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March 5, 2001

10 CFR § 50.80

BY HAND DELIVERY

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555

**Subject: Docket No. 50-482: Supplemental Information to February 20, 2001, KCPL Application for Consent to Indirect Transfer of Control of Operating License NPF-42 for the Wolf Creek Generating Station**

Dear Sir/Madam:

On February 20, 2001, Kansas City Power & Light Company ("KCPL") submitted an application ("Application") for the indirect transfer of Facility Operating License NPF-42 ("NPF-42") for the Wolf Creek Generating Station ("Wolf Creek"). In Section XIII of the Application, KCPL stated that it would provide to NRC staff for information a copy of its filings at the Missouri Public Service Commission ("MPSC") and the Kansas Corporation Commission ("KCC") for approval of the corporate restructuring of KCPL that would result, among other things, in the indirect transfer of NPF-42. Each of the MPSC and KCC filings was made on February 26, 2001. On behalf of KCPL, please find attached copies (excluding exhibits) of the MPSC and KCC filings.

If you have any questions regarding this submittal or require additional information, please contact me at (202) 371-7507 or William Hollaway at (202)371-7819.

Sincerely,



Robert W. Warnement

A001

Attachments:

1. MPSC Filing regarding the Application of Kansas City Power & Light Company for Authorization to Implement Proposed Corporate Restructuring (excluding exhibits)
2. KCC Filing regarding the Application of Kansas City Power & Light Company for Authorization to Implement Proposed Corporate Restructuring (excluding exhibits)

cc: E. W. Merschoff, Regional Administrator, NRC Region IV  
F. L. Brush, Sr. Resident Inspector, Wolf Creek Generating Station  
J. N. Donohew, NRR Project Manager, Wolf Creek Generating Station  
William J. Riggins, KCPL – General Counsel (w/o Attachments)



# Kansas City Power & Light®

Gerald A. Reynolds

(816) 556-2138  
(816) 556-2787 (Facsimile)

February 26, 2001

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Re: In the Matter of the Application  
of Kansas City Power & Light  
Company for an Order Authorizing  
Its Plan to Reorganize Itself Into  
a Holding Company Structure

Dear Mr. Roberts:

Enclosed for filing with the Commission in the above-referenced matter are the original and 9 copies of Kansas City Power & Light Company's Application in this matter. Please time stamp one of the copies and return it to the individual who delivered the enclosed documents. A copy of the foregoing document has been hand-delivered or mailed this date to parties of record.

Please bring this filing to the attention of the Commission.

Thank you for your assistance.

Sincerely yours,

Gerald A. Reynolds

Enclosures  
cc: Dana K. Joyce  
Martha Hogerty

**BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI**

In the Matter of the Application of Kansas City        )  
Power & Light Company for an Order Authorizing    )        Case No.  
Its Plan to Reorganize Itself Into a Holding        )  
Company Structure.                                        )

**APPLICATION**

COMES NOW Kansas City Power & Light Company ("KCPL") and, pursuant to Sections 393.190, 393.200, 393.210, and 393.250 RSMo 2000', and 4 CSR 240-2.060(1), (8) and (12), respectfully requests an order from the Missouri Public Service Commission ("Commission") that grants KCPL the authority to, *inter alia*, restructure and reorganize itself as more particularly described herein.

**I. Summary of Restructuring Plan**

KCPL is a vertically integrated electric utility company. In accordance with Missouri law and the Public Utility Holding Company Act of 1935 (15 U.S.C. § 79 et seq.) ("PUHCA"), KCPL proposes to reorganize into a registered holding company structure. Additional regulatory approvals will be obtained from the Kansas Corporation Commission, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and the Federal Communications Commission.

A registration statement will be filed with the Securities and Exchange Commission. This reorganization will not require a vote of KCPL's shareholders. After the reorganization, a new holding company ("HoldCo") will be the sole owner of three subsidiary companies, all of which already exist – *i.e.* KCPL, KLT, Inc. ("KLT") and Great Plains Power ("GPP").<sup>2</sup> KCPL will remain

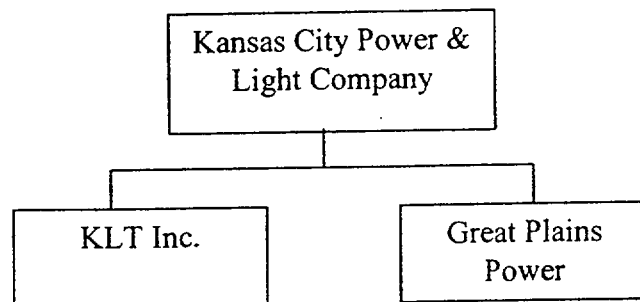
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<sup>1</sup> All statutory references are to Revised Statutes of Missouri 2000, unless otherwise noted.

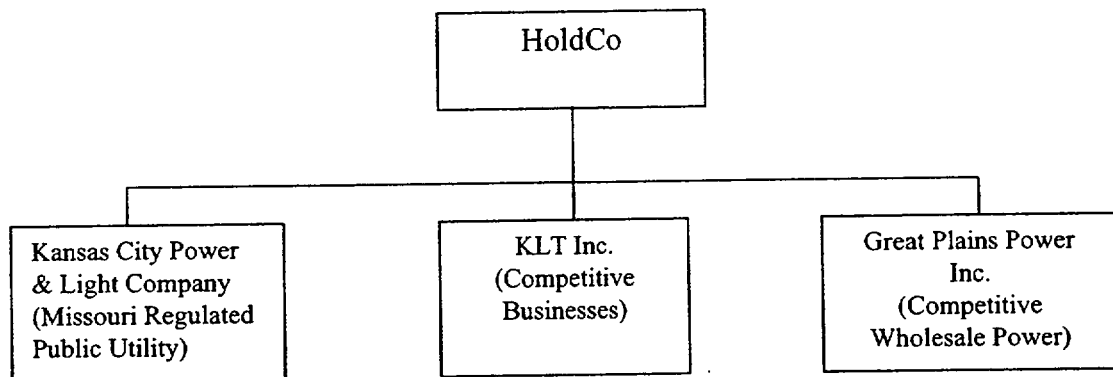
<sup>2</sup> The actual name of HoldCo has not been determined at this time. The Articles of Incorporation for HoldCo will be filed with the Missouri Secretary of State before the reorganization is completed.

a vertically integrated electric utility subject to this Commission's jurisdiction and will not transfer any of its generating assets as a part of this proposed restructuring plan. KLT will continue to invest in competitive, high growth businesses. GPP will pursue opportunities in the competitive wholesale generation market. KCPL's existing corporate structure, and the corporate structure that will exist immediately following the completion of the restructuring plan proposed herein, are illustrated below.

CURRENT CORPORATE STRUCTURE<sup>3</sup>



RESTRUCTURED COMPANY



<sup>3</sup> The only other existing subsidiary of KCPL that is relatively significant in terms of its size is Home Services Solutions ("HSS"). It is anticipated that HSS will be sold or otherwise disposed of in the near future. None of KCPL's subsidiaries are involved in the provision of regulated utility services.

The two corporate structures illustrated above are snapshots of KCPL at the beginning and end of the proposed restructuring process. KCPL's restructuring process contains several intermediary steps. KCPL will form a wholly owned subsidiary, HoldCo. In turn, HoldCo will form a wholly owned subsidiary, NewCo. Pursuant to a merger agreement ("Merger Agreement") between KCPL, HoldCo and NewCo, KCPL then will merge with NewCo. A copy of the Merger Agreement is attached hereto as Exhibit 1. Under the terms of the Merger Agreement, the separate existence of NewCo will cease and KCPL will continue as the surviving corporation of the merger. At this point, KCPL will be a wholly owned subsidiary of HoldCo. As a part of the merger, each outstanding share of KCPL stock automatically converts into the right to receive one share of HoldCo stock. At the time of the merger, each share of KCPL's various series of preferred stock will be converted into one share of an identical series of HoldCo preferred stock. The pro forma balance sheets and income statements of KCPL before and after the proposed restructuring plan are attached hereto as Exhibit 2. Once the merger is consummated, KCPL will dividend its stock of KLT and GPP to HoldCo. At this point, HoldCo will be a publicly held corporation that owns 100% of KCPL, KLT and GPP.

KCPL anticipates that within a certain period of time following the completion of the reorganization it will form a service company ("ServCo"). ServCo will provide certain shared services to the affiliated companies. A form of the General Services Agreement that will be used for the provision of support services is attached hereto as Exhibit 3. A copy of KCPL's cost allocation manual ("CAM"), which describes the bases currently used by KCPL for allocating certain costs related to shared services, is attached hereto as Exhibit 4. The new holding company

system will continue to use service agreements, work orders and a CAM to assure that costs are properly tracked and assigned.

## **II. Regulation Under PUHCA**

Upon completion of the reorganization, HoldCo will register with the Securities and Exchange Commission (“SEC”) and become subject to additional regulation under PUHCA. A central purpose of PUHCA is “to provide a mechanism to create conditions under which effective Federal and State regulation will be possible.” (See, S. 2796, 74<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1935)). Accordingly, PUHCA contains a number of provisions designed to promote effective state regulation. Importantly, PUHCA does not give the SEC jurisdiction over the rates, terms and conditions of utility service. KCPL will continue to be subject to the authority of the Missouri Public Service Commission with respect to rates, terms and conditions of utility service in Missouri.

State regulation is enhanced under PUHCA by, for example, Section 6(b) which exempts issuance of certain securities, and Section 9 which exempts security and utility asset acquisitions if approved by a state commission. Likewise, the SEC may not authorize the issuance of securities or the acquisition of assets unless the applicant has complied with state law. State regulation of certain affiliate relationships is strengthened since Sections 32 and 34 of PUHCA condition the ability of an Exempt Wholesale Generator or an Exempt Telecommunications Company to enter into transactions with public utility affiliates on obtaining state commission approval. Under Section 33 of PUHCA, similar state consents are required in order to invest in foreign utilities. Consistent with the purpose of assuring that effective state regulation will continue, KCPL has agreed to a number of additional conditions set forth more fully in Section IV of this Application.

In addition to helping assure effective state regulation, PUHCA regulates other aspects of holding company operations. Section 11 limits registered holding company systems to ownership of a single integrated public utility system, which is defined as a group of related operating properties within a confined geographic region susceptible to local management. Non-utility businesses may be acquired and retained only if they are “reasonably incidental, or economically necessary or appropriate” to the operations of the integrated public-utility system.

Section 7 of PUHCA prescribes standards for the type and amount of securities for the registered holding company and subsidiaries. Registered companies and subsidiaries must obtain SEC approval before acquiring any securities, utility assets, or any other interest in any business. As noted above, an important exception to the requirement for prior SEC approval for authority to issue securities exists under Section 6 where a state commission has approved financing plans for a public utility.

The SEC and the regulatory scheme under PUHCA encourage the use of service companies, which are subject to extensive regulation. A service company is a subsidiary of a registered holding company that is formed in order to provide centralized management and administrative services to system companies. Service companies permit registered systems, including public utilities, to capture economies of scale and other efficiencies by reducing duplication of corporate support functions by each of the affiliate companies in the system. There are now approximately 30 registered holding company systems (a doubling in number since 1995) and virtually all of these systems use a service company for corporate support activities.

Service, sales and construction contracts between a system service company and associate companies in the same holding company system must be performed “economically and efficiently”



for the benefit of such associate companies generally at cost and all costs must be fairly and equitably allocated. Service companies use a work order system, make extensive use of accounting controls, and have significant reporting requirements including the obligation to file annual reports which describe affiliate transactions.

PUHCA regulates other affiliate transactions as well. A registered holding company may not borrow or receive any extensions of credit from any system public utility. In addition, there are regulations concerning the ability of system companies to make intra-system loans, pay dividends, acquire or dispose of property, or solicit proxies.

As shown in the next section, forming a holding company promises benefits. And, though KCPL believes—and the SEC itself agrees—that the many provisions of PUHCA are anachronistic and unnecessary, registration under PUHCA will result in greater, not lesser, regulation of system operations.

### **III. Benefits of the Restructuring**

Increased competition in capital and energy markets has required traditional utilities to diversify their business operations and, in particular, to invest in businesses offering higher growth opportunities. The ability to grow earnings at a rate higher than can be expected from the traditional utility business is a key to KCPL's success, if not its survival as a stand-alone family of companies.

During the past several years, KCPL, through its subsidiary, KLT, has developed business interests in, for example, telecommunications, gas production and development, and energy services. With the recent establishment of a new subsidiary, GPP, KCPL has signaled its intention to participate in the dramatic growth of the competitive wholesale generation market. The reorganization will

facilitate the efforts of KCPL's affiliated competitive businesses to access more markets and will allow them to pursue business opportunities with greater flexibility and speed.

Sec. 393.140(12) permits electric utilities operating non-jurisdictional businesses to keep those businesses "separate and apart" from their jurisdictional utility businesses. The provisions of 4 CSR 240-20.015 and 20.017 detail the requirements the Commission has deemed necessary to ensure such separation. The proposed reorganization will further separate KCPL's retail electric customers from the Company's other business interests. In the future, those competitive businesses will be conducted in subsidiaries of HoldCo – not in subsidiaries of KCPL. Depending upon the nature of the transaction, and considering the commitments made in the next section of this Application, any significant business dealings between KCPL and its affiliated companies will be subject to review and documentation, and to the approval and/or ratemaking authority of this Commission, the SEC and/or the Federal Energy Regulatory Commission ("FERC"). In addition, KCPL's GSA and CAM, Exhibits 3 and 4, contain accounting procedures that ensure a proper allocation of costs between KCPL and its affiliates.

To reiterate, this reorganization will not, however, involve the transfer of any assets, including generating assets, from KCPL to affiliates. KCPL will remain a vertically integrated electric utility. This Commission will continue to have the statutory authority to ensure that KCPL's retail electric customers receive electric service that is safe, reliable and reasonably priced.

#### **IV. State Jurisdictional Issues**

*In Re Western Resources, Inc./Kansas City Power & Light Company*, Case No. EM-97-515, and *Re Union Electric Company/Central Illinois Public Service Company*, Case No. EM-96-149, this Commission approved settlement agreements designed to ensure the protection of customers of

Missouri utilities that may have become subsidiaries of a Registered Holding Company. KCPL hereby agrees to those same conditions as set forth below. KCPL further commits that it and its affiliates will continue to comply with the provisions of 4 CSR 240-2.015 and 2.017 after the reorganization is completed.

**a. Access to Books, Records and Personnel**

KCPL agrees to make available to the Commission Staff, and Public Counsel, at reasonable times and places, all books, records, employees and officers of KCPL and any affiliate of KCPL as provided under applicable law and Commission rules; provided that KCPL and any affiliate or subsidiary of HoldCo shall have the right to object to such production of records or personnel on any basis under applicable law and Commission rules, excluding any objection that such records and personnel of affiliates or subsidiaries are not subject to the Commission's jurisdiction and statutory authority, including objections based on the operation of PUHCA.

**b. Contracts Required to be Filed with the SEC**

All contracts, agreements or arrangements of any kind, including any amendments thereto, between KCPL and any affiliate, associate, holding, mutual service, or subsidiary company within the same holding company system, as these terms are defined in 15 U.S.C. § 79b, as subsequently amended, that are required to be filed with and/or approved by the SEC pursuant to PUHCA, as subsequently amended, shall be conditioned upon the following without modification or alteration: Neither KCPL nor any of its affiliates, will seek to overturn, reverse, set aside, change or enjoin, whether through appeal or the initiation or maintenance of any action in any forum, a decision or order of the Commission which pertains to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL in, or as a result of, a

contract, agreement, arrangement, or transaction with any affiliate, associate, holding, mutual service or subsidiary company on the basis that such expense, charge, cost or allocation has itself been filed with or approved by the SEC or was incurred pursuant to a contract, arrangement, agreement or allocation method that was filed with or approved by the SEC.

**c. Electric Contracts Required to be Filed with FERC**

All wholesale electric energy or transmission service contracts, tariffs, agreements or arrangements of any kind, including any amendments thereto, between KCPL and any HoldCo subsidiary or affiliate, that are required to be filed with and/or approved by the FERC, pursuant to the Federal Power Act, as subsequently amended, shall be conditioned upon the following without modification or alteration: Neither KCPL nor any of its affiliates will seek to overturn, reverse, set aside, change or enjoin, whether through appeal or the initiation or maintenance of any action in any forum, a decision or order of the Commission which pertains to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL in, or as a result of, a wholesale electric energy or transmission service contract, agreement, arrangement or transaction on the basis that such expense, charge, cost or allocation has itself been filed with or approved by FERC, or was incurred pursuant to a contract, arrangement, agreement or allocation method that was filed with or approved by FERC.

**d. No Pre-Approval of Affiliated Transactions**

KCPL agrees to provide the Commission and Public Counsel with copies of all documents that must be filed with the SEC or FERC relating to affiliate transactions. KCPL and HoldCo further agree that the Commission may make its determination regarding the ratemaking treatment to be accorded these transactions in a subsequent ratemaking proceeding.

**e. Contingent Jurisdictional Stipulation Regarding  
Affiliate Contracts Required to be Filed With FERC**

KCPL agrees that in the exclusive event that any court with jurisdiction over KCPL, HoldCo or any of their affiliates or subsidiaries issues an opinion or order that invalidates a decision or order of the Commission pertaining to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL on the basis that such expense, charge, cost or allocation has itself been filed with or approved by FERC, then the Contingent Jurisdictional Stipulation, attached hereto as Exhibit 5, shall apply to FERC filings according to its terms, at the option of the Commission.

**f. Contingent Jurisdictional Stipulation Regarding  
Affiliate Contracts Required to be Filed with SEC**

KCPL agrees that in the exclusive event that any court with jurisdiction over KCPL, HoldCo or any of their affiliates or subsidiaries issues an opinion or order that invalidates a decision or order of the Commission pertaining to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL on the basis that such expense, charge, cost or allocation has itself been filed with or approved by SEC, then the Contingent Jurisdictional Stipulation, attached hereto as Exhibit 5, shall apply to SEC filings according to its terms, at the option of the Commission.

**V. Request for Authorization**

In support of this Application, KCPL states the following:

1. KCPL is a Missouri corporation in good standing in all respects, with its principal office and place of business located at 1201 Walnut, Kansas City, Missouri 64106. KCPL is engaged in the generation, transmission, distribution, and sale of electric energy and power in those

areas in Missouri certificated to it by the Commission, including the City of Kansas City, Missouri, as well as areas of eastern Kansas. KCPL is an "electrical corporation" and "public utility" as those terms are defined in Section 386.020 (15) and (42), and, as such, is subject to the jurisdiction of the Commission as provided by law. KCPL provides electric service to approximately 230,000 residential customers and approximately 30,100 commercial and industrial customers in Missouri. KCPL's Certificate of Good Standing is attached hereto as Exhibit 6.

2. All correspondence, pleadings, orders, decisions, and communications regarding this proceeding should be sent to:

William G. Riggins  
General Counsel  
Kansas City Power & Light Company  
1201 Walnut  
Kansas City, MO 64106  
Telephone: (816) 556-2785  
Facsimile: (816) 556-2787  
E-mail: [bill.riggins@kcpl.com](mailto:bill.riggins@kcpl.com)

Chris B. Giles  
Senior Director, Revenue and Resource Management  
Kansas City Power & Light Company  
1201 Walnut  
Kansas City, MO 64106  
Telephone: (816) 556-2912  
Facsimile: (816) 556-2924  
E-mail: [chris.giles@kcpl.com](mailto:chris.giles@kcpl.com)

James M. Fischer  
Fischer & Dority, P.C.  
101 Madison Street, Suite 400  
Jefferson City, MO 65101  
Telephone: (573) 636-6758  
Facsimile: (573) 636-0383  
E-mail: [jfischerpc@aol.com](mailto:jfischerpc@aol.com)

3. A copy of the Merger Agreement, in substantially final form, between KCPL, HoldCo and NewCo is attached hereto as Exhibit 1. In accordance with the Merger Agreement, KCPL and NewCo will merge. NewCo will cease to exist, while KCPL will continue as the surviving corporation. After the merger, KCPL will continue to be a regulated “electrical corporation” and “public utility” as defined by Missouri law, and will continue to provide electric service in KCPL’s current service area under tariffs.

4. GPP is not an “electrical corporation” as that term is defined in Section 386.020(15), RSMo 2000, inasmuch as it will sell electric power exclusively at wholesale, and thus, will not be engaged in the sale of electric power at retail to the general public. See, e.g., State ex rel. Danciger v. Public Serv. Comm'n, 205 S.W. 36 (Mo. 1918). Subject to approval by the FERC, GPP will, in the future, sell wholesale power at market-based rates.

5. As described above, the proposed transactions are not detrimental to the public interest and will in fact benefit consumers and the public interest. The proposed transaction will strengthen the financial and operational separation between KCPL's retail electric business and the competitive business activities of KCPL’s affiliated companies.

6. The proposed merger will not have any impact on KCPL's Missouri jurisdictional operations.

7. A certified copy of the resolutions of the Board of Directors of KCPL authorizing the Company to proceed with implementation of the restructuring is attached hereto as Exhibit 7 and incorporated herein by reference.

8. Pro forma balance sheets and income statements for KCPL with adjustments showing the effects of the proposed restructuring and capitalization are attached hereto as Exhibit 2.

9. The requirements of 4 CSR 240-2.060(4) do not apply to the proposed transaction. KCPL already possesses a certificate of convenience and necessity. The proposed restructuring plan will not alter KCPL's current service area or affect rights and obligations under its certificate of convenience and necessity.

10. The requirements of 4 CSR 240-2.060(15) do not apply to the proposed transaction. As demonstrated in the Merger Agreement, KCPL will continue as the surviving corporation, while NewCo will cease to exist. The restructuring plan does not result in a "change of electrical suppliers."

11. The proposed restructuring does not involve the transfer of any of KCPL-owned assets. Accordingly, there will be no impact on the tax revenues of any political subdivision where KCPL's structures, facilities or equipment are located.

12. KCPL has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates which has occurred within three (3) years of the date of the Application, except as identified on Exhibit 8, attached hereto and incorporated herein.

13. No annual report or assessment fees are overdue.

14. The Commission has explicit statutory authority to grant KCPL's requests pursuant to the above-cited statutes.

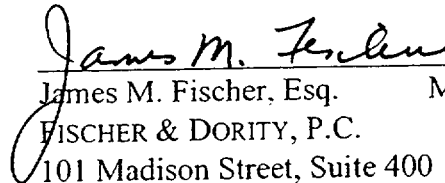
**WHEREFORE**, Kansas City Power & Light Company respectfully requests the Commission to issue its Order:

1. Granting KCPL the authority to restructure and reorganize itself as discussed herein.



2. Granting KCPL the authority to merge with NewCo with KCPL being the surviving corporation.
3. Granting HoldCo the authority to own more than ten percent (10%) of the common stock of KCPL.
4. Granting all other approvals necessary to implement the restructuring plan described herein, including authority of KCPL to issue the stock dividends to HoldCo as described herein.
5. Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Application and to consummate the restructuring transaction, as described herein.

Respectfully submitted,

  
James M. Fischer, Esq. MBN 27543  
FISCHER & DORITY, P.C.  
101 Madison Street, Suite 400  
Jefferson City, MO 65101  
Telephone: (573) 636-6758  
Facsimile: (573) 636-0383  
E-mail: [jfischerpc@aol.com](mailto:jfischerpc@aol.com)

and

William G. Riggins, Esq. MBN 42501  
General Counsel  
Gerald A. Reynolds KBN 00007  
Senior Regulatory Counsel  
KANSAS CITY POWER & LIGHT COMPANY  
1201 Walnut  
Kansas City, MO 64106  
Telephone: (816) 556-2785  
Facsimile: (816) 556-2787  
E-mail: [bill.riggins@kcpl.com](mailto:bill.riggins@kcpl.com)  
E-mail: [gerald.reynolds@kcpl.com](mailto:gerald.reynolds@kcpl.com)

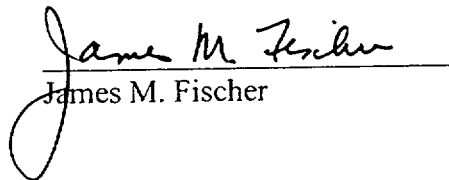
ATTORNEYS FOR  
KANSAS CITY POWER & LIGHT COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing Application has been hand-delivered or mailed, First Class, U.S. Mail, postage prepaid this 26<sup>th</sup> day of February 2001.  
to:

Dana Joyce, General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Martha Hogerty, Public Counsel  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, Missouri 65102

  
James M. Fischer

VERIFICATION

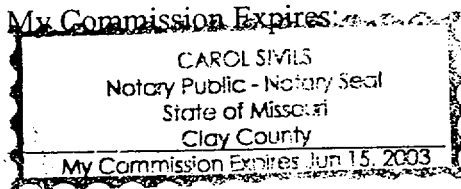
STATE OF MISSOURI     )  
  ) ss.  
COUNTY OF JACKSON    )

B. J. Beaudoin, having been duly sworn upon his oath, states that he is Chief Executive Officer and President of Kansas City Power & Light Company, Applicant herein, and the Application and Exhibits are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
B. J. Beaudoin

Subscribed and sworn to before me this 21<sup>st</sup> day of February, 2001.

  
\_\_\_\_\_  
Notary Public



AGREEMENT AND PLAN OF MERGER  
AMONG  
KANSAS CITY POWER & LIGHT COMPANY,  
GREAT PLAINS ENERGY INCORPORATED  
AND  
KC MERGER SUB INCORPORATED

DATED AS OF [                    ]

## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Merger Agreement"), dated as of [ ], is among Kansas City Power & Light Company, a Missouri corporation (the "Company"), Great Plains Energy Incorporated, a Missouri corporation ("Holdings") and a direct, wholly owned subsidiary of the Company, and KC Merger Sub Incorporated, a Missouri corporation ("Newco") and a direct, wholly owned subsidiary of Holdings.

### RECITALS:

WHEREAS, the Company's authorized capital stock consists of (i) [ ] shares of common stock, no par value (the "Company Common Stock"), of which, as of the date hereof, [ ] shares are issued and outstanding and [no] shares were held in Company's treasury; (ii) [ ] shares of 3.80% cumulative preferred stock, par value \$100 per share (the "Company 3.80% Preferred"), of which [ ] shares are outstanding on the date hereof; (iii) [ ] shares of 4% cumulative preferred stock, par value \$100 per share (the "Company 4% Preferred"), of which [ ] shares are outstanding on the date hereof; (iv) [ ] shares of 4.50% cumulative preferred stock, par value \$100 per share (the "Company 4.50% Preferred"), of which [ ] shares are outstanding on the date hereof; (v) [ ] shares of 4.20% cumulative preferred stock, par value \$100 per share (the "Company 4.20% Preferred"), of which [ ] shares are outstanding on the date hereof; and (vi) [ ] shares of 4.35% cumulative preferred stock, par value \$100 per share (the "Company 4.35% Preferred" and, together with the Company 3.80% Preferred, the Company 4.50% Preferred and the Company 4.20% Preferred, but excluding the Company 4% Preferred, the "Company Preferred"), of which [ ] shares are outstanding on the date hereof; and

WHEREAS, as of the date hereof, Holdings' authorized capital stock consists of (i) [ ] shares of common stock, no par value (the "Holdings Common Stock"), of which, as of the date hereof, [ ] shares are issued and outstanding and owned by the Company and no shares are held in treasury, and (ii) [ ] shares of 3.80% cumulative preferred stock, par value \$100 per share (the "Holdings 3.80% Preferred"), of which no shares are outstanding on the date hereof; (iii) [ ] shares of 4.50% cumulative preferred stock, par value \$100 per share (the "Holdings 4.50% Preferred"), of which no shares are outstanding on the date hereof; (iv) [ ] shares of 4.20% cumulative preferred stock, par value \$100 per share (the "Holdings 4.20% Preferred"), of which no shares are outstanding on the date hereof; and (v) [ ] shares of 4.35% cumulative preferred stock, par value \$100 per share (the "Holdings 4.35% Preferred" and, together with the Holdings 3.80%

Preferred, the Holdings 4.50% Preferred and the Holdings 4.20% Preferred, the "Holdings Preferred"), of which no shares are outstanding on the date hereof; and

WHEREAS, as of the date hereof, Newco has an authorized capital stock consisting of [ ] shares of common stock, no par value (the "Newco Common Stock"), of which [ ] shares are issued and outstanding on the date hereof and owned by Holdings; and

WHEREAS, the designations, rights and preferences, and the qualifications, limitations and restrictions thereof, of the Holdings Common Stock, the Holdings 3.80% Preferred, the Holdings 4.50% Preferred, the Holdings 4.20% Preferred and the Holdings 4.35% Preferred, are the same as those of the Company Common Stock, the Company 3.80% Preferred, the Company 4.50% Preferred, the Company 4.20% Preferred and the Company 4.35% Preferred, respectively; and

WHEREAS, no later than immediately prior to the Effective Date (as defined below), the Company shall redeem all outstanding shares of Company 4% Preferred; and

WHEREAS, the Articles of Incorporation of Holdings (the "Holdings Charter") and the By-laws of Holdings (the "Holdings By-laws") in effect immediately after the Effective Date (as hereinafter defined) will contain provisions identical to the Restated Articles of Consolidation of the Company (the "Company Charter") and By-laws of the Company (the "Company By-laws") in effect immediately before the Effective Date (other than with respect to matters excepted by Section 351.448.1(4) of the Missouri General and Business Corporation Law (the "MGBCL")); and

WHEREAS, the directors and officers of the Company immediately prior to the Merger (as hereinafter defined) will be the directors and officers of Holdings as of the Effective Date; and

WHEREAS, Holdings and Newco are newly formed corporations organized for the purpose of participating in the transactions herein contemplated; and

WHEREAS, the Company desires to create a new holding company structure by merging Newco with and into the Company, with the Company continuing as the surviving corporation of such merger, and each outstanding share (or any fraction thereof) of Company Common Stock, the Company 3.80% Preferred, the Company 4.50% Preferred, the Company 4.20% Preferred and the Company 4.35%

Preferred, being converted in such merger into a like number of shares of Holdings Common Stock, the Holdings 3.80% Preferred, the Holdings 4.50% Preferred, the Holdings 4.20% Preferred and the Holdings 4.35% Preferred, respectively, all in accordance with the terms of this Merger Agreement (the "Merger"); and

WHEREAS, the Boards of Directors of Holdings and the Company have approved this Merger Agreement and the Merger upon the terms and subject to the conditions set forth in this Merger Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained in this Merger Agreement, and intending to be legally bound hereby, the Company, Holdings and Newco hereby agree as follows:

## ARTICLE I

### THE MERGER

SECTION 1.1 THE MERGER. In accordance with Section 351.448 of the MGBCL and subject to and upon the terms and conditions of this Merger Agreement, Newco shall, on the Effective Date, be merged with and into the Company, the separate corporate existence of Newco shall cease and the Company shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

SECTION 1.2 EFFECTIVE DATE. The parties shall file articles of merger with respect to the Merger (the "Articles of Merger"), executed in accordance with the relevant provisions of the MGBCL, and with this Merger Agreement attached thereto, with the Secretary of State of the State of Missouri, and shall make all other filings or recordings required under the MGBCL to effectuate the Merger. The Merger shall become effective upon the filing of the Articles of Merger with the Secretary of State of the State of Missouri (the date of such filing shall hereinafter be referred to as the "Effective Date").

SECTION 1.3 RESTATED ARTICLES OF INCORPORATION OF SURVIVING CORPORATION. From and after the Effective Date, the Company's Restated Articles of Incorporation, as in effect immediately prior to the Effective Date, shall be the Restated Articles of Incorporation of the Surviving Corporation, except with such changes as are permitted by Section 351.448.1(7) of the MGBCL (the "Surviving Corporation's Charter") until thereafter amended as provided by law; provided, however, that, from and after the Effective Date:

(a) Article Third thereof shall be amended so as to read in its entirety as follows:

"The amount of authorized capital stock of the Company is One Thousand (1,000) shares of Common Stock without par value.

(i) Dividends. Subject to the limitations in this ARTICLE THIRD set forth, dividends may be paid on the Common Stock out of any funds legally available for the purpose, when and as declared by the Board of Directors.

(ii) Liquidation Rights. In the event of any liquidation or dissolution of the Company, after there shall have been paid to or set aside for the holders of outstanding shares having superior liquidation preferences to Common Stock the full preferential amounts to which they are respectively entitled, the holders of outstanding shares of Common Stock shall be entitled to receive pro rata, according to the number of shares held by each, the remaining assets of the Company available for distribution.

(iii) Voting Rights. Except as set forth in this ARTICLE THIRD or as by statute otherwise mandatorily provided, the holders of the Common Stock shall exclusively possess full voting powers for the election of Directors and for all other purposes.

(iv) No Preemptive Rights. No holders of outstanding shares of Common Stock shall have any preemptive right to subscribe for or acquire any shares of stock or any securities of any kind hereafter issued by the Company.



(v) Consideration for Shares. Subject to applicable law, the shares of the Company, now or hereafter authorized, may be issued for such consideration as may be fixed from time to time by the Board of Directors. Subject to applicable law and to the provisions of this ARTICLE THIRD, shares of the Company issued and thereafter acquired by the Company may be disposed of by the Company for such consideration as may be fixed from time to time by the Board of Directors.

(vi) Crediting Consideration to Capital. The entire consideration hereafter received upon the issuance of shares of Common Stock without par value shall be credited to capital, and this requirement may not be eliminated or amended without the affirmative vote of consent of the holders of two-thirds of the outstanding Common Stock.

(b) A new Article Fourteenth shall be added thereto which shall be and read in its entirety as follows:

"ARTICLE FOURTEENTH. Any act or transaction by or involving the Company that requires for its adoption pursuant to Chapter 351 of the Missouri General and Business Corporation Law or these Restated Articles of Incorporation the approval of the shareholders of the Company shall, pursuant to Section 351.448 of the Missouri General and Business Corporation Law, require, in addition, the approval of the shareholders of Great Plains Energy Incorporated, a Missouri corporation, or any successor thereto by merger, by the same vote as is required pursuant to Chapter 351 of the Missouri General and Business Corporation Law or the Restated Articles of Incorporation of the Company."

SECTION 1.4 BY-LAWS OF SURVIVING CORPORATION.  
From and after the Effective Date, the By-laws of Newco, as in effect immediately prior to the Effective Date, shall constitute the By-laws of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

SECTION 1.5 DIRECTORS OF SURVIVING CORPORATION.

The directors of Newco in office immediately prior to the Effective Date shall be the initial directors of the Surviving Corporation and will hold office from the Effective Date until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Corporation's Charter and By-laws, or as otherwise provided by law.

SECTION 1.6 OFFICERS OF SURVIVING CORPORATION.

The officers of Newco in office immediately prior to the Effective Date shall be the officers of the Surviving Corporation until the earlier of their resignation or removal or until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Corporation's Charter and By-laws, or as otherwise provided by law.

SECTION 1.7 ADDITIONAL ACTIONS.

Subject to the terms of this Merger Agreement, the parties hereto shall take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Merger. If, at any time after the Effective Date, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of Newco or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Merger Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Newco and the Company, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of Newco and the Company or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Merger Agreement.

SECTION 1.8 CONVERSION OF SECURITIES.

On the Effective Date, by virtue of the Merger and without any action on the part of Holdings, Newco, the Company or the holder of any of the following securities:

(a) Conversion of Company Common Stock. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings Common Stock.

(b) Conversion of Company Common Stock in Treasury. Each share of Company Common Stock issued but held by the Company in its treasury immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and non-assessable share of Holdings Common Stock held in such entity's treasury after the Effective Date.

(c) Conversion of Company 3.80% Preferred. Each share of Company 3.80% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 3.80% Preferred.

(d) Conversion of Company 4.50% Preferred. Each share of Company 4.50% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 4.50% Preferred.

(e) Conversion of Company 4.20% Preferred. Each share of Company 4.20% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 4.20% Preferred.

(f) Conversion of Company 4.35% Preferred. Each share of Company 4.35% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 4.35% Preferred.

(g) Conversion of Capital Stock of Newco. Each share of Newco Common Stock issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of common stock, no par value, of the Surviving Corporation.

(h) Cancellation of Capital Stock of Holdings. Each share of Holdings Common Stock that is owned by the Company immediately prior to the Merger shall automatically be cancelled and retired and shall cease to exist.

(i) Rights of Certificate Holders. From and after the Effective Date, holders of certificates formerly evidencing Company Common Stock or Company Preferred shall cease to have any rights as shareholders of the Company, except as provided by law; provided, however, that such holders shall have the rights set forth in Section 1.10 herein.

SECTION 1.9 STOCK OPTIONS AND EQUITY-BASED AWARDS. (a) On the Effective Date, automatically and without any action on the part of the Company, Holdings, Newco or the holders of any options to acquire shares of Company Common Stock (the "Company Stock Options"), or the holders of any other equity-based award of the Company, (i) Holdings will assume each Company Stock Option and each other equity-based award of the Company which is outstanding immediately prior to the Effective Date, (ii) each such Company Stock Option will become an option to purchase a number of shares of Holdings Common Stock equal to the number of shares of Company Common Stock issuable upon the exercise of such Company Stock Option, and otherwise upon the same terms and conditions as such Company Stock Option and (iii) each such other equity-based award of the Company will become a similar equity-based award with respect to a number of shares of Holdings Common Stock equal to the number of shares of Company Common Stock subject to such equity-based award, and otherwise upon the same terms and conditions as such equity-based award.

(b) Upon the consummation of the Merger, Holdings shall assume sponsorship of and all obligations of the Company under the Dividend Reinvestment and Direct Stock Purchase Plan and all employee benefit plans of the Company, including but not limited to the Company's Long-Term Incentive Plan, Long- and Short-Term Incentive Compensation Plan, Supplemental Executive Retirement Plan and Nonqualified Deferred Compensation Plan, and all retirement, medical, dental, long-term disability, short-term disability, life insurance, flexible spending account and any other such benefit plans and programs of the Company.

SECTION 1.10 NO SURRENDER OF CERTIFICATES. (a) Until thereafter surrendered for transfer or exchange in the ordinary course, each outstanding stock certificate that, immediately prior to the Effective Date, evidenced Company Common Stock shall be deemed and treated for all corporate purposes to evidence the ownership of the number of shares of Holdings Common Stock into which such shares of Company Common Stock were converted pursuant to the provisions of Section 1.8 (a) and (b) herein.

(b) Until thereafter surrendered for transfer or exchange in the ordinary course, each outstanding stock certificate that, immediately prior to the Effective Date, evidenced the Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, shall be deemed and treated for all corporate purposes to evidence the ownership of the number of shares of the Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred, as the case may be, into which such shares of Company Preferred were converted pursuant to the provisions of Sections 1.8 (c), (d), (e) or (f) herein, as the case may be.

## ARTICLE II

### ACTIONS TO BE TAKEN IN CONNECTION WITH THE MERGER

SECTION 2.1 LISTING OF CERTAIN HOLDINGS CAPITAL STOCK. The Company shall use its reasonable efforts to cause the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred and Holdings 4.35% Preferred to be issued pursuant to the Merger to be approved for listing on the New York Stock Exchange (the "NYSE") prior to the Effective Date, subject to official notice of issuance.

SECTION 2.2 PROCUREMENT OF CUSIP NUMBERS. On or prior to the Effective Date, Holdings will use reasonable efforts to procure a new CUSIP number for the Holdings Common Stock, for each series of Holdings Preferred and for any other securities which so require new CUSIP numbers in connection with the Merger.

SECTION 2.3 APPLICATION FOR REGULATORY APPROVALS. Prior to the Effective Date, the Company shall apply for, and use reasonable efforts to obtain, the following regulatory approvals and orders (the "Regulatory Approvals") for the Merger: (1) all necessary approvals from the Kansas Corporation Commission under Chapter 66 of the Kansas Statutes Annotated; (2) all necessary approvals from the Missouri Public Service Corporation under Chapter 393 of the Missouri Revised Statutes; (3) all necessary approvals from the Federal Energy Regulatory Commission under the Federal Power Act; (4) all necessary approvals from the Nuclear Regulatory Commission under the Atomic Energy Act; and (5) an order from the Securities and Exchange Commission ("SEC"), in form and substance reasonably acceptable to the Company, authorizing Holdings and its subsidiaries to engage in such transactions subject to SEC jurisdiction under the Public Utility Holding Company Act of 1935 ("PUHCA") as the Company deems necessary for the normal operation of Holdings' utility holding company system following Holdings' registration with the SEC under Section 5 of PUHCA, including, but not limited to, financing transactions subject to SEC jurisdiction under Sections 6 and 7 of PUHCA and acquisitions subject to SEC jurisdiction under Sections 9 and 10 of PUHCA.

SECTION 2.4 REDEMPTION OF COMPANY 4% PREFERRED. No later than immediately prior to the Effective Date, the Company shall redeem all outstanding shares of Company 4% Preferred.

### ARTICLE III

#### CONDITIONS OF MERGER

SECTION 3.1 CONDITIONS PRECEDENT. The obligations of the parties to this Merger Agreement to consummate the Merger and the transactions contemplated by this Merger Agreement shall be subject to fulfillment or waiver by the parties hereto of each of the following conditions:

(a) Prior to the Effective Date, the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred and Holdings 4.35% Preferred to be issued pursuant to the Merger shall have been approved for listing, upon official notice of issuance, by the NYSE.

(b) On the Effective Date, Skadden, Arps, Slate, Meagher & Flom LLP, special tax counsel to the Company, shall render an opinion to the Board of Directors of the Company, in form and substance reasonably satisfactory to the Company, on the basis of certain facts, representations and assumptions set forth in such opinion, to the effect that for federal income tax purposes (i) the Merger will qualify as an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended; (ii) no gain or loss will be recognized by the shareholders of the Company upon receipt of the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred as the case may be, in exchange for their shares of Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company Preferred 4.35%, as the case may be, pursuant to the Merger; (iii) the tax basis of the shares of Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred, as the case may be, to be received by the Company's shareholders pursuant to the Merger Agreement will be the same as their tax basis in the Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, converted or exchanged therefor; and (iv) the holding period of the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred, as the case may be, to be received by each of the Company's shareholders pursuant to the Merger Agreement will include the holding period of the Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, converted or exchanged therefor, provided that such Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, is held as a capital asset in the hands of such shareholder at the time of the Merger. In rendering the opinion, such counsel may require and rely upon representations contained in certificates of officers of Holdings and the Company.

(c) Prior to the Effective Date, no order, statute, rule, regulation, executive order, injunction, stay, decree, judgment or restraining order shall have been enacted, entered, promulgated or enforced by any court or governmental or regulatory authority or instrumentality which prohibits or makes illegal the consummation of the Merger or the transactions contemplated hereby.

(d) Prior to the Effective Date, if necessary, the Company shall have filed with the office of the Missouri Secretary of State an amendment to the Holdings Charter to change the name of Holdings to a name to be determined by the Company.

(e) The Company and Holdings shall have taken all necessary corporate action to ensure that, immediately prior to the Effective Date, the Holdings Charter (including with respect to authorized capital stock) and the Holdings By-laws shall contain provisions identical to the Company Charter and Company By-laws, respectively, in effect immediately prior to the Effective Date (other than with respect to matters excepted by Section 351.448.1(4) of the MGBCL).

(f) Prior to the Effective Date, the Regulatory Approvals shall have been obtained, in form and substance satisfactory to the parties, and shall be final and nonappealable.

(g) Prior to the Effective Date, all outstanding shares of Company 4% Preferred shall have been redeemed by the Company.

#### ARTICLE IV

##### TERMINATION AND AMENDMENT

SECTION 4.1 TERMINATION. This Merger Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Date by action of the Board of Directors of the Company, Holdings or Newco if it is determined that for any reason the completion of the transactions provided for herein would be inadvisable or not in the best interest of such corporation or its shareholders. In the event of such termination and abandonment, this Merger Agreement shall become void and neither the Company, Holdings or Newco nor their respective shareholders, directors or officers shall have any liability with respect to such termination and abandonment.

SECTION 4.2 AMENDMENT. This Merger Agreement may be supplemented, amended or modified by the mutual consent of the Boards of Directors of the parties to this Merger Agreement.



ARTICLE V

MISCELLANEOUS PROVISIONS

**SECTION 5.1 GOVERNING LAW. THIS MERGER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MISSOURI, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS.**

SECTION 5.2 BINDING EFFECT AND ASSIGNMENT. This Merger Agreement shall be binding upon and inure to the benefit of the parties and to their respective successors and assigns.

SECTION 5.3 THIRD PARTY BENEFICIARIES. This Merger Agreement is not intended and shall not be construed to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights or remedies hereunder.

SECTION 5.4 COUNTERPARTS. This Merger Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

SECTION 5.5 ENTIRE MERGER AGREEMENT. This Merger Agreement, including the documents and instruments referred to herein, constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

IN WITNESS WHEREOF, Holdings, Newco and the Company have caused this Merger Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

KANSAS CITY POWER & LIGHT  
COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GREAT PLAINS ENERGY  
INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

KC MERGER SUB INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

## KANSAS CITY POWER &amp; LIGHT COMPANY

## Balance Sheets

9/30/00

(thousands of dollars)

| ASSETS  | Actual       | Proforma     |
|---|--------------|--------------|
| <b>Utility Plant, at original cost</b>  |              |              |
| Electric  | \$ 3,789,428 | \$ 3,789,428 |
| Less-accumulated depreciation   | 1,618,816    | 1,618,816    |
| Net utility plant in service  | 2,170,612    | 2,170,612    |
| Construction work in progress   | 276,854      | 276,854      |
| Nuclear fuel, net of amortization of \$120,801 and \$108,077  | 33,288       | 33,288       |
| Total   | 2,480,754    | 2,480,754    |
| <b>Regulatory Asset - Recoverable Taxes</b>   | 106,000      | 106,000      |
| <b>Investments and Nonutility Property</b>  | 287,080      | 110,583      |
| <b>Current Assets</b>   |              |              |
| Cash and cash equivalents   | 1,502        | 1,502        |
| Receivables   | 74,470       | 74,470       |
| Other receivables   | 37,094       | 37,094       |
| Fuel inventories, at average cost   | 19,758       | 19,758       |
| Materials and supplies, at average cost   | 47,280       | 47,280       |
| Deferred income taxes   | 4,316        | 4,316        |
| Other   | 4,366        | 4,366        |
| Total   | 188,786      | 188,786      |
| <b>Deferred Charges</b>   |              |              |
| Regulatory assets   | 26,059       | 26,059       |
| Prepaid pension costs   | 61,957       | 61,957       |
| Other deferred charges  | 15,906       | 15,906       |
| Total   | 103,922      | 103,922      |
| <b>Total</b>  | \$ 3,166,542 | \$ 2,990,045 |
| <b>LIABILITIES</b>  |              |              |
| <b>Capitalization</b>   |              |              |
| Common stock-authorized 150,000,000 shares without par value-<br>61,908,726 shares issued-stated value          | \$ 449,697   | \$ 397,896   |
| Retained earnings   | 479,702      | 422,205      |
| Capital stock premium and expense   | (1,668)      | (1,668)      |
| Common stock equity   | 927,731      | 818,433      |
| Cumulative preferred stock  | 39,062       | 36,444       |
| Company-obligated mandatorily redeemable Preferred<br>Securities of a trust holding solely KCPL Sub. Debentures | 150,000      | 150,000      |
| Long-term debt  | 791,268      | 726,687      |
| Total   | 1,908,061    | 1,731,564    |
| <b>Current Liabilities</b>  |              |              |
| Commercial paper  | 222,125      | 222,125      |
| Current maturities of long-term debt  | 60,500       | 60,500       |
| Accounts payable  | 90,773       | 90,773       |
| Accrued taxes   | 59,625       | 59,625       |
| Accrued interest  | 6,155        | 6,155        |
| Accrued payroll and vacations   | 21,862       | 21,862       |
| Accrued refueling outage costs  | 11,069       | 11,069       |
| Other   | 9,767        | 9,767        |
| Total   | 481,876      | 481,876      |
| <b>Deferred Credits</b>   |              |              |
| Deferred income taxes   | 613,878      | 613,878      |
| Deferred investment tax credits   | 50,980       | 50,980       |
| Other   | 111,747      | 111,747      |
| Total   | 776,605      | 776,605      |
| <b>Commitments and Contingencies</b>  |              |              |
| Total   | \$ 3,166,542 | \$ 2,990,045 |

**KANSAS CITY POWER & LIGHT COMPANY**  
**Income Statements**  
**For the Twelve Months Ended September 30, 2000**  
*(thousands of dollars)*

|   | Actual            | Proforma          |
|---|-------------------|-------------------|
| <b>Electric Operating Revenues</b>                    | <b>\$ 931,791</b> | <b>\$ 931,791</b> |
| <b>Operating Expenses</b>                             |                   |                   |
| Operation   | 151,781           | 151,781           |
| Fuel  | 90,551            | 90,551            |
| Purchased power                                       | 209,912           | 209,912           |
| Other   | 70,978            | 70,978            |
| Maintenance   | 121,807           | 121,807           |
| Depreciation  |                   |                   |
| Taxes   | 52,610            | 52,610            |
| Income  | 92,234            | 92,234            |
| General   | 789,873           | 789,873           |
| Total   | 789,873           | 789,873           |
| <b>Electric Operating Income</b>                      | <b>141,918</b>    | <b>141,918</b>    |
| <b>Other Income and Deductions</b>                    |                   |                   |
| Allowance for equity funds used during construction   | 3,245             | 3,245             |
| Miscellaneous income                                  | 77,432            | 27,598            |
| Miscellaneous deductions                              | (54,605)          | (54,605)          |
| Income taxes  | 8,732             | 8,732             |
| Total   | 34,804            | (15,030)          |
| <b>Income Before Interest Charges</b>                 | <b>176,722</b>    | <b>126,888</b>    |
| <b>Interest Charges</b>                               |                   |                   |
| Long-term debt  | 44,652            | 44,652            |
| Short-term debt                                       | 9,554             | 9,554             |
| Mandatorily Redeemable Preferred Securities           | 12,450            | 12,450            |
| Miscellaneous   | 3,429             | 3,429             |
| Allowance for borrowed funds used during construction | (9,733)           | (9,733)           |
| Total   | 60,352            | 60,352            |
| <b>Net Income Before Pension Change</b>               | <b>116,370</b>    | <b>66,536</b>     |
| <b>Pension Change net of tax</b>                      | <b>30,073</b>     | <b>30,073</b>     |
| <b>Periods Results</b>                                |                   |                   |
| Net income  | 146,443           | 96,609            |
| Preferred stock dividend requirements                 | 2,094             | 2,094             |
| Earnings available for common stock                   | <b>\$ 144,349</b> | <b>\$ 94,515</b>  |
| Average number of common shares outstanding           | 61,877            | 61,877            |
| Earnings per common share                             | \$ 2.33           | \$ 1.53           |
| Cash dividends per common share                       | \$ 1.66           | \$ 1.66           |

**GENERAL SERVICES AGREEMENT  
BETWEEN  
SERVICE COMPANY  
AND  
HOLDING COMPANY  
KANSAS CITY POWER AND LIGHT COMPANY  
KLT, INC.  
GREAT PLAINS POWER COMPANY**

**THIS AGREEMENT**, made and entered into this \_\_\_ day of \_\_\_\_\_, 2001, by and between the following Parties: **SERVICE COMPANY** (hereinafter sometimes referred to as "Service Company"), a Missouri corporation; **HOLDING COMPANY**, and its subsidiaries, **KANSAS CITY POWER AND LIGHT COMPANY** and its subsidiaries; **KLT, INC.** and its subsidiaries, **GREAT PLAINS POWER COMPANY** and its subsidiaries, hereinafter sometimes referred to collectively as "Client Companies");

**WITNESSETH:**

**WHEREAS**, Client Companies, including **HOLDING COMPANY**, which has filed for registration under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its other subsidiaries, desire to enter into this agreement providing for the performance by Service Company for the Client Companies of certain services as more particularly set forth herein;

**WHEREAS**, Service Company is organized, staffed and equipped and has filed with the Securities and Exchange Commission (the "SEC") to be a subsidiary service company under Section 13 of the Act to render to **HOLDING COMPANY**, and other subsidiaries of **HOLDING COMPANY**, certain services as herein provided; and

**WHEREAS**, to maximize efficiency, and to achieve reorganization related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons employed or to be retained by Service Company, and to compensate Service Company appropriately for such services;

**NOW, THEREFORE**, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

**Section 1. Agreement to Provide Services**

Service Company agrees to provide to Client Companies and their subsidiaries, if any, upon the terms and conditions set forth herein, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Companies may from time to time request. Service Company will keep itself and its personnel available and competent to provide to Client Companies such services so long as it is authorized to do so by the appropriate federal and state regulatory agencies. In providing such services, Service Company may arrange, where it deems appropriate, for the services of such experts, consultants,

**Section 5. Securities and Exchange Commission Rules**

It is the intent of the parties to this Agreement that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with, the rules and regulations of the SEC, as they now read or hereafter may be modified by the Commission.

**Section 6. Service Requests**

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis.

**Section 7. Payment**

Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

**Section 8. Holding Company**

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit HOLDING COMPANY, or any person employed by or acting for HOLDING COMPANY, to provide services for other Parties, or any companies associated with said Parties.

**Section 9. Client Companies**

Except as limited by Section 8, nothing in this Agreement shall be read to prohibit Client Companies or their subsidiaries from furnishing to other Client Companies or their subsidiaries services herein referred to, under the same terms and conditions as set out for Service Company.

**Section 10. Effective Date and Termination**

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall become effective as of the date the reorganization of KCPL is completed, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least 60 days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate this Agreement.

This Agreement may also be terminated or modified to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement.

**Section 11. Access to Records**

For the seven years following a transaction under this Agreement, the Client Company may request access to and inspect the accounts and records of the Service Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

**Section 12. Assignment**

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

**SERVICE COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**HOLDING COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**KANSAS CITY POWER AND LIGHT COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**KLT, INC.**

By \_\_\_\_\_

Title \_\_\_\_\_

**GREAT PLAINS POWER COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**Allocation Ratios:**

**General:**

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved with out excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock shall be fairly and equitably allocated using the ratios set forth below.

**Revenue (Billings) Related Ratios:**

Revenues

**Expenditure Related Ratios:**

Total Expenditures

**Capital Allocation:**

Capital – all debt

Capital – equity/preferred stock

Capital – debt average

**Labor/Payroll Related Ratios:**

Labor/Payroll - 12 months ended

Labor/Payroll – current period

Number of Employees

**Units Related Ratios:**

Number of Telephones

Number of Personal Computers

Number of Square Feet (total/occupied)

Number of Hours Security Service Administered

Volume of Document Processing

Percentage of Disc Space Assigned

Number of Lines Accounts Payable Distribution

Number of Lines Purchase Order Distribution

**Assets Related Ratios:**

Total Assets



**Composite Ratios:**

Mail Services (Number Mail Runs, Distance to Mail Drops, Misc. Postage)  
Massachusetts Method (Capital Assets, Revenue, Payroll)

Service Agreement Schedule 2

**Services Including But Not Limited To:**

**General:**

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved with out excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock shall be fairly and equitably allocated using the ratios set forth in Schedule 1.

**Corporate and Financial Services Including But Not Limited To:**

Corporate Secretary  
Strategic Planning  
Environmental Services  
Audit Services  
Research and Development  
Corporate Security Services  
Shareholder Relations  
Corporate Communications  
Governmental Affairs  
Treasury  
Corporate Accounting  
Tax Planning/Compliance  
Corporate Budgeting

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Capital Allocation, Units Related; Assets Related, Composite

**Employee Services Including But Not Limited To:**

Leadership Development  
Diversity Initiatives  
Employee Benefits  
Employee Relations  
Employee Compensation  
Employee Involvement  
Employee Training  
Safety/Medical

Expected allocation ratios: Labor/Payroll Related, Composite

**Support Services Including But Not Limited To:**

Legal Services  
Mail Services  
Document Processing Services  
Print Shop  
Creative Services  
Accounts Payable  
Payroll Processing  
Customer Billing  
Cashier Services  
Cash Management Services  
Insurance Administration  
Service Level Arrangement Management

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Capital Allocation, Units Related; Assets Related, Composite

**Purchasing Services Including But Not Limited To:**

Identification/Qualification of Vendors  
Initiation of Quotation Requests  
Management of Investment Recovery  
Management of Procurement/T&E Cards  
Monitoring Vendor Performance  
Negotiation/Administration of Vendor Contracts  
Processing Vendor Invoices  
Resolving Vendor Inquiries  
Resolving Non-compliant Goods

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

**Facilities Management Services Including But Not Limited To:**

Construct Facilities  
Maintain Facilities

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

**Information Technology Services Including But Not Limited To:**

Mapping & Drafting Services  
Network Services

IT Security  
System Delivery  
System Operations  
Infrastructure Management

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

**Telecommunications Services Including But Not Limited To:**

Data and Voice Infrastructure  
Radio Services  
Communications Hubs  
Videoconferencing  
Telephone Services  
Pager/Cellular Phone Services

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

## **Exhibit 4**

**Cost Allocation Manual  
held by Bill Weeden (SASMF)**

## CONTINGENT JURISDICTIONAL STIPULATION

### 1.0 APPLICABILITY

- 1.1 Principles stated in this Contingent Jurisdictional Stipulation ("Jurisdictional Stipulation") shall govern the situations described in Sections IV(e) and (f) of the Application.
- 1.2 Changes to this Jurisdictional Stipulation may be proposed from time-to-time by Kansas City Power & Light Company ("KCPL") or any parent holding company that is subsequently created that owns KCPL ("HoldCo"), the Commission Staff or the Office of the Public Counsel ("OPC" or "Public Counsel"), subject to the approval of the Commission; provided, however, that KCPL, the Staff and the OPC shall meet and discuss any such proposed changes prior to the submission of such changes to the Commission by KCPL or HoldCo, the Staff or the OPC.

### 2.0 DEFINITIONS

When used in this Jurisdictional Stipulation, the following terms shall have the respective meanings set forth below:

- 2.1 "Affiliate" means an entity that is HoldCo, a subsidiary of KCPL, a subsidiary of HoldCo (other than KCPL), or other subsidiary within the Holding Company organization.
- 2.2 "Affiliate Contract" means an Affiliate Operating Contract, an Affiliate Sales Contract, an Affiliate Surety Contract, a Section 205 Contract, a Service Agreement, or an amendment to any such contract.
- 2.3 "Affiliate Operating Contract" means a contract, other than a Section 205 Contract, between KCPL and one or more of its Affiliates providing for the operation of any part of KCPL's generating, transmission and/or distribution facilities by such Affiliate(s).
- 2.4 "Affiliate Sales Contract" means a contract, other than an Affiliate Operating Contract or a Section 205 Contract, between KCPL and one or more of its Affiliates involving the purchase of Assets, Goods or Services.
- 2.5 "Affiliate Surety Contract" means a contract between KCPL and one or more of its Affiliates involving the assumption by KCPL of any liability as a guarantor, endorser, surety, or otherwise in respect of any security or contract of an Affiliate.
- 2.6 "Assets" means any land, plant, equipment, franchises, licenses, or other right to use assets.

- 2.7 "Commission" means the Missouri Public Service Commission or any successor governmental agency.
- 2.8 "Commission Staff" or "Staff" means the Staff of the Missouri Public Service Commission.
- 2.9 "Entity" means a corporation or a natural person.
- 2.10 "FERC" means the Federal Energy Regulatory Commission, or any successor governmental commission.
- 2.11 "Goods" means any goods, inventory, materials, supplies, appliances, or similar property (except electric energy and capacity).
- 2.12 "Non-Utility Affiliate" means an Affiliate which is neither a public utility nor a Utility Service Company.
- 2.13 "OPC" or "Public Counsel" means the Office of the Public Counsel.
- 2.14 "Review Period" means a period of ninety (90) consecutive calendar days commencing on the first day immediately following the date that KCPL or HoldCo submits an Affiliate Contract to the Commission for the Commission Staff's review. Any part of the Review Period for a particular Affiliate Contract may be waived by agreement of KCPL, the Commission Staff and the OPC.
- 2.15 "SEC" means the United States Securities and Exchange Commission, or any successor governmental agency.
- 2.16 "Section 205 Contract" means an interconnection, interexchange, pooling, operating, transmission, power sale or ancillary power services contract or similar contract entered into between KCPL and an Affiliate and subject to regulation by the FERC pursuant to § 205 of the Federal Power Act, 15 U.S.C. § 824d, or any successor statute.
- 2.17 "Service Agreement" means the agreement entered into between KCPL, HoldCo, and an affiliated or subsidiary service company, under which services are provided by such services company to KCPL and HoldCo.
- 2.18 "Services" means the performance of activities having value to one party, such as managerial, financial, accounting, legal, engineering, construction, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, and other similar services.
- 2.19 "Subsidiary" means any corporation 10 percent (10%) or more of whose voting capital stock is controlled by another Entity; Subsidiaries of HoldCo are those

corporations in which HoldCo owns directly or indirectly (or in combination with HoldCo or other Affiliates) 10 percent (10%) or more of such corporation's voting capital stock.

- 2.20 "KCPL's Holding Company" means HoldCo or its successor in interest.
- 2.21 "Utility Affiliate" means an Affiliate of KCPL which is also a public utility.
- 2.22 "Utility Service Company" means an Affiliate whose primary business purpose is to provide administrative and general or operating services to KCPL and Utility Affiliate(s).

### 3.0 AFFILIATE CONTRACTS REQUIRED TO BE FILED WITH THE SEC

The following will apply to Affiliate Contracts that are required to be filed with the SEC.

- 3.1 Prior to filing any such Affiliate Contract with the SEC or the Commission, KCPL will submit to the Commission Staff, the OPC, and the appropriate parties requesting a copy, a copy of the Affiliate Contract which it proposes to file with the SEC and the Commission.
  - 3.1.1 If the Commission Staff clears the contract for filing, or does not object to it, and no objections from affected parties are submitted to KCPL (with a copy to the Commission Staff) during the Review Period for such contract, KCPL may file such contract with the SEC and the Commission. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.
  - 3.1.2 If, during the expiration of the Review Period for such contract, the Commission Staff recommends that the Commission reject, disapprove or establish a proceeding to review such contract, or if an objection(s) is submitted to KCPL (with a copy to the Commission Staff) by an affected party (or parties), KCPL may file the contract with the Commission, but shall not file the contract with the SEC until at least thirty (30) days after the date that it is filed with the Commission; provided, that both such filings shall disclose the Commission Staff's recommendation or the objection(s) regarding the contract; provided, further, that if the Commission, within twenty (20) days after the contract is filed, institutes a proceeding to review such contract, KCPL shall not file the contract with the SEC unless and until KCPL receives a Commission Order which resolves issues raised with regard to the contract and which does not reject or disapprove the contract. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary authorizations.



- 3.2 After the Affiliate Contract has been filed with the Commission, the Commission may in accordance with Missouri law, reject or disapprove the contract, and upon such rejection or disapproval:
- 3.2.1 If such contract has not yet been accepted or approved by the SEC, KCPL will, as soon as possible, file to seek to withdraw its filing requesting SEC acceptance or approval of such contract; or
- 3.2.2 If such contract has been accepted or approved by the SEC and none of the other contracting parties are Utility Affiliates subject to any other state utility regulatory commission's jurisdiction, KCPL will:
- a. terminate such contract according to its terms; or
  - b. at its sole option, take such steps as are necessary to cause such contract to be amended in order to remedy the Commission's adverse findings with respect to such contract; KCPL will refile such amended contract with both the Commission and the SEC; such amendment will become effective only upon the receipt of all necessary regulatory authorizations, and the previous contract (to the extent already in effect) will remain in effect until such authorizations are received; if the SEC does not finally accept or approve such amendment within one (1) year from the date of KCPL's filing of such amendment with the SEC, KCPL will, upon request of the Commission, terminate the contract according to its terms.
- 3.2.3 If such contract has been accepted or approved by the SEC, and one or more of the other contracting parties are Utility Affiliates subject to another state utility regulatory commission's jurisdiction, KCPL will make a good faith effort to terminate, amend or modify such contract in a manner which remedies the Commission's adverse findings with respect to such contract. KCPL will request to meet with representatives from the affected state commissions and make a good faith attempt to resolve any differences in their respective interests regarding the subject contract. If agreement can be reached to terminate, amend, or modify the contract in a manner satisfactory to the contracting parties and the representatives of each state commission, KCPL shall file such amended contract with the Commission and the SEC under the procedures set forth in this Section 3. If no agreement can be reached satisfactory to each contracting party and to each affected state commission, after good faith negotiations, KCPL has no further obligations under this Jurisdictional Stipulation. Nothing herein affects, modifies or alters in any way the rights and duties of the Commission under applicable state and federal law.

#### 4.0 AFFILIATE CONTRACTS REQUIRED TO BE FILED WITH THE FERC

The following will apply to Affiliate Contracts that are required to be filed with the FERC.

- 4.1 Prior to filing any Affiliate Contract with the FERC or the Commission, KCPL will submit to the Commission Staff, the OPC and appropriate parties requesting a copy, a copy of the Affiliate Contract which it proposes to file with the FERC and the Commission.
  - 4.1.1 If the Commission Staff clears the contract for filing, or does not object thereto, and no objections from affected parties are submitted to KCPL, (with a copy to the Commission Staff) during the Review Period for such contract, KCPL may file such contract with the FERC and the Commission. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.
  - 4.1.2 If, during or upon the expiration of the Review Period for such contract, the Commission Staff recommends that the Commission reject, disapprove or establish a proceeding to review such contract, or if any objection(s) is submitted to KCPL (with a copy to the Commission Staff) by an affected party (or parties), KCPL may file the contract with the Commission, but shall not file the contract with the FERC until at least thirty (30) days after the date that it is filed with the Commission; provided, that if the Commission, within twenty (20) days after the contract is filed, institutes a proceeding to review such contract, KCPL shall not file the contract with the FERC unless and until KCPL receives a Commission Order which resolves issues raised with regard to the contract and which does not reject or disapprove the contract. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.
- 4.2 After the Affiliate Contract has been filed with the Commission, the Commission may in accordance with Missouri law, reject or disapprove the contract, and upon such rejection or disapproval:
  - 4.2.1 If such contract has not yet been accepted or approved by the FERC, KCPL will, as soon as possible, file to seek to withdraw its filing requesting the FERC acceptance or approval of such contract; or
  - 4.2.2 If such contract has been accepted or approved by the FERC and none of the other contracting parties are Utility Affiliates subject to any other state utility regulatory commission's jurisdiction, KCPL will:

- a. terminate such contract according to its terms; or
- b. at its sole option, take such steps as are necessary to cause such contract to be amended in order to remedy the Commission's adverse findings with respect to such contract; KCPL will refile such amended contract with the Commission and the FERC; such amendment will become effective only upon the receipt of all necessary regulatory authorizations, and the previous contract (to the extent already in effect) will continue in effect until such authorizations are received; if the FERC does not finally accept or approve such amendment within one (1) year from the date of KCPL's filing of such amendment with the FERC, KCPL will, upon request of the Commission, terminate the contract according to its terms.

4.2.3 If such contract has been accepted or approved by the FERC and one or more of the other contracting parties are Utility Affiliates subject to another state utility regulatory commission's jurisdiction, KCPL will make a good faith effort to terminate, amend or modify such contract in a manner which remedies the Commission's adverse findings with respect to such contract. KCPL will request to meet with representatives from the affected state commissions and make a good faith attempt to resolve any differences in their respective interests regarding the subject contract. If agreement can be reached to terminate, amend, or modify the contract in a manner satisfactory to the contracting parties and the representatives of each state commission, KCPL shall file such amended contract with the Commission and the FERC under the procedure set forth in this Section 4. If no agreement can be reached satisfactory to each contracting party and each affected state commission, after good faith negotiations, KCPL has no further obligations under this Jurisdictional Stipulation. Nothing herein affects, modifies or alters in any way the rights and duties of the Commission under applicable state and federal law.

# STATE OF MISSOURI



Matt Blunt  
Secretary of State

## CORPORATION DIVISION


### CERTIFICATE OF CORPORATE GOOD STANDING

I, MATT BLUNT, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

KANSAS CITY POWER & LIGHT COMPANY

was incorporated under the laws of this State on the 29th day of JULY, 1922, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 13th day of FEBRUARY, 2001.

  
Secretary of State



KANSAS CITY POWER & LIGHT COMPANY  
CERTIFICATE OF SECRETARY

---

I, Jeanie Sell Latz, Secretary of Kansas City Power & Light Company (the "Company"), do hereby certify that the following is a true and correct copy of an excerpt from the minutes of the meeting of the Board of Directors of said Company duly convened and held on March 14, 2000, at which meeting a quorum for the transaction of business was present and acting throughout; that set forth in said excerpt is a true and correct copy of a certain resolution duly adopted at said meeting, which resolution has not been amended nor rescinded and is now in full force and effect.

RESOLVED, that the Board of Directors does hereby authorize and direct the officers of the Company to file any and all applications and documents as may be deemed necessary or appropriate with the various governing bodies for the approval of the restructuring of the Company into three separate business entities all wholly-owned by a single holding company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of this 14<sup>th</sup> day of February, 2001.

  
\_\_\_\_\_  
Secretary  
Kansas City Power & Light Company

(SEAL)

Statement in conjunction with 4 CSR 240-2.060(1)(K):

Following is a listing of KCPL's pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application:

1. GST Appeal of Missouri Public Service Commission Case No. ER-99-553 in the Circuit Court of Cole County, Missouri  
Docket No. 00CV324891
2. GST Appeal of Missouri Public Service Commission Case No. ER-99-313 in the Circuit Court of Cole County, Missouri  
Docket No. 00CV323303
3. Hawthorn Station Incident Investigation before the Missouri Public Service Commission  
Case No. ES-99-581



# Kansas City Power & Light®

Gerald A. Reynolds

(816) 556-2138  
(816) 556-2787 (Telecopy)

February 26, 2001

Mr. Jeffrey S. Wagaman  
Executive Director  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

Re: In the Matter of the Application  
of Kansas City Power & Light  
Company for an Order Authorizing  
Its Plan to Reorganize Itself Into  
a Holding Company Structure

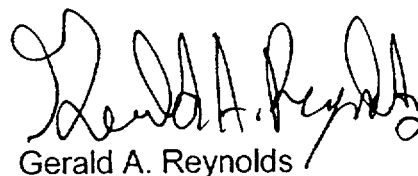
Dear Mr. Wagaman:

Enclosed for filing with the Kansas Corporation Commission are the original and 8 copies of Kansas City Power & Light Company's Application in this matter. Please time stamp one of the copies and return it to the individual who delivered the enclosed documents.

Please bring this filing to the attention of the Commission.

Thank you for your assistance.

Sincerely yours,



Gerald A. Reynolds

Enclosures

cc: Walker Hendrix

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

In the Matter of the Application of Kansas City            )  
Power & Light Company for an Order Authorizing        )  
Its Plan to Reorganize Itself Into a Holding            )  
Company Structure.    )

Docket No. \_\_\_\_\_

**APPLICATION**

COMES NOW Kansas City Power & Light Company ("KCPL"), by and through its attorneys, and, pursuant to K.S.A 66-101, 66-136, 66-1401, and K.A.R. 82-1-214, respectfully requests an order from the Kansas Corporation Commission ("Commission") that grants KCPL the authority to, *inter alia*, restructure and reorganize itself as more particularly described herein.

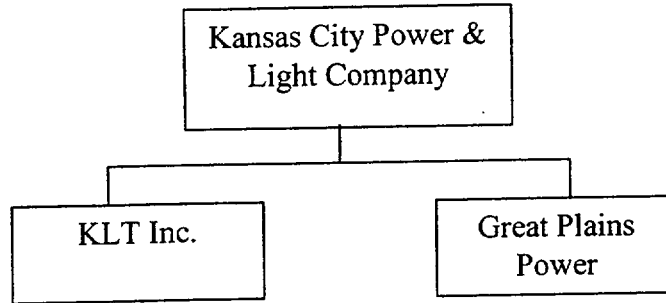
**I. Summary of Restructuring Plan**

KCPL is a vertically integrated electric utility company. In accordance with Kansas law, and the Public Utility Holding Company Act of 1935 (15 U.S.C. § 79 et seq.) ("PUHCA"), KCPL proposes to reorganize into a registered holding company structure. Additional regulatory approvals will be obtained from the Missouri Public Service Commission, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and the Federal Communications Commission. A registration statement will be filed with the Securities and Exchange Commission. This reorganization will not require a vote of KCPL's shareholders. After the reorganization, a new holding company ("HoldCo") will be the sole owner of three subsidiary companies, all of which already exist - i.e. KCPL, KLT, Inc. ("KLT") and Great Plains Power

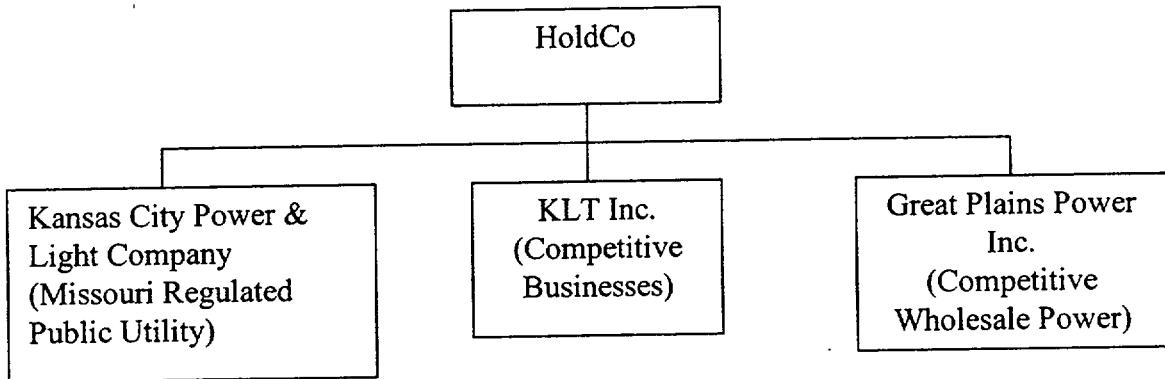


("GPP").<sup>1</sup> KCPL will remain a vertically integrated electric utility subject to this Commission's jurisdiction and will not transfer any of its generating assets as a part of this proposed restructuring plan. KLT will continue to invest in competitive, high growth businesses. GPP will pursue opportunities in the competitive wholesale generation market. KCPL's existing corporate structure, and the corporate structure that will exist immediately following the completion of the restructuring plan proposed herein are illustrated below.

CURRENT CORPORATE STRUCTURE<sup>2</sup>



RESTRUCTURED COMPANY



<sup>1</sup> The actual name of HoldCo has not been determined at this time. The Articles of Incorporation for HoldCo will be filed with the Missouri Secretary of State before the reorganization is completed.

<sup>2</sup> The only other existing subsidiary of KCPL that is relatively significant in terms of its size is Home Services Solutions ("HSS"). It is anticipated that HSS will be sold or otherwise disposed of in the near future. None of KCPL's subsidiaries are involved in the provision of regulated utility services.

The two corporate structures illustrated above are snapshots of KCPL at the beginning and end of the proposed restructuring process. KCPL's restructuring process contains several intermediary steps. KCPL will form a wholly owned subsidiary, HoldCo. In turn, HoldCo will form a wholly owned, new subsidiary, NewCo. Pursuant to a merger agreement ("Merger Agreement") between KCPL, HoldCo and NewCo, KCPL then will merge with NewCo. A copy of the Merger Agreement is attached hereto as Exhibit 1. Under the terms of the Merger Agreement, the separate existence of NewCo will cease and KCPL will continue as the surviving corporation of the merger. At this point, KCPL will be a wholly owned subsidiary of HoldCo. As a part of the merger, each outstanding share of KCPL stock automatically converts into the right to receive one share of HoldCo stock. At the time of the merger, each share of KCPL's various series of preferred stock will be converted into one share of an identical series of HoldCo preferred stock. The pro forma balance sheets and income statements of KCPL before and after the proposed restructuring plan are attached hereto as Exhibit 2. Once the merger is consummated, KCPL will dividend its stock of KLT and GPP to HoldCo. At this point, HoldCo will be a publicly held corporation that owns 100% of KCPL, KLT and GPP.

KCPL anticipates that within a certain period of time following the completion of the reorganization it will form a service company ("ServCo"). ServCo will provide certain shared services to the affiliated companies. A form of the General Services Agreement (GSA) that will be used for the provision of support services is attached hereto as Exhibit 3. A copy of KCPL's cost allocation manual ("CAM"), which describes the bases currently used by KCPL for allocating certain costs related to shared services, is attached hereto as Exhibit 4. The new holding company system will continue to use

service agreements, work orders and a CAM to assure that costs are properly tracked and assigned.

## **II. Regulation Under PUHCA**

Upon completion of the reorganization, HoldCo will register with the Securities and Exchange Commission (“SEC”) and become subject to additional regulation under PUHCA. A central purpose of PUHCA is “to provide a mechanism to create conditions under which effective Federal and State regulation will be possible.” (See, S. 2796, 74th Cong., 1st Sess. (1935)). Accordingly, PUHCA contains a number of provisions designed to promote effective state regulation. Importantly, PUHCA does not give the SEC jurisdiction over the rates, terms and conditions of utility service. KCPL will continue to be subject to the authority of the Kansas Corporation Commission with respect to rates, terms and conditions of utility service in Kansas.

State regulation is enhanced under PUHCA by, for example, the provision which states that the SEC may not authorize the issuance of securities or the acquisition of assets unless the applicant has complied with state law. State regulation of certain affiliate relationships is strengthened since Sections 32 and 34 of PUHCA condition the ability of an Exempt Wholesale Generator or an Exempt Telecommunications Company to enter into transactions with public utility affiliates on obtaining state commission approval. Under Section 33 of PUHCA, similar state consents are required in order to invest in foreign utilities. Consistent with the purpose of assuring that effective state regulation will continue, KCPL has agreed to a number of additional conditions set forth more fully in Section IV of this Application. In addition to helping assure effective state regulation, PUHCA regulates other aspects of holding company operations. Section 11

limits registered holding company systems to ownership of a single integrated public utility system, which is defined as a group of related operating properties within a confined geographic region susceptible to local management. Non-utility businesses may be acquired and retained only if they are “reasonably incidental, or economically necessary or appropriate” to the operations of the integrated public-utility system.

Section 7 of PUHCA prescribes standards for the type and amount of securities for the registered holding company and subsidiaries. Registered companies and subsidiaries must obtain SEC approval before acquiring any securities, utility assets, or any other interest in any business.

The SEC and the regulatory scheme under PUHCA encourage the use of service companies, which are subject to extensive regulation. A service company is a subsidiary of a registered holding company that is formed in order to provide centralized management and administrative services to system companies. Service companies permit registered systems, including public utilities, to capture economies of scale and other efficiencies by reducing duplication of corporate support functions by each of the affiliate companies in the system. There are now approximately 30 registered holding company systems (a doubling in number since 1995) and virtually all of these systems use a service company for corporate support activities.

Service, sales and construction contracts between a system service company and associate companies in the same holding company system must be performed “economically and efficiently” for the benefit of such associate companies generally at cost and all costs must be fairly and equitably allocated. Service companies use a work order system, make extensive use of accounting controls, and have significant reporting

requirements including the obligation to file annual reports which describe affiliate transactions.

PUHCA regulates other affiliate transactions as well. A registered holding company may not borrow or receive any extensions of credit from any system public utility. In addition, there are regulations concerning the ability of system companies to make intra-system loans, pay dividends, acquire or dispose of property, or solicit proxies.

As shown in the next section, forming a holding company promises benefits. And, though KCPL believes-and the SEC itself agrees-that the many provisions of PUHCA are anachronistic and unnecessary, registration under PUHCA will result in greater, not lesser regulation of system operations.

### **III. Benefits of the Restructuring**

Increased competition in capital and energy markets has required traditional utilities to diversify their business operations and, in particular, to invest in businesses offering higher growth opportunities. The ability to grow earnings at a rate higher than can be expected from the traditional utility business is a key to KCPL's success, if not its survival as a stand-alone family of companies. During the past several years, KCPL, through its subsidiary, KLT, has developed business interests in, for example, telecommunications, gas production and development, and energy services. With the recent establishment of a new subsidiary, GPP, KCPL has signaled its intention to participate in the dramatic growth of the competitive wholesale generation market. The reorganization will facilitate the efforts of KCPL's affiliated competitive businesses to access more markets and will allow them to pursue business opportunities with greater flexibility and speed.

The Kansas Commission has historically honored the policy that the corporate structure of a utility company should be the prerogative of the company's management, absent a compelling public interest need for the Commission to intervene. The Commission also has evidenced an appreciation for the growing importance of maintaining a company's competitive operations structurally separate from its regulated operations. The proposed reorganization will further separate KCPL's retail electric customers from the Company's other business interests. In the future, those competitive businesses will be conducted in subsidiaries of HoldCo - not in subsidiaries of KCPL. Depending upon the nature of the transaction, and considering the commitments made in the next section of this Application, any significant business dealings between KCPL and its affiliated companies will be subject to review and documentation, and to the approval and/or ratemaking authority of this Commission, the SEC and/or the Federal Energy Regulatory Commission ("FERC"). In addition, KCPL's GSA and CAM, Exhibits 3 and 4, contain accounting procedures that ensure a proper allocation of costs between KCPL and its affiliates.

To reiterate, this reorganization will not involve the transfer of any assets, including generating assets, from KCPL to affiliates. KCPL will remain a vertically integrated electric utility. This Commission will continue to have the statutory authority to ensure that KCPL's retail electric customers receive electric service that is safe, reliable and reasonably priced.

#### **IV. State Jurisdictional Issues**

In the merger proceeding of Western Resources, Inc. and KCPL, Docket No. 97-WSRE-676-MER, the Commission approved the proposed merger of the companies, recognizing that the merger could result in Western Resources losing its exemption under the PUHCA. In its order dated September 28, 1999, the Commission set out requirements designed to protect the Commission's jurisdiction over the utility should it lose its exempt status. Similar requirements have been established by the Missouri Public Service Commission ("MPSC"). In *Re Western Resources, Inc./Kansas City Power & Light Company*, Case No. EM-97-515, and *Re Union Electric Company/Central Illinois Public Service Company*, Case No. EM-96-149, the MPSC approved settlement agreements designed to ensure the protection of customers of Missouri utilities that may have become subsidiaries of a Registered Holding Company. KCPL hereby agrees to those same conditions, as set forth below. KCPL further commits that it and its affiliates will continue to comply with the provisions of K.S.A. 66-1213, 66-1401, and 66-1402, concerning affiliate transactions, after the reorganization is completed.

##### **a. Access to Books, Records and Personnel**

KCPL agrees to make available to the Commission Staff, and the Citizen's Utility Ratepayer's Board ("CURB"), at reasonable times and places, all books, records, employees and officers of KCPL and any affiliate of KCPL as provided under applicable law and Commission rules; provided that KCPL and any affiliate or subsidiary of HoldCo shall have the right to object to such production of records or personnel on any basis under applicable law and Commission rules, excluding any objection that such records

and personnel of affiliates or subsidiaries are not subject to the Commission's jurisdiction and statutory authority, including objections based on the operation of PUHCA.

**b. Contracts Required to be Filed with the SEC**

All contracts, agreements or arrangements of any kind, including any amendments thereto, between KCPL and any affiliate, associate, holding, mutual service, or subsidiary company within the same holding company system, as these terms are defined in 15 U.S.C. § 79b, as subsequently amended, that are required to be filed with and/or approved by the SEC pursuant to PUHCA, as subsequently amended, shall be conditioned upon the following without modification or alteration: Neither KCPL nor any of its affiliates, will seek to overturn, reverse, set aside, change or enjoin, whether through appeal or the initiation or maintenance of any action in any forum, a decision or order of the Commission which pertains to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL in, or as a result of, a contract, agreement, arrangement, or transaction with any affiliate, associate, holding, mutual service or subsidiary company on the basis that such expense, charge, cost or allocation has itself been filed with or approved by the SEC or was incurred pursuant to a contract, arrangement, agreement or allocation method that was filed with or approved by the SEC.

**c. Electric Contracts Required to be Filed with FERC**

All wholesale electric energy or transmission service contracts, tariffs, agreements or arrangements of any kind, including any amendments thereto, between KCPL and any HoldCo subsidiary or affiliate, that are required to be filed with and/or approved by the FERC, pursuant to the Federal Power Act, as subsequently amended, shall be conditioned



upon the following without modification or alteration: Neither KCPL nor any of its affiliates will seek to overturn, reverse, set aside, change or enjoin, whether through appeal or the initiation or maintenance of any action in any forum, a decision or order of the Kansas Commission which pertains to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL in, or as a result of, a wholesale electric energy or transmission service contract, agreement, arrangement or transaction on the basis that such expense, charge, cost or allocation has itself been filed with or approved by FERC, or was incurred pursuant to a contract, arrangement, agreement or allocation method that was filed with or approved by FERC.

**d. No Pre-Approval of Affiliated Transactions**

KCPL agrees to provide the Commission and CURB with copies of all documents that must be filed with the SEC or FERC relating to affiliate transactions. KCPL and HoldCo further agree that the Commission may make its determination regarding the ratemaking treatment to be accorded these transactions in a subsequent ratemaking proceeding.

**e. Contingent Jurisdictional Stipulation Regarding Affiliate Contracts Required to be Filed With FERC**

KCPL agrees that in the exclusive event that any court with jurisdiction over KCPL, HoldCo or any of their affiliates or subsidiaries issues an opinion or order that invalidates a decision or order of the Commission pertaining to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL on the basis that such expense, charge, cost or allocation has itself been filed with or approved by FERC, then the Contingent Jurisdictional Stipulation, attached

hereto as Exhibit 5, shall apply to FERC filings according to its terms, at the option of the Commission.

**f. Contingent Jurisdictional Stipulation Regarding  
Affiliate Contracts Required to be Filed with SEC**

KCPL agrees that in the exclusive event that any court with jurisdiction over KCPL, HoldCo or any of their affiliates or subsidiaries issues an opinion or order that invalidates a decision or order of the Commission pertaining to recovery, disallowance, deferral or ratemaking treatment of any expense, charge, cost or allocation incurred or accrued by KCPL on the basis that such expense, charge, cost or allocation has itself been filed with or approved by SEC, then the Contingent Jurisdictional Stipulation, attached hereto as Exhibit 5, shall apply to SEC filings according to its terms, at the option of the Commission.

**V. Request for Authorization**

In support of this Application, KCPL states the following:

1. KCPL is a Missouri corporation in good standing in all respects, with its principal office and place of business located at 1201 Walnut, Kansas City, Missouri 64106. KCPL is registered to conduct business in the State of Kansas and is in good standing in all respects. KCPL is engaged in the generation, transmission, distribution, and sale of electric energy and power in areas of eastern Kansas certificated to it by the Commission. KCPL is an "electric public utility" and "public utility" as those terms are defined in K.S.A. 66-101a and K.S.A. 66-104, respectively, and, as such, is subject to the jurisdiction of the Commission as provided by law. KCPL provides electric service to approximately 183,400 residential customers and approximately 23,000 commercial and

industrial customers in Kansas. A copy of KCPL's Certificate of Good Standing in Kansas is attached hereto as Exhibit 6.

2. All correspondence, pleadings, orders, decisions, and communications regarding this proceeding should be sent to:

William G. Riggins  
General Counsel  
Kansas City Power & Light Company  
1201 Walnut  
Kansas City, MO 64106  
Telephone: (816) 556-2785  
Facsimile: (816) 556-2787  
E-mail: [bill.riggins@kcpl.com](mailto:bill.riggins@kcpl.com)

Chris B. Giles  
Senior Director, Revenue and Resource Management  
Kansas City Power & Light Company  
1201 Walnut  
Kansas City, MO 64106  
Telephone: (816) 556-2912  
Facsimile: (816) 556-2924  
E-mail: [chris.giles@kcpl.com](mailto:chris.giles@kcpl.com)

3. A copy of the Merger Agreement, in substantially final form, between KCPL, HoldCo and NewCo is attached hereto as Exhibit 1. In accordance with the Merger Agreement, KCPL and NewCo will merge. NewCo will cease to exist, while KCPL will continue as the surviving corporation. After the merger, KCPL will continue to be a regulated "electric public utility" and "public utility" as defined by Kansas law, and will continue to provide electric service in KCPL's current service area under tariffs.

4. GPP is not an "electric public utility" or a "public utility" as those terms are defined in K.S.A. 66-101a and 66-104, respectively, inasmuch as it does not own utility assets located in Kansas, or generate or sell electricity at this time.

5. As described above, the proposed transactions are not detrimental to the public interest and will in fact benefit consumers and the public interest. The proposed transaction will strengthen the financial and operational separation between KCPL's retail electric business and the competitive business activities of KCPL's affiliated companies.

6. The proposed merger will not have any impact on KCPL's Kansas jurisdictional operations.

7. A certified copy of the resolutions of the Board of Directors of KCPL authorizing the Company to proceed with implementation of the restructuring is attached hereto as Exhibit 7 and incorporated herein by reference.

8. Pro forma balance sheets and income statements for KCPL with adjustments showing the effects of the proposed restructuring and capitalization are attached hereto as Exhibit 2.

9. The requirements of K.S.A. 66-131 do not apply to the proposed transaction. KCPL already possesses a certificate of public convenience and necessity. The proposed restructuring plan will not alter KCPL's current service area or affect rights and obligations under its certificate of public convenience and necessity.

10. Pursuant to K.S.A. 66-1401(2)(g), HoldCo, once formed, will file with the Commission an agreement to keep the Commission informed as to all affiliate transactions between KCPL and HoldCo, and to submit to the jurisdiction of the KCC insofar as those transactions affect the rate or charge to be made by KCPL.


11. The proposed restructuring does not involve the transfer of any of KCPL-owned assets. Accordingly, there will be no impact on the tax revenues of any political subdivision where KCPL's structures, facilities or equipment are located.

12. The Commission has explicit statutory authority to grant KCPL's requests pursuant to the above-cited statutes and pursuant to its broad grant of authority under K.S.A. 66-101, *et seq.*

**WHEREFORE**, Kansas City Power & Light Company respectfully requests the Commission to issue its Order:

1. Granting KCPL the authority to restructure and reorganize itself as discussed herein.
2. Granting KCPL the authority to merge with NewCo with KCPL being the surviving corporation.
3. Granting KCPL the authority to convert its stock to HoldCo stock, as set forth in detail herein.
4. Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Application and to consummate the restructuring transaction, as described herein.

Respectfully submitted,

  
\_\_\_\_\_  
William G. Riggins, Esq. KBN 12080

General Counsel

Gerald A. Reynolds KBN 00007

Senior Regulatory Counsel

Kansas City Power & Light Company

1201 Walnut

Kansas City, MO 64106

Telephone: (816) 556-2785

Facsimile: (816) 556-2787

E-mail: [bill.riggins@kcpl.com](mailto:bill.riggins@kcpl.com)

E-mail: [gerald.reynolds@kcpl.com](mailto:gerald.reynolds@kcpl.com)

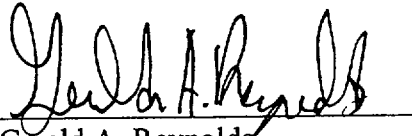
ATTORNEYS FOR KANSAS CITY  
POWER & LIGHT COMPANY

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing Application has been hand-delivered or mailed, First Class, U.S. Mail, postage prepaid this 26th day of February 2001, to:

Susan Cunningham  
Kansas Corporation Commission  
1500 SW Arrowhead Rd.  
Topeka, Kansas 66604


Walker Hendrix  
Citizen's Utility Ratepayer's Board  
1500 SW Arrowhead Rd.  
Topeka, Kansas 66604

  
Gerald A. Reynolds

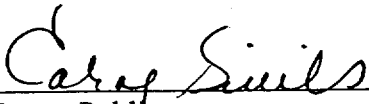
VERIFICATION

STATE OF MISSOURI     )  
  ) ss:  
COUNTY OF JACKSON    )

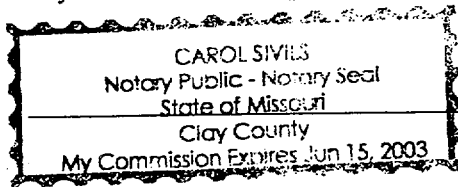
B. J. Beaudoin, having been duly sworn upon his oath, states that he is Chief Executive Officer and President of Kansas City Power & Light Company, Applicant herein, and the Application and Exhibits are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
B. J. Beaudoin

Subscribed and sworn to before me this 21<sup>st</sup> day of February, 2001.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:



AGREEMENT AND PLAN OF MERGER  
AMONG  
KANSAS CITY POWER & LIGHT COMPANY,  
GREAT PLAINS ENERGY INCORPORATED  
AND  
KC MERGER SUB INCORPORATED

DATED AS OF [                      ]



## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Merger Agreement"), dated as of [ ], is among Kansas City Power & Light Company, a Missouri corporation (the "Company"), Great Plains Energy Incorporated, a Missouri corporation ("Holdings") and a direct, wholly owned subsidiary of the Company, and KC Merger Sub Incorporated, a Missouri corporation ("Newco") and a direct, wholly owned subsidiary of Holdings.

### RECITALS:

WHEREAS, the Company's authorized capital stock consists of (i) [ ] shares of common stock, no par value (the "Company Common Stock"), of which, as of the date hereof, [ ] shares are issued and outstanding and [no] shares were held in Company's treasury; (ii) [ ] shares of 3.80% cumulative preferred stock, par value \$100 per share (the "Company 3.80% Preferred"), of which [ ] shares are outstanding on the date hereof; (iii) [ ] shares of 4% cumulative preferred stock, par value \$100 per share (the "Company 4% Preferred"), of which [ ] shares are outstanding on the date hereof; (iv) [ ] shares of 4.50% cumulative preferred stock, par value \$100 per share (the "Company 4.50% Preferred"), of which [ ] shares are outstanding on the date hereof; (v) [ ] shares of 4.20% cumulative preferred stock, par value \$100 per share (the "Company 4.20% Preferred"), of which [ ] shares are outstanding on the date hereof; and (vi) [ ] shares of 4.35% cumulative preferred stock, par value \$100 per share (the "Company 4.35% Preferred" and, together with the Company 3.80% Preferred, the Company 4.50% Preferred and the Company 4.20% Preferred, but excluding the Company 4% Preferred, the "Company Preferred"), of which [ ] shares are outstanding on the date hereof; and

WHEREAS, as of the date hereof, Holdings' authorized capital stock consists of (i) [ ] shares of common stock, no par value (the "Holdings Common Stock"), of which, as of the date hereof, [ ] shares are issued and outstanding and owned by the Company and no shares are held in treasury, and (ii) [ ] shares of 3.80% cumulative preferred stock, par value \$100 per share (the "Holdings 3.80% Preferred"), of which no shares are outstanding on the date hereof; (iii) [ ] shares of 4.50% cumulative preferred stock, par value \$100 per share (the "Holdings 4.50% Preferred"), of which no shares are outstanding on the date hereof; (iv) [ ] shares of 4.20% cumulative preferred stock, par value \$100 per share (the "Holdings 4.20% Preferred"), of which no shares are outstanding on the date hereof; and (v) [ ] shares of 4.35% cumulative preferred stock, par value \$100 per share (the "Holdings 4.35% Preferred" and, together with the Holdings 3.80%

Preferred, the Holdings 4.50% Preferred and the Holdings 4.20% Preferred, the "Holdings Preferred"), of which no shares are outstanding on the date hereof; and

WHEREAS, as of the date hereof, Newco has an authorized capital stock consisting of [ ] shares of common stock, no par value (the "Newco Common Stock"), of which [ ] shares are issued and outstanding on the date hereof and owned by Holdings; and

WHEREAS, the designations, rights and preferences, and the qualifications, limitations and restrictions thereof, of the Holdings Common Stock, the Holdings 3.80% Preferred, the Holdings 4.50% Preferred, the Holdings 4.20% Preferred and the Holdings 4.35% Preferred, are the same as those of the Company Common Stock, the Company 3.80% Preferred, the Company 4.50% Preferred, the Company 4.20% Preferred and the Company 4.35% Preferred, respectively; and

WHEREAS, no later than immediately prior to the Effective Date (as defined below), the Company shall redeem all outstanding shares of Company 4% Preferred; and

WHEREAS, the Articles of Incorporation of Holdings (the "Holdings Charter") and the By-laws of Holdings (the "Holdings By-laws") in effect immediately after the Effective Date (as hereinafter defined) will contain provisions identical to the Restated Articles of Consolidation of the Company (the "Company Charter") and By-laws of the Company (the "Company By-laws") in effect immediately before the Effective Date (other than with respect to matters excepted by Section 351.448.1(4) of the Missouri General and Business Corporation Law (the "MGBCL")); and

WHEREAS, the directors and officers of the Company immediately prior to the Merger (as hereinafter defined) will be the directors and officers of Holdings as of the Effective Date; and

WHEREAS, Holdings and Newco are newly formed corporations organized for the purpose of participating in the transactions herein contemplated; and

WHEREAS, the Company desires to create a new holding company structure by merging Newco with and into the Company, with the Company continuing as the surviving corporation of such merger, and each outstanding share (or any fraction thereof) of Company Common Stock, the Company 3.80% Preferred, the Company 4.50% Preferred, the Company 4.20% Preferred and the Company 4.35%

Preferred, being converted in such merger into a like number of shares of Holdings Common Stock, the Holdings 3.80% Preferred, the Holdings 4.50% Preferred, the Holdings 4.20% Preferred and the Holdings 4.35% Preferred, respectively, all in accordance with the terms of this Merger Agreement (the "Merger"); and

WHEREAS, the Boards of Directors of Holdings and the Company have approved this Merger Agreement and the Merger upon the terms and subject to the conditions set forth in this Merger Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained in this Merger Agreement, and intending to be legally bound hereby, the Company, Holdings and Newco hereby agree as follows:

## ARTICLE I

### THE MERGER

SECTION 1.1 THE MERGER. In accordance with Section 351.448 of the MGBCL and subject to and upon the terms and conditions of this Merger Agreement, Newco shall, on the Effective Date, be merged with and into the Company, the separate corporate existence of Newco shall cease and the Company shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

SECTION 1.2 EFFECTIVE DATE. The parties shall file articles of merger with respect to the Merger (the "Articles of Merger"), executed in accordance with the relevant provisions of the MGBCL, and with this Merger Agreement attached thereto, with the Secretary of State of the State of Missouri, and shall make all other filings or recordings required under the MGBCL to effectuate the Merger. The Merger shall become effective upon the filing of the Articles of Merger with the Secretary of State of the State of Missouri (the date of such filing shall hereinafter be referred to as the "Effective Date").

SECTION 1.3 RESTATED ARTICLES OF INCORPORATION OF SURVIVING CORPORATION. From and after the Effective Date, the Company's Restated Articles of Incorporation, as in effect immediately prior to the Effective Date, shall be the Restated Articles of Incorporation of the Surviving Corporation, except with such changes as are permitted by Section 351.448.1(7) of the MGBCL (the "Surviving Corporation's Charter") until thereafter amended as provided by law; provided, however, that, from and after the Effective Date:

(a) Article Third thereof shall be amended so as to read in its entirety as follows:

"The amount of authorized capital stock of the Company is One Thousand (1,000) shares of Common Stock without par value.

(i) Dividends. Subject to the limitations in this ARTICLE THIRD set forth, dividends may be paid on the Common Stock out of any funds legally available for the purpose, when and as declared by the Board of Directors.

(ii) Liquidation Rights. In the event of any liquidation or dissolution of the Company, after there shall have been paid to or set aside for the holders of outstanding shares having superior liquidation preferences to Common Stock the full preferential amounts to which they are respectively entitled, the holders of outstanding shares of Common Stock shall be entitled to receive pro rata, according to the number of shares held by each, the remaining assets of the Company available for distribution.

(iii) Voting Rights. Except as set forth in this ARTICLE THIRD or as by statute otherwise mandatorily provided, the holders of the Common Stock shall exclusively possess full voting powers for the election of Directors and for all other purposes.

(iv) No Preemptive Rights. No holders of outstanding shares of Common Stock shall have any preemptive right to subscribe for or acquire any shares of stock or any securities of any kind hereafter issued by the Company.

(v) Consideration for Shares. Subject to applicable law, the shares of the Company, now or hereafter authorized, may be issued for such consideration as may be fixed from time to time by the Board of Directors. Subject to applicable law and to the provisions of this ARTICLE THIRD, shares of the Company issued and thereafter acquired by the Company may be disposed of by the Company for such consideration as may be fixed from time to time by the Board of Directors.

(vi) Crediting Consideration to Capital. The entire consideration hereafter received upon the issuance of shares of Common Stock without par value shall be credited to capital, and this requirement may not be eliminated or amended without the affirmative vote of consent of the holders of two-thirds of the outstanding Common Stock.

(b) A new Article Fourteenth shall be added thereto which shall be and read in its entirety as follows:

"ARTICLE FOURTEENTH. Any act or transaction by or involving the Company that requires for its adoption pursuant to Chapter 351 of the Missouri General and Business Corporation Law or these Restated Articles of Incorporation the approval of the shareholders of the Company shall, pursuant to Section 351.448 of the Missouri General and Business Corporation Law, require, in addition, the approval of the shareholders of Great Plains Energy Incorporated, a Missouri corporation, or any successor thereto by merger, by the same vote as is required pursuant to Chapter 351 of the Missouri General and Business Corporation Law or the Restated Articles of Incorporation of the Company."

SECTION 1.4 BY-LAWS OF SURVIVING CORPORATION.  
From and after the Effective Date, the By-laws of Newco, as in effect immediately prior to the Effective Date, shall constitute the By-laws of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

SECTION 1.5 DIRECTORS OF SURVIVING CORPORATION.

The directors of Newco in office immediately prior to the Effective Date shall be the initial directors of the Surviving Corporation and will hold office from the Effective Date until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Corporation's Charter and By-laws, or as otherwise provided by law.

SECTION 1.6 OFFICERS OF SURVIVING CORPORATION.

The officers of Newco in office immediately prior to the Effective Date shall be the officers of the Surviving Corporation until the earlier of their resignation or removal or until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Corporation's Charter and By-laws, or as otherwise provided by law.

SECTION 1.7 ADDITIONAL ACTIONS.

Subject to the terms of this Merger Agreement, the parties hereto shall take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Merger. If, at any time after the Effective Date, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of Newco or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Merger Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Newco and the Company, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of Newco and the Company or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Merger Agreement.

SECTION 1.8 CONVERSION OF SECURITIES.

On the Effective Date, by virtue of the Merger and without any action on the part of Holdings, Newco, the Company or the holder of any of the following securities:

- (a) Conversion of Company Common Stock. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings Common Stock.

(b) Conversion of Company Common Stock in Treasury. Each share of Company Common Stock issued but held by the Company in its treasury immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and non-assessable share of Holdings Common Stock held in such entity's treasury after the Effective Date.

(c) Conversion of Company 3.80% Preferred. Each share of Company 3.80% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 3.80% Preferred.

(d) Conversion of Company 4.50% Preferred. Each share of Company 4.50% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 4.50% Preferred.

(e) Conversion of Company 4.20% Preferred. Each share of Company 4.20% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 4.20% Preferred.

(f) Conversion of Company 4.35% Preferred. Each share of Company 4.35% Preferred issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of Holdings 4.35% Preferred.

(g) Conversion of Capital Stock of Newco. Each share of Newco Common Stock issued and outstanding immediately prior to the Effective Date shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of common stock, no par value, of the Surviving Corporation.

(h) Cancellation of Capital Stock of Holdings. Each share of Holdings Common Stock that is owned by the Company immediately prior to the Merger shall automatically be cancelled and retired and shall cease to exist.

(i) Rights of Certificate Holders. From and after the Effective Date, holders of certificates formerly evidencing Company Common Stock or Company Preferred shall cease to have any rights as shareholders of the Company, except as provided by law; provided, however, that such holders shall have the rights set forth in Section 1.10 herein.

SECTION 1.9 STOCK OPTIONS AND EQUITY-BASED AWARDS. (a) On the Effective Date, automatically and without any action on the part of the Company, Holdings, Newco or the holders of any options to acquire shares of Company Common Stock (the "Company Stock Options"), or the holders of any other equity-based award of the Company, (i) Holdings will assume each Company Stock Option and each other equity-based award of the Company which is outstanding immediately prior to the Effective Date, (ii) each such Company Stock Option will become an option to purchase a number of shares of Holdings Common Stock equal to the number of shares of Company Common Stock issuable upon the exercise of such Company Stock Option, and otherwise upon the same terms and conditions as such Company Stock Option and (iii) each such other equity-based award of the Company will become a similar equity-based award with respect to a number of shares of Holdings Common Stock equal to the number of shares of Company Common Stock subject to such equity-based award, and otherwise upon the same terms and conditions as such equity-based award.

(b) Upon the consummation of the Merger, Holdings shall assume sponsorship of and all obligations of the Company under the Dividend Reinvestment and Direct Stock Purchase Plan and all employee benefit plans of the Company, including but not limited to the Company's Long-Term Incentive Plan, Long- and Short-Term Incentive Compensation Plan, Supplemental Executive Retirement Plan and Nonqualified Deferred Compensation Plan, and all retirement, medical, dental, long-term disability, short-term disability, life insurance, flexible spending account and any other such benefit plans and programs of the Company.

SECTION 1.10 NO SURRENDER OF CERTIFICATES. (a) Until thereafter surrendered for transfer or exchange in the ordinary course, each outstanding stock certificate that, immediately prior to the Effective Date, evidenced Company Common Stock shall be deemed and treated for all corporate purposes to evidence the ownership of the number of shares of Holdings Common Stock into which such shares of Company Common Stock were converted pursuant to the provisions of Section 1.8 (a) and (b) herein.



(b) Until thereafter surrendered for transfer or exchange in the ordinary course, each outstanding stock certificate that, immediately prior to the Effective Date, evidenced the Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, shall be deemed and treated for all corporate purposes to evidence the ownership of the number of shares of the Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred, as the case may be, into which such shares of Company Preferred were converted pursuant to the provisions of Sections 1.8 (c), (d), (e) or (f) herein, as the case may be.

## ARTICLE II

### ACTIONS TO BE TAKEN IN CONNECTION WITH THE MERGER

SECTION 2.1 LISTING OF CERTAIN HOLDINGS CAPITAL STOCK. The Company shall use its reasonable efforts to cause the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred and Holdings 4.35% Preferred to be issued pursuant to the Merger to be approved for listing on the New York Stock Exchange (the "NYSE") prior to the Effective Date, subject to official notice of issuance.

SECTION 2.2 PROCUREMENT OF CUSIP NUMBERS. On or prior to the Effective Date, Holdings will use reasonable efforts to procure a new CUSIP number for the Holdings Common Stock, for each series of Holdings Preferred and for any other securities which so require new CUSIP numbers in connection with the Merger.

SECTION 2.3 APPLICATION FOR REGULATORY APPROVALS. Prior to the Effective Date, the Company shall apply for, and use reasonable efforts to obtain, the following regulatory approvals and orders (the "Regulatory Approvals") for the Merger: (1) all necessary approvals from the Kansas Corporation Commission under Chapter 66 of the Kansas Statutes Annotated; (2) all necessary approvals from the Missouri Public Service Corporation under Chapter 393 of the Missouri Revised Statutes; (3) all necessary approvals from the Federal Energy Regulatory Commission under the Federal Power Act; (4) all necessary approvals from the Nuclear Regulatory Commission under the Atomic Energy Act; and (5) an order from the Securities and Exchange Commission ("SEC"), in form and substance reasonably acceptable to the Company, authorizing Holdings and its subsidiaries to engage in such transactions subject to SEC jurisdiction under the Public Utility Holding Company Act of 1935 ("PUHCA") as the Company deems necessary for the normal operation of Holdings' utility holding company system following Holdings' registration with the SEC under Section 5 of PUHCA, including, but not limited to, financing transactions subject to SEC jurisdiction under Sections 6 and 7 of PUHCA and acquisitions subject to SEC jurisdiction under Sections 9 and 10 of PUHCA.

SECTION 2.4 REDEMPTION OF COMPANY 4% PREFERRED. No later than immediately prior to the Effective Date, the Company shall redeem all outstanding shares of Company 4% Preferred.

### ARTICLE III

#### CONDITIONS OF MERGER

SECTION 3.1 CONDITIONS PRECEDENT. The obligations of the parties to this Merger Agreement to consummate the Merger and the transactions contemplated by this Merger Agreement shall be subject to fulfillment or waiver by the parties hereto of each of the following conditions:

(a) Prior to the Effective Date, the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred and Holdings 4.35% Preferred to be issued pursuant to the Merger shall have been approved for listing, upon official notice of issuance, by the NYSE.

(b) On the Effective Date, Skadden, Arps, Slate, Meagher & Flom LLP, special tax counsel to the Company, shall render an opinion to the Board of Directors of the Company, in form and substance reasonably satisfactory to the Company, on the basis of certain facts, representations and assumptions set forth in such opinion, to the effect that for federal income tax purposes (i) the Merger will qualify as an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended; (ii) no gain or loss will be recognized by the shareholders of the Company upon receipt of the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred as the case may be, in exchange for their shares of Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company Preferred 4.35%, as the case may be, pursuant to the Merger; (iii) the tax basis of the shares of Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred, as the case may be, to be received by the Company's shareholders pursuant to the Merger Agreement will be the same as their tax basis in the Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, converted or exchanged therefor; and (iv) the holding period of the Holdings Common Stock, Holdings 3.80% Preferred, Holdings 4.50% Preferred, Holdings 4.20% Preferred or Holdings 4.35% Preferred, as the case may be, to be received by each of the Company's shareholders pursuant to the Merger Agreement will include the holding period of the Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, converted or exchanged therefor, provided that such Company Common Stock, Company 3.80% Preferred, Company 4.50% Preferred, Company 4.20% Preferred or Company 4.35% Preferred, as the case may be, is held as a capital asset in the hands of such shareholder at the time of the Merger. In rendering the opinion, such counsel may require and rely upon representations contained in certificates of officers of Holdings and the Company.

(c) Prior to the Effective Date, no order, statute, rule, regulation, executive order, injunction, stay, decree, judgment or restraining order shall have been enacted, entered, promulgated or enforced by any court or governmental or regulatory authority or instrumentality which prohibits or makes illegal the consummation of the Merger or the transactions contemplated hereby.

(d) Prior to the Effective Date, if necessary, the Company shall have filed with the office of the Missouri Secretary of State an amendment to the Holdings Charter to change the name of Holdings to a name to be determined by the Company.

(e) The Company and Holdings shall have taken all necessary corporate action to ensure that, immediately prior to the Effective Date, the Holdings Charter (including with respect to authorized capital stock) and the Holdings By-laws shall contain provisions identical to the Company Charter and Company By-laws, respectively, in effect immediately prior to the Effective Date (other than with respect to matters excepted by Section 351.448.1(4) of the MGBCL).

(f) Prior to the Effective Date, the Regulatory Approvals shall have been obtained, in form and substance satisfactory to the parties, and shall be final and nonappealable.

(g) Prior to the Effective Date, all outstanding shares of Company 4% Preferred shall have been redeemed by the Company.

#### ARTICLE IV

##### TERMINATION AND AMENDMENT

SECTION 4.1 TERMINATION. This Merger Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Date by action of the Board of Directors of the Company, Holdings or Newco if it is determined that for any reason the completion of the transactions provided for herein would be inadvisable or not in the best interest of such corporation or its shareholders. In the event of such termination and abandonment, this Merger Agreement shall become void and neither the Company, Holdings or Newco nor their respective shareholders, directors or officers shall have any liability with respect to such termination and abandonment.

SECTION 4.2 AMENDMENT. This Merger Agreement may be supplemented, amended or modified by the mutual consent of the Boards of Directors of the parties to this Merger Agreement.

ARTICLE V

MISCELLANEOUS PROVISIONS

**SECTION 5.1 GOVERNING LAW. THIS MERGER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MISSOURI, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS.**

SECTION 5.2 BINDING EFFECT AND ASSIGNMENT. This Merger Agreement shall be binding upon and inure to the benefit of the parties and to their respective successors and assigns.

SECTION 5.3 THIRD PARTY BENEFICIARIES. This Merger Agreement is not intended and shall not be construed to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights or remedies hereunder.

SECTION 5.4 COUNTERPARTS. This Merger Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

SECTION 5.5 ENTIRE MERGER AGREEMENT. This Merger Agreement, including the documents and instruments referred to herein, constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

IN WITNESS WHEREOF, Holdings, Newco and the Company have caused this Merger Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

KANSAS CITY POWER & LIGHT  
COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GREAT PLAINS ENERGY  
INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

KC MERGER SUB INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

**KANSAS CITY POWER & LIGHT COMPANY**

**Balance Sheets**

**9/30/00**

*(thousands of dollars)*

| <b>ASSETS</b>   | <b>Actual</b> | <b>Proforma</b> |
|---|---------------|-----------------|
| <b>Utility Plant, at original cost</b>                        |               |                 |
| Electric  | \$ 3,789,428  | \$ 3,789,428    |
| Less-accumulated depreciation                                 | 1,618,816     | 1,618,816       |
| Net utility plant in service                                  | 2,170,612     | 2,170,612       |
| Construction work in progress                                 | 276,854       | 276,854         |
| Nuclear fuel, net of amortization of \$120,801 and \$108,077  | 33,288        | 33,288          |
| Total   | 2,480,754     | 2,480,754       |
| <b>Regulatory Asset - Recoverable Taxes</b>                   | 106,000       | 106,000         |
| <b>Investments and Nonutility Property</b>                    | 287,080       | 110,583         |
| <b>Current Assets</b>   |               |                 |
| Cash and cash equivalents                                     | 1,502         | 1,502           |
| Receivables   | 74,470        | 74,470          |
| Other receivables   | 37,094        | 37,094          |
| Fuel inventories, at average cost                             | 19,758        | 19,758          |
| Materials and supplies, at average cost                       | 47,280        | 47,280          |
| Deferred income taxes   | 4,316         | 4,316           |
| Other   | 4,366         | 4,366           |
| Total   | 188,786       | 188,786         |
| <b>Deferred Charges</b>                                       |               |                 |
| Regulatory assets   | 26,059        | 26,059          |
| Prepaid pension costs   | 61,957        | 61,957          |
| Other deferred charges  | 15,906        | 15,906          |
| Total   | 103,922       | 103,922         |
| <b>Total</b>  | \$ 3,166,542  | \$ 2,990,045    |
| <b>LIABILITIES</b>  |               |                 |
| <b>Capitalization</b>   |               |                 |
| Common stock-authorized 150,000,000 shares without par value- |               |                 |
| 61,908,726 shares issued-stated value                         | \$ 449,697    | \$ 397,896      |
| Retained earnings   | 479,702       | 422,205         |
| Capital stock premium and expense                             | (1,668)       | (1,668)         |
| Common stock equity   | 927,731       | 818,433         |
| Cumulative preferred stock                                    | 39,062        | 36,444          |
| Company-obligated manditorily redeemable Preferred            |               |                 |
| Securities of a trust holding solely KCPL Sub. Debentures     | 150,000       | 150,000         |
| Long-term debt  | 791,268       | 726,687         |
| Total   | 1,908,061     | 1,731,564       |
| <b>Current Liabilities</b>                                    |               |                 |
| Commercial paper  | 222,125       | 222,125         |
| Current maturities of long-term debt                          | 60,500        | 60,500          |
| Accounts payable  | 90,773        | 90,773          |
| Accrued taxes   | 59,625        | 59,625          |
| Accrued interest  | 6,155         | 6,155           |
| Accrued payroll and vacations                                 | 21,862        | 21,862          |
| Accrued refueling outage costs                                | 11,069        | 11,069          |
| Other   | 9,767         | 9,767           |
| Total   | 481,876       | 481,876         |
| <b>Deferred Credits</b>                                       |               |                 |
| Deferred income taxes   | 613,878       | 613,878         |
| Deferred investment tax credits                               | 50,980        | 50,980          |
| Other   | 111,747       | 111,747         |
| Total   | 776,605       | 776,605         |
| <b>Commitments and Contingencies</b>                          |               |                 |
| Total   | \$ 3,166,542  | \$ 2,990,045    |

**KANSAS CITY POWER & LIGHT COMPANY**  
**Income Statements**  
**For the Twelve Months Ended September 30, 2000**  
*(thousands of dollars)*

|   | Actual            | Proforma          |
|---|-------------------|-------------------|
| <b>Electric Operating Revenues</b>                    | <b>\$ 931,791</b> | <b>\$ 931,791</b> |
| <b>Operating Expenses</b>                             |                   |                   |
| Operation   |                   |                   |
| Fuel  | 151,781           | 151,781           |
| Purchased power                                       | 90,551            | 90,551            |
| Other   | 209,912           | 209,912           |
| Maintenance   | 70,978            | 70,978            |
| Depreciation  | 121,807           | 121,807           |
| Taxes   |                   |                   |
| Income  | 52,610            | 52,610            |
| General   | 92,234            | 92,234            |
| Total   | 789,873           | 789,873           |
| <b>Electric Operating Income</b>                      | <b>141,918</b>    | <b>141,918</b>    |
| <b>Other Income and Deductions</b>                    |                   |                   |
| Allowance for equity funds used during construction   | 3,245             | 3,245             |
| Miscellaneous income                                  | 77,432            | 27,598            |
| Miscellaneous deductions                              | (54,605)          | (54,605)          |
| Income taxes  | 8,732             | 8,732             |
| Total   | 34,804            | (15,030)          |
| <b>Income Before Interest Charges</b>                 | <b>176,722</b>    | <b>126,888</b>    |
| <b>Interest Charges</b>                               |                   |                   |
| Long-term debt  | 44,652            | 44,652            |
| Short-term debt                                       | 9,554             | 9,554             |
| Mandatorily Redeemable Preferred Securities           | 12,450            | 12,450            |
| Miscellaneous   | 3,429             | 3,429             |
| Allowance for borrowed funds used during construction | (9,733)           | (9,733)           |
| Total   | 60,352            | 60,352            |
| <b>Net Income Before Pension Change</b>               | <b>116,370</b>    | <b>66,536</b>     |
| <b>Pension Change net of tax</b>                      | <b>30,073</b>     | <b>30,073</b>     |
| <b>Periods Results</b>                                |                   |                   |
| Net income  | 146,443           | 96,609            |
| Preferred stock dividend requirements                 | 2,094             | 2,094             |
| <b>Earnings available for common stock</b>            | <b>\$ 144,349</b> | <b>\$ 94,515</b>  |
| Average number of common shares outstanding           | 61,877            | 61,877            |
| <b>Earnings per common share</b>                      | <b>\$ 2.33</b>    | <b>\$ 1.53</b>    |
| <b>Cash dividends per common share</b>                | <b>\$ 1.66</b>    | <b>\$ 1.66</b>    |



**GENERAL SERVICES AGREEMENT  
BETWEEN  
SERVICE COMPANY  
AND  
HOLDING COMPANY  
KANSAS CITY POWER AND LIGHT COMPANY  
KLT, INC.  
GREAT PLAINS POWER COMPANY**

**THIS AGREEMENT**, made and entered into this \_\_\_ day of \_\_\_\_\_, 2001, by and between the following Parties: **SERVICE COMPANY** (hereinafter sometimes referred to as "Service Company"), a Missouri corporation; **HOLDING COMPANY**, and its subsidiaries, **KANSAS CITY POWER AND LIGHT COMPANY** and its subsidiaries; **KLT, INC.** and its subsidiaries, **GREAT PLAINS POWER COMPANY** and its subsidiaries, hereinafter sometimes referred to collectively as "Client Companies");

**WITNESSETH:**

**WHEREAS**, Client Companies, including **HOLDING COMPANY**, which has filed for registration under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its other subsidiaries, desire to enter into this agreement providing for the performance by Service Company for the Client Companies of certain services as more particularly set forth herein;

**WHEREAS**, Service Company is organized, staffed and equipped and has filed with the Securities and Exchange Commission (the "SEC") to be a subsidiary service company under Section 13 of the Act to render to **HOLDING COMPANY**, and other subsidiaries of **HOLDING COMPANY**, certain services as herein provided; and

**WHEREAS**, to maximize efficiency, and to achieve reorganization related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons employed or to be retained by Service Company, and to compensate Service Company appropriately for such services;

**NOW, THEREFORE**, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

**Section 1. Agreement to Provide Services**

Service Company agrees to provide to Client Companies and their subsidiaries, if any, upon the terms and conditions set forth herein, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Companies may from time to time request. Service Company will keep itself and its personnel available and competent to provide to Client Companies such services so long as it is authorized to do so by the appropriate federal and state regulatory agencies. In providing such services, Service Company may arrange, where it deems appropriate, for the services of such experts, consultants,

advisers and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

**Section 2. Services to be Provided**

The services expected to be provided by Service Company hereunder may, upon request by a Client Company, include the services as set out in Schedule 2, attached hereto and made a part hereof. In addition to those identified in Schedule 2, Service Company shall provide such additional general or special services, whether or not now contemplated, as Client Companies may request from time to time and Service Company determines it is able to provide.

Notwithstanding the foregoing paragraph, no change in the organization of the Service Company, the type and character of the companies to be serviced, the factors for allocating costs to associate companies, or in the broad general categories of services to be rendered subject to Section 13 of the Act, or any rule, regulation or order thereunder, shall be made unless and until the Service Company shall first have given the SEC written notice of the proposed change not less than 60 days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the SEC shall notify the Service Company within the 60-day period that a question exists as to whether the proposed change is consistent with the provisions of Section 13 of the Act, or of any rule, regulation or order thereunder, then the proposed change shall not become effective unless and until the Service Company shall have filed with the SEC an appropriate declaration regarding such proposed change and the SEC shall have permitted such declaration to become effective.

**Section 3. New Subsidiaries**

New direct or indirect subsidiaries of HOLDING COMPANY, which may come into existence after the effective date of this Service Agreement, may become additional client companies of Service Company and subject to this General Services Agreement with Service Company. The parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of Service Company costs among associate companies including the new subsidiaries.

**Section 4. Compensation of Service Company**

As compensation for such services rendered to it by Service Company, Client Companies hereby agree to pay Service Company the cost of such services, computed in accordance with applicable rules and regulations (including, but not limited to, Rules 90 and 91) under the Act and appropriate accounting standards.

The factors for assigning or allocating Service Company costs to Client Company, as well as to other associate companies, are set forth in Schedules 1 and 2 attached hereto. Attachment A and Schedules 1 and 2 are each expressly incorporated herein and made a part hereof.

**Section 5. Securities and Exchange Commission Rules**

It is the intent of the parties to this Agreement that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with, the rules and regulations of the SEC, as they now read or hereafter may be modified by the Commission.

**Section 6. Service Requests**

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis.

**Section 7. Payment**

Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

**Section 8. Holding Company**

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit HOLDING COMPANY, or any person employed by or acting for HOLDING COMPANY, to provide services for other Parties, or any companies associated with said Parties.

**Section 9. Client Companies**

Except as limited by Section 8, nothing in this Agreement shall be read to prohibit Client Companies or their subsidiaries from furnishing to other Client Companies or their subsidiaries services herein referred to, under the same terms and conditions as set out for Service Company.

**Section 10. Effective Date and Termination**

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall become effective as of the date the reorganization of KCPL is completed, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least 60 days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate this Agreement.

This Agreement may also be terminated or modified to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement.

**Section 11. Access to Records**

For the seven years following a transaction under this Agreement, the Client Company may request access to and inspect the accounts and records of the Service Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

**Section 12. Assignment**

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

**SERVICE COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**HOLDING COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**KANSAS CITY POWER AND LIGHT COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**KLT, INC.**

By \_\_\_\_\_

Title \_\_\_\_\_

**GREAT PLAINS POWER COMPANY**

By \_\_\_\_\_

Title \_\_\_\_\_

**Allocation Ratios:**

**General:**

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved with out excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock shall be fairly and equitably allocated using the ratios set forth below.

**Revenue (Billings) Related Ratios:**

Revenues

**Expenditure Related Ratios:**

Total Expenditures

**Capital Allocation:**

Capital – all debt

Capital – equity/preferred stock

Capital – debt average

**Labor/Payroll Related Ratios:**

Labor/Payroll - 12 months ended

Labor/Payroll – current period

Number of Employees

**Units Related Ratios:**

Number of Telephones

Number of Personal Computers

Number of Square Feet (total/occupied)

Number of Hours Security Service Administered

Volume of Document Processing

Percentage of Disc Space Assigned

Number of Lines Accounts Payable Distribution

Number of Lines Purchase Order Distribution

**Assets Related Ratios:**

Total Assets

**Composite Ratios:**

Mail Services (Number Mail Runs, Distance to Mail Drops, Misc. Postage)  
Massachusetts Method (Capital Assets, Revenue, Payroll)

Service Agreement Schedule 2

**Services Including But Not Limited To:**

**General:**

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved with out excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock shall be fairly and equitably allocated using the ratios set forth in Schedule 1.

**Corporate and Financial Services Including But Not Limited To:**

Corporate Secretary  
Strategic Planning  
Environmental Services  
Audit Services  
Research and Development  
Corporate Security Services  
Shareholder Relations  
Corporate Communications  
Governmental Affairs  
Treasury  
Corporate Accounting  
Tax Planning/Compliance  
Corporate Budgeting

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Capital Allocation, Units Related; Assets Related, Composite

**Employee Services Including But Not Limited To:**

Leadership Development  
Diversity Initiatives  
Employee Benefits  
Employee Relations  
Employee Compensation  
Employee Involvement  
Employee Training  
Safety/Medical

Expected allocation ratios: Labor/Payroll Related, Composite

**Support Services Including But Not Limited To:**

Legal Services  
Mail Services  
Document Processing Services  
Print Shop  
Creative Services  
Accounts Payable  
Payroll Processing  
Customer Billing  
Cashier Services  
Cash Management Services  
Insurance Administration  
Service Level Arrangement Management

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Capital Allocation, Units Related; Assets Related, Composite

**Purchasing Services Including But Not Limited To:**

Identification/Qualification of Vendors  
Initiation of Quotation Requests  
Management of Investment Recovery  
Management of Procurement/T&E Cards  
Monitoring Vendor Performance  
Negotiation/Administration of Vendor Contracts  
Processing Vendor Invoices  
Resolving Vendor Inquiries  
Resolving Non-compliant Goods

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

**Facilities Management Services Including But Not Limited To:**

Construct Facilities  
Maintain Facilities

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

**Information Technology Services Including But Not Limited To:**

Mapping & Drafting Services  
Network Services



**FORM OF AGREEMENT**

IT Security  
System Delivery  
System Operations  
Infrastructure Management

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

**Telecommunications Services Including But Not Limited To:**

Data and Voice Infrastructure  
Radio Services  
Communications Hubs  
Videoconferencing  
Telephone Services  
Pager/Cellular Phone Services

Expected allocation ratios: Revenue Related, Labor/Payroll Related, Units Related, Composite

# **Exhibit 4**

Cost Allocation Manual  
held by Bill Weeden (SASMF)

# STATE OF KANSAS

OFFICE OF  
SECRETARY OF STATE  
RON THORNBURGH



To all to whom these presents shall come, Greetings:

I, RON THORNBURGH, Secretary of State of the state of Kansas, do hereby certify that I am the custodian of records of the State of Kansas relating to corporations and that I am the proper official to execute this certificate.

I FURTHER CERTIFY THAT

KANSAS CITY POWER & LIGHT COMPANY

is a regularly and properly organized corporation under the laws of the state of MISSOURI having been authorized in Kansas on the 11th day of November, A.D. 1919 and has paid all fees and franchise taxes due this office and is in good standing according to the records now on file in the office of Secretary of State.

In testimony whereof:  
I hereto set my hand and cause  
to be affixed my official seal.  
Done at the City of Topeka, this  
11th day of December, A.D. 2000



RON THORNBURGH  
SECRETARY OF STATE

KANSAS CITY POWER & LIGHT COMPANY  
CERTIFICATE OF SECRETARY

---

I, Jeanie Sell Latz, Secretary of Kansas City Power & Light Company (the "Company"), do hereby certify that the following is a true and correct copy of an excerpt from the minutes of the meeting of the Board of Directors of said Company duly convened and held on March 14, 2000, at which meeting a quorum for the transaction of business was present and acting throughout; that set forth in said excerpt is a true and correct copy of a certain resolution duly adopted at said meeting, which resolution has not been amended nor rescinded and is now in full force and effect.

RESOLVED, that the Board of Directors does hereby authorize and direct the officers of the Company to file any and all applications and documents as may be deemed necessary or appropriate with the various governing bodies for the approval of the restructuring of the Company into three separate business entities all wholly-owned by a single holding company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of this 14th day of February, 2001.

  
\_\_\_\_\_  
Secretary  
Kansas City Power & Light Company

(SEAL)

## CONTINGENT JURISDICTIONAL STIPULATION

### 1.0 APPLICABILITY

- 1.1 Principles stated in this Contingent Jurisdictional Stipulation ("Jurisdictional Stipulation") shall govern the situations described in Sections IV(e) and (f) of the Application.
- 1.2 Changes to this Jurisdictional Stipulation may be proposed from time-to-time by Kansas City Power & Light Company ("KCPL") or any parent holding company that is subsequently created that owns KCPL ("HoldCo"), the Citizen's Utility Ratepayer's Board ("CURB"), subject to the approval of the Commission; provided, however, that KCPL, the Staff and CURB shall meet and discuss any such proposed changes prior to the submission of such changes to the Commission by KCPL or HoldCo, the Staff or CURB.

### 2.0 DEFINITIONS

When used in this Jurisdictional Stipulation, the following terms shall have the respective meanings set forth below:

- 2.1 "Affiliate" means an entity that is HoldCo, a subsidiary of KCPL, a subsidiary of HoldCo (other than KCPL), or other subsidiary within the Holding Company organization.
- 2.2 "Affiliate Contract" means an Affiliate Operating Contract, an Affiliate Sales Contract, an Affiliate Surety Contract, a Section 205 Contract, a Service Agreement, or an amendment to any such contract.
- 2.3 "Affiliate Operating Contract" means a contract, other than a Section 205 Contract, between KCPL and one or more of its Affiliates providing for the operation of any part of KCPL's generating, transmission and/or distribution facilities by such Affiliate(s).
- 2.4 "Affiliate Sales Contract" means a contract, other than an Affiliate Operating Contract or a Section 205 Contract, between KCPL and one or more of its Affiliates involving the purchase of Assets, Goods or Services.
- 2.5 "Affiliate Surety Contract" means a contract between KCPL and one or more of its Affiliates involving the assumption by KCPL of any liability as a guarantor, endorser, surety, or otherwise in respect of any security or contract of an Affiliate.
- 2.6 "Assets" means any land, plant, equipment, franchises, licenses, or other right to use assets.

- 2.7 "Commission" means the Kansas Corporation Commission or any successor governmental agency.
- 2.8 "Commission Staff" or "Staff" means the Staff of the Kansas Corporation Commission.
- 2.9 "Entity" means a corporation or a natural person.
- 2.10 "FERC" means the Federal Energy Regulatory Commission, or any successor governmental commission.
- 2.11 "Goods" means any goods, inventory, materials, supplies, appliances, or similar property (except electric energy and capacity).
- 2.12 "Non-Utility Affiliate" means an Affiliate which is neither a public utility nor a Utility Service Company.
- 2.13 "CURB" means the Citizen's Utility Ratepayer's Board.
- 2.14 "Review Period" means a period of ninety (90) consecutive calendar days commencing on the first day immediately following the date that KCPL or HoldCo submits an Affiliate Contract to the Commission for the Commission Staff's review. Any part of the Review Period for a particular Affiliate Contract may be waived by agreement of KCPL, the Commission Staff and CURB.
- 2.15 "SEC" means the United States Securities and Exchange Commission, or any successor governmental agency.
- 2.16 "Section 205 Contract" means an interconnection, interexchange, pooling, operating, transmission, power sale or ancillary power services contract or similar contract entered into between KCPL and an Affiliate and subject to regulation by the FERC pursuant to § 205 of the Federal Power Act, 15 U.S.C. § 824d, or any successor statute.
- 2.17 "Service Agreement" means the agreement entered into between KCPL, HoldCo, and an affiliated or subsidiary service company, under which services are provided by such services company to KCPL and HoldCo.
- 2.18 "Services" means the performance of activities having value to one party, such as managerial, financial, accounting, legal, engineering, construction, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, and other similar services.
- 2.19 "Subsidiary" means any corporation 10 percent (10%) or more of whose voting capital stock is controlled by another Entity; Subsidiaries of HoldCo are those

corporations in which HoldCo owns directly or indirectly (or in combination with HoldCo or other Affiliates) 10 percent (10%) or more of such corporation's voting capital stock.

- 2.20 "KCPL's Holding Company" means HoldCo or its successor in interest.
- 2.21 "Utility Affiliate" means an Affiliate of KCPL which is also a public utility.
- 2.22 "Utility Service Company" means an Affiliate whose primary business purpose is to provide administrative and general or operating services to KCPL and Utility Affiliate(s).

### 3.0 AFFILIATE CONTRACTS REQUIRED TO BE FILED WITH THE SEC

The following will apply to Affiliate Contracts that are required to be filed with the SEC.

- 3.1 Prior to filing any such Affiliate Contract with the SEC or the Commission, KCPL will submit to the Commission Staff, CURB, and the appropriate parties requesting a copy, a copy of the Affiliate Contract which it proposes to file with the SEC and the Commission.
  - 3.1.1 If the Commission Staff clears the contract for filing, or does not object to it, and no objections from affected parties are submitted to KCPL (with a copy to the Commission Staff) during the Review Period for such contract, KCPL may file such contract with the SEC and the Commission. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.
  - 3.1.2 If, during the expiration of the Review Period for such contract, the Commission Staff recommends that the Commission reject, disapprove or establish a proceeding to review such contract, or if an objection(s) is submitted to KCPL (with a copy to the Commission Staff) by an affected party (or parties), KCPL may file the contract with the Commission, but shall not file the contract with the SEC until at least thirty (30) days after the date that it is filed with the Commission; provided, that both such filings shall disclose the Commission Staff's recommendation or the objection(s) regarding the contract; provided, further, that if the Commission, within twenty (20) days after the contract is filed, institutes a proceeding to review such contract, KCPL shall not file the contract with the SEC unless and until KCPL receives a Commission Order which resolves issues raised with regard to the contract and which does not reject or disapprove the contract. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary authorizations.

- 3.2 After the Affiliate Contract has been filed with the Commission, the Commission may in accordance with Kansas law, reject or disapprove the contract, and upon such rejection or disapproval:
- 3.2.1 If such contract has not yet been accepted or approved by the SEC, KCPL will, as soon as possible, file to seek to withdraw its filing requesting SEC acceptance or approval of such contract; or
- 3.2.2 If such contract has been accepted or approved by the SEC and none of the other contracting parties are Utility Affiliates subject to any other state utility regulatory commission's jurisdiction, KCPL will:
- a. terminate such contract according to its terms; or
  - b. at its sole option, take such steps as are necessary to cause such contract to be amended in order to remedy the Commission's adverse findings with respect to such contract; KCPL will refile such amended contract with both the Commission and the SEC; such amendment will become effective only upon the receipt of all necessary regulatory authorizations, and the previous contract (to the extent already in effect) will remain in effect until such authorizations are received; if the SEC does not finally accept or approve such amendment within one (1) year from the date of KCPL's filing of such amendment with the SEC, KCPL will, upon request of the Commission, terminate the contract according to its terms.
- 3.2.3 If such contract has been accepted or approved by the SEC, and one or more of the other contracting parties are Utility Affiliates subject to another state utility regulatory commission's jurisdiction, KCPL will make a good faith effort to terminate, amend or modify such contract in a manner which remedies the Commission's adverse findings with respect to such contract. KCPL will request to meet with representatives from the affected state commissions and make a good faith attempt to resolve any differences in their respective interests regarding the subject contract. If agreement can be reached to terminate, amend, or modify the contract in a manner satisfactory to the contracting parties and the representatives of each state commission, KCPL shall file such amended contract with the Commission and the SEC under the procedures set forth in this Section 3. If no agreement can be reached satisfactory to each contracting party and to each affected state commission, after good faith negotiations, KCPL has no further obligations under this Jurisdictional Stipulation. Nothing herein affects, modifies or alters in any way the rights and duties of the Commission under applicable state and federal law.



#### 4.0 AFFILIATE CONTRACTS REQUIRED TO BE FILED WITH THE FERC

The following will apply to Affiliate Contracts that are required to be filed with the FERC.

- 4.1 Prior to filing any Affiliate Contract with the FERC or the Commission, KCPL will submit to the Commission Staff, CURB and appropriate parties requesting a copy, a copy of the Affiliate Contract which it proposes to file with the FERC and the Commission.
  - 4.1.1 If the Commission Staff clears the contract for filing, or does not object thereto, and no objections from affected parties are submitted to KCPL, (with a copy to the Commission Staff) during the Review Period for such contract, KCPL may file such contract with the FERC and the Commission. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.
  - 4.1.2 If, during or upon the expiration of the Review Period for such contract, the Commission Staff recommends that the Commission reject, disapprove or establish a proceeding to review such contract, or if any objection(s) is submitted to KCPL (with a copy to the Commission Staff) by an affected party (or parties), KCPL may file the contract with the Commission, but shall not file the contract with the FERC until at least thirty (30) days after the date that it is filed with the Commission; provided, that if the Commission, within twenty (20) days after the contract is filed, institutes a proceeding to review such contract, KCPL shall not file the contract with the FERC unless and until KCPL receives a Commission Order which resolves issues raised with regard to the contract and which does not reject or disapprove the contract. The contract will become effective upon the receipt of all necessary regulatory authorizations and will continue in effect until it is terminated pursuant to its terms or is amended or superseded, subject to the receipt of all necessary regulatory authorizations.
- 4.2 After the Affiliate Contract has been filed with the Commission, the Commission may in accordance with Kansas law, reject or disapprove the contract, and upon such rejection or disapproval:
  - 4.2.1 If such contract has not yet been accepted or approved by the FERC, KCPL will, as soon as possible, file to seek to withdraw its filing requesting the FERC acceptance or approval of such contract; or
  - 4.2.2 If such contract has been accepted or approved by the FERC and none of the other contracting parties are Utility Affiliates subject to any other state utility regulatory commission's jurisdiction, KCPL will:

- a. terminate such contract according to its terms; or
- b. at its sole option, take such steps as are necessary to cause such contract to be amended in order to remedy the Commission's adverse findings with respect to such contract; KCPL will refile such amended contract with the Commission and the FERC; such amendment will become effective only upon the receipt of all necessary regulatory authorizations, and the previous contract (to the extent already in effect) will continue in effect until such authorizations are received; if the FERC does not finally accept or approve such amendment within one (1) year from the date of KCPL's filing of such amendment with the FERC, KCPL will, upon request of the Commission, terminate the contract according to its terms.

4.2.3 If such contract has been accepted or approved by the FERC and one or more of the other contracting parties are Utility Affiliates subject to another state utility regulatory commission's jurisdiction, KCPL will make a good faith effort to terminate, amend or modify such contract in a manner which remedies the Commission's adverse findings with respect to such contract. KCPL will request to meet with representatives from the affected state commissions and make a good faith attempt to resolve any differences in their respective interests regarding the subject contract. If agreement can be reached to terminate, amend, or modify the contract in a manner satisfactory to the contracting parties and the representatives of each state commission, KCPL shall file such amended contract with the Commission and the FERC under the procedure set forth in this Section 4. If no agreement can be reached satisfactory to each contracting party and each affected state commission, after good faith negotiations, KCPL has no further obligations under this Jurisdictional Stipulation. Nothing herein affects, modifies or alters in any way the rights and duties of the Commission under applicable state and federal law.