

# WOLF CREEK

NUCLEAR OPERATING CORPORATION

Otto L. Maynard  
President and Chief Executive Officer

MAR 27 2001

WM 01-0012

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Mail Station PL-137  
Washington, D.C. 20555

Subject: Docket No. 50-482: 10 CFR 50.75 Report on Status  
of Decommissioning Funding

Gentlemen:

Pursuant to 10 CFR 50.75, this letter and enclosures report the status of decommissioning funding for the Wolf Creek Generating Station (WCGS) located near Burlington, Kansas.

## General Information

Wolf Creek Nuclear Operating Corporation (WCNOC) is a jointly owned corporation formed by its owners: Kansas Gas and Electric Company (KGE), a wholly-owned subsidiary of Western Resources, Inc.; Kansas City Power & Light Company (KCPL); and Kansas Electric Power Cooperative, Inc. (KEPCo). Its purpose is to act as an agent on behalf of its owners to operate, maintain, repair, decontaminate, and decommission WCGS. While WCNOC holds the operating license for WCGS, its formation has not changed the ownership or ultimate responsibility for the costs of WCGS. Each owner has established an external trust fund to be used for its share of decommissioning costs, and is making regular contributions from amounts collected in electric rates approved by their state commissions and FERC.

## Report Items

Exhibit 1 shows the estimated decommissioning funds required pursuant to 10 CFR 50.75(b) and (c). Exhibit 2 provides the total value of funds (including net earnings to date) accumulated in each owner's external trust fund as of December 31, 2000. Also reported on Exhibit 2 is a schedule of the annual amounts remaining to be collected and assumptions for rates of cost escalation and earnings on funds. The rate orders which authorize collection of these amounts are based on a 1999 site study for WCGS, which assumes demolition of all structures at the plant site. Approximately 90% of the study's total estimated costs are for work scopes considered in the minimum decommissioning cost formulas in 10 CFR 50.75(b) and (c).

ADD1

A copy of KCPL's trust agreement, as amended and restated August 1, 1999, is enclosed. KGE and KEPCo still operate under their respective trust agreements previously transmitted.

This letter contains no regulatory commitments.

If you have any questions, please call me at (620) 364-4000, or Karl (Tony) Harris at (620) 364-4038.

Sincerely,



Otto L. Maynard

OLM/rlr

Exhibits  
Enclosure

cc: J. N. Donohew (NRC) w/e, w/e,  
W. D. Johnson (NRC), w/e, w/e,  
E. W. Merschoff (NRC), w/e, w/e,  
Robert Wood (NRC), w/e, w/e,  
Senior Resident Inspector (NRC), w/e, w/e,

**WOLF CREEK NUCLEAR OPERATING CORPORATION**  
**Minimum Decommissioning Funds Estimate pursuant to 10 CFR 50.75(b) and (c)**

Table (c)(1) - Jan86 dollars in Millions	\$ 105
[Wolf Creek is a PWR licensed for 3,565 MWt]	
Escalation Factor (see calculation below)	3.052
Minimum estimate - Dec00 dollars in Millions	<u>\$ 320</u>

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Escalation - paragraph (c)(2)

Escalation Factor = 0.65 Labor + 0.13 Energy + 0.22 Waste Burial

	<u>Share</u>	<u>4Q '00</u>	<u>Report</u>
Labor	65%	1.730	1.125
Energy	13%	1.200	0.156
Waste Burial	22%	8.052	1.771
TOTAL ESCALATION FACTOR			<u>3.052</u>

NOTE: 4Q '00 factors per Thelen Reid & Priest LLP memo dated 02/26/01.

**WOLF CREEK NUCLEAR OPERATING CORPORATION**  
**Decommissioning Funding Status Report as of December 31, 2000**

(Dollars in Thousands)

	<u>TOTAL</u>	<u>KGE</u>	<u>KCPL</u>	<u>KEPCo</u>
Market Value of External Sinking Fund as of 12/31/00	\$ 127,147	\$ 64,222	\$ 58,435	\$ 4,490

Amounts Remaining to be Collected

2001	\$ 7,789	\$ 4,029	\$ 3,421	\$ 339
2002	7,839	4,074	3,421	344
2003	8,042	4,139	3,553	350
2004	8,111	4,203	3,553	355
2005	8,181	4,268	3,553	360
2006	8,398	4,333	3,699	366
2007	8,467	4,397	3,699	371
2008	8,538	4,462	3,699	377
2009	8,772	4,527	3,863	382
2010	8,842	4,591	3,863	388
2011	8,913	4,656	3,863	394
2012	9,167	4,721	4,046	400
2013	9,237	4,785	4,046	406
2014	9,308	4,850	4,046	412
2015	9,584	4,915	4,251	418
2016	9,654	4,979	4,251	424
2017	9,726	5,044	4,251	431
2018	10,025	5,109	4,479	437
2019	10,096	5,173	4,479	444
2020	10,167	5,238	4,479	450
2021	10,495	5,303	4,735	457
2022	10,566	5,367	4,735	464
2023	10,638	5,432	4,735	471
2024	10,995	5,497	5,020	478
2025	6,410	1,390	5,020	0

Assumptions for 1999 Decommissioning Study

Decommissioning Alternative	DECON	
DECON Period	Millions	% Total
Preparation for Decommissioning	\$ 61	13%
Radioactive Systems/Structures and License Termination	360	77%
Subtotal - Applicable to NRC Minimum	421	90%
Other Systems/Structures and Site Restoration	46	10%
TOTAL COST ESTIMATE	\$ 467	100%

Rates/Factors specific to Owner or Jurisdiction

Cost Escalation Rate			
Kansas	3.60%	3.60%	3.60%
Missouri	-	4.50%	-
After Tax Earnings on Funds			
Kansas	5.80%	6.93%	9.00%
Missouri	-	7.66%	-

# THE BANK OF NEW YORK

NEW YORK'S FIRST BANK - FOUNDED 1784 BY ALEXANDER HAMILTON

ONE WALL STREET, NEW YORK, N. Y. 10286

August 1, 1999

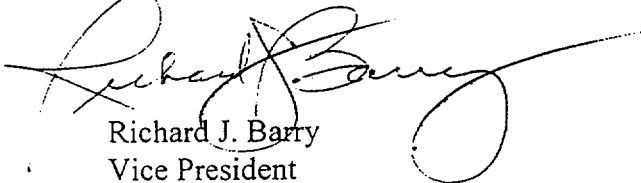
Ms. Andrea F. Bielsker  
Treasurer  
**Kansas City Power & Light Company**  
1201 Walnut  
Kansas City, MO 64106

**RE: DECOMMISSIONING TRUST AGREEMENT**

Dear Andrea:

Enclosed is a fully executed original of the Amended and Restated Wolf Creek Decommissioning Trust Agreement.

Sincerely,



Richard J. Barry  
Vice President

Enclosure

**KANSAS CITY POWER & LIGHT COMPANY  
WOLF CREEK DECOMMISSIONING TRUST  
AMENDED AND RESTATED TRUST AGREEMENT**

**BETWEEN**

**KANSAS CITY POWER & LIGHT COMPANY**

**AND**

**THE BANK OF NEW YORK**

**DATED: AUGUST 1, 1999**

THIS AMENDED AND RESTATED TRUST AGREEMENT ("Agreement") is made this 1<sup>st</sup> day of August 1999 by and between KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation, with its principal place of business at 1201 Walnut, Kansas City, Missouri 64106 ("Company") and THE BANK OF NEW YORK, with its principal place of business at One Wall Street, New York, New York, 10286 ("Trustee").

WHEREAS, the Company and Centerre Bank of Kansas City, N.A., Trustee, entered into the original Wolf Creek Decommissioning Trust Agreement on August 6, 1986, pursuant to the Order of the Missouri Public Service Commission of Missouri ("MPSC") in Case Nos. ER-85-185 and EO-85-224 and the Order of the Kansas Corporation Commission of Kansas ("KCC") in Docket No. 142,099-U directing the Company to establish a Trust Fund ("Trust") to hold, invest and reinvest money collected by the Company through its rates for electric service to pay the Company's share of the estimated costs of decommissioning the Wolf Creek Nuclear Generating Station at the end of its useful life;

WHEREAS, the Trust Agreement between the Company and the Centerre Bank of Kansas City, N.A., as Trustee, was reexecuted without change on January 13, 1988, in order that the Trust Fund would comply with the Internal Revenue Code of 1986, and applicable rules and regulations promulgated by the Internal Revenue Service with respect to a Nuclear Decommissioning Reserve Fund;

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, which require a holder of a license issued pursuant to 10 CFR Part 50 to provide assurance that funds will be available when needed for required decommissioning activities;

WHEREAS, the Company and Boatmen's Trust Company of Kansas City entered into an Amended and Restated Trust Agreement dated as of July 20, 1990, for the Kansas City Power & Light Wolf Creek Decommissioning Trust;

WHEREAS, Bankers Trust Company succeeded Boatmen's as trustee of the Trust pursuant to an amendment to the Restated Trust Agreement dated as of February 2, 1998; and

WHEREAS, the Company desires to have The Bank of New York succeed Bankers as trustee of the Trust; and

WHEREAS, The Bank of New York is agreeable to serving as trustee.

NOW, THEREFORE, the Company and the Trustee further amend and restate the Agreement as follows:

## ARTICLE I

### ESTABLISHMENT OF TRUST

#### 1.01 Establishment of Trust.

The Company and the Trust established a Trust Fund to invest and reinvest ("manage") money collected by the Company through its rates for electric service to pay the Company's share of the estimated cost of decommissioning the Wolf Creek Nuclear Generating Station ("WCGS") at the end of its useful life. All such money and property, all investments and reinvestments made under this Agreement, and proceeds thereof, and all earnings and profits thereof, less any distributions which shall be made by the Trustee under Article V of this Agreement, shall comprise the funds of the Trust ("Trust Fund"). The Trust Fund shall be held by the Trustee, IN TRUST, shall not be commingled with any other property of the Trustee, except to the extent expressly authorized under this Agreement, and shall be dealt with strictly in accordance with this Agreement.

#### 1.02 Name of Trust.

The name of the Trust is the "KCPL Wolf Creek Decommissioning Trust" ("Trust").

#### 1.03 Intent of Trust.

This Agreement and the Trust Fund are intended to meet all applicable requirements of the Internal Revenue Code of 1986, and applicable rules and regulations promulgated by the Internal Revenue Service with respect to a Nuclear Decommissioning Reserve Fund. The assets in the Trust Fund must be used as authorized by Section 468A of the Internal Revenue Code and the regulations thereunder.

#### 1.04 Purpose of the Trust.

(A) The Trust was created and shall be operated exclusively to pay the Company's share of the estimated cost of decommissioning the WCGS at the end of its useful life.

(B) The Trustee shall make payments from the Trust Fund to a decommissioning contractor upon presentation to the Trustee of a representation by the Company (i) attesting to the occurrence of the events; (ii) attesting that decommissioning is proceeding pursuant to a plan approved by the appropriate regulatory agency; and (iii) attesting that the funds withdrawn from the Trust Fund will be expended for activities undertaken pursuant to the decommissioning plan. The



Trustee shall not be responsible for the accuracy of any such representation delivered to it by the Company and each such representation shall constitute a certification by the Company that such direction is in accordance with all applicable laws and regulations, the terms of the Agreement and any required consents, waivers or approvals of any applicable regulatory body. The Trustee may rely conclusively on such representations and shall have no duty to make any independent inquiry or investigation before acting upon any such representation.

In the event the Company is not directing the decommissioning activities, the Trustee shall: (i) make payments from the Trust Fund as the appropriate regulatory agency shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement; (ii) make disbursements to the Company or other persons as specified by the appropriate regulatory agency, from the Trust Fund for expenditures for required activities in such amounts as the appropriate regulatory agency shall direct in writing; and (iii) refund to the Company such amounts remaining after the license has been terminated or as the appropriate regulatory agency specifies in writing. Upon refund, such funds shall no longer constitute part of the Trust Fund as defined herein.

#### 1.05 Contributions to the Fund.

(A) The Company will transmit to the Trustee, as soon as reasonably practicable after the end of each calendar quarter, money collected by the Company through its rates for electric service to pay the Company's share of the estimated cost of decommissioning the WCGS at the end of its useful life. Each transmittal shall be in the form of a Company check (or checks) made payable to the Trustee, and each transmittal shall indicate the amount of such money which was collected from Missouri customers and the amount which was collected from Kansas customers. The Trustee shall have no responsibility for enforcing the payment of any contributions to, or for the timing, computation, deductibility or amount thereof, or for the adequacy of the Trust Fund or for the funding standards adopted by the Company to meet or discharge any decommissioning expenses or other liabilities intended to be funded by the Trust Fund.

(B) If any part of any contribution made to the Trust Fund is subsequently calculated by the Company to be in excess of the amount which should have been so contributed, the amount of any such excess contribution shall be credited against future contributions to be made by the Company to the Trust fund. The Company shall be solely responsible for accounting for such excess contributions and determining any reductions in future contributions attributable thereto.

#### 1.06 Transfer of Trust Fund.

The Trust Fund shall be transferred by the Trustee at the direction of the Company and upon approval by the MPSC (as certified by the Company to the Trustee) to another trust established by the Company if the purpose of such trust is to fund the Company's 47% of the estimated cost of decommissioning the WCGS at the end of its

useful life. A direction by the Company to the Trustee to make such a transfer under this Section 1.06 shall constitute a certification by the company to the Trustee that such approvals have been obtained, that the purpose of such transferee trust is as set forth in the preceding sentence and that such other trust has qualified to receive such transfer. The Trustee shall have no duty to verify any such matters.

## **ARTICLE II**

### **ADMINISTRATION**

#### **2.01 Representation by Company.**

The Chief Finance Officer, Vice President of Finance or Treasurer (or officers of the Company acting in such capacities) shall represent the Company in dealings with the Trustee under this Agreement. The Trustee shall be fully protected in acting upon any instrument, certificate or paper believed by it to be genuine and to be signed or presented by the proper person or persons including a representative of the Company.

#### **2.02 Management by the Trustee.**

The Trustee shall maintain separate subaccounts for funds contributed by Missouri customers and for funds contributed by Kansas customers and from time to time such other subaccounts as the Company shall direct to be necessary. The Company shall be responsible for designating to the Trustee any amounts to be credited to all such subaccounts.

## **ARTICLE III**

### **INVESTMENTS**

#### **3.01 Trustee Management of Trust Fund.**

(A) The assets in the Trust Fund must be used as authorized by Section 468A of the Internal Revenue Code and the regulations thereunder. The Trustee shall manage the Trust Fund without distinction between principal and income and shall invest and reinvest the same in accordance with the Internal Revenue Code of 1986 as amended and the rules and regulations thereunder applicable to a nuclear decommissioning reserve fund. The Company shall be responsible for advising the Trustee of any investment limitations imposed by such rules and regulations.

(B) The Trustee shall discharge its duties with respect to the Trust Fund solely in the interest of the purpose of the Trust, as described in Article I, Section 1.04 of this Agreement.

(C) In managing the Trust Fund, the Trustee shall discharge its duties with respect to the Trust Fund with the care, skill, prudence and diligence which careful, skillful, prudent and diligent persons, acting in a like capacity under similar circumstances and with expertise and familiarity in such matters, would use in managing (holding, investing and reinvesting) a fund of similar value for a similar purpose.

(D) Investments and reinvestments of the Trust Fund shall be diversified as to minimize the risk of loss. The Company shall be responsible for communicating a diversification policy to the Trustee and/or any investment manager.

(E) The Trustee shall not engage in any act of self dealing or make any distribution of the Trust Fund so as to subject the Trust to tax under Section 4951 of the Internal Revenue Code of 1986. In order to permit the Trustee to fulfill its obligations under this Section 3.01(E), the Company shall furnish the Trustee with the identity of all persons and legal entities who are "disqualified persons" within the meaning of said Section 4951 by reason of their connection with the Company or their connection with a person or legal entity who has a connection with the company, and the Trustee may conclusively rely thereon, and shall be fully protected, in acting hereunder.

(F) Subject to compliance with Section 3.01(A) of this Article III, the Trustee may cause any part or all of the Trust Fund to be invested collectively with the money or other assets of any other trust or trusts by causing such money and other assets to be invested as part of any such common Trust Fund, as the same may have heretofore been, or may heretofore be, established by the Trustee or an affiliate of it.

(G) Subject to compliance with Section 3.01(A) of this Article III, the Trustee may invest all or part of the Trust Fund in interest-bearing deposits with the Trustee in its banking capacity, or with another bank or similar financial institution, including but not limited to investments in time deposits, savings deposits, certificates of deposit or time accounts which bear a reasonable rate of interest with itself or any of its affiliates. To the maximum extent practicable, no cash shall be held uninvested and any funds not otherwise invested shall be invested in one or more interest-bearing common Trust Funds established by the Trustee.

### 3.02 Investment Managers.

(A) Discretionary authority for the management and control of assets of the Trust Fund may be retained, allocated or delegated, as the case may be, for one or more purposes, to and among one or more investment managers (which may include, but shall not be limited to, the Trustee) by the Company, in its absolute discretion. The terms and conditions of appointment, authority and retention of any investment manager shall be the sole responsibility of the Company. The Company shall promptly notify the Trustee in writing of the appointment or removal of an investment manager. Any notice

of appointment pursuant to this Section 3.02(A) shall constitute a representation and warranty that the investment manager has been appointed in accordance with the provisions of the Agreement and any applicable laws and regulations.

(B) The Company may limit, restrict or impose guidelines affecting the exercise of the discretion hereinabove conferred on any investment manager. Any limitations, restrictions or guidelines applicable to the Trustee, as an investment manager, shall be communicated in writing to the Trustee. The Trustee shall have no responsibility with respect to the formulation of any funding policy or any investment or diversification policies embodied therein. The Company shall be responsible for communicating, and monitoring adherence to, any limitations or guidelines imposed on any other investment manager and for advising the investment managers with respect to limitations imposed on the Trust Fund by applicable law or by the Company.

(C) All transactions of any kind or nature in or from a portion of the Trust fund which is subject to the direction of an investment manager (a "Directed Fund"), shall be made upon such terms and conditions and from or through such brokers, dealers and principals and other agents as the investment manager shall direct.

(D) The Trustee shall be under no duty or obligation to review or to question any direction of any investment manager, or to review securities or any other property held in the Trust Fund in a Directed Fund, with respect to prudence or proper diversification or compliance with any limitation on the investment manager's authority under this Agreement or the terms of any agreement entered into between the Company and the investment manager or imposed by applicable law, or to make any suggestions or recommendation to the company or the investment manager with respect to the retention or investment of any assets of a Directed Fund, and the Trustee shall have no authority to take any action or to refrain from taking any action with respect to any asset of a Directed Fund unless and until it is directed to do so by the investment manager.

(E) Any investment, or interest therein, acquired by or transferred to the Trustee upon the directions of the investment manager shall be allocated to the relevant Directed Fund, and the Trustee's duties and responsibilities under this Agreement shall not be increased or otherwise affected thereby. The Trustee shall be responsible solely for the safekeeping of the physical evidence, if any, of the Trust Fund's ownership of or interest or participation in such investment.

(F) The Trustee shall be required under this Agreement to execute documents, to settle transactions, to take action on behalf of or in the name of the Trust Fund and to make and receive payments on the direction of the investment manager. Any direction of an investment manager shall constitute a certification to the Trustee: (i) that the investment is authorized under the terms of this Agreement and any other agreement or law affecting the investment manager's authority to deal with the Trust Fund; (ii) that any contract, agency, joinder, adoption, participation or partnership agreement, deed, assignment or other document of any kind which the Trustee is

requested or required to execute to effectuate the transaction has been reviewed by the investment manager and, to the extent it deems advisable and prudent, its counsel; (iii) that such instrument or document is in proper form for execution by the Trustee; (iv) that, where appropriate, insurance protecting the Trust Fund against loss or liability has been or will be maintained in the name of or for the benefit of the Trustee; and (v) that all other acts to perfect and protect the Trust Fund's rights have been taken, and the Trustee shall have no duty to make any independent inquiry or investigation as to any of the foregoing before acting upon such direction. In addition, the Trustee shall not be liable for the default of any person with respect to any investment or for the form, genuineness, validity, sufficiency or effect of any document executed by, delivered to or held by it at the direction of an investment manager, or if, for any reason (other than the gross negligence or willful misconduct of the Trustee) any rights of the Trust Fund therein shall lapse or shall become unenforceable or worthless.

(G) The Trustee shall not have any discretionary responsibility or authority to manage or control any asset held in a Directed Fund upon the resignation or removal of the investment manager unless and until it has been notified in writing by the Company that the investment manager's authority has terminated. Such notice shall not be deemed effective until one bank business day after it has been received by a responsible officer of the Trustee. The Trustee shall not be liable for any losses to the Trust Fund resulting from the disposition of any investment made by the investment manager or for the retention of any illiquid or unmarketable investment or any investment which is not widely publicly traded or for the holding of any other investment acquired by the investment manager if the Trustee is unable to dispose of such investment because of any restrictions imposed by the Securities Act of 1933 or other Federal or state law, or if an orderly liquidation of such investment is impractical under prevailing conditions, or for failure to comply with any investment limitations imposed by the Company or applicable law or for any other violation of the terms of this Agreement.

(H) If the Trustee has knowledge of a breach committed by an investment manager, it shall notify the company thereof, and the Company shall thereafter assume full responsibility to all persons interested in the Trust Fund to remedy such breach.

(I) The parties hereto acknowledge that while the Trustee may perform certain duties (such as custodial, reporting, recording, valuation and bookkeeping functions) with respect to Directed Funds, such duties will not involve the exercise of any discretionary authority to manage or control such assets and will be the responsibility of officers or other employees of the Trustee who are unfamiliar with and have no responsibility for investment management. Therefore, in the event that knowledge of the Trustee shall be a prerequisite to imposing a duty upon or to determining liability of the Trustee under this Agreement or any statute regulating the conduct of the Trustee with respect to such assets or relieving the Company of its indemnification undertakings, the Trustee will not be deemed to have knowledge of, or to have participated in, any act or omission of an investment manager involving the investment of Trust fund assets as a result of the receipt and processing of information in the course of performing such duties.

(J) The Trustee shall have no duty to commence or maintain any action, suit or legal proceeding on behalf of the Trust Fund on account of or growing out of any investment made by an investment manager unless the Trustee has been directed to do so by the investment manager or the Company and unless the Trustee is either in possession of funds sufficient for such purpose or has been indemnified to its satisfaction for counsel fees, costs and other expenses and liabilities to wit it, in its sole judgment, may be subjected by beginning or maintaining such action, suit or legal proceeding.

## ARTICLE IV

### POWERS OF THE TRUSTEE

#### 4.01 Specific Powers.

Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(A) To sell, exchange, convey, transfer or otherwise dispose of any property held by it by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expedience of any such sale or other disposition.

(B) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

(C) To register any securities held in the Trust Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacity, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person or to deposit or arrange for the deposit of any securities issued by the United States government or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all securities are part of the Trust Fund.

(D) To employ legal counsel, brokers and other advisors, agents or employees to perform services for the Trust Fund or to advise it with respect to its duties and obligations under this Agreement and in connection with the Trust Fund.

(E) Generally to do all acts, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the protection of the Trust Fund.

4.02 Taxes and Expenses.

The Trustee shall prepare and file all federal, state and local income tax returns that may be required as a result of the investment and reinvestment of the principal and income of the Trust Fund.

**ARTICLE V**

**PAYMENT OF EXPENSES**

5.01 Administrative Fees.

The Trustee shall be reimbursed from the Trust Fund for all administrative expenses incurred in connection with the Trust Fund, including fees for legal services rendered to the Trustee.

5.02 Fees and Expenses of Trustee.

The Trustee shall be entitled to reasonable compensation for its services as Trustee, agreed upon in writing, from time to time, with the Company. Such fees and any expenses incurred by the Trustee in fulfilling its obligations under this Agreement may be charged directly to the Trust Fund.

5.03 Taxes.

All taxes that may be levied or assessed upon or in respect of the Trust Fund shall be paid from the Trust Fund. At the direction of the Company, the Trustee shall contest validity of such taxes in any manner deemed appropriate by the Company, and the Trustee shall be indemnified from the Trust Fund for any expenses (including reasonable attorneys fees) which it may incur in such context.

**ARTICLE VI**

**ACCOUNTING OF THE TRUSTEE**

6.01 Keeping of Accounts.

The Trustee shall keep records of all its transactions under this Agreement.

## 6.02 Rendering of Accounts.

(A) Within thirty (30) days following the close of each calendar quarter, or such other accounting period as the Company may from time to time designate, and within thirty (30) days after the replacement or resignation of the Trustee as provided under Article VII of this Agreement, the Trustee shall file with the Company a written account setting forth all monies received, investments and reinvestments, receipts and disbursements through the Trust Fund, all costs incurred, income from the Trust Fund, and other transactions with respect to the Trust Fund effected during such calendar quarter or during the period from the close of the last calendar quarter to the date of such removal, resignation or termination. The written account for the last quarter of each calendar year shall set forth all cumulative transactions with respect to the Trust Fund during such calendar year and shall indicate the amount of the fund and the reinvestments thereof which was contributed by Missouri customers and the amount of the fund and the reinvestments thereof which was contributed by Kansas customers. This report shall be submitted to the MPSC and the KCC, as well as to the Company.

Upon the expiration of ninety (90) days from the date of filing of any such account, the Trustee, to the extent permitted by law, shall be forever released and discharged from any liability or accountability to anyone with respect to the matters reflected in such account, except as to those matters to which the Company files written objections with the Trustee within such ninety (90) day period. The failure of the Company to file written objections with the Trustee within such ninety (90) day period as to matters reflected in any such account shall not release or discharge any other person or organization with respect to such matters. Notwithstanding the foregoing, the Trustee shall not be entitled to retain any funds or other property in its possession that in fact belong to the Trust.

(B) Within fifteen (15) days after submitting a federal, state or local income tax return, or any other report or document with any federal, state or local agency pertaining to the Trust Fund or this Agreement, the Trustee shall submit copies thereof to the Company, the MPSC and the KCC.

## 6.03 Right to Judicial Settlement.

Notwithstanding any other provision of this Agreement, the Trustee shall have the right to have a judicial settlement of its accounts. The only parties that need be joined in any such proceeding are the Company, the Trustee, and such other parties whose participation is required by law.



## ARTICLE VII

### REMOVAL AND RESIGNATION OF THE TRUSTEE

#### 7.01 Removal of the Trustee.

The Trustee may be removed for cause at any time by the Company upon thirty (30) days written notice to the Trustee. Such removal shall be effective immediately, or at such other time as is agreed by the Company and the Trustee.

#### 7.02 Resignation of Trustee.

The Trustee may resign as Trustee under this Agreement at any time by a written notice delivered to the Company giving notice of such resignation, which shall be effective sixty (60) days after receipt or at such other time as is agreed by the Company and the Trustee.

#### 7.03 Successor Trustee.

If a vacancy in the office of Trustee of the Trust Fund occurs, the Company shall appoint a Successor Trustee and shall deliver to the Trustee copies of (i) a written instrument executed by the Company appointing such Successor Trustee, and (ii) a written instrument executed by the Successor Trustee in which it accepts such appointment. Such instruments shall indicate their effective dates. Any such Successor Trustee or Trustees shall have all the powers and duties of the original Trustee.

If, for any reason, the Company cannot or does not act promptly to appoint a successor trustee, the Trustee may apply to a court of competent jurisdiction for the appointment, subject to any necessary regulatory approvals, of a successor trustee for the Trust Fund and any expenses incurred by the Trustee in connection therewith shall be charged to and be paid by the Trust Fund as an administrative expense.

#### 7.04 Delivery of Trust Fund.

If the Trustee resigns or is removed, it shall deliver any assets of the Trust Fund in its possession to a Successor Trustee as soon as is reasonably practicable after the settlement of its account or at such earlier time as shall be agreed on by the Company, the Trustee, and the Successor Trustee. The Trustee may, however, reserve such sum of money as it deems advisable for payment of its fees and expenses in connection with its administration of the Trust Fund or the settlement of its account or for payment of all taxes that may be assessed on or in respect of the Trust Fund or the income thereof for the period before its removal or resignation. The Trustee shall pay over to the Successor Trustee any balance of such reserve remaining after the payment of such fees, expenses, and taxes.

## ARTICLE VIII

### AMENDMENT AND TERMINATION

#### 8.01 Amendment.

This Agreement may be amended from time to time by a written instrument executed by the Company and the Trustee. No amendment shall authorize or permit any part of the Trust Fund to be used for or diverted to purposes or uses other than those described in Article I, Section 1.04. This Trust Agreement may not be amended so as to violate Internal Revenue Code Section 468A or the regulations thereunder.

#### 8.02 Termination.

This Agreement shall continue until terminated by a written agreement of the Company and the Trustee which shall be approved by any appropriate regulatory agency.

Upon termination of this Agreement, any remaining assets of the Trust Fund, less final trust administration expenses, shall be paid to the Company.

## ARTICLE IX

### MISCELLANEOUS

#### 9.01 Merger of Trustee.

Any corporation into which the Trustee is merged or with which it is consolidated, or any corporation resulting from a merger, reorganization, or consolidation, to which the Trustee is a party, or any corporation to which all or substantially all the trust business of the Trustee is transferred shall become the Successor Trustee under this Agreement without the execution or filing of any further instrument or the performance of any further act.

#### 9.02 Merger of Company.

Any corporation into which the company is merged or with which it is consolidated, or any corporation resulting from a merger, reorganization or consolidation, to which the Company is a party and to which all or part of the 47% ownership of Wolf Creek is transferred, shall become the successor to the Company under this Agreement without the execution or filing of any further instrument or performance of any further act.

### 9.03 Alienation of Fund.

No right or claim in or to the Trust Fund or any assets thereof shall be subject to garnishment, attachment, execution or levy of any kind except as may be provided under the Internal Revenue Code of 1986 and applicable rules and regulations promulgated by the Internal Revenue Service with respect to a Nuclear Decommissioning Reserve Fund, or any regulation issued thereunder; any attempt to assign or pledge the same shall be void and shall not be recognized by the Trustee except to such extent as may be legally required.

### 9.04 Indemnification of Trustee.

The Trustee may consult with counsel (who may be counsel for the Company or for the Trustee in its individual capacity), and shall be fully protected in acting in good faith upon advice received from such counsel or at the direction of the Company. The Company agrees, to the extent permitted by law, to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of the Trust Fund, unless arising from the Trustee's own grossly negligent or willful breach of the provisions of this Agreement. In no event shall the Trustee be liable for special or consequential damages. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Agreement, except such as may be required by a law which prohibits the waiver thereof. The indemnification obligation of the Company shall survive the resignation or removal of the Trustee or the termination of the Trust Fund.

### 9.05 Applicable Law.

This Agreement and all questions pertaining to its validity, construction and administration shall be interpreted, construed and determined in accordance with the internal substantive laws (and not the choice of law rules) of the State of New York to the extent not superseded by Federal law or a regulatory law of the States of Missouri or Kansas. All actions and proceedings brought by the Trustee relating to or arising from, directly or indirectly, this Agreement may be litigated in courts located in the State of New York and The Company hereby submits to the jurisdiction of such courts. The Company and the Trustee hereby waive the right to trial by jury in any action or proceeding brought hereunder.

### 9.06 Notice.

Any notice, request, instruction, direction, requisition or other document required or permitted to be given under this Agreement shall be sufficiently given if delivered in person or when deposited in the United States mail, postage prepaid, as follows:

If to the Company, delivered and mailed to:

Kansas City Power & Light Company  
1201 Walnut  
Kansas City, Missouri 64106-2124  
Attention: Treasurer  
Phone: (816) 556-2595  
Fax: (816) 556-2992

If to the Trustee, delivered or mailed to:

The Bank of New York  
Master Trust Department – Corporate Funds  
12<sup>th</sup> Floor  
One Wall Street  
New York, NY 10286  
Attention: Richard J. Barry  
Phone: (212) 635-8337  
Fax: (212) 635-8311

Or to such other address as may be specified in writing from time to time by the Company or Trustee.

Any report or document submitted to the MPSC shall be sent by United States mail, postage prepaid, as follows:

Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102  
Attention: Secretary

Any report or document submitted to the KCC shall be sent by United States mail, postage prepaid, as follows:

Kansas State Corporation Commission  
1500 Southwest Arrowhead Road  
Topeka, Kansas 66604  
Attention: Executive Secretary

#### 9.07 Heading Not Part of the Agreement.

Headings of articles and sections are inserted for convenience of reference. They are not part of this Agreement and shall not be considered in construing it.

9.08 Multiple Copies.

This Agreement may be executed in any number of counterparts each of which shall be considered an original even though no others are produced.

9.09 Trustee's Duties Limited.

The Trustee's duties and responsibilities to the Company and to any other person interested in the Trust Fund shall be limited to those specifically set forth in this Agreement.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Agreement to be executed by their duly authorized officers and their respective corporate seals to be hereunto affixed as of the day and year first above written.

KANSAS CITY POWER & LIGHT COMPANY

By: Andrea F. Bielke  
Title: Treasurer

(Corporate Seal)

Attest:

Deanne Hill Katz  
Corporate Secretary

THE BANK OF NEW YORK

By: Richard J. Berry  
Title: Vice President

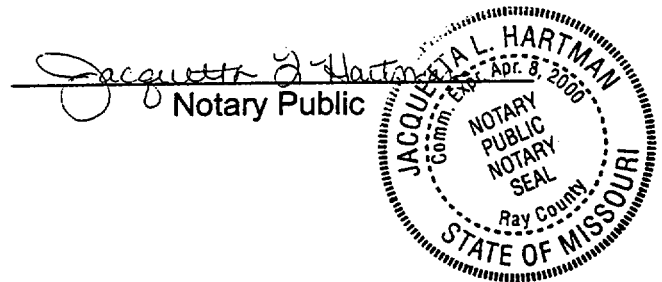
(Corporate Seal)

Attest:

Margery A. Forness  
~~Secretary~~ ASSISTANT TREASURER

STATE OF MISSOURI     )  
                                      )  
COUNTY OF JACKSON    )     ss

On this 30<sup>th</sup> day of July, 1999, before me, subscriber, personally appeared Andrea F. Bielsker, to me known, who, being by me duly sworn, did depose and say that she is Treasurer of Kansas City Power & Light Company, the corporation described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that she signed her name thereto by like order.



My Commission Expires:

April 8, 2000

STATE OF NEW YORK     )  
                                      )  
COUNTY OF NEW YORK    )     ss

On this 2nd day of August, 1999, before me personally came RICHARD J. BARRY, to me known, who, being by me duly sworn, said that he is a Vice President of The Bank of New York, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Steven Bonora  
Notary Public

My Commission Expires:

Nov. 30, 1999

STEVEN BONORA  
Notary Public, State of New York  
No. 41-4739928  
Qualified in Queens County  
Commission Expires March 30, 1999  
Nov