

Cathryn J. Dinges
Senior Corporate Counsel



PUBLIC

November 30, 2018

Kansas Corporation Commission
1500 SW Arrowhead Rd.
Topeka, KS 66604-4027

RE: *In the Matter of the Compliance Filings by Kansas City Power & Light Company, Westar Energy, Inc., Kansas Gas and Electric Company and Evergy, Inc. Pursuant to the Commission's Order in Docket No. 18-KCPE-095-MER – Docket No. 19-KCPE-053-CPL*

To Whom it May Concern:

Attached for filing is the public version of the materials that will be used by Kansas City Power & Light Company ("KCP&L") and Westar Energy, Inc. ("Westar") during the Integration Update presentation to the Commission at the open meeting on December 4, 2018.

The Integration Update presentation is being made to the Commission in compliance with the Commission's Order issued in Docket No. 18-KCPE-095-MER ("18-095 Docket") on May 24, 2018 ("Merger Order"). In its Merger Order, the Commission approved the Non-Unanimous Settlement Agreement submitted on March 7, 2018, by certain parties to the 18-095 Docket ("Settlement Agreement"). Attachment A to the Settlement Agreement contains Merger Conditions, some of which require KCP&L and Westar to make post-merger filings with and give post-merger update presentations to the Commission. Specifically, Merger Condition 40(a) provides: "Additionally, for a period of no less than two years, unless otherwise ordered by the Commission, KCP&L and Westar shall, on a twice-yearly basis unless otherwise ordered by the Commission, appear and provide an update of the status of integration implementation, providing the Commissioners an opportunity to ask questions about the status of integration implementation."

Sincerely,

A handwritten signature in blue ink that reads "Cathryn Dinges".

Cathy Dinges,
Corporate Counsel



KCC Integration Success Update

12/04/2018 – Public





Integration Success

Integration Success - Centralized department in Strategy dedicated to Integration

1

Monitor Implementation Efforts

- Ensure businesses execute implementation plans, which reflect results of the Design Phase and have executive sign-off
- Identify early warning signals if planned outcomes are at risk

2

Coordinate Interdependent Merger Activities

- Identify activities with significant interdependencies, ensure adequate plans are in place, and provide support to owners and stakeholders as needed
- Examples include: commitments tracking and monitoring, accounting for staffing transfers plan, technology related requirements, budgeting, supply chain

3

Provide Transparency (Reporting)

- Reinforce communication on “the why,” progress and ownership of integration plans
- Elevate issues, risks and recommended mitigation actions to the Executive Team
- Provide Executive Team and stakeholders with a holistic view of progress on integration plans

4

Pursue Additional Opportunities

- Partner with all departments to identify and develop additional savings opportunities, driving continuous improvement
- Aid the business and leadership in prioritizing new opportunities, in collaboration with company subject matter experts



Major Merger Commitments Update

- Merger Closed June 4, 2018
- Provided all relevant Affiliate Service Agreements related to the Merger
- Distributing ~\$23M in upfront bill credits to Westar customers early December 2018 through early January 2019
- Will start distributing ~\$7.5M in upfront bill credits to KCP&L-KS customers within 60 days of rate case order
- Included ~\$22.5M-Westar and ~\$7.5M-KCP&L-KS of merger savings in rate case settlements
- Compliance dockets opened
 - Service Quality: Filed first report on service quality metrics
 - Merger Integration: Conducted two update meetings with Staff/CURB
 - Filed two quarterly staffing and contingent labor reports
 - Filed two board presentations related to merger
 - Capital Reporting: On track to open docket by January 2019



Major Merger Commitments Update

- Met with Staff and CURB to discuss expected impact of allocations of costs among Evergy's utility and non-utility subsidiaries
- Will provide staff detailed journal entries to record the merger by year-end
- Generation Update
 - Plant Retirements – On plan
 - Gordon Evans retired Sept. 2018
 - Tecumseh retired Oct. 2018
 - Murray Gill retired Nov. 2018
 - Employees have elected to retire, remain on site to dismantle, or fill open positions
- Maintaining over 500 employees at Topeka Headquarters
- Wolf Creek related support services centralization not yet reflected in results but will be chartered as an efficiency by year-end

Merger Efficiencies Summary

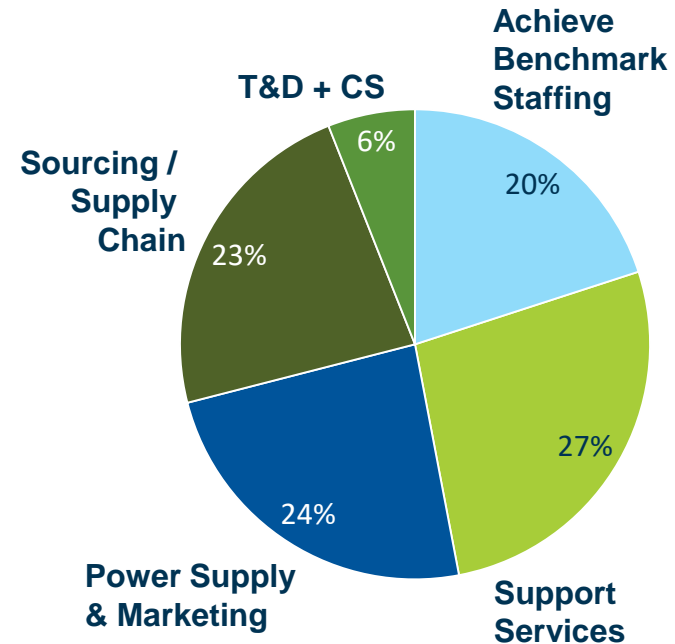
Savings Summary (\$M)

Gross Efficiencies	Net Savings
\$627.0	\$555.2

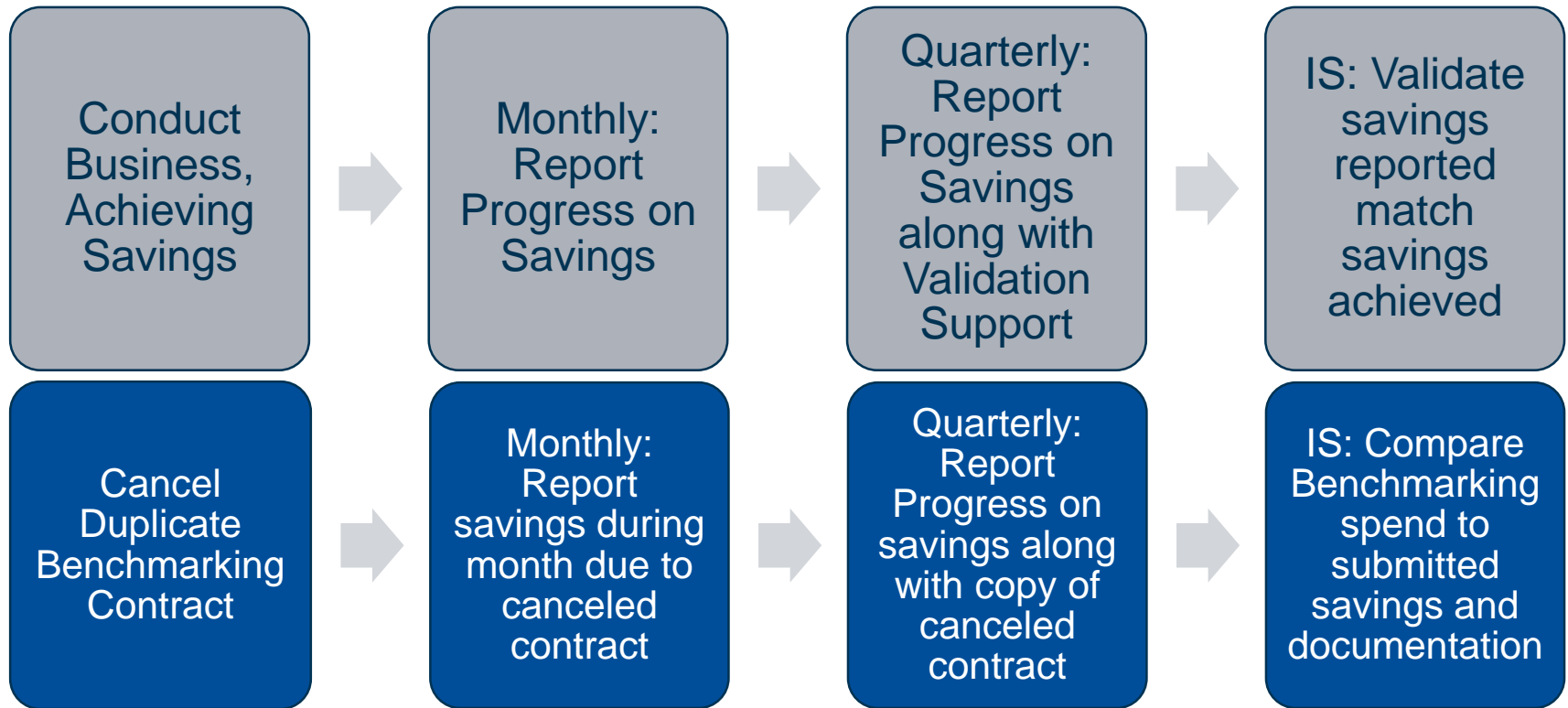
Savings Summary by type and year (\$M)

Efficiencies	2018	2019	2020	2021	2022	Total
NFOM	\$46.8	\$108.0	\$133.1	\$137.3	\$146.3	\$571.6
Fuel	\$0.7	\$1.0	\$1.1	\$1.3	\$2.3	\$6.4
Inventory Carrying Costs	\$2.2	\$7.9	\$12.3	\$13.3	\$13.4	\$49.0
Gross Efficiencies	\$49.7	\$116.9	\$146.5	\$151.9	\$162.0	\$627.0

Gross Efficiencies Summary by Source



Monthly Tracking Mechanics





Merger Savings Highlights

- Tracking slightly ahead of 2018 planned gross savings
- Savings highlights:
 - Administering voluntary employee exit programs consistent with plans
 - Internal headcount slightly ahead of plan
 - Completed Wave 1 sourcing with strong results better than plan
 - Retired Westar power plants as planned
 - Executing efficiency plans at power plants continuing operation
 - Finalized insurance procurements yielded favorable results
 - Aligned rural vegetation management practices
 - Chartered additional efficiencies in environmental compliance
 - Reducing redundant support services contracts in line with plan