksheet A-11) | | | $ 194,004,544 | | | | |
| 26 | Less: Total Accumulated Depreciation | (Worksheet A-11) | | | 79,579,334 | | | | |
| 27 | Net Incentive Plant | (line 25 less line 26) | | | $ 114,425,210 | | | | |
| 28 | Incentive Return | (Worksheet A-11) | | | | | $ 800,976 | | |

Unredacted Pursuant to Commission Order



Rate Formula Template
Utilizing FERC Form 1 Data
Actual Gross Revenue Requirements
For the 12 months ended - December 31, 2015

WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)
(WESTAR)

**NOTES**

General Note: References to pages in this formula rate are indicated as: (page#, line#, col.#).
References to data from FERC Form 1 are indicated as: page#.line#.col

Letter

A Reserved for future use.

B Identified in Form 1 as being only transmission related.

C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 2, line 11, col. 7.
Prepayments are the electric related prepayments booked to Account No. 165 and reported on FERC Form 1, p. 111, ln. 57.c.

D Transmission O&M expense does not include any SPP charges for Schedule 1-A of the SPP OATT.

E Transmission By Others, Account 565 includes only costs associated with transmission facilities which are assigned to the Westar pricing zone by SPP.

F Industry Association Dues are capped at $1,000,000. Line 6 - EPRI Annual Membership Dues listed in Form 1 at p. 335,
Line 6a Remove all Advertising expenses in Account 930.1.
Line 6b Remove all Regulatory Commission Expenses itemized at 351.h.
Line 6c - Add in wholesale Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
Line 6d Add in Safety related advertising that are in Account 930.1.

G Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.

H The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p ="the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduc rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 28). When FIT or SIT statutory tax rate changes take effect on other than a calendar year basis, th rates to be used in the formula rate template shall be weighted averages for the calendar year determined by weighting the statutory tax rates by the number days each such tax rate was in effect during the calendar year for which the costs are being det

| Inputs Required: | | | |
|---|---|---|---|
| | FIT = | 35.00% | |
| | SIT= | 7.00% | (State Income Tax Rate or Composite SIT) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |

I Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until FERC Form 1 balances are adjusted to reflect application of seven-factor test).

J Unless otherwise specified, OATT refers to the Westar and SPP OATTs.

K Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities ar facilities at a generator substation on which there is no through-flow when the generator is shut down.

L Removes dollar amount of transmission expenses included in the OATT ancillary services rates. Costs related to Ancillary 1, Scheduling and Control, Acct 561 is shown on Actual Gross Rev, page 2, line 2.

M Enter dollar amounts

N For Account 216.1, enter zero if the actual balance is negative

O Debt cost rate = long-term interest (line 15) / long term debt (line 21). Preferred cost rate = preferred dividends (line 16) / preferred stock (line 22).
The approved ROE is 11.3%, no change in ROE may be made absent a filing with FERC. Any incentive ROEs approved by the Commission are shown by project in Worksheet A-11.

P If the transmission related component of property tax is specifically identified in Form 1, then a TP allocator shall be used. Property tax shall be allocated to transmission by the GP allocator if transmission related property tax is not specifically identified in

Q The initial depreciation rates below will be used to calculate depreciation expense and accumulated depreciation balances absent an appropriate filing with FERC.

| | | Depreciation Rate | | |
|---|---|---|---|---|
| | | Non-incentive Plant | Wichita-to-Reno-to-Summit | Future Incentive Project |
| | FERC Account Number | | | |
| 60.00 | 350 Land and Land Rights | | | |
| | 351 (reserved) | | | |
| | 352 Structures and Improvements | 2.68 | 6.67 | - |
| | 353 Station Equipment | 1.54 | 6.67 | - |
| | 354 Towers and Fixtures | 3.51 | 6.67 | - |
| | 355 Poles and Fixtures | 3.19 | 6.67 | - |
| | 356 Overheard Conductors and Devices | 2.05 | 6.67 | - |
| | 357 Underground Conduit | 1.50 | 6.67 | - |
| | 358 Underground Conductors and Devices | 2.10 | 6.67 | - |
| | 359 Roads and Trails | 1.56 | 6.67 | - |

The incentive depreciation rates will be applied to assets recorded in the Wichita-to-Reno-to-Summit location code in WES's

R The initial Post-Employment Benefits Other than Pensions (PBOP) expense set forth below will be used in lieu of the actual PBOP expense incurred in the year absent an appropriate filing with FERC.

| | WEN | WES | TOTAL |
|---|---|---|---|
| Post-Employment Benefits Other than Pensions | $ 9,697,558 | $ 6,642,051 | $ 16,339,609 |

S Page 1 line 19a is the unamortized balance related to the recovery of transmission expense for the December 2007 ice storm booked in Account 182.3. Accrued transmission expenses for the December 2007 ice storm shall be amortized in the transmission O&M accounts over 36 months beginning June 1, 2008. The total amount to be amortized in the transmission O&M accounts shall be $6,647,679, developed as follows:

| | WEN | WES | Total |
|---|---|---|---|
| Total transmission expenses accrued for the December 2007 ice storm | $ 6,758,037 | $ - | $ 6,758,037 |
| Less total transmission storm damage reserve as of December 2007 | 110,358 | 147,615 | 257,973 |
| Total transmission expense to be amortized | $ 6,647,679 | $ (147,615) | $ 6,500,064 |

* All future accruals of transmission storm damage reserves will be subtracted from rate base until they are applied to offset the December 2007 ice storm damage expenses.

EXHIBIT JAK-18

OASIS Apps

- Curtailment Viewer (../CurtailmentManager/CurtailmentViewer.aspx)
- DC Tie Viewer (../DCTieUpdate/DCTieUpdateViewOnly.aspx)
- Price Discounts (../PriceDiscounts/PriceDiscountsViewer.aspx)
- Price Matrix (PriceMatrix.aspx)
- Transmission Load Relief (../TransLoadRelief/TransLoadRelief.aspx)

# Price Matrix

## DOGWOOD.BPU - KCPL

ZONAL FIRM($)

| Daily | Weekly | Monthly | Annual | Last Updated |
|---|---|---|---|---|
| 42.115 | 210.575 | 912.493 | 10949.92 | 08/01/2016 |

ZONAL NON-FIRM($)

| Hourly Off-Peak | Hourly On-Peak | Daily | Weekly | Monthly | Last Updated |
|---|---|---|---|---|---|
| 1.25 | 2.632 | 42.115 | 210.575 | 912.493 | 08/01/2016 |

Schedule Fee($)

| Hourly | Daily | Weekly | Monthly | Last Updated |
|---|---|---|---|---|
| 0.017 | 0.401 | 2.81 | 12.2 | 08/01/2016 |

Reactive Voltage($)

| Hourly | Daily | Weekly | Monthly | Last Updated |
|---|---|---|---|---|
| 0 | 0.004 | 0.022 | 0.094 | 08/01/2016 |

Prices based on 1 MW

Base Plan Regional Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 50.26 | 35.9 | 251.298 | 1088.958 | 13067.5 | 08/01/2016 |

Base Plan Regional Non Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 3.141 | 1.492 | 50.26 | 35.801 | 251.298 | 1088.958 | 0 | 08/01/2016 |

Base Plan Zonal Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 08/01/2016 |

Base Plan Zonal Non Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 08/01/2016 |

Administration Fee

| Hourly | Daily | Weekly |
|---|---|---|
| 0.37 | 8.88 | 62.16 |

Back OASIS



Unredacted Pursuant to Commission Order

OASIS Apps

- Curtailment Viewer (../CurtailmentManager/CurtailmentViewer.aspx)
- DC Tie Viewer (../DCTieUpdate/DCTieUpdateViewOnly.aspx)
- Price Discounts (../PriceDiscounts/PriceDiscountsViewer.aspx)
- Price Matrix (PriceMatrix.aspx)
- Transmission Load Relief (../TransLoadRelief/TransLoadRelief.aspx)

# Price Matrix

## DOGWOOD.BPU - WR

ZONAL FIRM($)

| Daily | Weekly | Monthly | Annual | Last Updated |
|---|---|---|---|---|
| 167.924 | 839.619 | 3638.349 | 43660.19 | 08/01/2016 |

ZONAL NON-FIRM($)

| Hourly Off-Peak | Hourly On-Peak | Daily | Weekly | Monthly | Last Updated |
|---|---|---|---|---|---|
| 4.998 | 10.495 | 167.924 | 839.619 | 3638.349 | 08/01/2016 |

Schedule Fee($)

| Hourly | Daily | Weekly | Monthly | Last Updated |
|---|---|---|---|---|
| 0.18 | 2.89 | 14.46 | 62.67 | 08/01/2016 |

Reactive Voltage($)

| Hourly | Daily | Weekly | Monthly | Last Updated |
|---|---|---|---|---|
| 0.015 | 0.238 | 1.189 | 5.154 | 08/01/2016 |

**Prices based on 1 MW**

Base Plan Regional Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 50.26 | 35.9 | 251.298 | 1088.958 | 13067.5 | 08/01/2016 |

Base Plan Regional Non Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 3.141 | 1.492 | 50.26 | 35.801 | 251.298 | 1088.958 | 0 | 08/01/2016 |

Base Plan Zonal Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 25.136 | 17.954 | 125.679 | 544.61 | 6535.318 | 08/01/2016 |

Base Plan Zonal Non Firm

| Hourly On-Peak | Hourly Off-Peak | Daily On-Peak | Daily Off-Peak | Weekly | Monthly | Yearly | Effective Date |
|---|---|---|---|---|---|---|---|
| 1.571 | 0.746 | 25.136 | 17.905 | 125.679 | 544.61 | 0 | 08/01/2016 |

Administration Fee

| Hourly | Daily | Weekly |
|---|---|---|
| 0.37 | 8.88 | 62.16 |

Back OASIS



**Unredacted Pursuant to Commission Order**

EXHIBIT JAK-19

**Impact of Combined Potential Combined Tariff on BPU**
**Based on KCP&L, KCP&L GMO and Westar Single Tariff Rate**
**Firm Point-to-Point Reservation Costs**

| | | Rate | |
|---|---|---|---|
| **Existing Zonal Rate (1)** | $ | 0.912 | /kW-month |
| **Combined Zonal Rate (2)** | $ | 2.261 | /kW-month |
| **Percentage Increase** | | 148% | |

| TSR | Capacity | | Existing Annual Cost | | Annual Cost w/ Combined Zonal Rate | | Potential Increase |
|---|---|---|---|---|---|---|---|
| 1221923 | 39 | $ | 427,047 | $ | 1,057,936 | $ | 630,889 |
| 1599972 | 25 | | 273,748 | | 678,164 | | 404,416 |
| 74231191 | 7 | | 76,649 | | 189,886 | | 113,237 |
| 74434813 | 2 | | 21,900 | | 54,253 | | 32,353 |
| 75710066 | 100 | | 1,094,992 | | 2,712,656 | | 1,617,664 |
| 78544226 | 5 | | 54,750 | | 135,633 | | 80,883 |
| 79974639 | 2 | | 21,900 | | 54,253 | | 32,353 |
| | 180 | $ | 1,970,985 | $ | 4,882,781 | $ | 2,911,796 |

Notes:

(1) See Exhibit JAK-2, KCP&L zone.
(2) See Exhibit JAK-3.

EXHIBIT JAK-20

**Southwest Power Pool, Inc.**
**Calculation of Rates for Point-To-Point Transmission Service**
**Combined Westar/GMO/KCPL Rate**

| Line No. | | | KCPL | GMO | Westar | Total |
|---|---|---|---|---|---|---|
| 1 | **SPP ZONAL REVENUE REQUIREMENT** | | $31,987,626 | $23,071,397 | $181,843,739 | $236,902,761 |
| | DIVISOR | | | | | |
| 2 | KW per year | | 8,733,240 | 8,733,240 | 8,733,240 | |
| | **RATES** | | | | | |
| 3 | Firm Annual Cost ($/kW/Yr) | (line 1 / line 2) | **$3.663** | **$2.642** | **$20.822** | **$27.127** |
| 4 | Firm and Non-Firm Monthly P-to-P Rate ($/kW/Mo) | (line 3 / 12 months) | **$0.305** | **$0.220** | **$1.735** | **$2.261** |

**Unredacted Pursuant to Commission Order**