

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

In the Matter of the Joint Application of)	
Great Plains Energy Incorporated, Kansas City)	
Power & Light Company, and Aquila, Inc. for)	Case No. EM-2007-_____
Approval of the Merger of Aquila, Inc. with a)	
Subsidiary of Great Plains Energy Incorporated)	
and for Other Related Relief)	

**JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS
CITY POWER & LIGHT COMPANY AND AQUILA, INC.**

Great Plains Energy Incorporated (“Great Plains Energy”), Kansas City Power & Light Company (“KCPL”) and Aquila, Inc. (“Aquila”)¹ (collectively, “Joint Applicants”), pursuant to Sections 393.180, 393.190, 393.200, 393.210 and 393.220, RSMo. (2000), as amended,² and 4 CSR 240-2.060, 240-3.020, 240-3.110, 240-3.115, 240-3.120, 240-3.125, and 240-20.015, respectfully state the following for their Joint Application to the Missouri Public Service Commission (“the Commission”):

I. THE APPLICANTS

1. Applicant Great Plains Energy, 1201 Walnut, Kansas City, Missouri, is a Missouri corporation and the holding company for KCPL, a regulated public utility, and for Strategic Energy, L.L.C., a competitive electricity supplier located in Pittsburgh, Pennsylvania. Great Plains Energy was established on October 1, 2001, and its stock is traded on the New York Stock Exchange (“NYSE”) as “GXP.” Great Plains Energy is a public utility holding company regulated under the Public Utility Holding Company Act of 2005, which was enacted as part of the Energy Policy Act of 2005. Great Plains Energy’s documents of incorporation are attached

¹ As used in this Joint Application, “Aquila” refers to Aquila both as currently named and as it will be renamed in the future.

² All statutory references are to the Missouri Revised Statutes (2000), as amended, unless otherwise noted.

hereto as Exhibit 1 and made a part hereof for all purposes. As a holding company, Great Plains Energy does not provide electric service to retail customers. Consequently, Great Plains Energy has no pending or final judgments or decisions against it from any state or federal agency or court that involve customer service or rates. Similarly, Great Plains Energy has no overdue Commission annual reports or assessment fees.

2. Applicant KCPL is a corporation duly organized and existing under the laws of the State of Missouri, and is also located at 1201 Walnut, Kansas City, Missouri. It is engaged in the generation, transmission, distribution and sale of electric energy. KCPL distributes and sells electric service to the public in its certificated areas in Missouri and Kansas, and is an “electrical corporation” and a “public utility” subject to the jurisdiction, supervision and control of the Commission under Chapters 386 and 393 of the Missouri Revised Statutes. KCPL is not aware of any pending or final judgments or decisions against it from any state or federal agency or court that involve customer service or rates within the five years immediately preceding the filing of this Joint Application, other than *Cheryl L. Fabulae v. KCPL*, MPSC Case No. EC-2007-0146, a complaint case pending before the Commission. KCPL has no overdue Commission annual reports or assessment fees. KCPL’s documents of incorporation have been filed with the Commission in Case No. EM-2000-0753 and are incorporated by reference and made a part hereof for all purposes in accordance with 4 CSR 240-2.060(1)(G).

3. Applicant Aquila is a Delaware corporation, with its principal office and place of business at 20 W. Ninth Street, Kansas City, Missouri. Aquila was established in 1985, and its stock is traded on the NYSE as “ILA”. Aquila is authorized to conduct business in Missouri through its Aquila Networks-MPS and Aquila Networks-L&P operating divisions and, as such, is engaged in providing electric and steam utility service in Missouri to the public in its certificated

areas. Aquila is an “electrical corporation” and a “public utility” subject to the jurisdiction, supervision and control of the Commission under Chapters 386 and 393. Aquila also has regulated energy operations in Colorado, Iowa, Nebraska and Kansas. Aquila is not aware of any pending or final judgments or decisions against it from any state or federal agency or court that involve customer service or rates within the five years immediately preceding the filing of this Joint Application. Aquila has no overdue Commission annual reports or assessment fees. Aquila’s documents of incorporation, including its authorization to do business in Missouri as a foreign corporation and its fictitious name registration, have been filed with the Commission in Case No. EU-2002-1053 and incorporated by reference and made a part hereof for all purposes in accordance with 4 CSR 240-2.060(1)(G).

4. Aquila and KCPL are co-owners, with certain other parties, of the coal-fired Iatan 1 generating plant (“Iatan 1”) located at the Iatan Generating Station in Platte County, Missouri. Aquila and KCPL are also co-owners, with certain other parties, of the coal-fired Iatan 2 generating plant (“Iatan 2”), which is now under construction at the Iatan Generating Station.

5. Pleadings, Notices, Orders and other correspondence and communications concerning this Joint Application and proceeding should be addressed to the undersigned counsel, as well as to:

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II. THE TRANSACTIONS

A. Summary of the Transactions

6. Aquila currently operates regulated gas utilities in Iowa, Nebraska, Kansas, and Colorado, regulated electric utilities in Missouri and Colorado, and a regulated steam operation in Missouri. Aquila announced on February 7, 2007, that it reached a definitive agreement with Black Hills Corporation (“Black Hills”) pursuant to which Black Hills will acquire Aquila’s gas assets in Iowa, Nebraska, Kansas, and Colorado and electric assets in Colorado for \$940 million, subject to closing adjustments (“Black Hills Purchase”).

7. In a separate but related transaction, Gregory Acquisition Corp., a Delaware corporation and direct, wholly-owned subsidiary of Great Plains Energy (“Merger Sub”) will be merged with and into Aquila, with Aquila as the surviving entity (“Merger”). The result of the Merger is that Great Plains Energy will effectively acquire Aquila’s Missouri electric and steam operations, as well as its merchant services operations, which primarily consist of the 340 MW Crossroads generating facility in Mississippi, and certain residual natural gas contracts.

8. As described more specifically herein, (i) each transaction is conditional upon the closing of the other transaction, meaning the Merger will not close unless the Black Hills Purchase closes, (ii) the transactions are subject to regulatory approval, and (iii) the Merger is subject to approval by the shareholders of Aquila and Great Plains Energy.

B. The Black Hills Purchase

9. Black Hills, 625 Ninth Street, Rapid City, South Dakota, is a South Dakota corporation that owns both regulated and non-regulated businesses. Black Hills’ regulated subsidiaries are Black Hills Power, Inc., an electric utility serving western South Dakota, northeastern Wyoming and southeastern Montana, and Cheyenne Light, Fuel & Power Co., an electric and gas distribution utility serving the Cheyenne, Wyoming area. The wholesale energy business unit of Black Hills is Black Hills Energy, Inc., which generates electricity, markets energy, and produces natural gas, oil and coal.

10. Attached as Exhibit 2 is a copy of the Asset Purchase Agreement dated February 6, 2007, entered into by and among Aquila, Black Hills, Great Plains Energy, and Merger Sub (“APA”). The APA controls Black Hills’ purchase of Aquila’s natural gas assets in Nebraska, Kansas and Iowa. Attached as Exhibit 3 is a copy of the Partnership Interests Purchase

Agreement dated February 6, 2007, entered into by and among Aquila, Aquila Colorado, LLC, a Delaware limited liability company and wholly-owned subsidiary of Aquila (“Limited Partner”), Black Hills, Great Plains Energy, and Merger Sub (“PIPA”). The PIPA controls Black Hills’ purchase of Aquila’s electric and natural gas assets in Colorado.

11. The Black Hills Purchase will be effectuated through the following series of transactions:

a. Aquila will transfer to Black Hills the assets associated with Aquila’s natural gas operations in Kansas, Iowa and Nebraska pursuant to the terms of the APA.

b. Aquila will transfer to Black Hills the assets associated with Aquila’s natural gas and electric operations in Colorado pursuant to the terms of the PIPA.

The transfer of the Colorado assets entails the actions described below:

(i) Aquila will form two Delaware limited partnerships, which for these purposes will be called “Electric Opco” and “Gas Opco”. Aquila will be the general partner of, and Limited Partner will be the limited partner of, each of Electric Opco and Gas Opco.

(ii) Immediately before closing, Aquila will transfer its Colorado electric assets to Electric Opco and its Colorado natural gas assets to Gas Opco.

(iii) Aquila and Limited Partner will then sell their partnership interests in Electric Opco and Gas Opco to Black Hills.

12. Following the closing of the APA and PIPA transactions, Black Hills will own and operate the natural gas assets of Aquila in Nebraska, Kansas, Iowa, and Colorado. Black Hills will also own Aquila's Colorado electric assets.

13. The transactions contemplated by the APA are subject to a number of conditions, including (i) a waiver from, or the approval of, the Kansas Corporation Commission under the "standstill" obligations imposed on Aquila; (ii) the approval of the Kansas Corporation Commission, Iowa Utilities Board, and Nebraska Public Service Commission; (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iv) the readiness of Great Plains Energy and Aquila to complete the Merger; and (v) the absence of a material adverse effect on the businesses being acquired by Black Hills, including the businesses being acquired by Black Hills under the PIPA.

14. The transactions contemplated by the PIPA are also subject to a number of conditions, including (i) a waiver from, or the approval of, the Kansas Corporation Commission under the "standstill" obligations imposed on Aquila; (ii) the approval of the Colorado Public Utilities Commission; (iii) the approval of the Federal Energy Regulatory Commission; (iv) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (v) the readiness of Great Plains Energy and Aquila to complete the Merger; and (vi) the absence of a material adverse effect on the businesses being acquired by Black Hills, including the businesses being acquired by Black Hills under the APA.

C. The Merger

15. Attached as Exhibit 4 is a copy of the Agreement and Plan of Merger dated February 6, 2007, entered into by and among Aquila, Black Hills, Great Plains Energy and Merger Sub (the “Agreement and Plan of Merger”).

16. Immediately following the consummation of the Black Hills Purchase, Merger Sub will merge with and into Aquila and, as the surviving entity, Aquila will become a direct, wholly-owned subsidiary of Great Plains Energy, as KCPL is today. Aquila stockholders will then receive the consideration of stock and cash called for under the Agreement and Plan of Merger. A diagram of the corporate organization of the Joint Applicants, both current and as expected post-Merger, is attached as Exhibit 5 and made a part hereof for all purposes.

17. As a result of the Merger, Great Plains Energy will acquire Aquila’s Missouri-based utilities, Aquila Networks-MPS and Aquila Networks-L&P, expanding Great Plains Energy’s utility service territory throughout and beyond the Kansas City metropolitan area. The Merger will result in Great Plains Energy’s aggregate utility operations increasing by about 300,000 electric utility customers to approximately 800,000 customers, and its aggregate generation by about 1,700 MW to approximately 5,800 megawatts. These aggregate utility operations would cover a service territory in Missouri of approximately 18,000 square miles. Great Plains Energy will also acquire Aquila’s steam operations in St. Joseph, Missouri, as well as its merchant services operations, which primarily consist of the 340 MW Crossroads generating facility in Mississippi, and certain residual natural gas contracts.

18. At the effective time of the Merger, each share of Aquila’s common stock (other than shares owned by Aquila and Great Plains Energy, or by any shareholders who are entitled to

and who properly exercise appraisal rights under Delaware law) will be cancelled and will convert into the right to receive (i) 0.0856 of a share of common stock, no par value, of Great Plains Energy's common stock and (ii) a cash payment of \$1.80. The exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the completion of the Merger. Upon consummation of the Merger, the shareholders of Aquila and Great Plains Energy are expected to own approximately 27% and 73%, respectively, of the outstanding common stock of Great Plains Energy on a fully-diluted basis.

19. Based on Great Plains Energy's closing NYSE stock price of \$32.05 on February 6, 2007, the Great Plains Energy offer represents a value of \$4.54 per share of Aquila common stock, for a total indicated value of approximately \$1.7 billion. Great Plains Energy will also assume approximately \$1 billion of Aquila's net debt and other liabilities. The Merger is expected to have a modestly dilutive effect on Great Plains Energy's earning per share in 2008 and to be accretive to Great Plains Energy's earnings per share beginning in 2009.

20. Consummation of the Merger is subject to a number of conditions, including (i) approval by Aquila's shareholders and Great Plains Energy's shareholders; (ii) approval by the Federal Energy Regulatory Commission, the Kansas Corporation Commission and this Commission; (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iv) the completion of the Black Hills Purchase; and (v) the absence of a material adverse effect on the Aquila businesses that remain after giving effect to the Black Hills Purchase.

21. The Agreement and Plan of Merger contains certain termination rights for both Aquila and Great Plains Energy, including the right to terminate the agreement if the Merger has

not closed within twelve (12) months following the date of the merger agreement (subject to extension to up to eighteen (18) months for receipt of regulatory approvals required to consummate the Merger and the Black Hills Purchase). If the Agreement and Plan of Merger is terminated under specified circumstances (including a termination to enter into a superior transaction), then Aquila or Great Plains Energy will pay to the other a \$45 million termination fee. In the event Great Plains Energy pays a termination fee to Aquila, Great Plains Energy would also be obliged to pay a termination fee of up to \$15 million to Black Hills.

22. Chronologically, the Black Hills Purchase will close first. None of the assets subject to the Black Hills Purchase are regulated Missouri property or assets, except for certain “shared” corporate assets of Aquila that are not necessary for Great Plains Energy to operate KCPL and Aquila following the Merger. These “shared” corporate assets are described on Schedule 2.1(n) of the APA, attached as Exhibit 6.

23. Following the Merger, Aquila will be renamed. Aquila will continue to operate as a regulated Missouri utility with respect to its electric and steam operations under Aquila’s existing Commission-approved tariffs. The new name and a copy of the registration of the name change with the Missouri Secretary of State will be filed as a late-filed exhibit. An adoption notice and revised tariff title sheet will be filed at a later date.

24. A portion of the \$940 million in proceeds from the Black Hills Purchase, with additional cash from Great Plains Energy, will be used to fund the \$677 million cash element of the consideration to be received by Aquila’s stockholders under the terms of the Merger. Under purchase price accounting principles, Aquila’s retained earnings account balance will be set to zero as of the closing of the Merger. Because this capital distribution by Aquila, directly or

indirectly, to its shareholders will not come from Aquila's retained earnings, Joint Applicants request that the Commission approve this distribution under Section 393.210 and other pertinent provisions of Chapter 393.

25. A certified copy of the Resolutions of the Board of Directors of Great Plains Energy authorizing the Merger and related transactions contemplated by the Agreement and Plan of Merger is marked Exhibit 7, attached hereto, and made a part hereof for all purposes.

26. A certified copy of the Resolutions of the Board of Directors of Aquila authorizing the Merger and related transactions contemplated by the Agreement and Plan of Merger is marked Exhibit 8, attached hereto, and made a part hereof for all purposes.

27. Great Plains Energy will submit a late-filed exhibit containing the balance sheet and income statement of both Great Plains Energy and Aquila as of and for the twelve (12) months ending December 31, 2006, showing the *pro forma* effect of the Merger.

28. Joint Applicants seek approval under Section 393.190 of Great Plains Energy's acquisition of Aquila's stock and, as a result thereof, the sale of Aquila's Missouri-based regulated utility properties and all other of Aquila's Missouri franchise works or system, pursuant to the Merger.

29. Great Plains Energy, Black Hills and Merger Sub have entered into a Transition Services Agreement dated February 6, 2007 ("TSA"). The TSA provides that Great Plains Energy and Merger Sub, or its successor, may continue to receive certain shared services from Black Hills and Black Hills may receive certain shared services from Great Plains Energy or Merger Sub, or its successor, following the Merger. It is expected that KCPL employees (either

current employees or Aquila employees who become KCPL employees subsequent to the Merger) will be involved in providing services to Black Hills. Although it is the intention of these parties to minimize the number of transition services required to be provided under the TSA following the completion of the Black Hills Purchase and Merger, these shared services might include, among other things, customer support, information technology, and accounting services. Under the TSA, the parties have composed a transition service committee to examine these transition service issues, and the parties have agreed to finalize a transition service plan setting forth the steps to be taken by each party in order to resolve the transition service issues by July 30, 2007. The parties will provide the Commission with the transition plan after the parties finalize the services to be provided under the TSA.

III. THE PUBLIC INTEREST

30. The Merger is not detrimental to the public interest and, in fact, will be consistent with and advance the public interest. Great Plains Energy is fully qualified, in all respects, to own Aquila and oversee the operation of Aquila's Missouri electric and steam systems, and otherwise to ensure the provision of safe, adequate and reliable electric service at just and reasonable rates.

31. Joint Applicants submit the pre-filed, written testimony of eleven (11) witnesses in support of this Joint Application. The names of the witnesses and the subject of each witness's testimony are as follows:

William Downey	Overview of Merger benefits from Great Plains Energy's and KCPL's perspective
Thomas Fleener	Overview of the process that Aquila and its investment bankers conducted in conjunction with Aquila's proposed sale
Terry Bassham	Transaction mechanics and financial overview of the Merger
John Marshall	Overview of Merger-related synergies and transition-related issues
Robert Zabors	Synergy savings attributable to the Merger
Michael Cline	Significance of credit ratings
Lori Wright	Accounting for the Merger and synergy savings
William Herdegen	Distribution operations post-Merger
Richard Spring	Transmission operations post-Merger
Dana Crawford	Generation operations post-Merger
Kevin Bryant	Products and services, energy efficiency and demand response post-Merger.

32. Except as otherwise provided in this Joint Application and/or testimony in support thereof and as authorized by the Commission, Aquila will utilize the rates, rules, regulations and other tariff provisions currently on file with and approved by the Commission, and will continue to provide service to its customers under those rates, rules, regulations and other tariff provisions until such time as they may be modified according to law. As a consequence, existing Aquila customers will continue to experience quality day-to-day utility service at just and reasonable rates without incident or interruption. Similarly, KCPL will continue to operate in its existing Missouri service territories under the rates, rules, regulations and other tariff provisions applicable to it until such time as they may be modified according to law. Accordingly, KCPL

customers will also continue to experience quality day-to-day utility service at reasonable rates without incident or interruption.

33. The financial condition of Aquila subsequent to the Merger, including the refinancings of Aquila debt contemplated by Great Plains Energy, is anticipated to satisfy the financial metrics necessary to support an investment-grade credit rating, which will result in lower actual debt costs to Aquila. The anticipated credit rating improvement and Great Plains Energy credit support will also allow greater access to capital markets on more reasonable terms for Aquila.

34. Great Plains Energy anticipates that the Merger will result in significant synergies, economies of scale, and efficiencies from the elimination of duplicate corporate and administrative services, all of which will ultimately result in a lower cost of operations. The Merger is expected to produce savings, which should translate into rates for utility service that would be lower than if Aquila operated on a stand-alone basis. Total pre-tax synergies for KCPL and Aquila are estimated to reach approximately \$500 million over a five-year period (2008 - 2012). As more fully described in the Joint Applicants' pre-filed testimony, the anticipated synergies are expected to result from:

- a. Elimination of redundant corporate overhead costs such as executive compensation, directors and officers liability insurance, and certain corporate governance costs and public company compliance costs;
- b. Reduction in overlapping employee positions and associated salaries and benefits (Great Plain Energy, however, expects to retain Aquila's field employees, including all unionized personnel).

- c. Savings related to Aquila's reduced actual cost of debt as a result of achieving the financial metrics necessary to support an investment-grade credit rating.
- d. More efficient procurement, including the reduction in the number of suppliers, as well as an improvement in the terms and conditions contained in supplier contracts;
- e. Savings resulting from the elimination of duplicative costs relating to insurance, software licenses, and industry dues and fees;
- f. Operational savings related to improvements at Aquila's generation units; and
- g. Integration and enhancement of information technology systems, as well as additional investments in infrastructure and energy efficiency.

Although Great Plains Energy does not anticipate that the synergies or costs to achieve will change significantly, it will provide an update of Merger-related synergy savings and costs in August of 2007.

35. The headquarters of both Great Plains Energy and KCPL will remain in downtown Kansas City, where they have been since KCPL's founding 125 years ago. Great Plains Energy has no plans to move from downtown Kansas City. Once the Merger is finalized, Aquila corporate employees will relocate to Great Plains Energy's existing office space and other facilities, and the future of Aquila's corporate headquarters building will be evaluated.

IV. REGULATORY PLAN

36. As described above, the Merger will produce economies of scale and significant savings, the benefits of which will flow to Aquila's customers, KCPL's customers and Great Plains Energy's shareholders alike. Accordingly, the Joint Applicants request that the Commission approve the following Regulatory Plan.

37. The rate structures for Aquila and KCPL shall be kept separate until the Commission approves the integration of KCPL's and Aquila's service territories into one unified territory.

38. Because Aquila's credit metrics, after the Merger, are expected to be sufficient to meet the criteria established by credit rating agencies for investment-grade status, the Joint Applicants expect that the Merger will result in Aquila being upgraded to an investment-grade credit rating, after the credit rating agencies assess the effects of the Merger. Once Aquila achieves financial metrics necessary to support an investment-grade credit rating, Great Plains Energy and Aquila request that the Commission authorize Aquila to utilize the mechanism of Additional Amortizations to Maintain Financial Ratios ("Additional Amortizations") in its next general rate case to preserve and maintain investment-grade financial metrics. As explained in the Joint Applicants' pre-filed testimony, it is in the best interest of the Joint Applicants, as well as Aquila's retail customers, to have Aquila maintain an investment-grade credit rating while implementing its utility infrastructure projects. Thus, the use of Additional Amortizations to achieve these financial goals is imperative. The Additional Amortizations mechanism will only be an element of a future Aquila rate case if Aquila's revenue requirement in such case fails to satisfy certain defined financial ratios through the application of a process similar to that utilized by the Commission in Case No. ER-2006-0314, KCPL's 2006 general rate case. Any such

Additional Amortizations approved by the Commission in a general rate case would ultimately serve as an off-set to rate base.

39. Therefore, Great Plains Energy and Aquila request that the Commission approve the use of the Additional Amortizations mechanism as a reasonable and appropriate regulatory policy in the same manner and on the same terms and conditions as implemented by the Commission in its Report and Order of December 21, 2006 in KCPL's 2006 general rate case. This approval should be granted because the Additional Amortizations mechanism will give Aquila the opportunity to protect and maintain the investment-grade financial metrics that should result after the Merger while Aquila pursues its current capital plan relating to the construction of Iatan 2, environmental upgrades at Iatan 1, and the environmental upgrades at Aquila's Sibley Unit and Lake Road Unit.

40. Great Plains Energy and Aquila understand that it is incumbent upon them to take prudent and reasonable actions that do not place Aquila's investment-grade financial metrics at risk. Great Plains Energy agrees that any negative impact from its failure to adequately insulate Aquila from non-regulated Great Plains Energy business risks, as perceived by the credit rating agencies, will not negatively impact Aquila's customers. The Joint Applicants recognize their obligation to continue to manage costs prudently, improve productivity continuously, and maintain adequate service quality while the Merger is consummated, as well as during the construction projects and associated expenditures planned by Aquila and KCPL.

41. Great Plains Energy and Aquila recognize that any finding by the Commission that Aquila has failed to manage costs prudently, improve productivity continuously, or maintain adequate service quality with regard to the regulated properties will adversely affect any request

for Additional Amortizations. Any Additional Amortizations permitted by the Commission will exclude any amounts related to imprudent actions, as determined by the Commission. Great Plains Energy and Aquila agree that if Aquila is unable to meet an investment-grade credit rating because of imprudent cost management, or any risk associated with Aquila or Great Plains Energy that is unrelated to Aquila's regulated operations, neither Great Plains Energy nor Aquila will argue for or receive increased cash flow in the form of Additional Amortizations.

42. The Joint Applicants do not request authorization to recover any acquisition premium associated with the Merger.

43. The Joint Applicants request that the Commission authorize KCPL and Aquila to establish a regulatory asset and amortize costs associated with the Merger into cost of service, including both transaction and transition-related costs, as properly allocated to KCPL's and Aquila's Missouri-regulated operations and excluding the non-incremental labor costs of the integration team, over a five (5) year period beginning on January 1, 2008, or the month immediately following consummation of the Merger, whichever occurs later. Both transaction and transition-related costs are necessary in order to achieve for customers the anticipated synergies described above, and as further described in the Joint Applicants' pre-filed testimony.

44. A significant portion of the savings resulting from the Merger will be used to reduce costs for Aquila's retail customers in future rate cases. Additionally, savings resulting from the Merger will benefit customers of KCPL and Aquila, therefore, the Joint Applicants request that the Commission authorize KCPL and Aquila, collectively, to retain for a five (5) year period fifty percent (50%) of the synergy savings that result from the Merger, as discussed in the Joint Applicants' pre-filed testimony.

V. REQUEST FOR WAIVER OF AFFILIATE RULES

45. The Joint Applicants request a waiver from the provisions of the affiliate transactions rule under 4 CSR 240.20.015, as it might pertain to transactions between Aquila and KCPL.

46. According to the “PURPOSE” section at the beginning of the electric affiliate rule, the rule is “intended to prevent regulated utilities from subsidizing their non-regulated operations.” Because Aquila and KCPL will continue to be regulated by the Commission, the affiliate transaction rule is not applicable to transactions between KCPL and Aquila. Furthermore, shared services and other transactions between KCPL and Aquila will result in efficiencies that will benefit KCPL’s and Aquila’s retail customers. To the extent deemed necessary by the Commission, the Joint Applicants therefore request waiver from the affiliate transactions rule in order to facilitate transactions between KCPL and Aquila.

VI. IMPACT ON MISSOURI OPERATIONS

47. As indicated, the Merger will have no detrimental impact on either Aquila’s or KCPL’s Missouri customers. Those customers will see no change in their day-to-day utility service as a result of the Merger, and will continue to receive safe, reliable and efficient service at just and reasonable rates. In this regard, Aquila’s Missouri field operations personnel will be retained by Great Plains Energy.

48. As required by Section 393.190, the Joint Applicants state that the Merger will have no impact on the property tax revenues of the Missouri political subdivisions in which any of the structures, facilities or equipment of Aquila or KCPL are located, although a decrease in earnings or income tax revenues may occur as certain positions are eliminated.

49. The Commission will retain jurisdiction over Aquila after the completion of the Merger. The Merger will not restrict the Commission's access to Aquila's books and records as is reasonably necessary to carry out the responsibilities of the Commission relating to Aquila's regulated operations, including the conduct of proper audits.

50. Great Plains Energy agrees that Aquila's books and records will be maintained so that Merger costs are segregated and reported separately. Great Plains Energy will submit to the Commission's Utility Services Division verified journal entries reflecting the Merger within forty-five (45) days of the closing.

WHEREFORE, pursuant to Sections 393.180, 393.190, 393.200, 393.210 and 393.220, as well as 4 CSR 240-2.060, 240-3.020, 240-3.110, 240-3.115, 240-3.120, 240-3.125, and 240-20.015, Joint Applicants request the Commission to issue an order:

- (a) Authorizing Great Plains Energy and Aquila to perform in accordance with the terms and conditions of the Agreement and Plan of Merger, APA, PIPA, and all other transaction-related instruments, and to take any and all other actions that may be reasonably necessary and incidental to the performance of the Merger;
- (b) Authorizing Great Plains Energy, via the Merger, to acquire and assume the stocks, bonds, and other indebtedness and obligations of Aquila, all as more particularly described in the Agreement and Plan of Merger;
- (c) Authorizing Aquila to merge with Merger Sub, a wholly-owned subsidiary of Great Plains Energy, with Aquila being the surviving corporation, all as more particularly described in the Agreement and Plan of Merger;
- (d) Finding that the Merger and other relief sought in this Joint Application are not detrimental to the public interest;

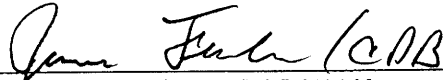
- (e) Approving the Regulatory Plan, including Aquila's use of the Additional Amortizations mechanism in its next general rate case after achieving the financial metrics necessary to support an investment-grade credit rating;
- (f) Authorizing KCPL and Aquila to establish a regulatory asset and amortize into cost of service costs associated with the Merger, including both transaction and transition-related costs, as properly allocated to KCPL's and Aquila's Missouri-regulated operations and excluding the non-incremental labor costs of the integration team, over a five (5) year period beginning on January 1, 2008, or the month immediately following consummation of the Merger, whichever occurs later;
- (g) Authorizing KCPL and Aquila, collectively, to retain for a five (5) year period fifty percent (50%) of the synergy savings that result from the Merger, as properly allocated to their Missouri-regulated operations;
- (h) Authorizing Aquila to distribute approximately \$677 million of the proceeds from the sale of Aquila's non-Missouri properties in a direct or indirect cash distribution to Aquila's shareholders, pursuant to Sections 393.210 and 393.220, as a result of the sale of such properties to Black Hills;
- (i) Authorizing Aquila to change its name;
- (j) Granting KCPL and Aquila a waiver from the affiliate transaction rule to the extent deemed necessary; and
- (k) Granting such other relief as may be necessary and appropriate to accomplish the purposes of the Merger and this Joint Application, and to consummate the Merger and related transactions in accordance with the Agreement and Plan of Merger and this Joint Application.

Respectfully submitted,



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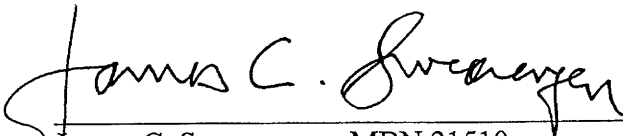
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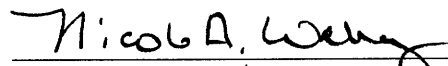
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Attorneys for Aquila, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent via email on this 4th day of April 2007 to:

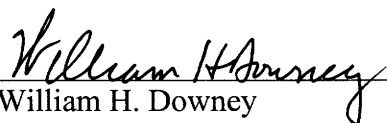
Lewis Mills
Office of the Public Counsel
200 Madison Street, Suite 650
P.O. Box 2230
Governor Office Bldg.
Jefferson City, MO 65101


~~Curtis D. Blanc~~ Nicole A. Wehry

VERIFICATION

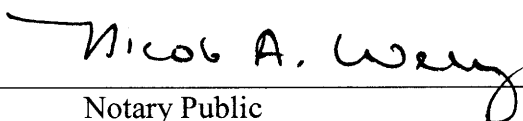
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, William H. Downey, having been duly sworn upon my oath, state that I am the President and Chief Operating Officer of Great Plains Energy Incorporated and President and Chief Executive Officer of Kansas City Power & Light Company, that I am duly authorized to make this affidavit on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company, and that the matters stated in the foregoing Joint Application and Exhibits thereto are true and correct to the best of my information, knowledge and belief.



William H. Downey

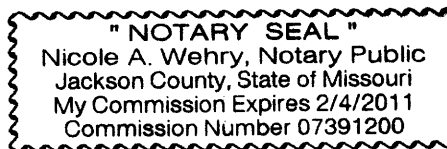
Subscribed and sworn to before me this 2nd day of April, 2007.



Notary Public

My commission expires:

Feb. 4, 2011

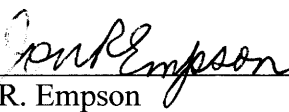


Verification

STATE OF NEBRASKA)
)ss:
COUNTY OF DOUGLAS)

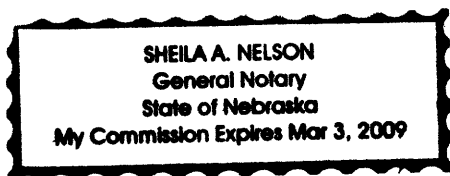
Jon R. Empson, of lawful age, being first duly sworn on oath, states:


That he is the Senior Vice President-Regulated Operations for Aquila, Inc., named in the foregoing Application, and is duly authorized to make this affidavit; that he has read the foregoing Application, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.



Jon R. Empson

Subscribed and sworn to before me this 30 day of March, 2007.





Notary Public

My commission expires:

EXHIBITS

1. Documents of incorporation of Great Plains Energy Incorporated
2. Asset Purchase Agreement
3. Partnership Interests Purchase Agreement
4. Agreement and Plan of Merger
5. Diagram of Corporate Organization of Joint Applicants: Current and Pro Forma
6. Schedule 2.1(n) of the Asset Purchase Agreement
7. Certified copy of the Resolution of the Board of Directors of Great Plains Energy Incorporated
8. Certified copy of the Resolution of the Board of Directors of Aquila, Inc.