



MISSOURI GAS ENERGY

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ROBERT J. HACK
CHIEF OPERATING OFFICER

January 22, 2008

Jacobs Exhibit No 2214
Date 1/31/11 Reporter NS
File No ER-2010-0355

Mr. William Downey
Kansas City Power & Light Company
1201 Walnut
Kansas City, MO 64108

Dear Bill:

First, I would like to thank you and Mike for taking the time to meet with Pam Levetzow and I before Christmas to discuss potential opportunities for KCPL and MGE to work together on residential customer energy efficiency programs.

I believe we have complementary interests in this topic, in terms of both meeting our individual regulatory requirements and in serving the needs of our customers.

By helping customers with the up-front cost of installing a high efficiency gas-fired water heater (either in replacement of an electric water heater or in new applications in lieu of an electric water heater), MGE's high efficiency natural gas water heater incentive program may be able to play a role in mitigating growth of base- and peak-load electricity demand in your service area. In the current capacity constrained environment, this would seem to be a good thing for KCPL and its customers.

The KCPL Energy Optimizer initiative not only assists KCPL in managing summer peaking days, it assists customers of both KCPL and MGE in managing their energy usage on a year-round basis. Accordingly, it would seem that cross-marketing or something similar that would encourage both of our customers to replace older water tanks with high efficiency gas water heaters and install a KCPL programmable thermostat has the makings of a win for KCPL, MGE and the residential customers we both serve. We know, for example, that the water heating units qualifying for MGE incentives to date translate into a reduction of 900,000 lbs of CO₂ over the life of the units. And while replacement of an older gas-fired water heater with a new high efficiency gas-fired water heater produces meaningful CO₂ reductions (approximately 360 pounds annually),

replacement of an older electric water heater with a new high efficiency gas-fired water heater reduces CO2 emissions ten times that amount (approximately 3600 pounds/year).

MGE and KCPL have successfully worked together in the past to voluntarily create and fund the Heartland Utilities for Energy Efficiency. Through HUEE we have each found opportunities to broaden public education regarding wise and efficient use of energy resources. Cross marketing on a specific joint Initiative proposed above would seem to be a logical next step and we appreciate that your marketing department, through Glen DiFalco, has contacted us to explore this opportunity in more detail.

Thanks again.

Sincerely,


CC: Mike Deggendorf
Pam Levetzow