Exhibit No.:	
Issues:	*Incentive Compensation*
Witness:	*Keith A. Majors*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*ER-2009-0089*
Date Testimony Prepared:	*March 11, 2009*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

KEITH A. MAJORS

Great Plains Energy, Incorporated
KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2009-0089

Jefferson City, Missouri
March 2009

REBUTTAL TESTIMONY

OF

KEITH A. MAJORS

KANSAS CITY POWER & LIGHT

CASE NO. ER-2009-0089

Q. Please state your name and business address.

A. Keith A. Majors, Fletcher Daniels State Office Building, Room G8, 615 East 13th Street, Kansas City, Missouri 64106.

Q. By whom are you employed and in what capacity?

A. I am a Utility Regulatory Auditor with the Missouri Public Service Commission (Commission or PSC).

Q. Are you the same Keith A. Majors that contributed to the Missouri Public Service Commission Staff's Cost of Service Report Case No. ER-2009-0089 filed on February 11, 2009?

A. Yes. I contributed to the Staff Cost of Service Report filed on February 11, 2009 in this case relating to Kansas City Power & Light Company (KCPL or Company). In addition, I contributed to the Staff Cost of Service Report filed on February 13, 2009 for the KCPL Greater Missouri Operations (GMO) for MPS and L&P, and L&P Steam.

Q. What is the purpose of your rebuttal testimony in this proceeding?

A. The purpose of my rebuttal testimony is to address Adjustment 20-C in KCPL's direct filing. The adjustment was sponsored by Company witness John P. Weisensee and is discussed on page 11 of his direct testimony.

Q. Were you the Staff Expert who authored and supported the sections of Staff's Cost of Service report concerning short term and long term incentive compensation?

A. Yes.

EXECUTIVE SUMMARY

Q. Please summarize the sections of Staff's Cost of Service report that you sponsored.

A. The sections of the Cost of Service Report which I sponsored address the areas of short term and long term incentive compensation.

I removed the amount of short term incentive compensation booked to the test year which consisted of cash awards to Company employees. This amount was not related in any way to the Company's normal short term incentive plans. According to an internal memorandum obtained through Staff discovery it was determined that the amount booked to the test year was a one-time bonus and should therefore be removed from the cost of service. In addition, I removed costs related to the discontinued Power Marketing incentive program.

I removed the amount of long term incentive compensation booked to the test year in total because it is based solely on achieving financial goals that chiefly benefit shareholders and awards do not result in a cash payment by KCPL.

As a point of clarification, following the acquisition of former Aquila entities in Case No. EM-2007-0374, all former Aquila employees became KCPL employees and are consequently covered under KCPL incentive compensation plans. Also, as of December 16, 2008, all Great Plains Energy (GPE) employees are now reclassified as KCPL employees but remain covered by their respective incentive plans. All employees will now be referred to as KCPL employees.

Q. Do you have any attachments to your rebuttal testimony?

A. I have attached all plan documents as schedules to my rebuttal testimony as follows:

Schedule KAM-1 – Rewards Plan (union employees)

Schedule KAM-2 – ValueLink Plan, (non-union management)

Schedule KAM-3 – Annual Executive Plan

Schedule KAM-4 – Long Term Incentive Plan Awards Standards

Schedule KAM-5 – 2008 Incentive Plan EPS Funding Levels

Schedule KAM-6 – One-Time Bonus Memorandum

Schedule KAM-7 – 2007 Executive Scorecards

DIFFERENCES BETWEEN KCPL AND STAFF

Q. Please identify the differences between the Company and Staff relating to the treatment of incentive compensation expenses.

A. KCPL has proposed to include an amount for short term incentive compensation based upon a three (3) year average of 2005, 2006, and test year 2007 costs, as well as the test year Power Marketing incentive expense. The Company has also requested that the test year performance and restricted shares of stock awarded to executives under the Company's long term incentive plan be included in the cost of service. Staff has not included any of the short or long term incentive compensation in its case.

Q. What are the amounts for the incentive compensation being proposed by KCPL in its cost of service?

A. KCPL has proposed an annual total company level of $4,754,644 of short term incentive compensation under the Rewards, ValueLink, and Executive plans, an increase of

$3,324,109 and $152,205 of Power Marketing incentive in the cost of service, net of capitalized amounts. KCPL has proposed an annual total company level of $4,663,008 of equity based long term incentive compensation in the cost of service.

SHORT TERM INCENTIVE COMPENSATION

Q. What short term incentive compensation plans are available to KCPL employees?

A. KCPL provides separate annual short term plans for their executive, non-union management, and union employee groups.

1) The Rewards program covers all union employees.

2) The ValueLink program covers all non-union management employees.

3) The Executive Incentive plan covers senior KCPL management employees.

Q. Please provide a brief overview of these programs.

A. All of KCPL's short term incentive plans operate under a two-step process. The funding of the entire award under each plan is determined by GPE or KCPL core Earnings per Share, depending on employee status, GPE or KCPL in the plan year. After the funding level has been determined, the incentive compensation pool funds are distributed to employees based upon financial and operational goals. EPS is the primary goal for all GPE and KCPL short term incentive compensation programs.

The annual GPE and KCPL EPS goals are set and approved by the Compensation and Development Committee of the Board of Directors. Tiered levels of EPS correspond to threshold, target, and maximum levels of awards of 50%, 100%, and 150% and 200% for the executive plan, respectively. For the 2007 plan year, paid in 2008, the KCPL EPS goals for all plans were $1.70, $1.80, and $1.90; the GPE EPS goals for all plans were $1.75, $1.90, and $2.01, including a budget adjustment, for threshold, target and maximum, respectively. For the 2008 plan year the KCPL EPS goals are listed in Attachment KAM-5.

Each plan contains scorecards with various metrics that determine the amount of the award under each plan.

Q. Briefly explain the Rewards program.

A. For reference, I have included the Rewards Plan document as attachment KAM-1.

The Rewards Plan covers all bargaining unit (union) employees from IBEW Local 1464, 412, and 613 unions. The target (100%) award amount for the year is 1.3% of straight time, overtime, and shift differential total earnings.

There are two (2) components that constitute each employee's total bonus award: one scorecard for KCPL company goals, the other for distinct divisional goals with each scorecard weighted at 50% of the total calculated payout. The KCPL Rewards Scorecard goals are:

1) System Average Interruption Duration Index (SAIDI), a reliability measure
2) JD Powers Customer Satisfaction Index (Residential)
3) Percent Equivalent Availability – Coal and Nuclear (Generation)
4) OSHA Incident Rate (Safety)
5) Comprehensive Energy Plan Progress

Each of these goals is weighted at 20% of the 50%, for a net portion of 10% of the award calculation. The 2006 Rewards scorecard is on page 4 of Attachment KAM-1. To Staff's knowledge, this is the most current Rewards scorecard.

The remaining 50% of the bonus calculation is based upon division scorecards at the discretion of upper management but must include one goal in areas common to the KCPL Scorecard.

Q. What are "scorecard" goals?

A. Scorecard goals are a mechanism the Company uses to measure performance of the individual departments and divisions based upon specific goals. They were developed by the Company with the assistance of an outside compensation consultant to determine the amount of awards granted under the three (3) short term programs. The majority of the scorecard goals are tiered at threshold, target and maximum, with percentages 50%, 100%, and 150%, respectively.

Q. Did Staff disallow any of the scorecard goals under the Rewards program in past KCPL rate cases?

A. Yes. Staff disallowed payments under this incentive compensation plan in the 2006 rate case. In this case, Case No. ER-2006-0314, the 2005 plan year was used for which EPS was 20% of the bonus calculation. Staff made no disallowance in the 2007 rate case, Case ER-2007-0291 because the Company modified the scorecard to its current form.

Q. Are the scorecard goals the same for the Rewards, ValueLink and Annual Executive incentive plans?

A. No.

Q. Briefly explain the ValueLink program.

A. For reference, I have included the ValueLink Plan document as Attachment KAM-2.

The ValueLink program covers non-executive, non union KCPL employees. The pool of the available cash award is computed based upon indexed salaries within the Company's salary bands. Monies funded but unearned will be redistributed based upon scorecard goal achievement until all funds are paid out.

Q. What are the scorecard goals for the ValueLink program?

A. There are three (3) scorecards used in the calculation of awards under the ValueLink program. Two (2) of them are dependent on employee classification, either GPE or KCPL, which was applicable during the 2007 plan year. Either scorecard determined 40% of the bonus calculation.

The GPE Scorecard Goals are:

1) Funds From Operations / Average Total Debt (Financial)
2) JD Powers Customer Satisfaction Index (Residential)
3) Percent Equivalent Availability – Coal and Nuclear (Generation)
4) Expected Future Margin – SEL (Strategic Energy)
5) Comprehensive Energy Plan Progress

Each of these goals is 20% of the 40% GPE Scorecard, for a net portion of 8% of the bonus calculation.

The KCPL Scorecard Goals are:

1) System Average Interruption Duration Index (SAIDI), a reliability measure
2) JD Powers Customer Satisfaction Index (Residential)
3) Percent Availability – Coal and Nuclear (Generation)
4) OSHA Incident Rate (Safety)
5) Comprehensive Energy Plan Progress

Each of these goals is 20% of the 40% KCPL Scorecard, for a net portion of 8% of the bonus calculation. The 2006 ValueLink scorecards are on page 7 of Attachment KAM-2. To Staff's knowledge, these are the most current scorecards.

Q. Please explain the remaining parts of the ValueLink bonus calculation.

A. The remaining 60% of the computation is based 40% on a division scorecard, similar to the Rewards program and 20% on discretionary individual performance.

Q. Did Staff disallow any of the scorecard goals under the ValueLink program in Case ER-2006-0314?

A. Yes. Staff proposed to disallow the incentive compensation relating to the EPS scorecard goals and the discretionary bonus portion of the award calculation in Case No. ER-2006-0314, using the 2005 plan year.

Q. Did Staff disallow any of the scorecard goals under the ValueLink program in Case ER-2007-0291?

A. For the 2006 plan year used in the ER-2007-0291, the Company EPS portion was removed from the list of goals on the ValueLink scorecards. Staff did not remove the discretionary portion of the ValueLink incentive in ER-2007-0291.

Q. Was there an inadvertent error made in the description of the ValueLink plan in Staff's Cost of Service report?

A. Yes. The Staff report stated the discretionary portion of the ValueLink plan was removed in the 2007 case. It was, however, removed in the 2006 case. Additionally, the description of the GPE scorecard goals for the ValueLink plan erroneously included 40% based upon Earnings Per Share. Although this was the case in 2005 and Staff consequently removed that portion of the award, the EPS portion of the ValueLink calculation has subsequently been removed by the Company.

Q. Briefly explain the Annual Executive Incentive plan.

A. For reference, I have included the Executive Plan document as Attachment KAM-3.

Separate scorecards are used for GPE and KCPL executives. The GPE scorecard is 40% based on Earnings per Share, 40% based upon customer and operational metrics, and 20% based upon individual performance. The KCPL scorecard is similarly weighted. I have attached the 2007 GPE and KCPL Executive Incentive Plan scorecards as Attachment KAM-7. The superior level of EPS and scorecard achievement for the executive plan is 200%, as opposed to 150% for the Rewards and ValueLink plans. The target award for each individual is a percentage of the participant's base salary and set by the Board of Directors Compensation and Development Committee.

Q. Did Staff disallow any of the scorecard goals under the Executive incentive program in Cases ER-2006-0314 or ER-2007-0291?

A. Yes. Staff proposed to disallow the incentive compensation relating to the EPS scorecard goals and the discretionary bonus portion of the award calculation in both of these cases.

Q. Were there any other short term incentive programs available in the test year of this case?

A. Yes. The Power Marketing program awarded a small amount of funds in the test year.

Q. What was the Power Marketing program?

A. The Power Marketing incentive program was designed for the Power Marketing Group. This group has responsibility for interchange sales transactions. The incentive compensation paid was related to a net profit goals tied to interchange sales.

Q. Has Staff included any costs for this incentive program?

A. No. Through discovery, specifically Staff Data Request 193, it was noted that the Power Marketing Incentive Program was discontinued in 2007. Therefore, Staff removed the entire award amount charged to test year expenses.

Q. What was the award amount granted for the 2007 plan year under the active short term incentive compensation programs?

A. In the plan year and test year 2007, neither the KCPL nor the GPS EPS thresholds were met, resulting in no payout under these plans.

Q. Please explain the one-time bonus referenced earlier in this testimony.

A. At the discretion of management, a one-time bonus was paid for the 2007 plan year. I have attached an internal memorandum explaining the one-time bonus as attachment KAM-6.

Q. The Company has listed several awards and accomplishments in this memorandum. Are any of these awards part of the scorecard goals or qualifiers in any of the short term incentive compensation plans?

A. No. None of these awards or accomplishments is mentioned in the incentive program documents.

Q. Who received this bonus and how much was the award?

A. Union employees, normally covered under the Rewards program, received $250. Non-union management employees, normally covered under the Valuelink program, were given 1.5% to 5% of base pay, depending on salary band. Employees covered under the Executive Incentive plan received no annual bonus. The total award paid was $1,846,068, $1,430,536 of which was charged to expense.

Q. To the extent of Staff's knowledge, has the Company ever granted a one-time discretionary bonus to its employees?

A. No.

Q. What qualifications would an employee had to receive this bonus?

A. According to Staff Data Request 223, the only qualification for receiving this bonus was employment at the Company on December 31, 2007 in one of the two (2) groups of employees granted this one-time bonus. Employees who were at the Company for less than the entire 2007 plan year received a prorated portion.

Q. Were any of the aforementioned scorecard goals in any of the plans used in the calculation or determination of this bonus?

A. No.

Q. How has the Company treated this one-time bonus in the current rate case?

A. The Company is proposing this one-time bonus to be averaged along with short term incentive compensation paid in plan years 2005 and 2006.

Q. What types of and how much short term incentive compensation did the Company award in plan years 2005 and 2006?

A. The Company paid awarded funds based upon the achievement of goals under their normal incentive plans for both years. For the 2005 plan year, the award was $7,190,477, including the KCPL portion of GPE and net of capitalization.

For the 2006 plan year, the award was $5,281,273, including the KCPL portion of GPE and net of capitalization.

Q. What position did Staff take in KCPL Case No. ER-2006-0314 regarding short term incentive compensation?

A. Staff removed short term incentive compensation based solely on Earnings per Share and the discretionary portion of short term incentive compensation in the Rewards, ValueLink and the Executive incentive plans.

Q. What was the Commission decision concerning short term incentive compensation in Case No. ER-2006-0314?

A. The Commission Report and Order stated at page 58:

> The Commission finds that the competent and substantial evidence supports Staff's position, and finds this issue in favor of Staff. As far as compensation tied to EPS, the Commission notes that KCPL management has the right to set such goals. However, because maximizing EPS could compromise service to ratepayers, such as by reducing customer service or tree-trimming costs, the ratepayers should not have to bear that expense…
>
> KCPL's attempt to state that Staff has no evidence to support its theory that maximizing EPS might not benefit KCPL shareholders misses the point; KCPL has the burden to prove that the Commission should approve the tariffs. Further, KCPL's argument that disallowing any of its incentive compensation costs would put it at a competitive disadvantage fails. KCPL management is free to offer whatever compensation packages it wants. Nevertheless, if the method KCPL chooses to compensate employees shows no tangible benefit to Missouri ratepayers, then those costs should be borne by shareholders, and not included in cost of service.

Q. What position did Staff take in KCPL Case No. ER-2007-0291 regarding short term incentive compensation?

A. Staff removed short term incentive compensation based solely on Earnings per Share and the discretionary portion of short term incentive compensation in the Executive incentive plan.

Q. What was the Commission decision concerning short term incentive compensation in Case No. ER-2007-0291?

A. The Commission Report and Order stated at page 51:

> …The Commission finds that the relationship between KCPL and GPE's short term executive compensation plans and benefits to KCPL ratepayers is simply too tenuous to include in cost of service.
>
> The Commission rejects KCPL's position, and adopts the position of Staff. Part of the costs of KCPL's and GPE's short term executive compensation plans should be excluded from cost of service for setting KCPL's rates.

Q. Did the Company include the Staff's disallowance of a portion of short term compensation authorized in Case No. ER-2006-0314 and Case No. ER-2007-0291 in its three (3) year average of short term incentive compensation?

A. No. The Company has requested a three (3) year average of KCPL and KCPL's portion of GPE short term incentive compensation with no removal of EPS or discretionary portions.

Q. Did Staff remove a portion of the test year one-time bonus based on Earnings per Share?

A. Because the EPS threshold level was not attained, none of the one-time discretionary bonus was based upon earnings. Therefore Staff had no EPS portion to remove.

Q. What short term incentive compensation was paid for the 2008 plan year?

A. For the second straight year, KCPL did not meet the threshold Earnings per Share level and did not pay any awards under any of the short term incentive plans. Additionally, the Company did not pay out another one-time bonus as in the 2007 plan year.

Q. Do current rates reflect an amount for short term incentive compensation?

A. Yes. Rates went into effect from Case No. ER-2007-0291, January 1, 2008. Since that time KCPL has been collecting from its customers an amount of short term incentive compensation even though no amount was ever paid for the 2008 plan year.

Q. What amount of short term incentive compensation was included in rates from Case No. ER-2007-0291 for the 2008 plan year?

A. In the 2007 rate case the amount in rates was based upon the amount actually paid for the 2006 incentive plan year of $5,281,273, including the KCPL portion of GPE and net of capitalization. Staff removed the EPS portion and discretionary portion of the Executive short term incentive award. The Commission adopted Staff's position. The net expense in the cost of service was $3,869,762, slightly more than half of which was paid by Missouri ratepayers. This amount has been collected starting in January 1. 2008 and will continue up to the time that rates are changed which is expected some time around August 5, 2009. In other words, KCPL will be receiving from its customers an amount in rates over 19 months for short term incentive compensation despite having paid out none of those costs.

Q. What amount of short term incentive compensation was included in rates from Case No. ER-2006-0314 for the 2007 plan year?

A. For the 2006 rate case, rates went into effect January 1, 2007. KCPL collected an amount from its customers for short term incentive compensation in excess of the amount paid for the 2007 plan year.

In the 2006 rate case the amount in rates was based upon the amount actually paid for the 2005 incentive plan year of $7,190,477, including the KCPL portion of GPE and net of capitalization. Staff removed the EPS portion and discretionary portion of the short term incentive award. The Commission adopted Staff's position. The net expense in the cost of service was $5,149,081, slightly more than half of which was paid by Missouri ratepayers. This amount was collected starting in January 1, 2007 and continued to be collected until January 1, 2008, the time that rates changed from Case No. ER-2007-0291. The expense incurred by the Company for the 2007 plan year during this time was $1,430,536. In other words, KCPL received from its customers an amount in rates in excess of what was actually paid for short term incentive compensation.

Q. Does Staff have any knowledge of the payout for the 2009 plan year?

A. Because the funding for the short term incentive compensation program is based on Earnings per Share for the entire plan year, Staff cannot predict an award computed on an entire year of earnings based upon less than three months of operating results.

Q. What amount of short term incentive compensation has Staff included in the cost of service?

A. Staff has not included any short term incentive compensation in the cost of service because of the uncertainty of such payments and because the Company has historically based a component of those awards on Earnings per Share.

Q. Referring back to your clarification on the status of former Aquila employees, how does the preceding discussion on short term incentive compensation relate to the Company or Staff's allocation of such costs or the determination of ongoing expenses?

A. The amounts in the above discussion were based upon charges in the 2007 test year to KCPL before the acquisition of Aquila. In the test year 2007, MPS, L&P, and L&P Steam were charged costs under the Aquila Variable Compensation Program. Upon the consummation of the acquisition, this program is discontinued and all remaining employees are now KCPL employees subject to KCPL compensation programs. Because short term incentive compensation was charged to neither KCPL nor any of the GMO entities, Staff has not determined an allocation methodology to be used if any short term incentive compensation is included in the cost of service.

Q. Is the same issue relevant in the following discussion of long term incentive compensation?

A. Yes. MPS, L&P, and L&P Steam were charged costs of equity compensation in the test year. Upon the consummation of the acquisition, this program is discontinued and all remaining employees are now KCPL employees subject to KCPL compensation programs, including the Long Term Incentive Program. Staff has not determined an allocation methodology to be used if any long term incentive compensation is included in the cost of service.

LONG TERM INCENTIVE COMPENSATION

Q. What types of compensation does KCPL award in the Long Term Incentive Plan (LTIP)?

A. The awards granted under the LTIP include two (2) types of equity compensation: restricted stock and performance shares. For reference I have included the LTIP Award Standards as Attachment KAM-4.

Q. Why are restricted stock and performance shares referred to as equity compensation?

A. Both forms of compensation result in the issuance of company stock as payment. Unlike other forms of compensation, KCPL does not require cash to award equity compensation.

Q. Why is the equity-based nature of the awards so important?

A. When stock is granted, restricted or performance in this case, no cash between the grantor (Company) and the grantee (employee) is exchanged. All other costs included in the cost of service, such as payroll, employee benefits, fuel, maintenance and taxes require a cash outlay by the company.

Furthermore, the tax impacts to the Company resulting from paying cash compensation to an employee and granting stock awards are substantially different. When the Company pays cash compensation to an employee, the Company receives a tax deduction on its tax return. When the Company grants a stock award, there is no associated tax deduction.

Q. How much equity compensation was charged to expense to KCPL in the test year?

A. The test year included $4,663,008 in equity compensation expense. KCPL is requesting the test year amount to be included for recovery from ratepayers that will never require a cash outlay by KCPL.

Q. When equity compensation results in the issuance of additional GPE stock to KCPL executive management, will KCPL be required to pay a return on those outstanding shares?

A. No. Any additional stock issue as equity compensation to KCPL executive management will be treated like any other outstanding stock. It will be included in the weighted cost of capital collected from ratepayers in rates.

Q. Has the Commission previously addressed the appropriate rate treatment of long term incentive plans, specifically, the KCPL Long Term Incentive Plan in question?

A. Yes. In its Report and Order issued in Case. No. ER-2006-0314, the Commission stated on page 58:

> As far as compensation tied to EPS, the Commission notes that KCPL management has the right to set such goals. However, because maximizing EPS could compromise service to ratepayers, such as by reducing customer service or tree trimming costs, the ratepayers should not have to bear that expense.
>
> KCPL's attempt to state that Staff has no evidence to support its theory that maximizing EPS might not benefit KCPL shareholders misses the point; KCPL has the burden to prove that the Commission should approve the tariffs. Further, KCPL's argument that disallowing any of its incentive compensation costs would put it at a competitive disadvantage fails. KCPL management is free to offer whatever compensation packages it wants. Nevertheless, if the method KCPL chooses to compensate employees shows no tangible benefit to Missouri ratepayers, then those costs should be borne by shareholders, and not included in cost of service.

In its Report and Order issued in Case. No. ER-2007-0291, the Commission stated on pages 49-50:

> KCPL has the right to tie compensation to EPS. However, because maximizing EPS could compromise service to ratepayers, such as by reducing maintenance, the ratepayers should not have to bear that expense. (Footnote omitted)

> … Even KCPL admits it is hard to prove a relationship between earnings per share and customer benefits. (Footnote omitted). Nevertheless, if the method KCPL chooses to compensate employees shows no tangible benefit to Missouri ratepayers, then those costs should be borne by shareholders, and not included in the cost of service…The costs of KCPL's and GPE's long-term incentive compensation plans should not be included in cost of service for setting KCPL's rates.

Q. Has the Commission more recently addressed the appropriate rate treatment of an equity-based long term incentive plan?

A. Yes. In its Report and Order issued in Case No. ER-2008-0318, the Commission stated on page 86:

> The Commission has frequently disallowed costs relating to incentive programs that are based on measures of the financial return achieved by the utility. It has done so because such measures are based on the level of profits the utility can achieve. At best, a utility's level of profitability has little or no benefit for ratepayers. At worst, an increase in the utility's profitability may be harmful to ratepayers if that profitability is obtained by cutting customer service or system maintenance to cut costs and thereby increase earnings per share. Because eligibility for AmerenUE's long term compensation plans are based on measures of the financial return achieved by the utility, the cost of those plans should fall on the shareholders who will primarily benefit from the company's increased financial return.

Q. Please summarize Staff's position on long term incentive compensation.

A. Staff is recommending that the test year cost of long term equity compensation be excluded from the cost of service on the following rationale:

1) Equity compensation is awarded based upon goals which are entirely or primarily tied to EPS and total shareholder return, beneficial to shareholders, not customers.

2) Unlike other forms of employee compensation, equity compensation does not require a cash outlay by KCPL. KCPL is requesting cash recovery

for $4,663,008 million (total Company) in equity compensation which will never require a cash outlay by KCPL.

3) The share of GPE stock held by KCPL executive management will earn a return based upon the return on equity collected from ratepayers through rates. If KCPL had issued long term debt in lieu of issuing additional equity to executive management, the cost of capital required from customers would be lower.

Q. Is this the same position Staff took in KCPL Case Nos. ER-2006-0314 and ER-2007-0291?

A. Yes, it is. It was adopted by the Commission in both KCPL rate cases.

Q. Does this conclude your rebuttal testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power and Light Company for Approval to Make Certain Changes in its Charges for Electric Service To Continue the Implementation of Its Regulatory Plan.	)))))	Case No. ER-2009-0089

AFFIDAVIT OF KEITH A. MAJORS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Keith A. Majors, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 20 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

Keith A. Majors

Keith A. Majors

Subscribed and sworn to before me this 11TH day of March, 2009.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071

D. Suzie Mankin

Notary Public

GREAT PLAINS ENERGY, INC.

2006 Rewards Plan Document

Effective January 1, 2006

ATTACHMENT KAM-1

Table of Contents

I. ELIGIBILITY

All permanent full-time and part-time bargaining unit employees are eligible to participate in the Rewards program, if they are employed by GPES or KCP&L (the "Company"), during the plan year. Part-time employees will be defined according to the "Letter of Agreement" dated January 12, 2004, establishing part-time Customer Communications positions, specifically job classifications 364 and 365.

Bargaining unit employees hired during the plan year are eligible to participate in the Rewards program on a pro-rated basis.

Employees who are hired into a bargaining unit position from November 1, 2006 to December 31, 2006 are <u>not</u> eligible to participate in the Plan.

II. KEY DEFINITIONS

"Plan" or "the Plan" refers to the Rewards Incentive Program.

"Plan year" refers to the Rewards plan year of January 1, 2006 to December 31, 2006.

"Employee" refers to a non-exempt bargaining unit employee of the Company.

"Company" refers to GPES or KCP&L, or all of these entities exclusively.

III. PLAN FUNDING

The size of the Rewards bonus pool amount for non-exempt bargaining unit employees will be determined based on corporate performance against the following goals:

KCP&L Earnings Per Share	Funding Level
1.74	50.0%
1.75	55.6%
1.76	61.1%
1.77	66.7%
1.78	72.2%
1.79	77.8%
1.80	83.3%
1.81	88.9%
1.82	94.4%

KCP&L Earnings Per Share	Funding Level
1.83	100.0%
1.84	107.1%
1.85	114.3%
1.86	121.4%
1.87	128.6%
1.88	135.7%
1.89	142.9%
1.90	150.0%

The plan will fund beginning at the threshold level of achievement at 50% of target, (KCP&L EPS = $1.74). Funding of the plan above threshold will be based on a sliding scale of achievement and will not exceed maximum, or 150% of target, (KCP&L EPS = $1.90).

<u>There is no payment for any KCP&L or Divisional performance goals if the KCP&L EPS threshold is not met.</u>

IV. PLAN STRUCTURE

There are two components that, when added together, constitute each employee's total bonus amount. The two components and their corresponding weights are as follows:

- 50% based on KCP&L Scorecard
- 50% based on Division Scorecard

Payment above 100% will be based on achievement of KCP&L EPS goals.

V. AWARD CALCULATION –KCP&L PERFORMANCE (50% of Bonus)

For the KCP&L performance component of the Rewards program, senior management has identified five key goals. Results for KCP&L performance will be based on a sliding scale of achievement against these stated goals from threshold (50%) to maximum (150%). The maximum goal levels in the scorecard allow the "make up" of underperformance on one goal with over performance on another goal. The maximum level of goal achievement for the KCP&L scorecard goals is 100%. Payment above 100% will be based on achievement of KCP&L EPS goals.

The 2006 KCP&L scorecard goals are as follows:

Scorecard Perspective	Goal	Weight	Threshold 50%	Target 100%	Maximum 150%
Customer	SAIDI (KCP&L System-wide)	20%	73.07 minutes	62.70 minutes	52.33 minutes
Customer	JD Powers Customer Satisfaction Index (Residential)	20%	Score of 98	Score of 99-103	Score of 104
Internal	% Equivalent Availability – Coal & Nuclear	20%	81.80%	82.85%	85.70%
Winning Culture	Safety – OSHA Incident Rate	20%	4.35	3.7	3.2
Internal	Comprehensive Energy Plan Progress	20%	Qualitative measure – Judgment made on collective work progress		

<u>There is no payment for any KCP&L or Divisional performance goals if the KCP&L EPS threshold is not met.</u>

VI. AWARD CALCULATION – DIVISION SCORECARD (50% of Bonus)

For 2006, division goals for bargaining unit employees in KCP&L will be set by the division / department heads for the various KCP&L divisions or departments and approved by the senior management of the Company.

Division senior management will typically name four (4) to five (5) key goals that come directly from the division balanced scorecard. There must be at least one goal representing each of the four major driver areas of the scorecard: Financial, Customer, Internal and Winning Culture.

Division results will be based on a sliding scale of achievement against these stated goals from threshold (50%) to target (100%) <u>or</u> divisional goals may be set so that they are achieved (100%) or not achieved (0%). Goals are weighted at the discretion of Division senior management. The Supply and Delivery organizations will include maximum levels at 150% to allow the “make up” of underperformance on one goal with over performance on another goal.

As a result, bargaining unit member within the same division will receive the same incentive amount regardless of their local.

Example: Information Technology (“IT”) has four (4) goals, with the customer goal weighted at 40% and the remaining three goals at 20% each. If they achieve all of their goals with the exception of one of the goals weighted at 20%, then the division achievement for IT is 80%.

VII. AWARD CALCULATION – Incentive Target

The Rewards Incentive Target is 1.3% of total earnings for all employees in Locals 412, 1464 and 1613. Target reflects payment at 100%, or a KCP&L EPS level of $1.83.

Total earnings include base wages, overtime and shift differential. Total earnings do not include reimbursements for safety equipment, meal allowances, credit card reimbursements, Mileage reimbursement, etc.

Every bargaining unit employee will receive a bonus representing an equal dollar share of 1.3% of the cumulative year-end total earnings. The final incentive will be adjusted up **<u>or</u>** down based on the level of KCP&L EPS earnings and Division and KCP&L scorecard results as discussed in Sections III - VI.

The target incentive will not fall below 1.3% of total earnings unless the KCP&L EPS funding falls below the target level. Management reserves the right to adjust the target incentive level upward at its discretion.

VII. AWARD CALCULATION (continued)

Bargaining unit employees who retire, die or go onto long-term disability during the plan year will receive a bonus based on the number of months they were actively at work during the Plan year.

Bargaining unit employees, who are on an approved absence of 13 weeks cumulative or more during the plan year, exclusive of approved leave under the FMLA, will receive a pro-rated bonus payment based on the number of months they were actively employed. An approved absence includes, but not limited to sick leave, long-term disability, and paid and unpaid leaves.

Bargaining unit employees who are on an approved military leave during the plan year will receive a bonus payment. If an employee is on military leave at the time of the Rewards bonus payment, they will receive the payment via direct deposit or check.

Incentive awards are <u>not</u> included in the calculation of health and welfare benefits. Incentive awards do <u>not</u> count toward the definition of pensionable earnings for the Joint Trusteed Pension Plan. Incentive awards are <u>not</u> included in the definition of covered compensation for the ESP (401-K) plan.

VIII. NEW HIRES

Employees who are hired into a bargaining unit position from January 1, 2006 to October 31, 2006 will receive a pro-rated bonus amount for the length of time spent in a bargaining unit position and total hours worked during the plan year.

Employees who are hired into a bargaining unit position from November 1, 2006 to December 31, 2006 are <u>not</u> eligible to participate in the Plan.

IX. TRANSFERS BETWEEN BARGAINING UNIT AND MANAGEMENT

Employees who transfer between bargaining unit and management during the plan year will receive a pro-rated bonus amount for the length of time spent in the union Rewards Plan and the management ValueLink Incentive Plan during the plan year.

Employees who transfer from a bargaining unit position to a management (non-bargaining unit) position from November 1, 2006 to December 31, 2006 <u>are</u> eligible to receive a pro-rated Rewards bonus.

X. TRANSFERS WITHIN GREAT PLAINS ENERGY

Bargaining unit employees who transfer from Kansas City Power and Light or Great Plains Energy Services to a subsidiary or affiliated company of Great Plains Energy will receive a pro-rated bonus payment based on their amount of service with Kansas City Power and Light or Great Plains Energy Services.

Bargaining unit employees who transfer from a subsidiary or affiliated company of Great Plains Energy to Kansas City Power and Light or Great Plains Energy Services will receive a pro-rated bonus payment based on their amount of service with Kansas City Power and Light or Great Plains Energy Services.

Bargaining unit employees who transfer between November 1, 2006 and December 31, 2006 are not eligible to participate in the Plan.

XI. TERMINATION OF EMPLOYMENT

Bargaining unit employees are **not** eligible for payout if they voluntarily terminate their employment prior to December 31, 2006.

Eligible participants who voluntarily terminate after the performance year concludes on December 31, 2006 but prior to the date of the bonus payment will receive the incentive award to which they would have been entitled if they had remained employed.

Union employees who are terminated for cause during the plan year will receive no payout.

XII. PROGRAM ADMINISTRATION – PRO-RATION RULE

Any change that requires payout calculations to be pro-rated for any reason will use the following pro-ration rules:

If an action takes place between the 1st and15th of the month, it shall be considered to have taken place as of the 1st of the month.

If an action takes place between the 16th and the end of the month, it shall be considered to have taken place as of the first of the following month

XIII. PROGRAM ADMINISTRATION (MISCELLANEOUS)

This plan may be modified, suspended, terminated or reinstated at the sole discretion of the Chief Executive Officer (CEO).

This plan is not an employment agreement and in no way limits the right of the Company to terminate the employment of a participant at any time, with or without cause. Employment with the Company is employment at will and either party has the right to terminate the relationship at any time, with our without cause or advance notice.

The CEO shall administer the plan or delegate the administration of the plan to various members of management.

The CEO shall review and approve all goals established for each plan year, and determine at the conclusion of the plan year the achievement of goals for the payment of incentive awards.

The CEO may determine incentive payment levels for various employees or groups of employees at his discretion, exclusive of performance against goals for the plan year.

XIV. DISPUTE RESOLUTION

Any and all disputes, controversies or claims arising from or relating to this plan must be resolved through the grievance and arbitration process.

XV. PAYMENT

Incentive awards are paid in lump sum by check or direct deposit. The awards are subject to taxes and withholdings. Generally, payment will be made prior to the end of first quarter of the next plan year. For example, payment of the 2006 Rewards incentive will most likely be paid by the end of the first quarter of 2006.

GREAT PLAINS ENERGY, INC.

2006 ValueLink Plan Document

Effective January 1, 2006

ATTACHMENT KAM-2

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ATTACHMENT KAM-2

I. ELIGIBILITY

All management employees below the Officer level who are scheduled to work a minimum of 24 hours per week are eligible to participate in the ValueLink program if they are employed by GPES or KCP&L (the "Company") continuously during the plan year.

Management employees hired during the plan year or employees transferred from the bargaining unit to management during the plan year are eligible to participate in the ValueLink program on a pro-rated basis.

Employees who are hired into a management position from November 1, 2006 to December 31, 2006 are <u>not</u> eligible to participate in the Plan.

II. KEY DEFINITIONS

"Plan" or "the Plan" refers to the ValueLink Incentive Program

"Plan year" refers to the ValueLink plan year of January 1, 2006 to December 31, 2006.

"Employee" refers to an exempt or non-exempt management (non-bargaining unit) employee of the Company who is scheduled to work a minimum of 24 hours per week. Employees who are scheduled to work fewer than 24 hours per week are not eligible to participate in the ValueLink program.

"Company" refers to GPES or KCP&L or both of these entities exclusively.

III. PLAN FUNDING

The size of the ValueLink bonus pool amount for exempt and non-exempt employees will be determined based on the level of Earnings per Share (EPS) for the incentive plan year. KCP&L EPS will be used to fund the incentive plan for all KCP&L employees. GPE EPS will be used to fund the incentive plan for all GPES employees. The EPS funding levels for 2006 are as follows:

GPES Employee Plan Funding

GPE Earnings Per Share	Funding Level
1.75	50.0%
1.76	53.6%
1.77	57.1%
1.78	60.7%
1.79	64.3%
1.80	67.9%
1.81	71.4%
1.82	75.0%
1.83	78.6%
1.84	82.1%
1.85	85.7%
1.86	89.3%
1.87	92.9%
1.88	96.4%

GPE Earnings Per Share	Funding Level
1.89	100.0%
1.90	104.2%
1.91	108.3%
1.92	112.5%
1.93	116.7%
1.94	120.8%
1.95	125.0%
1.96	129.2%
1.97	133.3%
1.98	137.5%
1.99	141.7%
2.00	145.8%
2.01	150.0%

KCP&L Employee Plan Funding

KCPL Earnings Per Share	Funding Level
1.74	50.0%
1.75	55.6%
1.76	61.1%
1.77	66.7%
1.78	72.2%
1.79	77.8%
1.80	83.3%
1.81	88.9%
1.82	94.4%

KCPL Earnings Per Share	Funding Level
1.83	100.0%
1.84	107.1%
1.85	114.3%
1.86	121.4%
1.87	128.6%
1.88	135.7%
1.89	142.9%
1.90	150.0%

The plan will fund beginning at the threshold level of achievement at 50% of target (i.e. when GPE EPS = $1.75 or KCP&L = $1.74). Funding of the plan above threshold will be based on a sliding scale of achievement and will not exceed maximum, or 150% of target (GPE EPS = $2.01 or KCP&L =1.90).

The monies funded in the plan, but not earned will be redistributed based on scorecard goal achievement until the funded amount has been paid out.

There is no payment for any GPE, KCP&L, Division or individual performance goals if the EPS threshold is not met.

IV. PLAN STRUCTURE

There are three components that, when added together, constitute each employee's total bonus amount. The three components and their corresponding weights are as follows:

- o 40% based on GPE or KCP&L Scorecard
- o 40% based on Division Scorecard
- o 20% based on Individual Performance

For GPES employees, 40% of the incentive is based on GPE scorecard performance. For KCP&L employees, 40% of the incentive is based on KCP&L scorecard performance.

After adding all three of these bonus components, the total bonus amount each employee receives, as a percentage of salary will generally be within the following ranges for those employees in Salary Bands six (6) through eight (8). Similar payout ranges will apply for Salary Bands two (2) through five (5) and nine (9) through twelve (12).

Performance Rating	Low	Middle	High
Distinguished	8.5%	9.6%	10.5%
Successful +	8.0%	8.8%	10.0%
Successful	6.4%	8.0%	8.8%
Successful -	4.0%	7.2%	8.0%
Needs Improvement	0	4.8%	4.8%
Unacceptable	0	0	0

V. AWARD CALCULATION –KCP&L PERFORMANCE (40% of Bonus)

For the GPE and KCP&L performance component of the ValueLink program, senior management has identified five key goals. Results for GPE of KCP&L performance will be based on a sliding scale of achievement against these stated goals from threshold (50%) to maximum (150%). The maximum goal levels in the scorecard allow the “make up” of underperformance on one goal with over performance on another goal. The maximum level of goal achievement for the GPE or KCP&L scorecard goals is 100%. Payment above 100% will be based on achievement of the corresponding EPS goals.

The 2006 GPE scorecard goals are as follows:

Scorecard Perspective	Goal	Weight	Threshold 50%	Target 100%	Maximum 150%
Financial	Funds from Operations / Average Total Debt	20%	21.0%	22.2%	24.0%
Customer	JD Powers Customer Satisfaction Index (Residential)	20%	Score of 98	Score of 99-103	Score of 104
Internal	% Equivalent Availability – Coal & Nuclear	20%	81.80%	82.85%	85.70%
Internal	Expected Future Margin – SEL	20%	$45M	$50M	$60M
Internal	Comprehensive Energy Plan Progress	20%	Qualitative measure – Judgment made on collective work progress		

The 2006 KCP&L scorecard goals are as follows:

Scorecard Perspective	Goal	Weight	Threshold 50%	Target 100%	Maximum 150%
Customer	SAIDI (KCPL System-wide)	20%	73.07 minutes	62.70 minutes	52.33 minutes
Customer	JD Powers Customer Satisfaction Index (Residential)	20%	Score of 98	Score of 99-103	Score of 104
Internal	% Equivalent Availability – Coal & Nuclear	20%	81.80%	82.85%	85.70%
Winning Culture	Safety – OSHA Incident Rate	20%	4.35	3.7	3.2
Internal	Comprehensive Energy Plan Progress	20%	Qualitative measure – Judgment made on collective work progress		

VI. AWARD CALCULATION – DIVISION SCORECARD (40% of Bonus)

For 2006, division goals for management employees have been set by the division / department heads for the various divisions or departments and approved by the division VP.

Typically, there will be a scorecard goal from each of the scorecard components: Financial, Customer, Internal and Winning Culture.

Division results will be based on a sliding scale of achievement against these stated goals from threshold (50%) to target (100%) or divisional goals may be set so that they are achieved (100%) or not achieved (0%). Goals are weighted at the discretion of Division senior management. The Supply and Delivery organizations will include maximum levels at 150% to allow the "make up" of underperformance on one goal with over performance on another goal.

Example: Public Affairs has four (4) goals, with the customer goal weighted at 40% and the remaining three goals at 20% each. If they achieve all of their goals with the exception of one of the goals weighted at 20%, then the division achievement for Public Affairs is 80%.

VII. AWARD CALCULATION – INDIVIDUAL PERFORMANCE (20% of Bonus)

Twenty percent of each employee's bonus will be calculated based on the employee's performance during the plan year, at the discretion of division senior management.

- Employees who are rated 'Unacceptable' for the period ending 12/31/06 are not eligible to receive a bonus ($0).

- Employees who are rated 'Needs Improvement' for the period ending 12/31/06 are only eligible to receive the bonus components for KCP&L performance and division scorecard results. These employees will not receive the portion of their bonus tied to individual performance.

- Employees who are rated 'Successful -' for the period ending 12/31/06 are eligible to receive a bonus for both division and individual results. Employees who are rated 'Successful -' may receive a bonus that is less or equal to their target bonus amounts, based on their individual performance.

- Employees who are rated 'Successful' for the period ending 12/31/06 are eligible to receive a bonus for both division and individual results. Employees who are rated 'Successful' may receive a bonus that is **more or less** than their target bonus amounts, based on their individual performance.

- Employees who are rated either 'Successful +' or 'Distinguished', for the period ending 12/31/06, will not receive less than their target bonus. These employees may receive more than their target bonus amounts, based on the discretion of the division senior management.

The corporate compensation department will provide a set of guidelines in the form of a ValueLink matrix, outlining the suggested award ranges for the individual component based on the employees overall performance rating.

VIII. AWARD CALCULATION – FIXED SALARY BAND PERCENTAGES

To calculate two of the three bonus components, KCP&L performance and Division Scorecard, the performance results will be applied to the percentage of the ValueLink Index number shown below, depending on salary band. The percentages listed here only apply to the KCP&L and Division components. For 2006, the incentive targets for positions in salary bands 6 and up have increase by 2% over the 2005 targets.

Salary Band	Fixed Percentage of Salary for KCPL and Division bonus components
2	6%
3	6%
4	6%
5	6%
6	8%
7	8%
8	8%
9	10%
10	12%
11	17%
12	20%

IX. AWARD CALCULATION

Incentive award calculations for the plan year are based on an index number for each management employee's salary band and zone as of December 31, 2006.

The index numbers to be used in computing the bonus pool for the 2006 plan year are as follows:

Salary Band / Zone	Index Number
2	$31,500
3	$39,000
4N	$44,000
4E	$44,000
5N	$47,500
5A	$51,500
5B	$56,500
6N	$58,000
6A	$58,000
6B	$66,000

Salary Bend / Zone	Index Number
7A	$70,000
7B	$79,500
8A	$73,000
8B	$80,500
9A	$86,500
9B	$94,000
10A	$102,000
10B	$109,500
11	$122,000
12	$140,500

For non-exempt employees, the ValueLink incentive award is considered part of the regular rate at which the non-exempt participant is employed and is considered in computing the regular hourly rate of pay and overtime compensation.

Part time employees have a work schedule of less than 40 hours, but greater than or equal to 24 hours per week. The ValueLink bonus pool will be funded for part time exempt employees based on the number of hours they are scheduled to work per week and the ValueLink Index number for their positions as of December 31, 2006

For example, if a part time employee works 24 hours per week, the amount of monies put into the bonus pool at target will be determined based on a computed ValueLink bonus amount, which will then be prorated by 60% (24/40).

The ValueLink bonus pool amount for part time non-exempt employees will be funded based on the number of hours they are scheduled to work and their regular hourly rate of pay.

IX. AWARD CALCULATION (continued)

Exempt and non-exempt employees who retire, die or go onto long-term disability during the plan year will receive a bonus based on the number of months they were actively at work and the ValueLink Index number for the position they were in as of the date of retirement, death, or disability.

Exempt and non-exempt employees, who are on an approved absence for 13 weeks cumulative or more during the plan year, exclusive of approved leave under the FMLA, will receive a pro-rated bonus payment based on the number of months they were actively employed, computed plan results and their individual performance. An approved absence includes, but not limited to sick leave, long-term disability, and paid and unpaid leaves.

Exempt and non-exempt employees who are on an approved military leave during the plan year will receive a bonus payment. This bonus payment will NOT be pro-rated for the amount of time the employee was on military leave during the plan year. If an employee is on military leave at the time of the ValueLink bonus payment, they will receive the payment via direct deposit or check.

Exempt or non-exempt employees who are placed on a performance improvement plan during the plan year and are subsequently terminated for poor performance will receive no bonus. However, the ValueLink bonus amounts for these employees will be retained in the ValueLink bonus pool and allocated by division senior management to other employees who are eligible to receive ValueLink bonuses.

Incentive awards are <u>not</u> included in the calculation of health and welfare benefits. Incentive awards do <u>not</u> count toward the definition of pensionable earnings for the Management Pension Plan. Incentive awards are <u>not</u> included in the definition of covered compensation for the ESP (401-K) plan.

X. PROMOTIONS, DEMOTIONS, LATERAL MOVES, EVALUATION CHANGES

Any change in position due to a promotion, demotion, lateral move or transfer that results in a change in job grade will result in a pro-rated ValueLink bonus. The bonus will reflect the number of months an employee was in each target percent and ValueLink Index number levels.

For example: Joe Generation was in Position A with an 8% bonus target for the first 6 months of the year and in Position B with a 10% bonus target for the last 6 months. Joe's bonus amount at target will be:

- 8% times 6/12 = 4% times the ValueLink Index Number for Position A
- 10% times 6/12 = 5% times the ValueLink Index Number for Position B

The prorated bonus amount will include a portion tied to your individual performance

XI. MANAGEMENT NEW HIRES

Employees who are hired into management from January 1, 2006 to October 31, 2006 will receive a pro-rated bonus amount for the length of time spent in a management position.

Management employees who are hired into management from November 1, 2006 to December 31, 2006 are <u>not</u> eligible to participate in the Plan.

XII. TRANSFERS BETWEEN BARGAINING UNIT AND MANAGEMENT

Employees who transfer between bargaining unit and management during the plan year will receive a pro-rated bonus amount for the length of time spent in the union Rewards Plan and the management ValueLink Incentive Plan during the plan year.

Employees who transfer from a bargaining unit position to a management (non-bargaining unit) position from November 1, 2006 to December 31, 2006 <u>are</u> eligible to receive a pro-rated ValueLink bonus.

XIII. TRANSFERS WITHIN GREAT PLAINS ENERGY

Employees who transfer from Kansas City Power and Light or Great Plains Energy Services to a subsidiary or affiliated company of Great Plains Energy will receive a pro-rated bonus payment based on their amount of service with Kansas City Power and Light or Great Plains Energy Services.

Employees who transfer from a subsidiary or affiliated company of Great Plains Energy to Kansas City Power and Light or Great Plains Energy Services will receive a pro-rated bonus payment based on their amount of service with Kansas City Power and Light or Great Plains Energy Services.

Employees who transfer between November 1, 2006 and December 31, 2006 are <u>not</u> eligible to participate in the Plan.

XIV. TERMINATION OF EMPLOYMENT

Employees are not eligible for payout if they voluntarily terminate their employment prior to December 31, 2006.

Eligible participants who voluntarily terminate after the performance year concludes on December 31, 2006 but prior to the date of the bonus payment will receive the incentive award to which they would have been entitled if they had remained employed.

Employees who are terminated for cause during the plan year will receive no payout.

XV. PROGRAM ADMINISTRATION – PRO-RATION RULE

Any change that requires payout calculations to be pro-rated for any reason will use the following pro-ration rules:

If an action takes place between the 1st and15th of the month, it shall be considered to have taken place as of the 1st of the month.

If an action takes place between the 16th and the end of the month, it shall be considered to have taken place as of the first of the following month

XVI. PROGRAM ADMINISTRATION (MISCELLANEOUS)

This plan may be modified, suspended, terminated or reinstated at the sole discretion of the Chief Executive Officer (CEO).

This plan is not an employment agreement and in no way limits the right of the Company to terminate the employment of a participant at any time, with or without cause. Employment with the Company is employment at will and either party has the right to terminate the relationship at any time, with our without cause or advance notice.

The CEO shall administer the plan or delegate the administration of the plan to various members of management.

The CEO and/or COO shall review and approve all goals established for each plan year, and determine at the conclusion of the plan year the achievement of goals for the payment of incentive awards.

The CEO may determine incentive payment levels for various employees or groups of employees at his discretion, exclusive of performance against goals for the plan year.

XVII. DISPUTE RESOLUTION

Any and all disputes, controversies or claims arising from or relating to this plan must be resolved under ACCESS, the Company's dispute resolution program.

XVIII. PAYMENT

Incentive awards are paid in lump sum by check or direct deposit. The awards are subject to taxes and withholdings. Generally, payment will be made prior to the end of first quarter of the next plan year. For example, payment for the 2006 ValueLink results will most likely be paid by the end of the first quarter of 2007.

Great Plains Energy Incorporated
Kansas City Power & Light Company
Annual Incentive Plan
Amended effective as of January 1, 2007

Objective

The Great Plains Energy and Kansas City Power & Light Company (KCP&L) Annual Incentive Plan ("Plan") is designed to motivate and reward senior management to achieve specific key financial and business goals and to also reward individual performance. By providing market-competitive target awards, the Plan supports the attraction and retention of senior executive talent critical to achieving Great Plains Energy's strategic business objectives.

Eligible participants include executives and other key employees of Great Plains Energy, KCP&L, and Strategic Energy L.L.C. (SE) ("participants"), as approved by the Compensation and Development Committee ("Committee") of the Board of Directors.

Target Awards

Target award levels are approved by the Committee and set as a percentage of the participant's base salary. Percentages will vary based on level of responsibility, market data and internal comparisons.

Plan Year and Incentive Objectives

The fiscal year ("Plan Year") of the Plan will be the fiscal year beginning on January 1 and ending on December 31. Within the first 90 days of the Plan Year, the Committee will approve specific annual objectives and performance targets that are applicable to each participant. Annual objectives will include core earnings as a financial objective weighted at 40% and relating to the earnings for the participant's primary business or as determined by the Committee; 40% reflecting key Great Plains Energy, KCP&L, and/or SE business objectives; and 20% as a discretionary individual component. Each objective is subject to an established threshold, target, and maximum level. Each participant will be provided a copy of the applicable objectives and targets within the first 90 days of the year. Objectives, thresholds, targets and maximums for each Plan Year will be fixed for the Plan Year and will be changed only upon the approval of the Committee.

Payment of Awards

Approved awards will be payable to each participant as soon as practicable after the end of the Plan Year and after the Committee has certified the extent to which the relevant objectives were achieved. The awards will be paid in a lump sum cash payment unless otherwise deferred under the Deferred Compensation Plan.

The size of an individual participant's award will be determined based on performance against the specific objectives and performance targets approved by the Committee. Assuming the threshold level for core earnings is met, each goal will pay out at 100% for target levels of goal performance; 50% for threshold levels of goal performance; and 200% for a maximum level of goal performance. Awards will be extrapolated for performance between threshold and target, and between target and superior levels. Individual awards will not be paid if the threshold level of core earnings is not met.

An award for a person who becomes a participant during a Plan Year will be prorated unless otherwise determined by the Committee. A participant who retires during a Plan Year will receive a prorated award as of his or her retirement date unless otherwise determined by the Committee. Prorated awards will be payable in the event of death or disability of the employee. A participant who leaves the Company prior to December 31 of a Plan Year for any reason other than retirement, death, or disability will forfeit any award unless otherwise determined by the Committee in its sole discretion.

The Company may deduct from any award all applicable withholding and other taxes.

Administration

The Committee has the full power and authority to interpret the provisions of the Plan and has the exclusive right to modify, change, or alter the plan at any time.

Great Plains Energy Incorporated (Great Plains Energy)
Long-Term Incentive Plan

Awards Standards and Administration
Effective as of February 7, 2006

Objective

The purpose of the Great Plains Energy Long-Term Incentive Plan ("Plan") is to encourage executives and other key employees to acquire a proprietary and vested interest in the growth and performance of Great Plains Energy (GPE); to generate an increased incentive to enhance the value of the Company for the benefit of its customers and shareholders; and to aid in the attraction and retention of the qualified individuals upon whom Great Plains Energy's success largely depends. The Plan provides competitive incentives for the achievement of increased shareholder value over a multi-year period.

Eligible employees include executives and other key employees of Great Plains Energy, Kansas City Power & Light, and Strategic Energy L.L.C. ("participants"), as approved by the Compensation and Development Committee ("Committee") of the Board of Directors.

Purpose

The Plan provides for the Committee to make awards under the Plan, and to administer the Plan for, and on behalf of, the Board of Directors. This document sets out certain standards adopted by the Committee in determining the forms of awards, the terms (including performance criteria) of awards, and other administrative matters within the Committee's authority under the Plan.

Target Awards

Award levels will be approved by the Committee and set forth as a percentage of the participant's base salary at target. Percentages will vary based on level of responsibility, market data, and internal comparisons. Awards will be granted 25% in time-based restricted stock with the number of shares determined at the date of grant based upon the GPE stock price (Fair Market Value). The remaining 75% of the target grant will be made in performance shares, with the number of performance shares also determined by the Fair Market Value at the date of grant.

Performance Criteria

The performance share criteria is total shareholder return, compared to an industry peer group of the Edison Electric Institute (EEI) index of electric companies, during a three-year measurement period. At the end of the three-year measurement period, GPE will assess its total shareholder return compared to the EEI index. Depending on how GPE ranks, the executive will receive a percentage of the performance share grants according to the following table:

Percentile Rank	Percentage Payout
81^{st} and above	200%
65^{th} to 80^{th}	150%
50^{th} to 64^{th}	100%
35^{th} to 49^{th}	50%
34^{th} and below	0

There will not be any payout of performance shares for a negative return over the three-year performance period.

Performance criteria are fixed for the duration of the three-year period and will only be changed upon the approval of the Committee.

Payment and Awards

Time-based restricted stock will vest three years from the date of grant and will be payable in shares of GPE common stock unless otherwise determined by the Committee. Dividends accrued on the shares will be reinvested during the period under the Company's Dividend Reinvestment and Direct Stock Purchase Plan (DRIP) and will also be paid in stock at the end of the period. During the period, the restricted stock will be issued in the name of the participant; consequently, the participant will have the right to vote the restricted stock during the period.

Performance shares, as determined by the performance against the performance criteria at the end of the period, will be paid in shares of GPE common stock unless otherwise determined by the Committee. Dividend equivalent units over the performance period will be figured on the final number of shares earned and will be paid in cash.

Approved awards will be payable by Great Plains Energy to each participant as soon as practicable after the end of the performance period and after the Committee has certified the performance against the performance criteria.

In the event a participant ceases employment, restricted stock for which the restriction period has not expired and Performance Shares are subject to forfeiture as follows:

(i) Termination – The Award would be completely forfeited as of the date of termination;
(ii) Retirement – payout of the Award would be prorated for service during the period;
(iii) Disability – payout of the Award would be prorated for service during the period;

(iv) Death – payout of the Award would be prorated for service during the period.

Tax Withholding

The Company shall be authorized to withhold under the Plan the amount of withholding taxes due in respect of an award or payment thereunder and to take other actions as may be necessary in the opinion of the Company to satisfy all obligations for the payment of taxes. Such withholding may be deducted in cash from the value of any award.

Administration

The Plan provides that the Committee has the full power and authority to administer, and interpret the provisions of, the Plan The Committee has the power and authority to add, delete and modify the provisions of this document at any time. This document does not replace or change the provisions or terms of the Plan; in the event of conflicts between this document and the Plan, the Plan is controlling.

2008 Incentive Plan Earnings per Share Funding Levels - KCP&L		
Core Earnings Per Share		
	2008 EPS Level	Plan Funding Level (VL/Rewards)
Threshold	**$1.50**	**50.0%**
	$1.51	57.1%
	$1.52	64.3%
	$1.53	71.4%
	$1.54	78.6%
	$1.55	85.7%
	$1.56	92.9%
Target	**$1.57**	**100.0%**
	$1.58	105.0%
	$1.59	110.0%
	$1.60	115.0%
	$1.61	120.0%
	$1.62	125.0%
	$1.63	130.0%
	$1.64	135.0%
	$1.65	140.0%
	$1.66	145.0%
Superior	**$1.67**	**150.0%**

Dear Great Plains employees:

Today Great Plains Energy will be announcing full year 2007 financial results to the public and investors in our quarterly investor conference call. Those results will report that we achieved core earnings per share of $1.72 at KCP&L and $1.57 per share at Great Plains Energy (a copy of the earnings press release is attached, providing more details).

As we've communicated to you before, 2007 was a challenging year for the Company. We experienced unplanned outages and longer-than-planned outages in generation and had rising expenses in all areas. Our yearly Value Link payout for performance is based on the company's core earnings per share. Since our financial results fell below the range for ValueLink payout in 2007, the result will be no incentive payout to employees.

However, we believe that 2007 has been a very successful year in terms of a number of significant accomplishments, which has laid the groundwork for even more success in the future. As a result, we have approved a special, one-time performance payment to <u>all</u> employees (management and bargaining unit).

The Company achieved success in many areas due to your hard work and commitment. We completed over 90 percent of the action plans resulting from the 2006 OHS survey. We continued to achieve top tier reliability and customer satisfaction. Our volunteerism was up 45 percent in 2007 (and up 120 percent since 2005). We also achieved many awards which reflect our overall excellence in operations. Just to recap, some of those honors included:

- ***EEI Edison Award -*** KCP&L was recognized for distinguished leadership, innovation and contribution to the advancement of the electric industry for its Comprehensive Energy Plan collaboration. (June 2007)
- ***EEI Outstanding Customer Service Award*** voted KCP&L the winner of this award for medium-sized utility. (May 2007)
- ***J.D. Power and Associates*** **recognizes Tier 1 performance.** In the Midwest, KCP&L ranks No. 1 on Communications; No. 2 on Power Quality and Reliability, and Billing and Payment; and No. 3 in Overall Satisfaction. (February 2007)
- ***EEI Emergency Assistance Award*** for outstanding efforts to assist fellow utilities in power restoration during 2007 (January 2008)
- ***2007 ReliabilityOne™ National Reliability Excellence Award*** presented by PA Consulting Group to KCP&L as the most reliable electric utility nationwide (October 2007)
- ***2007 Mid-America Regional Council's Regional Leadership Award*** presented to KCP&L for its outstanding environmental initiatives in metropolitan Kansas City. (June 2007)
- ***David Garcia Award for Environmental Excellence*** presented by Bridging the Gap for the groundbreaking Collaborative Agreement with Sierra Club and Concerned Citizens of Platte County. (October 2007)

The one-time payment employees will receive is less than the threshold payment would have been from Value Link. The amount of the payment for all union employees will be $250. For management employees, the amount will be from 1.5% to 5% of pay based on the salary band and zone. These amounts will be pro rated for employees hired in 2007. We anticipate that these payments will be made on February 15, 2008.

Management has the discretion to make this type of a performance payment, but everyone should realize that this is considered a one-time event. If financial targets are not met in 2008, it does not mean that this type of recognition payment will be made again. For 2008, the Value Link program will continue and will be tied to a core earnings per share target. We have not released ValueLink financial targets yet, but plan to do so by midyear.

Thank you for continued hard work.

Mike Chesser

GPE 2007 Annual Incentive Plan (Officers)

Category	Measure	Weight	Threshold 50%	Target 100%	Superior 200%	YTD Results	Percent Achievement	Final Goal Weight with Multiplier
Financial	GPE Core EPS	40%	$1.80	$1.90	$2.00	$1.57	0.0%	0.0%
Key Business Objectives	Funds from Operations/ Average Total Debt	5%	21.5%	22.8%	24.2%	20.3%	0.0%	0.0%
	JD Powers Cust. Sat (res.)	5%	678-684	685-699	>699	694	100.0%	0.0%
	% Equivalent Availability (Coal & Nuclear)	10%	85.60%	87.20%	88.00%	83.64%	0.0%	0.0%
	MWh under management SE (profitability)	10%	20	22	26	22.1	100.0%	0.0%
	CEP Progress	10%	Qualitative Measure based on collective work progress				TBD	0.0%
Individual Performance	Individual performance	20%	Discretionary				100.0%	0.0%
Result Totals		100%						**0.0%**

ATTACHMENT KAM-7

ATTACHMENT KAM-7

KCP&L 2007 Annual Incentive Plan (Officers)

Category	Scorecard Goal	Weight	Threshold 50%	Target 100%	Superior 200%	YTD Result	Percent Achievement	Final Goal Weight with Multiplier
Financial	KCP&L Core EPS	40%	$1.70	$1.80	$1.90	$1.67	0.0%	0.0%
Key Business Objectives	SAIDI (system-wide reliability)	5%	64.7 minutes	62.70 minutes	60.7 minutes	58.4 minutes	200.0%	0.0%
	% Equivalent Availability (coal and nuclear)	10%	85.6%	87.2%	88.0%	83.64%	0.0%	0.0%
	OSHA Incident Rate (safety)[1]	10%	3.3	2.9	2.6	2.71	146.0%	0.0%
	JD Powers Cust. Sat. (res.)[2]	5%	678-684	685-699	>699	694	100.0%	0.0%
	CEP Progress	10%	Qualitative Measure				TBD	0.0%
Individual Performance		20%	Discretionary				100.0%	0.0%
Result Totals		100%						**0%**

[1]Based on total for GPE, excluding Strategic Energy
[2]Based on new JD Powers methodology which uses a 1000-point scale

ATTACHMENT KAM-7