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About the Company

Company Profile

Kansas City Power & Light Company is a leading provider of energy and related products and services for homes and businesses in the Kansas City metropolitan area and nationwide. A progressive and successful company, KCPL leads the electric utility industry in customer service. Headquartered in downtown Kansas City, Missouri, KCPL generates and distributes electricity to over 451,000 retail customers, cities and electric utilities in Missouri and Kansas. KLT Inc. and Home Service Solutions Inc., wholly-owned subsidiaries of KCPL, pursue unregulated business ventures nationally, capturing growth opportunities in markets outside the regulated utility business.

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What is KCPL doing about Y2K?

KCPL's implementation in 1995 of a new technology infrastructure began preparations for the Year 2000 and will help us meet strategic and future business needs. That \$56 million investment in the new Year 2000-ready technologies has resulted in fewer Y2K issues for KCPL than some companies have experienced. In addition, in 1997, we established a formal Year 2000 Project Office responsible for evaluating, identifying and correcting problems in all critical computer software, hardware and embedded systems. We are using internal and external resources to help with inventory, assessment, remediation and testing of software application systems and equipment. As an ongoing part of our Y2K effort, we report regularly to and work with a number of industry, regulatory and governmental agencies and will participate in industry-wide Y2K readiness drills in April and September. In addition, we are checking with and will continue to monitor the readiness of our critical suppliers to identify and mitigate Y2K problems having the potential to affect our essential business functions. We believe the total costs of the assessment, remediation, testing and monitoring efforts will be approximately \$7 million and will be expensed as incurred. For additional Y2K details please see page 24 of this report or visit our website at <http://www.kcpl.com>.



- KCPL headquarters
- × Gas & oil projects
- Energy Services offices
- ▲ Telecommunication networks
- ◆ Home Service Solutions Inc. markets

K a n s a s C i t y P o w e r a n d L i g h t

Line of Business	Brand/Business	Product/Service
<p>Kansas City Power & Light Energy Supply</p> <p>Energy Services</p> <p>Surge Protection</p>	<p>Kansas City Power & Light</p> <p>Custom Commercial Services (CCS)</p> <p>Natural Gas Services</p> <p>Meter-Treater® & Panamax®</p>	<p>Headquartered in Kansas City, Missouri. Produces, transmits and distributes electricity to customers in Missouri and Kansas. Low fuel costs enable KCPL to maintain rates below the national average and a leadership position in the bulk power market.</p> <p>Comprehensive energy services program upgrades and manages customers' energy systems and equipment. Services include engineering design, construction, operations and project management.</p> <p>Competitively-priced natural gas commodity sales and management services.</p> <p>Meter-Treater® service and Panamax® point-of-use products protect valuable electronic equipment from electrical surges.</p>
<p>Home Service Solutions Inc. Home Services</p> <p>Heating, Ventilation, Cooling Services (HVAC)</p>	<p>R.S. Andrews Enterprises (RSAE)</p> <p>Worry Free Service™</p>	<p>Home Service Solutions (HSS), KCPL's newest nonregulated subsidiary, invested in RSAE to provide services to residential customers such as equipment sales, HVAC services, electrical, plumbing, pest control, home warranties and service contracts.</p> <p>Award-winning program bundles replacement equipment, preventive maintenance and repairs for residential and small commercial HVAC equipment.</p>
<p>KLT Inc. Telecommunications</p> <p>Oil & Gas</p> <p>Energy Services</p> <p>Investments</p>	<p>KLT Telecom</p> <p>KLT Gas</p> <p>KLT Energy Services</p> <p>KLT Investments I & II</p>	<p>Investment in Digital Teleport Inc. (DTI) which is constructing a nationwide fiber optic network providing carrier's carrier telecom services. Other telecommunication investments include wireless remote monitoring products and services.</p> <p>Invests in oil and gas exploration and development opportunities.</p> <p>Offers a comprehensive menu of services providing energy management and supply services to customers nationwide. Also specializes in providing outdoor streetlighting services to municipalities. Other investments include acquiring and developing a nationwide network of electrical contractors serving commercial and industrial customers.</p> <p>Investments in affordable housing partnerships generate tax credits, lowering the consolidated company's tax burden. Other investments include community and economic development opportunities that provide expansion of KCPL's current customer base.</p>

Markets Strategies/ Objectives

KCPL serves over 451,000 residential, commercial and industrial customers in Missouri and Kansas. KCPL system has a total summer capability of 3,633 megawatts.

CCS targets larger commercial customers and select industrials.

Serves medium and large commercial and industrial companies and government facilities within and outside KCPL's service territory.

Meter-Treater® service is available to residential customers in KCPL's service territory. Panamax® products are available to any customer inside or outside KCPL's territory.

Continue to invest in KCPL's people, recognizing that our success is dependent upon the diversity of employees' skills and expertise. Maintain our position as a low-cost energy producer. Capitalize on opportunities for growth through alliances and other business combinations. Successfully compete in a deregulated environment.

Enhances customer relationships by increasing the range of services offered. Strategically uses energy-related services to enter markets outside of KCPL's service territory.

Enhances customer service and loyalty by offering products and services that complement electric service.

In 1998, HSS invested in R.S. Andrews Enterprises (RSAE) in Atlanta to build a network of home service companies in key U.S. markets.

Initially marketed only in KCPL's service territory, Worry Free Service™ and RSAE now market this service in cities across the country.

KCPL creates growth for shareholder value by leveraging its resources, products and relationships in this venture.

Worry Free Service™ partners with an established network of contractors to sell and deliver its services.

DTI recently announced a nationwide expansion of its fiber optic network. It has established relationships to sell capacity to AT&T, Sprint and MCI. Monitoring markets include underground storage tank information for EPA compliance.

In 1998, 4.4 billion cubic feet of gas was sold to pipelines for distribution to various gas markets across the country.

Serves commercial, industrial and municipal customers nationally to help reduce energy costs. Streetlighting services is currently working with cities in Missouri and Utah.

To date, about \$104 million has been invested in 24 affordable housing limited partnership funds, with properties located in 46 states, the District of Columbia and Puerto Rico. Other investments target economic development and energy-related opportunities.

KLT Inc.'s mission is to aggressively develop nonregulated businesses providing significantly higher growth in value than KCPL's regulated businesses:

- Strategically invests in and manages businesses, capitalizing on KCPL's demonstrated core competencies and experience.
- Pursues opportunities by combining our expertise with knowledgeable partners.
- Intends to diversify its opportunities into a portfolio of businesses.
- Pursues businesses that will, on average, produce an internal rate of return of 15% after taxes.