

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of Great Plains)
Energy Incorporated, Kansas City Power & Light)
Company and Westar Energy, Inc. for approval of the) Docket No. 16-KCPE-____-ACQ
Acquisition of Westar Energy, Inc. by Great Plains)
Energy Incorporated)

JOINT APPLICATION

COME NOW Great Plains Energy Incorporated (“Great Plains Energy” or “GPE”), Kansas City Power & Light Company (“KCP&L”), and Westar Energy, Inc. and Kansas Gas and Electric Company (referred to herein as “Westar”) (all parties collectively referred to herein as “Joint Applicants”), and file this Joint Application seeking approval of the acquisition of Westar by Great Plains Energy, parent company of KCP&L. This application is filed pursuant to K.S.A. 66-101, *et seq.*, 66-104, 66-117, 66-131, 66-136 and other applicable statutes, and pursuant to the terms of the Amended Unanimous Stipulation and Agreement in Docket No. 01-KCPE-708-MIS (“01-708 S&A”), and any other potentially applicable orders issued by the State Corporation Commission of the State of Kansas (“Commission” or “KCC”). In support of their application, Joint Applicants state as follows:

I. BACKGROUND

1. Great Plains Energy, through its operating subsidiary KCP&L, is the second largest Kansas jurisdictional electric utility. Great Plains Energy is a Missouri corporation authorized to do business in the State of Kansas. Great Plains Energy is the holding company for KCP&L a Missouri corporation with operations in both Kansas and Missouri and KCP&L Greater Missouri Operations Company (“GMO”), a Delaware corporation with operations in Missouri. GPE’s corporate office is located at 1200 Main Street, Kansas City, Missouri 64105.

Great Plains Energy was established on October 1, 2001¹, and its stock is traded on the New York Stock Exchange (“NYSE”) as “GXP.” Great Plains Energy is a public utility holding company under the Public Utility Holding Company Act of 2005, which was enacted as part of the Energy Policy Act of 2005. A map showing the service areas of GPE’s utility subsidiaries’ regulated operations is attached as **Appendix A**.

2. KCP&L is a corporation duly organized and existing under the laws of the State of Missouri, and is located at 1200 Main Street, Kansas City, Missouri 64105. It is authorized to do business in the State of Kansas, and holds a certificate of public convenience and necessity issued by the Commission allowing it to operate as an electric public utility in Kansas. KCP&L generates, transports, distributes and sells electric service to the public in Kansas and Missouri, and is a public utility subject to the jurisdiction, supervision and control of the Commission under Chapter 66 of the Kansas Statutes Annotated.

3. Westar is the largest Kansas jurisdictional electric utility. Westar is a Kansas corporation, with its principal office and place of business at 818 South Kansas Avenue, Topeka, Kansas 66612. Westar holds a certificate of public convenience and necessity issued by the Commission allowing it to operate as an electric public utility in Kansas. Westar generates, transports, distributes and sells electric service to the public in Kansas and is subject to the jurisdiction, supervision and control of the Commission under Chapter 66 of the Kansas Statutes Annotated. A map showing the approximate service area of Westar is attached as **Appendix B**.

4. Westar and KCP&L are joint owners, with another party, of the Wolf Creek Nuclear Generating Station, an 1170 megawatt nuclear power plant, which is operated by the

¹ The Commission approved the reorganization of KCP&L into a registered holding company structure in Docket No. 01-KCPE-708-MIS (the “01-708 Docket”), Order issued Aug. 7, 2001, as amended by Order dated Aug. 21, 2001.

Wolf Creek Nuclear Operating Company (“WCNOC”).² KCP&L and Westar are also joint owners of the La Cygne Generating Station, a two-unit 1,400 megawatt coal-fired power plant.³ GMO and Westar are also joint owners of the Jeffrey Energy Center, a three-unit 2,150 megawatt coal-fired power plant.⁴

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

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² WCNOC is owned by KCP&L, Kansas Gas & Electric Company and KEPCO.

³ KCP&L is the managing partner of the La Cygne Generating Station.

⁴ Westar is the managing partner of the Jeffrey Energy Center.

II. THE TRANSACTION

6. In February 2016 Westar's Board of Directors authorized its management to initiate a targeted auction process to evaluate offers to acquire Westar. This is important to note because, due to Westar's solid operational and financial condition, it was highly probable that, as a result of that competitive process, this Commission would be considering a joint application for a transaction at some point in the future. The question answered by the competitive process was who would be filing the application jointly with Westar. On May 31, 2016, Great Plains Energy announced that it had reached a definitive agreement to acquire 100% of the stock of Westar in a transaction then valued at approximately \$12.2 billion, including assumed debt. Upon closing, Kansas' two largest jurisdictional utilities will be owned by Great Plains Energy. Westar will become a wholly-owned subsidiary of Great Plains Energy. For many reasons, which will be described in this Joint Application as well as in supporting testimony, Westar and Great Plains Energy believe this transaction presents the best possible outcome for the State of Kansas, its communities, customers served in Kansas by Westar and KCP&L, and the Commission, as well as Westar and GPE shareholders.

7. A copy of the Agreement and Plan of Merger ("Agreement") is attached hereto as **Appendix C** and incorporated herein by reference. The Agreement provides that "Merger Sub" (which has now been officially named "GP Star, Inc." and 100% of the outstanding equity interests of which will be owned by Great Plains Energy) will be merged with and into Westar, with Westar emerging as the surviving corporation. Immediately following the merger, GP Star, Inc. will cease to exist, and Great Plains Energy will acquire all of the capital stock of Westar ("Transaction").

8. The aggregate value of the Transaction is \$12.2 billion dollars, including consideration of approximately \$8.6 billion to be paid by GPE for 100% of the shares of Westar stock, and the assumption of \$3.6 billion of existing Westar debt as of the date the Transaction was announced. Westar's shareholders will receive \$60.00 per share of total consideration for each share of Westar common stock, consisting of \$51.00 in cash and \$9.00 in Great Plains Energy common stock, subject to a 7.5 percent collar based upon the Great Plains Energy common stock price at the time of the closing of the Transaction with the exchange ratio for the stock consideration ranging between 0.2709 to 0.3148 shares of Great Plains Energy common stock for each Westar share of common stock. All Great Plains Energy financing in connection with the Transaction will occur at the holding company level. No debt of any GPE utility subsidiary (existing or to be acquired) will be used to finance the Transaction.

9. The closing of the Transaction is subject to customary conditions, including the receipt of certain approvals by the common shareholders of Great Plains Energy and Westar, and the receipt of certain state and federal regulatory and governmental approvals, including the approval of the KCC, the Federal Energy Regulatory Commission, and the Nuclear Regulatory Commission. The Missouri Public Service Commission is evaluating whether it also has jurisdiction, and, if it does, whether and to what extent it may assert the right to approve the Transaction. The Transaction is subject to the notification, clearance and reporting requirements of the Hart-Scott-Rodino Act. Closing is expected to occur in the Spring of 2017.

10. At the closing of the Transaction, Westar will become a wholly-owned subsidiary of Great Plains Energy and will cease to be a publicly-held corporation. A copy of Great Plains Energy's post-acquisition organizational chart is attached as **Appendix D** and incorporated herein by reference.

11. Upon close of the Transaction, GPE will have more than 1.5 million customers with almost 950,000 in Kansas. Great Plains Energy will have under its control nearly 13,000 MW of generating capacity, almost 10,000 miles of transmission lines and over 51,000 miles of distribution lines. In addition, after the Transaction more than 45 percent of the combined utilities' retail customer demand can be met with electricity generated emission-free. Among investor-owned utilities in the United States, the combined company will have one of the largest portfolios of owned or contracted for wind generation in the country, largely due to the prominence of Kansas' wind power resources. A map showing the combined service area of GPE's utility subsidiaries and Westar following conclusion of the Transaction is attached as **Appendix E**.

12. Joint Applicants seek approval of the Transaction pursuant to the Commission's authority under K.S.A. 66-101, *et seq.*, 66-104, 66-117, 66-131, 66-136 and other applicable statutes and orders issued by the Commission, including the 01-708 S&A, which states:

Great Plains Energy shall not, directly or indirectly, acquire or merge with a public utility or public utility holding company, nor will it allow itself to be acquired by a public utility or public utility holding company unless Great Plains Energy has requested prior approval for such a transaction from the Commission.⁵

13. A certified copy of the Resolutions of the Board of Directors of Great Plains Energy authorizing the Transaction and related transactions is attached as **Appendix F**. A certified copy of the Resolutions of the Board of Directors of Westar authorizing the Transaction and related transactions is attached as **Appendix G**.

⁵ 01-708 S&A, p. 13, ¶ 12.

III. SUPPORTING TESTIMONY

14. In support of this Application, Joint Applicants offer the pre-filed testimony of the following individuals on the issues indicated:

Terry Bassham	Overview of the Transaction and its benefits from Great Plains Energy's perspective, including a summary of the benefits to retail customers and the public interest, broadly.
Mark A. Ruelle	Overview of the Transaction and its benefits from Westar's perspective, including a summary of the benefits to retail customers, Kansas, and the public interest, broadly.
Kevin E. Bryant	Financial aspects of the Transaction, reasonableness of the purchase price and evidence of the continuing strength of the financial condition of the combined entity post-closing.
Charles A. Caisley	Public outreach and communication regarding the Transaction, and an overview of the strategy used by GPE's utility subsidiaries with respect to customer service, customer experience and community involvement and key customer satisfaction metrics used by GPE's utility subsidiaries.
Scott H. Heidtbrink	Operational aspects of the Transaction.
Darrin R. Ives	Analysis of the Transaction under the Commission's Merger/Acquisition Standards and discussion of other regulatory issues and commitments.
William Kemp	Savings opportunities resulting from the Transaction.
Steven P. Busser	Discussion of the integration process, accounting and tax treatment.

IV. THE PUBLIC INTEREST

15. Great Plains Energy's acquisition of Westar is in the public interest and meets or surpasses the criteria established by this Commission in evaluating a proposed merger or acquisition. Those Standards are as follows:⁶

- a. Effect of the transaction on consumers, including:
 - (i) Effect of the transaction on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entities if the transaction does not occur;
 - (ii) Reasonableness of the price; in light of potential savings caused by merger and is price within a reasonable range;
 - (iii) Whether ratepayers' benefits can be quantified;
 - (iv) Whether there are any operational synergies that justify payment of premium; and
 - (v) The effect of the proposed transaction on the existing competition.
- b. Effect of the transaction on the environment.
- c. Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the areas served by the resulting public utility operations in the state.
 - (i) Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate the harm.
- d. Whether the transaction preserves KCC jurisdiction to regulate and audit operations in the state.
- e. Effect of the transaction on shareholders.
- f. Whether the transaction maximizes the use of Kansas energy resources.
- g. Whether the transaction will reduce the possibility of economic waste.
- h. What impact, if any, the transaction has on public safety.
- i. The regional benefits of a proposed transaction, such as the impact on neighboring states.

⁶ These standards were adopted by the Commission in its November 15, 1991 Order in Docket Nos. 172,745-U and 174,155, which approved the merger of Kansas Power And Light Company with the Kansas Gas and Electric Company. The Commission has continued to evaluate mergers, acquisitions, and certification applications under these same standards since that time with only a few minor modifications along the way.

- j. Whether the transaction would result in unnecessary duplication of utility service.
- k. The impact on wholesale competition.
- l. The effect on reliability of service – will it promote adequate and efficient service.
- m. Other relevant considerations involved in a particular case.
- n. Will the new entity have the managerial, technical and financial ability to continue operating effectively to provide efficient and sufficient service to its Kansas customers.

16. Great Plains Energy possesses the managerial, technical and financial ability to own Westar and oversee the operation of Westar's electric systems in Kansas, and otherwise to insure the provision of safe, adequate and reliable electric service at just and reasonable rates. KCP&L's and Westar's tariffs and rates presently on file with and approved by the Commission will not change as a result of the Transaction, and GPE, through its operating electric utility subsidiaries KCP&L and Westar, will continue to provide service to Kansas customers under those rates, rules, regulations and other tariff provisions until such time as they may be modified according to law. As a consequence, KCP&L and Westar's existing Kansas customers will continue to experience quality day-to-day utility service at just and reasonable rates with safe, reliable service.

17. The Joint Applicants are willing to mail notice to all of Westar and KCP&L's Kansas retail customers advising them of the proposed transaction and this Joint Application should the Commission so request. A copy of the proposed notice to be sent to all customers would be submitted to the Commission Staff for its review and approval. Once the notice is approved by the Staff, it would be mailed to all Kansas retail customers.

18. GPE's projected credit metrics after the Transaction are expected to support an investment grade credit rating. The GPE ratio of cash from operations to total debt is projected

to be in the range of 13-14% for the first year of combined operations and increase to 15.5-16.5% by the third year of combined operations. The interest coverage ratio for GPE is projected to be in the range of 4.0-4.5 times in the first year of combined operations and increase to 4.5-5.0 times by the third year of combined operations. The credit rating agencies have indicated that an investment grade rating can be maintained with these projected credit metrics.

19. Joint Applicants expect that the Transaction will result in significant savings, 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 Transaction is expected to produce savings, which will translate into rates for utility service that would be lower than if Westar and GPE each would continue operating on a stand-alone basis. Total pre-tax savings and efficiencies for GPE and Westar are currently estimated to reach approximately \$65 million in the first full year after the Transaction closes, and are expected to increase to nearly \$200 million annually in the third full year after closing and thereafter, with a reasonable opportunity to achieve even greater savings. As more fully described in the Direct Testimony of William Kemp, the anticipated savings and efficiencies are expected to be realized in four primary functional areas:

- Generation;
- Transmission & Distribution/Customer Service;
- Corporate and Shared Services; and
- Supply Chain.

20. An additional benefit to all of GPE's utility subsidiary customers, including KCP&L's Kansas customers and Westar's Kansas customers occurs as a result of the increased number of customers GPE utility subsidiaries will serve after the Transaction. Customers will

receive a smaller per customer portion of certain overhead costs of the combined companies because those costs will be allocated among a larger customer base.

21. By combining the expertise of both companies, customers will also benefit from greater management expertise, access to broader management capabilities, and an ability to capitalize on greater opportunities for future efficiencies.

22. As described above, the Transaction will produce economies of scale and significant savings and efficiencies, the benefits of which will flow to Westar and KCP&L's Kansas customers.

23. Both Westar and KCP&L have provided electric service in Kansas for more than 100 years, demonstrating strong commitments in a variety of ways to the well-being of the State and the communities served by each. A relatively recent example is Westar's participation as the first private sector partner embedded into the Kansas Intelligence Fusion Center ("KIFC") a public-private partnership created to enhance Kansas' infrastructure security posture. GPE intends to grow the new combined company's participation in KIFC after the Transaction. Both Westar and KCP&L have long histories of charitable giving and community support in the State of Kansas and GPE will continue support in these areas at 2015 levels for at least five years after the Transaction closes. GPE will also retain Westar's downtown Topeka offices as its Kansas headquarters after closing of the Transaction as one more demonstration of continued support for state and local economies. GPE will honor all existing collective bargaining agreements, and has committed to maintain current compensation levels and benefits for Westar employees for at least two years after the Transaction closes. GPE will also endeavor to make as much use as reasonably possible of natural attrition – which averages 4-5% annually for both Westar and KCP&L – in achieving Transaction-related savings.

IV. PRICE/ACQUISITION PREMIUM/COSTS OF THE TRANSACTION

24. In late 2015 and early 2016, Westar embarked on a process to inquire into the merits of a possible transaction in which Westar could be combined with another company. Westar engaged legal and financial advisors to assist in evaluating various alternatives (including continuing as a stand-alone company). The Westar Board of Directors, after a thorough process, determined that the Great Plains Energy proposal was preferable to other offers, in the best interest of Westar's customers and shareholders, and would serve the public interest more broadly. The Great Plains Energy Board, after consideration of the information presented by management, financial and legal advisors, determined that the Transaction was advisable and in the best interests of Great Plains Energy and its shareholders.

25. Transaction costs are those costs incurred to explore, develop and close the Transaction. There is also an acquisition premium related to the Transaction which represents the price paid by GPE in excess of the undisturbed stock price of Westar. Joint Applicants do not request authorization to recover any acquisition premium or transaction costs associated with the Transaction through inclusion of such costs in electric service rates.

26. Great Plains Energy expects to achieve significant cost savings over time as a result of the Transaction. After closing on the Transaction, the Joint Applicants request that the Commission authorize KCP&L to recover transition-related costs, but only to the extent such costs are included in a rate case test year and are offset by Transaction-related savings in excess of such costs. Transition-related costs are necessary to achieve for customers the savings and efficiencies described above, and it is reasonable to allow recovery of these costs so long as they are exceeded by the level of the Transaction-related savings they produce.

27. Finally, the effect of the Transaction is expected to benefit Great Plains Energy's and Westar's shareholders, immediately for Westar shareholders and over the long-run for both companies' shareholders. The Transaction will be neutral to Great Plains Energy's forecasted earnings per share on a stand-alone basis in the first full calendar year after the Transaction closes increasing to approximately ten percent accretive, or an incremental earnings per share increase, as compared to GPE's forecasted stand-alone plan by 2020. The Transaction is expected to close in the second quarter of 2017.

V. BENEFICIAL EFFECT ON KANSAS OPERATIONS

28. As indicated, the Transaction will have no detrimental effect for the Kansas customers of KCP&L or Westar, and will benefit them as savings and efficiencies are realized between the operating utilities. Those customers will see no change in their day-to-day utility service as a result of the Transaction, and will continue to receive safe, reliable and efficient service at just and reasonable rates.

29. The Direct Testimony of Darrin Ives discusses the commitments made by Great Plains Energy to be adopted by the Commission as conditions to its approval of the Transaction as follows:

- a. Great Plains Energy will proceed as planned to file an abbreviated rate case for KCP&L as agreed to in its most recent general rate proceeding.⁷
- b. Westar will proceed as planned to file an abbreviated rate as agreed to in its most recent general rate proceeding.⁸
- c. Great Plains Energy will honor all existing collective bargaining agreements.

⁷ Docket No. 15-116.

⁸ Docket No. 15-115.

- d. Great Plains Energy agrees to not seek recovery of the acquisition premium resulting from the Transaction through inclusion of such costs in electric service rates.
- e. Great Plains Energy agrees to not seek recovery of the transaction costs associated with the Transaction through inclusion of such costs in electric service rates.
- f. Great Plains Energy will seek recovery of transition costs through inclusion of such costs in electric service rates only to the extent they are incurred in a test year and offset by greater savings. Amortization of certain transition costs may be appropriate given their non-recurring nature and the fact that the associated savings will be recurring. Whether and to what extent transition costs should be amortized would be addressed in the rate case(s) in which rate recovery of such transition costs is being addressed.
- g. Great Plains Energy agrees that each of its utility subsidiaries will (1) maintain and promote low-income assistance programs consistent with those in place prior to the transaction, (2) maintain aggregate Kansas charitable contributions and community support at 2015 levels for at least five years after the closing of the Transaction, and (3) continue to maintain Westar's downtown Topeka headquarters as its Kansas headquarters.
- h. For each of its utility subsidiaries, Great Plains Energy will provide an updated cost allocation manual to the Commission explaining the basis of allocation factors used to assign costs to each utility.

- i. The subsidiary utilities' capital costs used to set rates shall not increase as a result of the transaction. The subsidiaries' utility customers shall not bear any financing costs associated with the Transaction.
- j. Great Plains Energy and its utility subsidiaries will maintain separate capital structures to finance the activities and operations of each entity unless otherwise approved by the Commission. Each company will maintain separate debt so that none will be responsible for the debts of its affiliates, and none will guarantee the obligations of another unless otherwise authorized by the Commission. None of Great Plains Energy's utility subsidiaries will guarantee the debt of the holding company. Great Plains Energy has already received assurance from major credit ratings agencies that its financing plans will ensure the maintenance of investment grade credit ratings for GPE and its utility subsidiaries (existing and to be acquired) and that the Transaction will not result in a credit rating downgrade for any of GPE's utility subsidiaries (existing and to be acquired).
- k. Great Plains Energy and its utility subsidiaries will maintain separate books and records. The utility assets of the companies will remain under the jurisdiction of the Commission as they were before the Transaction.
- l. Great Plains Energy will comply with the Standards for Affiliate Transactions set forth in K.S.A. 66-1213a, 66-1401, 66-1402, 66-1403 and any Commission order, rule or regulation addressing affiliate transactions and the recovery of costs from affiliates.⁹

⁹ K.S.A. 66-1213a states that any utility which loans its funds or pledges its credit to any person or entity having an affiliated interest shall report the terms and conditions of the loan or pledge to the Commission within 10

30. Under the Kansas Retail Electric Supplier's Act, KSA 66-1,170 *et seq*, retail electric competition is not permitted, thus the Transaction will not result in any adverse effect on retail competition in Kansas. The Transaction does not affect the geographical certificated territories served by KCP&L or Westar in Kansas.

31. Joint Applicants state that the Transaction will have no negative effect on Kansas or its local economies or communities. The Transaction is not expected to have a material effect on the property tax revenues of any Kansas political subdivisions in which any of the structures, facilities or equipment of KCP&L or Westar is located. The Transaction will create a significant state income tax benefit as the estimated 10.5 million Westar shares held by Kansans are exchanged for the taxable merger consideration. In addition, the Transaction will have no adverse environmental effects or any adverse effects on the use of Kansas energy resources, but instead, will result in an even larger, aggregate commitment to Kansas renewable energy, maximizing the use of Kansas energy resources. The Transaction will reduce the possibility of economic waste by enabling the combined company to obtain efficiency savings unattainable by the companies individually on a stand-alone basis.

32. The Commission will retain jurisdiction over KCP&L and Westar after the completion of the Transaction. The Transaction will preserve the Commission's access to Great Plains Energy's books and records as is reasonably necessary to carry out the responsibilities of

days after making it.

K.S.A. 66-1401 defines "affiliated interests", and give the Commission the power to access the books and records of such affiliates in relation to transactions with the regulated entity.

K.S.A. 66-1402 requires a regulated entity to file with the Commission management, construction, engineering or similar contracts entered into with affiliates.

K.S.A. 66-1403 addresses ratemaking treatment of rates or charges made between a regulated entity and its affiliates.

Other Commission dockets addressing affiliate matters include Docket No. 01-KCPE-708-MIS, *In the Matter of the Application of Kansas City Power & Light Company for an Order Authorizing Its Plan to Reorganize Itself Into a Holding Company Structure*; and Docket No. 06-GIMX-181-GIV, *In the Matter of the Investigation of Affiliate and Ring-Fencing Rules Applicable to all Kansas Electric and Gas Public Utilities*.

the Commission relating to KCP&L's and Westar's regulated operations, including the conduct of proper audits. The Transaction will preserve the Commission's ability to monitor service and reliability levels being achieved by Westar and KCP&L as the obligations imposed by Docket No. 02-GIME-365-GIE will remain in effect for both Westar and KCP&L after the Transaction.¹⁰

WHEREFORE, for the reasons set forth above and as supported by the Testimony and Exhibits filed concurrently herewith, the Joint Applicants request the Commission issue an order:

- (a) Approving the Transaction as set forth in this Joint Application, in particular paragraph 29 hereof, and **Appendix C** hereto;
- (b) Authorizing Westar and Great Plains Energy to perform in accordance with the terms of the Agreement and Transaction-related instruments and agreements, and to take any and all actions that may be reasonably necessary and incidental to the performance of the Transaction;
- (c) To the extent any waivers of Commission Orders or regulations are necessary to allow the Joint Applicants to perform in accordance with the Agreement and Transaction-related instruments and agreements, grant such waivers;
- (d) Finding that the Transaction and other relief sought in this Joint Application promotes the public interest; and
- (e) Granting such other relief as may be necessary and appropriate to accomplish the purposes of the Transaction and this Joint Application, and to consummate the Transaction-related agreements in accordance with the terms thereof.

¹⁰ Docket No. 02-GIME-365-GIE established reliability and quality of service standards for provisioning electric utility service in Kansas.

Respectfully submitted,

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APPENDICES


- A. Map showing the Kansas and Missouri service areas of KCP&L.
- B. Map showing the service area of Westar.
- C. Agreement and Plan of Merger.
- D. Great Plains Energy's post-Transaction organizational chart.
- E. Map showing combined Westar/KCP&L service area.
- F. Resolutions of the Board of Directors of Great Plains Energy authorizing the Transaction and related transactions.
- G. Resolutions of the Board of Directors of Westar authorizing the Transaction and related transactions.
- H. Confidential Designation Sheet

VERIFICATION


STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

I, Darrin R. Ives, being duly sworn, on oath state that I am Vice President – Regulatory Affairs of Kansas City Power & Light Company, that I have read the foregoing Joint Application and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge and belief.

GREAT PLAINS ENERGY INCORPORATED

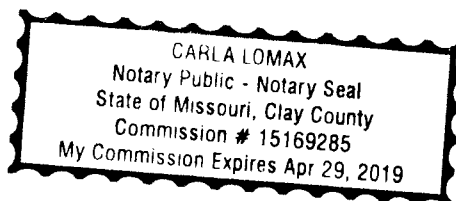
By: 
Darrin R. Ives

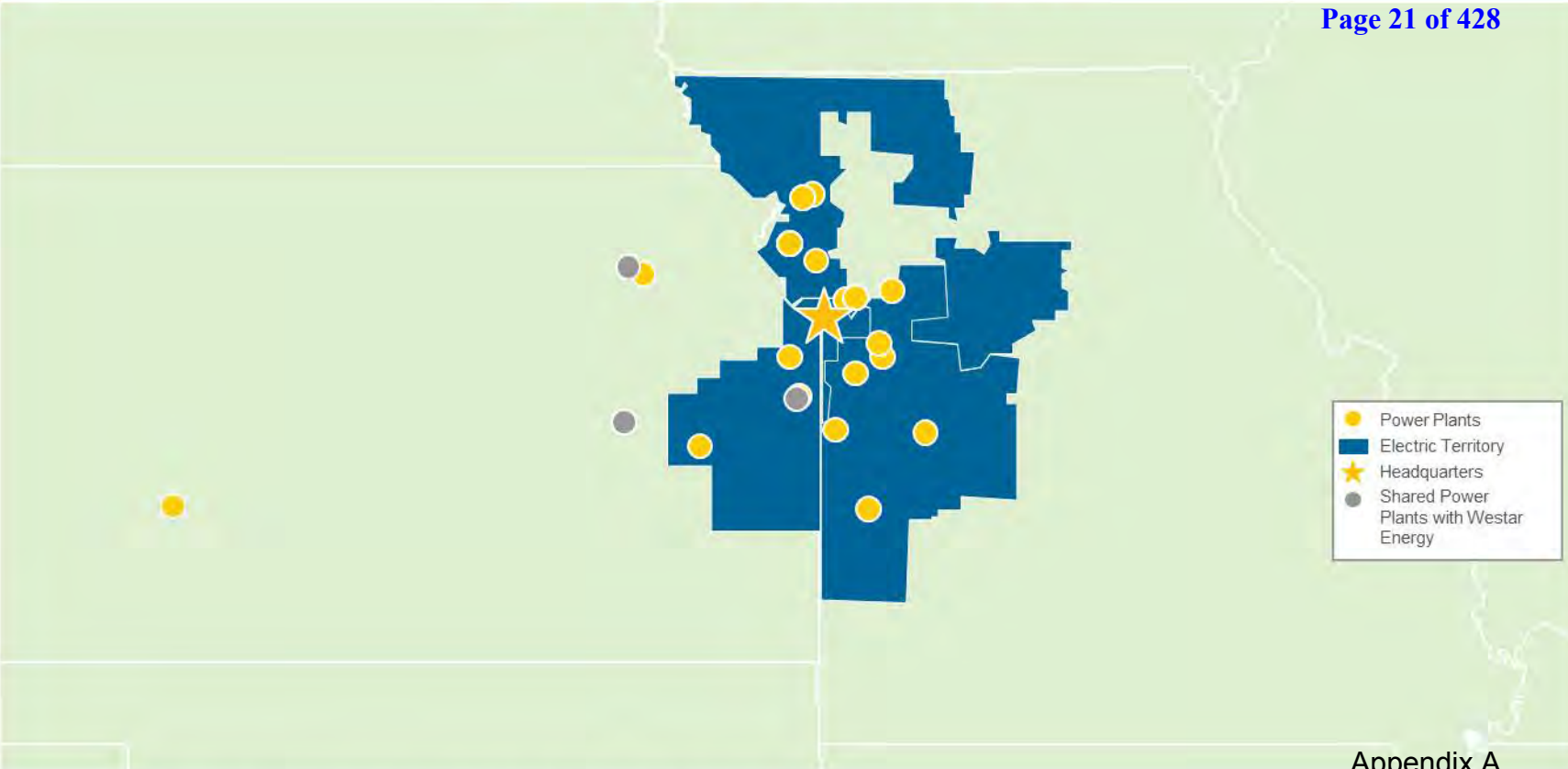
The foregoing was subscribed and sworn to before me this 28th day of June, 2016.


Notary Public

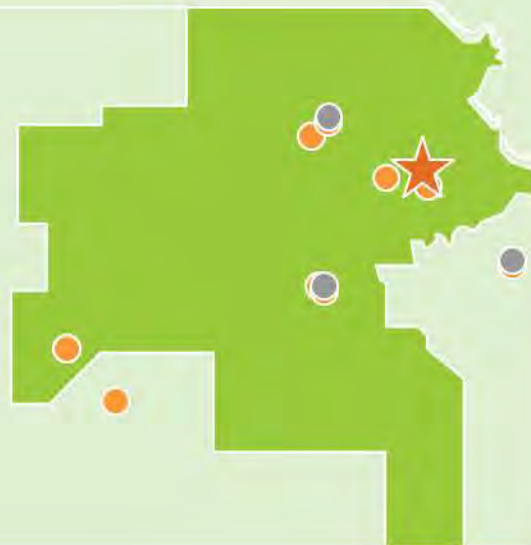
My Commission Expires:

April 29, 2019





1. Excludes Great Plains Energy's Crossroads Generating Station located in Starkville, MS.



1. Excludes Westar Energy's Spring Creek Energy Center located in Logan County, OK.

Execution Version

AGREEMENT AND PLAN OF MERGER

by and among

WESTAR ENERGY, INC.,

GREAT PLAINS ENERGY INCORPORATED

and

MERGER SUB, as defined herein

Dated as of May 29, 2016

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Exhibits

Exhibit A – Definitions

Exhibit B – Commitments to be Included in KCC Application

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this “Agreement”), dated as of May 29, 2016, is by and among Westar Energy, Inc., a Kansas corporation (the “Company”), Great Plains Energy Incorporated, a Missouri corporation (the “Parent”) and, from and after its accession to this Agreement in accordance with Section 1.01(b), the Kansas corporation to be formed as a wholly owned subsidiary of Parent (“Merger Sub” and, together with the Company and Parent, the “Parties”).

RECITALS

WHEREAS, the Parties intend that, upon the terms and subject to the conditions set forth herein, at the Effective Time (as defined below), Merger Sub will merge with and into the Company, with the Company surviving such merger;

WHEREAS, the board of directors of the Company (the “Company Board”) has (a) determined that it is in the best interests of the Company and its shareholders, and declared it advisable, for the Company to enter into this Agreement and to consummate the transactions contemplated hereby, (b) adopted and approved this Agreement and approved the Company’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, and (c) resolved to recommend that the Company’s shareholders adopt this Agreement;

WHEREAS, the board of directors of Parent (the “Parent Board”) has (a) determined that it is in the best interests of Parent and its shareholders, and declared it advisable, for Parent to enter into this Agreement and to consummate the transactions contemplated hereby, and (b) adopted and approved this Agreement and approved Parent’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement;

WHEREAS, the board of directors of Merger Sub has (a) determined that it is in the best interests of Merger Sub and its shareholder, and declared it advisable, for Merger Sub to enter into this Agreement and to consummate the transactions contemplated hereby, (b) adopted and approved this Agreement and approved Merger Sub’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, and (c) resolved to recommend that Parent, in its capacity as Merger Sub’s sole shareholder, adopt this Agreement;

WHEREAS, Parent has adopted this Agreement and approved the transactions contemplated hereby, by written consent in its capacity as the sole shareholder of Merger Sub; and

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements specified herein in connection with this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, and subject to the conditions set forth herein, and each intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

THE MERGER

SECTION 1.01 Formation of Merger Sub; Accession.

(a) Reasonably promptly after the date hereof, and in any event within ten (10) Business Days after the date hereof, Parent shall form Merger Sub. Parent shall own one hundred percent (100%) of the outstanding equity interests of Merger Sub.

(b) Promptly after forming Merger Sub, and in any event within ten (10) Business Days thereafter, (i) Parent shall take such actions as are reasonably necessary to cause the board of directors of Merger Sub to unanimously approve this Agreement, declare it advisable for Merger Sub to enter into this Agreement and consummate the transactions contemplated hereby and recommend that Parent, in its capacity as the sole shareholder of Merger Sub, adopt this Agreement, (ii) Parent, as the sole shareholder of Merger Sub, shall adopt this Agreement and (iii) Parent shall cause Merger Sub to accede to this Agreement by executing a signature page to this Agreement, after which time Merger Sub shall be a party hereto for all purposes set forth herein. Notwithstanding any provision herein to the contrary, (i) the obligations of Merger Sub to perform its covenants hereunder shall commence only at the time of its formation and (ii) each representation and warranty with respect to Merger Sub shall not be deemed made until such entity's execution of a signature page to this Agreement and any references to the date of this Agreement with respect thereto shall refer to the date of Merger Sub's execution of a signature page to this Agreement.

SECTION 1.02 The Merger. At the Effective Time, upon the terms and subject to the conditions set forth herein, Merger Sub shall be merged with and into the Company in accordance with Section 17-6701 of the Kansas General Corporation Code (the "KGCC") and this Agreement (the "Merger"), and the separate corporate existence of Merger Sub shall cease. The Company shall be the surviving corporation in the Merger (sometimes referred to herein as the "Surviving Corporation").

SECTION 1.03 The Effective Time. Subject to the provisions of this Agreement, as soon as practicable on the Closing Date, the Company shall deliver to the Secretary of State of the State of Kansas articles of merger with respect to the Merger, in such form as is required by, and executed in accordance with, the relevant provisions of the KGCC (the "Articles of Merger"). The Merger shall become effective at the time the Articles of Merger are duly filed with the Secretary of State of the State of Kansas in accordance with the KGCC or at such later time as is permissible in accordance with the KGCC and, as the Parties may mutually agree, as specified in the Articles of Merger (the time the Merger becomes effective, the "Effective Time").

SECTION 1.04 The Closing. Unless this Agreement has been terminated in accordance with Section 8.01, the consummation of the Merger (the “Closing”) shall take place at the offices of Baker Botts L.L.P., 30 Rockefeller Plaza, New York, New York 10112 at 10:00 a.m. New York City time on a date to be mutually agreed to by the Parties, which date shall be no later than the third Business Day after the satisfaction or waiver of the conditions to the Closing set forth in Article VII (except for those conditions to the Closing that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions), unless another time, date or place is mutually agreed to in writing by the Parties. The date on which the Closing occurs is referred to herein as the “Closing Date.”

SECTION 1.05 Effects of the Merger. The Merger shall have the effects specified herein and in the applicable provisions of the KGCC, including Article 67 thereof. Without limiting the foregoing, from and after the Effective Time, the Surviving Corporation shall possess all of the properties, rights, privileges, powers and franchises of the Company and Merger Sub, and all of the claims, obligations, liabilities, debts and duties of the Company and Merger Sub shall become the claims, obligations, liabilities, debts and duties of the Surviving Corporation.

SECTION 1.06 Organizational Documents. As of the Effective Time, the articles of incorporation of the Surviving Corporation shall be amended and restated to be the same as the articles of incorporation of Merger Sub, as in effect immediately prior to the Effective Time, until thereafter amended as provided therein and in accordance with applicable Law, except that the name of the Surviving Corporation shall be “Westar Energy, Inc.”. As of the Effective Time, the bylaws of the Surviving Corporation shall be amended and restated to be the same as the bylaws of Merger Sub, as in effect immediately prior to the Effective Time, until thereafter amended as provided therein and in accordance with applicable Law, except that the name of the Surviving Corporation shall be “Westar Energy, Inc.”.

SECTION 1.07 Surviving Corporation Directors and Officers. As of the Effective Time, (i) the directors of Merger Sub as of immediately prior to the Effective Time shall be the directors of the Surviving Corporation and (ii) the officers of the Company as of immediately prior to the Effective Time shall be the officers of the Surviving Corporation, in each case until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the articles of incorporation and bylaws of the Surviving Corporation.

SECTION 1.08 Plan of Merger. This Article I and Article II and, solely to the extent necessary under the KGCC, the other provisions of this Agreement shall constitute a “plan of merger” for purposes of the KGCC.

ARTICLE II

EFFECT ON CAPITAL STOCK; EXCHANGE OF CERTIFICATES AND BOOK-ENTRY SHARES

SECTION 2.01 Effect of Merger on Capital Stock.

(a) Cancellation of Treasury Stock and Parent-Owned Stock; Conversion of Company Common Stock; Conversion of Merger Sub Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or any holder of shares of Company Common Stock:

(i) each share of common stock, \$5.00 par value, of the Company (“Company Common Stock”) that is owned by the Company as treasury stock, if any, each share of Company Common Stock that is owned by a wholly owned Subsidiary of the Company, if any, and each share of Company Common Stock that is owned directly or indirectly by Parent or Merger Sub, if any, immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(ii) subject to Section 2.01(b), each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (except for shares to be canceled and retired or converted in accordance with Section 2.01(a)(i) and the Dissenting Shares) shall be converted automatically into the right to receive (A) an amount in cash (without interest) equal to \$51.00 (the “Cash Consideration”) and (B) that number (rounded to the nearest 1/10,000 of a share) of validly issued, fully paid and nonassessable shares of common stock, no par value, of Parent (“Parent Common Stock”) equal to the Exchange Ratio (the “Stock Consideration” and, together with the Cash Consideration, the “Merger Consideration”), in each case, payable as provided in Section 2.02, and, when so converted, shall automatically be canceled and retired and shall cease to exist. For purposes of this Agreement, “Exchange Ratio” shall mean the following:

(1) If the Average Parent Stock Price is an amount greater than \$33.2283, then the Exchange Ratio shall be 0.2709;

(2) If the Average Parent Stock Price is an amount greater than or equal to \$28.5918 but less than or equal to \$33.2283, then the Exchange Ratio shall be an amount equal to the quotient obtained by dividing (x) \$9.00 by (y) the Average Parent Stock Price; or

(3) If the Average Parent Stock Price is an amount less than \$28.5918, then the Exchange Ratio shall be 0.3148; and

(iii) each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Corporation and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

(b) Adjustments to Merger Consideration. If at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of the Company or Parent (or any other securities convertible therefor or exchangeable thereto) shall occur as a result of any

reclassification, stock split (including a reverse stock split), combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, or any similar event, in each case, other than pursuant to the transactions contemplated by this Agreement, the Merger Consideration and any other similarly dependent items shall be equitably adjusted to provide to the holders of Company Common Stock the same economic effect as contemplated by this Agreement prior to such action.

SECTION 2.02 Payment for Shares.

(a) Exchange Agent. Prior to the Closing Date, Parent shall appoint a bank or trust company to act as paying and exchange agent reasonably acceptable to the Company (the “Exchange Agent”) for the purpose of exchanging shares of Company Common Stock for the Merger Consideration in accordance with Section 2.01(a)(ii). At or prior to the Effective Time, Parent shall deposit or cause to be deposited with the Exchange Agent, in trust for the benefit of the holders of Company Common Stock contemplated by Section 2.01(a)(ii), (i) an aggregate amount of cash and an aggregate amount of Parent Common Stock sufficient to deliver the aggregate amount of Cash Consideration (together with, to the extent then determinable, any cash payable in lieu of fractional shares pursuant to Section 2.02(i)) and (ii) the aggregate amount of Stock Consideration pursuant to Section 2.01(a)(ii). In addition, Parent shall deposit, or cause to be deposited, with the Exchange Agent, as necessary from time to time after the Effective Time, (i) any dividends or other distributions payable pursuant to Section 2.02(j) and (ii) cash in lieu of any fractional shares payable pursuant to Section 2.02(i). All shares of Parent Common Stock and cash, together with the amount of any such cash dividends and distributions deposited with the Exchange Agent pursuant to this Section 2.02(a), shall hereinafter be referred to as the “Exchange Fund.”

(b) Payment Procedures.

(i) Promptly after the Effective Time (but no later than two (2) Business Days after the Effective Time), the Exchange Agent will mail to each holder of record of a certificate representing outstanding shares of Company Common Stock immediately prior to the Effective Time (a “Certificate”) and to each holder of uncertificated shares of Company Common Stock represented by book entry immediately prior to the Effective Time (“Book-Entry Shares”), in each case, whose shares were converted into the right to receive the Merger Consideration pursuant to Section 2.01(a)(ii):

(1) a letter of transmittal, which shall specify that delivery shall be effected, and that risk of loss and title to Certificates or Book-Entry Shares held by such holder will pass, only upon delivery of such Certificates or Book-Entry Shares to the Exchange Agent and which shall be in form and substance reasonably satisfactory to Parent and the Company, and

(2) instructions for use in effecting the surrender of such Certificates or Book-Entry Shares in exchange for the Merger Consideration with respect to such shares.

(ii) Upon surrender to, and acceptance in accordance with Section 2.02(b)(iii) by, the Exchange Agent of a Certificate or Book-Entry Share, the holder thereof will be entitled to the Merger Consideration payable in respect of the number of shares of Company Common Stock formerly represented by such Certificate or Book-Entry Share surrendered under this Agreement. Until such time as the Merger Consideration is issued to or at the direction of the holder of a surrendered Certificate or Book-Entry Shares, the Parent Common Stock that constitutes a portion thereof shall not be voted on any matter.

(iii) The Exchange Agent will accept Certificates or Book-Entry Shares upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange of the Certificates and Book-Entry Shares in accordance with customary exchange practices.

(iv) From and after the Effective Time, no further transfers may be made on the records of the Company or its transfer agent of Certificates or Book-Entry Shares, and if any Certificate or Book-Entry Share is presented to the Company for transfer, such Certificate or Book-Entry Share shall be canceled against delivery of the Merger Consideration payable in respect of the shares of Company Common Stock represented by such Certificate or Book-Entry Share.

(v) If any Merger Consideration is to be remitted to a name other than that in which a Certificate or Book-Entry Share is registered, no Merger Consideration may be paid in exchange for such surrendered Certificate or Book-Entry Share unless:

(1) either (A) the Certificate so surrendered is properly endorsed, with signature guaranteed, or otherwise in proper form for transfer or (B) the Book-Entry Share is properly transferred; and

(2) the Person requesting such payment shall (A) pay any transfer or other Taxes required by reason of the payment to a Person other than the registered holder of the Certificate or Book-Entry Share or (B) establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(vi) At any time after the Effective Time until surrendered as contemplated by this Section 2.02, each Certificate or Book-Entry Share shall be deemed to represent only the right to receive upon such surrender the Merger Consideration payable in respect of the shares of Company Common Stock represented by such Certificate or Book-Entry Share as contemplated by Section 2.01(a)(ii). No interest will be paid or accrued for the benefit of holders of Certificates or Book-Entry Shares on the Merger Consideration payable in respect

of the shares of Company Common Stock represented by Certificates or Book-Entry Shares.

(c) No Further Ownership Rights in Company Common Stock.

(i) At the Effective Time, each holder of a Certificate, and each holder of Book-Entry Shares, will cease to have any rights with respect to such shares of Company Common Stock, except, to the extent provided by Section 2.01, for the right to receive the Merger Consideration payable in respect of the shares of Company Common Stock formerly represented by such Certificate or Book-Entry Shares upon surrender of such Certificate or Book-Entry Share in accordance with Section 2.02(b);

(ii) The Merger Consideration paid upon the surrender or exchange of Certificates or Book-Entry Shares in accordance with this Section 2.02 will be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Common Stock formerly represented by such Certificates or Book-Entry Shares (other than the right to receive dividends or other distributions, if any, in accordance with Section 2.02(j)).

(d) Termination of Exchange Fund. The Exchange Agent will deliver to the Surviving Corporation, upon the Surviving Corporation's demand, any portion of the Exchange Fund (including any interest and other income received by the Paying Agent in respect of all such funds) which remains undistributed to the former holders of Certificates or Book-Entry Shares upon expiration of the period ending one (1) year after the Effective Time. Thereafter, any former holder of Certificates or Book-Entry Shares prior to the Merger who has not complied with this Section 2.02 prior to such time, may look only to the Surviving Corporation for payment of his, her or its claim for Merger Consideration to which such holder may be entitled.

(e) Investment of Exchange Fund. The Exchange Agent shall invest any cash in the Exchange Fund if and as directed by Parent; provided that such investment shall be in obligations of, or guaranteed by, the United States of America, in commercial paper obligations of issuers organized under the Law of a state of the United States of America, rated A-1 or P-1 or better by Moody's Investors Service, Inc. or Standard & Poor's Ratings Service, respectively, or in certificates of deposit, bank repurchase agreements or bankers' acceptances of commercial banks with capital exceeding \$10,000,000,000, or in mutual funds investing in such assets. Any interest and other income resulting from such investments shall be paid to, and be the property of, Parent. No investment losses resulting from investment of the cash component of the Exchange Fund shall diminish the rights of any of the Company's shareholders to receive the Merger Consideration or any other payment as provided herein. To the extent there are losses with respect to such investments or the cash component of the Exchange Fund diminishes for any other reason below the level required to make prompt cash payment of the aggregate funds required to be paid pursuant to the terms hereof, Parent shall reasonably promptly replace or restore the cash in the Exchange Fund so as to ensure that the cash component of the Exchange Fund is at all times maintained at a level sufficient to make such cash payments.

(f) No Liability. None of the Company, Parent, Merger Sub, the Surviving Corporation, the Exchange Agent or any other Person shall be liable to any Person in respect of any portion of the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) Withholding Taxes. Each of Parent, the Surviving Corporation and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Certificates, Book-Entry Shares, Company Restricted Share Units, Company Performance Units or Other Equity-Based Rights such amounts for Taxes as may be required to be deducted and withheld with respect to the making of such payment under applicable Tax Law. Amounts so deducted and withheld shall be promptly paid over to the appropriate taxing authority, and shall be treated for all purposes under this Agreement as having been paid to the holder of Certificates, Book-Entry Shares, Company Restricted Share Units, Company Performance Units or Other Equity-Based Rights, as applicable, in respect of which such deduction or withholding was made. Parent, the Surviving Corporation or the Exchange Agent, as relevant, shall provide advance notice of any requirement to withhold and deduct Taxes, and shall obtain from holders of Certificates, Book-Entry Shares, Company Restricted Share Units, Company Performance Units or Other Equity-Based Rights such certificates or other documents required to avoid or reduce any such Taxes.

(h) Lost, Stolen or Destroyed Certificates. If any Certificate formerly representing shares of Company Common Stock has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond, in such reasonable and customary amount as Parent may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall deliver and pay, in exchange for such lost, stolen or destroyed certificate, the Merger Consideration payable in respect thereof pursuant to this Agreement.

(i) Fractional Shares. No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the conversion of Company Common Stock pursuant to Section 2.01, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a holder of Parent Common Stock. For purposes of this Section 2.02(i), all fractional shares to which a single record holder would be entitled shall be aggregated and calculations shall be rounded to three decimal places. In lieu of any such fractional shares, each holder of Company Common Stock who would otherwise be entitled to such fractional shares shall be entitled to an amount in cash, without interest, rounded to the nearest cent, equal to the product of (A) the amount of the fractional share interest in a share of Parent Common Stock to which such holder is entitled under Section 2.01(a)(ii) (or would be entitled but for this Section 2.02(i)) and (B) an amount equal to the Average Parent Stock Price. As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of Company Common Stock in lieu of any fractional share interests in Parent Common Stock, the Exchange Agent shall make available such amounts, without interest, to the holders of Company Common Stock entitled to receive such cash.

(j) Dividends with Respect to Parent Common Stock. No dividends or other distributions with respect to Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate or Book-Entry Shares with respect to the shares of Parent Common Stock issuable hereunder, and all such dividends and other distributions shall be paid by Parent to the Exchange Agent and shall be included in the Exchange Fund, in each case until the surrender of such Certificate (or affidavit of loss in lieu thereof) or Book-Entry Shares in accordance with this Agreement. Subject to applicable Laws, following surrender of any such Certificate (or affidavit of loss in lieu thereof) or Book-Entry Shares there shall be paid to the holder thereof, without interest and subject to any required Tax withholding, (i) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such shares of Parent Common Stock to which such holder is entitled pursuant to this Agreement and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such shares of Parent Common Stock.

SECTION 2.03 Equity Awards. At or prior to the Effective Time, the Company shall take such actions as are necessary (including obtaining any resolutions of the Company Board or, if appropriate, any committee thereof administering the Company Stock Plan) to effect the following:

(a) Company Restricted Share Units. Immediately prior to the Effective Time, each Company Restricted Share Unit that is outstanding and unvested immediately prior to the Effective Time shall be cancelled as of the Effective Time and converted into a vested right to receive cash in an amount equal to (i) the Cash Consideration, plus (ii) the amount in cash, without interest, rounded to the nearest cent, equal to the (A) the Average Parent Stock Price multiplied by (B) the Exchange Ratio, plus (iii) the amount of any dividend equivalents associated with such Company Restricted Share Unit as of the Effective Time, subject to any withholding Taxes required by Law to be withheld in accordance with Section 2.02(g). In each case, payment with respect to any Company Restricted Share Units shall be made within five (5) Business Days after the Closing Date.

(b) Company Performance Units. Immediately prior to the Effective Time, each Company Performance Unit that is outstanding and unvested immediately prior to the Effective Time shall be cancelled as of the Effective Time and converted into a vested right to receive cash in an amount equal to (i) the Cash Consideration, plus (ii) the amount in cash, without interest, rounded to the nearest cent, equal to the (A) the Average Parent Stock Price multiplied by (B) the Exchange Ratio, plus (iii) the amount of any dividend equivalents associated with such Company Performance Unit as of the Effective Time, with the number of vested Company Performance Units to be the greater of the target award or the number determined in accordance with the performance criteria provided in the applicable award agreement, subject to any withholding Taxes required by Law to be withheld in accordance with Section 2.02(g). In each case, payment with respect to any Company Performance Units shall be made within five (5) Business Days after the Closing Date.

(c) Other Equity-Based Rights. Immediately prior to the Effective Time, each contractual right to receive a share of Company Common Stock or the value of such a share other than Company Restricted Share Units and Company Performance Units (each, an “Other Equity-Based Right”) granted pursuant to any Company Benefit Plan that is outstanding immediately prior to the Effective Time, shall, without any action on the part of the holder thereof, vest in full, and all restrictions (including forfeiture restrictions or repurchase rights) otherwise applicable to such Other Equity-Based Right shall lapse, and each Other Equity-Based Right shall be cancelled as of the Effective Time and converted into a vested right to receive cash in an amount equal to (i) the Cash Consideration, plus (ii) the amount in cash, without interest, rounded to the nearest cent, equal to the (A) the Average Parent Stock Price multiplied by (B) the Exchange Ratio, plus (iii) the amount of any dividend equivalents associated with such Other Equity-Based Right as of the Effective Time, subject to any withholding Taxes required by Law to be withheld in accordance with Section 2.02(g). In each case, payment with respect to any Other Equity-Based Rights shall be made within five (5) Business Days after the Closing Date; provided, however, that in the case of any Other Equity-Based Rights that constitute deferred compensation within the meaning of Section 409A of the Code, payment shall occur on the date that it would otherwise occur under the applicable Company Benefit Plan or election form absent the application of this Section 2.03(c) to the extent necessary to avoid the imposition of any penalty or other taxes under Section 409A of the Code.

(d) Termination of Company Stock Plan. After the Effective Time, the Company Stock Plan shall be terminated and no further Company Restricted Share Units or Company Performance Units shall be granted thereunder.

SECTION 2.04 Appraisal Rights.

(a) Notwithstanding anything to the contrary contained in this Agreement, any share of Company Common Stock that, as of the Effective Time, is held by a holder who is entitled to, and who has properly preserved, appraisal rights under Section 17-6712 of the KGCC with respect to such share (a “Dissenting Share”) will not be converted into or represent the right to receive the applicable Merger Consideration in accordance with Section 2.01 and Section 2.02, and the holder of such share will be entitled only to such rights as may be granted to such holder pursuant to Section 17-6712 of the KGCC with respect to such share; provided, however, that if such appraisal rights have not been perfected or the holder of such share has otherwise lost such holder’s appraisal rights with respect to such share, then, as of the later of the Effective Time or the time of the failure to perfect such rights or the loss of such rights, such share will automatically be converted into and will represent only the right to receive (upon the surrender of the Certificate representing such share or Book-Entry Share) the applicable Merger Consideration in accordance with Section 2.01 and Section 2.02.

(b) The Company will give Parent (i) prompt notice of any written demand for appraisal received by the Company prior to the Effective Time pursuant to Section 17-6712 of the KGCC and (ii) the opportunity to participate in all negotiations and proceedings with respect to any such demand.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except (a) as set forth in the Company Reports publicly available and filed with or furnished to the SEC prior to the date of this Agreement (excluding any disclosures of factors or risks contained or references therein under the captions “Risk Factors” or “Forward-Looking Statements” and any other statements that are predictive, cautionary or forward-looking in nature) or (b) subject to Section 9.04(k), as set forth in the corresponding section of the disclosure letter delivered by the Company to Parent concurrently with the execution and delivery by the Company of this Agreement (the “Company Disclosure Letter”), the Company represents and warrants to Parent and Merger Sub as follows:

SECTION 3.01 Organization, Standing and Power. Each of the Company and the Subsidiaries of the Company (the “Company Subsidiaries”) is duly organized, validly existing and in active status or good standing, as applicable, under the laws of the jurisdiction in which it is organized (in the case of active status or good standing, to the extent such jurisdiction recognizes such concept), except, in the case of the Company Subsidiaries, where the failure to be so organized, existing or in active status or good standing, as applicable, has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Each of the Company and the Company Subsidiaries has all requisite entity power and authority to enable it to own, operate, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, except where the failure to have such power or authority would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Each of the Company and the Company Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership, operation or leasing of its properties make such qualification necessary, except in any such jurisdiction where the failure to be so qualified or licensed would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company has made available to Parent true and complete copies of the amended and restated articles of incorporation of the Company in effect as of the date of this Agreement (the “Company Articles”) and the bylaws of the Company in effect as of the date of this Agreement (the “Company Bylaws”).

SECTION 3.02 Company Subsidiaries. All the outstanding shares of capital stock, voting securities of, and other equity interests in, each Company Subsidiary have been validly issued and are fully paid and nonassessable and are owned by the Company, by another Company Subsidiary or by the Company and another Company Subsidiary, free and clear of (a) all pledges, liens, charges, mortgages, encumbrances and security interests of any kind or nature whatsoever (collectively, “Liens”) and (b) any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except, in the case of the foregoing clauses (a) and (b), as imposed by this Agreement, the Organizational Documents of the Company Subsidiaries or applicable securities Laws. Section 3.02 of the Company Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of the Company Subsidiaries. The Company has made available to Parent true and complete copies of the articles of incorporation and bylaws (or equivalent Organizational Documents) of each Company Subsidiary in effect as of the date of this

Agreement. Neither the Company nor any Company Subsidiary owns any shares of capital stock or voting securities of, or other equity interests in, any Person other than the Company Subsidiaries.

SECTION 3.03 Capital Structure.

(a) The authorized capital stock of the Company consists of 285,600,000 shares of which 275,000,000 shares is Company Common Stock of the par value of \$5.00 each, 4,000,000 shares is preference stock without par value, 600,000 shares is preferred stock of the par value of \$100 each and 6,000,000 shares is preferred stock without par value (collectively, the preference and preferred stock are the “Preferred Stock”). At the close of business on May 27, 2016, (i) 141,686,679 shares of Company Common Stock were issued and outstanding, (ii) no shares of Preferred Stock were issued and outstanding, (iii) no shares of Company Common Stock were held by the Company in its treasury, (iv) Company Restricted Share Units with respect to an aggregate of 311,431 shares of Company Common Stock were issued and outstanding, (v) Company Performance Units with respect to an aggregate of 299,938 shares of Company Common Stock based on achievement of applicable performance criteria at target level were issued and outstanding and (vi) Other Equity-Based Rights with respect to an aggregate 348,926 shares of Company Common Stock were issued and outstanding. At the close of business on May 27, 2016, an aggregate of 4,996,046 shares of Company Common Stock were available for issuance pursuant to the Company Benefit Plans.

(b) All outstanding shares of Company Common Stock are, and all shares of Company Common Stock that may be issued upon the settlement of Company Restricted Share Units, Company Performance Units and Other Equity-Based Rights will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any preemptive or similar right. Except as set forth in this Section 3.03 or as set forth in Section 3.03 or Section 5.01(a)(v) of the Company Disclosure Letter, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary or (ii) any warrants, calls, options or other rights to acquire from the Company or any Company Subsidiary, or any other obligation of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary (the foregoing clauses (i) and (ii), collectively, “Equity Securities”). Except pursuant to the Company Stock Plan, there are not any outstanding obligations of the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any Equity Securities. There is no outstanding Indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of the Company may vote (“Company Voting Debt”). No Company Subsidiary owns any shares of Company Common Stock. Neither the Company nor any of the Company Subsidiaries is a party to any voting agreement with

respect to the voting of any capital stock or voting securities of, or other equity interests in, the Company.

SECTION 3.04 Authority; Execution and Delivery; Enforceability. The Company has all requisite corporate power and authority to execute and deliver this Agreement, to perform its covenants and agreements hereunder and to consummate the transactions contemplated hereby, including the Merger, subject, in the case of the Merger, to the receipt of the Company Shareholder Approval. The Company Board has adopted resolutions, at a meeting duly called at which a quorum of directors of the Company was present, (a) determining that it is in the best interests of the Company and its shareholders, and declaring it advisable, for the Company to enter into this Agreement, (b) adopting this Agreement and approving the Company's execution, delivery and performance of this Agreement and the consummation of the transactions contemplated thereby and (c) resolving to recommend that the Company's shareholders approve this Agreement (the "Company Board Recommendation") and directing that this Agreement be submitted to the Company's shareholders for approval at a duly held meeting of such shareholders for such purpose (the "Company Shareholders Meeting"). Such resolutions have not been amended or withdrawn as of the date of this Agreement. Except for (i) the approval of this Agreement by the affirmative vote of the holders of a majority of all of the outstanding shares of Company Common Stock entitled to vote at the Company Shareholders Meeting (the "Company Shareholder Approval") and (ii) the filing of the Articles of Merger as required by the KGCC, no other vote or corporate proceedings on the part of the Company or its shareholders are necessary to authorize, adopt or approve this Agreement or to consummate the transactions contemplated hereby, including the Merger. The Company has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Parent and Merger Sub, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject in all respects to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law) (the "Bankruptcy and Equity Exceptions").

SECTION 3.05 No Conflicts; Consents.

(a) The execution and delivery by the Company of this Agreement does not, and the performance by the Company of its covenants and agreements hereunder and the consummation of the transactions contemplated hereby, including the Merger, will not, (i) subject to obtaining the Company Shareholder Approval, conflict with, or result in any violation of any provision of, the Company Articles, the Company Bylaws or the Organizational Documents of any Company Subsidiary, (ii) subject to obtaining the Consents set forth in Section 3.05(a)(ii) of the Company Disclosure Letter (the "Company Required Consents"), conflict with, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of a material benefit under, or result in the creation of a Lien upon any of the respective properties or assets of the Company or any Company Subsidiary pursuant to, any Contract to which the Company or any Company Subsidiary is a party or by which any of their respective properties or assets are bound or any Permit applicable to the business of the Company and the Company Subsidiaries or (iii) subject to obtaining the Company Shareholder

Approval and the Consents referred to in Section 3.05(b) and making the Filings referred to in Section 3.05(b), conflict with, or result in any violation of any provision of, any Judgment or Law, in each case, applicable to the Company or any Company Subsidiary or their respective properties or assets, except for, in the case of the foregoing clauses (ii) and (iii), any matter that would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect and would not prevent or materially impede, interfere with or delay the consummation of the transactions contemplated hereby, including the Merger.

(b) No consent, waiver or Permit (“Consent”) of or from, or registration, declaration, notice, submission or filing (“Filing”) made to or with, any Governmental Entity is required to be obtained or made by the Company, any Company Subsidiary or any other Affiliate of the Company in connection with the Company’s execution and delivery of this Agreement or its performance of its covenants and agreements hereunder or the consummation of the transactions contemplated hereby, including the Merger, except for the following:

(i) (1) the filing with the Securities and Exchange Commission (the “SEC”), in preliminary and definitive form, of the Proxy Statement/Prospectus and (2) the filing with the SEC of such reports under, and such other compliance with, the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or the Securities Act of 1933, as amended (the “Securities Act”), and rules and regulations of the SEC promulgated thereunder, as may be required in connection with this Agreement or the Merger;

(ii) compliance with, Filings under and the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the “HSR Act”) and such other Consents or Filings as are required to be obtained or made under any other Antitrust Law;

(iii) the filing of the Articles of Merger with the Secretary of State of the State of Kansas and appropriate documents with the relevant authorities of the other jurisdictions in which Parent and the Company are qualified to do business;

(iv) (1) Filing with, and the Consent of, the Federal Energy Regulatory Commission (the “FERC”) under Section 203 of the Federal Power Act (the “FPA”), (2) Filings with, and the Consent of, the U.S. Nuclear Regulatory Commission (the “NRC”), (3) Filings with, and the Consent of, the Kansas Corporation Commission (the “KCC”) and (4) Filings and Consents set forth in Section 3.05(b)(iv) of the Company Disclosure Letter (the Consents and Filings set forth in Section 3.05(b)(ii) and this Section 3.05(b)(iv), collectively, the “Company Required Statutory Approvals”);

(v) the Company Required Consents;

(vi) Filings and Consents as are required to be made or obtained under state or federal property transfer Laws or Environmental Laws; and

(vii) such other Filings or Consents the failure of which to make or obtain would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect and would not prevent or materially impede, interfere with or delay the consummation of the Merger.

SECTION 3.06 Company Reports; Financial Statements.

(a) The Company has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by the Company with the SEC since January 1, 2014 (such documents, together with all exhibits, financial statements, including the Company Financial Statements, and schedules thereto and all information incorporated therein by reference, but excluding the Proxy Statement/Prospectus, being collectively referred to as the “Company Reports”). Each Company Report (i) at the time furnished or filed, complied in all material respects with the applicable requirements of the Exchange Act, the Securities Act or the Sarbanes-Oxley Act of 2002 (including the rules and regulations promulgated thereunder), as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company Report and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of the Company included in the Company Reports (the “Company Financial Statements”) complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with United States generally accepted accounting principles (“GAAP”) (except, in the case of unaudited quarterly financial statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods and as of the dates involved (except as may be indicated in the notes thereto) and fairly presents in all material respects, in accordance with GAAP, the consolidated financial position of the Company and the Company’s consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited quarterly financial statements, to normal year-end audit adjustments).

(b) Neither the Company nor any Company Subsidiary has any liability of any nature that is required by GAAP to be set forth on a consolidated balance sheet of the Company and the Company Subsidiaries, except liabilities (i) reflected or reserved against in the most recent balance sheet (including the notes thereto) of the Company and the Company Subsidiaries included in the Company Reports filed prior to the date hereof, (ii) incurred in the ordinary course of business after March 31, 2016, (iii) incurred in connection with the Merger or any other transaction or agreement contemplated by this

Agreement or (iv) that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) The Company maintains a system of “internal control over financial reporting” (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. The Company maintains “disclosure controls and procedures” required by Rule 13a-15 or 15d-15 under the Exchange Act that are effective in all material respects to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis to the individuals responsible for the preparation of the Company’s filings with the SEC and other public disclosure documents. The Company has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Company’s outside auditors and the audit committee of the Company Board (1) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information and (2) any fraud, known to the Company, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls over financial reporting.

SECTION 3.07 Absence of Certain Changes or Events.

(a) From December 31, 2015 to the date of this Agreement, each of the Company and the Company Subsidiaries has conducted its respective business in the ordinary course of business in all material respects.

(b) From December 31, 2015 to the date of this Agreement, there has not occurred any fact, circumstance, effect, change, event or development that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

SECTION 3.08 Taxes.

(a) (1) Each of the Company and Company Subsidiaries has timely filed, taking into account all valid extensions, all material Tax Returns required to have been filed and such Tax Returns are accurate and complete in all material respects and (2) all material Taxes have been timely paid in full (whether or not shown or required to be shown as due on any Tax Return);

(b) each of the Company and Company Subsidiaries has withheld and timely remitted to the appropriate Governmental Entity all material Taxes required to be withheld from amounts owing to any employee, creditor or third party;

(c) (1) no audit, examination, investigation or other proceeding is pending with any Governmental Entity with respect to any material amount of unpaid Taxes

asserted against the Company or any Company Subsidiary; and neither the Company nor any Company Subsidiary has received written notice of any threatened audit, examination, investigation or other proceeding from any Governmental Entity for any material amount of unpaid Taxes asserted against the Company or any Company Subsidiary, which have not been fully paid or settled, and (2) neither the Company nor any Company Subsidiary has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any material Tax which has not yet expired (excluding extensions of time to file Tax Returns obtained in the ordinary course);

(d) (1) neither the Company nor any Company Subsidiary had any liabilities for material unpaid Taxes as of the date of the latest balance sheet included in the Company Financial Statements that had not been accrued or reserved on such balance sheet in accordance with GAAP and (2) neither the Company nor any Company Subsidiary has incurred any material liability for Taxes since the date of the latest balance sheet included in the Company Financial Statements except in the ordinary course of business;

(e) neither the Company nor any Company Subsidiary has any liability for material Taxes of any Person (except for the Company or any Company Subsidiary) arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or foreign Law, as a transferee or successor or by contract;

(f) neither the Company nor any Company Subsidiary is a party to or is otherwise bound by any Tax sharing, allocation or indemnification agreement or arrangement, except for such an agreement or arrangement (1) exclusively between or among the Company and Company Subsidiaries, (2) with customers, vendors, lessors or other third parties entered into in the ordinary course of business and not primarily related to Taxes or (3) that as of the Closing Date will be terminated without any further payments being required to be made;

(g) within the past three (3) years, neither the Company nor any Company Subsidiary has been a “distributing corporation” or a “controlled corporation” in a distribution intended to qualify for tax-free treatment under Section 355 of the Code;

(h) neither the Company nor any Company Subsidiary has participated in any “listed transaction” as defined in Treasury Regulations Section 1.6011-4(b)(2) or Treasury Regulations Section 301.6111-2(b) in any Tax year for which the statute of limitations has not expired;

(i) there are no Liens on any of the assets of the Company or any of its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any material Tax (excluding Taxes that are being contested in good faith for which adequate reserves have been provided in accordance with GAAP); and

(j) neither the Company nor any Company Subsidiary has any Tax rulings, requests for rulings, closing agreements or other similar agreements in effect or filed with any Governmental Entity.

(k) Except to the extent Section 3.09 relates to Taxes, the representations and warranties contained in this Section 3.08 are the sole and exclusive representations and warranties of the Company relating to Taxes, and no other representation or warranty of the Company contained herein shall be construed to relate to Taxes.

SECTION 3.09 Employee Benefits.

(a) Section 3.09(a) of the Company Disclosure Letter sets forth a complete and accurate list, as of the date of this Agreement, of each material Company Benefit Plan and each material Company Benefit Agreement.

(b) With respect to each material Company Benefit Plan and material Company Benefit Agreement, the Company has made available to Parent, to the extent applicable, complete and accurate copies of (i) the plan document (or, if such arrangement is not in writing, a written description of the material terms thereof), including any amendment thereto and any summary plan description thereof, (ii) each trust, insurance, annuity or other funding Contract related thereto, (iii) the two (2) most recent audited financial statement and actuarial or other valuation report prepared with respect thereto, (iv) the two (2) most recent annual report on Form 5500 required to be filed with the Internal Revenue Service (the “IRS”) with respect thereto and (v) the most recently received IRS determination letter or, if applicable, current IRS opinion or advisory letter (as to qualified plan status). No Company Benefit Plan or Company Benefit Agreement is maintained outside the jurisdiction of the United States, or covers any Company Personnel residing or working outside of the United States.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, (i) each Company Benefit Plan and each Company Benefit Agreement has been maintained in compliance with its terms and with the requirements prescribed by ERISA, the Code and all other applicable Laws, (ii) there are no pending or, to the Knowledge of the Company, threatened proceedings or claims against any Company Benefit Plan or Company Benefit Agreement or any fiduciary thereof, or the Company or any Company Subsidiary with respect to any Company Benefit Plan or Company Benefit Agreement and (iii) all contributions, reimbursements, premium payments and other payments required to be made by the Company or any Company Commonly Controlled Entity to any Company Benefit Plan have been made on or before their applicable due dates. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any Company Commonly Controlled Entity has engaged in, and to the Knowledge of the Company, there has not been, any non-exempt transaction prohibited by ERISA or by Section 4975 of the Code with respect to any Company Benefit Plan or Company Benefit Agreement or their related trusts that would reasonably be expected to result in a liability of the Company or a Company Commonly Controlled Entity. Except as has not had and would

not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, no Company Benefit Plan or Company Benefit Agreement is under audit or is the subject of an administrative proceeding by the IRS, the Department of Labor, or any other Governmental Entity, nor is any such audit or other administrative proceeding, to the Knowledge of the Company, threatened.

(d) Section 3.09(d) of the Company Disclosure Letter sets forth each Company Benefit Plan and Company Benefit Agreement that is subject to Section 302 or Title IV of ERISA or Section 412, 430 or 4971 of the Code. No Company Benefit Plan or Company Benefit Agreement is a multiemployer plan, as defined in Section 3(37) of ERISA, and neither the Company nor any Company Commonly Controlled Entity has contributed to or been obligated to contribute to any such plan within the six years preceding this Agreement. Except for matters that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any Company Commonly Controlled Entity has incurred any Controlled Group Liability (as defined below) that has not been satisfied in full nor do any circumstances exist that could reasonably be expected to give rise to any Controlled Group Liability (except for the payment of premiums to the Pension Benefit Guaranty Corporation). For the purposes of this Agreement, “Controlled Group Liability” means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412, 430 and 4971 of the Code or (iv) as a result of the failure to comply with the continuation of coverage requirements of Section 601 *et seq.* of ERISA and Section 4980B of the Code.

(e) Each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and such plan has received a currently effective favorable determination letter or, if applicable, current opinion or advisory letter to that effect from the IRS and, to the Knowledge of the Company, there is no reason why any such determination letter should be revoked.

(f) Except for any liabilities of the Company that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any Company Subsidiary has any liability for providing health, medical or other welfare benefits after retirement or other termination of employment, except for coverage or benefits required to be provided under Section 4980(B)(f) of the Code or applicable Law.

(g) Except as expressly provided in Sections 2.03(a), 2.03(b) and 2.03(c) of this Agreement, none of the execution and delivery of this Agreement, the performance by either party of its covenants and agreements hereunder or the consummation of the Merger (alone or in conjunction with any other event, including any termination of employment before, on or following the Effective Time) will (i) entitle any Company Personnel to any material compensation or benefit, (ii) accelerate the time of payment or vesting, or trigger any payment or funding, of any material compensation or benefit or trigger any other material obligation under any Company Benefit Plan or Company Benefit Agreement or (iii) will result in any payment that could, individually or in

combination with any other such payment, not be deductible under Section 280G of the Code.

(h) The representations and warranties contained in this Section 3.09 are the sole and exclusive representations and warranties of the Company relating to Company Benefit Plans or Company Benefit Agreements (including their compliance with any applicable Law) or ERISA, and no other representation or warranty of the Company contained herein shall be construed to relate to Company Benefit Plans or Company Benefit Agreements (including their compliance with any applicable Law) or ERISA.

SECTION 3.10 Labor and Employment Matters. Except for the Company Union Contracts, neither the Company nor any Company Subsidiary is party to any collective bargaining agreement or similar labor union Contract with respect to any of their respective employees. Except for employees covered by a Company Union Contract, no employees of the Company or any Company Subsidiary are represented by any other labor union with respect to their employment for the Company or any Company Subsidiary. To the Knowledge of the Company, except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) there are no labor union representation or certification proceedings with respect to employees of the Company or any Company Subsidiary pending or threatened in writing to be brought or filed with the National Labor Relations Board, and (b) there are no labor union organizing activities, with respect to employees of the Company or any Company Subsidiary. From January 1, 2015 until the date of this Agreement, except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, there have been no labor union strikes, slowdowns, work stoppages or lockouts or other material labor disputes pending or threatened in writing against or affecting the Company or any Company Subsidiary. Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2014, the Company and each Company Subsidiary has complied and is in compliance with all applicable Laws pertaining to employment or labor matters and has not engaged in any action that will require any notifications under the Workers Adjustment and Retraining Notification Act and comparable local, state, and federal Laws (“WARN”). Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, there are no Claims or investigations pending or, to the Knowledge of the Company, threatened by or on behalf of any employee of the Company or any Company Subsidiary alleging violations of Laws pertaining to employment or labor matters.

SECTION 3.11 Litigation. There is no Claim before any Governmental Entity pending or, to the Knowledge of the Company, threatened against the Company or any Company Subsidiary that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. There is no Judgment outstanding against or, to the Knowledge of the Company, investigation by any Governmental Entity of the Company or any Company Subsidiary or any of their respective properties or assets that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. This Section 3.11 does not relate to Taxes; Company Benefit Plans or Company Benefit Agreements (including their compliance with any applicable Law) or ERISA; Environmental Permits, Environmental Laws, Environmental Claims, Releases, Hazardous Materials or other

environmental matters; or Intellectual Property, which are addressed in Sections 3.08, 3.09, 3.14 and 3.17, respectively.

SECTION 3.12 Compliance with Applicable Laws; Permits. Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) the Company and the Company Subsidiaries are in compliance with all applicable Laws (including Anti-Corruption Laws) and all material Permits applicable to the business and operations of the Company and the Company Subsidiaries, and (b) the Company and each Company Subsidiary hold, and are in compliance with, all Permits required by Law for the conduct of their respective businesses as they are now being conducted. None of the Company, the Company Subsidiaries or, to the Knowledge of the Company, their respective directors, officers, employees, agents or representatives: (i) is a Designated Person, (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of the Company or the Company Subsidiaries, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in material violation of Sanctions. This Section 3.12 does not relate to Taxes; Company Benefit Plans or Company Benefit Agreements (including their compliance with any applicable Law) or ERISA; Environmental Permits, Environmental Laws, Environmental Claims, Releases, Hazardous Materials or other environmental matters; or Intellectual Property, which are addressed in Sections 3.08, 3.09, 3.14 and 3.17, respectively.

SECTION 3.13 Takeover Statutes. Assuming that the representations and warranties of Parent and Merger Sub contained in Section 4.13 are true and correct, the Company has taken all necessary actions, if any, so that the transactions contemplated hereby, including the Merger, are not subject to any “fair price,” “moratorium,” “control share acquisition,” “interested shareholder,” “affiliated transaction,” “business combination” or any other antitakeover Law (each, a “Takeover Statute”) or any similar antitakeover provision in the Company Articles or Company Bylaws.

SECTION 3.14 Environmental Matters.

(a) Except for matters that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(i) the Company and the Company Subsidiaries are in compliance with all Environmental Laws, and, except for matters that have been fully resolved, as of the date of this Agreement, neither the Company nor any Company Subsidiary has received any written communication from a Governmental Entity or other Person that alleges that the Company or any Company Subsidiary is in violation of any Environmental Law or any Permit issued pursuant to Environmental Law (an “Environmental Permit”);

(ii) with respect to all Environmental Permits necessary to conduct the respective operations of the Company or the Company Subsidiaries as currently conducted, (1) the Company and each of the Company Subsidiaries have obtained and are in compliance with, or have filed timely applications for, all such

Environmental Permits, (2) all such Environmental Permits are valid and in good standing, (3) neither the Company nor any Company Subsidiary has received notice from any Governmental Entity seeking to modify, revoke or terminate, any such Environmental Permits and (4) no such Environmental Permits will be subject to modification, termination or revocation as a result of the transactions contemplated by this Agreement;

(iii) there are no Environmental Claims pending or, to the Knowledge of the Company, threatened in writing against the Company or any Company Subsidiary that have not been fully and finally resolved;

(iv) there are and have been no Releases of, or exposure to, any Hazardous Materials on, at, under or from any property currently or formerly owned, leased or operated by the Company or any Company Subsidiary, and there are no other facts, circumstances or conditions, that would reasonably be expected to form the basis of any Environmental Claim against the Company or any Company Subsidiary; and

(v) the Company and the Company Subsidiaries have not transported or arranged for the transportation of any Hazardous Materials generated by the Company or any Company Subsidiary to any location which is listed on the National Priorities List under CERCLA, or on any similar state list, or which is the subject of federal, state or local enforcement actions or other investigations that would reasonably be expected to form the basis of any Environmental Claim against the Company or any Company Subsidiary.

(b) The representations and warranties contained in this Section 3.14 are the sole and exclusive representations and warranties of the Company relating to Environmental Permits, Environmental Laws, Environmental Claims, Releases, Hazardous Materials or other environmental matters, and no other representation or warranty of the Company contained herein shall be construed to relate to Environmental Permits, Environmental Laws, Environmental Claims, Releases, Hazardous Materials or other environmental matters.

SECTION 3.15 Contracts.

(a) Except for this Agreement, Company Benefit Plans and Company Benefit Agreements, as of the date of this Agreement, neither the Company nor any Company Subsidiary is a party to any Contract required to be filed by the Company as a “material contract” pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act (a “Filed Company Contract”) that has not been so filed.

(b) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each Filed Company Contract is a valid, binding and legally enforceable obligation of the Company or one of the Company Subsidiaries, as the case may be, and, to the Knowledge of the Company, of the other parties thereto, subject in all respects to the Bankruptcy and

Equity Exceptions, (ii) each such Filed Company Contract is in full force and effect and (iii) none of the Company or any Company Subsidiary is (with or without notice or lapse of time, or both) in breach or default under any such Filed Company Contract and, to the Knowledge of the Company, no other party to any such Filed Company Contract is (with or without notice or lapse of time, or both) in breach or default thereunder.

SECTION 3.16 Real Property. Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company and the Company Subsidiaries has either good fee title or valid leasehold, easement or other real property rights, to the land, buildings, wires, pipes, structures and other improvements thereon and fixtures thereto necessary to permit it to conduct its business as currently conducted. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect and except as may be limited by the Bankruptcy and Equity Exceptions, (a) all leases, easements or other agreements under which the Company or any Company Subsidiary lease, access, use or occupy real property necessary to permit it to conduct its business as currently conducted are valid, binding and in full force and effect against the Company or the Company Subsidiaries and, to the Knowledge of the Company, the counterparties thereto, in accordance with their respective terms, and (b) none of the Company, the Company Subsidiaries or, to the Knowledge of the Company, the counterparties thereto are in default under any of such leases, easements or other agreements described in the foregoing clause (a). This Section 3.16 does not relate to Environmental Permits, Environmental Laws, Environmental Claims, Releases, Hazardous Materials or other environmental matters; or Intellectual Property, which are addressed in Section 3.14 and Section 3.17, respectively.

SECTION 3.17 Intellectual Property.

(a) Except as would not have or would not be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect, to the Knowledge of the Company, (i) the Company and the Company Subsidiaries have the right to use all material Intellectual Property used in their business as presently conducted and such conduct does not infringe or otherwise violate any Person's Intellectual Property, (ii) there is no Claim of such infringement or other violation pending or, to the Knowledge of the Company, threatened in writing against the Company, (iii) no Person is infringing or otherwise violating any Intellectual Property owned by the Company and the Company Subsidiaries, and (iv) no Claims of such infringement or other violation are pending or, to the Knowledge of the Company, threatened in writing against any Person by the Company.

(b) The representations and warranties contained in this Section 3.17 are the sole and exclusive representations and warranties of the Company relating to Intellectual Property, and no other representation or warranty of the Company contained herein shall be construed to relate to Intellectual Property.

SECTION 3.18 Insurance. As of the date hereof, except as would not have or would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect, all material fire and casualty, general liability, director and officer, business interruption, product liability, and sprinkler and water damage insurance policies maintained by

the Company or any Company Subsidiary ("Insurance Policies") are in full force and effect and all premiums due with respect to all Insurance Policies have been paid.

SECTION 3.19 Regulatory Status.

(a) The Company is a "holding company" under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). Except for the Utility Subsidiaries, none of the Company or the Company Subsidiaries is regulated as a public utility under the FPA or as a public utility under applicable Law of the State of Kansas or is subject to such regulation by any other state.

(b) All Filings (except for immaterial Filings) required to be made by the Company or any Company Subsidiary since January 1, 2016, with the FERC and the KCC, as the case may be, have been made, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs and related documents, and all such Filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations promulgated thereunder, except for Filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations promulgated thereunder, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

SECTION 3.20 Brokers' Fees and Expenses. Except for any Company Financial Advisor, the fees and expenses of which will be paid by the Company, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement, including the Merger, based upon arrangements made by or on behalf of the Company.

SECTION 3.21 Opinion of Financial Advisor. The Company Board has received an opinion of the Company Financial Advisor to the effect that, as of the date of such opinion and based upon and subject to the various matters, limitations, qualifications and assumptions set forth therein, the Merger Consideration is fair, from a financial point of view, to the holders of shares of Company Common Stock (other than shares owned by the Company as treasury stock, shares that are owned by a wholly owned Subsidiary of the Company, or shares that are owned directly or indirectly by Parent or Merger Sub).

SECTION 3.22 No Additional Representations. Except for the representations and warranties expressly set forth in Article IV (as modified by the Parent Disclosure Letter) and in any certificate delivered by Parent to the Company in accordance with the terms hereof, the Company specifically acknowledges and agrees that neither Parent nor any of its Affiliates, Representatives or shareholders or any other Person makes, or has made, any other express or implied representation or warranty whatsoever (whether at law (including at common law or by statute) or in equity). Except for the representations and warranties expressly set forth in this Article III (as modified by the Company Disclosure Letter) and in any certificate delivered by the Company to Parent in accordance with the terms hereof, the Company hereby expressly

disclaims and negates (a) any other express or implied representation or warranty whatsoever (whether at law (including at common law or by statute) or in equity), including with respect to (i) the Company or the Company Subsidiaries or any of the Company's or the Company Subsidiaries' respective businesses, assets, employees, Permits, liabilities, operations, prospects or condition (financial or otherwise) or (ii) any opinion, projection, forecast, statement, budget, estimate, advice or other information with respect to the projections, budgets or estimates of future revenues, results of operations (or any component thereof), cash flows, financial condition (or any component thereof) or the future business and operations of the Company or the Company Subsidiaries, as well as any other business plan and cost-related plan information of the Company or the Company Subsidiaries, made, communicated or furnished (orally or in writing), or to be made, communicated or furnished (orally or in writing), to Parent, its Affiliates or its Representatives, in each case, whether made by the Company or any of its Affiliates, Representatives or shareholders or any other Person (this clause (ii), collectively, "Company Projections") and (b) all liability and responsibility for any such other representation or warranty or any such Company Projection.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except (a) as set forth in the Parent Reports publicly available and filed with or furnished to the SEC prior to the date of this Agreement (excluding any disclosures of factors or risks contained or references therein under the captions "Risk Factors" or "Forward-Looking Statements" and any other statements that are predictive, cautionary or forward-looking in nature) or (b) subject to Section 9.04(k), as set forth in the corresponding section of the disclosure letter delivered by Parent to the Company concurrently with the execution and delivery by Parent and Merger Sub of this Agreement (the "Parent Disclosure Letter"), Parent and Merger Sub represent and warrant to the Company as follows:

SECTION 4.01 Organization, Standing and Power. Each of Parent, Parent's Subsidiaries ("Parent Subsidiaries") and Merger Sub is duly organized, validly existing and in active status or good standing, as applicable, under the laws of the jurisdiction in which it is organized (in the case of active status or good standing, to the extent such jurisdiction recognizes such concept), except, in the case of Parent Subsidiaries, where the failure to be so organized, existing or in active status or good standing, as applicable, has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Each of Parent, Parent Subsidiaries and Merger Sub has all requisite entity power and authority to enable it to own, operate, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, except where the failure to have such power or authority would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Each of Parent, Parent Subsidiaries and Merger Sub is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership, operation or leasing of its properties make such qualification necessary, except in any such jurisdiction where the failure to be so qualified or licensed would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.02 Parent Subsidiaries. All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Parent Subsidiary have been validly issued and are fully paid and nonassessable and are owned by Parent, by another Parent Subsidiary or by Parent and another Parent Subsidiary, free and clear of (a) all Liens and (b) any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except, in the case of the foregoing clauses (a) and (b), as imposed by this Agreement, the Organizational Documents of the Parent Subsidiaries or applicable securities Laws. Section 4.02 of the Parent Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of the Parent Subsidiaries. Parent has made available to the Company true and complete copies of the articles of incorporation and bylaws (or equivalent Organizational Documents) of each Parent Subsidiary in effect as of the date of this Agreement. Except as set forth in Section 4.02 of the Parent Disclosure Letter, neither Parent nor any Parent Subsidiary owns any shares of capital stock or voting securities of, or other equity interests in, any Person other than the Parent Subsidiaries.

SECTION 4.03 Capital Structure.

(a) As of the date hereof, the authorized capital stock of Parent consists of (i) 390,000 shares of \$100.00 par value cumulative preferred stock (“Parent Preferred Par Value Stock”), (ii) 1,572,000 shares of cumulative preferred stock without par value (“Parent Preferred No Par Stock”), (iii) 11,000,000 shares of preference stock without par value (“Parent Preference Stock”) and (iv) 250,000,000 shares of Parent Common Stock. At the close of business on May 26, 2016, (A) 390,000 shares of Parent Preferred Par Value Stock were issued and outstanding, (B) no shares of Parent Preferred No Par Stock were issued and outstanding, (C) no shares of Parent Preference Stock were issued and outstanding, (D) 154,721,791 shares of Parent Common Stock were issued and outstanding, (E) 130,893 shares of Parent Common Stock were held by Parent in its treasury, and (F) an aggregate of 1,370,304 shares of Parent Common Stock were issuable upon the conversion of Parent Deferred Share Units and the settlement of Parent Performance Share Awards (assuming full satisfaction of the applicable service conditions and maximum attainment of the applicable performance goals). At the close of business on March 31, 2016, an aggregate of 4,554,118 shares of Parent Common Stock were available for issuance pursuant to the Parent Benefit Plans.

(b) All outstanding shares of Parent Common Stock are, and all shares of Parent Common Stock that may be issued upon the conversion of Parent Deferred Share Units or the settlement of Parent Performance Share Awards, will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any preemptive or similar right. Except as set forth in this Section 4.03 or Section 4.03(b) of the Parent Disclosure Letter or pursuant to the terms of this Agreement, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of Parent or any Parent Subsidiary or any securities of Parent or any Parent Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary or (ii) any warrants, calls, options or other rights to acquire from Parent or any Parent Subsidiary, or any other obligation of

Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary (the foregoing clauses (i) and (ii), collectively, “Parent Equity Securities”). Except pursuant to the Parent Benefit Plans, there are not any outstanding obligations of Parent or any Parent Subsidiary to repurchase, redeem or otherwise acquire any Parent Equity Securities. There is no outstanding Indebtedness of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Parent may vote (“Parent Voting Debt”). No Parent Subsidiary owns any shares of Parent Common Stock. Neither Parent nor any of the Parent Subsidiaries is a party to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, Parent.

SECTION 4.04 Authority; Execution and Delivery; Enforceability. Each of Parent and Merger Sub has all requisite power and authority to execute and deliver this Agreement, to perform its covenants and agreements hereunder and to consummate the transactions contemplated hereby, including the Merger. The Parent Board has adopted resolutions (a) determining that it is in the best interests of Parent and its shareholders, and declaring it advisable, for Parent to enter into this Agreement, (b) adopting this Agreement and approving Parent’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, including the Merger and (c) resolving to recommend that Parent’s shareholders approve the Parent Articles of Incorporation Amendment and the issuance of shares of Parent Common Stock as part of the Merger Consideration to the extent required pursuant to Section 312.03 of the NYSE Listed Company Manual (the “Parent Board Recommendation”) and directing that the Parent Articles of Incorporation Amendment be submitted to Parent’s shareholders at a duly held meeting of such shareholders for such purpose (the “Parent Shareholders Meeting”). Such resolutions have not been amended or withdrawn as of the date of this Agreement. The board of directors of Merger Sub has adopted resolutions (i) determining that it is in the best interests of Merger Sub and its shareholder, and declaring it advisable, for Merger Sub to enter into this Agreement, (ii) adopting this Agreement and approving Merger Sub’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, including the Merger, and (iii) resolving to recommend that Parent, in its capacity as the sole shareholder of Merger Sub, adopt this Agreement. Parent has approved this Agreement by written consent in its capacity as the sole shareholder of Merger Sub. Such resolutions and written consent have not been amended or withdrawn as of the date of this Agreement. Except for (x) the approval of the Parent Articles of Incorporation Amendment by the affirmative vote of the holders of a majority of all of the outstanding shares of Parent Common Stock entitled to vote at the Parent Shareholders Meeting (the “Parent Charter Approval”) and (y) the affirmative vote of the holders of a majority of the shares of Parent Common Stock represented at the Parent Shareholders Meeting and entitled to vote thereon to the extent required pursuant to Section 312.03 of the NYSE Listed Company Manual (the “Parent Shareholder Approval”), no other vote or corporate proceedings on the part of Parent or Merger Sub are necessary to authorize, adopt or approve, as applicable, this Agreement or to consummate the Merger. Parent and Merger Sub have duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by the Company, this Agreement constitutes the legal, valid and binding obligation of each of Parent and Merger Sub, enforceable against it in accordance with its terms, subject in all respects to the Bankruptcy and Equity Exceptions.

SECTION 4.05 No Conflicts; Consents.

(a) The execution and delivery of this Agreement by Parent and Merger Sub does not, and the performance by each of Parent and Merger Sub of its covenants and agreements hereunder and the consummation of the transactions contemplated hereby, including the Merger, will not, (i) subject to obtaining the Parent Shareholder Approval, conflict with, or result in any violation of any provision of, the Organizational Documents of Parent or Merger Sub, (ii) subject to obtaining the Consents set forth in Section 4.05(a)(ii) of the Parent Disclosure Letter (the “Parent Required Consents” and, together with the Company Required Consents, the “Required Consents”), conflict with, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of a material benefit under, or result in the creation of a Lien upon any of the respective properties or assets of Parent, any Parent Subsidiary or Merger Sub pursuant to, any Contract to which Parent, any Parent Subsidiary or Merger Sub is a party or by which any of their respective properties or assets is bound or any Permit applicable to the business of Parent, any Parent Subsidiary or Merger Sub or (iii) subject to obtaining the Parent Shareholder Approval and the Consents referred to in Section 4.05(b) and making the Filings referred to in Section 4.05(b), conflict with, or result in any violation of any provision of, any Judgment or Law, in each case, applicable to Parent, any Parent Subsidiary or Merger Sub or their respective properties or assets, except for, in the case of the foregoing clauses (ii) and (iii), any matter that would not have or would not be reasonably expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) No Consent of or from, or Filing made to or with, any Governmental Entity, is required to be obtained or made by Parent, any Parent Subsidiary or any other Affiliate of Parent in connection with Parent’s and Merger Sub’s execution and delivery of this Agreement or their performance of their covenants and agreements hereunder or the consummation of the transactions contemplated hereby, including the Merger, except for the following:

(i) (1) the filings with the SEC, in preliminary and definitive form, of the Proxy Statement/Prospectus and (2) the filing with the SEC of such reports under, and such other compliance with, the Exchange Act, or the Securities Act, and rules and regulations of the SEC promulgated thereunder, as may be required in connection with this Agreement or the Merger;

(ii) compliance with, Filings under and the expiration or termination of any applicable waiting period under the HSR Act, and such other Consents or Filings as are required to be made or obtained under any other Antitrust Law;

(iii) (1) Filing with, and the Consent of, the FERC under Section 203 of the FPA, (2) Filings with, and the Consent of, the NRC, (3) Filings with, and the Consent of, the KCC and (4) the Filings and Consents set forth in Section 4.05(b)(iii) of the Parent Disclosure Letter (the Consents and Filings set forth in Section 4.05(b)(ii) and this Section 4.05(b)(iii), collectively, the “Parent Required

Statutory Approvals” and, together with the Company Required Statutory Approvals, the “Required Statutory Approvals”);

(iv) the Parent Required Consents;

(v) the filing of the Articles of Merger with the Secretary of State of the State of Kansas and appropriate documents with the relevant authorities of the other jurisdictions in which Parent and the Company are qualified to do business;

(vi) compliance with and filings required under (1) the rules and regulations of the NYSE and (2) applicable state securities, “blue sky” or takeover Laws and applicable foreign securities Laws;

(vii) Filings and Consents as are required to be made or obtained under state or federal property transfer Laws or Environmental Laws; and

(viii) such other Filings and Consents the failure of which to make or obtain would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.06 Parent Reports; Financial Statements.

(a) Parent has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by Parent or Parent Utility Sub with the SEC since January 1, 2014 (such documents, together with all exhibits, financial statements, including the Parent Financial Statements, and schedules thereto and all information incorporated therein by reference, but excluding the Proxy Statement/Prospectus, being collectively referred to as the “Parent Reports”). Each Parent Report (i) at the time furnished or filed, complied in all material respects with the applicable requirements of the Exchange Act, the Securities Act or the Sarbanes-Oxley Act of 2002 (including the rules and regulations promulgated thereunder), as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent Report and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of Parent included in the Parent Reports (the “Parent Financial Statements”) complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP (except, in the case of unaudited quarterly financial statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods and as of the dates involved (except as may be indicated in the notes thereto) and fairly presents in all material respects, in accordance with GAAP, the consolidated financial position of Parent and Parent’s consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in

the case of unaudited quarterly financial statements, to normal year-end audit adjustments).

(b) Neither Parent nor any Parent Subsidiary has any liability of any nature that is required by GAAP to be set forth on a consolidated balance sheet of Parent and the Parent Subsidiaries, except liabilities (i) reflected or reserved against in the most recent balance sheet (including the notes thereto) of Parent and the Parent Subsidiaries included in the Parent Reports filed prior to the date hereof, (ii) incurred in the ordinary course of business after March 31, 2016, (iii) incurred in connection with the Merger or any other transaction or agreement contemplated by this Agreement or (iv) that have not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Parent maintains a system of “internal control over financial reporting” (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. Parent maintains “disclosure controls and procedures” required by Rule 13a-15 or 15d-15 under the Exchange Act that are effective to ensure that information required to be disclosed by Parent in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis to the individuals responsible for the preparation of Parent’s filings with the SEC and other public disclosure documents. Parent has disclosed, based on its most recent evaluation prior to the date of this Agreement, to Parent’s outside auditors and the audit committee of the Parent Board (1) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to adversely affect Parent’s ability to record, process, summarize and report financial information and (2) any fraud, known to Parent, whether or not material, that involves management or other employees who have a significant role in Parent’s internal controls over financial reporting.

SECTION 4.07 Absence of Certain Changes or Events.

(a) From December 31, 2015 to the date of this Agreement, each of Parent and the Parent Subsidiaries has conducted its respective business in the ordinary course of business in all material respects.

(b) From December 31, 2015 to the date of this Agreement, there has not occurred any fact, circumstance, effect, change, event or development that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.08 Litigation. Except as set forth in Section 4.08 of the Parent Disclosure Letter, there is no Claim before any Governmental Entity pending or, to the Knowledge of Parent, threatened against Parent, Merger Sub or any Parent Subsidiary that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material

Adverse Effect. There is no Judgment outstanding against or, to the Knowledge of Parent, investigation by any Governmental Entity of Parent, Merger Sub or any Parent Subsidiary or any of their respective properties or assets that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.09 Compliance with Applicable Laws. Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (a) Parent, Parent Subsidiaries and Merger Sub are in compliance with all applicable Laws (including Anti-Corruption Laws) and all material Permits applicable to the business and operations of Parent, Merger Sub and Parent Subsidiaries and (b) Parent and each Parent Subsidiary hold, and are in compliance with, all Permits required by Law for the conduct of their respective businesses as they are now being conducted. None of Parent, Merger Sub or Parent Subsidiaries or, to the Knowledge of Parent or Merger Sub, their respective directors, officers, employees, agents or representatives: (i) is a Designated Person, (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of Parent, Merger Sub or the Parent Subsidiaries, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in material violation of Sanctions.

SECTION 4.10 Financing. Parent has delivered to the Company true and complete fully executed copies of (a) the commitment letter, dated as of the date hereof, among Parent, Goldman Sachs Bank USA and Goldman Sachs Lending Partners LLC (the “Commitment Letter”) and (b) the fee letter, among Parent, Goldman Sachs Bank USA and Goldman Sachs Lending Partners LLC, dated as of the date hereof (as redacted to remove only the fee amounts, pricing caps, the rates and amounts included in the “market flex”), in each case, including all exhibits, schedules, annexes and amendments to such letters in effect as of the date of this Agreement (collectively, the “Debt Letters”), pursuant to which and subject to the terms and conditions thereof, each of the parties thereto (other than Parent) has severally committed to lend the amounts set forth therein to Parent (the provision of such funds as set forth therein, the “Financing”) for the purposes set forth in such Debt Letters. The Debt Letters have not been amended, restated or otherwise modified or waived prior to the execution and delivery of this Agreement (other than to add lenders, arrangers, agents, bookrunners, managers and other financing sources), and the respective commitments contained in the Debt Letters have not been withdrawn, rescinded, amended, restated or otherwise modified in any respect prior to the execution and delivery of this Agreement. As of the execution and delivery of this Agreement, the Debt Letters are in full force and effect and constitute the legal, valid and binding obligation of each of Parent and the other parties thereto, subject in each case to the Bankruptcy and Equity Exceptions. There are no conditions precedent or contingencies directly or indirectly related to the funding of the Financing pursuant to the Debt Letters, other than as expressly set forth in the Debt Letters. Subject to the terms and conditions thereof, the Debt Letters will provide at the Closing Parent and Merger Sub, together with available cash, with sufficient funds to pay all of Parent’s obligations under this Agreement, including the payment of the Cash Consideration and all fees and expenses expected to be incurred in connection therewith. As of the date of this Agreement, no event has occurred which, with or without notice, lapse of time or both, would constitute a breach or default on the part of Parent under the Debt Letters or any other party to the Debt Letters that would (a) result in any of the conditions in the Debt Letters not being satisfied or (b) otherwise result in the Financing not being available, other than such default or

breach that has been waived by the Lenders or otherwise cured in a timely manner by Parent or Merger Sub to the satisfaction of the Lenders, as the case may be. As of the date of this Agreement, there are no side letters or other agreements, Contracts, arrangements or understandings (written or oral) directly or indirectly related to the funding of the Financing that could affect the conditionality, principal amount or availability of the Financing other than as expressly set forth in the Debt Letters. Parent has fully paid all commitment fees or other fees required to be paid on or prior to the date of this Agreement in connection with the Financing. Assuming the accuracy of the Company's representations and warranties contained herein, as of the date of this Agreement, Parent has no reason to believe that any of the conditions to the Financing contemplated by the Debt Letters will not be satisfied on a timely basis or that the Financing contemplated by the Debt Letters will not be made available on the Closing Date.

SECTION 4.11 Brokers' Fees and Expenses. Except for any Person set forth in Section 4.11 of the Parent Disclosure Letter, the fees and expenses of which will be paid by Parent, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement, including the Merger, based upon arrangements made by or on behalf of Parent or Merger Sub.

SECTION 4.12 Merger Sub. All outstanding shares of capital stock of Merger Sub are duly authorized, validly issued, fully paid and nonassessable. Parent owns all of the outstanding shares of capital stock of Merger Sub. Merger Sub has been incorporated solely for the purpose of merging with and into the Company and taking action incident to the Merger and this Agreement. Merger Sub has no assets, liabilities or obligations and has not, since the date of its formation, carried on any business or conducted any operations, except, in each case, as arising from the execution of this Agreement, the performance of its covenants and agreements hereunder and matters ancillary thereto.

SECTION 4.13 Ownership of Company Common Stock; Interested Shareholder. Neither Parent, any Parent Subsidiary nor any other Affiliate of Parent "beneficially owns" (as such term is defined for purposes of Section 13(d) of the Exchange Act) any shares of Company Common Stock or any other Equity Securities. Neither Parent, any Parent Subsidiary nor any of their respective affiliates or associates (as each such term is defined in Section 17-1297 of the KGCC) is, prior to the date hereof, an "interested shareholder" (as such term is defined in Section 17-12-100 of the KGCC) of the Company.

SECTION 4.14 Regulatory Status.

(a) Parent is a public utility holding company under the PUHCA 2005. Merger Sub is not a public utility holding company under PUHCA 2005.

(b) Except as set forth in Section 4.14(b)(i) of the Parent Disclosure Letter, none of the Parent Subsidiaries is regulated as a public utility under the FPA. Except for the Parent Subsidiaries set forth in Section 4.14(b)(ii) of the Parent Disclosure Letter (the "Parent Utilities"), none of the Parent Subsidiaries are regulated as a public utility, electric utility or gas utility, or similar utility designation, under the applicable Law of any state.

(c) All Filings (except for immaterial Filings) required to be made by Parent or any Parent Subsidiary since January 1, 2014, with the FERC, the North American Electric Reliability Corporation, the FCC and the State Commissions, as the case may be, have been made, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs and related documents, and all such Filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations promulgated thereunder, except for Filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations promulgated thereunder, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.15 Taxes.

(a) (1) Each of the Parent and each Parent Subsidiary has timely filed, taking into account all valid extensions, all material Tax Returns required to have been filed and such Tax Returns are accurate and complete in all material respects and (2) all material Taxes have been timely paid in full (whether or not shown or required to be shown as due on any Tax Return);

(b) each of the Parent and Parent Subsidiaries has withheld and timely remitted to the appropriate Governmental Entity all material Taxes required to be withheld from amounts owing to any employee, creditor or third party;

(c) (1) no audit, examination, investigation or other proceeding is pending with any Governmental Entity with respect to any material amount of unpaid Taxes asserted against the Parent or any Parent Subsidiary; and neither the Parent nor any Parent Subsidiary has received written notice of any threatened audit, examination, investigation or other proceeding from any Governmental Entity for any material amount of unpaid Taxes asserted against the Parent or any Parent Subsidiary, which have not been fully paid or settled, and (2) neither the Parent nor any Parent Subsidiary has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any material Tax which has not yet expired (excluding extensions of time to file Tax Returns obtained in the ordinary course); and

(d) (1) neither the Parent nor any Parent Subsidiary had any liabilities for material unpaid Taxes as of the date of the latest balance sheet included in the Parent Financial Statements that had not been accrued or reserved on such balance sheet in accordance with GAAP and (2) neither the Parent nor any Parent Subsidiary has incurred any material liability for Taxes since the date of the latest balance sheet included in the Parent Financial Statements except in the ordinary course of business.

SECTION 4.16 Opinion of Financial Advisor. The Parent Board has received an opinion of Goldman, Sachs & Co. to the effect that, as of the date of such opinion and based upon and subject to the various matters, limitations, qualifications and assumptions set forth therein, the Merger Consideration to be paid to the holders of shares of Company Common Stock pursuant to this Agreement was fair, from a financial point of view, to Parent.

SECTION 4.17 No Additional Representations. Except for the representations and warranties expressly set forth in Article III (as modified by the Company Disclosure Letter) and in any certificate delivered by the Company to Parent in accordance with the terms hereof, each of Parent and Merger Sub (a) specifically acknowledges and agrees that none of the Company or any of its Affiliates, Representatives or shareholders or any other Person makes, or has made, any other express or implied representation or warranty whatsoever (whether at law (including at common law or by statute) or in equity), including with respect to the Company or the Company Subsidiaries or any of the Company's or the Company's Subsidiaries respective businesses, assets, employees, Permits, liabilities, operations, prospects, condition (financial or otherwise) or any Company Projection, and hereby expressly waives and relinquishes any and all rights, Claims or causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) based on, arising out of or relating to any such other representation or warranty or any Company Projection, (b) specifically acknowledges and agrees to the Company's express disclaimer and negation of any such other representation or warranty or any Company Projection and of all liability and responsibility for any such other representation or warranty or any Company Projection and (c) expressly waives and relinquishes any and all rights, Claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) against (i) the Company in connection with accuracy, completeness or materiality of any Company Projection and (ii) any Affiliate of the Company or any of the Company's or any such Affiliate's respective Representatives or shareholders (other than the Company) or any other Person, and hereby specifically acknowledges and agrees that such Persons shall have no liability or obligations, based on, arising out of or relating to this Agreement or the negotiation, execution, performance or subject matter hereof, including (1) for any alleged nondisclosure or misrepresentations made by any such Person or (2) in connection with the accuracy, completeness or materiality of any Company Projection. Each of Parent and Merger Sub acknowledges and agrees that (A) it has conducted to its satisfaction its own independent investigation of the transactions contemplated hereby (including with respect to the Company and the Company Subsidiaries and their respective businesses, operations, assets and liabilities) and, in making its determination to enter into this Agreement and proceed with the transactions contemplated hereby, has relied solely on the results of such independent investigation and the representations and warranties of the Company expressly set forth in Article III (as modified by the Company Disclosure Letter), and (B) except for the representations and warranties of the Company expressly set forth in Article III (as modified by the Company Disclosure Letter) and in any certificate delivered by the Company to Parent in accordance with the terms hereof, it has not relied on, or been induced by, any representation, warranty or other statement of or by the Company or any of its Affiliates, Representatives or shareholders or any other Person, including any Company Projection or with respect to the Company or the Company Subsidiaries or any of the Company's or the Company's Subsidiaries respective businesses, assets, employees, Permits, liabilities, operations, prospects or condition (financial or otherwise) or any Company Projection, in determining to enter into this Agreement and proceed with the transactions contemplated hereby. Except for the representations and warranties expressly set forth in this Article IV (as modified by the Parent Disclosure Letter) and in any certificate delivered by Parent to the Company in accordance with the terms hereof, Parent hereby expressly disclaims and negates any other express or implied representation or warranty whatsoever (whether at law (including at common law or by statute) or in equity), including with respect to (i) Parent or the Parent Subsidiaries or any of Parent's or

the Parent Subsidiaries' respective businesses, assets, employees, Permits, liabilities, operations, prospects or condition (financial or otherwise) or (ii) any opinion, projection, forecast, statement, budget, estimate, advice or information with respect to the projections, budgets, or estimates of future revenues, results of operations (or any component thereof), cash flows, financial condition (or any component thereof) or the future business and operations of Parent or the Parent Subsidiaries (this clause (ii) collectively, "Parent Projections").

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

SECTION 5.01 Conduct of Business.

(a) Conduct of Business by the Company. Except for matters set forth in Section 5.01 of the Company Disclosure Letter or otherwise contemplated or required by this Agreement, or as required by a Governmental Entity or by applicable Law, or as contemplated by the Proceedings, or with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Effective Time, the Company shall, and shall cause each Company Subsidiary to, (x) conduct its business in the ordinary course of business in all material respects and (y) use commercially reasonable efforts to preserve intact its business organization and existing relationships with employees, customers, suppliers and Governmental Entities. In addition, and without limiting the generality of the foregoing, except as set forth in the Company Disclosure Letter or otherwise contemplated or required by this Agreement, or as required by a Governmental Entity or by applicable Law, or as contemplated by the Proceedings, or with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Effective Time, the Company shall not, and shall not permit any Company Subsidiary to, do any of the following:

(i) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, any of its capital stock, other equity interests or voting securities, except for (1) quarterly cash dividends payable by the Company or any Company Subsidiary in respect of shares of Company Common Stock on a schedule consistent with the Company's past practices in an amount per share of Company Common Stock not in excess of (A) \$0.38 for quarterly dividends declared on or before January 1, 2017 and (B) \$0.40 for quarterly dividends declared after January 1, 2017, (2) dividend equivalents accrued or payable by the Company in respect of Company Performance Units, Company Restricted Share Units and Other Equity-Based Rights in accordance with the applicable award agreements, (3) dividends and distributions by a direct or indirect Company Subsidiary to its parent and (4) a "stub period" dividend to holders of record of Company Common Stock as of immediately prior to the Effective Time equal to the product of (A) the number of days from the record date for payment of the last quarterly dividend paid by the Company prior to the Effective Time, multiplied by (B) a daily

dividend rate determined by dividing the amount of the last quarterly dividend prior to the Effective Time by ninety-one (91);

(ii) amend any of its Organizational Documents (except for immaterial or ministerial amendments);

(iii) except as permitted by Section 5.01(a)(v) or for transactions among the Company and the Company Subsidiaries or among the Company Subsidiaries, split, combine, consolidate, subdivide or reclassify any of its capital stock, other equity interests or voting securities, or securities convertible into or exchangeable or exercisable for capital stock or other equity interests or voting securities, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other equity interests or voting securities;

(iv) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any capital stock or voting securities of, or equity interests in, the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, the Company or any Company Subsidiary, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests, except for (1) the acquisition by the Company of shares of Company Common Stock in the open market to satisfy its obligations under all Company Benefit Plans or under the Company's dividend reinvestment and stock purchase plan (the "Company DRIP") and (2) the withholding of shares of Company Common Stock to satisfy Tax obligations with respect to awards granted pursuant to the Company Stock Plan;

(v) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien any Equity Securities or Company Voting Debt, in each case, except for (1) the issuance of shares of Company Common Stock under the Company DRIP, (2) the settlement of Company Restricted Share Units, Company Performance Units or Other Equity-Based Rights, or (3) the grant of Company Restricted Share Units, Company Performance Units or Other Equity-Based Rights in the ordinary course of business and consistent with past practices (but only, with respect to clauses (1) – (3), in amounts not exceeding the aggregate amount set forth on Section 5.01(a)(v) of the Company Disclosure Letter);

(vi) (1) grant to any Company Personnel any increase in compensation or benefits (including paying to any Company Personnel any amount not due) except in the ordinary course of business and consistent with past practices, (2) grant to any Company Personnel any increase in change-in-control, severance, retention or termination pay, or enter into or amend any change-in-control, severance, retention or termination agreement with any Company Personnel, (3) establish, adopt, enter into, amend in any material respect or terminate any Company Union Contract or Company Benefit Plan or Company Benefit

Agreement (or any plan or agreement that would be a Company Union Contract, Company Benefit Plan or Company Benefit Agreement if in existence on the date hereof), in each case, except in the ordinary course of business consistent with past practices or (4) take any action to accelerate the time of vesting, funding or payment of any compensation or benefits under any Company Benefit Plan or Company Benefit Agreement, except in the case of the foregoing clauses (1) through (4) for actions required pursuant to the terms of any Company Benefit Plan or Company Benefit Agreement existing on the date hereof, or as required by the terms and conditions of this Agreement;

(vii) make any material change in accounting methods, principles or practices, except to the extent as may have been required by a change in applicable Law or GAAP or by any Governmental Entity (including the SEC or the Public Company Accounting Oversight Board);

(viii) (1) make any acquisition or disposition, sale or transfer of a material asset or business (including by merger, consolidation or acquisition of stock or any other equity interests or assets) except for (1) any acquisition or disposition for consideration that is individually not in excess of \$10,000,000 and in the aggregate not in excess of \$25,000,000 or (2) any disposition of obsolete or worn-out equipment in the ordinary course of business;

(ix) incur any Indebtedness, except for (1) Indebtedness incurred in the ordinary course of business consistent with past practice, (2) as reasonably necessary to finance any capital expenditures permitted under Section 5.01(a)(x), (3) Indebtedness in replacement of existing Indebtedness, (4) guarantees by the Company of existing Indebtedness of any wholly owned Company Subsidiary, (5) guarantees and other credit support by the Company of obligations of any Company Subsidiary in the ordinary course of business consistent with past practice, (6) borrowings under existing revolving credit facilities (or replacements thereof on comparable terms) or existing commercial paper programs in the ordinary course of business or (7) Indebtedness in amounts necessary to maintain the capital structure of the Company Subsidiaries, as authorized by the KCC, and to maintain the present capital structure of the Company consistent with past practice in all material respects;

(x) make, or agree or commit to make, any capital expenditure, except (1) in accordance with the capital plan set forth in Section 5.01(a)(x) of the Company Disclosure Letter, plus a 10% variance for each principal category set forth in such capital plan, (2) with respect to any capital expenditure not addressed by the foregoing clause (1), not to exceed \$75,000,000 in any twelve (12) month period, (3) capital expenditures related to operational emergencies, equipment failures or outages or deemed necessary or prudent based on Good Utility Practice or (4) as required by Law or a Governmental Entity;

(xi) (1) enter into, modify or amend in any material respect, or terminate or waive any material right under, any Filed Company Contract (except

for (A) any modification, amendment, termination or waiver in the ordinary course of business or (B) a termination without material penalty to the Company or the appropriate Company Subsidiary) or (2) without limiting Parent's obligations under Section 6.03, enter into any Contract that, from and after the Closing, purports to bind Parent and its Subsidiaries (other than the Company and the Company Subsidiaries);

(xii) make or change any material Tax election, change any material method of Tax accounting, settle or compromise any material Tax liability or refund, enter into any closing agreements relating to Taxes, amend any material Tax Return, grant any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any material Tax (excluding extensions of time to file Tax Returns obtained in the ordinary course);

(xiii) waive, release, assign, settle or compromise any material Claim against the Company or any Company Subsidiary, except for waivers, releases, assignments, settlements or compromises that (A) with respect to the payment of monetary damages, the amount of monetary damages to be paid by the Company or the Company Subsidiaries does not exceed (I) the amount with respect thereto reflected on the Company Financial Statements (including the notes thereto) or (II) \$10,000,000, in the aggregate, in excess of the proceeds received or to be received from any insurance policies in connection with such payment or (B) with respect to any nonmonetary terms and conditions thereof, would not have or would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Company and the Company Subsidiaries (taken as a whole);

(xiv) effectuate a "plant closing" or "mass layoff," as those terms are defined in WARN;

(xv) enter into a new line of business;

(xvi) adopt a plan or agreement of complete or partial liquidation or dissolution;

(xvii) materially change any of its energy price risk management and marketing of energy parameters, limits and guidelines (the "Company Risk Management Guidelines") or enter into any physical commodity transactions, exchange-traded futures and options transactions, over-the-counter transactions and derivatives thereof or similar transactions other than as permitted by the Company Risk Management Guidelines; or

(xviii) enter into any Contract to do any of the foregoing.

(b) Emergencies. Notwithstanding anything to the contrary herein, the Company may, and may cause any Company Subsidiary to, take reasonable actions in compliance with applicable Law with respect to any operational emergencies (including any restoration measures in response to any hurricane, strong winds, ice event, fire,

tornado, tsunami, flood, earthquake or other natural disaster or severe weather-related event, circumstance or development), equipment failures, outages or an immediate and material threat to the health or safety of natural Persons.

(c) No Control of the Company's Business. Parent acknowledges and agrees that (i) nothing contained herein is intended to give Parent, directly or indirectly, the right to control or direct the operations of the Company or any Company Subsidiary prior to the Effective Time and (ii) prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and the Company Subsidiaries' respective operations.

(d) Advice of Changes. Each of Parent and the Company shall promptly advise the other orally and in writing of any change or event that would prevent any of the conditions precedent described in Article VII from being satisfied.

SECTION 5.02 Proceedings. Between the date of this Agreement and the Closing, the Company and the Company Subsidiaries may (a) continue to pursue the rate cases and other proceedings set forth in Section 5.02 of the Company Disclosure Letter, (b) with the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned), initiate new rate cases or any other proceeding that would reasonably be expected to affect the authorized capital structure or authorized return on equity of the Company or any Company Subsidiary or materially affect the return on equity of the Company or any Company Subsidiary in an adverse manner, with Governmental Entities and (c) initiate any other proceeding with Governmental Entities in the ordinary course of business (the foregoing clauses (a), (b) and (c), collectively, the "Proceedings") and (d) notwithstanding anything to the contrary herein, initiate any other proceedings with Governmental Entities or take any other action contemplated by or described in any filings or other submissions filed or submitted in connection with the Proceedings prior to the date of this Agreement. Notwithstanding the foregoing, without the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned), the Company and the Company Subsidiaries will not enter into any settlement or stipulation in respect of any Proceeding initiated prior to the date of this Agreement if such settlement or stipulation would affect the authorized capital structure or authorized return on equity of the Company or any Company Subsidiaries or materially affect the return on equity of the Company or any Company Subsidiary in an adverse manner.

SECTION 5.03 No Solicitation by the Company; Company Board Recommendation.

(a) The Company shall not, and shall not authorize any of its Affiliates or any of its and their respective officers, directors, principals, partners, managers, members, attorneys, accountants, agents, employees, consultants, financial advisors or other authorized representatives (collectively, "Representatives") to, (i) directly or indirectly solicit, initiate or knowingly encourage, induce or facilitate any Company Takeover Proposal or any inquiry or proposal that would reasonably be expected to lead to a Company Takeover Proposal, in each case, except for this Agreement and the transactions contemplated hereby, or (ii) directly or indirectly participate in any discussions or negotiations with any Person (except for the Company's Affiliates and its

and their respective Representatives or Parent and Parent's Affiliates and its and their respective Representatives) regarding, or furnish to any such Person, any nonpublic information with respect to, or cooperate in any way with any such Person with respect to, any Company Takeover Proposal or any inquiry or proposal that would reasonably be expected to lead to a Company Takeover Proposal. The Company shall, and shall cause its Affiliates and its and their respective Representatives to, immediately cease and cause to be terminated all existing discussions or negotiations with any Person (except for the Company's Affiliates and its and their respective Representatives or Parent and Parent's Affiliates and its and their respective Representatives) conducted heretofore with respect to any Company Takeover Proposal, request the prompt return or destruction of all confidential information previously furnished and immediately terminate all physical and electronic data room access previously granted to any such Person or its Representatives. Notwithstanding anything to the contrary herein, at any time prior to obtaining the Company Shareholder Approval, in response to the receipt of a bona fide written Company Takeover Proposal made after the date of this Agreement that does not result from a breach (other than an immaterial breach) of this Section 5.03(a) by the Company and that the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor) constitutes or could reasonably be expected to lead to a Superior Company Proposal, the Company and its Representatives may (1) furnish information with respect to the Company and the Company Subsidiaries to the Person making such Company Takeover Proposal (and its Representatives) (provided that all such information has previously been provided to Parent or is provided to Parent prior to or concurrently with the provision of such information to such Person) pursuant to a customary confidentiality agreement and (2) participate in discussions regarding the terms of such Company Takeover Proposal, including terms of a Company Acquisition Agreement with respect thereto, and the negotiation of such terms with the Person making such Company Takeover Proposal (and such Person's Representatives). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this Section 5.03(a) by any Representative of the Company or any of its Affiliates, in each case, at the Company's direction, shall constitute a breach of this Section 5.03(a) by the Company. Notwithstanding anything to the contrary herein, the Company may grant a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow a confidential Company Takeover Proposal to be made to the Company or the Company Board so long as the Company Board promptly (and in any event, within one Business Day) notifies Parent thereof after granting any such waiver, amendment or release.

(b) Except as set forth in Section 5.03(a), Section 5.03(c) and Section 5.03(e), and except for the public disclosure of a Company Recommendation Change Notice, neither the Company Board nor any committee thereof shall (i) withdraw, change, qualify, withhold or modify in any manner adverse to Parent, or propose publicly to withdraw, change, qualify, withhold or modify in any manner adverse to Parent, the Company Board Recommendation, (ii) adopt, approve or recommend, or propose publicly to adopt, approve or recommend, any Company Takeover Proposal, (iii) fail to include in the Proxy Statement/Prospectus the Company Board Recommendation or (iv) take any formal action or make any recommendation or public statement in connection with a tender offer or exchange offer (except for a recommendation against such offer or

a customary “stop, look and listen” communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) (any action in the foregoing clauses (i)–(iv) being referred to as a “Company Adverse Recommendation Change”). Except as set forth in Section 5.03(a), Section 5.03(c) and Section 5.03(e), neither the Company Board nor any committee thereof shall authorize, permit, approve or recommend, or propose publicly to authorize, permit, approve or recommend, or allow the Company or any of its Affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, agreement or commitment constituting, or that would reasonably be expected to lead to, any Company Takeover Proposal, or requiring, or that would reasonably be expected to cause, the Company to abandon or terminate this Agreement (a “Company Acquisition Agreement”).

(c) Notwithstanding anything to the contrary herein, at any time prior to obtaining the Company Shareholder Approval, the Company Board may make a Company Adverse Recommendation Change (and, solely with respect to a Superior Company Proposal, terminate this Agreement pursuant to Section 8.01(c)(i)) if (i) a Company Intervening Event has occurred or (ii) the Company has received a Superior Company Proposal that does not result from a breach (other than an immaterial breach) of Section 5.03 by the Company and, in each case, if the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to effect a Company Adverse Recommendation Change as a result of the occurrence of such Company Intervening Event or in response to the receipt of such Superior Company Proposal, as the case may be, would reasonably likely be inconsistent with the Company Board’s fiduciary duties under applicable Law; provided, however, that the Company Board may not make such Company Adverse Recommendation Change unless (1) the Company Board has provided prior written notice to Parent (a “Company Recommendation Change Notice”) that it is prepared to effect a Company Adverse Recommendation Change at least three (3) Business Days prior to taking such action, which notice shall specify the basis for such Company Adverse Recommendation Change and, in the case of a Superior Proposal, attaching the most current draft of any Company Acquisition Agreement with respect to such Superior Company Proposal or, if no draft exists, a summary of the material terms and conditions of such Superior Company Proposal (it being understood that such Company Recommendation Change Notice shall not in itself be deemed a Company Adverse Recommendation Change and that if Parent has committed in writing to any changes to the terms of this Agreement and there has been any subsequent material revision or amendment to the terms of a Superior Company Proposal, a new notice to which the provisions of clauses (2), (3) and (4) of this Section 5.03(c) shall apply *mutatis mutandis* except that, in the case of such a new notice, all references to three (3) Business Days in this Section 5.03(c) shall be deemed to be two (2) Business Days), (2) during the three (3) Business Day period after delivery of the Company Recommendation Change Notice, the Company and its Representatives negotiate in good faith with Parent and its Representatives regarding any revisions to this Agreement that Parent proposes to make and (3) at the end of such three (3) Business Day period and taking into account any changes to the terms of this Agreement committed to in writing by Parent, the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to make such a Company Adverse Recommendation Change would be inconsistent with its

fiduciary duties under applicable Law, and that, in the case of a Company Adverse Recommendation Change with respect to a Company Takeover Proposal, such Company Takeover Proposal still constitutes a Superior Company Proposal.

(d) The Company shall promptly (and in any event no later than the later of (i) twenty-four (24) hours or (ii) 5 p.m. New York City time on the next Business Day) advise Parent orally and in writing of any Company Takeover Proposal, the material terms and conditions of any such Company Takeover Proposal and the identity of the Person making any such Company Takeover Proposal. The Company shall keep Parent reasonably informed in all material respects on a reasonably current basis (and in any event no later than the later of (i) twenty-four (24) hours or (ii) 5 p.m. New York City time on the next Business Day) of the material terms and status (including any change to the terms thereof) of any Company Takeover Proposal.

(e) Nothing contained in this Section 5.03 shall prohibit the Company from (i) complying with Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act or (ii) making any disclosure to the shareholders of the Company if, in the good-faith judgment of the Company Board (after consultation with outside legal counsel) failure to so disclose would be inconsistent with its obligations under applicable Law.

(f) For purposes of this Agreement:

(i) “Company Takeover Proposal” means any proposal or offer (whether or not in writing), with respect to any (1) merger, consolidation, share exchange, other business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, (2) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Company Subsidiary or otherwise) of any business or assets of the Company or the Company Subsidiaries representing 20% or more of the consolidated revenues, net income or assets of the Company and the Company Subsidiaries, taken as a whole, (3) issuance, sale or other disposition, directly or indirectly, to any Person (or the shareholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 20% or more of the voting power of the Company, (4) transaction (including any tender offer or exchange offer) in which any Person (or the shareholders of any Person) would acquire (in the case of a tender offer or exchange offer, if consummated), directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 20% or more of any class of capital stock of the Company or (5) any combination of the foregoing.

(ii) “Superior Company Proposal” means a *bona fide* written Company Takeover Proposal (provided that for purposes of this definition, the applicable percentage in the definition of Company Takeover Proposal shall be “50.1%” rather than “20% or more”), which the Company Board determines in good faith,

after consultation with outside legal counsel and a financial advisor, and taking into account the legal, financial, regulatory, timing and other aspects of such Company Takeover Proposal, the identity of the Person making the proposal and any financing required for such proposal, the ability of the Person making such proposal to obtain such required financing and the level of certainty with respect to such required financing, and such other factors that are deemed relevant by the Company Board, is more favorable to the holders of Company Common Stock than the transactions contemplated by this Agreement (after taking into account any revisions to the terms of this Agreement that are committed to in writing by Parent (including pursuant to Section 5.03(c)).

(iii) “Company Intervening Event” means any fact, circumstance, effect, change, event or development relating to the Company or the Company Subsidiaries that (1) is unknown to or by the Company Board as of the date hereof (or if known, the magnitude or material consequences of which were not known or understood by the Company Board as of the date of this Agreement), (2) becomes known to or by the Company Board prior to obtaining the Company Shareholder Approval and (3) has or would reasonably be expected to have a material beneficial effect on the Company and the Company Subsidiaries, taken as a whole.

SECTION 5.04 No Solicitation by Parent; Parent Board Recommendation.

(a) Parent shall not, and shall not authorize any of its Affiliates or any of its and their respective Representatives to, (i) directly or indirectly solicit, initiate or knowingly encourage, induce or facilitate any Parent Takeover Proposal or any inquiry or proposal that would reasonably be expected to lead to a Parent Takeover Proposal, or (ii) directly or indirectly participate in any discussions or negotiations with any Person (except for Parent’s Affiliates and its and their respective Representatives or the Company and the Company’s Affiliates and its and their respective Representatives) regarding, or furnish to any such Person, any nonpublic information with respect to, or cooperate in any way with any such Person with respect to, any Parent Takeover Proposal or any inquiry or proposal that would reasonably be expected to lead to a Parent Takeover Proposal. Parent shall, and shall cause its Affiliates and its and their respective Representatives to, immediately cease and cause to be terminated all existing discussions or negotiations with any Person (except for Parent’s Affiliates and its and their respective Representatives or the Company and the Company’s Affiliates and its and their respective Representatives) conducted heretofore with respect to any Parent Takeover Proposal, request the prompt return or destruction of all confidential information previously furnished and immediately terminate all physical and electronic data room access previously granted to any such Person or its Representatives. Notwithstanding anything to the contrary herein, at any time prior to obtaining the Parent Shareholder Approval, in response to the receipt of a bona fide written Parent Takeover Proposal made after the date of this Agreement that does not result from a breach (other than an immaterial breach) of this Section 5.04(a) by Parent and that the Parent Board determines in good faith (after consultation with outside legal counsel and a financial advisor) constitutes or could reasonably be expected to lead to a Superior Parent Proposal, Parent

and its Representatives may (1) furnish information with respect to Parent and Parent Subsidiaries to the Person making such Parent Takeover Proposal (and its Representatives) (provided that all such information has previously been provided to the Company or is provided to the Company prior to or concurrently with the provision of such information to such Person) pursuant to a customary confidentiality agreement and (2) participate in discussions regarding the terms of such Parent Takeover Proposal, including terms of a Parent Acquisition Agreement with respect thereto, and the negotiation of such terms with the Person making such Parent Takeover Proposal (and such Person's Representatives). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this Section 5.04(a) by any Representative of Parent or any of its Affiliates, in each case, at Parent's direction, shall constitute a breach of this Section 5.04(a) by Parent. Notwithstanding anything to the contrary herein, Parent may grant a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow a confidential Parent Takeover Proposal to be made to Parent or the Parent Board so long as the Parent Board promptly (and in any event, within one Business Day) notifies the Company thereof after granting any such waiver, amendment or release.

(b) Except as set forth in Section 5.04(a), Section 5.04(c) and Section 5.04(e), and except for the public disclosure of a Parent Recommendation Change Notice, neither the Parent Board nor any committee thereof shall (i) withdraw, change, qualify, withhold or modify in any manner adverse to the Company, or propose publicly to withdraw, change, qualify, withhold or modify in any manner adverse to the Company, the Parent Board Recommendation, (ii) adopt, approve or recommend, or propose publicly to adopt, approve or recommend, any Parent Takeover Proposal, (iii) fail to include in the Proxy Statement/Prospectus the Parent Board Recommendation or (iv) take any formal action or make any recommendation or public statement in connection with a tender offer or exchange offer (except for a recommendation against such offer or a customary "stop, look and listen" communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) (any action in the foregoing clauses (i)–(iv) being referred to as a "Parent Adverse Recommendation Change"). Except as set forth in Section 5.04(a), Section 5.04(c) and Section 5.04(e), neither the Parent Board nor any committee thereof shall authorize, permit, approve or recommend, or propose publicly to authorize, permit, approve or recommend, or allow Parent or any of its Affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, agreement or commitment constituting, or that would reasonably be expected to lead to, any Parent Takeover Proposal, or requiring, or that would reasonably be expected to cause, Parent to abandon or terminate this Agreement (a "Parent Acquisition Agreement").

(c) Notwithstanding anything to the contrary herein, at any time prior to obtaining the Parent Shareholder Approval, the Parent Board may make a Parent Adverse Recommendation Change if (i) a Parent Intervening Event has occurred or (ii) Parent has received a Superior Parent Proposal that does not result from a breach (other than an immaterial breach) of Section 5.04 by Parent and, in each case, if the Parent Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to effect a Parent Adverse Recommendation Change as a result of the occurrence of such Parent Intervening Event or in response to the receipt of such

Superior Parent Proposal, as the case may be, would reasonably likely be inconsistent with the Parent Board's fiduciary duties under applicable Law; provided, however, that the Parent Board may not make such Parent Adverse Recommendation Change unless (1) the Parent Board has provided prior written notice to the Company (a "Parent Recommendation Change Notice") that it is prepared to effect a Parent Adverse Recommendation Change at least three (3) Business Days prior to taking such action, which notice shall specify the basis for such Parent Adverse Recommendation Change and, in the case of a Superior Proposal, attaching the most current draft of any Parent Acquisition Agreement with respect to such Superior Parent Proposal or, if no draft exists, a summary of the material terms and conditions of such Superior Parent Proposal (it being understood that such Parent Recommendation Change Notice shall not in itself be deemed a Parent Adverse Recommendation Change and that if the Company has committed in writing to any changes to the terms of this Agreement and there has been any subsequent material revision or amendment to the terms of a Superior Parent Proposal, a new notice to which the provisions of clauses (2), (3) and (4) of this Section 5.04(c) shall apply *mutatis mutandis* except that, in the case of such a new notice, all references to three (3) Business Days in this Section 5.04(c) shall be deemed to be two (2) Business Days), (2) during the three (3) Business Day period after delivery of the Parent Recommendation Change Notice, Parent and its Representatives negotiate in good faith with the Company and its Representatives regarding any revisions to this Agreement that the Company proposes to make and (3) at the end of such three (3) Business Day period and taking into account any changes to the terms of this Agreement committed to in writing by the Company, the Parent Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to make such a Parent Adverse Recommendation Change would be inconsistent with its fiduciary duties under applicable Law, and that, in the case of a Parent Adverse Recommendation Change with respect to a Parent Takeover Proposal, such Parent Takeover Proposal still constitutes a Superior Parent Proposal.

(d) Parent shall promptly (and in any event no later than the later of (i) twenty-four (24) hours or (ii) 5 p.m. New York City time on the next Business Day) advise the Company orally and in writing of any Parent Takeover Proposal, the material terms and conditions of any such Parent Takeover Proposal and the identity of the Person making any such Parent Takeover Proposal. Parent shall keep the Company reasonably informed in all material respects on a reasonably current basis (and in any event no later than the later of (i) twenty-four (24) hours or (ii) 5 p.m. New York City time on the next Business Day) of the material terms and status (including any change to the terms thereof) of any Parent Takeover Proposal.

(e) Nothing contained in this Section 5.04 shall prohibit Parent from (i) complying with Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act or (ii) making any disclosure to the shareholders of Parent if, in the good-faith judgment of the Parent Board (after consultation with outside legal counsel) failure to so disclose would be inconsistent with its obligations under applicable Law.

(f) For purposes of this Agreement:

(i) “Parent Takeover Proposal” means any proposal or offer (whether or not in writing), with respect to any (1) merger, consolidation, share exchange, other business combination, recapitalization, liquidation, dissolution or similar transaction involving Parent, (2) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Parent Subsidiary or otherwise) of any business or assets of Parent or the Parent Subsidiaries representing 20% or more of the consolidated revenues, net income or assets of Parent and the Parent Subsidiaries, taken as a whole, (3) issuance, sale or other disposition, directly or indirectly, to any Person (or the shareholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 20% or more of the voting power of Parent, (4) transaction (including any tender offer or exchange offer) in which any Person (or the shareholders of any Person) would acquire (in the case of a tender offer or exchange offer, if consummated), directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 20% or more of any class of capital stock of Parent or (5) any combination of the foregoing.

(ii) “Superior Parent Proposal” means a *bona fide* written Parent Takeover Proposal (provided that for purposes of this definition, the applicable percentage in the definition of Parent Takeover Proposal shall be “50.1%” rather than “20% or more”), which the Parent Board determines in good faith, after consultation with outside legal counsel and a financial advisor, and taking into account the legal, financial, regulatory, timing and other aspects of such Parent Takeover Proposal, the identity of the Person making the proposal and any financing required for such proposal, the ability of the Person making such proposal to obtain such required financing and the level of certainty with respect to such required financing, and such other factors that are deemed relevant by the Parent Board, is more favorable to the holders of Parent Common Stock than the transactions contemplated by this Agreement (after taking into account any revisions to the terms of this Agreement that are committed to in writing by the Company (including pursuant to Section 5.04(c))).

(iii) “Parent Intervening Event” means any fact, circumstance, effect, change, event or development relating to Parent or the Parent Subsidiaries that (1) is unknown to or by the Parent Board as of the date hereof (or if known, the magnitude or material consequences of which were not known or understood by the Parent Board as of the date of this Agreement), (2) becomes known to or by the Parent Board prior to obtaining the Parent Shareholder Approval and (3) has or would reasonably be expected to have a material beneficial effect on Parent and the Parent Subsidiaries, taken as a whole.

SECTION 5.05 Financing.

(a) Parent shall use its reasonable best efforts to, and shall use its reasonable best efforts to cause its Affiliates to, consummate the Financing, or any Substitute Financing, in each case on the terms and conditions thereof (including any “market flex” provisions thereof) as promptly as possible following the date of this Agreement (and, in any event, no later than the Closing Date), including (i) (1) maintaining in effect the Debt Letters and complying with all of their respective obligations thereunder and (2) negotiating, entering into and delivering definitive agreements with respect to the Financing reflecting the terms contained in the Debt Letters (including any “market flex” provisions thereof) (or with other terms agreed by Parent and the Financing Parties, subject to the restrictions on amendments of the Debt Letters set forth below), so that such agreements are in effect no later than the Closing, and (ii) satisfying on a timely basis all the conditions to the Financing and the definitive agreements related thereto that are applicable to Parent and its Affiliates.

(b) In the event that all conditions set forth in Sections 7.01 and 7.03 have been satisfied or waived or, upon funding shall be satisfied or waived, Parent and its Affiliates shall use their reasonable best efforts to cause the Persons providing the Financing (the “Financing Parties”) to fund the Financing in accordance with its terms on the Closing Date, to the extent the proceeds thereof are required to consummate the Merger and the other transactions contemplated hereby, and to enforce its rights under the Debt Letters in the event of any breach by the Financing Parties of their funding obligations thereunder. Parent shall not, and shall cause its Affiliates not to, take or refrain from taking, directly or indirectly, any action that would reasonably be expected to result in a failure of any of the conditions contained in the Debt Letters or in any definitive agreement related to the Financing.

(c) Parent shall keep the Company reasonably informed on a current and timely basis of the status of Parent’s efforts to obtain the Financing and to satisfy the conditions thereof, including advising and updating the Company, in a reasonable level of detail, with respect to status, proposed closing date and material terms of the definitive documentation related to the Financing, providing copies of substantially final drafts of the credit agreement and other primary definitive documents (provided that any fee letter may be redacted) and giving the Company prompt notice of any material breach or default (or alleged or purported material breach or default) by any party to the Debt Letters of which Parent has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of the Debt Letters.

(d) Parent may amend, modify, terminate, assign or agree to any waiver under the Debt Letters (including to add lenders, arrangers, agents, bookrunners, managers and other financing sources) without the prior written approval of the Company; provided that Parent shall not, without Company’s prior written consent, permit any such amendment, modification, assignment, termination or waiver to be made to, or consent to any waiver of, any provision of or remedy under the Debt Letters which would (1) reduce the aggregate amount of the Financing (including by increasing the amount of fees to be paid or original issue discount unless Parent has available cash to fund any additional fees or original issue discount without affecting Parent’s ability to pay the Cash Consideration), (2) impose new or additional conditions to the Financing or otherwise expand, amend,

modify or waive any of the conditions to the Financing or (3) otherwise expand, amend, modify or waive any provision of the Debt Letters in a manner that in any such case would reasonably be expected to (A) delay or make less likely the funding of the Financing (or satisfaction of the conditions to the Financing) on the Closing Date, (B) adversely impact the ability of Parent to enforce its rights against the Financing Parties or any other parties to the Debt Letters or the definitive agreements with respect thereto or (C) adversely affect the ability of Parent to timely consummate the Merger and the other transactions contemplated hereby. In the event that new debt or equity commitment letters or fee letters are entered into in accordance with any amendment, replacement, supplement or other modification of the Debt Letters permitted pursuant to this Section 5.05(d), such new commitment letters or fee letters shall be deemed to be a part of the “Financing” and deemed to be the “Debt Letters” for all purposes of this Agreement. Parent shall promptly deliver to the Company copies of any termination, amendment, modification, waiver or replacement of the Debt Letters (provided that any fee letter may be redacted).

(e) If funds in the amounts set forth in the Debt Letters, or any portion thereof, become unavailable, Parent shall, and shall cause its Affiliates, as promptly as practicable following the occurrence of such event to (i) notify the Company in writing thereof, (ii) use its reasonable best efforts to obtain substitute financing sufficient to enable Parent to consummate the Merger and the other transactions contemplated hereby in accordance with its terms (the “Substitute Financing”) and (iii) use its reasonable best efforts to obtain a new financing commitment letter that provides for such Substitute Financing and, promptly after execution thereof, deliver to the Company true, complete and correct copies of the new commitment letter and the related fee letters (in redacted form reasonably satisfactory to the Persons providing such Substitute Financing removing only the fee amounts, pricing caps, the rates and amounts included in the “market flex”) and related definitive financing documents with respect to such Substitute Financing; provided, however, that any such Substitute Financing shall not, without the prior written consent of the Company, (1) reduce the aggregate amount of the Financing (including by increasing the amount of fees to be paid or original issue discount), (2) impose new or additional conditions to the Financing or otherwise expand, amend, modify or waive any of the conditions of the Financing, in a manner that would be reasonably be expected to delay or prevent the consummation of the Merger and the other transactions contemplated hereby, as compared to the Debt Letters in effect on the date hereof, or (3) otherwise be on terms that are less favorable to Parent in the aggregate than those contained in the Debt Letters as in effect on the date hereof. Upon obtaining any commitment for any such Substitute Financing, such financing shall be deemed to be a part of the “Financing” and any commitment letter for such Substitute Financing shall be deemed the “Debt Letters” for all purposes of this Agreement.

(f) Parent shall pay, or cause to be paid, as the same shall become due and payable, all fees and other amounts that become due and payable under the Debt Letters.

(g) Notwithstanding anything contained in this Agreement to the contrary, Parent and Merger Sub expressly acknowledge and agree that neither Parent’s nor Merger

Sub's obligations hereunder are conditioned in any manner upon Parent or Merger Sub obtaining the Financing, any Substitute Financing or any other financing.

SECTION 5.06 Financing Cooperation.

(a) From the date hereof until the Closing (or the earlier termination of this Agreement pursuant to Section 8.01), subject to the limitations set forth in this Section 5.06, and unless otherwise agreed by Parent, the Company will, and will cause each of its Subsidiaries to, and will use its reasonable efforts to cause its and its Subsidiaries' Representatives to, use its or their reasonable best efforts to cooperate with Parent as reasonably requested by Parent in connection with Parent's arrangement of the Financing (which, solely for purposes of this Section 5.06 and the use of the term Financing Party in this Section 5.06, shall include any alternative equity or debt financings, all or a portion of which will be used to fund the Cash Consideration). Such cooperation will include using reasonable best efforts to:

(i) cooperate with the marketing efforts of Parent for all or any part of the Financing, including making appropriate officers reasonably available, with appropriate advance notice, for participation in lender or investor meetings, due diligence sessions, meetings with ratings agencies and road shows, and reasonable assistance in the preparation of confidential information memoranda, private placement memoranda, prospectuses, lender and investor presentations and similar documents as may be reasonably requested by Parent or any Financing Party, in each case, with respect to information relating to the Company and its Subsidiaries in connection with such marketing efforts;

(ii) furnish Parent and the Financing Parties with the Required Financial Information and any other information with respect to the Company and its Subsidiaries as is reasonably requested by Parent or any Financing Party and is customarily (A) required for the marketing, arrangement and syndication of financings similar to the Financing or (B) used in the preparation of customary offering or information documents or rating agency, lender presentations or road shows relating to the Financing;

(iii) request that the Company's independent accountants participate in drafting sessions and accounting due diligence sessions and cooperate with the Financing (including as set forth in the Debt Letters as in effect on the date of this Agreement) or in connection with a customary offering of securities, including the type described in the Commitment Letter, consistent with their customary practice, including requesting that they provide customary consents and comfort letters (including "negative assurance" comfort) to the extent required in connection with the marketing and syndication of the Financing (including as set forth in the Debt Letters as in effect on the date of this Agreement) or as are customarily required in an offering of securities of the type contemplated by the Financing;

(iv) obtain or provide certificates and other customary documents (other than legal opinions) relating to the Financing as reasonably requested by Parent;

(v) cooperate in satisfying the conditions precedent set forth in any definitive documentation relating to the Financing to the extent the satisfaction of such condition reasonably requires the cooperation of, or is within the control of, the Company;

(vi) furnish all documentation and other information required by a Governmental Entity or any Financing Party under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT ACT (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), to the extent reasonably requested by Purchaser at least 10 Business Days prior to the anticipated Closing Date;

(vii) assist Parent in obtaining any credit ratings from rating agencies contemplated by the Debt Letters; and

(viii) use reasonable best efforts to obtain such consents, waivers, estoppels, approvals, authorizations and instruments which may be requested by Parent in connection with the Financing;

provided, further, that nothing in this Agreement shall require the Company to cause the delivery of (1) legal opinions or reliance letters or any certificate as to solvency or any other certificate necessary for the Financing, other than as allowed by Section 5.06(a)(iii), (2) any audited financial information or any financial information prepared in accordance with Regulation S-K or Regulation S-X under the Securities Act of 1933, as amended, or any financial information in a form not customarily prepared by the Company with respect to such period or (3) any financial information with respect to a month or fiscal period that has not yet ended or has ended less than forty-five (45) days prior to the date of such request.

(b) Notwithstanding anything to the contrary contained in this Agreement (including this Section 5.06): (i) nothing in this Agreement (including this Section 5.06) shall require any such cooperation to the extent that it would (1) require the Company to pay any commitment or other fees, reimburse any expenses or otherwise incur any liabilities or give any indemnities prior to the Closing, (2) unreasonably interfere with the ongoing business or operations of the Company or its Subsidiaries, or (3) require the Company or any of the Company Subsidiaries to enter into or approve any agreement or other documentation effective prior to the Closing and (ii) no action, liability or obligation (including any obligation to pay any commitment or other fees or reimburse any expenses) of the Company, its Subsidiaries, or any of their respective Representatives under any certificate, agreement, arrangement, document or instrument relating to the Financing shall be effective until the Closing. The Company hereby consents to the use of its and its Subsidiaries’ logos in connection with the Financing in a form and manner mutually agreed with the Company; provided, however, that such logos are used solely in a manner that is not intended, or reasonably likely, to harm or disparage the Company or

its Subsidiaries or any of their respective subsidiaries or the reputation or goodwill of any of the foregoing.

(c) Parent shall (i) promptly upon request by the Company, reimburse the Company for all of its reasonable and documented out-of-pocket fees and expenses (including reasonable fees and expenses of counsel and accountants) incurred by the Company, any of the Company Subsidiaries, any of its or their Representatives in connection with any cooperation contemplated by this Section 5.06 and (ii) indemnify and hold harmless the Company, the Company Subsidiaries and its and their Representatives against any claim, loss, damage, injury, liability, judgment, award, penalty, fine, cost (including cost of investigation), expense (including fees and expenses of counsel and accountants) or settlement payment incurred as a result of, or in connection with, such cooperation or the Financing and any information used in connection therewith other than those claims, losses, damages, injuries, liabilities, judgments, awards, penalties, fines, costs, expenses and settlement payment arising out of or resulting from the gross negligence, fraud or willful misconduct of the Company, any of the Company Subsidiaries or any of their respective Representatives as finally determined by a court of competent jurisdiction.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.01 Preparation of the Form S-4 and the Proxy Statement/Prospectus; Shareholders Meetings.

(a) As promptly as reasonably practicable following the date of this Agreement, unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change or, in the case of Parent, the Parent Board has made a Parent Adverse Recommendation Change, (i) the Company and Parent shall jointly prepare and cause to be filed with the SEC a joint proxy statement to be mailed to the shareholders of each of the Company and Parent relating to the Company Shareholders Meeting and the Parent Shareholders Meeting (together with any amendments or supplements thereto, and the Form S-4 of which it forms a part, the “Proxy Statement/Prospectus”) in preliminary form and (ii) Parent shall prepare and cause to be filed with the SEC a registration statement on Form S-4 which shall include the Proxy Statement/Prospectus as a prospectus relating to the registration of Parent Common Stock to be issued in connection with the Merger (the “Form S-4”). Parent and the Company shall use their respective reasonable best efforts to have the Form S-4 declared effective under the Securities Act as promptly as reasonably practicable after such filing and to keep the Form S-4 effective as long as necessary to consummate the Merger. Each of Parent and the Company shall furnish all information concerning itself and its Affiliates to the other Party, and provide such other assistance, as may be reasonably requested by the other Party or its outside legal counsel in connection with the preparation, filing and distribution of the Proxy Statement/Prospectus.

(b) The Company agrees that (i) none of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Proxy Statement/Prospectus will, at the date it is first mailed to the Company's and Parent's shareholders or at the time of the Company Shareholders Meeting and the Parent Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading and (ii) except with respect to any information supplied to the Company by Parent for inclusion or incorporation by reference in the Proxy Statement/Prospectus, the Proxy Statement/Prospectus will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder. Parent and Merger Sub agree that none of the information supplied or to be supplied by Parent or Merger Sub for inclusion or incorporation by reference in the Proxy Statement/Prospectus will, at the date it is first mailed to the Company's shareholders and Parent's shareholders or at the time of the Company Shareholders Meeting and the Parent Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(c) Each of the Company and Parent shall promptly notify the other after the receipt of any comments from the SEC with respect to, or any request from the SEC for amendments or supplements to, the Proxy Statement/Prospectus and shall provide the other with copies of all correspondence between it and its Affiliates and Representatives, on the one hand, and the SEC, on the other hand. Unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change or, in the case of Parent, the Parent Board has made a Parent Adverse Recommendation Change:

(i) each of the Company and Parent shall use its reasonable best efforts (1) to respond as promptly as reasonably practicable to any comment from the SEC with respect to, or any request from the SEC for amendments or supplements to, Proxy Statement/Prospectus and (2) to have the SEC advise the Company and Parent as promptly as reasonably practicable that the SEC has no further comments on the Proxy Statement/Prospectus;

(ii) each of the Company and Parent shall file the Proxy Statement/Prospectus in definitive form with the SEC and cause such definitive Proxy Statement/Prospectus to be mailed to the shareholders of the Company and Parent as promptly as reasonably practicable after the SEC advises the Company and Parent that the SEC has no further comments on the Proxy Statement/Prospectus; and

(iii) each of the Company and Parent shall include the Company Board Recommendation and the Parent Board Recommendation in the preliminary and definitive Proxy Statements/Prospectus.

Notwithstanding anything to the contrary herein, unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change or, in the case

of Parent, the Parent Board has made a Parent Adverse Recommendation Change, prior to filing the Proxy Statement/Prospectus in preliminary form with the SEC, responding to any comment from the SEC with respect to, or any request from the SEC for amendments or supplements to, the Proxy Statement/Prospectus or mailing the Proxy Statement/Prospectus in definitive form to the shareholders of the Company or Parent, each of the Company and Parent shall provide the other with a reasonable opportunity to review and comment on such document or response and consider in good faith any of the other Party's comments thereon. Unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change or, in the case of Parent, the Parent Board has made a Parent Adverse Recommendation Change, each Party shall use its reasonable best efforts to have the SEC advise the Company and Parent, as promptly as reasonably practicable after the filing of the preliminary Proxy Statement/Prospectus, that the SEC has no further comments on the Proxy Statement/Prospectus. Unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change or, in the case of Parent, the Parent Board has made a Parent Adverse Recommendation Change, each of the Company and Parent shall also take any other action (except for qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under the Securities Act, the Exchange Act, any applicable foreign or state securities or "blue sky" Laws and the rules and regulations thereunder in connection with the Merger.

(d) If, prior to the Effective Time, any event occurs with respect to Parent or any Parent Subsidiary, or any change occurs with respect to other information supplied by Parent for inclusion in the Proxy Statement/Prospectus, that is required to be described in an amendment of, or a supplement to, the Proxy Statement/Prospectus, Parent shall promptly notify the Company of such event, and Parent and the Company shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Proxy Statement/Prospectus so that either such document would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, and, as required by Law, in disseminating the information contained in such amendment or supplement to the Company's shareholders and Parent's shareholders. Nothing in this Section 6.01(d) shall limit the obligations of any Party under Section 6.01(a).

(e) If prior to the Effective Time, any event occurs with respect to the Company or any Company Subsidiary, or any change occurs with respect to other information supplied by the Company for inclusion in the Proxy Statement/Prospectus, that is required to be described in an amendment of, or a supplement to, the Proxy Statement/Prospectus, the Company shall promptly notify Parent of such event, and the Company and Parent shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Proxy Statement/Prospectus so that either such document would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading and, as required by Law, in disseminating the information contained in such amendment

or supplement to the Company's shareholders and Parent's shareholders. Nothing in this Section 6.01(e) shall limit the obligations of any Party under Section 6.01(a).

(f) Unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change, the Company shall, as soon as practicable after the mailing of the definitive Proxy Statement/Prospectus to the shareholders of the Company, duly call, give notice of, convene and hold the Company Shareholders Meeting and, subject to Section 5.03(c), solicit the Company Shareholder Approval.

(g) Unless, in the case of Parent, the Parent Board has made a Parent Adverse Recommendation Change, Parent shall, as soon as practicable after the mailing of the definitive Proxy Statement/Prospectus to the shareholders of Parent, duly call, give notice of, convene and hold the Parent Shareholders Meeting and, subject to Section 5.04(c), solicit the Parent Shareholder Approval and Parent Charter Approval.

(h) Unless, in the case of the Company, the Company Board has made a Company Adverse Recommendation Change or, in the case of Parent, the Parent Board has made a Parent Adverse Recommendation Change, each of Parent and the Company shall use reasonable best efforts to hold the Parent Shareholders Meeting and the Company Shareholders Meeting, respectively, at the same time and on the same date as the other Party.

SECTION 6.02 Access to Information; Confidentiality.

(a) Subject to applicable Law and the Confidentiality Agreement, the Company and Parent shall, and shall cause each of their respective Subsidiaries to, afford to the other Party and its Representatives reasonable access (at such Party's sole cost and expense), during normal business hours and upon reasonable advance notice, during the period from the date of this Agreement until the earlier of the Effective Time or termination of this Agreement pursuant to Section 8.01, to the material properties, books, contracts, commitments, personnel and records of such Party, and during such period, the Company and Parent shall, and shall cause their respective Subsidiaries to, make available promptly to then other Party (i) to the extent not publicly available, a copy of each material Filing made by it during such period pursuant to the requirements of securities Laws or filed with or sent to the SEC, the KCC or any other Governmental Entity and (ii) all other information concerning its business, properties and personnel as such other Party may reasonably request; provided, however, that the Company and Parent may withhold from the other Party or its Representatives any document or information that the disclosing Party believes is subject to the terms of a confidentiality agreement with a third party (provided that the Company and Parent, as applicable, shall use its reasonable best efforts to obtain the required consent of such third party to disclose such document or information) or subject to any attorney-client privilege (provided that the Company and Parent, as applicable, shall use its reasonable best efforts to allow the disclosure of such document or information (or as much of it as possible) in a manner that does not result in a loss of attorney-client privilege) or is commercially sensitive (as determined in the Company's and Parent's, as applicable, reasonable discretion); provided, further, that neither the Company nor Parent or their respective

Representatives shall have the right to collect any air, soil, surface water or ground water samples or perform any invasive or destructive air sampling on, under, at or from any of the properties owned, leased or operated by the other Party or its Subsidiaries. Except for incidents caused by the Company's or Parent's or their respective Affiliate's intentional misconduct, each of the Company and Parent shall indemnify the other Party and its Affiliates and Representatives from, and hold the other Party and its Affiliates and Representatives harmless against, any and all Claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs, expenses, including attorneys' fees and disbursements, and the cost of enforcing this indemnity arising out of or resulting from any access provided pursuant to this Section 6.02(a).

(b) All documents and information exchanged pursuant to this Section 6.02 shall be subject to the letter agreement, dated as of March 3, 2016, between the Company and Parent, as amended (the "Confidentiality Agreement"). If this Agreement is terminated pursuant to Section 8.01, the Confidentiality Agreement shall remain in effect in accordance with its terms.

SECTION 6.03 Further Actions; Regulatory Approvals; Required Actions.

(a) Subject to the terms and conditions of this Agreement, each of the Parties shall use its respective reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, and assist and cooperate with the other Parties in doing, all things necessary to cause the conditions to the Closing set forth in Article VII to be satisfied as promptly as reasonably practicable or to effect the Closing as promptly as reasonably practicable, including (i) making all necessary Filings with Governmental Entities or third parties, (ii) obtaining the Required Consents and all other third-party Consents that are necessary, proper or advisable to consummate the Merger, (iii) obtaining the Required Statutory Approvals and all other Consents of Governmental Entities that are necessary, proper or advisable to consummate the Merger and the other transactions contemplated hereby and (iv) executing and delivering any additional instruments that are necessary, proper or advisable to consummate the Merger and the other transactions contemplated hereby.

(b) In connection with and without limiting the generality of Section 6.03(a), each of Parent and the Company shall:

(i) make or cause to be made, in consultation and cooperation with the other, at a mutually agreeable time after the date of this Agreement, (1) an appropriate filing of a Notification and Report Form pursuant to the HSR Act relating to the Merger, and (2) all other necessary Filings relating to the Merger with other Governmental Entities under any other Antitrust Law;

(ii) make or cause to be made, as promptly as reasonably practicable after the date of this Agreement and in any event within sixty (60) days after the date of this Agreement, which may be extended by mutual agreement of the Parties, all necessary Filings with other Governmental Entities relating to the

Merger, including any such Filings necessary to obtain any Required Statutory Approval;

(iii) furnish to the other all assistance, cooperation and information reasonably required for any such Filing and in order to achieve the effects set forth in this Section 6.03;

(iv) unless prohibited by applicable Law or by a Governmental Entity, give the other reasonable prior notice of any such Filing and, to the extent reasonably practicable, of any communication with any Governmental Entity relating to the Merger (including with respect to any of the actions referred to in this Section 6.03(b)) and, to the extent reasonably practicable, permit the other to review and discuss in advance, and consider in good faith the views of, and secure the participation of, the other in connection with any such Filing or communication;

(v) respond as promptly as reasonably practicable under the circumstances to any inquiries received from any Governmental Entity or any other authority enforcing applicable Antitrust Laws for additional information or documentation in connection with antitrust, competition or similar matters (including a “second request” under the HSR Act) and not extend any waiting period under the HSR Act or enter into any agreement with any such Governmental Entity or other authorities not to consummate the Merger, except with the prior written consent of the other Party;

(vi) provide any information requested by any Governmental Entity in connection with any review or investigation of the transactions contemplated by this Agreement; and

(vii) unless prohibited by applicable Law or a Governmental Entity, to the extent reasonably practicable, (1) not participate in or attend any meeting or engage in any substantive conversation with any Governmental Entity in respect of the Merger without the other Party, (2) to the extent reasonably practicable, give the other reasonable prior notice of any such meeting or conversation and, in the event one Party is prohibited by applicable Law or by the applicable Governmental Entity from participating in or attending any such meeting or engaging in any such conversation, keep such Party apprised with respect thereto, (3) cooperate in the filing of any substantive memoranda, white papers, filings, correspondence or other written communications explaining or defending this Agreement or the Merger, articulating any regulatory or competitive argument or responding to requests or objections made by any Governmental Entity and (4) furnish the other Party with copies of all substantive correspondence, Filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective Representatives on the one hand, and any Governmental Entity or members of any Governmental Entity’s staff, on the other hand, with respect to this Agreement or the Merger; provided that the Parties shall be permitted to redact any correspondence, Filing or communication to the extent

such correspondence, Filing or communication contains commercially sensitive information.

(c) Parent shall not, and shall cause its Affiliates not to, take any action, including acquiring any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that could reasonably be expected to materially increase the risk of not obtaining or making any Consent or Filing contemplated by this Section 6.03 or the timely receipt thereof. In furtherance of and without limiting any of Parent's covenants and agreements under this Section 6.03, Parent shall use its reasonable best efforts to avoid or eliminate each and every impediment that may be asserted by a Governmental Entity pursuant to any Antitrust Law with respect to the Merger or in connection with granting any Required Statutory Approval so as to enable the Closing to occur as soon as reasonably possible, which such reasonable best efforts shall include the following:

(i) defending through litigation on the merits, including appeals, any Claim asserted in any court or other proceeding by any Person, including any Governmental Entity, that seeks to or could prevent or prohibit or impede, interfere with or delay the consummation of the Closing;

(ii) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of any assets or businesses of Parent or its Affiliates or the Company or the Company Subsidiaries, including entering into customary ancillary agreements on commercially reasonable terms relating to any such sale, divestiture, licensing or disposition;

(iii) agreeing to any limitation on the conduct of Parent or its Affiliates (including, after the Closing, the Surviving Corporation and the Company Subsidiaries); and

(iv) agreeing to take any other action as may be required by a Governmental Entity in order to effect each of the following: (1) obtaining all Required Statutory Approvals as soon as reasonably possible and in any event before the End Date, (2) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned any Judgment, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or impedes, interferes with or delays, the Closing and (3) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the Closing or impeding, interfering with or delaying the Closing;

provided that, notwithstanding anything else contained in this Agreement, the provisions of this Section 6.03 shall not be construed to (i) require Parent, Merger Sub or any Parent Subsidiary or (ii) permit the Company or any Company Subsidiary without the prior written consent of Parent, to undertake any efforts or take any action (including accepting any terms, conditions, liabilities,

obligations, commitments, sanctions or other measures and proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of assets or businesses of Parent or the Company or their respective Subsidiaries) if the taking of such efforts or action, individually or in the aggregate, has resulted or would reasonably be expected to result in a Regulatory Material Adverse Effect.

(d) Notwithstanding anything to the contrary in this Section 6.03, (i) Parent shall have primary responsibility for, and shall take the lead in, scheduling and conducting any meeting with any Governmental Entity, coordinating and making any applications and filings with, and resolving any investigation or other inquiry of, any agency or other Governmental Entity, obtaining the Parent Required Statutory Approvals and the Company Required Statutory Approvals, Required Consents, Consents, Permits and other approvals and confirmations from any Governmental Entity necessary, proper or advisable to consummate the Transactions; provided that, Parent agrees to consult with the Company reasonably in advance of taking any such action. Parent shall promptly notify the Company and the Company shall notify Parent of any notice or other communication from any Person alleging that such Person's Consent is or may be required in connection with the Merger.

SECTION 6.04 Transaction Litigation. The Company shall promptly notify Parent of any shareholder litigation arising from this Agreement or the Merger that is brought against the Company or members of the Company Board ("Transaction Litigation"). The Company shall reasonably consult with Parent with respect to the defense or settlement of any Transaction Litigation and shall not settle any Transaction Litigation without Parent's consent (not to be unreasonably withheld, conditioned or delayed).

SECTION 6.05 Section 16 Matters. Prior to the Effective Time, the Company shall take all such steps as may be required to cause any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) directly resulting from the Merger by each individual who will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company immediately prior to the Effective Time to be exempt under Rule 16b-3 promulgated under the Exchange Act.

SECTION 6.06 Governance Matters.

(a) Parent shall cause the Surviving Corporation to maintain its headquarters in Topeka, Kansas.

(b) From and after the Effective Time, Parent shall cause the Surviving Corporation and the Company Subsidiaries to maintain historic levels of community involvement and charitable contributions and support in the existing service territories of the Company and the Company Subsidiaries, including as set forth on Section 6.06(b) of the Company Disclosure Letter.

(c) The Company, the Parent and the Merger Sub agree (i) that the application submitted to the KCC with respect to the Merger shall include the information concerning the Merger, the Company, the Parent and the Merger Sub required by the

laws of the State of Kansas, (ii) to include specific commitments and agreements in such application to implement the principles set forth in Exhibit B hereto, and (iii) that the initial application submitted to the KCC with respect to the Merger and any amendment thereto shall only include such other agreements or commitments as agreed to by the Company, the Parent and the Merger Sub, in each case, whose consent to any such agreements or commitments shall not be unreasonably withheld, conditioned or delayed. The Company agrees that it will not agree to, or accept, any additional or different agreements, commitments or conditions in connection with the Merger pursuant to any settlement or otherwise with the staff of the KCC or any other Person without the prior written consent of the Parent, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) Parent shall take all necessary action to cause, effective at the Effective Time, one director serving on the Company Board immediately prior to the Effective Time, to be elected or appointed as a member of the Parent Board, with such director to be selected by Parent in consultation with the Company.

SECTION 6.07 Public Announcements. Except with respect to (a) a Company Adverse Recommendation Change, a Company Recommendation Change Notice, a Company Takeover Proposal, a Superior Company Proposal or any matter related to any of the foregoing, (b) a Parent Adverse Recommendation Change, a Parent Recommendation Change Notice, a Parent Takeover Proposal, a Superior Parent Proposal or any matter related to any of the foregoing, (c) any dispute between or among the Parties regarding this Agreement or the transactions contemplated hereby, and (d) a press release or other public statement that is consistent in all material respects with previous press releases, public disclosures or public statements made by a Party in accordance with this Agreement, including in investor conference calls, SEC Filings, Q&As or other publicly disclosed documents, in each case under this clause (d), to the extent such disclosure is still accurate, Parent and the Company shall consult with each other before issuing, and give each other the reasonable opportunity to review and comment upon, any press release or other written public statement with respect to this Agreement or the transactions contemplated hereby, including the Merger, and shall not issue any such press release or make any such written public statement prior to such consultation, except as such Party reasonably concludes (based upon advice of its outside legal counsel) may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. The Company and Parent agree that the initial press release to be issued with respect to this Agreement or Merger shall be in a form agreed to by the Parties. Nothing in this Section 6.07 shall limit the ability of any Party to make internal announcements to its respective employees that are consistent in all material respects with the prior public disclosures regarding the transactions contemplated by this Agreement.

SECTION 6.08 Fees, Costs and Expenses. Except as provided otherwise in this Agreement, including Section 5.06(c) and Section 8.02(b), all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such fees, costs or expenses, whether or not the Closing occurs.

SECTION 6.09 Indemnification, Exculpation and Insurance.

(a) Parent agrees that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors, officers or employees of the Company and the Company Subsidiaries as provided in their respective Organization Documents and any indemnification or other similar Contracts of the Company or any Company Subsidiary, in each case, as in effect on the date of this Agreement, shall continue in full force and effect in accordance with their terms (it being agreed that after the Closing such rights shall be mandatory rather than permissive, if applicable), and Parent shall cause the Surviving Corporation and the Company Subsidiaries to perform their respective obligations thereunder. Without limiting the foregoing, from and after the Effective Time, the Surviving Corporation agrees that it will indemnify and hold harmless each individual who is as of the date of this Agreement, or who becomes prior to the Effective Time, a director, officer or employee of the Company or any Company Subsidiary or who is as of the date of this Agreement, or who thereafter commences prior to the Effective Time, serving at the request of the Company or any Company Subsidiary as a director, officer or employee of another Person (the “Company Indemnified Parties”), against all claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs and expenses, including attorneys’ fees and disbursements, incurred in connection with any Claim, whether civil, criminal, administrative or investigative (including with respect to matters existing or occurring at or prior to the Effective Time (including this Agreement and the transactions and actions contemplated hereby)), arising out of or pertaining to the fact that the Company Indemnified Party is or was a director, officer or employee of the Company or any Company Subsidiary or is or was serving at the request of the Company or any Company Subsidiary as a director, officer or employee of another Person, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted under applicable Law. In the event of any Claim covered under this Section 6.09, (i) each Company Indemnified Party will be entitled to advancement of expenses incurred in the defense of any such Claim from Parent; provided that any Person to whom expenses are advanced provides an undertaking, if and only to the extent required by applicable Law or the Surviving Corporation’s Organizational Documents, to repay such advances if it is ultimately determined by final adjudication that such person is not entitled to indemnification and (ii) the Surviving Corporation shall cooperate in good faith in the defense of any such matter.

(b) In the event that Parent or the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, Parent or the Surviving Corporation, as the case may be, shall cause proper provision to be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, assume the covenants and agreements set forth in this Section 6.09.

(c) For a period of six (6) years from and after the Effective Time, the Surviving Corporation shall either cause to be maintained in effect the current policies of directors’ and officers’ liability insurance and fiduciary liability insurance maintained by

the Company or its Subsidiaries or provide substitute policies for the Company and its current and former directors and officers who are currently covered by the directors' and officers' and fiduciary liability insurance coverage currently maintained by the Company, in either case, of not less than the existing coverage and having other terms not materially less favorable to the insured persons than the directors' and officers' liability insurance and fiduciary liability insurance coverage currently maintained by the Company with respect to claims arising from facts or events that occurred on or before the Effective Time (with insurance carriers having at least an "A" rating by A.M. Best with respect to directors' and officers' liability insurance and fiduciary liability insurance), except that in no event shall the Surviving Corporation be required to pay with respect to such insurance policies in respect of any one policy year more than 300% of the aggregate annual premium most recently paid by the Company prior to the date of this Agreement (the "Maximum Amount"), and if the Surviving Corporation is unable to obtain the insurance required by this Section 6.09(c) it shall obtain as much comparable insurance as possible for the years within such six (6) year period for an annual premium equal to the Maximum Amount, in respect of each policy year within such period. In lieu of such insurance, prior to the Closing Date the Company may, at its option, purchase a "tail" directors' and officers' liability insurance policy and fiduciary liability insurance policy for the Company and its current and former directors, officers and employees who are currently covered by the directors' and officers' and fiduciary liability insurance coverage currently maintained by the Company, such tail to provide coverage in an amount not less than the existing coverage and to have other terms not materially less favorable to the insured persons than the directors' and officers' liability insurance and fiduciary liability insurance coverage currently maintained by the Company with respect to claims arising from facts or events that occurred on or before the Effective Time for a period of not less than six (6) years; provided that in no event shall the cost of any such tail policy in respect of any one policy year exceed the Maximum Amount. The Surviving Corporation shall maintain such policies in full force and effect, and continue to honor the obligations thereunder.

(d) The provisions of this Section 6.09 (i) shall survive consummation of the Merger, (ii) are intended to be for the benefit of, and will be enforceable by, each indemnified or insured party (including the Company Indemnified Parties), his or her heirs and his or her representatives and (iii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise.

SECTION 6.10 Employee Matters.

(a) During the period commencing at the Effective Time and ending on the two (2) year anniversary of the Effective Time (the "Continuation Period"), Parent shall, and shall cause the Surviving Corporation to, provide each individual who is employed by the Company or a Company Subsidiary immediately prior to the Effective Time and who remains employed thereafter by the Surviving Corporation, Parent or any of their Subsidiaries (each, a "Company Employee") who is not a Represented Employee (as defined in Section 6.10(b)) with (i) a base salary or wage rate that is no less favorable than that provided to the Company Employee immediately prior to the Effective Time,

(ii) aggregate incentive compensation opportunities that are substantially comparable, in the aggregate, to those provided to the Company Employee immediately prior to the Effective Time and (iii) employee benefits that are substantially comparable, in the aggregate, to those provided to the Company Employee immediately prior to the Effective Time. During the Continuation Period, Parent shall, and shall cause the Surviving Corporation to, provide each Company Employee who experiences a termination of employment with the Surviving Corporation, Parent or any of their Subsidiaries severance benefits that are no less favorable than those set forth in Section 6.10(a)(1) of the Company Disclosure Letter. During the two (2) year period following the Closing Date, subject to Section 6.10(d)(ii), Parent shall, or shall cause the Surviving Corporation to, treat retirees of the Company and its Subsidiaries with respect to the provision of post-retirement welfare benefits no less favorably than similarly situated retirees of the Parent and its Subsidiaries. Except as provided on Section 6.10(a)(2) of the Company Disclosure Letter, as soon as practicable following the end of the fiscal year in which the Effective Time occurs, Parent shall, or shall cause the Surviving Corporation to, pay each Company Employee who remains employed with the Surviving Corporation, Parent or any of their Subsidiaries through the applicable payment date an annual cash bonus for such fiscal year in an amount determined based on the level of attainment of the applicable performance criteria under the bonus plan in which such Company Employee participated as of immediately prior to the Effective Time.

(b) With respect to each Company Employee who is covered by a Company Union Contract (each, a “Represented Employee”), Parent shall, and shall cause the Surviving Corporation to, continue to honor the Company Union Contracts, in each case as in effect at the Effective Time, in accordance with their terms (it being understood that this sentence shall not be construed to limit the ability of Parent or the Surviving Corporation to amend or terminate any such Company Union Contract, to the extent permitted by the terms of the applicable Company Union Contract and applicable Law). The provisions of this Section 6.10 shall be subject to any applicable provisions of the Company Union Contracts and applicable Law in respect of such Represented Employee, to the extent the provisions of this Section 6.10 are inconsistent with or otherwise in conflict with the provisions of any such Company Union Contract or applicable Law. Prior to the Closing Date, the Company shall provide, to the extent required by applicable Law, sufficient advance notice of the transactions contemplated hereby to any unions that are party to a Company Union Contract, and, in response to a request from any such union to engage in bargaining over the effect of the transactions contemplated hereby, shall engage in meaningful, good-faith bargaining, to the extent required by applicable Law.

(c) At the Effective Time, Parent shall, or shall cause the Surviving Corporation to, assume and honor in accordance with their terms all of the Company’s and all of the Company Subsidiaries’ employment, severance, retention, termination and change-in-control plans, policies, programs, agreements and arrangements (including any change-in-control severance agreement or other arrangement between the Company and any Company Employee) maintained by the Company or any Company Subsidiary, in each case, as in effect at the Effective Time, including with respect to any payments, benefits or rights arising as a result of the Merger (either alone or in combination with

any other event), it being understood that this sentence shall not be construed to limit the ability of Parent or the Surviving Corporation to amend or terminate any such plans, policies, programs, agreements, or arrangements, to the extent permitted by the terms of the applicable plan, policy, program, agreement or arrangement and applicable Law. For purposes of any Company Benefit Plan or Company Benefit Agreement containing a definition of “change in control,” “change of control” or similar term that relates to a transaction at the level of the Company, the Closing shall be deemed to constitute a “change in control,” “change of control” or such similar term.

(d) With respect to all employee benefit plans of Parent, the Surviving Corporation or any of their Subsidiaries, including any “employee benefit plan” (as defined in Section 3(3) of ERISA) (including any vacation, paid time-off and severance plans), each Company Employee’s service with the Company or any Company Subsidiary (as well as service with any predecessor employer of the Company or any such Company Subsidiary, to the extent service with the predecessor employer was recognized by the Company or such Company Subsidiary and is accurately reflected within a Company Employee’s records) shall be treated as service with Parent, the Surviving Corporation or any of their Subsidiaries for all purposes, including determining eligibility to participate, level of benefits, vesting and benefit accruals, except (i) to the extent that such service was not recognized under the corresponding Company Benefit Plan immediately prior to the Effective Time, (ii) for purposes of any defined benefit retirement plan, any retiree welfare benefit plan, any grandfathered or frozen plan or any plan under which similarly situated employees of Parent and its Subsidiaries do not receive credit for prior service or (iii) to the extent that such recognition would result in any duplication of benefits for the same period of service.

(e) Parent shall, and shall cause the Surviving Corporation to, use commercially reasonable efforts to waive, or cause to be waived, any pre-existing condition limitations, exclusions, actively at work requirements and waiting periods under any welfare benefit plan maintained by Parent, the Surviving Corporation or any of their Subsidiaries in which Company Employees (and their eligible dependents) will be eligible to participate from and after the Effective Time, except to the extent that such pre-existing condition limitations, exclusions, actively-at-work requirements and waiting periods would not have been satisfied or waived under the corresponding Company Benefit Plan immediately prior to the Effective Time. Parent shall, or shall cause the Surviving Corporation to, use commercially reasonable efforts to recognize the dollar amount of all co-payments, deductibles and similar expenses incurred by each Company Employee (and his or her eligible dependents) during the calendar year in which the Effective Time occurs for purposes of satisfying such year’s deductible and co-payment limitations under the relevant welfare benefit plans in which they will be eligible to participate from and after the Effective Time.

(f) Notwithstanding anything to the contrary herein, the provisions of this Section 6.10 are solely for the benefit of the parties to this Agreement, and no provision of this Section 6.10 is intended to, or shall, constitute the establishment or adoption of or an amendment to any employee benefit plan for purposes of ERISA or otherwise and no Company Personnel or any other individual associated therewith shall

be regarded for any purpose as a third-party beneficiary of this Agreement or have the right to enforce the provisions hereof including in respect of continued employment (or resumed employment). Nothing contained herein shall alter the at-will employment relationship of any Company Employee.

SECTION 6.11 Merger Sub.

(a) Prior to the Effective Time, Merger Sub shall not engage in any activity of any nature except for activities related to or in furtherance of the Merger.

(b) Parent hereby (i) guarantees the due, prompt and faithful payment performance and discharge by Merger Sub of, and compliance by Merger Sub with, all of the covenants and agreements of Merger Sub under this Agreement and (ii) agrees to take all actions necessary, proper or advisable to ensure such payment, performance and discharge by Merger Sub hereunder.

SECTION 6.12 Takeover Statutes. If any Takeover Statute or similar statute or regulation becomes applicable to this Agreement or the Merger, the Company and the Company Board shall use reasonable best efforts to grant such approvals and take such actions to ensure that the Merger may be consummated as promptly as practicable on the terms contemplated by this Agreement.

SECTION 6.13 Stock Exchange Listing. Parent shall use reasonable best efforts to cause the shares of Parent Common Stock to be issued in the Merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing. The Company shall use its reasonable best efforts to cooperate with Parent in connection with the foregoing, including by providing information reasonably requested by Parent in connection therewith.

SECTION 6.14 Parent Equity Transactions. In connection with the alternative equity financing contemplated by Section 5.06, at such times prior to the Effective Time and to the extent that Parent shall determine advisable: (a) Parent shall redeem all of the outstanding Parent Preferred Par Value Stock; and (b) Parent shall engage in the equity financing transactions set forth in Section 6.14 of the Parent Disclosure Letter.

ARTICLE VII

CONDITIONS PRECEDENT

SECTION 7.01 Conditions to Each Party's Obligation to Effect the Transactions. The obligation of each Party to effect the Closing is subject to the satisfaction or waiver (by such Party) at or prior to the Closing of the following conditions:

(a) Shareholder Approval. Each of the Company Shareholder Approval and the Parent Shareholder Approval shall have been obtained.

(b) Required Statutory Approvals. The Required Statutory Approvals, including the expiration or termination of any waiting period applicable to the Merger under the HSR Act, shall have been obtained at or prior to the Effective Time and such

approvals shall have become Final Orders. For purposes of this Section 7.01(b), a “Final Order” means a Judgment by the relevant Governmental Entity that (1) has not been reversed, stayed, enjoined, set aside, annulled or suspended and is in full force and effect, (2) with respect to which, if applicable, any mandatory waiting period prescribed by Law before the Merger may be consummated has expired or been terminated, and (3) as to which all conditions to the consummation of the Merger prescribed by Law have been satisfied.

(c) No Legal Restraints. No Law and no Judgment, whether preliminary, temporary or permanent, shall be in effect that prevents, makes illegal or prohibits the consummation of the Merger (any such Law or Judgment, a “Legal Restraint”).

(d) Listing. The shares of Parent Common Stock issuable in the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

(e) Form S-4. The Form S-4 shall have become effective under the Securities Act and shall not be subject of any stop order or proceeding seeking a stop order, and Parent shall have received all state securities and “blue sky” authorizations necessary for the issuance of the Stock Consideration.

SECTION 7.02 Conditions to Obligations of the Company. The obligation of the Company to effect Closing is further subject to the satisfaction or waiver (by the Company) at or prior to the Closing of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of Parent and Merger Sub contained herein (except for the representations and warranties contained in Section 4.03, Section 4.04 and Section 4.07(b)) shall be true and correct (without giving effect to any limitation as to “materiality” or “Parent Material Adverse Effect” set forth therein) at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of any such representation or warranty to be true and correct (without giving effect to any limitation as to “materiality” or “Parent Material Adverse Effect” set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect, (ii) the representations and warranties of Parent and Merger Sub contained in Section 4.03 and Section 4.04 shall be true and correct at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of any such representation or warranty to be true and correct would be de minimis, and (iii) the representations and warranties of Parent and Merger Sub contained in Section 4.07(b) shall be true and correct in all respects at and as of the Closing as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

(b) Performance of Covenants and Agreements of Parent and Merger Sub. Parent and Merger Sub shall have performed in all material respects all covenants and agreements required to be performed by them under this Agreement at or prior to the Closing.

(c) Officer's Certificate. The Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent certifying the satisfaction by Parent and Merger Sub of the conditions set forth in Section 7.02(a) and Section 7.02(b).

SECTION 7.03 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to consummate the Merger is further subject to the satisfaction or waiver (by Parent and Merger Sub) at or prior to the Closing of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company contained herein (except for the representations and warranties contained in Section 3.03, Section 3.04 and Section 3.07(b)) shall be true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein) at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of any such representation or warranty to be true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, (ii) the representations and warranties of the Company contained in Section 3.03 and Section 3.04 shall be true and correct at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of any such representation or warranty to be true and correct would be de minimis, and (iii) the representations and warranties of Parent and Merger Sub contained in Section 3.07(b) shall be true and correct in all respects at and as of the Closing as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

(b) Performance of Covenants and Agreements of the Company. The Company shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement at or prior to the Closing.

(c) Absence of Company Material Adverse Effect. Since the date of this Agreement, no fact, circumstance, effect, change, event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect shall have occurred and be continuing.

(d) Officer's Certificate. Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company certifying the satisfaction by the Company of the conditions set forth in Section 7.03(a), Section 7.03(b) and Section 7.03(c).

(e) Regulatory Approvals. The Final Orders referred to in Section 7.01(b) shall not include or impose any undertaking, term, condition, liability, obligation, commitment, sanction or other measure that, individually or in the aggregate, has resulted or would reasonably be expected to result in a Regulatory Material Adverse Effect.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.01 Termination Rights.

(a) Termination by Mutual Consent. The Company and Parent shall have the right to terminate this Agreement at any time prior to the Effective Time, whether before or after receipt of the Company Shareholder Approval or Parent Shareholder Approval, by mutual written consent.

(b) Termination by Either the Company or Parent. Each of the Company and Parent shall have the right to terminate this Agreement, at any time prior to the Effective Time, whether before or after the receipt of the Company Shareholder Approval or Parent Shareholder Approval, if:

(i) the Closing shall not have occurred by 5:00 p.m. New York City time on May 31, 2017 (the “End Date”); provided that if, prior to the End Date, all of the conditions to the Closing set forth in Article VII have been satisfied or waived, as applicable, or shall then be capable of being satisfied (except for any conditions set forth in Section 7.01(b), Section 7.01(c), Section 7.03(e) and those conditions that by their nature are to be satisfied at the Closing), either the Company or Parent may, prior to 5:00 p.m. New York City time on the End Date, extend the End Date to a date that is six (6) months after the End Date (and if so extended, such later date being the End Date); provided, further, that neither the Company nor Parent may terminate this Agreement or extend the End Date pursuant to this Section 8.01(b)(i) if it (or, in the case of Parent, Merger Sub) is in breach of any of its covenants or agreements and such breach has caused or resulted in either (1) the failure to satisfy the conditions to its obligations to consummate the Merger set forth in Article VII prior to the End Date or (2) the failure of the Closing to have occurred prior to the End Date;

(ii) the condition set forth in Section 7.01(c) is not satisfied and the Legal Restraint giving rise to such nonsatisfaction has become final and nonappealable; provided, however, that the right to terminate this Agreement under this Section 8.01(b)(ii) shall not be available to any Party if such failure to satisfy the condition set forth in Section 7.01(c) is the result of a failure of such Party to comply with its obligations pursuant to Section 6.03;

(iii) the Company Shareholder Approval is not obtained at the Company Shareholders Meeting duly convened (unless such Company Shareholders Meeting has been adjourned, in which case at the final adjournment thereof); or

(iv) the Parent Shareholder Approval is not obtained at the Parent Shareholders Meeting duly convened (unless such Parent Shareholders Meeting has been adjourned, in which case at the final adjournment thereof).

(c) Termination by the Company. The Company shall have the right to terminate this Agreement:

(i) in the event that the Company Board has made a Company Adverse Recommendation Change with respect to a Superior Company Proposal and shall have approved, and concurrently with the termination hereunder, the Company shall have entered into, a Company Acquisition Agreement providing for the implementation of such Superior Company Proposal, so long as (1) the Company has complied in all material respects with its obligations under Section 5.03(c) and (2) the Company prior to or concurrently with such termination pays to Parent the Company Termination Fee in accordance with Section 8.02(b)(ii) and the termination pursuant to this Section 8.01(c)(i) shall not be effective and the Company shall not enter into any such Company Acquisition Agreement until Parent is in receipt of the Company Termination Fee; provided, however, that the Company shall not have the right to terminate this Agreement under this Section 8.01(c)(i) after the Company Shareholder Approval is obtained at the Company Shareholders Meeting;

(ii) if Parent or Merger Sub breaches or fails to perform any of its covenants or agreements contained herein, or if any of the representations or warranties of Parent or Merger Sub contained herein fails to be true and correct, which breach or failure to perform (1) would give rise to the failure of a condition set forth in Section 7.02(a) or Section 7.02(b), as applicable, and (2) is not reasonably capable of being cured by Parent or Merger Sub by the End Date (as it may be extended pursuant to Section 8.01(b)(i)) or is not cured by Parent within thirty (30) days after receiving written notice from the Company of such breach or failure; provided, however, that the Company shall not have the right to terminate this Agreement under this Section 8.01(c)(ii) if the Company is then in breach of any covenant or agreement contained herein or any representation or warranty of the Company contained herein then fails to be true and correct such that the conditions set forth in Section 7.03(a) or Section 7.03(b), as applicable, could not then be satisfied;

(iii) if (1) all of the conditions set forth in Section 7.01, Section 7.02 and Section 7.03 have been satisfied or waived in accordance with this Agreement as of the date that the Closing should have been consummated pursuant to Section 1.04 (except for those conditions that by their terms are to be satisfied at the Closing), (2) Parent and Merger Sub do not complete the Closing on the day that the Closing should have been consummated pursuant to Section 1.04, and (3) Parent and Merger Sub fail to consummate the Closing within five (5) Business Days following their receipt of written notice from the Company requesting such consummation; or

(iv) in the event that the Parent Board or a committee thereof has made a Parent Adverse Recommendation Change; provided, however, that the Company shall not have the right to terminate this Agreement under this Section

8.01(c)(iv) after the Parent Shareholder Approval is obtained at the Parent Shareholders Meeting.

(d) Termination by Parent. Parent shall have the right to terminate this Agreement:

(i) in the event that the Company Board or a committee thereof has made a Company Adverse Recommendation Change; provided, however, that Parent shall not have the right to terminate this Agreement under this Section 8.01(d)(i) after the Company Shareholder Approval is obtained at the Company Shareholders Meeting; or

(ii) if the Company breaches or fails to perform any of its covenants or agreements contained herein, or if any of the representations or warranties of the Company contained herein fails to be true and correct, which breach or failure (1) would give rise to the failure of a condition set forth in Section 7.03(a) or Section 7.03(b), as applicable, and (2) is not reasonably capable of being cured by the Company by the End Date (as it may be extended pursuant to Section 8.01(b)(i)) or is not cured by the Company within thirty (30) days after receiving written notice of such breach or failure; provided, however, that Parent shall not have the right to terminate this Agreement under this Section 8.01(d)(ii) if Parent or Merger Sub is then in breach of any representation, covenant or agreement contained herein such that the conditions set forth in Section 7.02(a) or Section 7.02(b), as applicable, could not then be satisfied.

SECTION 8.02 Effect of Termination; Termination Fees.

(a) In the event of termination of this Agreement by either Parent or the Company as provided in Section 8.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of the Company or Parent (or any shareholder, Affiliate or Representative thereof), whether arising before or after such termination, based on, arising out of or relating to this Agreement or the negotiation, execution, performance or subject matter hereof (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity), except for (i) Section 5.06(c), the last sentence of Section 6.02(a), the last sentence of Section 6.02(b), Section 6.08, this Section 8.02 and Article IX, which provisions shall survive such termination and (ii) subject to Section 8.02(d), liability of any Party (whether or not the terminating Party) for any Willful Breach of this Agreement prior to such termination but solely to the extent such liability arises out of a Willful Breach by such Party of any covenant or agreement set forth herein that gave rise to the failure of a condition set forth in Article VII. The liabilities described in the preceding sentence shall survive the termination of this Agreement.

(b) Termination Fees.

(i) If (1) (A) either Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(i) and, at the time of such termination, any of the

conditions set forth in Section 7.01(b) or Section 7.03(e) or, in connection with the Required Statutory Approvals, Section 7.01(c) shall have not been satisfied, (B) either Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(ii) (if, and only if, the applicable Legal Restraint giving rise to such termination arises in connection with the Required Statutory Approvals or in connection with the assertion that the approval of a state regulatory commission other than that of the KCC is required) or (C) the Company terminates this Agreement pursuant to Section 8.01(c)(ii) based on a failure by Parent to perform its covenants or agreements under Section 6.03, and in each case of the foregoing clauses (A), (B) and (C), at the time of such termination, all other conditions to the Closing set forth in Section 7.01(a), Section 7.03(a), Section 7.03(b) and Section 7.03(c) shall have been satisfied or waived (except for (I) those conditions that by their nature are to be satisfied at the Closing but which conditions would be satisfied or would be capable of being satisfied if the Closing Date were the date of such termination or (II) those conditions that have not been satisfied as a result of a breach of this Agreement by Parent or Merger Sub), or (2) the Company terminates this Agreement pursuant to Section 8.01(c)(iii), then Parent shall pay to the Company a fee of \$380,000,000 in cash (the “Parent Termination Fee”). Parent shall pay the Parent Termination Fee to the Company (to an account designated in writing by the Company) prior to or concurrently with such termination of this Agreement by Parent or no later than three (3) Business Days after the date of the applicable termination by the Company.

(ii) If the Company terminates this Agreement pursuant to Section 8.01(c)(i) or Parent terminates this Agreement pursuant to Section 8.01(d)(i), the Company shall pay to Parent a fee of \$280,000,000 in cash (the “Company Termination Fee”). The Company shall pay the Company Termination Fee to Parent (to an account designated in writing by Parent) prior to or concurrently with such termination of this Agreement by the Company pursuant to Section 8.01(c)(i) or no later than three (3) Business Days after the date of such termination of this Agreement by Parent pursuant to Section 8.01(d)(i).

(iii) If the Company terminates this Agreement pursuant to Section 8.01(c)(iv), Parent shall pay to the Company a fee of \$180,000,000 in cash (the “Parent Fiduciary Out Termination Fee”). Parent shall pay the Parent Fiduciary Out Termination Fee to the Company (to an account designated in writing by the Company) no later than three (3) Business Days after the date of such termination of this Agreement by the Company pursuant to Section 8.01(c)(iv).

(iv) If (1) either (A) Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(i) or Section 8.01(b)(iii) or (B) Parent terminates this Agreement pursuant to Section 8.01(d)(ii), (2) a Company Takeover Proposal shall have been publicly disclosed or made to the Company after the date hereof (x) in the case of a termination pursuant to Section 8.01(b)(i) or Section 8.01(d)(ii), prior to the date of such termination, or (y) in the case of a termination pursuant to Section 8.01(b)(iii), prior to the date of the Company Shareholders Meeting, and (3) within twelve (12) months after the termination of this

Agreement, the Company shall have entered into a Company Acquisition Agreement which is subsequently consummated, or consummated a Company Takeover Proposal, then the Company shall pay the Company Termination Fee to Parent (to an account designated in writing by Parent) within three (3) Business Days after the earlier of the date the Company enters into such Company Acquisition Agreement or consummates such Company Takeover Proposal. For purposes of clause (3) of this Section 8.02(b)(iv), the term “Company Takeover Proposal” shall have the meaning assigned to such term in Section 5.03, except that the applicable percentage in the definition of “Company Takeover Proposal” shall be “50.1%” rather than “20% or more”.

(v) If (1) either (A) Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(i) or Section 8.01(b)(iv) or (B) the Company terminates this Agreement pursuant to Section 8.01(c)(ii), (2) a Parent Takeover Proposal shall have been publicly disclosed or made to Parent after the date hereof (x) in the case of a termination pursuant to Section 8.01(b)(i) or Section 8.01(c)(ii), prior to the date of such termination, or (y) in the case of a termination pursuant to Section 8.01(b)(iv), prior to the date of the Parent Shareholders Meeting, and (3) within twelve (12) months after the termination of this Agreement, Parent shall have entered into a Parent Acquisition Agreement which is subsequently consummated, or consummated a Parent Takeover Proposal, then Parent shall pay the Parent Fiduciary Out Termination Fee to the Company (to an account designated in writing by the Company) within three (3) Business Days after the earlier of the date Parent enters into such Parent Acquisition Agreement or consummates such Parent Takeover Proposal. For purposes of clause (3) of this Section 8.02(b)(v), the term “Parent Takeover Proposal” shall have the meaning assigned to such term in Section 5.04, except that the applicable percentage in the definition of “Parent Takeover Proposal” shall be “50.1%” rather than “20% or more”.

(vi) If either Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(iv) and no fee is then payable pursuant to Section 8.02(b)(i), Section 8.02(b)(iii) or Section 8.02(b)(v), then Parent shall pay to the Company a fee of \$80,000,000 in cash (the “Parent No Vote Termination Fee”). Parent shall pay the Parent No Vote Termination Fee to Company (to an account designated in writing by Company) prior to or concurrently with such termination of this Agreement by Parent pursuant to Section 8.01(b)(iv) or no later than three (3) Business Days after the date of such termination of this Agreement by the Company pursuant to Section 8.01(b)(iv).

(c) The Parties acknowledge that the agreements contained in Section 8.02(b) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the parties would not enter into this Agreement. If Parent fails to promptly pay an amount due pursuant to Section 8.02(b)(i), Section 8.02(b)(iii), Section 8.02(b)(v) or Section 8.02(b)(vi) or the Company fails to promptly pay an amount due pursuant to Section 8.02(b)(ii) or Section 8.02(b)(iv), and, in order to obtain such payment, Parent, on the one hand, or the Company, on the other hand, commences a

Claim that results in a Judgment against the Company for the amount set forth in Section 8.02(b)(ii) or Section 8.02(b)(iv) or any portion thereof, or a Judgment against Parent for the amount set forth in Section 8.02(b)(i), Section 8.02(b)(iii) Section 8.02(b)(v), or Section 8.02(b)(vi) or any portion thereof, the Company shall pay to Parent, on the one hand, or Parent shall pay to the Company, on the other hand, its costs and expenses (including reasonable attorneys' fees and the fees and expenses of any expert or consultant engaged by the Company) in connection with such Claim, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the U.S. prime rate as quoted by The Wall Street Journal in effect on the date such payment was required to be made. Any amount payable pursuant to Section 8.02(b) shall be paid by the applicable Party by wire transfer of same-day funds prior to or on the date such payment is required to be made under Section 8.02(b).

(d) Without limiting the rights of the Company under Section 9.10 prior to the termination of this Agreement pursuant to Section 8.01, if this Agreement is terminated under circumstances in which Parent is obligated to pay the Parent Termination Fee under Section 8.02(b)(i) or Parent Fiduciary Out Termination Fee under Section 8.02(b)(iii) or Section 8.02(b)(v) or the Parent No Vote Termination Fee under Section 8.02(b)(vi), except as otherwise contemplated by the last sentence of this Section 8.02(d), upon payment of the Parent Termination Fee, the Parent Fiduciary Termination Fee or the Parent No Vote Termination Fee, as the case may be, and, if applicable, the costs and expenses of the Company pursuant to Section 8.02(c) in accordance herewith, Parent, Parent Subsidiaries and any of the Financing Source Parties and their respective Affiliates and Representatives shall have no further liability with respect to this Agreement or the transactions contemplated hereby, including the Financing, to the Company or the holders of the Company Common Stock, and payment of the applicable fee and such costs and expenses by Parent shall be the Company's sole and exclusive remedy for any Claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements, suffered or incurred by the Company, the Company Subsidiaries or any other Person in connection with this Agreement, the transactions contemplated hereby, including the Financing (and the termination thereof) or any matter forming the basis for such termination, and the Company shall not have, and expressly waives and relinquishes, any other right, remedy or recourse (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity), including against any Financing Source Party; provided that, regardless of whether Parent pays or is obligated to pay the Parent Termination Fee, the Parent Fiduciary Out Termination Fee or the Parent No Vote Termination Fee, nothing in this Section 8.02(d) shall release Parent from liability for a Willful Breach of this Agreement. If this Agreement is terminated under circumstances in which the Company is obligated to pay the Company Termination Fee under Section 8.02(b)(ii) or Section 8.02(b)(iv), upon payment of the Company Termination Fee and, if applicable, the costs and expenses of Parent pursuant to Section 8.02(c) in accordance herewith, the Company shall have no further liability with respect to this Agreement or the transactions contemplated hereby to Parent, Merger Sub or any of their respective Affiliates or Representatives, and payment of the Company Termination Fee and such costs and expenses by the Company shall be Parent's sole and exclusive remedy for any

Claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements, suffered or incurred by Parent, Parent's Subsidiaries and any other Person in connection with this Agreement, the transactions contemplated hereby (and the termination thereof) or any matter forming the basis for such termination, and Parent and Merger Sub shall not have, and each expressly waives and relinquishes, any other right, remedy or recourse (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity); provided that, regardless of whether the Company pays or is obligated to pay the Company Termination Fee, nothing in this Section 8.02(d) shall release the Company from liability for a Willful Breach of this Agreement. The Parties acknowledge and agree that (i) in no event shall the Company or Parent, as applicable, be required to pay the Company Termination Fee, the Parent Termination Fee, the Parent Fiduciary Out Termination Fee or the Parent No Vote Termination Fee, as applicable, on more than one occasion, (ii) the Parent Fiduciary Out Termination Fee may become due and payable pursuant to Section 8.02(b)(v) after the prior payment of the Parent No Vote Termination Fee pursuant to Section 8.02(b)(vi), in which case Parent shall be obligated to pay an amount equal to the Parent Fiduciary Out Termination Fee less the amount of the Parent No Vote Fee previously paid and (iii) if a termination event occurs requiring Parent to pay a termination fee hereunder and at such time more than one right to terminate this Agreement is exercisable by the Parties, Parent shall be obligated to pay the largest termination fee that would be applicable without regard to which termination right was actually exercised (e.g., if termination pursuant to Section 8.01(b)(iv) and Section 8.01(c)(iv) is permitted, Parent shall be obligated to pay the Parent Fiduciary Out Termination Fee even if Parent terminates this Agreement pursuant to Section 8.01(b)(iv)).

(e) For purposes of this Agreement, "Willful Breach" means a breach that is a consequence of a deliberate act or deliberate failure to act undertaken by the breaching Party with the Knowledge that the taking of, or failure to take, such act would, or would reasonably be expected to, cause or constitute a material breach of any covenants or agreements contained in this Agreement; provided that, without limiting the meaning of Willful Breach, the Parties acknowledge and agree that any failure by any Party to consummate the Merger and the other transactions contemplated hereby after the applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Merger) shall constitute a Willful Breach of this Agreement. For the avoidance of doubt, (i) in the event that all applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Merger) but Parent fails to close for any reason, such failure to close shall be considered a Willful Breach and (ii) the availability or unavailability of financing for the transactions contemplated by this Agreement shall have no effect on Parent's obligations hereunder. The Parties acknowledge and agree that, without in any way limiting the Parties' rights under Section 9.10, recoverable damages of the Company hereunder shall not be limited to reimbursement of expenses or out-of-pocket costs but shall also include the benefit of the bargain lost by the Company

and its shareholders (including “lost premium”), taking into consideration relevant matters, including the total consideration and value to be received by the shareholders of each Party under this Agreement and the time value of money, which shall be deemed in such event to be damages of the Company and shall be recoverable by the Company on behalf of itself or its shareholders.

SECTION 8.03 Amendment. This Agreement may be amended by the parties at any time before or after receipt of the Company Shareholder Approval; provided, however, that (a) after receipt of the Company Shareholder Approval, there shall be made no amendment that by Law requires further approval by the shareholders of the Company without the further approval of such shareholders, (b) no amendment shall be made to this Agreement after the Effective Time, (c) except as provided above, no amendment of this Agreement shall require the approval of the shareholders of Parent or the shareholders of the Company and (d) no amendments to or waivers of any DFS Provision shall be effective without the written consent of the Financing Parties. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

SECTION 8.04 Extension; Waiver. At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant to this Agreement, (c) subject to Section 8.03(a), waive compliance with any covenants and agreements contained herein or (d) waive the satisfaction of any of the conditions contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

SECTION 8.05 Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 8.01, an amendment of this Agreement pursuant to Section 8.03 or an extension or waiver pursuant to Section 8.04 shall, in order to be effective, require, in the case of the Company, Parent or Merger Sub, action by its respective board of directors or the duly authorized designee of its board of directors. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders of any Party. The Party desiring to terminate this Agreement pursuant to Section 8.01 shall give written notice of such termination to the other Parties in accordance with Section 9.02, specifying the provision of this Agreement pursuant to which such termination is effected.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.01 Nonsurvival of Representations, Warranties, Covenants and Agreements; Contractual Nature of Representations and Warranties. None of the representations or warranties contained herein or in any instrument delivered pursuant to this Agreement shall survive, and all rights, Claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect thereto shall terminate at the Effective Time. Except for any covenant or agreement that by its terms

contemplates performance after the Effective Time, none of the covenants or agreements of the Parties contained herein shall survive, and all rights, Claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect to such covenants and agreements shall terminate at, the Effective Time. The Parties hereby acknowledge and agree that (a) all representations and warranties set forth in this Agreement are contractual in nature only, (b) no Person is asserting the truth or accuracy of any representation or warranty set forth in this Agreement, (c) if any such representation or warranty (as modified by the applicable Disclosure Letter) should prove untrue, the Parties' only rights, Claims or causes of action shall be to exercise the specific rights set forth in Section 7.02(a), Section 7.03(a), Section 8.01(c)(ii) and Section 8.01(d)(ii), as and if applicable, and (d) the Parties shall have no other rights, Claims or causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) based on, arising out of or related to any such untruth of any such representation or warranty.

SECTION 9.02 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt by other than automatic means, whether electronic or otherwise), (b) when sent by facsimile or email (with written confirmation of transmission) or (c) one (1) Business Day following the day sent by an internationally recognized overnight courier (with written confirmation of receipt), in each case, at the following addresses, facsimile numbers and email addresses (or to such other address, facsimile number or email address as a Party may have specified by notice given to the other Party pursuant to this provision):

To Parent or Merger Sub:

Great Plains Energy Incorporated
1200 Main Street
Kansas City, Missouri 64105
Attention: Heather Humphrey
Facsimile: (816) 556-2787
Email: heather.humphrey@kcpl.com

with a copy (which shall not constitute notice) to:

Bracewell LLP
1251 Avenue of the Americas
New York, New York 10020
Attention: John G. Klauberg
 Frederick J. Lark
Facsimile: (800) 404-3970
Email: john.klauberg@bracewelllaw.com
 fritz.lark@bracewelllaw.com

To the Company:

Westar Energy, Inc.
818 South Kansas Avenue
Topeka, KS 66612
Attention: Larry Irick
Facsimile: (785) 575-1936
Email: larry.irick@westarenergy.com

with a copy (which shall not constitute notice) to:

Baker Botts L.L.P.
30 Rockefeller Plaza
New York, NY 10112
Attention: William S. Lamb
Michael Didriksen
Facsimile: (212) 259-2557
(212) 259-2507
Email: bill.lamb@bakerbotts.com
michael.didriksen@bakerbotts.com

SECTION 9.03 Definitions. For purposes of this Agreement, each capitalized term has the meaning given to it, or specified, in Exhibit A.

SECTION 9.04 Interpretation.

(a) Time Periods. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, (i) the date that is the reference date in calculating such period shall be excluded and (ii) if the last day of such period is a not a Business Day, the period in question shall end on the next succeeding Business Day.

(b) Dollars. Unless otherwise specifically indicated, any reference herein to \$ means U.S. dollars.

(c) Gender and Number. Any reference herein to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

(d) Articles, Sections and Headings. When a reference is made herein to an Article or a Section, such reference shall be to an Article or a Section of this Agreement unless otherwise indicated. The table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) Include. Whenever the words “include”, “includes” or “including” are used herein, they shall be deemed to be followed by the words “without limitation.”

(f) Hereof. The words “hereof,” “hereto,” “hereby,” “herein” and “hereunder” and words of similar import when used herein shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(g) Extent. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if.”

(h) Contracts; Laws. Any Contract or Law defined or referred to herein means such Contract or Law as from time to time amended, modified or supplemented, unless otherwise specifically indicated.

(i) Persons. References to a person are also to its permitted successors and assigns.

(j) Or. Unless otherwise specifically provided herein, the term “or” shall not be deemed to be exclusive.

(k) Exhibits and Disclosure Letters. The Exhibits to this Agreement and the Disclosure Letters are hereby incorporated and made a part hereof and are an integral part of this Agreement. Each of the Company and Parent may, at its option, include in the Company Disclosure Letter or the Parent Disclosure Letter, respectively, items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts herein or in the Disclosure Letters, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement or otherwise. Any matter set forth in any section of the Disclosure Letters shall be deemed to be referred to and incorporated in any section to which it is specifically referenced or cross-referenced and also in all other sections of the such Disclosure Letter to which such matter’s application or relevance is reasonably apparent on the face of such matter. Any capitalized term used in any Exhibit or any Disclosure Letter but not otherwise defined therein shall have the meaning given to such term herein.

(l) Reflected On or Set Forth In. An item arising with respect to a specific representation, warranty, covenant or agreement shall be deemed to be “reflected on” or “set forth in” the Company Financial Statements included in the Company Reports, to the extent any such phrase appears in such representation, warranty, covenant or agreement if (i) there is a reserve, accrual or other similar item underlying a number on such balance sheet or financial statement reasonably related to the subject matter of such representation or (ii) such item and the amount thereof is otherwise reasonably identified on such balance sheet or financial statement (or the notes thereto).

SECTION 9.05 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party or such Party waives its rights under this Section

9.05 with respect thereto. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated by this Agreement are fulfilled to the extent possible.

SECTION 9.06 Counterparts. This Agreement may be executed in one or more counterparts (including by means of facsimile or email in .pdf format), all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties.

SECTION 9.07 Entire Agreement; No Third-Party Beneficiaries. This Agreement, taken together with the Company Disclosure Letter, the Parent Disclosure Letter and the exhibits hereto and other instruments referred to herein, and the Confidentiality Agreement, constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between or among the Parties with respect to the Merger. Except (a) after the Effective Time, the rights of the Company's shareholders and holders of Company Restricted Share Units, Company Performance Units and Other Equity-Based Rights to receive the Merger Consideration and payments pursuant to Article II, and (b) after the Effective Time, for Section 6.09, each Party agrees that (i) their respective representations, warranties, covenants and agreements set forth herein are solely for the benefit of the other Parties, in accordance with and subject to the terms of this Agreement and (ii) this Agreement is not intended to, and does not, confer upon any Person other than the Parties any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein. The Financing Parties and each of their respective Affiliates and their respective current, former and future direct or indirect equity holders, controlling persons, stockholders, agents, Affiliates, members, managers, general or limited partners, assignees or representatives (collectively, the "Financing Source Parties") shall be express third-party beneficiaries with respect to Section 8.02(d), Section 8.03(d), this Section 9.07, Section 9.08, Section 9.11(b) and Section 9.12 (collectively, the "DFS Provisions").

SECTION 9.08 Governing Law. This Agreement, and all Claims or causes of action of the Parties (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) that may be based on, arise out of or relate to this Agreement or the negotiation, execution, performance or subject matter hereof, shall be governed by and construed in accordance with the laws of the State of Kansas, without regard to principles of conflict of laws, except (a) to the extent any mandatory provisions of the General Business and Corporation Law of the State of Missouri govern and (b) as otherwise set forth in the Debt Letters as in effect as of the date of this Agreement, all matters relating to the interpretation, construction, validity and enforcement (whether at law, in equity, in contract, in tort, or otherwise) against any of the Financing Source Parties in any way relating to the Debt Letters or the performance thereof or the Financing, shall be exclusively governed by, and construed in accordance with, the domestic Law of the State of New York without giving effect to any choice or conflict of law provision or rule whether of the State of New York or any other jurisdiction that would cause the application of Law of any jurisdiction other than the State of New York.

SECTION 9.09 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise, by any of the Parties without the prior written consent of the other Parties. Any purported assignment without such consent shall be void; provided that Parent may make as assignment of its rights (but not its obligations) under this Agreement to any Financing Party without the prior written consent of the Company. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

SECTION 9.10 Specific Enforcement. The Parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that, at any time prior to the termination of this Agreement pursuant to Article VIII, the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the performance of terms and provisions of this Agreement, including the right of a Party to cause each other Party to consummate the Merger and the other transactions contemplated by this Agreement, in any court referred to in Section 9.11, without proof of actual damages (and each Party hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at law or in equity. The Parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy for any such breach. If any Party brings any Claim to enforce specifically the performance of the terms and provisions of this Agreement when expressly available to such Party pursuant to the terms of this Agreement, then, notwithstanding anything to the contrary herein, the End Date shall automatically be extended by the period of time between the commencement of such Claim and the date on which such Claim is fully and finally resolved.

SECTION 9.11 Jurisdiction; Venue.

(a) All Claims arising from, under or in connection with this Agreement shall be raised to and exclusively determined by the courts of the State of Kansas located in Shawnee County or, if such court disclaims jurisdiction, the U.S. District Court for the District of Kansas, to whose jurisdiction and venue the Parties unconditionally consent and submit. Each Party hereby irrevocably and unconditionally waives any objection to the laying of venue of Claim arising out of this Agreement in such court and hereby further irrevocably and unconditionally waives and agree not to plead or claim in any such court that any such Claim brought in any such court has been brought in an inconvenient forum. Each Party further agree that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 9.02 hereof shall be effective service of process for any Claim brought against such Party in any such court.

(b) Notwithstanding anything to the contrary in this Agreement (including this Section 9.11), each Party agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law

or in equity, whether in contract or in tort or otherwise, against the Financing Source Parties in any way relating to this Agreement, including any dispute arising out of the Debt Letters or the performance thereof or the Financing, in any forum other than the Supreme Court of the State of New York, County of New York, or, if under applicable law exclusive jurisdiction is vested in the Federal courts, the United States District Court for the Southern District of New York (and of the appropriate appellate courts therefrom).

SECTION 9.12 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE MERGER (INCLUDING ANY PROCEEDING AGAINST THE FINANCING SOURCE PARTIES ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY, THE DEBT LETTERS, THE FINANCING OR THE PERFORMANCE OF SERVICES WITH RESPECT THERETO). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS SECTION 9.12.

SECTION 9.13 Construction. Each of the Parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement.

SECTION 9.14 Liability of Financing Source Parties. Notwithstanding anything to the contrary contained herein, the Company agrees that neither it nor any other Company Related Party (other than Parent and the Merger Sub) shall have any rights or claims against any Financing Source Parties in connection with this Agreement, the Financing or the transactions contemplated hereby or thereby, and no Financing Source Parties shall have any rights or claims against any Company Related Party (other than Parent and the Merger Sub) in connection with this Agreement, the Financing or the transactions contemplated hereby or thereby, whether at law or equity, in contract, in tort or otherwise; provided that, following consummation of the Merger, the foregoing will not limit the rights of the parties to the Financing under the Debt Letters. In addition, in no event will any Financing Source Parties be liable for consequential, special, exemplary, punitive or indirect damages (including any loss of profits, business or anticipated savings) or damages of a tortious nature.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement, each as of the date first written above.

WESTAR ENERGY, INC.

By: 

Name: Mark A. Ruelle

Title: President and Chief Executive
Officer

GREAT PLAINS ENERGY INCORPORATED

By: _____

Name: Terry Bassham

Title: Chairman of the Board, President
and Chief Executive Officer

IN WITNESS WHEREOF, the Parties have duly executed this Agreement, each as of the date first written above.

WESTAR ENERGY, INC.

By: _____
Name: Mark A. Ruelle
Title: President and Chief Executive
Officer

GREAT PLAINS ENERGY INCORPORATED


By:  _____
Name: Terry Bassham
Title: Chairman of the Board, President
and Chief Executive Officer

EXHIBIT A
DEFINED TERMS

Section 1.01 Certain Defined Terms. For purposes of this Agreement, each of the following terms has the meaning specified in this Section 1.01 of Exhibit A:

“Affiliate” of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. For purposes of this definition, “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise. Solely for purposes of Sections 4.05, 4.08, and 4.09, the Person set forth on Exhibit A of the Parent Disclosure Letter and any of its Affiliates shall be deemed an Affiliate of Parent.

“Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, and all laws, rules, and regulations of any jurisdiction applicable to the Company and its Affiliates concerning or relating to bribery or corruption.

“Antitrust Laws” means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, all applicable state, foreign or supranational antitrust Laws and all other applicable Laws issued by a Governmental Entity that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

“Average Parent Stock Price” means the volume-weighted average price per share of Parent Common Stock on the NYSE (as reported by Bloomberg L.P. or, if not reported therein, in another authoritative source mutually selected by the parties based on all NYSE trades in Parent Common Stock during the primary trading sessions from 9:30 a.m., New York City time, to 4:00 p.m., New York City time, and not an average of the daily averages) for the twenty consecutive full trading days in which shares of Parent Common Stock are traded on the NYSE ending on, and including, the third trading day immediately preceding the Closing Date. The Average Parent Stock Price shall be calculated to the nearest one-hundredth of one cent.

“Business Day” means any day except for (a) a Saturday or a Sunday or (b) a day on which banking and savings and loan institutions are authorized or required by Law to be closed in Topeka, Kansas or New York, New York.

“Claim” means any demand, claim, suit, action, legal proceeding (whether at law or in equity, civil, criminal, administrative or investigative) or arbitration.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Benefit Agreement” means each employment, consulting, bonus, incentive or deferred compensation, equity or equity-based compensation, severance, change-in-control, retention, termination or other material Contract between the Company or any Company Subsidiary, on the one hand, and any Company Personnel, on the other hand.

“Company Benefit Plan” means each (a) employee benefit plan (as defined in Section 3(3) of ERISA, whether or not subject to ERISA) or post-retirement or employment health or medical plan, program, policy or arrangement, (b) bonus, incentive or deferred compensation or equity or equity-based compensation plan, program, policy or arrangement, (c) severance, change-in control, retention or termination plan, program, policy or arrangement or (d) other compensation, pension, retirement, savings or other benefit plan, program, policy or arrangement, in each case, sponsored, maintained, contributed to or required to be maintained or contributed to by the Company or any Company Subsidiary for the benefit of any Company Personnel, or for which the Company or any Company Subsidiary has any direct or indirect liability.

“Company Commonly Controlled Entity” means any person or entity that, together with the Company, is treated as a single employer under Section 414 of the Code.

“Company Financial Advisor” means any Person set forth in Section 3.20 of the Company Disclosure Letter.

“Company Material Adverse Effect” means any fact, circumstance, effect, change, event or development that has or would reasonably be expected to have a material adverse effect on the business, properties, financial condition or results of operations of the Company and the Company Subsidiaries, taken as a whole; provided that no fact, circumstance, effect, change, event or development resulting from or arising out of any of the following, individually or in the aggregate, shall constitute or be taken into account in determining whether a Company Material Adverse Effect has occurred: (a) any change or condition affecting any industry in which the Company or any Company Subsidiary operates, including electric generating, transmission or distribution industries (including, in each case, any changes in the operations thereof); (b) any change affecting any economic, legislative or political condition or any change affecting any securities, credit, financial or other capital markets condition, in each case in the United States, in any foreign jurisdiction or in any specific geographical area; (c) any failure in and of itself by the Company or any Company Subsidiary to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taking into account in determining whether there has or will be, a Company Material Adverse Effect); (d) any change attributable to the announcement, execution or delivery of this Agreement or the pendency of the Merger, including (i) any action taken by the Company or any Company Subsidiary that is expressly required pursuant to this Agreement, or is consented to by Parent, or any action taken by Parent or any Affiliate thereof, to obtain any Consent from any Governmental Entity to the consummation of the Merger and the result of any such actions, (ii) any Claim arising out of or related to this Agreement (including shareholder litigation), (iii) any adverse change in supplier, employee, financing source, shareholder, regulatory, partner or similar relationships resulting therefrom or (iv) any change that arises out of or relates to the identity of Parent or any of its Affiliates as the acquirer of the Company; (e) any change or condition affecting the market for commodities, including any change in the price or availability of commodities; (f) any change in and of itself in the market price, credit rating or trading volume of shares of Company Common Stock on the NYSE or any change affecting the ratings or the ratings outlook for the Company or any Company Subsidiary (it being understood that the facts or occurrences giving rise to or

contributing to such failure may be deemed to constitute, or be taking into account in determining whether there has or will be, a Company Material Adverse Effect); (g) any change in applicable Law, regulation or GAAP (or authoritative interpretation thereof); (h) geopolitical conditions, the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, or any escalation or worsening of any such act of war, sabotage or terrorism threatened or underway as of the date of this Agreement; (i) any fact, circumstance, effect, change, event or development resulting from or arising out of or affecting the national, regional, state or local engineering or construction industries or the wholesale or retail markets for commodities, materials or supplies (including equipment supplies, steel, concrete, electric power, fuel, coal, natural gas, water or coal transportation) or the hedging markets therefor, including any change in commodity prices; (j) any hurricane, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural disaster or severe weather-related event, circumstance or development or (k) any change or effect arising from any requirements imposed by any Governmental Entities as a condition to obtaining the Company Required Statutory Approvals or the Parent Required Statutory Approvals; provided, however, that any fact, circumstance, effect, change, event or development set forth in clauses (a), (b), (e), (g) and (h) above may be taken into account in determining whether a Company Material Adverse Effect has occurred solely to the extent such fact, circumstance, effect, change, event or development has a materially disproportionate adverse effect on the Company and the Company Subsidiaries, taken as a whole, as compared to other entities (if any) engaged in the relevant business in the geographic area affected by such fact, circumstance, effect, change, event or development (in which case, only the incremental disproportionate impact may be taken into account in determining whether there has been, or would be, a Company Material Adverse Effect, to the extent such change is not otherwise excluded from being taken into account by clauses (a)–(j) of this definition).

“Company Performance Unit” means any share unit payable in shares of Company Common Stock or whose value is determined with reference to the value of shares of Company Common Stock that are subject to performance-based vesting granted under the Company Stock Plan.

“Company Personnel” means any current or former director, officer or employee of the Company or any Company Subsidiary.

“Company Related Party” means the Company, any holder of Company Common Stock and each of their respective Affiliates and their and their respective Affiliates’ Representatives.

“Company Restricted Share Unit” means any share unit payable in shares of Company Common Stock or whose value is determined with reference to the value of shares of Company Common Stock granted that are subject to time-based vesting under the Company Stock Plan.

“Company Stock Plan” means the Long-Term Incentive and Share Award Plan as amended and in effect from time to time.

“Company Union Contracts” means the Contracts set forth in Section 3.10 of the Company Disclosure Letter.

“Contract” means any written or oral contract, lease, license, evidence of indebtedness, mortgage, indenture, purchase order, binding bid, letter of credit, security agreement, undertaking or other agreement that is legally binding.

“Designated Person” means any Person listed on a Sanctions List.

“Disclosure Letters” means, collectively, the Company Disclosure Letter and the Parent Disclosure Letter.

“Environmental Claim” means any Claim against, or any investigation as to which the Company or any Company Subsidiary has received written notice of, the Company or any Company Subsidiary asserted by any Person alleging liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) or responsibility arising out of, based on or resulting from (a) the presence or Release of or exposure to any Hazardous Materials at any location, whether or not owned or operated by the Company or any Company Subsidiary, or (b) any violation or alleged violation of Environmental Law or any Environmental Permit.

“Environmental Laws” means all applicable Laws issued, promulgated by or with any Governmental Entity relating to pollution or protection of or damage to the environment (including ambient air, surface water, groundwater, land surface, subsurface and sediments), natural resources, endangered or threatened species, the climate or human health and safety as it relates to exposure to hazardous or toxic materials, including Laws relating to the exposure to Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Good Utility Practice” means (a) any of the practices, methods and acts engaged in or approved by a significant portion of the electric generating, transmission or distribution industries, as applicable, during the relevant time period or (b) any of the practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided that Good Utility Practice is not intended to be limited to optimum practices, methods or acts to the exclusion of all others but rather to be acceptable practices, methods or acts generally accepted in the geographic location of the performance of such practice, method or act.

“Governmental Entity” means any U.S. or foreign federal, state, provincial or local governmental authority, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing, including any governmental, quasi-governmental or nongovernmental body administering, regulating, or having general oversight over any energy-related markets, or any court, arbitrator, arbitration panel or similar judicial body.

“Hazardous Materials” means (a) petroleum, coal tar and other hydrocarbons and any derivatives or by-products, coal, coal combustion products, residues, or emissions, fly ash, bottom ash, flue gas desulfurization material, explosive or radioactive materials or wastes,

asbestos in any form, polychlorinated biphenyls, urea formaldehyde insulation, chlorofluorocarbons and other ozone-depleting substances and (b) any other chemical, material, substance or waste that is regulated or for which liability or standards of care are imposed under any Environmental Law.

“Indebtedness” means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money (other than intercompany indebtedness), (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person evidenced by letters of credit, bankers’ acceptances or similar facilities to the extent drawn upon by the counterparty thereto, (d) all capitalized lease obligations of such Person and (d) all guarantees or other assumptions of liability for any of the foregoing.

“Intellectual Property” means all intellectual property and industrial property rights of any kind or nature, including all U.S. and foreign trademarks, service marks, service names, internet domain names, trade dress and trade names, and all goodwill associated therewith and symbolized thereby, patents and all related continuations, continuations-in-part, divisionals, reissues, reexaminations, substitutions, and extensions thereof, trade secrets, registered and unregistered copyrights and works of authorship, proprietary rights in databases to the extent recognized in any given jurisdiction, and registrations and applications for registration of any of the foregoing.

“Judgment” means a judgment, order, decree, ruling, writ, assessment or arbitration award of a Governmental Entity of competent jurisdiction.

“Knowledge” means (i) with respect to the Company, the actual knowledge of the individuals listed in Section 1.01 of the Company Disclosure Letter and (ii) with respect to the Parent or the Merger Sub, the actual knowledge of the individuals listed in Section 1.01 of the Parent Disclosure Letter.

“Law” means any domestic or foreign, federal, state, provincial or local statute, law, ordinance, rule, binding administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Entity, including the rules and regulations of the NYSE, the FERC, the KCC and the NRC.

“NYSE” means the New York Stock Exchange.

“Organizational Documents” means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership), certificates of limited partnership, partnership agreements, shareholder agreements and certificates of existence, as applicable.

“Parent Articles of Incorporation Amendment” means the amendment to the Articles of Incorporation of Parent to be filed with the Secretary of State of the State of Missouri to increase the authorized number of capital stock of Parent.

“Parent Benefit Plan” means each (a) employee benefit plan (as defined in Section 3(3) of ERISA, whether or not subject to ERISA) or post-retirement or employment health or medical

plan, program, policy or arrangement, (b) bonus, incentive or deferred compensation or equity or equity-based compensation plan, program, policy or arrangement, (c) severance, change-in control, retention or termination plan, program, policy or arrangement or (d) other compensation, pension, retirement, savings or other benefit plan, program, policy or arrangement, in each case, sponsored, maintained, contributed to or required to be maintained or contributed to by Parent or any Parent Subsidiary for the benefit of any Parent Personnel, or for which Parent or any Parent Subsidiary has any direct or indirect liability.

“Parent Deferred Share Units” means any director deferred share unit issued pursuant to the Parent Stock Plan.

“Parent Material Adverse Effect” means any fact, circumstance, effect, change, event or development that has or would reasonably be expected to have (i) a material and adverse effect on the ability of Parent or Merger Sub to consummate, or that would reasonably be expected to prevent or materially impede, interfere with or delay Parent or Merger Sub’s consummation of, the transactions contemplated by this Agreement or (ii) a material adverse effect on the business, properties, financial condition or results of operations of Parent and the Parent Subsidiaries, taken as a whole; provided that no fact, circumstance, effect, change, event or development resulting from or arising out of any of the following, individually or in the aggregate, shall constitute or be taken into account in determining whether a Parent Material Adverse Effect has occurred: (a) any change or condition affecting any industry in which Parent or any Parent Subsidiary operates, including electric generating, transmission or distribution industries (including, in each case, any changes in the operations thereof); (b) any change affecting any economic, legislative or political condition or any change affecting any securities, credit, financial or other capital markets condition, in each case in the United States, in any foreign jurisdiction or in any specific geographical area; (c) any failure in and of itself by Parent or any Parent Subsidiary to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taking into account in determining whether there has or will be, a Parent Material Adverse Effect); (d) any change attributable to the announcement, execution or delivery of this Agreement or the pendency of the Merger, including (i) any action taken by Parent or any Parent Subsidiary that is expressly required pursuant to this Agreement, or is consented to by the Company, or any action taken by the Company or any Affiliate thereof, to obtain any Consent from any Governmental Entity to the consummation of the Merger and the result of any such actions, (ii) any Claim arising out of or related to this Agreement (including shareholder litigation), (iii) any adverse change in supplier, employee, financing source, shareholder, regulatory, partner or similar relationships resulting therefrom or (iv) any change that arises out of or relates to the identity of the Company or any of its Affiliates as the target of Parent; (e) any change or condition affecting the market for commodities, including any change in the price or availability of commodities; (f) any change in and of itself in the market price, credit rating or trading volume of shares of Parent Common Stock on the NYSE or any change affecting the ratings or the ratings outlook for Parent or any Parent Subsidiary (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taking into account in determining whether there has or will be, a Parent Material Adverse Effect); (g) any change in applicable Law, regulation or GAAP (or authoritative interpretation thereof); (h) geopolitical conditions, the outbreak or escalation of

hostilities, any act of war, sabotage or terrorism, or any escalation or worsening of any such act of war, sabotage or terrorism threatened or underway as of the date of this Agreement; (i) any fact, circumstance, effect, change, event or development resulting from or arising out of or affecting the national, regional, state or local engineering or construction industries or the wholesale or retail markets for commodities, materials or supplies (including equipment supplies, steel, concrete, electric power, fuel, coal, natural gas, water or coal transportation) or the hedging markets therefor, including any change in commodity prices; (j) any hurricane, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural disaster or severe weather-related event, circumstance or development; (k) any change or effect arising from any requirements imposed by any Governmental Entities as a condition to obtaining the Company Required Statutory Approvals or the Parent Required Statutory Approvals or (l) any failure to obtain the Parent Charter Approval; provided, however, that any fact, circumstance, effect, change, event or development set forth in clauses (a), (b), (e), (g) and (h) above may be taken into account in determining whether a Parent Material Adverse Effect has occurred solely to the extent such fact, circumstance, effect, change, event or development has a materially disproportionate adverse effect on Parent and the Parent Subsidiaries, taken as a whole, as compared to other entities (if any) engaged in the relevant business in the geographic area affected by such fact, circumstance, effect, change, event or development (in which case, only the incremental disproportionate impact may be taken into account in determining whether there has been, or would be, a Parent Material Adverse Effect, to the extent such change is not otherwise excluded from being taken into account by clauses (a)–(j) of this definition).

“Parent Personnel” means any current or former director, officer or employee of Parent or any Parent Subsidiary.

“Parent Performance Share Awards” means performance share awards granted pursuant to the Parent Stock Plan payable upon the achievement of certain performance measures.

“Parent Stock Plan” means the Parent Long-Term Incentive and Share Award Plan as amended and in effect from time to time.

“Parent Utility Sub” means Kansas City Power & Light Company, a Missouri corporation.

“Permit” means a franchise, license, permit, authorization, variance, exemption, order, registration, clearance or approval of a Governmental Entity.

“Person” means any natural person, firm, corporation, partnership, company, limited liability company, trust, joint venture, association, Governmental Entity or other entity.

“Regulatory Material Adverse Effect” means any undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures that, individually or in the aggregate, would have or would be reasonably likely to have, a material adverse effect on the financial condition, assets, liabilities, businesses or results of operations of Parent and its Subsidiaries, taken as a whole, after giving effect to the Merger (such that Parent and its Subsidiaries shall include the Company and its Subsidiaries); provided that for this purpose Parent and its Subsidiaries (including the Company and its Subsidiaries) shall be deemed to be a

consolidated group of entities of the size and scale of a hypothetical company that is 100% of the size and scale of the Company and its Subsidiaries, taken as a whole.

“Release” means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface, subsurface and sediments).

“Required Financial Information” means, with respect to the Company and its Subsidiaries, all information, financial statements and financial data of the type required by Regulation S-X and Regulation S-K under the Securities Act for registered offerings of debt or equity securities and of a type and form customarily included in private placements pursuant to Rule 144A under the Securities Act (including, to the extent applicable with respect to such financial statements, the report of the Company’s auditors thereon and any necessary consents to filing such report in any filings with the SEC) to consummate an offering of secured or unsecured senior notes and/or senior subordinated notes (including pro forma financial information for historical periods) and drafts of comfort letters customary for registered offerings of debt or equity securities or private placements under Rule 144A under the Securities Act by auditors of the Company which such auditors have prepared to issue at the time of pricing of a debt or equity securities offering and the closing thereof upon completion of customary procedures.

“Sanctions” means (a) economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government and administered by OFAC, (b) economic or financial sanctions imposed, administered or enforced from time to time by the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury, and (c) economic or financial sanctions imposed, administered or enforced from time to time by the United Nations Security Council, the European Union, or Her Majesty’s Treasury.

“Sanctioned Country” means a country or territory which is at any time subject to Sanctions.

“Sanctions List” means any of the lists of specially designated nationals or designated persons or entities (or equivalent) held by the U.S. government and administered by OFAC, the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury or any similar list maintained by any other U.S. government entity, the United Nations Security Council, the European Union, or Her Majesty’s Treasury, in each case as the same may be amended, supplemented or substituted from time to time.

“Subsidiary” of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, more than 50% of the equity interests of which) is owned directly or indirectly by such first Person.

“Tax Return” means all Tax returns, declarations, statements, reports, schedules, forms and information returns, including any amended Tax returns relating to Taxes.

“Taxes” means (a) all taxes, customs, tariffs, imposts, levies, duties, other like assessments or charges in the nature of a tax imposed by a Governmental Entity, together with all interest, penalties and additions imposed with respect to such amounts and (b) any liability for any item described in clause (a) payable by reason of Contract, assumption, transferee or successor liability, operation of Law or otherwise, and in each case whether disputed or otherwise.

“Utility Subsidiaries” means the Subsidiaries of the Company set forth in Section 3.19(a) of the Company Disclosure Letter.

Section 1.02 Other Defined Terms. In addition to the defined terms set forth in Section 1.01 of this Exhibit A, each of the following capitalized terms has the respective meaning specified in the Section set forth opposite such term below:

Term	Section
Agreement	Preamble
Articles of Merger	<u>1.03</u>
Bankruptcy and Equity Exceptions	<u>3.04</u>
Book-Entry Shares	<u>2.02(b)(i)</u>
Cash Consideration	<u>2.01(a)(ii)</u>
Certificate	<u>2.02(b)(i)</u>
Closing	<u>1.04</u>
Closing Date	<u>1.04</u>
Commitment Letter	<u>4.10</u>
Company	Preamble
Company Acquisition Agreement	<u>5.03(b)</u>
Company Adverse Recommendation Change	<u>5.03(b)</u>
Company Articles	<u>3.01</u>
Company Board	Recitals
Company Board Recommendation	<u>3.04</u>
Company Bylaws	<u>3.01</u>
Company Common Stock	<u>2.01(a)(i)</u>
Company Disclosure Letter	<u>Article III</u>
Company DRIP	<u>5.01(a)(iv)</u>
Company Employee	<u>6.10(a)</u>
Company Financial Statements	<u>3.06(a)</u>
Company Indemnified Parties	<u>6.09(a)</u>
Company Intervening Event	<u>5.03(f)(iii)</u>
Company Projections	<u>3.22</u>
Company Recommendation Change Notice	<u>5.03(c)</u>
Company Reports	<u>3.06(a)</u>
Company Required Consents	<u>3.05(a)</u>
Company Required Statutory Approvals	<u>3.05(b)(iv)</u>
Company Risk Management Guidelines	<u>5.01(a)(xvii)</u>
Company Shareholder Approval	<u>3.04</u>
Company Shareholders Meeting	<u>3.04</u>
Company Subsidiaries	<u>3.01</u>
Company Takeover Proposal	<u>5.03(f)(i)</u>
Company Termination Fee	<u>8.02(b)(ii)</u>
Company Voting Debt	<u>3.03(b)</u>
Confidentiality Agreement	<u>6.02(b)</u>
Consent	<u>3.05(b)</u>
Continuation Period	<u>6.10(a)</u>
Controlled Group Liability	<u>3.09(d)</u>
Debt Letters	<u>4.10</u>

DFS Provisions	<u>9.07</u>
Dissenting Shares	<u>2.04(a)</u>
Effective Time	<u>1.03</u>
End Date	<u>8.01(b)(i)</u>
Environmental Permit	<u>3.14(a)(i)</u>
Equity Securities	<u>3.03(b)</u>
Exchange Act	<u>3.05(b)(i)</u>
Exchange Agent	<u>2.02(a)</u>
Exchange Fund	<u>2.02(a)</u>
Exchange Ratio	<u>2.01(a)(ii)</u>
FERC	<u>3.05(b)(iv)</u>
Filed Company Contract	<u>3.15(a)</u>
Filing	<u>3.05(b)</u>
Final Order	<u>7.01(b)</u>
Financing	<u>4.10</u>
Financing Parties	<u>5.05(b)</u>
Financing Source Parties	<u>9.07</u>
Form S-4	<u>6.01(a)</u>
FPA	<u>3.05(b)(iv)</u>
GAAP	<u>3.06(a)</u>
HSR Act	<u>3.05(b)(ii)</u>
Insurance Policies	<u>3.18</u>
IRS	<u>3.09(b)</u>
KCC	<u>3.05(b)(iv)</u>
KGCC	<u>1.02</u>
Legal Restraint	<u>7.01(c)</u>
Liens	<u>3.02</u>
Maximum Amount	<u>6.09(c)</u>
Merger	<u>1.02</u>
Merger Consideration	<u>2.01(a)(ii)</u>
Merger Sub	Preamble
NRC	<u>3.05(b)(iv)</u>
Other Equity-Based Right	<u>2.03(c)</u>
Parent	Preamble
Parent Acquisition Agreement	<u>5.04(b)</u>
Parent Adverse Recommendation Change	<u>5.04(b)</u>
Parent Board	Recitals
Parent Board Recommendation	<u>4.04</u>
Parent Charter Approval	<u>4.04</u>
Parent Common Stock	<u>2.01(a)(ii)</u>
Parent Disclosure Letter	Article IV
Parent Equity Securities	<u>4.03(b)</u>
Parent Fiduciary Out Termination Fee	<u>8.02(b)(iii)</u>
Parent Financial Statements	<u>4.06(a)</u>
Parent Intervening Event	<u>5.04(f)(iii)</u>
Parent No Vote Termination Fee	<u>8.02(b)(vi)</u>

Parent Preferred No Par Stock	<u>4.03(a)</u>
Parent Preferred Par Value Stock	<u>4.03(a)</u>
Parent Preference Stock	<u>4.03(a)</u>
Parent Projection	<u>4.17</u>
Parent Recommendation Change Notice	<u>5.04(c)</u>
Parent Reports	<u>4.06(a)</u>
Parent Required Consents	<u>4.05(a)</u>
Parent Required Statutory Approvals	<u>4.05(b)(iii)</u>
Parent Shareholder Approval	<u>4.04</u>
Parent Shareholders Meeting	<u>4.04</u>
Parent Subsidiaries	<u>4.01</u>
Parent Termination Fee	<u>8.02(b)(i)</u>
Parent Takeover Proposal	<u>5.04(f)(i)</u>
Parent Utilities	<u>4.14(b)</u>
Parent Voting Debt	<u>4.03(b)</u>
Parties	Preamble
Preferred Stock	<u>3.03(a)</u>
Proceedings	<u>5.02</u>
Proxy Statement/Prospectus	<u>6.01(a)</u>
PUHCA 2005	<u>3.19(a)</u>
Representatives	<u>5.03(a)</u>
Represented Employee	<u>6.10(b)</u>
Required Consents	<u>4.05(a)</u>
Required Statutory Approvals	<u>4.05(b)(iii)</u>
SEC	<u>3.05(b)(i)</u>
Securities Act	<u>3.05(b)(i)</u>
Stock Consideration	<u>2.01(a)(ii)</u>
Substitute Financing	<u>5.05(e)</u>
Superior Company Proposal	<u>5.03(f)(ii)</u>
Superior Parent Proposal	<u>5.04(f)(ii)</u>
Surviving Corporation	<u>1.02</u>
Takeover Statute	<u>3.13</u>
Transaction Litigation	<u>6.04</u>
WARN	<u>3.10</u>
Willful Breach	<u>8.02(e)</u>

EXHIBIT B

REGULATORY COMMITMENTS

Parent agrees that the initial application submitted to the Kansas Corporation Commission with respect to the Merger will include specific commitments and agreements consistent with the items set forth below.

Although the Merger is not subject to an approval proceeding in Missouri, Parent would expect to make similar commitments and agreements for the benefit of the Missouri customers of its utility subsidiaries in the context of future rate case proceedings of its utility subsidiaries before the Missouri Public Service Commission.

1. Customer rates

- a. *Transaction costs and acquisition premium* – Parent will agree not to seek rate recovery of any transaction costs (including advisory fees), acquisition premiums, goodwill or control premiums or fees incurred in connection with the transaction.
- b. *Rate case filing plans* – Parent plans, consistent with its current business plan for its electric utilities, to file general rate proceedings for each of those electric utilities and anticipates filing a general rate proceeding for the acquired utility subsidiaries consistent with its current business plans.
- c. *Allocation of costs among affiliates* – Parent agrees that each of its utility subsidiaries will provide an updated cost allocation manual to the Kansas Corporation Commission explaining the basis of allocation factors used to assign costs to each utility, and will further agree that the Kansas Corporation Commission may examine accounting records of its affiliates to determine the reasonableness of such allocation factors and cost assignments.

2. Financial integrity

- a. *Protection from adverse capital cost impacts* – Parent will agree that its subsidiary utilities' capital costs used to set rates shall not increase as a result of the transaction.
- b. *Transaction financing* – Parent will agree that its subsidiaries' utility customers shall not bear any financing costs associated with the transaction, including, but not limited to, any interest expense associated with any debt issued to finance the transaction and any replacement or refinancing of such debt.
- c. *Capital structures of Parent and utility subsidiaries* – Parent and its utility subsidiaries will maintain separate capital structures to finance the activities and operations of each entity unless otherwise approved by the Kansas Corporation Commission. Parent and its utility subsidiaries will maintain separate debt, which is separately rated by national credit rating agencies, so that none will be responsible for the debts of affiliated companies and separate preferred stock, if any, unless otherwise authorized by the

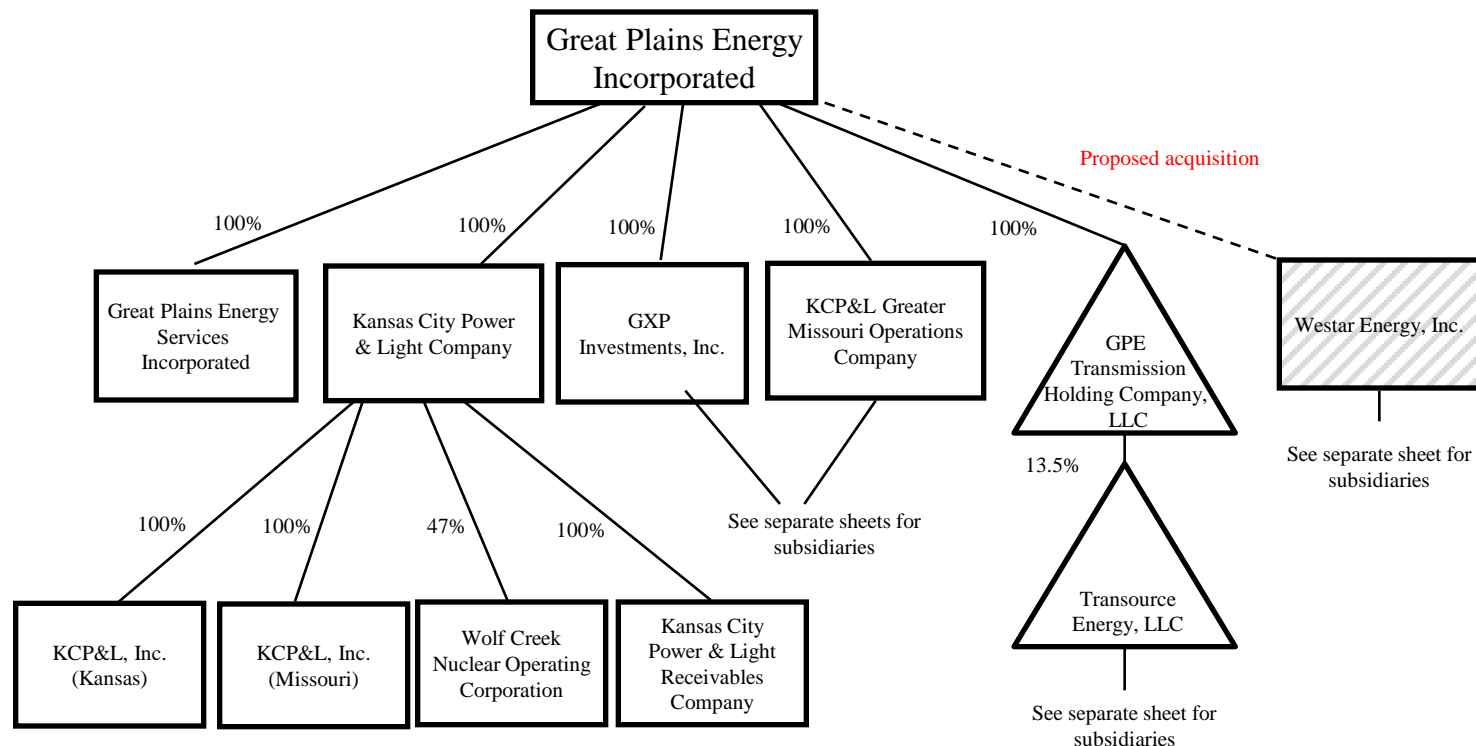
Kansas Corporation Commission. Parent and its utility subsidiaries will maintain investment grade credit ratings.

- d. *Other financing-related matters* – Parent will agree that utility subsidiaries shall not guarantee notes (or enter into make-well agreements, etc.) of one another, or Parent or any of Parent’s other affiliates, absent prior approval of the Kansas Corporation Commission; that no utility stock or assets shall be pledged as collateral for obligations of any entity other than the utility absent prior approval of the Kansas Corporation Commission; and that each utility subsidiary shall be held harmless from any business and financial risk exposures associated with another utility subsidiary, Parent or its other affiliates.
3. Capital requirements – Parent acknowledges that its utility subsidiaries (existing and proposed) need significant amounts of capital to invest in energy supply and delivery infrastructure (including, but not limited to, renewable energy resources and other environmental sustainability initiatives such as energy efficiency and demand response programs) and acknowledges that meeting these capital requirements of its utility subsidiaries will be considered a high priority by Parent’s board of directors and executive management and that Parent’s access to capital post-transaction will permit it and its utility subsidiaries to satisfy all of such capital requirements.
4. Service quality and reliability – Parent will agree to reasonable conditions, including compliance with KCC standards issued in Docket No. 02-GIME-365-GIE, regarding customer service quality and reliability reporting.
5. Books, records and information – Parent agrees that it and its utility subsidiaries and other affiliates will maintain separate books and records and that Parent will agree to reasonable conditions regarding access by regulators to information, books and records.
6. Collective bargaining – Parent will honor all existing collective bargaining agreements.
7. Low-income assistance – Parent will agree that each of its utility subsidiaries will maintain and promote low-income assistance programs consistent with those in place prior to the transaction.
8. Charitable and community involvement – Parent will maintain aggregate Kansas charitable contributions and community support at 2015 levels for at least five years after closing of the transaction.

**THESE DOCUMENTS CONTAIN
CONFIDENTIAL INFORMATION
NOT AVAILABLE TO THE PUBLIC
ORIGINALS FILED UNDER SEAL**

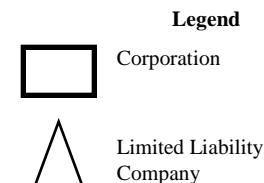
GREAT PLAINS ENERGY INCORPORATED

Proposed Post-Acquisition Organizational Structure ¹



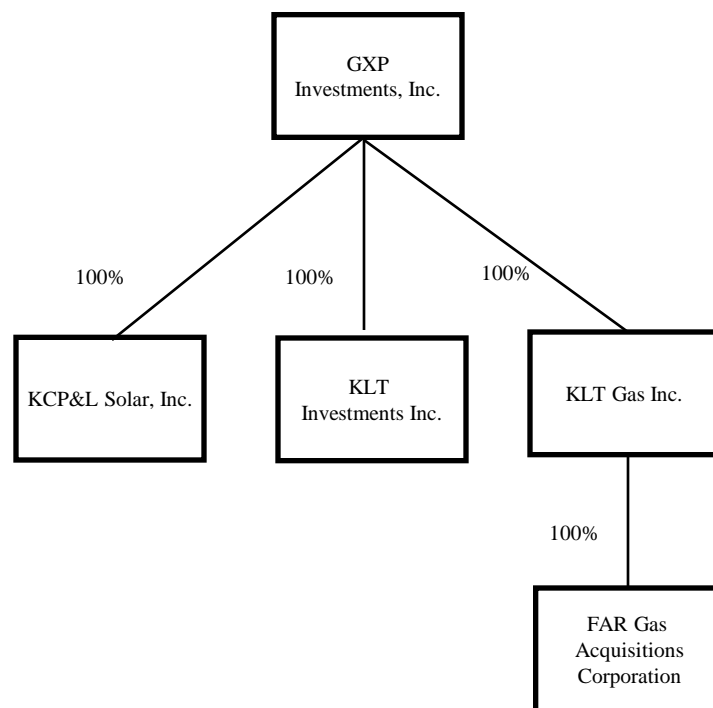
Note: This document shows all companies in which Great Plains Energy Incorporated or one of its subsidiaries owns, controls or holds with power to vote, directly or indirectly, 10% or more of the voting securities. Interests with no or limited voting rights in general or limited partnerships are either omitted or described in notes.

1) This proposed structure may change during the integration process. When the structure is revised, we will update the Commission accordingly.



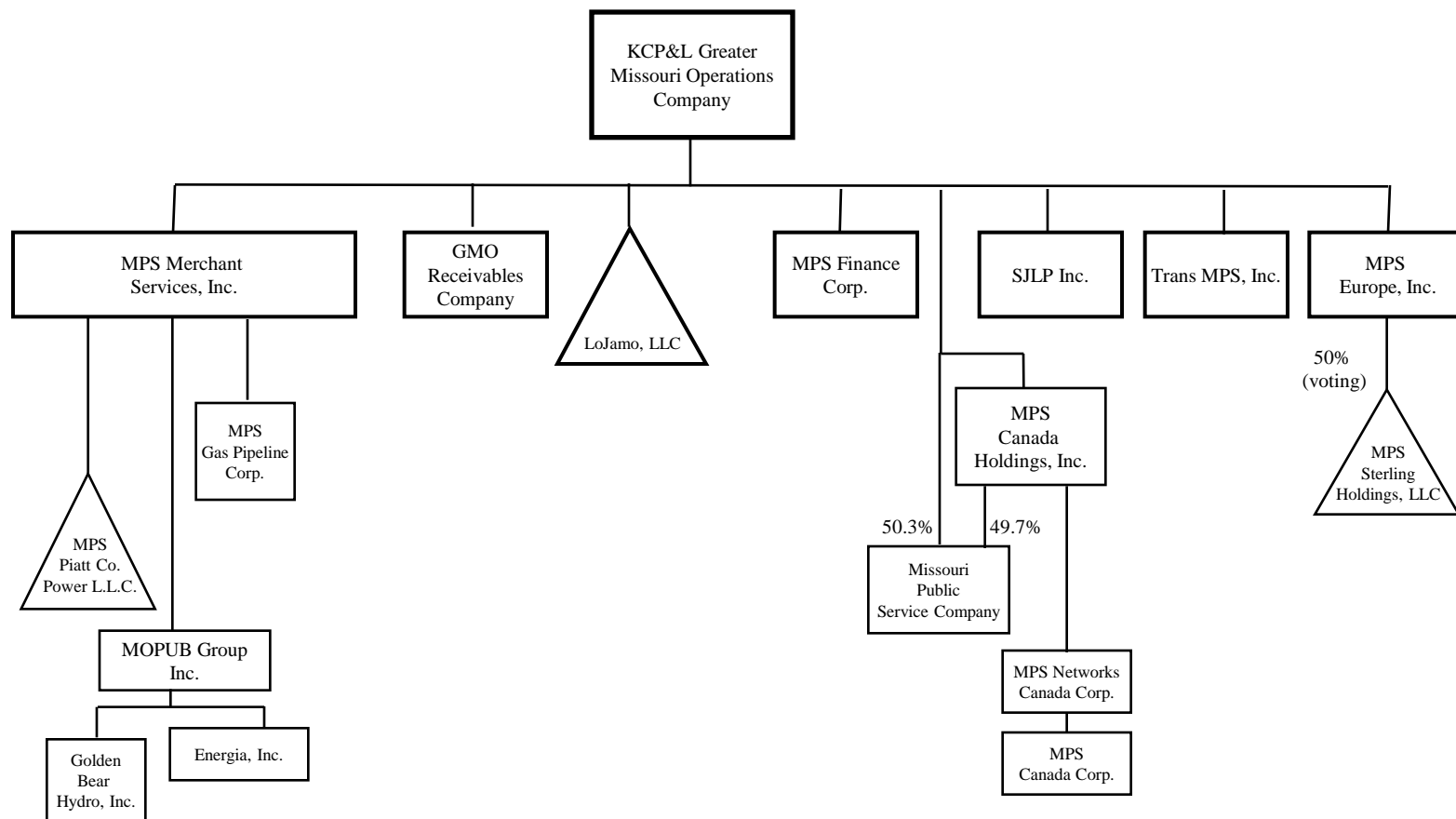
GREAT PLAINS ENERGY INCORPORATED

Organizational Structure



GREAT PLAINS ENERGY INCORPORATED

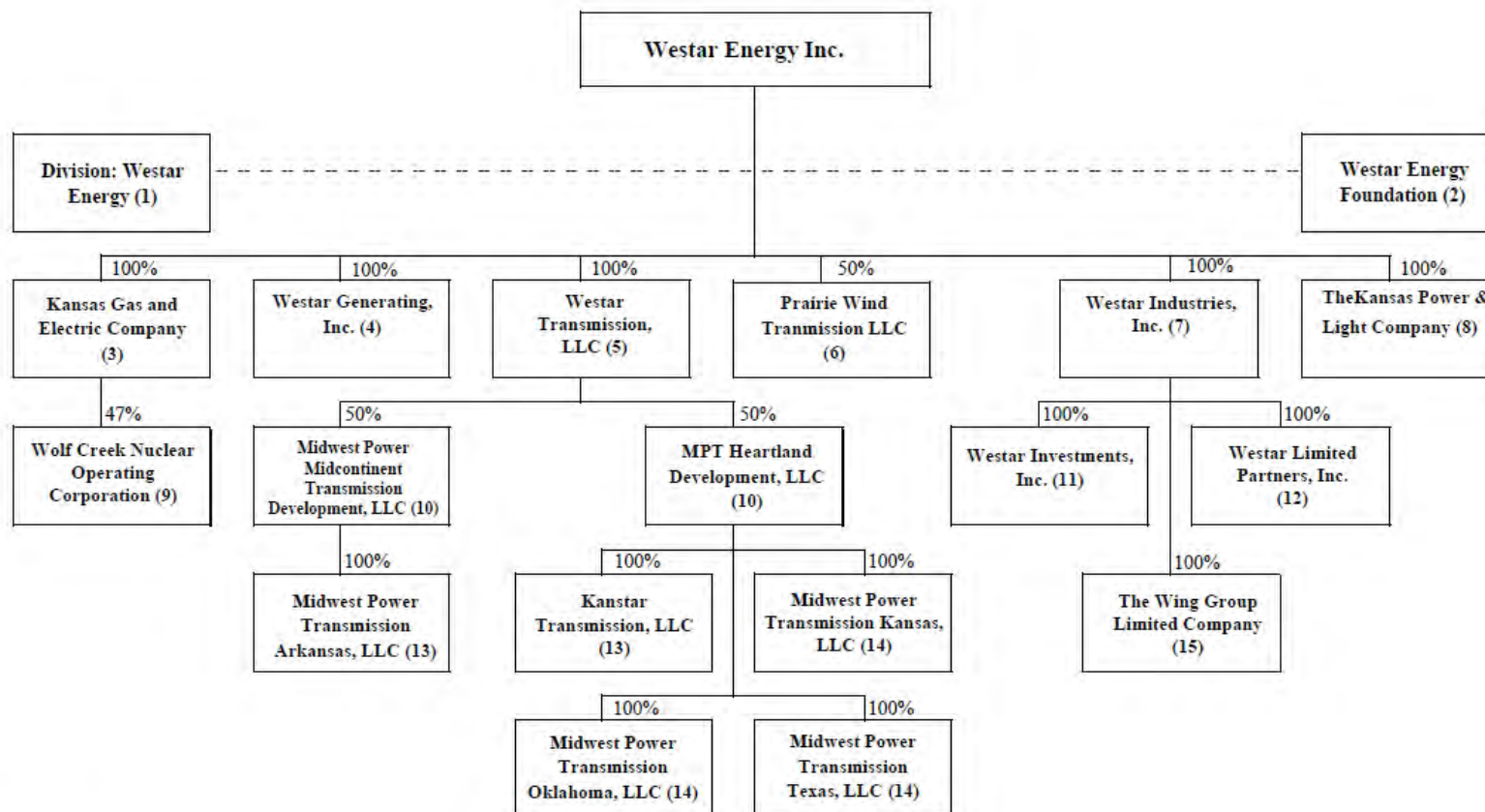
Organizational Structure



Notes: (a) All wholly-owned companies except where indicated
(b) Golden Bear Hydro, Inc. and Energia, Inc. hold a 0.5% general partnership and 99.0% limited partnership interest, respectively, in G.B. Hydro Partners L.P. which in turn holds a 50% partnership interest in Mega Renewables.

GREAT PLAINS ENERGY INCORPORATED

Proposed Post-Acquisition Organizational Structure

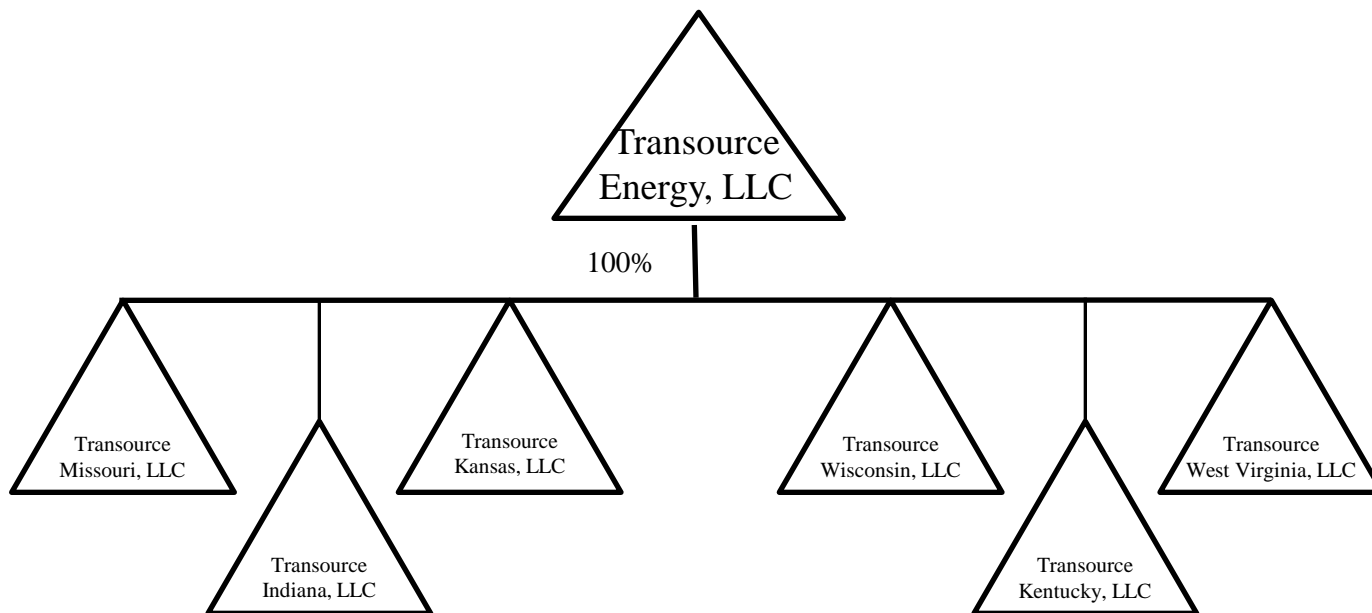


NOTES:

- (1) Operating division. All employees are employees of Westar Energy, Inc.
- (2) Kansas non-profit charitable foundation.
- (3) Kansas corporation also known as KGE, KG&E and Westar Energy.
- (4) Kansas corporation. Holds interest in State Line generating facility.
- (5) Delaware LLC. Holds interests in transmission joint venture companies.
- (6) Delaware LLC & regulated transmission utility in Kansas (joint venture).
- (7) Delaware corporation. Holds unregulated businesses.
- (8) Inactive Kansas corporation retained to hold corporate name.

- (9) Delaware corporation. Operates nuclear generating facility.
- (10) Delaware LLC. Transmission joint venture.
- (11) Delaware corporation. Holds minor investments.
- (12) Kansas corporation. Holds interests in affordable housing & other investments.
- (13) Delaware LLC and regulated transmission utility.
- (14) Delaware LLC. Will become regulated transmission utility.
- (15) Inactive Delaware corporation. Held interests in international power projects.

GREAT PLAINS ENERGY INCORPORATED Organizational Structure



GREAT PLAINS ENERGY INCORPORATED

Organizational Structure

Revisions to Organizational Structure Chart:

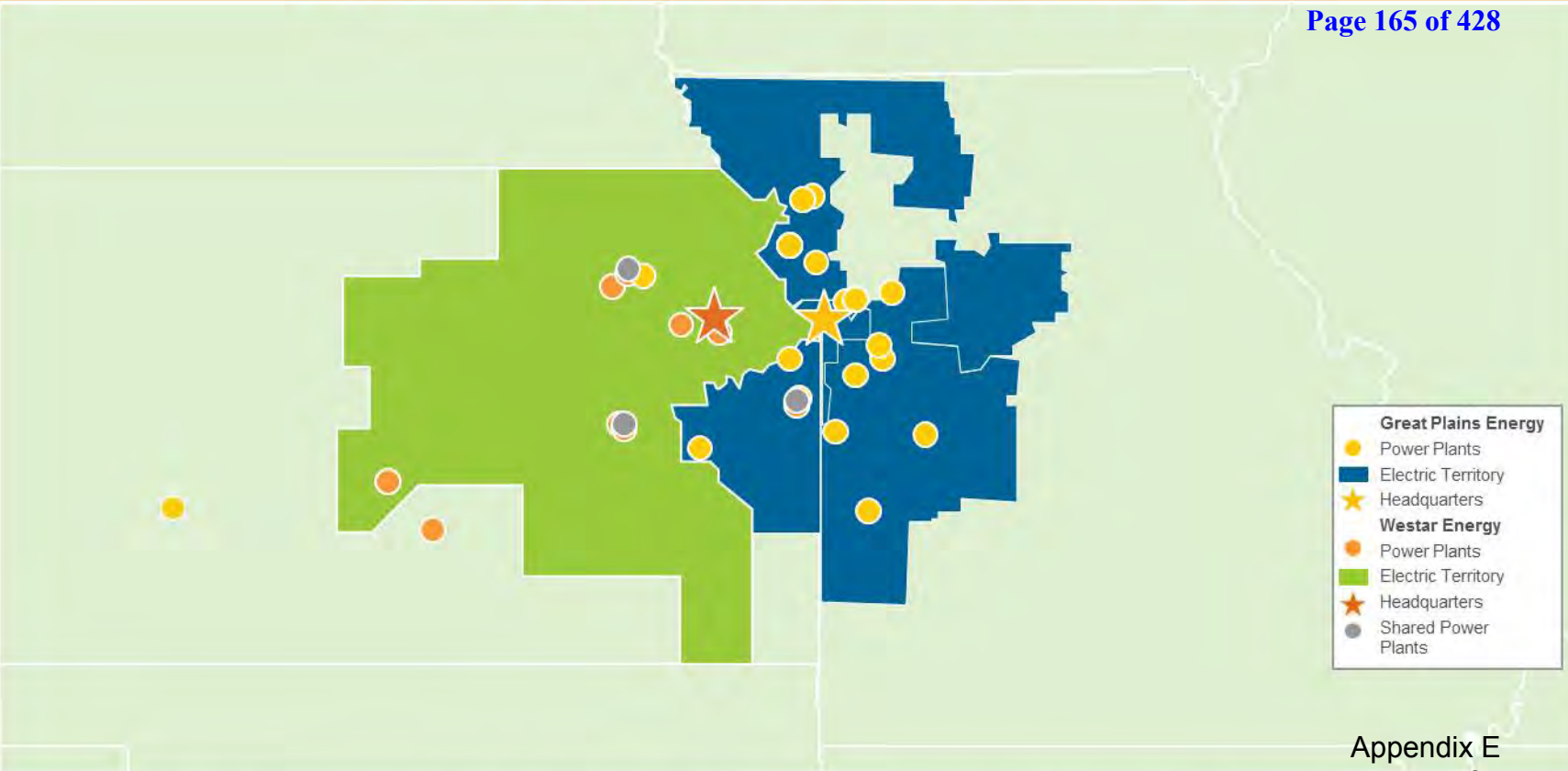
1. Original Issuance on September 22, 2004.
2. Revised on February 11, 2005 to reformat and to reflect sale of Worry Free Service, Inc. and dissolution of Forest City Gathering, LLC.
3. Revised on March 14, 2005, to reflect that KLT Gas Inc. is not an Energy Affiliate.
4. Revised on October 12, 2005, to reflect dissolution of Advanced Measurement Solutions, Inc.
5. Revised on October 19, 2005, to reflect dissolution of Municipal Solutions, L.L.C. and Telemetry Solutions, L.L.C.
6. Revised on October 25, 2005, to reflect dissolution of Copier Solutions, LLC.
7. Revised on December 28, 2005 to reflect dissolution of Great Plains Power Incorporated and to correct the name of KLT Energy Services on slide 5.
8. Revised on May 24, 2006, to reflect dissolution of KLT Gas Operating Company.
9. Revised on June 6, 2006, to reflect merger of KLT Investments II Inc. into KLT Inc.
10. Revised on June 12, 2006, to reflect dissolution of Apache Canyon Gas, L.L.C.
11. Revised on June 26, 2006, to reflect merger of Forest City, LLC into KLT Gas Inc.
12. Revised on April 23, 2007, to reflect dissolution of Patrick KLT Gas, LLC.
13. Revised on June 11, 2007, to reflect issuance of stock by Gregory Acquisition Corp. to Great Plains Energy. Deleted slide depicting only KLT Inc. – KLT Telecom Inc.
14. Revised on October 1, 2007, to reflect creation of Strategic Receivables, LLC.
15. Revised on January 2, 2008, to reflect transfer of Home Service Solutions Inc. from Kansas City Power & Light to KLT Inc.
16. Revised on June 5, 2008, to reflect the sale of Strategic Energy and the dissolution of Custom Energy Holdings, L.L.C.
17. Revised on July 7, 2008, to reflect the merger of Innovative Energy Consultants, Inc. and KLT Energy Services Inc. into KLT Inc.
18. Revised on July 22, 2008, to reflect the acquisition of Aquila, Inc., effective July 14, 2008.
19. Revised on October 23, 2008, to reflect name changes of Aquila, Inc. and certain subsidiaries effective October 17, 2008.
20. Revised on December 31, 2008 to reflect dissolution of KLT Telecom Inc. effective December 31, 2008.
21. Revised on April 6, 2009, to reflect dissolution of Aquila Energy (Bermuda) Ltd. effective December 19, 2008, and to correct ownership interests in Missouri Public Service Company.
22. Revised on July 2, 2009, to reflect merger of MPS NZ, Limited into Trans MPS, Inc. on June 18, 2009, and the issuance of stock by KCP&L, Inc. (a Missouri corporation) and KCP&L, Inc. (a Kansas corporation) to Kansas City Power & Light Company.
23. Revised on November 20, 2009, to reflect merger of MPS Colorado, LLC into Trans MPS, Inc. effective August 21, 2009, termination of Levasy Jagdverein, LLC effective August 26, 2009, the pending liquidation of Aquila Energy Re Ltd., and clarification of interests in G.B. Hydro Partners, L.P. and Mega Renewables.
24. Revised on December 1, 2009, to reflect creation of GMO Receivables Company as a subsidiary of KCP&L Greater Missouri Operations Company.
25. Revised on December 7, 2009, to reflect the dissolution of Aquila Energy Re Ltd.
26. Revised on May 11, 2010, to reflect the merger of Everest Global Technologies Group LLC and Everest Holdings II, LLC into Trans MPS, Inc. effective March 31, 2010.
27. Revised on April 4, 2012, to reflect formation of Transource Energy, LLC with AEP Transmission Holding Company, LLC effective March 22, 2012, and the formation of GPE Transmission Holding Company, LLC effective April 2, 2012.
28. Revised on June 19, 2012, to reflect formation of Transource Missouri, LLC effective June 19, 2012.

GREAT PLAINS ENERGY INCORPORATED

Organizational Structure

Revisions to Organizational Structure Chart:(continued):

- 29. Revised on August 23, 2013, to reflect name change of Home Service Solutions Inc. to KCP&L Solar, Inc., effective August 23, 2013, as well as to reflect the dissolution of MZ Nebraska Partners in 2012.
- 29. Revised August 12, 2014, to reflect formation of Transource Wisconsin, LLC effective August 12, 2014.
- 30. Revised on October 23, 2014, to reflect formation of Transource Kansas, LLC effective October 23, 2014.
- 31. Revised on March 10, 2015, to reflect formation of Transource West Virginia, LLC effective March 10, 2015.
- 32. Revised on June 29, 2015, to reflect formation of Transource Indiana, LLC and Transource Kentucky, LLC effective June 29, 2015
- 33. Revised on November 19, 2015 to reflect name change of KLT Inc. to GXP Investments, Inc., effective November 17, 2015.



Appendix E

Page 1 of 1

1. Excludes Great Plains Energy's Crossroads Generating Station located in Starkville, MS and Westar Energy's Spring Creek Energy Center located in Logan County, OK.

RESOLUTIONS
OF
THE BOARD OF DIRECTORS OF
GREAT PLAINS ENERGY INCORPORATED

WHEREAS, the Board of Directors (the “Board”) of Great Plains Energy Incorporated, a Missouri corporation (the “Company”), has held extensive discussions with the Company’s management and with its financial and legal advisors regarding the advisability of the proposed acquisition of all outstanding shares of common stock, par value \$5.00 per share (the “Shares”), of Westar Energy, Inc., a Kansas corporation (the “Target”), by a newly to be formed Kansas corporation, wholly owned subsidiary of the Company (“Merger Sub”), by way of a merger of Merger Sub with and into Target, with Target being the surviving corporation (the “Merger”);

WHEREAS, the Board has been presented with a form of Agreement and Plan of Merger (the “Merger Agreement”) attached hereto as Exhibit A, among the Company, Merger Sub and Target;

WHEREAS, the Merger Agreement provides that, among other things, (i) Merger Sub shall be merged with and into Target, whereupon the separate existence of Merger Sub shall cease and Target shall be the surviving corporation (the “Surviving Corporation”) and a wholly owned subsidiary of the Company and (ii) each issued and outstanding Share of Target shall be converted into the right to receive consideration consisting of (a) an amount in cash (without interest) equal to \$51.00 and (b) that number (rounded to the nearest 1/10,000 of a share) of validly issued, fully paid and nonassessable shares of common stock, no par value, of the Company (the “Company Common Stock”) equal to an exchange ratio that may vary between 0.2709 and 0.3148, based upon the average share price of the Company Common Stock as set forth more specifically in the Merger Agreement;

WHEREAS, the Board has determined that the transactions contemplated by the Merger Agreement, including the Merger, are in the best interests of the Company and Merger Sub and their respective shareholders.

Approval of Merger and Merger Agreement

NOW, THEREFORE, BE IT RESOLVED, that the Board deems it advisable and in the best interests of, the Company and its shareholders, to approve, and hereby approves and declares advisable the entering into of the Merger Agreement and the transactions contemplated thereby, including the Merger; and

FURTHER RESOLVED, that (i) the form and content of the Merger Agreement substantially in the form attached hereto as Exhibit A be, and it hereby is, adopted and approved in all respects, (ii) the Company’s execution, delivery and performance of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger, is hereby approved and (iii) the Proper Officers (as defined below) be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to execute

and file all documents and information required to be executed and filed by the Company, including without limitation the aforementioned Merger Agreement and exhibits, and any amendments to any of the foregoing, and any other documents and information required to be executed and filed thereby (in substantially the form presented to the Board, subject to such changes therein or amendments thereto as the Chief Executive Officer, Chief Financial Officer or Senior Vice President – Corporate Services; or any other officer of the Company to whom any such officer may delegate authority (each, a “Proper Officer” and, together, the “Proper Officers”) executing the same shall, by execution thereof, approve); and

FURTHER RESOLVED, that the Board approves and adopts the Charter Amendment (as defined below) and recommends that the shareholders of the Company approve the Common Stock Issuance (as defined below) and the Charter Amendment; and

FURTHER RESOLVED, that (i) the Board deems it advisable and in the best interests of, the Company, if necessary, to qualify the Merger under the securities and blue sky laws of the jurisdictions requiring such qualification and in which such solicitation in connection with the Merger will be made, (ii) any Proper Officer of the Company is authorized in the name and on behalf of the Company to perform any and all such acts as such Proper Officer may deem necessary or appropriate in order to comply with the applicable laws of any such jurisdictions, including, without limitation, the laws of the State of Kansas and the State of Missouri, and in connection therewith to execute and file all requisite papers and documents, including but not limited to, applications, reports, surety bonds, irrevocable consents, registration statements and appointments of attorneys for service of process, and (iii) each such Proper Officer is authorized in the name and on behalf of the Company to perform any and all such further acts as such Proper Officer may deem necessary or advisable in order to comply with the applicable laws of any such jurisdictions or to determine or consent to the applicability of any such laws by legal proceedings or otherwise; and

FURTHER RESOLVED, that the Board hereby authorizes and directs the engagement of an exchange agent (the “Exchange Agent”) to be chosen by any Proper Officer for the purpose of exchanging tendered shares of Target as contemplated by the Merger Agreement, upon the terms and conditions, including any indemnification of the Exchange Agent, as the Proper Officers may deem necessary or advisable; and

FURTHER RESOLVED, that the Company reserve and set aside for issuance such number of authorized but unissued shares of Company Common Stock as may be required to be issued pursuant to the Merger; and

FURTHER RESOLVED, that, subject to obtaining the approval of the Company’s shareholders with respect to the Common Stock Issuance, the Company issue pursuant to the Merger such number of shares of Company Common Stock as is required to be issued pursuant to the terms of the Merger Agreement; and

FURTHER RESOLVED, that, when so issued, all such shares of Company Common Stock shall be fully paid and nonassessable; and

FURTHER RESOLVED, that any Proper Officer of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to make application to the New York Stock Exchange to list the shares of Company Common Stock to be issued pursuant to the Merger; and to execute a listing application and any listing agreements or documents required by the New York Stock Exchange or such other exchanges in connection therewith; and to make such changes in any of the same as may be necessary to conform with the requirements for listing with respect to shares of Company Common Stock issued in connection with the Merger; and

Formation of Merger Sub

FURTHER RESOLVED, that the formation of Merger Sub be, and it hereby is authorized and approved in all respects;

FURTHER RESOLVED, that any officer of the Company be, and it hereby is, authorized and directed to take any and all actions on behalf of the Company necessary to cause Merger Sub to be incorporated under the laws of the State of Kansas, to cause the preparation, execution and filing with the Secretary of State of Kansas of the Articles of Incorporation of Merger Sub, and to do or cause to be done those acts as such officer shall have deemed necessary in connection with the incorporation of Merger Sub; and

Shareholder Meeting

FURTHER RESOLVED, that at the next annual meeting of the shareholders of the Company, or at a special meeting of the shareholders of the Company called for such purpose by the Chairman of the Board, Chief Executive Officer or President of the Company (such annual or special meeting, the “Shareholder Meeting”), the shareholders of the Company be asked to consider and vote upon (i) an amendment to the Articles of Incorporation of the Company, in order to increase the amount of authorized capital stock of the Company (the “Charter Amendment”), substantially in the form attached hereto as Exhibit B, with the authorized capital stock of the Company set forth therein to be an amount determined by the Proper Officers to be necessary or advisable, but in any event not to exceed 650,000,000 total authorized shares of Company Common Stock with a corresponding increase to the total authorized capital stock of the Company, (ii) the issuance of the Company Common Stock to Target’s shareholders in the Merger as required by the New York Stock Exchange Listed Company Manual (the “Common Stock Issuance”), and (iii) such other business as may properly come before such Shareholder Meeting or any adjournments or postponements thereof, and the Proper Officers be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Company, to prepare, execute and file with or cause to be filed with the United States Securities and Exchange Commission (the “SEC”), the New York Stock Exchange and any other applicable or appropriate regulatory or self-regulatory body any preliminary and definitive proxy statement and form of proxy and all amendments and supplements thereto (collectively, the “Proxy Materials”) with respect to the Charter Amendment and the Common Stock Issuance and to distribute the Proxy Materials to the shareholders of the Company and to take any other action and make any filings as may be necessary, advisable or appropriate in connection with the Shareholder Meeting; and

FURTHER RESOLVED, that pursuant to Section 312.03 of the New York Stock Exchange Listed Company Manual, the Common Stock Issuance be submitted to the shareholders of the Company for adoption by the affirmative vote of the holders of a majority of the shares of Company Common Stock represented at the Shareholder Meeting and entitled to vote thereon; and

FURTHER RESOLVED, that pursuant to the Articles of Incorporation of the Company, the Charter Amendment be submitted to the shareholders of the Company for adoption by the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock; and

FURTHER RESOLVED, that, after the record date for the determination of the shareholders entitled to notice of, and to vote at, the Shareholder Meeting has been fixed by the Board, the Proper Officers be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Company, to (i) give written notice of such Shareholder Meeting in the manner provided by applicable law and the bylaws of the Company, (ii) solicit proxies on behalf of the Board from the shareholders of the Company, with respect to the voting of such stock at such Shareholder Meeting and (iii) subject to obtaining the approval of the Company's shareholders with respect to the Charter Amendment, execute and file with the Secretary of the State of Missouri the Charter Amendment; and

FURTHER RESOLVED, that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Company, to select the inspector or inspectors of election and the proxy solicitor, and to take such other actions and do such other things as may be necessary or appropriate to insure that the Shareholder Meeting is conducted in a manner consistent with the provisions of applicable law and the Articles of Incorporation and bylaws and in accordance with the terms of the Merger Agreement; and

FURTHER RESOLVED, that, in order for the Company to comply with all applicable requirements of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") or the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), any Proper Officer, Secretary or Assistant Secretary of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to prepare, execute and file all reports, statements, documents and information required to be filed by the Company pursuant to the Securities Act and the Exchange Act in connection with the transactions contemplated by the Merger Agreement, including, without limitation, a Registration Statement on Form S-4 (the "Form S-4") in connection with the issuance of the shares of Company Common Stock pursuant to the transactions contemplated by the Merger Agreement, in such forms as such Proper Officer, Secretary or Assistant Secretary shall approve, such approval to be conclusively evidenced by the execution and/or filing of such reports, statements, documents or information, and to do any and all other acts necessary and proper in connection with such filings; and

FURTHER RESOLVED, that each of the Proper Officers, Secretary or Assistant Secretary of the Company who may be required to sign and execute the Form S-4 or any and all amendments thereto or documents in connection therewith (whether in the name or on behalf of

the Company or Merger Sub) be, and each of them hereby severally is, authorized and directed to execute a power of attorney appointing the Chief Executive Officer, Chief Financial Officer, Senior Vice President – Corporate Services, Secretary or Assistant Secretary of the Company as his or her true and lawful attorney or attorney-in-fact and agent with the power to act, with or without the other, with full power of substitution and resubstitution, for him or her and in his or her name, place or stead, in his or her capacity as an officer of the Company, to sign the Form S-4 and any and all amendments (including post-effective amendments) thereto, and all documents or instruments necessary, appropriate or desirable to enable the Company to comply with the Securities Act, other federal and state securities laws and other applicable United States and other laws in connection with the Form S-4, and to file the same with the Securities and Exchange Commission with full power and authority of said attorney-in-fact to do and to perform, in the name and on behalf of each such officer, every act whatsoever necessary or appropriate, as fully and for all intents and purposes as such officer might or could do in person; and

General

FURTHER RESOLVED, that whenever it is provided in these resolutions that any Proper Officer of the Company may sign or cause to be signed any instrument or document or take such other actions as he, she or they may approve, the fact that such Proper Officer shall have signed such instrument or document or shall have taken such action shall be deemed to be conclusive evidence (i) that such Proper Officer shall have deemed the signing of such instrument or document or the taking of such action to be necessary, desirable or appropriate and shall have approved such action, and (ii) of such Proper Officer's authority to so act; and

FURTHER RESOLVED, that, in addition to the specific authorizations set forth in any of the foregoing resolutions, any Proper Officer, Secretary or Assistant Secretary of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to take or cause to be taken any and all such further actions, to execute and deliver or cause to be executed and delivered all such other documents, certificates, instruments and agreements, to make such filings, to incur and pay all such fees and expenses and to engage in such acts as they shall in their judgment determine to be necessary, desirable or advisable to carry out fully the intent and purposes of the foregoing resolutions, and the execution by any of such Proper Officers, Secretary or Assistant Secretary of any such documents, certificates, instruments or agreements or the payment of any such fees and expenses or the doing by them of any act in connection with the foregoing matters shall be conclusive evidence of their authority therefor and for the approval of the documents, certificates, instruments and agreements so executed, the expenses so paid, the filings so made and the actions so taken; and

FURTHER RESOLVED, that each Proper Officer, Secretary or Assistant Secretary of the Company may, by a written power of attorney, authorize any other Proper Officer, employee, agent or legal counsel of the Company to take any action and to execute and deliver any agreement, instrument or other document referred to in these resolutions in place of or on behalf of such Proper Officer, Secretary or Assistant Secretary, with full power as if such Proper Officer, Secretary or Assistant Secretary were taking such action himself or herself; and

FURTHER RESOLVED, any Proper Officer of the Company be, and each of them hereby severally is, authorized, empowered and directed, with such assistance of counsel as they

deem necessary or appropriate, to the extent necessary or desirable, to prepare, execute and file or cause to be filed all applications, notices, reports, statements, documents and information that may be required to be filed with any appropriate state or federal regulatory agency or governmental body in connection with the transactions contemplated by these resolutions including filings with the SEC, the Kansas Corporation Commission, any other state public service commission, the Federal Energy Regulatory Commission, the U.S. Nuclear Regulatory Commission, the Federal Trade Commission, the Antitrust Division of the Department of Justice, the Federal Communications Commission or any other applicable governmental authority in relation thereto and to respond to all requests for additional information and to meet and confer (or to cause counsel to meet and confer) with officials or other representatives of any such governmental authority with respect thereto, and to file any such amendments, additions, deletions and modifications to such filings as any Proper Officer may deem necessary or desirable; and

FURTHER RESOLVED, that any Proper Officer of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to pay all fees and expenses incurred in connection with the transactions contemplated by the foregoing resolutions including, but not limited to, all fees and expenses of advisors of the Company and other fees and expenses appropriate in order to effectuate the purposes and intent of these resolutions; and

FURTHER RESOLVED, that any Proper Officer of the Company be, and each of them hereby severally is, authorized and empowered to retain, in the name and on behalf of the Company, such financial advisors, accountants, bankers, legal counsel and other advisors, consultants, experts or service providers as such Proper Officer deem necessary or appropriate to carry out the actions contemplated in these resolutions, and to secure any appropriate advice, opinions and services from such advisors, consultants, experts or service providers, and to pay or cause to be paid all fees and expenses incurred by the Company in connection with the transactions contemplated by these resolutions, including, but not limited to, all fees and expenses appropriate to effectuate the purpose and intent of these resolutions or any of them and such other agreements and documents as may be executed pursuant to the authorization granted in these resolutions or to carry out the transactions contemplated thereby; and

FURTHER RESOLVED, that all actions heretofore taken by any officer or director of the Company, or by any other person at the request of any officer or director, in connection with any matter referred to or contemplated in any of the foregoing resolutions, and in connection with the preparation, execution and filing of all reports, statements, documents and information previously filed by the Company pursuant to the foregoing resolutions, are hereby approved, ratified and confirmed in all respects.

RESOLUTIONS
OF
THE BOARD OF DIRECTORS OF
GREAT PLAINS ENERGY INCORPORATED

WHEREAS, the Board of Directors (the “Board”) of Great Plains Energy Incorporated, a Missouri corporation (the “Company”), has held extensive discussions with the Company’s management and with its financial and legal advisors regarding the advisability of the proposed acquisition of all outstanding shares of common stock, par value \$5.00 per share (the “Shares”), of Westar Energy, Inc., a Kansas corporation (the “Target”), by a newly to be formed Kansas corporation, wholly owned subsidiary of the Company (“Merger Sub”), by way of a merger of Merger Sub with and into Target, with Target being the surviving corporation (the “Merger”), pursuant to an Agreement and Plan of Merger (the “Merger Agreement”) among the Company, Merger Sub and Target;

WHEREAS, in connection with the transactions contemplated by the Merger Agreement, the Board deems it advisable and in the best interests of the Company and its shareholders to approve the commitment letter (the “Commitment Letter”), a copy of which has been presented to the Board and attached hereto as Exhibit A, pursuant to which Goldman Sachs Bank USA (“Goldman Sachs Bank”) and its affiliates have committed to provide to the Company a senior unsecured term loan facility in an aggregate amount of up to \$8,017,000,000;

WHEREAS, in connection with the transactions contemplated by the Commitment Letter, the Board deems it advisable and in the best interests of the Company and its shareholders to approve (i) the Third Amendment to Credit Agreement (the “Credit Agreement Amendment”), substantially in the form attached hereto as Exhibit B, (ii) the Fee Letter (the “Fee Letter”) with Goldman Sachs Bank and Goldman Sachs Lending Partners LLC, substantially in the form attached hereto as Exhibit C, pursuant to which the Company will pay fees, costs and expenses in connection with the transactions contemplated by the Commitment Letter and (iii) the Engagement Letter (the “Engagement Letter”) with Goldman, Sachs & Co. (“Goldman Sachs”), substantially in the form attached hereto as Exhibit D, pursuant to which the Company will engage Goldman Sachs with respect to the placement of debt, equity or equity-linked securities or the arrangement of banking or debt financing in connection with the transactions contemplated by the Merger Agreement and the Commitment Letter and;

WHEREAS, in connection with the transactions contemplated by the Merger Agreement, the Board deems it advisable and in the best interests of the Company and its shareholders to approve (i) the Stock Purchase Agreement (the “Stock Purchase Agreement”), substantially in the form attached hereto as Exhibit E, pursuant to which the Company will issue and sell to OCM Credit Portfolio LP, a limited partnership established under the laws of the Province of Ontario (“Investor”), 750,000 shares of Preferred Stock designated as “7.25% Mandatory Convertible Preferred Stock, Series A” (the “Series A Preferred Stock”), for a purchase price of \$750,000,000, reflecting a price of \$1,000 per share of Series A Preferred Stock, (ii) the Equity Commitment Letter (the “Equity Commitment Letter”), substantially in the

form attached hereto as Exhibit F, pursuant to which OMERS Administration Corporation will commit to fund to Investor an amount up to \$750,000,000 in connection with the transactions contemplated by the Stock Purchase Agreement and (iii) the Investor Rights Agreement (the “Investor Rights Agreement”), substantially in the form attached hereto as Exhibit G, to be entered into upon the closing of the transactions contemplated by the Stock Purchase Agreement, pursuant to which the Company will provide to Investor registration and certain other rights in connection with the transactions contemplated by the Stock Purchase Agreement;

WHEREAS, in connection with the transactions contemplated by the Stock Purchase Agreement, the Board deems it advisable and in the best interests of the Company and its shareholders to redeem all of the issued and outstanding Cumulative Preferred Stock, par value \$100, of the Company, including the 3.80% Cumulative Preferred Stock, the 4.50% Cumulative Preferred Stock, the 4.20% Cumulative Preferred Stock and the 4.35% Cumulative Preferred Stock (collectively, “Existing Preferred Stock”) at the redemption prices at the time in effect in accordance with the Articles of Incorporation of the Company;

WHEREAS, the Company, for itself or directly or indirectly through one or more subsidiaries, may from time to time enter into transactions that are “swaps” as such term is defined in Section 1a of the Commodity Exchange Act, as amended (the “CEA”), and the applicable rules of the Commodity Futures Trading Commission (the “CFTC”) published at title 17 of the Code of Federal Regulations (the “CFTC Regulations”), and such transactions, “Swap Transactions”) in order to “hedge or mitigate commercial risk”, as such phrase is defined in section 50.50(c) of the CFTC Regulations, including without limitation, interest rate swaps, swap options, interest rate options, basis swaps, forward rate transactions, or any other similar transaction or any combination of such transactions (“Hedging Transactions”);

WHEREAS, the CEA provides for comprehensive regulation of Swap Transactions, participants in the various markets for Swap Transactions, and counterparties to Swap Transactions, and includes requirements that certain Swap Transactions (a) be submitted for clearing and if accepted, cleared through a derivatives clearing organization; and (b) if made available to trade, be executed on a designated contract market or swap execution facility, in each case as such requirements are more particularly set forth in the CEA and the applicable CFTC Regulations (as applicable, the “Applicable Swap Requirements”);

WHEREAS, section 2(h)(7) of the CEA and section 50.50 of the CFTC Regulations provide an exception (the “End-User Exception”) from the Applicable Swap Requirements that may be elected by a counterparty to an affected Swap Transaction (the “Electing Entity”) so long as the Electing Entity: (a) is not a “financial entity” as such term is defined section 2(h)(7)(C) of the CEA and further clarified in section 50.50(d) of the CFTC Regulations (a “Financial Entity”); (b) is using the Swap Transaction to “hedge or mitigate commercial risk” as such phrase is defined in section 50.50(c) of the CFTC Regulations; (c) reports or causes to be reported to a swap data repository (an “SDR”) or the CFTC, as applicable, certain information relating to such Swap Transaction and the Electing Entity (some of which information may be reported annually); and (d) if the Electing Entity is an issuer of securities that are registered under section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or that is required to file periodic reports under section 13 of the Exchange Act, or a subsidiary or affiliate of such an entity, an appropriate committee of the board of directors of that entity approves the entity’s or

the subsidiary's or affiliate's decision to enter into Swap Transactions that are exempt from the Applicable Swap Requirements, in each case as more particularly described in the CEA and the CFTC Regulations;

WHEREAS, the Company is not a Financial Entity;

WHEREAS, the Company is an issuer of securities that are registered under section 12 of the Exchange Act and is required to file reports under section 15(d) of the Exchange Act;

WHEREAS, the Board has reviewed the decision to enter into Swap Transactions that are exempt from the Applicable Swap Requirements; and

WHEREAS, the Company desires, and the Board deems that it is in the best interests of the Company and its shareholders, and is necessary or convenient to effect any or all of the purposes of the Company, that the Company have the power and authority to elect the End-User Exception in connection with any Hedging Transactions to which that it may from time to time enter and that would otherwise be subject to the Applicable Swap Requirements; and

WHEREAS, in connection with the transactions contemplated by the Merger Agreement, the Commitment Letter and the Stock Purchase Agreement, the Board deems it advisable and in the best interests of the Company and its shareholders to approve an ISDA Master Agreement in a form published by International Swaps and Derivatives Association, Inc., and the related schedules and annexes thereto in customary form and substance to be negotiated by the Company (the "ISDA Master Agreement"), pursuant to which the Company may engage in Transactions (as defined in the ISDA Master Agreement) with Goldman Sachs Bank from time to time for purposes of hedging or mitigating commercial risk in connection with the transactions contemplated by the Merger Agreement, the Commitment Letter and the Stock Purchase Agreement.

Commitment Letter and Credit Agreement Amendment

NOW, THEREFORE, BE IT RESOLVED, that the Company be, and hereby is, authorized to enter into and perform its obligations under the Commitment Letter, the Credit Agreement Amendment, the Fee Letter, the Engagement Letter and all amendments, instruments, certificates, credit agreements, guaranties, other fee letters, other engagement letters, other agreements and other documents contemplated thereby or otherwise relating thereto (collectively, together with the Commitment Letter, the "Financing Documents"); and

FURTHER RESOLVED, that the Chief Executive Officer, Chief Financial Officer, Senior Vice President – Corporate Services or Treasurer; or any other officer of the Company to whom any such officer may delegate authority (each, a "Proper Officer" and, together, the "Proper Officers") be, and each hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver the Commitment Letter, the Credit Agreement Amendment and the other Financing Documents, in such form as such officer or officers executing the same shall approve, the signature of any such officer thereon to be conclusive evidence of his or her approval; and

Stock Purchase Agreement, Equity Commitment Letter and Investor Rights Agreement

FURTHER RESOLVED, that, the Company be, and hereby is, authorized to enter into and perform its obligations under the Stock Purchase Agreement, Equity Commitment Letter and Investor Rights Agreement, and all amendments, instruments, certificates, other agreements and other documents contemplated thereby or otherwise relating thereto (collectively, together with the Stock Purchase Agreement and the Investor Rights Agreement, the “Preferred Equity Investment Documents”); and

FURTHER RESOLVED, that the Proper Officers of the Company be, and each hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver the Stock Purchase Agreement, the Investor Rights Agreement and the other Preferred Equity Investment Documents, in such form as such officer or officers executing the same shall approve, the signature of any such officer thereon to be conclusive evidence of his or her approval; and

Redemption of Cumulative Preferred Stock

FURTHER RESOLVED, that, the Company be, and hereby is, authorized, concurrent with or at any time prior to the issuance of Series A Preferred Stock, to redeem all of the Existing Preferred Stock, at the redemption prices at the time in effect in accordance with the Articles of Incorporation of the Company and enter into and perform its obligations under all instruments, certificates, agreements and other documents contemplated thereby or otherwise relating thereto (collectively, the “Existing Preferred Stock Redemption Documents”); and

FURTHER RESOLVED, that the Proper Officers of the Company be, and each hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to redeem the Existing Preferred Stock and execute and deliver the Existing Preferred Stock Redemption Documents, in such form as such officer or officers executing the same shall approve, the signature of any such officer thereon to be conclusive evidence of his or her approval; and

Review and Approval of the Decision to Enter into Swap Transactions Exempt from Certain Requirements of the Commodity Exchange Act

FURTHER RESOLVED, that it be, and is determined by the Board that it is, in the best interests of the Company and its shareholders, and is necessary or convenient to effect any or all of the purposes of the Company, that the Company have the power and authority to, and the Company is empowered and authorized to, elect the End-User Exception in connection with any Hedging Transactions to which that it may from time to time enter and that would otherwise be subject to the Applicable Swap Requirements; and

FURTHER RESOLVED, that the Proper Officers are, and each of them individually is, authorized, empowered, and directed, for and in the name of and on behalf of the Company, (a) to take all such actions as that Proper Officer may deem necessary, desirable, or appropriate in order to enable the Company to elect the End-User Exception in connection with any Hedging Transactions to which the Company may from time to time enter and that would otherwise be

subject to the Applicable Swap Requirements, (b) to take all such actions as that Proper Officer may deem necessary, desirable, or appropriate in order to cause the Company to comply with the provisions of the CEA and the CFTC Regulations that relate to the election of the End-User Exception, including by making or causing to be made all submissions to an SDR or the CFTC, as applicable, of all information that may be required thereby; and (c) to determine the particular Hedging Transactions for which the Company will elect the End-User Exception from the Applicable Swap Requirements; in each case the taking of such action or the making of such determination to be conclusive evidence of the authority therefor of such Proper Officer and the approval and ratification by the Company of such action or determination; and

Hedging Transactions

FURTHER RESOLVED, that, the Company be, and hereby is, authorized to enter into and perform its obligations under the ISDA Master Agreement, including each Transaction thereunder, and all amendments, instruments, certificates, other agreements and other documents contemplated thereby or otherwise relating thereto; and

FURTHER RESOLVED, that the Proper Officers of the Company be, and each hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to negotiate, execute and deliver the ISDA Master Agreement, in such form as such officer or officers executing the same shall approve, the signature of any such officer thereon to be conclusive evidence of his or her approval; and

FURTHER RESOLVED, that any Proper Officer of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to negotiate and enter into Transactions as such officer in his or her judgment determine to be necessary, desirable or advisable from time to time for purposes of hedging or mitigating commercial risk in connection with any or all of the debt securities and banking and debt financing contemplated by the Commitment Letter and the Engagement Letter, the entry into such Transaction to be conclusive evidence of his or her determination of the necessity, desirability, or advisability thereof, and to enter into Confirmations (as defined the ISDA Master Agreement) evidencing such Transactions, including any amendments or supplements to such Transactions and Confirmations, and any transfers or terminations thereof, in such form as such officer or officers approving the same shall approve, the signature or other valid approval of any such officer thereon to be conclusive evidence of his or her approval; and

General

FURTHER RESOLVED, that whenever it is provided in these resolutions that any Proper Officer of the Company may sign or cause to be signed any instrument or document or take such other actions as he, she or they may approve, the fact that such Proper Officer shall have signed such instrument or document or shall have taken such action shall be deemed to be conclusive evidence (i) that such Proper Officer shall have deemed the signing of such instrument or document or the taking of such action to be necessary, desirable or appropriate and shall have approved such action, and (ii) of such Proper Officer's authority to so act; and

FURTHER RESOLVED, that, in addition to the specific authorizations set forth in any of the foregoing resolutions, any Proper Officer, Secretary, Assistant Secretary of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to take or cause to be taken any and all such further actions, to execute and deliver or cause to be executed and delivered all such other documents, certificates, instruments and agreements, to make such filings, to incur and pay all such fees and expenses and to engage in such acts as they shall in their judgment determine to be necessary, desirable or advisable to carry out fully the intent and purposes of the foregoing resolutions, and the execution by any of such Proper Officers, Secretary, Assistant Secretary of any such documents, certificates, instruments or agreements or the payment of any such fees and expenses or the doing by them of any act in connection with the foregoing matters shall be conclusive evidence of their authority therefor and for the approval of the documents, certificates, instruments and agreements so executed, the expenses so paid, the filings so made and the actions so taken; and

FURTHER RESOLVED, that each Proper Officer, Secretary or Assistant Secretary of the Company may, by a written power of attorney, authorize any other Proper Officer, employee, agent or legal counsel of the Company to take any action and to execute and deliver any agreement, instrument or other document referred to in these resolutions in place of or on behalf of such Proper Officer, Secretary or Assistant Secretary, with full power as if such Proper Officer, Secretary or Assistant Secretary were taking such action himself or herself; and

FURTHER RESOLVED, any Proper Officer of the Company be, and each of them hereby severally is, authorized, empowered and directed, with such assistance of counsel as they deem necessary or appropriate, to the extent necessary or desirable, to prepare, execute and file or cause to be filed all applications, notices, reports, statements, documents and information that may be required to be filed with any appropriate state or federal regulatory agency or governmental body in connection with the transactions contemplated by these resolutions including filings with the SEC, the Kansas Corporation Commission, any other state public service commission, the Federal Energy Regulatory Commission, the U.S. Nuclear Regulatory Commission, the Federal Trade Commission, the Antitrust Division of the Department of Justice, the Federal Communications Commission or any other applicable governmental authority in relation thereto and to respond to all requests for additional information and to meet and confer (or to cause counsel to meet and confer) with officials or other representatives of any such governmental authority with respect thereto, and to file any such amendments, additions, deletions and modifications to such filings as any Proper Officer may deem necessary or desirable; and

FURTHER RESOLVED, that any Proper Officer of the Company be, and each of them hereby severally is, authorized, empowered and directed, in the name and on behalf of the Company, to pay all fees and expenses incurred in connection with the transactions contemplated by the foregoing resolutions including, but not limited to, all fees and expenses of advisors of the Company and other fees and expenses appropriate in order to effectuate the purposes and intent of these resolutions; and

FURTHER RESOLVED, that any Proper Officer of the Company be, and each of them hereby severally is, authorized and empowered to retain, in the name and on behalf of the Company, such financial advisors, accountants, bankers, legal counsel and other advisors,

consultants, experts or service providers as such Proper Officer deem necessary or appropriate to carry out the actions contemplated in these resolutions, and to secure any appropriate advice, opinions and services from such advisors, consultants, experts or service providers, and to pay or cause to be paid all fees and expenses incurred by the Company in connection with the transactions contemplated by these resolutions, including, but not limited to, all fees and expenses appropriate to effectuate the purpose and intent of these resolutions or any of them and such other agreements and documents as may be executed pursuant to the authorization granted in these resolutions or to carry out the transactions contemplated thereby; and

FURTHER RESOLVED, that all actions heretofore taken by any officer or director of the Company, or by any other person at the request of any officer or director, in connection with any matter referred to or contemplated in any of the foregoing resolutions, and in connection with the preparation, execution and filing of all reports, statements, documents and information previously filed by the Company pursuant to the foregoing resolutions, are hereby approved, ratified and confirmed in all respects.

**RESOLUTIONS ADOPTED AT A MEETING
OF THE BOARD OF DIRECTORS OF
WESTAR ENERGY, INC.**

Held on May 29, 2016

Approval of Agreement and Plan of Merger

WHEREAS, the Board of Directors (the “Board”) of Westar Energy, Inc., a Kansas corporation (the “Corporation”), has reviewed that certain Agreement and Plan of Merger proposed to be entered into by and among the Corporation, Great Plains Energy Incorporated, a Missouri corporation (“Parent”) and a to be formed Kansas corporation that will be a wholly owned subsidiary of Parent that will be added as a party to the Agreement and Plan of Merger upon its formation (“Merger Sub”), substantially in the form presented at this meeting and hereby ordered attached as Exhibit A to the minutes of this meeting (the “Merger Agreement”), pursuant to which, among other things, Merger Sub will be merged with and into the Corporation (the “Merger”) at the effective time thereof in accordance with the Kansas General Corporation Code (the “KGCC”), with the Corporation being the surviving corporation in the Merger, upon the terms and subject to the conditions of the Merger Agreement;

WHEREAS, at the effective time of the Merger, each share of common stock, \$5.00 par value, of the Corporation (“Corporation Common Stock”) issued and outstanding immediately prior to the effective time of the Merger, other than any shares of Corporation Common Stock to be canceled, shall be converted into the right to receive (i) an amount in cash, without interest, equal to \$51.00 per share plus any dividends or other distributions payable pursuant to the Merger Agreement (the “Cash Consideration”), and (ii) that number (rounded to the nearest 1/10,000 of a share) of validly issued, fully paid and nonassessable shares of common stock, no par value, of Parent (“Parent Common Stock”) equal to the Exchange Ratio (as defined below) (the “Stock Consideration” and, together with the Cash Consideration, the “Merger Consideration”), pursuant and subject to the terms and conditions of the Merger Agreement;

WHEREAS, the Exchange Ratio shall mean the following:

(i) If the volume weighted average price per share of Parent Common Stock on the New York Stock Exchange (the “NYSE”) for the twenty consecutive full trading days in which shares of Parent Common Stock are traded on the NYSE ending on, and including, the third trading day immediately preceding the date of the consummation of the Merger (the “Average Parent Stock Price”) is an amount greater than \$33.2283, then the Exchange Ratio shall be 0.2709;

(ii) If the Average Parent Stock Price is an amount greater than or equal to \$28.5918 but less than or equal to \$33.2283 then the Exchange Ratio shall be an amount equal to the quotient obtained by dividing (x) \$9.00 by (y) the Average Parent Stock Price; or

(iii) If the Average Parent Stock Price is an amount less than \$28.5918, then the Exchange Ratio shall be 0.3148.

WHEREAS, the Board has reviewed and evaluated the terms and conditions of the Merger Agreement;

WHEREAS, the Board has received the written opinion of Guggenheim Securities, LLC, the Board's financial advisor, to the effect that as of the date of such opinion, the Merger Consideration to be paid to the holders of Corporation Common Stock is fair, from a financial point of view, to such holders; and

WHEREAS, (i) all of the members of the Board were in attendance at the meeting either in person or telephonically and (ii) all of such Directors in attendance have respectfully determined to declare that the Merger Agreement and the terms and conditions set forth therein, and the Merger, are advisable and in the best interests of the Corporation and the Corporation's shareholders.

NOW THEREFORE BE IT RESOLVED, that the Board authorizes, accepts, approves and adopts the Merger Agreement and the terms and provisions set forth therein, and the Merger, upon the terms and subject to the conditions set forth in the Merger Agreement;

FURTHER RESOLVED, that the Merger Agreement and the terms and conditions set forth therein, and the Merger, are hereby declared advisable, fair to and in the best interests of the Corporation and the Corporation's shareholders;

FURTHER RESOLVED, that the Board approves and authorizes the execution and delivery of the Merger Agreement by any of the Authorized Officers (as defined below) of the Corporation, the performance by the Corporation of the Merger Agreement, the consummation of the transactions contemplated by the Merger Agreement, including, without limitation, the Merger, and the execution, delivery and performance of all other agreements, instruments and documents ancillary to the Merger Agreement or the consummation of the transactions contemplated thereby;

FURTHER RESOLVED, that, subject to the terms and conditions of the Merger Agreement, the Merger Agreement be submitted for authorization and approval by the shareholders of the Corporation at a meeting of shareholders of the Corporation (the "Meeting") and that the Board shall recommend the shareholders vote in favor of such authorization and approval;

FURTHER RESOLVED, that the Authorized Officers of the Corporation be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Corporation, to execute and deliver the Merger Agreement, to take all actions and steps necessary or advisable in connection with the transactions contemplated by the Merger Agreement, including, without limitation, in connection with obtaining approval of the Merger by any federal, state, local or other governmental agency or authority, to execute any and all required notifications, certificates, applications, reports, consents or other instruments or any amendments or supplements thereto, and to effect any and all necessary filings or any amendments or supplements thereto, with any and all appropriate federal, state, local or other governmental agencies or authorities, and subject to the approval of the Merger Agreement by the shareholders of the Corporation, to execute and file with the Secretary of State of the State of Kansas in

accordance with the relevant provisions of the KGCC Articles of Merger regarding the Merger (along with a copy of the Merger Agreement as required by law);

FURTHER RESOLVED, without limiting the generality of the foregoing, that the Authorized Officers of the Corporation be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Corporation, to pay all fees incurred in connection with the transactions contemplated by the Merger Agreement, including, without limitation, the Merger, as such officer or officers determine to be appropriate, subject to the terms of the Merger Agreement, including, but not limited to, all printing expenses, filing fees, fees and expenses of the Corporation's attorneys, auditors, financial advisors and public relations firm, such payment to be conclusive evidence of their determination; and

FURTHER RESOLVED, that the authority granted to the officers of the Corporation under the foregoing resolutions shall be deemed to include, in the case of each such resolution, the authority to execute, deliver and file all such other and further amendments, agreements, applications, consents, resolutions, certificates, representations and documents and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the good faith judgment of such officers, to carry out the purposes and intent of the foregoing resolutions.

Exemption under Rule 16b-3 of the Exchange Act

WHEREAS, in connection with the Merger and pursuant to the Merger Agreement, at or immediately prior to the effective time of the Merger, (i) certain shares of the Corporation Common Stock, (ii) certain share units payable in shares of Corporation Common Stock that are subject to time-based vesting (the "Restricted Share Units"), (iii) certain share units payable in shares of Corporation Common Stock that are subject to performance-based vesting (the "Performance Units") and (iv) certain contractual rights to receive shares of Corporation Common Stock or the value of such a share other than Restricted Share Units and Company Performance Units (the "Other Equity-Based Rights") granted to, or beneficially owned by, certain officers and directors identified on Exhibit B hereto (the "Designated Officers and Directors") as set forth opposite their names as of the date hereof on Exhibit B hereto, will be treated as follows:

(A) each share of Corporation Common Stock will be converted into the right to receive the Merger Consideration in exchange for the cancellation of such shares of Corporation Common Stock;

(B) each Restricted Share Unit will be converted into a vested right to receive cash in an amount equal to (x) the Cash Consideration plus (y) the amount in cash, without interest, rounded to the nearest cent, equal to the product of (1) the Average Parent Stock Price and (2) the Exchange Ratio, plus (z) the amount of any dividend equivalents associated with such Restricted Share Unit, in exchange for the cancellation of such Restricted Share Unit;

(C) each Performance Unit will be converted into a vested right to receive cash in an amount equal to (x) the Cash Consideration plus (y) the amount in cash, without interest, rounded to the nearest cent, equal to the product of (1) the Average Parent Stock Price and (2) the Exchange Ratio, plus (z) the amount of any dividend equivalents associated with such

Performance Unit, with the number of vested Performance Units to be the greater of the target award or the number determined in accordance with the performance criteria provided in the applicable award agreement, in exchange for the cancellation of such Performance Unit; and

(D) each Other Equity-Based Right will vest in full, and all restrictions otherwise applicable to such Other Equity-Based Right shall lapse, and each Other Equity-Based Right shall be converted into a vested right to receive cash in an amount equal to (x) the Cash Consideration plus (y) the amount in cash, without interest, rounded to the nearest cent, equal to the product of (1) the Average Parent Stock Price and (2) the Exchange Ratio, plus (z) the amount of any dividend equivalents associated with such Other Equity-Based Right, in exchange for the cancellation of such Other Equity-Based Right; and

WHEREAS, the Board desires to approve the foregoing transactions for purposes of exempting such transactions under Rule 16b-3 under the Exchange Act.

NOW THEREFORE, BE IT RESOLVED, that, in connection with the Merger and pursuant to the Merger Agreement, the conversion, at or immediately prior to the effective time of the Merger, of certain shares of the Corporation Common Stock, the Restricted Share Units, the Performance Units and the Other Equity-Based Rights granted to, or beneficially owned by, the Designated Officers and Directors identified on Exhibit B hereto as set forth opposite their names as of the date hereof on Exhibit B hereto, as set forth above in exchange for the cancellation of such Corporation Common Stock, Restricted Share Units, Performance Units and Other Equity Based Rights, as the case may be, is hereby approved by the Board for the purpose of exempting such transactions under Rule 16b-3 under the Exchange Act, it being the intent of the Board of Directors to exempt such transactions from any liability under Section 16 of the Exchange Act; and

FURTHER RESOLVED, that, in furtherance of the foregoing approvals and in accordance with the published views of the SEC, the Board does hereby specify the Designated Officers and Directors and the number of shares of Corporation Common Stock, the Restricted Share Units, the Performance Units and the Other Equity-Based Rights beneficially owned to be disposed of in the Merger by such persons on Exhibit B hereto.

Joint Proxy/Registration Statement

WHEREAS, the Merger Agreement provides that the Corporation shall, in accordance with applicable law and subject to the terms and conditions of the Merger Agreement, among other things, (i) duly call, give notice of, convene and hold the Meeting as promptly as reasonably practicable for the purpose of voting upon the Merger Agreement; and (ii) in cooperation with Parent, prepare and file with the SEC a joint proxy/registration statement (the "Joint Proxy/Registration Statement") relating to the Meeting.

NOW THEREFORE, BE IT RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized to prepare and file with the SEC the Joint Proxy/Registration Statement, in such form and containing such terms and provisions as they or any of them may deem necessary or appropriate, and the form, terms and provisions of such Joint Proxy/Registration Statement are hereby approved, ratified and confirmed.

The Meeting

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to take or cause to be taken all action, in compliance with applicable law, which they or any of them may deem necessary or appropriate to communicate the position of this Board, as set forth in the foregoing resolutions, to the shareholders of the Corporation, the Corporation's employees and any other parties including, without limitation, the dissemination of such positions by means of press releases, advertisements, telephone calls, interviews, visits, letters, mailings telegrams or otherwise;

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and empowered to solicit proxies from shareholders for use at the Meeting;

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and directed to give written notice of the Meeting to each shareholder, not less than ten (10) nor more than sixty (60) days before such Meeting, which notice shall specify the place, day and hour of the Meeting and the purpose or purposes for which the Meeting is being held; and

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and empowered to designate one or more individuals as attorneys and proxies, with full power of substitution and revocation, to act at the Meeting with respect to proxies solicited aforesaid and state authorities as they deem necessary or appropriate in connection with the foregoing resolutions.

General Resolutions

NOW THEREFORE, BE IT RESOLVED, that for purposes of these resolutions, the term "Authorized Officers" shall be deemed to include the President and Chief Executive Officer; the Senior Vice President, Chief Financial Officer and Treasurer; the Vice President, General Counsel and Corporate Secretary; and any Senior Vice President or Vice President of the Corporation;

FURTHER RESOLVED, that the Authorized Officers, acting singly, be, and each of them hereby is, authorized, empowered and directed to prepare, execute, deliver, acknowledge, file and record any and all such agreements, instruments and documents in the name of and on behalf of the Corporation, and to seek any and all necessary approvals and to take or cause to be taken any and all such other actions as such Authorized Officer in his or her judgment shall deem necessary, proper or advisable in order to carry out fully the transactions contemplated by and accomplish the purposes of the foregoing resolutions, including any filings with federal, state, local or foreign authorities as they deem necessary or appropriate in connection with the foregoing resolutions, with such changes to such documents, amendments, agreements and instruments in the name and on behalf of the Corporation, as in his or her judgment shall be necessary, proper or advisable to carry out fully the transactions contemplated by and accomplish the purposes of the foregoing resolutions, on such terms and in such form as the officer executing the same shall approve;

FURTHER RESOLVED, that the Board does hereby ratify, confirm, and approve all that has been or may be done by the Authorized Officers and Directors of the Corporation in connection with the subject matter of any of the foregoing resolutions by virtue of the authority conferred by these resolutions; and

FURTHER RESOLVED, that whenever it is provided in these resolutions that any Authorized Officer of the Corporation may execute any document or other instrument or take such other action as he or she may or shall approve, the fact that such officer shall execute such document or other instrument or take such other action shall be conclusive evidence of such officer's authority as conferred hereby.

Exhibit A
Merger Agreement

[See attached Appendix C]

Exhibit B

Designated Director and Officer Ownership of Corporation Common Stock

Name	Other Equity-Based Rights			Beneficial Ownership of Common Stock	Total
	Deferred Stock Units (Annual Grant)	Deferred Stock Units (Vested RSUs)	Deferred Fees Payable in Stock		
Directors					
Mollie H. Carter	33,348.7135	2,678.5103	36,315.6700	-	72,342.8938
Charles Q. Chandler IV	72,050.4900	8,791.50	-	5,767.0000	86,608.9900
R.A. Edwards III	38,420.6600	7,799.3477	45,400.9500	11,648.7952	103,269.7529
Jerry B. Farley	27,411.7557	-	-	3,927.2732	31,339.0289
Richard L. Hawley	-	-	-	14,006.3550	14,006.3550
B. Anthony Isaac	-	-	-	39,071.2958	39,071.2958
Sandra A.J. Lawrence	30,741.7000	-	14,762.2400	460.0401	45,963.9801
S. Carl Soderstrom, Jr.	-	-	-	12,353.0000	12,353.0000
Officers	Restricted Share Units	Performance Units (at target)	Other Equity-Based Rights	Beneficial Ownership of Common Stock	Total
Mark A. Ruelle	89,060.0000	89,060.0000	-	132,368.0000	310,488.0000
Greg A. Greenwood	28,335.0000	28,335.0000	-	22,595.9846 [1]	79,265.9846
Anthony D. Somma	27,605.0000	27,605.0000	-	25,493.0000	80,703.0000
Larry D. Irick	18,495.0000	18,495.0000	1,159.3818	59,238.0000	97,387.3818
Bruce A. Akin	11,715.0000	11,715.0000	-	29,111.0473	52,541.0473
Jerl L. Banning	12,095.0000	12,095.0000	-	10,139.2893	34,329.2893
John T. Bridson	11,235.0000	11,235.0000	-	16,993.1107	39,463.1107
Kevin L. Kongs	6,295.0000	6,295.0000	5,178.0000	16,848.6780	34,616.6780

[1] Includes 1,822.0170 shares in 401(k) stock fund account as of 2/16/16.

Great Plains Energy Incorporated

Docket No.: 16-KCPE-____

Date: June 28, 2016

CONFIDENTIAL INFORMATION

The following information is provided to the Kansas Corporation Commission under
CONFIDENTIAL SEAL:

Joint Application Appendix C - Agreement and Plan of Acquisition	
Page(s)	Reason for Confidentiality from List Below
101-135	2, 5

Rationale for the “confidential” designation is documented below:

- “1” Confidential financial information/ budget projections.
- “2” Contract terms or specifics, or contract information that could be used by existing or future vendors to the disadvantage of KCP&L.
- “3” Sensitive information that could impact pending or threatened litigation.
- “4” Advice of counsel or other paid experts, advisors or consultants.
- “5” Trade Secret or Commercially Sensitive.
- “6” Other (specify) _____.

Should any party challenge GPE’s assertion of confidentiality with respect to the above information, GPE reserves the right to supplement the rationale contained herein with additional factual or legal information.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

TERRY BASSHAM

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR ENERGY, INC.
BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 16-KCPE-____-ACQ

1 **Q:** Please state your name and business address.

2 A: My name is Terry Bassham. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q:** By whom and in what capacity are you employed?

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) and serve as
6 Chairman, President and Chief Executive Officer of Great Plains Energy Incorporated
7 (“Great Plains Energy” or “GPE”). I also serve as Chairman, President, and Chief
8 Executive Officer of KCP&L. KCP&L is a direct, wholly-owned subsidiary of Great
9 Plains Energy.

10 **Q:** What are your responsibilities?

11 A: My responsibilities include overall management of all aspects of Great Plains Energy and
12 its subsidiary operations, including KCP&L.

1 **Q: Please describe your education, experience and employment history.**

2 A: I hold a Bachelor of Business Administration degree in Accounting from the University
3 of Texas at Arlington and a Juris Doctor degree from St. Mary's University School of
4 Law in San Antonio, Texas. I have held positions at Great Plains Energy and KCP&L
5 since April of 2005. Prior to that time, I was employed by El Paso Electric for nine years
6 in various positions including General Counsel, Chief Administrative Officer and Chief
7 Financial Officer. The remainder of my work career I worked as an attorney in the
8 primary practice of regulatory law.

9 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
10 **Commission ("KCC" or "Commission") or before any other utility regulatory**
11 **agency?**

12 A: Yes. I have testified on several occasions before the KCC and the Missouri Public
13 Service Commission ("MPSC") on a variety of issues affecting regulated public utilities.
14 I have also testified before the Federal Energy Regulatory Commission, the Public Utility
15 Commission of Texas, the New Mexico Public Service Commission and various
16 legislative committees of the Texas, New Mexico and Missouri legislatures.

17 **Q: What is the purpose of your testimony?**

18 A: The purpose of my testimony is to describe: (i) the strategic rationale for Great Plains
19 Energy having entered into an agreement to purchase Westar Energy, Inc. ("Westar") (the
20 "Transaction"); (ii) how the Transaction will affect customers and communities served by
21 KCP&L and Westar in Kansas, and (iii) the significant and important policy decisions to
22 be considered by the Commission in evaluating how the Transaction affects the public
23 interest generally and, specifically, how it may affect customers and shareholders.

I. Overview of Transaction

Q: Please provide an overview of the Transaction.

A: The Transaction is the result of a competitive process, established by Westar, and more fully described in the Direct Testimony of Mark Ruelle, which culminated in an agreement between Great Plains Energy and Westar. Great Plains Energy decided to participate in the process, as discussed below, due to the strong strategic rationale for the acquisition and the numerous resulting benefits for customers, employees, communities, the State of Kansas, and GPE's and Westar's shareholders. GPE's participation in that process was guided by five fundamental principles:

1. The combined company must be strong financially;
2. The purchase price must be reasonable and justified by savings;
3. Customers must benefit;
4. Shareholders must benefit; and
5. The states of Kansas and Missouri as well as the communities Westar and GPE's utility subsidiaries serve must benefit.

Great Plains Energy's winning bid met and fulfills all of these principles, as my testimony and that of my colleagues will illustrate.

The primary controlling document for the Transaction is the Agreement and Plan of Merger ("Agreement") dated May 29, 2016, which was entered into between Westar, Great Plains Energy and Merger Sub. It has been filed with the Commission as an attachment to the Joint Application that is being filed concurrently with this testimony.

GPE has agreed to pay approximately \$8.6 billion to acquire the stock of Westar which GPE intends to finance with approximately 50% equity and 50% debt. Westar's

1 existing debt will remain outstanding, so in effect, GPE has also agreed to assume
2 Westar's outstanding debt (\$3.6 billion on the date the Transaction was announced),
3 making the overall enterprise value for Westar approximately \$12.2 billion. The
4 transactional mechanics, consideration to be paid by GPE and GPE's plans for financing
5 the Transaction, are described in more detail in the Direct Testimony of Kevin Bryant.

6 **Q: What will Great Plains Energy look like following the Transaction?**

7 A: The Transaction will result in Great Plains Energy becoming an even stronger regional
8 utility holding company. Following the receipt of necessary approvals, and upon closing
9 the Acquisition, Great Plains Energy's footprint will be expanded into a larger contiguous
10 service area covering approximately the eastern one-third of Kansas, much of the Kansas
11 City metropolitan area on both sides of the state line, and a large portion of northwestern
12 Missouri. It will serve over 1.5 million customers, the majority of which (almost
13 950,000) will be in Kansas. GPE's existing utility subsidiaries will remain in place with
14 the same service territories and customers as immediately before closing. Westar
15 operates a regulated electric utility in Kansas and has just over 700,000 electric utility
16 customers, both at the parent utility, Westar Energy, Inc., and at its subsidiary utility,
17 Kansas Gas and Electric Company. For simplicity, in this testimony, I will refer to the
18 entire entity as "Westar", except where more specificity might be required. Westar will
19 become a wholly owned subsidiary of GPE at an organizational level equal to KCP&L.
20 Westar's current legal structure will remain, but instead of it being a public company, all
21 the shares will be owned by GPE. Westar will continue to have the same service
22 territories and customers as immediately before closing.

1 Following the Transaction, I will remain Chairman of the Board of Great Plains
2 Energy and KCP&L, as well as President and Chief Executive Officer of Great Plains
3 Energy and KCP&L. Following the Transaction, I will become President and Chief
4 Executive Officer of Westar, as well. With respect to executive management and
5 leadership for the combined company, no firm decisions have been made at this time.
6 However, we fully expect the executive management team for the combined company
7 will have leadership from both GPE and Westar on it. When GPE acquired Aquila in
8 2008, multiple members of its leadership team took positions with KCP&L. Today, a
9 former Aquila executive, Scott Heidtbrink, is the Chief Operating Officer of KCP&L,
10 and Kevin Noblet is our Vice President of Delivery. As part of the integration process,
11 we will have teams from both GPE and Westar working together to ensure that
12 employees with critical roles and historical knowledge of both companies are fully
13 utilized and put in the right positions. These teams will make recommendations to fill
14 leadership positions across the combined company with qualified individuals from both
15 KCP&L and Westar to ensure that customers and communities see a smooth transition.
16 At Westar, we expect to see no immediate reduction in current union employees, and we
17 have of course agreed to honor existing labor contracts. For Westar's non-union
18 employees, we have agreed to maintain existing compensation levels and benefits for at
19 least two years after closing. In addition, Mark Ruelle will remain at Westar throughout
20 the integration process and until the Transaction closes. His insight and leadership will
21 be a valuable asset through this process.

22 With respect to what the combined company will be named following the
23 Transaction, a firm decision has not been made at this time. In all likelihood, Great

1 Plains Energy will remain the name of the holding company and keep its GXP symbol on
2 the New York Stock Exchange. This process for ultimately branding the utility
3 operations will be informed by two guiding principles:

- 4 • The combined company brand needs to be reflective of the new company
5 and be relatable to both KCP&L and Westar employees driving one
6 team-oriented culture; and
- 7 • The combined company brand needs to be the same in all the
8 communities served by the combined company so that customers know
9 who is serving them, what the combined company stands for and how to
10 effectively and efficiently interact with the combined company.

11 The Transaction will alter the membership of the Boards of Directors of Great
12 Plains Energy by the addition of one member of the Westar Board. While Great Plains
13 Energy's corporate headquarters will remain at 1200 Main Street in Kansas City, as
14 discussed in the Direct Testimony of Scott Heidtbrink, we will maintain the current
15 Westar headquarters at 818 Kansas Avenue in Topeka for GPE's Kansas headquarters.
16 Our Kansas presence will expand and be substantial, including all levels of technical and
17 managerial talent and payroll, reflective of the fact that the combined company will have
18 more customers in Kansas than Missouri. We are aware that cynics might be imagining a
19 mostly-empty building with a name on it. I can assure you that will not be the case. Our
20 Kansas headquarters in Topeka will be a significant and vital part of the overall
21 operations of our combined company and will house executive leadership with
22 responsibility for our Kansas operations and corporate executive leadership as well.

1 GPE is a company that has done business in Kansas for more than 100 years—
2 longer even than Westar. Many of our employees live in Kansas. As a stand-alone
3 entity, almost a third of our customers are located in the state of Kansas. We already
4 support economic development in Kansas and are eager to do more. We have the
5 majority of our wind generation and nearly half of our baseload generation in Kansas,
6 including our only nuclear plant. As a combined company, over 60 per cent of GPE's
7 customers will be located in Kansas. One of the key benefits of this transaction is that it
8 creates a financially stronger company that is better suited to meet the needs of customers
9 and communities in Kansas, while preserving local ownership of a Kansas utility and
10 ensuring responsiveness to customers and regulators from a combined leadership team
11 that lives and works in and within a few miles of Kansas. It is hard to conceive of
12 another bidder for whom Kansas would have had the importance that it will for GPE.

13 We appreciate that this Transaction represents a big change for both companies.
14 We also know that the public interest is served only by carefully managing sometimes
15 competing objectives. It is natural that this type of change creates questions and
16 concerns, all of which we will address. For example, in the past few years both
17 companies have significantly raised their prices. We appreciate that customers and other
18 leaders are wary of rising utility rates, even as they recognize that staffing is our largest
19 driver of cost. We also appreciate that everyone is concerned with jobs and economic
20 development. This Transaction must carefully balance that obvious tension. There is no
21 question that the combined company can operate in a less costly fashion than the two
22 separate companies, and that kind of efficiency is what will keep energy costs affordable

1 for our economy. There is also no question that operating more efficiently also means a
2 smaller payroll.

3 The integration planning process, which is discussed in more detail in the Direct
4 Testimony of Steven Busser, will, among other objectives, identify overlapping
5 administrative, management and support positions that can be eliminated from the
6 combined organization. We expect that many of these efficiencies will occur as a result
7 of natural attrition, which is typically about 4-5 per cent annually for both GPE and
8 Westar. Both GPE and Westar will attempt to make use of attrition—not just from
9 Westar’s current platform, but from across the entire combined company’s platform—as
10 much as possible to achieve the identified efficiencies. If natural attrition is not
11 sufficient, GPE may consider targeted voluntary staffing reduction programs where it
12 makes sense. With so many employees approaching retirement, we know we will have
13 volunteers. Indeed, many employees of both companies have already asked that
14 question.

15 Adaptability is also key, and we will expect employees who are qualified for more
16 than one job to consider an equivalent job, even if it is different than what they might
17 have been doing. Our goal will be to retain the best, regardless of the particular
18 employee’s original organization—KCP&L or Westar. We know from experience that
19 while mergers create unease, they also create opportunities for our company and our
20 employees.

21 That being said, I expect that some level of involuntary severance may occur as
22 this is typically unavoidable in transactions of this nature. At GPE, we have a strong
23 track record in minimizing involuntary employee reductions in acquisitions with adjacent

1 utilities. In 2008, when GPE acquired Aquila, the vast majority of Aquila employees
2 remained employed as part of the transaction. On the day the transaction closed, less
3 than five percent of Aquila's total workforce received severance packages. We do not
4 make these kinds of decisions lightly, and our history shows this. Again, our goal will be
5 to retain the best of the best, regardless of the particular employee's original organization.

6 We understand that there is almost nothing more important to people and their
7 families than financial security. Knowing this, as part of the Agreement we adopted and
8 defined a very market competitive severance package, should any employee find him or
9 herself not suited to the right job in the new combined company.

10 These efficiencies are critical in achieving the cost reductions that will benefit
11 customers in the form of lower rates than would otherwise be possible without this
12 Transaction. Over the past decade, both companies' rates have increased substantially.
13 This Transaction provides a means of moderating that trend. Our approach balances both
14 of these important public interest objectives, and the obvious tension associated with
15 them.

16 Following closing of the Transaction the overall GPE organization will be larger
17 than either GPE or Westar would be in the absence of the Transaction. This will provide
18 opportunities for employees in the future that would not exist but for the Transaction. In
19 addition, by combining the expertise and experience of the employees of both GPE and
20 Westar as a result of the Transaction, customers will benefit from greater and more
21 diverse management expertise and experience and an organization that has a better
22 opportunity to capitalize on future savings opportunities.

1 **II. Strategic Rationale**

2 **Q: Please describe the strategic rationale for Great Plains Energy to acquire Westar.**

3 A: This Transaction is one example of consolidation among many in today's electric
4 industry operating environment which has been characterized in recent years by
5 increasing costs and flat, to even declining customer usage putting significant upward
6 pressure on rates paid by customers. GPE and Westar will be better together than either
7 could be individually on a stand-alone basis. There are a number of reasons why the
8 acquisition of Westar complements Great Plains Energy's current operations. First, this
9 transaction will enable efficiencies and savings that cannot be obtained by either GPE or
10 Westar on a stand-alone basis, and these efficiencies and savings will keep rates lower in
11 the future than they would have been absent this Transaction benefitting customers and
12 our economy, as electricity is a key input into the entire economy. Because Westar's
13 Kansas service territory is adjacent to KCP&L's Kansas service territory we expect
14 significant savings opportunities will be available soon after the close of the Transaction
15 related to combined operations of many functions within KCP&L and Westar. One
16 simple example of adjacency, we both have wind farms within a few miles of each other
17 and history has created a jagged line where our current service areas protrude in and
18 around one another. As discussed in the Direct Testimony of William Kemp, GPE
19 estimates that approximately \$65 million in Transaction-related savings will be achieved
20 in the first full year after closing, and that achieved savings are estimated at nearly \$200
21 million in the third full year after closing. These savings – unattainable for GPE and
22 Westar on a stand-alone basis – ensure that customers will receive substantial benefits in
23 the form of lower future rate increases than would be possible in the absence of the

1 Transaction. Furthermore, as discussed in more detail in the Direct Testimony of Darrin
2 Ives, savings that result from the Transaction are an ongoing reduction to the level of
3 anticipated increase in our cost of service and will continue to benefit customers every
4 time we file a rate case.

5 KCP&L and Westar have had a solid working relationship for many years and, as
6 discussed in the Direct Testimony of Mark Ruelle, have very similar practices,
7 approaches and core values, even as they obviously differ on many smaller things.
8 KCP&L and Westar are joint owners, with other parties, of the Wolf Creek Nuclear
9 Generating Station, La Cygne Station and Jeffrey Energy Center. By consolidating the
10 ownership of Wolf Creek we can support the nuclear station at an overall lower cost than
11 if KCP&L and Westar remain separate. Even at Jeffrey and La Cygne there will be small
12 efficiencies gained by not having to have one co-owner monitoring the other and doing
13 report writing for each other.

14 The combination of Westar and GPE also makes sense because each organization
15 has complementary strengths that, when combined, will produce a stronger company than
16 either could achieve on a stand-alone basis. I can say this with confidence, because of
17 our recent experience with our last business combination. Naturally, one company has
18 advantages the other does not in terms of skills, competencies, creativity and
19 relationships. As discussed in the Direct Testimony of Mark Ruelle, Westar has a strong
20 track record in developing public/private partnerships, particularly in cyber-security
21 efforts, and has a great safety record. At GPE, we are eager to learn more from Westar
22 employees about its practices in these and other important areas, and we know the Westar
23 team is equally interested in learning more about us. GPE has extensive experience in

1 customer programs such as energy efficiency and customer-owned solar generation that I
2 believe can benefit Westar customers. As Mr. Ruelle notes with compliments in his
3 testimony—and taking nothing away from Westar—KCP&L is proud of our strong
4 customer satisfaction scores. As described in more detail in the Direct Testimony of
5 Charles Caisley, we will bring that same level of commitment to Westar’s customers
6 once this transaction closes and look for any opportunities to improve upon already high
7 levels of customer service that they currently enjoy.

8 In addition, KCP&L has developed an industry-leading supply chain process.
9 Over the last five years, our Supply Chain organization has significantly consolidated
10 suppliers and spend and streamlined our sourcing and contract management processes,
11 bringing the benefits of scale and efficiency to bear in order to avoid \$93 million in cost.
12 The combined company will benefit from this process at an even greater scale. The
13 integration process will provide a structured method to identify how these and other
14 complementary strengths can be optimized by the combined organization.

15 In sum, a number of characteristics of this Transaction – including good fit, joint
16 KCP&L/Westar ownership of generating facilities, contiguity of KCP&L/Westar service
17 territory, complementary operational strengths and substantial experience of both
18 KCP&L and Westar with this Commission’s regulatory practices and expectations –
19 present opportunities for savings and service enhancements as well as economic
20 development and community support, that are unique to this Transaction and which likely
21 could not be replicated by any purchaser other than GPE.

1 **III. Beneficial Effect on Customers and Communities**

2 **Q: Please describe how the Transaction will benefit customers and communities served**
3 **by KCP&L and Westar in Kansas.**

4 **A:** KCP&L has a long history of providing low-cost, reliable electric service to its customers
5 and communities. It is recognized throughout the communities it serves as an innovative
6 and high-performing utility. It is Great Plains Energy and Westar's objective to combine
7 management practices and resources to achieve significant reduction in costs while
8 further enhancing reliability and customer satisfaction, with rates lower than they would
9 have been had the Transaction not occurred. The Transaction thus reduces the possibility
10 of economic waste compared to what would be expected to occur in the absence of the
11 Transaction. Transaction-related efficiencies and savings are quantified and described in
12 more detail in the Direct Testimony of William Kemp, and Darrin Ives describes in his
13 Direct Testimony how GPE proposes that shareholders and customers will each realize
14 the benefits of those savings.

15 As discussed in the Direct Testimony of Scott Heidtbrink, GPE intends to
16 maintain the contact center currently operated by Westar in Wichita and will also
17 maintain Westar's downtown Topeka office building as our Kansas headquarters. This is
18 another strong commitment to Topeka and the State of Kansas demonstrating GPE's
19 desire to continue to bring significant benefits to state and local economies in Kansas.

20 It is well known that Kansas is one of the premier states in the country in terms of
21 wind power potential. Already, no one is more committed to this Kansas state energy
22 resource than Westar and GPE, and no company will be better positioned to take even
23 more advantage of it in the future. In fact, after closing of the Transaction, by the end of

2017, GPE will have more than 3,000 MW of wind generation (name plate capacity) at its disposal, with the potential for the development of more wind power generated in Kansas for use by customers in Kansas. That amount of wind energy, is equivalent to almost one-third of the total energy use by our customers. When coupled with nuclear power, the ratio of emission-free energy to retail energy use is more than 45% once all of the wind facilities currently under contract are placed in service. Not many utilities anywhere can make that claim. Moreover, we will do that while maintaining all of our large base load plants and the hundreds of good-paying jobs—and significant property tax contributions – associated with them. This presents a greater opportunity to maximize the use of Kansas energy resources, representing both an economic development opportunity and an environmental benefit opportunity for Kansas resulting from the Transaction.

Q: How will the Transaction affect Westar’s historical practices regarding charitable and community support?

A: GPE has a set of Guiding Principles that serves as the code by which we strive to operate as a company and the culture we try to model as leaders and employees. The Guiding Principles were created by a cross-functional team of one hundred employees who had to reach agreement on every word in the document. It articulates GPE’s mission and enumerates ten strongly held Beliefs. It was adopted by executive management as the manifestation of our company values. It has a Higher Purpose—our aspiration to do more than just effectively and responsibly conducting our business. Our Higher Purpose is: Improving life in the communities we serve. Like Westar, GPE has historically emphasized the importance of being a catalyst for good in the communities we serve,

1 including the provision of charitable and community support in a variety of ways. In
2 addition, more than 150 KCP&L employees serve on community and charitable boards of
3 directors ensuring more than just a financial philanthropic connection to our
4 communities. Westar has a similar number. As a result of the combination, it is hard to
5 imagine that there will be a company in Kansas with a greater commitment of talent to its
6 communities. This Transaction will have no negative effect on Westar's charitable
7 giving and community support practices. To provide concrete assurances in those
8 regards, however, GPE has committed to maintain aggregate Kansas charitable
9 contributions and community support at Westar's 2015 levels for at least five years after
10 closing of the Transaction. This was an easy commitment to make. It is part of who GPE
11 is, too, and it is consistent with our Higher Purpose.

12 **IV. Policy Decisions**

13 **Q: What are the policy decisions requiring Commission determination in this**
14 **proceeding?**

15 A: The Transaction needs to serve the interests of retail customers, shareholders and the
16 State of Kansas generally. Savings and efficiencies resulting from the Transaction will
17 benefit Kansas (and Missouri) customers served by GPE's utility subsidiaries in the form
18 of rates for electric service that will be lower than in the absence of the Transaction. As
19 described more fully in the Direct Testimony of Darrin Ives, GPE is not asking for
20 recovery in rates of the acquisition premium or transaction costs, nor are we requesting
21 anything unusual or untried in terms of ratemaking. Moreover, we have committed to
22 pass through savings to customers through the normal course of future general rate case
23 proceedings, resulting in lower rate increases than in the absence of the Transaction. As

1 a result, there is nothing special, unique or unusual in terms of the request we have before
2 the Commission. I would ask the Commission to recognize the significant opportunity for
3 savings and benefits that this Transaction can bring to the State of Kansas and Kansas
4 customers.

5 **Q: You are taking on additional debt to make this acquisition. What assurances can**
6 **you offer that this will not stretch GPE further financially than would be prudent?**

7 A: I do not back away from the fact that this is a big commitment we are making to the
8 future of both states we have the privilege of serving. I will not suggest there are “no
9 risks” in a transaction of this nature, but I will tell you they are reasonable risks to take
10 given the extraordinary opportunities the Transaction presents. And, we have managed
11 those risks prudently. In his Direct Testimony, Mr. Bryant explains our financing plan in
12 more granularity, but let me reiterate some of the reasons I am confident in GPE’s ability
13 to consummate this transaction while remaining on solid financial ground.

14 1. The credit rating agencies have reviewed our plan and provided their own
15 assurances that executing that plan will cause GPE to maintain investment grade credit
16 ratings and all operating subsidiaries, will maintain higher ratings still;

17 2. A large, sophisticated manager—and fiduciary—of a public employee
18 pension fund has already committed to invest \$750 million into our plan;

19 3. Westar’s management and board have agreed to accept approximately
20 \$1.3 billion of merger consideration in the form of GPE stock; and

21 4. One of the most sophisticated investment banks in the world has already
22 committed to “bridging” \$8 billion of the transaction and related expenses and is another
23 confirmation that our financing plan is reasonable.

1 **Q: Do you have any concluding statements?**

2 A: We appreciate that this is a large and important Transaction for Kansas. But, if one gets
3 beyond the sheer size of the figures and the infrequency of these kinds of mergers, there
4 is nothing surprising or unfamiliar about this acquisition. The two companies sponsoring
5 this joint application are themselves the products of scores of prior Kansas electric utility
6 consolidations. This is a logical next step in an industry under pressure to manage its
7 expenses to keep electricity affordable.

8 This was a competitive process initiated by Westar. That said, and as discussed in
9 the Direct Testimony of Mark Ruelle, we believe that GPE provides the greatest
10 opportunity for value and a successful combination with Westar than any potential suitor
11 could. We are a local company who has done business in Kansas for more than one
12 hundred years and now want to expand our operations in Kansas even more. I
13 respectfully request the Commission approve our joint application for GPE's acquisition
14 of Westar and confirm that the Transaction will promote the public interest in the State of
15 Kansas.

16 **Q: Does that conclude your testimony?**

17 A: Yes, it does.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Westar Energy, Inc. for approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Incorporated)
)
) Docket No. 16-KCPE-_____
)
)

AFFIDAVIT OF TERRY BASSHAM

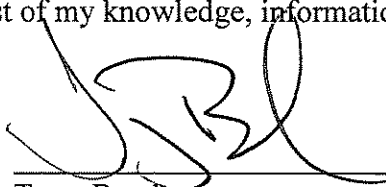
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Terry Bassham, being first duly sworn on his oath, states:

1. My name is Terry Bassham. I work in Kansas City, Missouri, and I am employed by Great Plains Energy Incorporated as Chairman, President and Chief Executive Officer.

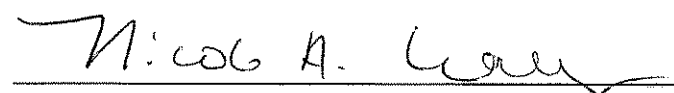
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of seventeen (17) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



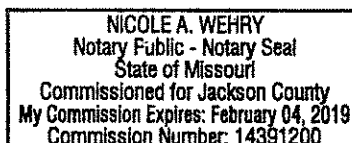
Terry Bassham

Subscribed and sworn before me this 28th day of June 2016.



Notary Public

My commission expires: Feb. 4, 2019



BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY

OF

MARK A. RUELLE

WESTAR ENERGY

DOCKET NO. 16-KCPE-____-ACQ

I. INTRODUCTION

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Mark A. Ruelle, 818 South Kansas Avenue, Topeka, Kansas
4 66612.

5 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. Westar Energy, Inc. and its wholly-owned subsidiary, Kansas Gas
7 and Electric Company (together as "Westar"), as President and
8 Chief Executive Officer.

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS**
10 **EXPERIENCE.**

11 A. I hold bachelors and masters degrees in economics. I have worked
12 in the utility industry for over 30 years, with 25 of those 30 years
13 working at Westar and residing in this community. I started at

1 Westar in 1986 as a regulatory economist, worked in numerous
2 other positions, then resigned in early 1997.

3 Prior to rejoining Westar in 2003, I worked as Chief Financial
4 Officers, and briefly as president of a large utility operating
5 subsidiary of a Nevada-based integrated electric and natural gas
6 utility.

7 In early 2003, I returned to Westar as Executive Vice
8 President and Chief Financial Officer and held that position for
9 about eight years until becoming President, and shortly thereafter
10 Chief Executive Officer in 2011.

11 **Q. HAVE YOU TESTIFIED BEFORE THIS OR OTHER**
12 **REGULATORY BODIES IN THE PAST?**

13 A. Yes.

14 **II. PURPOSE AND SUMMARY OF TESTIMONY**

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. My testimony addresses policy considerations relevant to the Joint
17 Application (Application) being filed with the Commission for the
18 approval of Great Plains Energy Incorporated's (GPE) acquisition of
19 Westar (the "Transaction"). Specifically, my testimony will:

- 20 1. Provide background about Westar and our operations;
- 21 2. Discuss some of the considerations that led to this
22 Application;
- 23 3. Explain the process Westar went through to develop and
24 approve the Merger Agreement;

1 4. Demonstrate that the Transaction has appropriately
2 balanced competing issues consistent with the public
3 interest, with a focus on our customers, employees, the
4 communities in which we serve and the State of Kansas.

5 My perspective on these matters is, necessarily, more from
6 Westar than GPE, but because of the similarities of our two
7 companies, I suspect much of my testimony will apply equally to
8 both companies.

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 A. Since last fall, Westar has been considering the possibility of
11 combining with another company. We initiated this process
12 because we realized that in our industry, a larger energy company
13 would be better suited to manage costs, regulatory risks and
14 decreasing sales, while modernizing the grid and serving our
15 customers. By starting and managing the process ourselves, we
16 were able to plan and execute a process and select the best
17 partner under the circumstances – GPE – that not only agreed to
18 provide significant value for our shareholders, but also agreed to
19 conditions designed to provide important assurances for our
20 employees, our communities, and the state and local economies.
21 My testimony will demonstrate how the Transaction is in the public
22 interest from the perspective of the benefits that will result for the

1 major stakeholders – customers, shareholders, Kansas, local
2 communities, and our employees.

3 **Q. AS WESTAR’S PRESIDENT AND CEO, WHAT ARE YOUR**
4 **PERSONAL SENTIMENTS ABOUT THE PROPOSED**
5 **TRANSACTION WITH GPE?**

6 A. I have mixed emotions.

7 This is probably the hardest thing I will ever do in my career;
8 certainly the hardest to this point. Just because it may be a logical
9 next step doesn’t make it easy. What we know today as “Westar”
10 is a company with a legacy stretching back for a century or more.
11 The idea that it exists no more as an independent NYSE-traded
12 public company feels like a tremendous loss. But when looked at
13 through the lens of history and not just sentiment, the company
14 Westar is today already is nothing but an interim culmination of a
15 series of prior utility consolidations; each one, no doubt, having
16 involved gut-wrenching decisions to balance important competing
17 tensions of its day.

18 I’ve had the privilege of leading Westar for just a few years. I
19 have many more years left to fulfill my career. It might have been
20 possible for me simply to push aside considerations of size,
21 circumstance, timing and value that I will testify about here, and
22 hope that we could nurse the status quo for a little while longer. But

1 had I done so, I do not believe I would have been acting in a
2 manner consistent with my responsibilities.

3 In one sense, in having GPE as our partner, I feel a sense of
4 relief. For Westar to have taken this next step, and not knowing
5 ahead of time with whom we might be combining and on what
6 terms was unsettling, to say the least. This is a small town, even a
7 small state, and it's been my home for decades. The fact that it
8 turned out to be a combination with our next door neighbor,
9 someone familiar to us and our state, and who shares similar
10 commitments to its communities and employees was a sense of
11 relief, both personally and I hope for others in our state.

12 Nobody goes down the path Westar has without a lot of soul
13 searching, confirming, reconfirming and still questioning. Certainly
14 that was the experience of our Westar board of directors. The
15 process we went through to get here, the Transaction that has
16 resulted, and the Application we have before you I am confident are
17 in the public interest, and I respectfully ask you to approve it as
18 quickly as you can consistent with appropriate due process. Any
19 time longer than what is absolutely necessary only adds risk and
20 uncertainty to a combination that is good for our customers and
21 good for Kansas.

22 **III. OVERVIEW OF WESTAR'S OPERATIONS**

23 **Q. DESCRIBE WESTAR.**

1 A. Westar is a Kansas corporation and an investor-owned vertically
2 integrated Kansas public utility. Westar and its wholly owned
3 subsidiary, Kansas Gas and Electric Company (KGE), are engaged
4 in the business of providing electric service to retail and wholesale
5 customers, with the origins of that business stretching back more
6 than a century. As the chart attached as Exhibit MR-1
7 demonstrates, the Westar that exists today is the result of about a
8 hundred prior business combinations that occurred over the past
9 century. Although this proposed combination is certainly much
10 larger than the prior ones in terms of absolute scale of the two
11 parties, it is, in effect, another step along that same path.

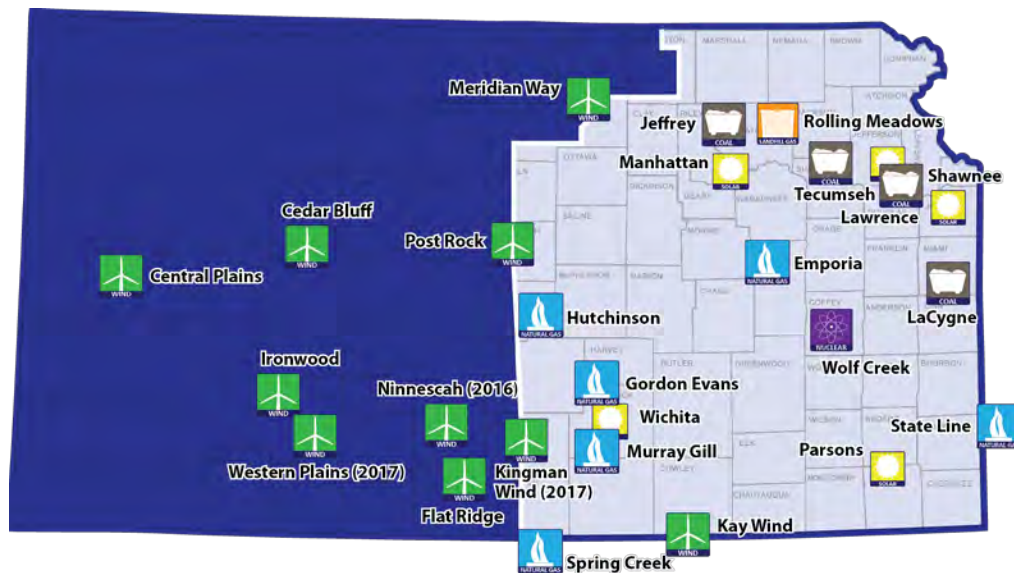
12 Westar is a transmission-owning member of the Southwest
13 Power Pool, Inc. (SPP) and a market participant in the SPP
14 Integrated Marketplace. Our retail electric rates are—and will
15 continue to be – regulated by the Commission and our wholesale
16 and transmission rates are – and will continue to be – regulated by
17 the Federal Energy Regulatory Commission (FERC). We have
18 almost 8,000 MW of electric generating resources powered by coal,
19 uranium, natural gas, wind and landfill gas.

20 **Q. DESCRIBE THE AREA SERVED BY WESTAR.**

21 A. Our service territory, broadly defined, is approximately 10,000
22 square miles, running roughly from the eastern border of Kansas –
23 other than the more immediate Kansas City metro area – west to

Salina and south to the Hutchinson and Wichita areas. Figure 2 below shows an approximation of our service area and the location of our generating facilities, recognizing that many of the more rural areas are not served at retail by us, but by electric cooperatives and smaller publicly owned utilities, many of whom we serve at wholesale.

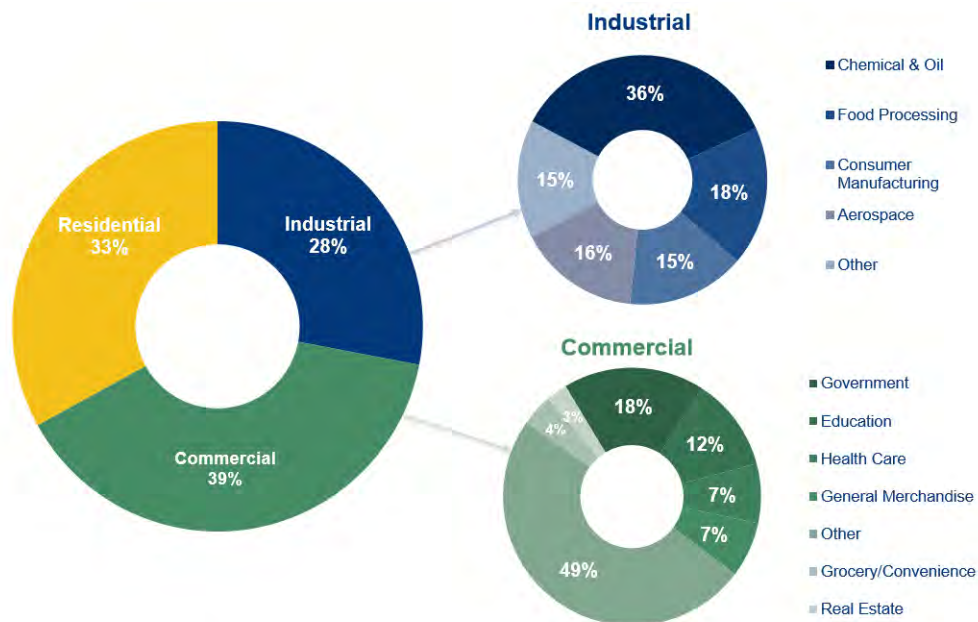
Figure 2



Q. HOW MANY RETAIL CUSTOMERS DOES WESTAR SERVE?

A. We serve nearly 702,000 customers, all in Kansas. Figure 3 below reflects the mix of energy sales among residential, commercial, and industrial customers.

Figure 3



IV. RATIONALE FOR THE TRANSACTION

Q. WHAT WERE WESTAR'S PRIMARY CONSIDERATIONS BEFORE HEADING DOWN THIS PATH?

A. Mostly, we had to deal with size, circumstances, timing and value.

Q. WHAT SIZE AND SCALE CONSIDERATIONS DID YOU CONSIDER?

A. Size matters in this industry. Virtually no other industry is this capital intensive. Single, complex pieces of equipment can cost hundreds of millions of dollars; some a billion or more. With that capital intensity comes significant fixed costs. Scale matters, in that a company's ability to spread those fixed costs over a large customer base reduces the prices for those who pay those costs; that is, our customers. But with scale comes more complexity. No

1 longer do companies have a few customers that they can know by
2 name and handle on a personal basis, but rather, efficiency across
3 scale requires yet more complex systems. With that added
4 complexity, come more economies of scale. Though it may not
5 sound like it, much of what I just described is progress.

6 In that context, it's not surprising then, that consolidation in
7 our industry has continued, with the result being fewer companies
8 serving more customers.

9 As we considered the rising cost environment, coupled with
10 the fact that we collect our revenues based primarily on the volume
11 of electricity sales; sales that are, at best, pretty flat, maybe even
12 declining, the inevitable conclusion was to expect more price
13 increases. As we considered different ways to moderate future
14 price increases, size and scale became an obvious tool to consider.
15 Pooling resources with another company would allow Westar to be
16 part of a more efficient company and spread costs over a larger
17 platform to the benefit of customers in the form of reduced future
18 rate increases. If we can deliver expected financial results without
19 so much reliance on future rate increases, that's a win-win. There is
20 one thing probably everyone reading this testimony can agree on,
21 and that's nobody likes price increases. I am confident the scale
22 resulting from this Transaction will reduce the size of necessary
23 future rate increases, which is good for customers and our state's

1 economy, as energy costs are a key factor in the costs of producing
2 virtually everything in our state.

3 **Q. WHAT WERE SOME OF THE CIRCUMSTANCES WESTAR**
4 **CONSIDERED IN HEADING DOWN THIS PATH?**

5 A. We considered whether it was likely that sales would soon or ever
6 pick up. We saw nothing to suggest it will. We considered whether
7 it was likely that we could soon bring about significant change in the
8 method by which we recover our costs, to make revenue less
9 reliant on electricity sales. We found little evidence to suggest that
10 would change enough, fast enough. We considered whether the
11 high cost and pressures of environmental regulation might abate.
12 Everywhere we looked, we saw evidence to the contrary. No
13 longer was it just the EPA and environmental activists pushing their
14 agendas, but it was moving into other areas as well – tax
15 preferences, securities disclosure, customer expectations,
16 shareholder demands, etc. We considered whether any new or
17 more stringent regulations might be imposed that likely would raise
18 our costs. Daily we read about threats and concerns over the
19 reliability and security of the power grid, with statements that
20 utilities and regulators are not doing enough. I believe the
21 combined company can address these concerns and manage costs
22 better than the companies standing alone.

1 **Q. THOSE ALL SOUND PRETTY NEGATIVE. WERE THERE ANY**
2 **POSITIVE CIRCUMSTANCES YOU CONSIDERED THAT**
3 **HELPED LEAD YOU DOWN THIS PATH?**

4 A. Yes, many. We don't consider ourselves victims to these
5 circumstances, but we do know that it's our responsibility to
6 manage through them, and we have tools and choices with which
7 to do so.

8 One very positive circumstance is that within the energy
9 industry, we knew Westar is respected and perceived as a well-
10 managed and governed company, operating in a good market and
11 operating under regulation that most consider reasonable. We
12 were pretty confident that if we allowed ourselves to consider being
13 consolidated, it would not be difficult to find interested, qualified
14 suitors.

15 Market conditions were right for Westar to choose our own
16 path forward, rather than potentially react to someone else's plan.
17 By taking the actions we have, we were able to choose a path that
18 we think is best for stakeholders – customers, employees,
19 investors, communities, and our state. By running a competitive
20 process, where each party was responding to the criteria we
21 determined to be most important, we achieved the best result.

1 **Q. BUT WESTAR INITIATED THIS PROCESS ON ITS OWN**
2 **INITIATIVE. WHY WOULD YOU START A PROCESS THAT**
3 **RESULTS IN THE COMPANY BEING SOLD?**

4 A. We started a process that we had the ability to control on our terms,
5 but we were not the only ones to think about it. Westar has been a
6 pretty regular object of confidential, unsolicited interest. There was
7 reason to believe a process might happen even if Westar had not
8 initiated a process itself and in that situation, we may have lost the
9 ability to negotiate the terms we felt important, for stakeholders
10 other than just shareholders. I will explain further with a
11 hypothetical example:

12 Let's say you were one of the folks on our board of directors.
13 You would be paid to look after shareholders. If you're a board
14 member, you would have a "legal obligation" to look out for
15 shareholders. Now, I'm not saying directors don't care about the
16 company – you, me, our customers, our service obligations and our
17 communities – because they do. I'm just talking about the narrow
18 view under securities law ... "legal duties" as a board member.

19 Now let's say we're all just going about our business – taking
20 care of our customers, watching out for one another, running our
21 power plants, putting up lines, paying our shareholders their
22 dividends – then one day, out of the blue – some company comes
23 in with a huge dollar offer for our shareholders. For arguments

1 sake, let's say they had offered \$60, the same value we have in this
2 Transaction, and that this came about when we were trading in the
3 mid \$40s, or so. But let's also add that maybe this party wasn't so
4 keen about making any commitments to our employees and our
5 communities. Or, that they had an aggressive and unusual
6 regulatory plan in mind, or wanted to push all the transaction risk
7 onto us.

8 In this hypothetical example, the only information to you as a
9 board member would be:

10 * \$60 vs., say \$45; and

11 * The "unsolicited" takeover wouldn't give us any
12 assurances about other important things we care
13 about – like our employees and our communities.

14 At this point, you, as a board member, would face a tough dilemma
15 and would be in a very difficult situation if you turned the offer
16 down. Sure, directors have the right to "just say 'no'", but
17 shareholders get pretty impatient with those kinds of directors at
18 annual meetings in which directors are elected. While all this might
19 be going on, we still have a company to manage; electricity to
20 make, power to keep flowing and customers to take care of, amidst
21 huge distraction.

22 That is the reason Westar chose this path – taking the bull
23 by the horns, running our own competitive process, with the time,
24 place and partner of our choosing. We negotiated not just a

1 tremendous value for our shareholders, but negotiated just as hard
2 for our people and other things we care about deeply with a
3 company open and supportive to that approach. They, too, care
4 about their employees and communities.

5 **Q. DID WESTAR START THIS PROCESS BECAUSE IT RECEIVED**
6 **AN UNSOLICITED “BEAR HUG” LETTER, OR SIMILAR?**

7 A. No. This was initiated by Westar. However, we were mindful that
8 such an imposition could have occurred.

9 **Q. WHAT WERE THE CRITERIA YOU DEEMED MOST IMPORTANT**
10 **WHEN EVALUATING BIDS?**

11 A. Value, and certainty of value for our shareholders, and providing
12 assurances to our customers, communities and employees that
13 would clearly demonstrate the transaction to be in the public
14 interest, and therefore likely gain the Commission’s approval. Given
15 the huge, lengthy distractions and regulatory risks associated with
16 utility mergers, we also wanted circumstances and incentives that
17 suggested a high probability of closing the Transaction, so that
18 none of this would be for naught.

19 **Q. DID GPE MEET THOSE CRITERIA?**

20 A. Yes. Every one of them. Responding as they did, we were able to
21 choose the right partner rather than risk Westar becoming an
22 outpost for some far-flung conglomerate. At first the idea of some
23 absentee owner sounds kind of easy. “Gee, maybe they’ll give us

1 great value and then just leave things as they are?” But that’s not
2 why people buy things...to leave them just as they are. Any tenant
3 will share how frustrating it can be with an absentee landlord.

4 For no other company would Kansas have been such an
5 important part of that company as will be the case with GPE; a
6 known, familiar, regional—even local—company acquiring the
7 other. After the Transaction, GPE will have almost 950,000 out of
8 its more than 1.5 million customers in Kansas. This alone will
9 ensure that they continue to invest in and retain employees in the
10 state. This is a contrast to other bidders for whom the percentage
11 of customers in Kansas would have been small.

12 Working to integrate our company into GPE is the next
13 logical step for Westar and for Kansas. It will make the company
14 more resilient and, with GPE as our new parent, represents a huge
15 commitment to Kansas’ future for the combined company. The
16 questions, I believe, are not just about “why” and “whether” to
17 accommodate consolidation, but more about “how” and “when.”

18 **Q. TELL US MORE ABOUT WHY IT IS YOU CHOSE NOW, AS TO**
19 **TIMING?**

20 A. A lot of that is in the circumstances, I described above, but a couple
21 of other important things – totally unrelated to one another – helped
22 answer the question of “why now?”

1 First, is that utilities are trading at pretty high values. The
2 reason for that is low interest rates. That meant that the value for
3 our shareholders is good, and that with a combination could be
4 even better, yet there were assurances that a buyer could finance
5 the transaction on acceptable terms. Maybe those conditions will
6 persist, maybe they won't, but we felt it important to capture those
7 advantages.

8 Another element to timing has to do with the demographics
9 of our workforce. We are still on the front end of a period in which
10 we are experiencing huge natural attrition as so many baby
11 boomers have reached retirement age. Our guess is that we have
12 at least a half dozen more years of these elevated levels of natural
13 retirements. After that, our workforce will be significantly younger.
14 As a result, the efficiencies that also entail needing fewer
15 employees can be accomplished without laying off those
16 employees, as many of them will leave on their own terms in the
17 normal course and simply not be backfilled. Were we to do this
18 same transaction 10 years from now, the effects on our workforce
19 could be much more difficult.

20 V. THE TRANSACTION

21 Q. WHAT WERE THE STEPS IN PURSUING THE TRANSACTION?

22 A. Having the facts and circumstances just described earlier, our
23 board began more seriously to consider the merits of potentially
24 pursuing a strategic transaction. Wanting to be better advised

1 about such matters and to hear other opinions, late last year we
2 hired a strategic advisor, Guggenheim, to provide information and
3 analysis to the board about utility industry developments generally,
4 but certainly related to consolidation. After entering into a
5 confidentiality agreement, we started quiet discussions with a single
6 party. When that process didn't bear fruit, in late February we
7 decided to conduct a competitive process. Through our advisors,
8 we sought potential interest from other companies. As a result of
9 that step, we signed confidentiality agreements with a number of
10 those parties. Once that occurred the interested companies had
11 the ability to access more information. Five companies submitted
12 non-binding indications of interest in April. We invited all of them to
13 pursue more detailed due diligence and inquiry. Following that due
14 diligence, three companies provided further indications of interest in
15 late May. Over Memorial Day weekend, we negotiated the
16 definitive agreement that Westar and GPE's boards of directors
17 unanimously approved.

18 This was a thoughtful, measured, competitive process with
19 decision points along the way as to whether to continue the process
20 or not. It was a competitive process and, pursuant to the
21 agreements they signed with us, the identity and specific
22 information about the other participants must remain confidential.
23 However, additional information regarding the process will be made

1 available to all parties when Westar files its proxy statement, in July
2 in advance of seeking shareholder approval.

3 **Q. DESCRIBE THE AGREEMENT.**

4 A. The Agreement contemplates Westar becoming a wholly-owned
5 subsidiary of GPE – GPE will be acquiring Westar – with Westar
6 becoming a GPE subsidiary alongside KCP&L. There will be no
7 change in the Westar-KGE legal structure, but of course, Westar's
8 public shareholders will be replaced by one shareholder, GPE.
9 KGE will remain a wholly owned subsidiary of Westar.

10 Under the agreement, Westar shareholders will receive \$60
11 per share of total consideration for each share of Westar common
12 stock held, consisting of \$51 in cash and \$9 in GPE common stock.
13 The precise value of the stock, outside of a +/-7.5% movement in
14 GPE's share price, could be slightly more or less than \$9 at the
15 time of close, although due to the relatively small portion of the
16 consideration being in stock, the total value for Westar
17 shareholders is unlikely to be significantly different than the nominal
18 \$60 per share price.

19 **Q. WILL ANY OF YOUR CURRENT BOARD MEMBERS BE**
20 **JOINING THE NEW COMPANY'S BOARD?**

21 A. GPE has agreed to nominate one of our current directors to its
22 board. GPE has not determined who it will ask to serve, but we

1 agreed in principle that it should be one who knows Kansas well
2 and understands the interests most important to Kansans.

3 **Q. WHAT FURTHER APPROVALS ARE NEEDED BEFORE THE**
4 **TRANSACTION BECOMES EFFECTIVE?**

5 A. In addition to approval from the Commission, we also need to
6 obtain approval from the FERC, both GPE's and Westar's
7 shareholders, and the Nuclear Regulatory Commission. There is
8 still some discussion as to whether the approval of the Missouri
9 Public Service Commission will be required, but that is a possibility,
10 as well. My understanding is that GPE is seeking clarity on
11 Missouri approval and that a determination is likely very soon. In
12 addition, the companies must satisfy the early termination or
13 expiration of the waiting period under the Hart-Scott-Rodino pre-
14 merger filing requirements.

15 **Q. DOES WESTAR STILL EXPECT TO FILE AN ABBREVIATED**
16 **RATE CASE IN THE FALL OF 2016?**

17 A. Yes. We will be filing that case as agreed to at the culmination of
18 our last rate case, and as planned to incorporate costs related to
19 grid resiliency improvements, the final costs of the environmental
20 project at La Cygne Generating Station, costs related to capital
21 projects at the Wolf Creek Nuclear Generating Station, and costs
22 related to the conclusion of our Environmental Cost Recovery Rider
23 into rates, because it is no longer in effect for future periods. It has

1 been a long, costly, but very effective process, and I am pleased to
2 say that we do not presently anticipate any additional, huge
3 environmental projects. At this time, we also plan to proceed with
4 our next general rate case filing as previously contemplated, which
5 we expect would be sometime in mid-2018.

6 **Q. WHAT ATTRIBUTES MAKE GPE THE RIGHT PARTNER FOR**
7 **WESTAR?**

8 A. First, the two companies have a lot in common. We are the two
9 largest investor-owned electric utilities serving in Kansas. We
10 already have long-standing relationships working together to
11 manage three of our largest assets, which we jointly own. We have
12 contiguous territories, with nearly adjacent facilities in a few cases.
13 We operate similar major computing platforms. We are both
14 members in SPP. Both of us are subject to the jurisdiction of this
15 Commission.

16 Second, Westar and KCP&L share a common vision for our
17 customers, employees, investors, and the communities we serve.
18 As you see on the wall when you walk in our Topeka headquarters,
19 Westar has stated its mission: "*We power lives – one home, one*
20 *business, one community at a time – with safe, clean, reliable*
21 *electricity and the highest dedication to customer care.*" Our vision
22 of building trust and confidence means "*taking to heart the needs of*
23 *those we serve – our customers, employees, investors and*

1 communities.” And our core values are safety, integrity,
2 accountability, and adaptability.

3 Similarly, when describing its culture and its aspirations,
4 KCP&L has stated that they “*bring an essential service to those*
5 *who count on electricity we deliver.*” KCP&L indicates that “*our*
6 *highest purpose is to improve life in the communities we serve.*
7 *We’re not just delivering electricity, we’re delivering a way of life . . .*
8 *We provide safe, reliable power and customer-focused energy*
9 *solutions. We achieve that goal through operational excellence,*
10 *innovation, and a diverse, engaged workforce.*”

11 The common ground between our companies and our
12 approach to serving our customers and communities is clear and
13 I’m confident will make the combination of the two companies even
14 better. An illustration of this commitment has already begun when
15 shortly after the announcement both Terry Bassham, GPE’s
16 chairman, president and CEO, and I together reached out to
17 community leaders, legislators, business owners, and employees to
18 listen and answer questions. His message to them is the same
19 message you see in his and my testimony. Also, as described in
20 Mr. Bassham’s testimony, GPE and Westar have similar levels of
21 employees that volunteer and serve on non-profit and community
22 Boards – about 150 each, and similar company policies that lend
23 support for those activities.

1 No doubt we have many small differences between our
2 companies, but in the things that matter most, it's pretty hard to
3 imagine a better fit.

4 **Q. DIDN'T THE COMPANIES ATTEMPT TO MERGE IN THE PAST,**
5 **AND WEREN'T THOSE EFFORTS UNSUCCESSFUL? WHY IS**
6 **IT DIFFERENT THIS TIME?**

7 A. Those were very different circumstances. It was even a different
8 century. Both companies had different management teams. And
9 an important difference is that those earlier attempts were launched
10 without invitation by the other; exactly the kind of difficult process I
11 described above and that Westar worked to avoid. In the present
12 case, each company has welcomed the interest of the other and
13 has come to this point without compulsion by the other. It is a
14 “friendly deal”, in M&A parlance.

15 **Q. WHY WILL THE COMBINED COMPANY BE BETTER THAN THE**
16 **TWO COMPANIES SEPARATELY?**

17 A. Each company has had a greater degree of success in some areas
18 than the other that can now be shared throughout the combined
19 company. For example, Westar has a history of success with
20 public/private partnerships, especially related to security and cyber
21 security. That best practice will be used to benefit KCP&L and its
22 customers, too. Westar has also had great success with its safety
23 record, being nationally recognized for safety, and we eagerly wish

1 to share those best practices. We are particularly proud of our
2 reputation with Kansas and federal environmental regulators and
3 the collaborative, constructive solutions we have pursued together
4 in a tense, even difficult environment.

5 On the other hand, while we are proud of our customer
6 relations, KCP&L has had even greater success in satisfying its
7 customers, with great service, more energy efficiency programs,
8 and more customer-owned solar generation. Their reputation with
9 their customers exceeds even ours.

10 Of course, bigger isn't ALWAYS better, but in this business
11 it's almost always less expensive. Good service delivered at a
12 lower cost than either of the companies could do individually, I
13 suspect will be perceived as "better" in most of our customers'
14 minds.

15 **VI. THE TRANSACTION IS IN THE PUBLIC INTEREST**

16 **Q. WHAT IS THE STANDARD FOR COMMISSION APPROVAL OF**
17 **THE TRANSACTION?**

18 A. The Commission has authority to determine whether the
19 Transaction is in the public interest. Historically, the Commission
20 has applied a 12 factor test to make this determination. GPE
21 witness Darrin Ives will summarize how the application addresses
22 each of the 12 factors, but I will focus my illustration of benefits
23 through a discussion of each key stakeholder group – customers,
24 employees, shareholders, communities, and the State of Kansas.

1 **Q. HOW WILL THE TRANSACTION BENEFIT CUSTOMERS?**

2 A. In today's environment with relatively flat sales, rising customer
3 expectations, increasing environmental standards, and increased
4 security threats to the power grid, energy companies must become
5 more efficient to keep energy costs affordable. This transaction
6 creates a company with the size, management expertise, and
7 positioning to do just that. Because so many of our costs are fixed,
8 and not related to size, a larger platform over which to spread those
9 costs is favorable to prices.

10 Customers will benefit from the efficiencies and cost savings
11 that will be achieved over time as a result of combining the two
12 companies. Moreover, GPE's approach, which is much different
13 than the regulatory approach taken by Westar when KG&E was
14 acquired, is substantially simpler and more favorable for customers.
15 Unlike that earlier transaction that spawned the 12 factors the
16 Commission will consider, in this case GPE is not asking that rates
17 be set to recover the premium being paid, or even the transaction
18 costs necessary to consummate the transaction. This is a huge
19 compromise to remove cost and risk from customers, and frankly,
20 one of the reasons we chose GPE as our partner. Their approach
21 should significantly lower any barriers to a finding that the public
22 interest is being served, as it removes any costs of the Transaction
23 from being our customers' responsibility.

1 While looking to obtain these efficiencies and cost savings,
2 both companies also have a shared commitment to great service,
3 while providing safe, clean, reliable, and affordable energy to
4 customers. Additionally, the combined companies will have
5 broader management expertise and a deeper pool of talent from
6 which to draw.

7 **Q. WHAT ASSURANCES DO YOU HAVE THAT GPE WILL, IN**
8 **FACT, DRAW FROM THAT LARGER TALENT POOL AND**
9 **INCLUDE SOME OF WESTAR'S LEADERSHIP?**

10 A. In my experience, the best indicator of someone's future behavior is
11 their past behavior. GPE has recent acquisition experience and in
12 that experience I found them willing to draw on both companies'
13 talent pools.

14 **Q. HOW WILL THE COST SAVINGS YOU MENTIONED BE**
15 **REFLECTED IN CUSTOMERS' RATES?**

16 A. As I just noted, GPE is not requesting recovery of any acquisition
17 premium or transaction costs. As a result, customers will not incur
18 any additional costs as a result of the Transaction. However, as
19 discussed in the Direct Testimony of Darrin Ives, customers will
20 receive the efficiency benefits and resulting cost savings in the
21 prices they pay, when the Commission resets the revenue
22 requirement for each utility at the time of each future rate review.
23 For customers to get this benefit, there is nothing special, novel or

1 unusual, no new ratemaking tools or techniques required. The
2 simplicity and transparency of this approach is part of its
3 attractiveness. We expect Westar to file its next general rate case
4 sometime in mid-2018, about a year after the Transaction would
5 likely close. Any net savings achieved during the first year after the
6 closing would be reflected in the test year numbers for that rate
7 case, the benefits of which will be passed on to customers when
8 the new rates become effective.

9 **Q. HOW DO YOU VIEW GPE'S DECISION NOT TO REQUEST**
10 **RECOVERY OF THE ACQUISITION PREMIUM FROM**
11 **CUSTOMERS?**

12 A. GPE's regulatory approach is perhaps the most striking and
13 unusual aspect of this deal. It means that GPE's and Westar's
14 customers will receive the benefits of this transaction – which will
15 be significant – without having to pay for the cost of the
16 Transaction. When the KPL/KGE merger occurred, KPL requested
17 recovery of the acquisition premium and the Commission
18 authorized recovery of a portion of that amount. This resulted in a
19 time-intensive process – for the companies and the Commission
20 and its Staff – of tracking savings that drug on for years. GPE's
21 willingness to not seek recovery of the acquisition premium or
22 transaction costs when setting rates is a remarkable and large

1 benefit for customers, the Commission, and the parties to the
2 docket.

3 **Q. WHAT WILL HAPPEN TO CAPITAL COSTS AFTER THE**
4 **MERGER?**

5 A. Very little, if anything. As GPE witness Mr. Bryant testifies, GPE,
6 and more importantly its utility company subsidiaries will continue to
7 enjoy investment grade ratings. At the subsidiary level, very little
8 will change in the capital structures of the operating companies,
9 and I surmise their ratings will be very similar if not identical to what
10 they are today. I believe the larger size and greater liquidity will
11 favor the combined company. As an example, just two weeks ago
12 – and two weeks after the announcement – we were able to issue
13 bonds at the lowest interest rate in our modern history, at a point
14 where uncertainty about this proposed Transaction was still at its
15 greatest. Customers will receive those benefits at our next rate
16 review.

17 **Q. WHAT IS IT THAT MADE YOU CONFIDENT IN GPE'S**
18 **FINANCING PLAN AND PROJECTED SAVINGS**
19 **CALCULATIONS?**

20 A. GPE has obtained firm interim financing commitments for the entire
21 amount of the purchase price, and has permanent financing already
22 arranged for a sizeable portion of it.

1 Its advisor and principal banker, Goldman Sachs, has
2 committed to finance the entire transaction until permanent
3 financing is in place. Goldman Sachs is among the most
4 sophisticated financial advisors in the world, and didn't get that way
5 by being naïve or careless or generous.

6 The independent ratings agencies themselves have
7 analyzed the plan and have indicated that when that plan is in place
8 the companies will enjoy the indicated investment grade ratings.
9 Mr. Bryant testifies to this in more detail.

10 During the due diligence process, Westar reviewed GPE's
11 financial model and savings calculations, including GPE's
12 confidential forecast and savings assumptions, and developed an
13 understanding of the process GPE used and became comfortable
14 with the overall reasonableness of the assumptions, including the
15 level of assumed savings that will result from the Transaction. We
16 also did a review to determine the value of the stock component our
17 shareholders would be receiving, which included a review of the
18 financial viability of GPE after the Transaction. Our CFO and our
19 team of advisors were able to ask any questions we wanted to and
20 received satisfactory answers, or we would not have committed our
21 shareholders to financing approximately \$1.3 billion of equity in this
22 new combined company.

1 Finally, a very sophisticated public pension manager, OCM
2 Credit Portfolio LP, has also committed \$750 million to financing the
3 Transaction. As a fiduciary for municipal employees, and one of
4 the largest in Canada, they didn't do that without careful and
5 thoughtful consideration.

6 Both companies recognize that this is a bold plan for GPE
7 and one that requires deft execution. Still, there is ample evidence
8 to suggest the financing plan is reasonable. These are not matters
9 of opinion only. It is backed by the actions of sophisticated parties
10 who have committed their companies to billions of dollars of
11 investment in this new company. At the time of the KPL/KGE
12 merger, that business combination was also seen as a big stretch;
13 however, no objective follower of our industry today would suggest
14 Kansas and Kansas customers are not better with those two
15 companies combined.

16 **Q. WILL CUSTOMERS SEE ANY CHANGE IN THE DAY TO DAY**
17 **SERVICE THEY RECEIVE EITHER BEFORE OR AFTER THE**
18 **TRANSACTION CLOSES?**

19 A. No. Both Westar and GPE have committed to ensure that
20 customers continue to receive the same safe, effective, efficient
21 service they receive today. This is true for both the period leading
22 up to the closing and after that time. Although a limited number of
23 our employees are, of course, spending significant time working to

1 achieve the needed regulatory approvals to allow the Transaction
2 to close and working to form best practices for the new combined
3 operations, we have emphasized to all of our employees the need
4 to remain focused and continue to perform their jobs as they always
5 have. As a result, customers should see no change in the service
6 they receive.

7 Over time we expect it to be even better, as we take those
8 best practices and adopt them and start to see the efficiencies it
9 creates.

10 **Q. WHAT HAPPENS TO YOUR BUSINESS IN THE INTERIM,**
11 **WHILE AWAITING APPROVALS?**

12 A. Mostly it will be business as usual. I remind our people that they all
13 had important jobs yesterday, they have those jobs today, and we
14 have those same responsibilities into the future. Of course, we ask
15 them to be mindful not to make important decisions today that could
16 result in wasteful effort in the future, or give the combined company
17 less flexibility when we integrate. For example, we have long
18 needed to modernize an obsolete service center in Wichita. That
19 multi-million dollar groundbreaking remains on schedule. The
20 modernization of our field work system remains underway. Our grid
21 resiliency and reliability pilot in Topeka and the rest of the Westar
22 territory continues. We have scores of interns on site for the
23 summer as we scout talent for the future. We remain enthusiastic

1 about our new downtown Topeka redevelopment and GPE
2 executives and their families will help us celebrate that in a couple
3 of days.

4 **Q. WHAT IS THE EFFECT OF THE TRANSACTION FOR**
5 **WESTAR'S SHAREHOLDERS?**

6 A. As I mentioned earlier, at closing, Westar's shareholders will
7 receive \$51 per share in cash along with shares in the now larger
8 GPE. Westar will cease to have public shareholders, as all Westar
9 shares will then be owned by GPE.

10 **Q. HOW WILL THE TRANSACTION BENEFIT THE STATE OF**
11 **KANSAS?**

12 A. First, it should help Kansas ensure that its energy costs stay
13 competitive. Energy is a key input into the entire economy, and
14 keeping energy costs competitive is good for the Kansas economy.
15 Second, our best estimate is that we have about 18,000 Kansas
16 shareholders who hold about 10.5 million Westar shares. At
17 closing, that means a cash injection into the state economy of over
18 a half billion dollars, based on the \$51 per share that will come in
19 cash. While much of that will likely be reinvested in some other
20 investment, obviously some will circulate and recirculate as it is
21 spent in our local economy. Importantly, the entire \$60 per share
22 value is taxable. This means a large tax gain for Kansas coffers.
23 There is no way precisely to estimate each shareholder's individual

1 tax basis, but if we assumed just for argument's sake that those
2 shares were acquired ratably each January for the past 20 years,
3 the weighted average tax basis might be only \$26.50, implying
4 Kansas capital gains of about \$350 million, multiplied by the top tax
5 rate for Kansas individuals, might mean something on the order of
6 \$15 million or more for Kansas tax coffers.

7 No doubt there are advantages and disadvantages of a
8 transaction that will ultimately result in fewer utility workers, but
9 lower energy prices. A reasonable balancing of these interests
10 acknowledges this tension, but also considers what the future might
11 look like with some alternative future and set of risks than none of
12 us can contemplate today.

13 It is also important to remember that there is no such thing
14 as a status quo, for something always induces change,
15 somewhere. In this case we've chosen to induce the change we
16 believe to be best.

17 **Q. WILL THE COMMISSION MAINTAIN ITS FULL REGULATORY**
18 **OVERSIGHT FOLLOWING THE TRANSACTION?**

19 A. Yes. The transaction will not change Westar's status as a
20 regulated electric utility in Kansas. If anything, the convenience
21 and simplicity of dealing with only one company for both operating
22 units should make it easier, less costly, and therefore better. For
23 example, we already enjoy this advantage due to the combination

1 of the former KPL and KG&E years ago, as a result of which the
2 Commission and the parties deal with “Westar” for both.

3 **Q. WHAT IMPACT WILL THE TRANSACTION HAVE ON YOUR**
4 **COMMUNITIES?**

5 A. Of course, what we know is a chief concern is jobs. No doubt the
6 combined company will be more efficient, and that means fewer
7 utility jobs across both companies than exist with the two
8 companies individually. What makes it harder is that while the
9 tradeoff is lower energy costs in the future, the present concerns
10 about ANY loss of jobs weighs heavily.

11 But for the reasons I’ve stated and others have testified, this
12 is the most jobs-friendly transaction we could have negotiated. By
13 choosing GPE as our partner, we were successful in achieving
14 important assurances for jobs and our communities. GPE has
15 agreed to retain a substantial and meaningful downtown Topeka
16 headquarters and, for our communities, agreed to retain Westar’s
17 historic levels of community involvement and charitable giving. GPE
18 also agreed to maintain existing benefits for Westar retirees.

19 **Q. WHAT DO YOU MEAN WHEN YOU SAY THE AGREEMENT IS**
20 **JOBS-FRIENDLY?**

21 A. Part of what GPE is buying in this transaction is talented
22 employees. The Agreement maintains our existing labor contracts.
23 For our non-union employees, GPE has agreed to maintain existing

1 compensation levels and benefits for at least two years after
2 closing. After that I suspect the former Westar employees will be
3 compensated like other GPE employees and will enjoy
4 compensation and benefits similar to their colleagues. GPE has
5 also indicated that it is committed to attempting to achieve as much
6 of any required staffing efficiencies as possible through natural
7 attrition, enhanced by the favorable wave of retirements both
8 companies are currently experiencing. Today, both Westar and
9 KCP&L are facing 4-5% natural attrition per year due to retirements
10 of baby-boomers. On the combined workforce, including Wolf
11 Creek, that gives room to maneuver of about 250-300 jobs a year,
12 with a significant head start possible given the time it takes to gain
13 approval and close.¹ If natural attrition doesn't fit every place,
14 *targeted* voluntary reductions may also be offered. To provide
15 employees further assurance, GPE has agreed to continue
16 Westar's existing employee separation plan, even filling in a few
17 gaps to cover employees who may not have earned the protections
18 that longer service would have naturally provided.

19 **Q. WHAT MAKES YOU CONFIDENT THAT YOUR EMPLOYEES**
20 **WILL BE TREATED FAIRLY AFTER THE TRANSACTION?**

¹ Contrary to what may be an impression, Wolf Creek is not just a power plant, but a "company" managed by the Wolf Creek Nuclear Operating Corporation, which necessarily engages in many non-nuclear corporate-type support functions.

1 A. As I testified earlier, in my experience, the best indicator of
2 someone's future behavior is their past behavior. GPE has an
3 excellent record of treating employees well; offering competitive
4 compensation and benefits, working hard to assure that hard
5 working people have good jobs, and in the rare cases where
6 disruption is unavoidable, offering reasonable and competitive
7 severance terms and compensation.

8 I know GPE cares every bit as much about their employees
9 and their communities as we do.

10 **Q. WHY WOULDN'T IT BE NATURAL FOR GPE, SINCE IT'S**
11 **"PAID" A PREMIUM FOR THE RIGHT TO DO SO, TO FOCUS**
12 **JUST ON TOPEKA AND WESTAR TO GET THE EFFICIENCIES?**

13 A. That hasn't been their practice, and in this case we actually have a
14 rare instance of GPE having only recently completed a similar
15 adjacent acquisition where that wasn't the case.

16 Second, GPE will fail if that were to be the case. There
17 simply are not enough savings given the size of this transaction
18 were they to focus on only one part of the combined company. I
19 know that already their folks too are being extra careful about
20 taking steps today that would not be best for the combined
21 company.

1 Were GPE to focus only on Westar for cost savings they
2 would fail; for financial and operating reasons, and they would fail
3 the common sense test in their communities.

4 **Q. WHY DO YOU SAY THAT?**

5 A. The utility business is unique. It's a business involving billions of
6 dollars of fixed assets that cannot be relocated and that have very
7 specialized purposes; no mobility; no secondary market. This isn't
8 a business you can pick up and move if you don't like the market. It
9 is a business that succeeds or fails based on the quality of the
10 market it serves, and in my experience, how well the company is
11 accepted by those it has the privilege of serving.

12 Mr. Bassham will tell you that some of what we "negotiated"
13 in terms of assurances for our employees and our communities was
14 to them, "sleeves out of the vest," as the old saying goes. In other
15 words, it wasn't a hard ask, because to them, they gave up nothing,
16 because it just made sense. Doing the right thing for business is
17 usually just doing the right thing – at least that is how these two
18 companies see it.

19 GPE has been completely transparent with our employees,
20 our community leaders and with regulators that the combined
21 companies will have fewer employees than GPE and Westar have
22 today as separate companies. The words to describe what's likely
23 to come that appear in this Application are the same words I heard

1 Mr. Bassham share in our employee meetings. They have
2 committed to attempt to achieve efficiencies in the best way
3 possible, and with the minimum of personal disruption. Mr.
4 Bassham indicates in his testimony that GPE plans to achieve the
5 needed staffing reductions, not just from Westar, not just in Kansas,
6 but from both companies across both states.

7 As I've said, the best indication of someone's future behavior
8 is their past performance and GPE's performance when it acquired
9 Aquila is instructive in this situation. GPE achieved cost savings
10 from staffing reductions at both the Aquila level and the GPE level.
11 As GPE stated in a recent pleading filed with the Missouri
12 Commission,

13 when GPE acquired Aquila, there were approximately
14 2,200 Aquila employees at the time of closing. As the
15 acquisition was carried out, 105 Aquila employees
16 were provided severance packages at closing; 1,091
17 Aquila employees received jobs with Black Hills
18 Corporation, a partner to the transaction that acquired
19 Aquila's non-Missouri utility assets at the time of the
20 GPE closing; 920 Aquila employees became KCP&L
21 employees at closing; and 86 Aquila employees
22 received transitional employment contracts with either
23 KCP&L or Black Hills at closing. As a result, less than
24 5% of Aquila's total workforce received severance
25 packages at the close of the transaction . . .

26 Only 5% of Aquila's employees received severance as a result of
27 the merger and it is likely that a portion of those employees took
28 voluntary severance. As a result of the Aquila transaction, GPE
29 improved its executive management team and the talent of its

1 employees. For example, Scott Heidtbrink, GPE's current Chief
2 Operating Officer, was with Aquila at the time of that transaction
3 and remains with GPE today. The combination with Westar should
4 have similar results and GPE will have deeper bench strength as a
5 result.

6 **Q. CAN THIS TRANSACTION BE SUCCESSFUL IF THERE WERE**
7 **NO STAFFING REDUCTIONS AS A RESULT OF THE**
8 **COMBINATION?**

9 A. No. Moreover, I doubt any careful examination of such a
10 hypothetical combined company would pass the test of having
11 delivered efficient service, as I understand our obligation to be.

12 I'm not sure any utility company facing the circumstances we
13 are could be successful if its sole interest were in maintaining and
14 preserving the status quo. The status quo is illusory. For example,
15 even today Westar has 90 fewer employees than it did just five
16 years ago.

17 The old adage, "there is no free lunch" applies. We can
18 have a more efficient utility in Kansas by combining these two
19 companies, or we can prevent them from combining and potentially
20 have a few more utility jobs – for maybe just a little while longer –
21 until something else imposes difficult change.

1 We live in a world where everyone expects us to get more
2 efficient, somehow. The Transaction is just the best way to do that
3 right now.

4 **Q. BECAUSE THERE IS SO MUCH NATURAL EMOTION TIED UP**
5 **WITH JOBS, IT IS EASY TO FOCUS ONLY THERE. ARE**
6 **THERE SAVINGS THAT DON'T INVOLVE EFFICIENCIES BY**
7 **COMBINING WORKFORCES?**

8 A. Yes, many. Other witnesses will talk about supply chain savings,
9 that flow through all the material and supplies the company buys,
10 whether for maintenance or capital investments. Just eliminating
11 one set of public company costs saves money; only one set of
12 NYSE fees; only one board of directors.

13 **Q. WHAT ARE SOME KEY SIMILARITIES AND DIFFERENCES OF**
14 **APPROACH BETWEEN THE COMPANIES?**

15 A. GPE and Westar agree on a lot. We both are concerned – as I am
16 sure the Commission is – that customers are experiencing some
17 fatigue from the rising cost of electricity that has occurred over the
18 last several years primarily as a result of government mandates.
19 We also know that what drives those increases are legitimate costs
20 of doing business in a changing world.

21 We also agree that a combined company will be more
22 efficient, and will result in smaller future rate increases than the
23 companies standing alone. Where we differ is our respective roles

1 in bringing these two companies together, with one of us being the
2 buyer and the other the seller.

3 Recently, we've both seen and share concerns about record
4 numbers of baseload plants – coal and nuclear, the most-job
5 intensive way to make electricity – shut down across the nation.
6 The estimates for coal plant closures just keep growing. Over
7 25,000 MW has been retired since 1995 and about another 15,000
8 MW is estimated to be retired by 2025. It wasn't many years ago
9 people were talking about a nuclear renaissance and long license
10 life extensions to 60, or maybe even 80 years. In just the past
11 couple of years – even days – we've learned of more nuclear plant
12 closures even as opportunity for extended license life remains. The
13 localized economic benefit to the mostly rural economies hosting
14 these plants can't be overstated. There are no certainties in the
15 world, but efficiencies from this Transaction may be one of the
16 things that keeps these big, rural baseload plants running – at least
17 in Kansas.

18 VII. CONCLUSION

19 Q. WILL YOU OFFER CONCLUDING REMARKS?

20 A. In some sense consolidation is inexorable. We have gone from
21 more than 100 electric utilities in the country to 50 in just a couple
22 of decades. If this Transaction, or one like it, were to occur 8-10
23 years from now, it would happen to a younger workforce, not a
24 workforce like we have today that affords us extraordinary flexibility

1 in achieving staffing reductions through natural attrition occurring
2 from so many baby boomers retiring.

3 Business combinations are never seamless. It is never easy.
4 But when planned and executed well, it is worth the tremendous
5 effort, disruption, inconvenience, angst, and unfortunately, in a few
6 cases, even upheaval.

7 Few in Kansas today, I believe, would suggest objectively
8 that customers are not better off with KPL and KGE having
9 combined years ago, even as some no doubt still yearn with
10 nostalgia for a time and circumstances of the past.

11 This is just the next logical step. I say next logical step,
12 because just as we no longer have the millions of family farms, tens
13 of thousands of corner grocery stores, and hundreds of unique local
14 department stores, gone are the days of our place name electric
15 utilities. Consolidation has been a way of life, not just for our
16 industry, but for most industries, and the demand for efficiency
17 suggests it will continue into the future. So the questions are when,
18 how and with whom, not whether. There are no more Cincinnati
19 Gas & Electrics, Indianapolis Power and Lights, Toledo Edisons,
20 Jersey Central Power and Lights, just as the companies that
21 combined to form KG&E and KPL are no longer in existence
22 separately but instead today are Westar, and with the necessary

1 approvals, will be known, together with KCP&L, as something
2 different still.

3 Change, especially big change, is never easy. But
4 sometimes it's the right thing to do, even the next logical step.

5 **Q. THANK YOU.**

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great)
Plains Energy Incorporated, Kansas City)
Power & Light Company, and Westar) Docket No. 16-KCPE-_____
Energy, Inc. for approval of the Acquisition of)
Westar Energy, Inc. by Great Plains Energy)
Incorporated)

AFFIDAVIT OF MARK A. RUELLE

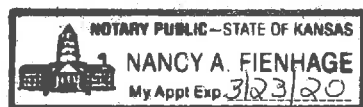
STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

Mark A. Ruelle, being first duly sworn on his oath, states:

1. My name is Mark A. Ruelle. I work in Topeka, Kansas, and I am employed by Westar Energy, Inc. as President and Chief Executive Officer.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Westar Energy, Inc. consisting of forty-two (42) pages and one exhibit, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Mark A. Ruelle

Subscribed and sworn before me this 28th day of June 2016.



Nancy A. Fienhage
Notary Public

My commission expires: 3/23/2020



1950

The new Hutchinson Generating Station goes on line with two 40,000 kw natural gas-fired units.

1952

A 4,800 horsepower compressor station is put into operation at Minneola.

A second, 30,000 kw unit is placed in operation at the Lawrence Generating Station.

1954

Murray Gill Station, at 124,000 kw, is dedicated. It uses natural gas as its primary fuel.

Neosho Unit 3, 73,500 kw using natural gas as fuel, is completed.



1955

KG&E common stock listed on the New York Stock Exchange. Units 1 and 2 at Tecumseh are retired.

1956

Murray Gill Unit 3 begins operation. The unit has a capacity of 113,600 kw.

1957

A 77,000 kw unit, known as 7-9, is added to the Tecumseh Generating Station.

1959

Fourth unit of Murray Gill Station is placed in service, bring capacity to 609,000 kw.

**1961**

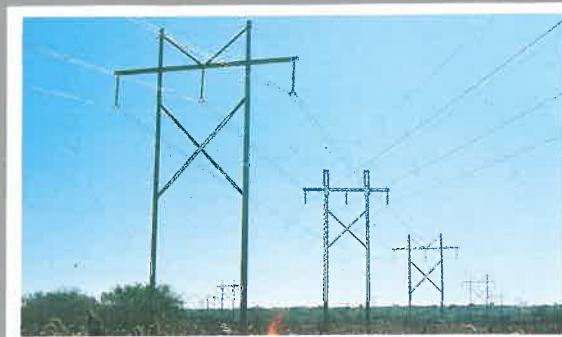
Gordon Evans Station goes on line with a 160,000 kw gas-fired unit.

1962

A 142,000 kw unit is place in operation at Tecumseh.

1965

Work begins on Kansas' first 345 kV electric transmission line. Running from Kansas City to the Oklahoma border, the line is completed in 1966. KPL and KG&E join 15 other electric utilities in construction of the Southwest Experimental Fast Oxide Reactor (SEFOR). A 190,000 kw unit, number 4, is added at the Hutchinson Generating Station.

**1967**

KG&E requests water rights at John Redmond Reservoir for a nuclear power plant.

1968

The 110,000 kw Unit 4 at Lawrence Generating Station is equipped with the world's first limestone wet scrubber system to reduce sulfur emissions.

1971

Stock of The Gas Service Company is listed on the New York Stock Exchange. A 333,000 kw unit, Lawrence Energy Center Unit 5, is completed.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

KEVIN E. BRYANT

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR ENERGY, INC.
BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 16-KCPE-____-ACQ

1 **Q:** Please state your name and business address.

2 A: My name is Kevin E. Bryant. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q:** By whom and in what capacity are you employed?

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) and serve as Senior
6 Vice President – Finance and Strategy and Chief Financial Officer of Great Plains Energy
7 Incorporated (“Great Plains Energy” or “GPE”), KCP&L and KCP&L Greater Missouri
8 Operations Company(“GMO”).

9 **Q:** What are your responsibilities?

10 A: My responsibilities include finance, accounting, investor relations, corporate strategy and
11 risk management.

1 **Q: What is the purpose of your testimony?**

2 A: My testimony is divided into four parts. First, I describe the structure of the various
3 transactions that will culminate in Great Plains Energy’s acquisition of 100% of the stock
4 of Westar Energy, Inc. (referred to herein as “Westar”) (the “Transaction”). Second, I
5 explain the financing of the Transaction and the reasonableness of the consideration to be
6 paid by Great Plains Energy. Third, I discuss the result of the Transaction on the credit
7 ratings of Great Plains Energy, KCP&L and Westar (the “Joint Applicants”). Finally, I
8 summarize the finance-related relief the Joint Applicants are requesting in this
9 proceeding.

10 **Q: Please describe your education, experience and employment history.**

11 A: I received dual undergraduate degrees in finance and real estate from the University of
12 Missouri – Columbia where I graduated cum laude in May 1997. I received my Masters
13 in Business Administration degree with an emphasis in finance and marketing from the
14 Stanford University Graduate School of Business in June 2002.

15 I joined Great Plains Energy in 2003 as a Senior Financial Analyst and was
16 promoted to Manager - Corporate Finance in 2005 where I was responsible for
17 contributing to the development and maintenance of the sound financial health of both
18 GPE and KCP&L through the management of company financing activities. In August
19 2006, I was promoted to Vice President, Energy Solutions for KCP&L and served in that
20 capacity until March 2011, when I became Vice President, Strategy and Risk
21 Management. In August 2011, I became Vice President – Investor Relations and
22 Treasurer and, in 2013, I was appointed Vice President – Investor Relations and Strategic

1 Planning and Treasurer. In 2014, I was appointed Vice President – Strategic Planning
2 and I assumed my current position in 2015.

3 Prior to joining GPE, I worked for THQ Inc. from 2002 to 2003, a worldwide
4 developer and publisher of interactive entertainment software based in Calabasas,
5 California. I served as Manager - Strategic Planning where I was responsible for
6 establishing corporate goals and developing and assisting with the execution of the
7 company's strategic plan. From 1998 to 2000, I worked as a Corporate Finance Analyst
8 for what is now UBS in New York, New York. I worked on mergers and acquisitions for
9 medium and large-sized companies. I also worked at Hallmark Cards at their corporate
10 headquarters in Kansas City, Missouri as a Financial Analyst from 1997 to 1998.

11 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
12 **Commission or before any other utility regulatory agency?**

13 A: Yes. I have testified before the Kansas Corporation Commission ("Commission" or
14 "KCC") and the Missouri Public Service Commission ("MPSC").

15 I. THE TRANSACTION

16 **Q: Please summarize the Transaction.**

17 A: Great Plains Energy will acquire Westar in a combined cash and stock transaction and,
18 upon closing, Westar will become a wholly-owned subsidiary of Great Plains Energy.
19 Westar operates a regulated electric utility in Kansas and has just over 700,000 electric
20 utility customers, both at its parent utility, Westar Energy, Inc. and its subsidiary utility,
21 Kansas Gas and Electric Company. For simplicity, in this testimony, I will refer to the
22 entire entity as "Westar," except where more specificity might be required. Great Plains
23 Energy currently serves over 850,000 electric utility customers through its existing utility

subsidiaries, nearly 250,000 of which are served by KCP&L in Kansas. The Transaction will greatly expand Great Plains Energy's electric utility presence in Kansas. Once the Transaction is complete, Great Plains Energy will have more than 1.5 million customers, of which almost 950,000 will be in Kansas. Following the Transaction, Great Plains Energy's utility subsidiaries will have a generating capacity of just under 13,000 megawatts. In summary, the Transaction represents a unique and timely opportunity to significantly increase the operating scale and scope of both Westar and Great Plains Energy and better position the utility subsidiaries to realize both near- and long-term efficiencies for the benefit of customers and to secure the energy needs of the region in an increasingly uncertain operating environment.

KEY OPERATING METRICS

	Great Plains Energy	Westar	Combined
Rate Base (\$mm)	\$6,600	\$7,100	\$13,700
Electric Customers	850,800	702,000	1,552,800
Generation Capacity (MW)	6,446	6,267 ¹	12,713
Transmission Miles	3,600	6,300	9,900
Distribution Miles	22,500	28,800	51,300

The primary controlling document for the Transaction is the Agreement and Plan of Merger (the "Agreement") dated May 29, 2016, which was entered into between Westar, Great Plains Energy and Merger Sub (which has now been officially named "GP Star"). GP Star is a newly created legal entity created for the sole purpose of facilitating the acquisition of Westar in the most appropriate legal manner. The Agreement is

¹ Excludes 920MW purchased power.

1 attached as Appendix C to the Application.

2 From a transaction mechanics perspective, the Agreement provides that GP Star
3 will merge with and into Westar, with Westar as the surviving entity. Westar will then
4 become a direct, wholly-owned subsidiary of Great Plains Energy, the same structure
5 used for KCP&L and GMO today.² This new corporate structure is Appendix D in the
6 Application. Westar shareholders will receive the consideration of stock and cash called
7 for under the Agreement. I describe the specifics of that consideration as well as GPE's
8 plans for financing the Transaction later in my testimony.

9 **Q: Has the Transaction been approved by the Boards of Directors of both Great Plains**
10 **Energy and Westar?**

11 A: Yes, the Boards of Directors of both companies unanimously approved the Transaction,
12 and these resolutions are Appendices F and G to the Application.

13 **Q: Please describe any closing conditions provided in the Agreement.**

14 A: Consummation of the Transaction is subject to a number of conditions, including
15 (i) certain approvals by Westar's shareholders and the shareholders of Great Plains
16 Energy; (ii) approval by the Federal Energy Regulatory Commission, the Nuclear
17 Regulatory Commission, and, importantly, this Commission; (iii) the expiration or
18 termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements
19 Act of 1976, as amended; and (iv) the absence of a material adverse effect on the Westar
20 businesses occurring since the date of the Agreement and continuing.

21 There is an on-going investigation initiated by the MPSC as to whether the
22 approval of the MPSC is required, and it is possible that the MPSC may assert

² After the Transaction, Kansas Gas & Electric Company will continue to be owned by Westar as a subsidiary.

1 jurisdiction. GPE is seeking clarity on Missouri approval and a determination should be
2 made very soon.

3 II. TRANSACTION-RELATED FINANCES

4 **Q: What is the overall value of the Transaction to Great Plains Energy?**

5 A: The Transaction has a total value at the time of announcement of approximately
6 \$12.2 billion. This consists of \$8.6 billion in consideration GPE will pay for Westar's
7 stock. Westar's existing debt will remain outstanding, meaning GPE will also assume
8 Westar's net debt, which was approximately \$3.6 billion when the Transaction was
9 announced.

10 **Q: What consideration will Westar shareholders receive from GPE for their stock**
11 **under the Agreement?**

12 A: At the effective time of the Transaction, Westar shareholders will receive a combination
13 of cash and Great Plains Energy stock in exchange for their Westar shares. Specifically,
14 each share of Westar common stock will convert into the right to receive \$60.00 per share
15 of total consideration, consisting of (i) a cash payment of \$51.00 and (ii) \$9.00 in GPE
16 common stock, subject to a 7.5 percent collar based upon the GPE common stock price at
17 the time of the closing of the transaction with the exchange ratio for the stock
18 consideration ranging between 0.2709 to 0.3418 shares of GPE common stock for each
19 Westar share of common stock. The consideration mix for the acquisition of Westar's
20 common stock is 85 percent cash and 15 percent GPE common stock.

1 **Q: After the Transaction and contemplated financing is complete, approximately what**
2 **percentage of GPE stock will be held by former Westar shareholders?**

3 A: While the exact percentage will depend on GPE's stock price at the time of closing as
4 well as GPE's stock price for the public equity issuances in connection with our
5 permanent financing strategy, we expect that approximately 15% of GPE's stock will be
6 held by Westar shareholders.

7 **Q: Please explain why the consideration to be paid by GPE as described above is**
8 **reasonable.**

9 A: First, as explained in the Direct Testimonies of Terry Bassham and Mark Ruelle, the
10 consideration to be paid by GPE for Westar was determined through a competitive
11 market auction process.

12 Second, the savings to be realized from the Transaction, which are described and
13 quantified in the Direct Testimony of William Kemp, justify the level of consideration
14 being paid by GPE in connection with the Transaction. As supported by Mr. Kemp, we
15 expect to deliver approximately \$65 million of net savings in 2018, the first full calendar
16 year following close of the Transaction, increasing to nearly \$200 million annual net
17 savings and benefits in the third full year after close, 2020. Because GPE has recent
18 experience in delivering similar transaction-related savings through its 2008 acquisition
19 of Aquila, I am confident that we will achieve or exceed the savings levels estimated in
20 connection with this Transaction. Mr. Kemp also discusses in his Direct Testimony his
21 conclusion that the level of expected Transaction-related savings are in line with recent
22 market experience for transactions of this nature. The results of our financial modeling,
23 as well as financial modeling performed by GPE's financial advisor for this Transaction,

1 Goldman, Sachs & Co. (“Goldman Sachs”), demonstrate that under the proposed process
2 for providing customers with the benefit of Transaction-related savings described in the
3 Direct Testimony of Darrin Ives, the Transaction will be neutral to Great Plains Energy’s
4 forecasted earnings per share on a stand-alone basis in the first full calendar year after the
5 Transaction closes increasing to approximately ten percent accretive, or an incremental
6 earnings per share increase, as compared to its forecasted stand-alone plan by 2020. The
7 Transaction is expected to close in the second quarter of 2017.

8 Third, as I will describe more fully below, the consideration being paid is
9 comparable with recent market transactions of this nature.

10 Fourth, the reasonableness of the transaction is also supported by the investment
11 grade credit quality of each utility after the transaction along with an expected 41%
12 equity component and expected investment grade rating at the GPE holding company.
13 The credit analyses performed by my staff and our financial advisor both reached that
14 conclusion and that conclusion was also affirmed by the credit rating agencies which I
15 will discuss in more detail later in my testimony.

16 It is also significant that OCM Credit Portfolio LP (“OMERS”), an affiliated
17 entity of Ontario Municipal Employees Retirement System has committed to purchase
18 \$750 million of GPE’s Mandatory Convertible Preferred Stock at closing of the
19 Transaction and Westar agreed to accept \$1.3 billion of GPE common stock as partial
20 consideration for the acquisition of Westar’s common stock. As would be expected,
21 before taking these actions, both companies conducted substantial financial due diligence
22 on GPE. Their due diligence focused on GPE’s ability to complete this Transaction and
23 operate as a financially strong company after the transaction closes. While OMERS and

Westar's due diligence was not a factor in GPE's decision to execute the Agreement, both support the reasonableness of the Transaction.

Q: Is the Transaction dependent upon any financing contingency?

A: No, it is not. First, as is common in transactions of this nature, it was important to Westar that GPE's offer have no financing contingency. As such, in advance of executing the Agreement, GPE secured approximately \$8.0 billion of committed debt financing, commonly referred to as a bridge financing facility, from Goldman Sachs in connection with the Transaction for the full cash portion of the Transaction consideration. As I mentioned, GPE also secured the \$750 million commitment from OMERS in advance of executing the Agreement. These commitments allowed GPE to commit to Westar that there was no financing contingency to the offer to acquire Westar. While always subject to capital market conditions, GPE does not expect to draw materially on this \$8.0 billion acquisition facility, if at all, because we expect to secure more permanent financing on more favorable terms, but the facility provides important assurance for Westar.

Q: What is GPE's plan for permanent financing of the Transaction?

A: Permanent financing by GPE of the \$8.6 billion in consideration paid for Westar's common stock is expected to consist of approximately 50% equity and 50% debt, which is composed of:

- \$1.3 billion of equity to Westar's shareholders;
- \$750 million of mandatory convertible preferred equity from OMERS;
- \$2.35 billion of equity comprised of GPE common and mandatory convertible preferred stock to the public market; and
- \$4.4 billion of new GPE market issued debt.

1 100% of this Transaction-related financing will occur at the GPE level, and none will
2 occur at, or be guaranteed by or have recourse to, any utility subsidiary.

3 **Q: What transaction advisory costs does GPE anticipate incurring?**

4 A: GPE expects to incur approximately \$32 million in transaction advisory costs in
5 consummating the Transaction. Examples of such transaction costs are consistent with
6 transactions of this type and include legal, investment banker and consulting fees
7 associated with the evaluation, bid, negotiation and structure of the Transaction. These
8 costs were essential to the evaluation of the Transaction, the appropriate pricing of GPE's
9 offer, and to the negotiation of a complex transaction. While substantial in amount,
10 relative to the overall value of the combined companies, they are not unusual.

11 **Q: Are there any other transaction costs that GPE will incur associated with the**
12 **Transaction?**

13 A: Yes. We expect that the permanent financing plan will result in approximately \$126
14 million of traditional issuance fees associated with equity, convertible preferred equity
15 and long-term debt issuances where such fees generally offset the gross amount raised
16 through the related financing. In addition, we expect the bridge financing facility to cost
17 approximately \$70 million, depending upon the timing of the ultimate permanent
18 financing, where such financing facility pricing is consistent with those utilized for
19 comparable transactions. Lastly, we expect approximately \$16 million of change-in-
20 control costs associated with the Transaction. Again, while substantial in amount,
21 relative to the overall value of the combined companies, these fees are not unusual.

1 **Q: Will GPE's utility subsidiaries seek recovery of transaction costs through inclusion**
2 **in rates paid by customers for electric service?**

3 A: No. None of the transaction-related costs will be included in customer rates. This is
4 discussed in more detail in the Direct Testimony of Darrin Ives.

5 **Q: This Transaction will result in a significant acquisition premium being paid by**
6 **GPE. How do you justify such a significant premium?**

7 A: We expect the final acquisition premium to be approximately \$2.3 billion or 36% based
8 on the undisturbed Westar stock price of \$44.08 on March 9, 2016 (the closing price
9 before the first news leak of a potential transaction). We comprehensively analyzed this
10 purchase price which we believe is attractive for GPE. The premium that we are paying
11 is in line with premiums paid in recent regulated utility transactions. In the eleven
12 corporate utility transactions announced in the past two years, premiums paid relative to
13 the target's stock price one day prior to announcement have ranged from 14% to 42%,
14 with the average being 24%. For a number of the transactions, the stock price of the
15 target was impacted by speculation in the months leading up to the announcement of the
16 transaction. When we look at those transactions based on the undisturbed Westar stock
17 price (closing price the day before the first news leak of the transaction), we see that
18 premiums paid have ranged from 15% to 50% for regulated utility transactions in the past
19 two years, with the average being 30%. Our purchase price is consistent with those
20 ranges.

21 More importantly, we believe that the unique fit of GPE and Westar will allow for
22 significant and compelling benefits for all stakeholders through the combination. In
23 addition to the operating and cost efficiencies based on the strong geographic fit and

1 shared ownership in power plants, this Transaction will allow us to grow earnings faster,
2 with more predictability, while keeping customer rates lower than they would have been
3 absent the Transaction. As a combined company, we will have increased scale, possess
4 greater resources and overall be better positioned to serve customers and pursue
5 investment opportunities that were not available to either company stand-alone. Our
6 purchase price reflects the tremendous value that the combination will create for all GPE
7 stakeholders.

8 **Q: The Transaction will require a significant market issuance of debt and equity**
9 **financing by GPE. What steps did you take to gain comfort that you could execute**
10 **this financing plan?**

11 A: Part of the process leading to the GPE Board's approval was conducting significant
12 diligence on GPE's ability to complete the level of financing contemplated. We
13 leveraged the market expertise of our financial advisor, Goldman Sachs, to understand
14 the depth and breadth of the debt and equity markets to which GPE has access and to
15 understand the anticipated cost and capacity for the financing. We also evaluated a range
16 of alternatives that could be utilized to minimize the market risk of the financing plan.
17 As a result of our diligence and evaluation, GPE is comfortable with its financing plan.

18 **Q: What have you done to manage the financial risk associated with the Transaction?**

19 A: As to the equity issuances, we have taken or anticipate taking a number of steps to
20 manage financing risk. First, as I mentioned earlier, Westar accepted 15%, or
21 \$1.3 billion, of the consideration for Westar's common stock to be paid with GPE
22 common stock. Second, we were able to secure an up-front commitment from OMERS
23 for \$750 million of Mandatory Convertible Preferred Equity. Therefore, at signing of the

1 Agreement, we had eliminated just over \$2 billion of market risk from the required equity
2 financing of the Transaction.

3 We have our choice of several execution strategies for the remaining expected
4 \$2.35 billion of market equity issuances. We will evaluate and respond to market
5 conditions as they unfold and, therefore, have not constrained ourselves by any specific
6 equity financing plan. However, we are considering issuing the remaining equity in one
7 or two separate tranches, carefully evaluating the trade-offs between those options. A
8 single issuance minimizes market access and timing risk while a two stage issuance
9 provides protection from possible pricing risk as a result of having too large of an equity
10 issuance in the market at one time. If we decide a two tranche equity issuance strategy is
11 appropriate, we would likely complete the first stage sometime in 2016 with the second
12 stage completed in the first quarter of 2017. We will continue to evaluate market
13 conditions with our financial advisors and will refine this strategy as conditions evolve.
14 Second, in consultation with Goldman Sachs, we are comfortable accessing the common
15 equity public market and/or the Mandatory Convertible Preferred Equity public market.
16 Raising capital in both markets broadens the investor base that will be accessible to GPE
17 in completing the remaining equity financing.

18 Regarding debt issuance, we anticipate offering the debt to the public nearer to the
19 close of the Transaction, likely in one market offering. That said, we anticipate offering
20 debt in multiple tenors of three- to ten-year maturities. This use of multiple tenor
21 offerings provides flexibility in pricing, a broader debt investor base, and flexibility for
22 future retirement of debt with free cash flow from operations as well as staggered re-
23 financing options should the need present itself. To manage interest rate risk of the debt

1 component of the financing plan, we have available to us certain tools to mitigate
2 exposure to future interest rate changes.

3 **Q: Has GPE employed such tools to lock-in rates on any of the \$4.4 billion in debt it**
4 **expects to incur in financing the Transaction?**

5 A: Yes. GPE executed four interest rate swap transactions on June 6, 2016. The swap
6 transactions are forward-starting, floating-to-fixed interest rate swaps intended to manage
7 interest rate risk associated with such debt. The swap transactions minimize GPE's
8 exposure to interest rate changes in the period before the debt is issued. The swap
9 transactions cover the entire notional amount of debt GPE expects to issue in conjunction
10 with the Transaction.

11 **Q: Please explain how a forward-starting, floating-to-fixed interest rate swap (swap**
12 **rate lock) protects GPE from interest rate risk.**

13 A: A swap rate lock is used to "lock in" interest rates in the context of current market
14 conditions. In these transactions, the Company enters into an agreement to pay a fixed
15 interest rate payment and receive a floating interest rate payment beginning at a future
16 start date aligned with the anticipated debt offering date and for a duration that matches
17 the tenor of the anticipated debt offering. When the debt is issued, the Company unwinds
18 the swap. If interest rates increase, the settlement from unwinding the swap results in the
19 Company receiving a payment equal to the present value of the change in the fixed swap
20 payments resulting from the change in interest rates. This payment offsets the increase in
21 the interest payments on the debt that will be issued at higher interest rates. However, if
22 interest rates decrease, the settlement from unwinding the swap results in the Company
23 making a payment equivalent to the present value of the change in the fixed swap

1 payments resulting from the change in interest rates. This payment offsets the decrease in
2 interest payments resulting from the debt being issued at lower interest rates. The
3 forward-starting floating-to-fixed interest rate swap results in the Company “locking in”
4 the Treasury interest rate component of a future debt offering by committing to those
5 fixed rate payment obligations in advance at current interest rates

6 **Q: Even with the activities you describe, GPE will have a much more significant need**
7 **for cash to service debt and pay shareholder dividends as a result of the**
8 **Transaction. How will GPE fund these cash obligations?**

9 A: GPE’s primary source of funds are cash flows from its operating utility subsidiaries and
10 the tax benefits of net operating losses. The operating utility subsidiaries currently have
11 strong and improving cash flow profiles even before the Transaction closes. As
12 previously mentioned and supported in the Direct Testimony of Mr. Kemp, we expect the
13 Transaction to unlock significant savings that are projected to increase to nearly \$200
14 million annually by the third full year after close. As described in the Direct Testimony
15 of Mr. Ives, the effect of the Transaction-related savings and benefits between general
16 rate cases will improve the already strong cash positions of the utilities. Utility
17 customers will benefit from these savings over time as the savings and efficiencies flow
18 back to customers.

19 **Q: What is the estimated amount of incremental interest costs and dividends as a result**
20 **of the Transaction?**

21 A: Based on our current financing plan, we expect total incremental annual interest on
22 Transaction-related debt to be approximately \$170 million on a pre-tax basis and
23 approximately \$100 million on an after-tax basis.

Annual dividends to common shareholders, as paid by GPE, will increase by approximately \$110 million due to the increase in GPE shares outstanding immediately following the closing of the Transaction. However, it is important to note that since Westar will no longer be a publicly owned utility with its own shareholders, Westar will cease to pay out approximately \$225 million of dividends to its common shareholders. Therefore, on a combined basis, we will pay out approximately \$115 million less in common dividends annually.

We also plan to finance the transaction with mandatory convertible preferred stock, which will pay a preferred dividend and then convert into common equity after three years. Immediately following the closing of the Transaction, based on our current financing plan, the mandatory convertible preferred stock will pay out approximately \$115 million annually in preferred dividends. Therefore, for the first three years after closing the Transaction, the combined company will pay approximately the same amount of common and preferred dividends as the two stand-alone companies would have paid separately in total. After three years, when the mandatory convertible preferred stock converts into common shares, we will pay more common dividends but will cease payment of the preferred dividend. As a result, the combined company will pay approximately \$50 million less in common and preferred dividends at that point than the two stand-alone companies would have paid in total.

Q: How will the cash needed to meet these annual obligations be obtained at the GPE level?

A: We expect approximately \$65 - \$200 million of cash flow from operations related to savings from the Transaction in addition to the substantial free cash flow from each of

1 our three utility operating companies. While the Transaction savings will flow to
2 customers upon each future rate review, the retention of these savings between the rate
3 reviews will allow us to service and repay debt and fund the incremental dividends. This
4 is true even though we have not asked customers to pay for the acquisition premium or
5 transaction costs related to the Transaction by including those costs in revenue
6 requirement and rates.

7 **Q: Does GPE have any significant source of funds other than its utility operating**
8 **subsidiaries?**

9 A: Yes. GPE has approximately \$400 million in non-regulated net operating loss carry-
10 forwards (“NOLs”) that provide a source of cash GPE plans to use to service debt and
11 pay dividends. As a result of these NOLs, GPE does not expect to pay cash income taxes
12 until approximately 2022.

13 **Q: Doesn’t GPE have restrictions on the level of retained earnings that must be**
14 **maintained at GPE?**

15 A: Yes. GPE agreed in its holding company stipulation and agreement approved by the
16 Commission in Docket No. 01-KCPE-708-MIS (“01-708 S&A”), to maintain equity no
17 lower than 30% of total capitalization. As previously mentioned, the operating utilities
18 have improving cash flows and the benefits of the Transaction savings will provide
19 increasing cash flexibility. As a result, the Transaction will have little, if any, impact on
20 the capital structure of the operating companies.

1 **Q: What factors will GPE use in determining the level of dividends to be funded up to**
2 **GPE by its utility operating companies?**

3 A: GPE will factor into its dividend decisions the amount of equity capital that needs to be
4 retained at each of the utility operating companies in order to maintain a capital structure
5 that is approximately 50% equity and 50% debt; levels the Commission and its Staff are
6 accustomed to seeing for both KCP&L and Westar. Consistent with current practices,
7 equity capital beyond that needed to support the balanced financing of capital
8 investments at each utility will be distributed to GPE through dividends to be used where
9 needed, such as for payment of GPE dividends, interest and refunding of GPE debt. GPE
10 will also factor in its commitment in the 01-708 S&A to maintain a minimum 35% equity
11 ratio at the utility operating companies and the limitations imposed on dividend payments
12 by the amount of retained earnings at the utility operating companies.

13 **Q: What effect will the Transaction have on the capital structure of Great Plains**
14 **Energy?**

15 A: Great Plains Energy's capital structure will become more leveraged. GPE's capital
16 structure today is approximately 50% equity. After completion of the permanent
17 financing, GPE expects its capital structure to be about 41% equity. While this capital
18 structure is more leveraged, it remains well above the floor of 30% equity that GPE
19 agreed to in the 01-708 S&A approved by the Commission in 2001. As I previously
20 stated, GPE also intends to issue debt in support of the Transaction in multiple tenors of
21 three- to ten-year maturities to provide substantial flexibility for repayment or refinancing
22 after the Transaction is closed.

1 **Q: What effect will the Transaction have on the capital structure of the utility**
2 **operating companies, specifically KCP&L and Westar?**

3 A: The Transaction will have little, if any, effect on the utility operating companies'
4 respective capital structures. Following the Transaction, KCP&L and Westar will each
5 maintain a capital structure consistent with past experience, targeted to be in the range of
6 49%-54% equity dependent upon capital requirements, financing needs and timing.

7 **Q: What effect will the Transaction have on the ability of KCP&L and Westar to**
8 **obtain access on reasonable terms to the capital necessary to continue providing**
9 **safe, adequate and reliable service to their respective customers?**

10 A: This Transaction will preserve the ability of GPE's utility subsidiaries to obtain access to
11 capital on reasonable terms as GPE and its utility subsidiaries will maintain separate
12 capital structures to finance the activities and operations of each entity. Additionally,
13 each company (GPE and all of its utility subsidiaries) will maintain separate debt so that
14 each will be responsible for its own obligations and none will be responsible for the debts
15 of any other entity.

16 **Q: What effect will the Transaction have on Great Plains Energy's shareholders?**

17 A: Under the proposed process for providing customers with the benefit of Transaction-
18 related savings described in the Direct Testimony of Mr. Ives, I expect the Transaction
19 will be neutral to GPE's forecasted earnings per share on a stand-alone basis in the first
20 full calendar year after the Transaction closes (2018) increasing to approximately ten
21 percent accretive by 2020, as compared to GPE's forecasted stand-alone plan.

1 **Q: Are there additional expectations for shareholders from the Transaction that GPE**
2 **has articulated?**

3 A: Yes. We have affirmed to GPE shareholders we intend to maintain the same common
4 stock dividend plan we had previously provided in the GPE stand-alone plan. We expect
5 dividend growth at a compound annual growth rate over the same period to be 5% to 7%
6 on a payout ratio of 60% to 70% of earnings. Additionally, we have indicated to GPE
7 shareholders we expect higher long-term earnings per share (“EPS”) growth versus what
8 was previously communicated as GPE’s 2016 – 2020 EPS target range. Based on the
9 ability of the combined company to generate efficiencies, we expect the compound
10 annual growth rate over this period to be in the range of 6% to 8%, increased from the
11 GPE stand-alone expectation of 4% to 5%.

12 **Q: Does the Agreement contain termination provisions?**

13 A: Yes. The Agreement contains certain termination rights for both Westar and Great Plains
14 Energy, including the right by either company to terminate the agreement if: (i) the
15 Transaction has not closed by May 31, 2017 (subject to extension of six months); (ii)
16 shareholder approval of the Transaction is not obtained by Westar; or (iii) shareholder
17 approval of the Transaction is not obtained by GPE. Westar and Great Plains Energy also
18 each have the right to terminate the Agreement in order to enter into a superior
19 transaction or in case of breach of the Agreement by a counterparty. If the Agreement is
20 terminated, termination fees ranging from \$180 million – \$380 million must be paid
21 depending on which counter-party is terminating the Agreement and the basis for such
22 termination.

1 **III. POST-TRANSACTION CREDIT RATINGS**

2 **Q: Will the Transaction have an effect on the credit ratings of the Joint Applicants?**

3 A: Great Plains Energy, KCP&L and Westar all have Standard and Poor's ("S&P")
4 corporate credit ratings of BBB+, which is an investment grade rating. Upon the public
5 announcement of the execution of the Agreement, S&P affirmed these ratings, which are
6 two notches above the investment grade threshold, and placed Great Plains Energy,
7 KCP&L and Westar on negative outlook. This is a common practice by S&P when a
8 transaction of this nature is announced. KCP&L and Westar each have Moody's
9 Investors Service ("Moody's") issuer credit ratings of Baa1, again two notches above the
10 investment grade threshold, and Great Plains Energy has a Moody's rating for Senior
11 Unsecured Debt of Baa2; all of these are investment grade ratings. Upon the public
12 announcement of the execution of the Agreement, Moody's affirmed the ratings for
13 KCP&L and Westar with their outlook remaining stable, but placed Great Plains Energy
14 on review for downgrade. Based on the level of holding company debt, Moody's is
15 expected to increase the credit rating differential between the holding company and the
16 utilities from one notch to two notches by downgrading the holding company Senior
17 Unsecured Debt rating from Baa2 to Baa3, which remains an investment-grade credit
18 rating at the holding company level.

19 **Q: What analysis and support do you have for the maintenance of investment grade**
20 **credit rating following the Transaction?**

21 A: S&P and Moody's are very transparent with regard to the principal means they assess
22 credit quality. The results of our financial modeling, and also analyses performed
23 independently by our financial advisors, produced projected credit metrics that will

1 support an investment grade credit rating based upon the rating agencies' published
2 criteria. The GPE ratio of cash from operations to total debt is projected to be in the
3 range of 13-14% for the first year of combined operations and increases to 15.5-16.5% by
4 the third year of combined operations. The interest coverage ratio for GPE is projected to
5 be in the range of 4.0-4.5 times in the first year of combined operations and increases to
6 4.5-5.0 times by the third year of combined operations. The credit rating agencies have
7 indicated that an investment grade rating can be maintained with these projected credit
8 metrics.

9 IV. SUMMARY OF FINANCE-RELATED TESTIMONY AND RELIEF REQUESTED

10 **Q: Please summarize your testimony regarding the financing of the Transaction.**

11 A: This Transaction is sizeable for Great Plains Energy. It will require considerable
12 financing, but the operational execution on combined efficiencies will unlock the
13 significant benefits of the Transaction, value that is shared by both customers and
14 shareholders in the early years, and benefits customers in the longer term. We have a
15 solid, well-evaluated financing plan, will benefit from an improving credit profile with
16 the ability to reduce leverage moving forward and have a management team well
17 experienced to deliver the efficiencies contemplated through a strategic combination. For
18 these reasons, this combination presents a unique and timely opportunity to significantly
19 increase the operating scale and scope of both Westar and Great Plains Energy and better
20 position the utility subsidiaries to realize both near- and long-term efficiencies for the
21 benefit of customers and to secure the energy needs of the region.

1 **Q: Please describe the finance-related relief requested by Great Plains Energy and**
2 **Westar in this proceeding.**

3 A: The Joint Applicants request that the KCC authorize Great Plains Energy to acquire
4 Westar consistent with the terms and conditions contained in the Agreement and related
5 documents presented in the Joint Application.

6 **Q: Does that conclude your testimony?**

7 A: Yes, it does.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great)
Plains Energy Incorporated, Kansas City)
Power & Light Company, and Westar) 16-KCPE-_____
Energy, Inc. for approval of the Acquisition of)
Westar Energy, Inc. by Great Plains Energy)
Incorporated)

AFFIDAVIT OF KEVIN E. BRYANT

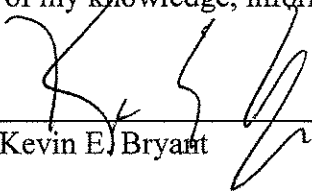
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kevin E. Bryant, being first duly sworn on his oath, states:

1. My name is Kevin E. Bryant. I work in Kansas City, Missouri, and Kansas City Power & Light Company as Senior Vice President – Finance and Strategy and Chief Financial Officer of Great Plains Energy, KCP&L and KCP&L Greater Missouri Operations.

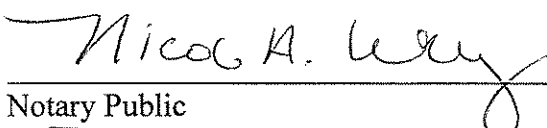
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of twenty-three (23) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



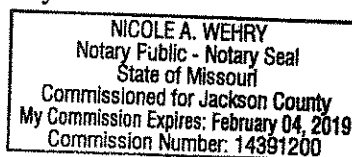
Kevin E. Bryant

Subscribed and sworn before me this 28th day of June 2016.



Notary Public

My commission expires: Feb. 4, 2019



**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

CHARLES A. CAISLEY

**ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR, INC.
BY GREAT PLAINS ENERGY INCORPORATED**

DOCKET NO. 16-KCPE-____-ACQ

1 **Q: Please state your name and business address.**

2 A: My name is Charles A. Caisley. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) and serve as Vice
6 President – Marketing and Public Affairs for Great Plains Energy Incorporated (“Great
7 Plains Energy” or “GPE”).

8 **Q: What are your responsibilities?**

9 A: My responsibilities include GPE’s community and customer strategy, small-scale
10 distributed and renewable generation projects, energy products and services platforms,
11 energy efficiency and demand response portfolio, communications, marketing, economic
12 development, governmental affairs and public relations functions. Many of these areas

1 are responsible for direct interaction with GPE's utility subsidiaries' customers and
2 stakeholders. These areas of direct customer interaction include: online/electronic
3 transactions and portals, social media, community affairs, business customers, customer
4 complaints, city franchises and regulated and non-regulated products and services. In
5 addition to having responsibility for multiple areas with direct customer interaction, I am
6 also responsible for leading a cross-functional team of individuals with responsibility for
7 our overall customer experience and strategy. This includes customer research and
8 segmentation as well as customer data analytics.

9 **Q: Please describe your education, experience and employment history.**

10 A: I graduated from the University of Illinois in Urbana-Champaign with a Bachelor's
11 degree in political science. I earned a Juris Doctorate degree from St. Louis University
12 School of Law and a Master of Business Administration from Washington University in
13 St. Louis. I joined KCP&L in 2007 as Director of Government Affairs. Prior to joining
14 KCP&L, I was employed by the Missouri Energy Development Association (MEDA),
15 the Missouri Industry Association for Missouri investor-owned utilities, as President.
16 Prior to that I was employed as the Chief of Staff to the Speaker of the Missouri House.
17 In both positions, I dealt extensively with utility regulatory issues as well as utility and
18 energy policy.

19 **Q: Are you currently involved with any organizations dealing with customer issues,**
20 **customer research or utility customer experience?**

21 A: Yes. I currently serve on the J.D. Power and Associates Utility Customer Executive
22 Advisory Board on Customer Experience and have since 2012. I have participated in
23 J.D. Power and Associates working group on Smart-Grid Customer Experience. I have

1 also been active in J.D. Power and Associates Contact Center Working Group—a group
2 that studies best practices for improving the efficiency and customer experience with both
3 utility call centers and electronic transactions. I belong to the Marketing Executives
4 Conference—the oldest organization in the United States dealing with utility customer
5 issues, trends and satisfaction. I am a founding participant in the OPower/Oracle Chief
6 Customer Officer annual meeting for utility executives in charge of customer strategy and
7 experience.

8 **Q: Have you previously testified in a proceeding before the Kansas Corporation**
9 **Commission (“Commission” or “KCC”) or before any other utility regulatory**
10 **agency or legislative committee dealing with utility issues or policy?**

11 A: Yes, I have testified in front of the Kansas Corporation Commission in Docket No. 16-
12 KCPE-160-MIS (Clean Charge Network). In addition, I have also previously testified
13 before the Missouri Public Service Commission (“MPSC”) in Case No. EC-2015-0309
14 (Allconnect). In addition I have also testified multiple times in front of legislative
15 committees in Illinois, Missouri and Kansas.

16 **Q: On whose behalf are you testifying?**

17 A: I am testifying on behalf of Great Plains Energy and KCP&L in this proceeding. KCP&L
18 is the brand name under which all of the utilities owned and operated by GPE do
19 business. It is how we are known and what we are called by our retail customers.

20 **Q: What is the purpose of your testimony?**

21 A: The purpose of my testimony is to: (i) describe ongoing and future community and
22 stakeholder outreach activities GPE is undertaking in support of the Transaction; (ii)
23 provide an overview of KCP&L’s strategy with respect to customer service, customer

1 experience and community involvement; and (iii) highlight key customer satisfaction
2 metrics that KCP&L tracks and summarize our performance in those areas. In these
3 regards my testimony will demonstrate that GPE's offer to purchase Westar Energy, Inc.
4 ("Westar") (the "Transaction") promotes the public interest and will have a positive
5 impact on customer experience and the communities served by Westar in Kansas.

6 **Q: Since the announcement of the Transaction, has GPE communicated with any**
7 **customers or stakeholders in Westar's service territory about the Transaction and**
8 **how it will impact them?**

9 A: In a transaction of this nature, immediate and consistent communication is paramount to
10 success. For communities, customers and employees this Transaction creates uncertainty
11 which can quickly become worry and displeasure in the absence of valid information.
12 The best antidote is communication. In this case, the very first thing that we did
13 immediately prior to and after announcing the Transaction was to tour Westar's service
14 territory to meet with employees, customers and community stakeholders. The evening
15 before and day of the announcement, Terry Bassham, the CEO of GPE, and Mark Ruelle,
16 the CEO of Westar made telephone calls together to elected officials, key customers and
17 community leaders in Westar's service territory. They explained the rationale for the
18 Transaction as well as detailed GPE's commitments to Topeka, Wichita and other
19 communities served by Westar. Then, for the first three days after the announcement,
20 Mr. Bassham, Mr. Ruelle and other GPE and Westar executives and employees travelled
21 to Emporia, Wichita, Gordon Evans Energy Center, Jeffrey Energy Center, multiple
22 locations in Topeka and Lawrence Energy Center to visit Westar facilities, meet with
23 Westar employees and with community leaders and elected officials.

1 It was important to let employees, customers and community leaders know that
2 this was not just an acquisition of territory and assets to us; rather, this Transaction
3 represents the best opportunity for both companies to leverage their unique assets in a
4 combination that would preserve an independent and local electric provider in Kansas.
5 We have adopted the phrase “better together” to describe the core rationale for this
6 Transaction—both companies and their customers will benefit from having the best of
7 both companies’ assets, people and practices combined into one stronger organization
8 dedicated to its customers and communities. This Transaction will combine two strong
9 and customer-oriented companies into one organization that will leverage each other’s
10 strengths to improve customer service and reliability, continue to invest in Kansas
11 communities, serving as a catalyst for Kansas economic development as well as run more
12 efficiently and find greater operational savings than either organization could as a stand-
13 alone entity. As we explained while visiting these stakeholders following the
14 announcement, “This transaction just makes common sense.”

15 **Q: How did employees, customers and community leaders react to this early**
16 **communication by GPE and Westar?**

17 A: As I indicated, any transaction of this nature causes uncertainty for employees, customers
18 and communities. As a result, when these groups had an opportunity to hear directly
19 from Mr. Bassham and Mr. Ruelle about the Transaction and how it would be beneficial
20 for them, there was gratitude and relief for the early and direct communication. Without
21 exception, the stakeholders we met with were all curious about our commitment to the
22 communities Westar serves and employees. Obtaining approval and integrating these
23 two companies is a multi-step and multiple month process. Accordingly, uncertainty and

1 concern will remain throughout this process. And, there are likely to be skeptics, who
2 will remain concerned about the Transaction regardless of outreach and communication
3 efforts. But by talking to employees, customers and community leaders immediately
4 after the Transaction was announced, it was our shared goal to reduce uncertainty and to
5 establish strong and ongoing lines of communication so that questions could be answered
6 and concerns addressed. In addition, we are earnest and sincere about how excited we
7 are as a company to have the opportunity to serve the communities in Westar's service
8 territory. They are served by dedicated employees today, who excel at community
9 involvement and customer service. We want them to know that we will only consider
10 this Transaction successful, if a year, two years or five years from now we have
11 maintained Westar's legacy and the combined company is viewed as improving life in
12 the communities we serve.

13 **Q: Does GPE have a strategy to continue to reach out to customers and communities in**
14 **Westar's service territory to inform them about this Transaction and how it will**
15 **impact them?**

16 A: Continuous communication and open dialogue with customers and communities is a
17 hallmark of GPE. Since the initial tour after the announcement, KCP&L and Westar
18 executives have continued to meet with community leaders, commercial and industrial
19 customers as well as local news media and business organizations in Westar's service
20 territory. These are introductory meetings and allow for questions and the airing of
21 concerns regarding the Transaction. These meetings will continue throughout the
22 approval and integration processes. It is our goal, that once approval for this Transaction
23 is obtained, that customers and communities already have strong relationships with the

1 leaders from GPE and KCP&L. This is consistent with the strong relationships KCP&L
2 has formed over the years with its stakeholders as can be seen from the demonstrative list
3 of awards and recognition KCP&L has received from 2010 – 2015. See Schedule CAC-
4 1.

5 In addition, GPE plans to work with Westar to hold local open houses in
6 communities across Kansas. The purpose of these meetings will be to allow any
7 residential customer, businesses and community leaders a time and place to come and
8 meet GPE leadership and hear about the Transaction and how it will benefit them. We
9 will also answer any questions and address concerns that are raised. Finally, we want to
10 work with Westar to communicate directly with customers using direct mail, email and
11 online platforms throughout the approval and integration process.

12 **Q: How would you describe KCP&L's approach to customer satisfaction or customer**
13 **experience strategy?**

14 **A:** KCP&L takes customer experience very seriously and we continually strive to improve
15 our customer satisfaction scores and metrics. We look at five key areas when it comes to
16 our customer experience:

17 1. Reliability Metrics: These are standard metrics in our industry that measure the
18 reliability of the electrical distribution grid. Our goal here is to be in the top
19 quartile of utilities nationwide in reliability and to see continual improvement in
20 these metrics.

21 2. Customer Service Metrics: These are standard metrics that the industry uses to
22 measure and benchmark how utilities interact and transact business with
23 customers. This includes measuring and working to see improvements in our

1 billing, contact center, electronic portals, communications and social media. Our
2 goal is to be top quartile among utilities nationwide and to see continual
3 improvement in these metrics as well as continual streamlining in our customer
4 processes.

5 3. Moments of Truth: KCP&L has done considerable research into the transactions
6 and aspects of customer service that matter most to our residential and business
7 customers. These are “moments of truth” in our relationship with a customer that
8 mean more than other types of transactions. By and large, modern electric
9 customers expect reliability. Customers expect that bills will be accurate and on
10 time. By looking at our customer service touch-points and processes from the
11 customer perspective, it is possible to discern where we are missing opportunities
12 to improve service. There are a variety of transactions that create incremental
13 value and a much better overall experience for customers because they are the
14 “moments of truth” or the most important aspect of an interaction to the
15 customer, rather than the utility. KCP&L has identified many of these key
16 moments, is evaluating current processes, both in operational and
17 communications terms, and is identifying areas for improvement.

18 4. Customer Segmentation: KCP&L recognizes that customers are not all the same.
19 Customers are very diverse and have different needs when it comes to service
20 from their electric utility. While KCP&L has top scores in reputation and
21 customer satisfaction, it is not enough to rely on those scores at an aggregate
22 level. KCP&L routinely watches how our customer service is viewed in different
23 customer groups to ensure we are aware of and actively working to meet the

1 diverse needs of our customers. This includes in the way we communicate with
2 customers. We target our content and the method we use to reach customers by
3 research giving us insight into what groups of customers may be more interested
4 in, and how and where they like to receive communication from KCP&L.

5 5. Community Commitment and Involvement: When the communities that KCP&L
6 serves succeed, so does KCP&L. We are a leader in our community efforts in
7 our service territory. We take community involvement very seriously.

8 Our commitment to customer experience and community service is consistent with
9 Westar's approach today. As a result, customer experience will not suffer or decline
10 from the Transaction. In fact, as a part of the integration process, we will have teams
11 from both KCP&L and Westar working together to take the best practices from both
12 companies to improve the combined company's customer experience more rapidly and
13 better serve communities in Kansas. In addition, as part of the Agreement and Plan of
14 Merger ("Agreement"), which is the primary controlling document for the Transaction,
15 GPE has committed to maintain aggregate Kansas charitable contributions and
16 community support at Westar's 2015 levels for at least five years after the closing of the
17 Transaction. While GPE appreciated the need to document such commitments, those
18 were not difficult commitments to make, as that practice is consistent with our principles
19 and practices today.

20 **Q: How does KCP&L perform on key reliability metrics like frequency and duration of**
21 **outages?**

22 A: I have attached a presentation titled Customer Experience and Commitment to
23 Community (hereinafter referred to as "CX Presentation") (attached hereto as Schedule

1 CAC-2). In the presentation, you will see that key metrics such as System Average
2 Interruption Frequency Index (SAIFI), System Average Interruption Duration Index
3 (SAIDI) and other industry benchmarks see steady improvement. For five of the last
4 seven years, KCP&L has been in tier one of the EEI Reliability Rankings. Like Westar
5 we are very committed to tier one reliability and service. Together, through the
6 integration process, we will leverage the best practices of both companies to maintain and
7 improve in these areas.

8 **Q: You referenced “moments of truth” in your testimony. Can you describe more of**
9 **these moments and how KPC&L uses them to improve customer experience?**

10 A: Yes, on page four of the CX Presentation (Schedule CAC-2), we list many “moments of
11 truth”. In actuality these are simply the most important moments for a customer to
12 interact with their electric utility. For example, restoring power quickly after a storm is
13 important to good customer service. But our research has shown that customers care
14 even more about good communication during an outage. We can restore service quickly
15 and a customer may still not think they received good customer service if he or she had
16 difficulty getting information regarding the status of their outage. In fact, improving
17 communication with customers during an outage will improve their satisfaction
18 significantly more than improving the amount of time it takes to restore them. As a
19 result, we work hard to improve information available to customers in an outage.

20 These improvements include customer contact representatives having access to
21 restoration estimates, a new highly interactive outage map, proactive communication to
22 business customers and we are working to do more proactive outage communication with
23 residential customers. As another example, for business customers, a moment of truth

1 that matters a great deal is meeting construction and connection deadlines. This is an
2 area that is a matter of first impression for business customers and hugely important to
3 them. As a result, we track the percentage of construction deadlines met for our business
4 customers to ensure that we meet our commitments and are always improving in this
5 “moment of truth” for a business customer.

6 Accordingly, this Transaction will have no negative effect on Westar’s customer
7 service processes or metrics. In his direct Testimony, Mark Ruelle notes that KCP&L is
8 committed to customer service and has traditionally received high scores in customer
9 satisfaction. We will bring that same level of commitment to Westar’s customers once
10 this transaction closes and look for any opportunities to improve upon already high levels
11 of customer service that they currently enjoy.

12 **Q: Can you describe KCP&L’s customer service efforts around its online presence,**
13 **including social media and electronic transactions? How does this impact customer**
14 **experience?**

15 A: KCP&L was an early adopter of electronic portals and has seen the importance of a
16 strong digital platform for more than a decade. As stated previously, all customers are
17 different. Some customers prefer talking to a representative on the telephone and paying
18 their bill through the mail. However, a growing segment of customers prefers to find
19 information on the internet and to conduct business online. To accommodate those
20 customers, KCP&L has had a robust digital and online strategy for nearly a decade. Our
21 focus here is to provide online and mobile solutions that work for our customers.

22 Currently, KCP&L has a mobile-optimized public website as well as a highly-
23 utilized authenticated electronic transaction portal for residential customers called

1 MyAccount. At the end of 2015, more than 55% of KCP&L's customer transactions now
2 occur via online sessions within the MyAccount portal. Said another way, more than half
3 of all transactions at KCP&L are occurring online. This is an increasing trend for the
4 electric utility industry, and KCP&L's customer satisfaction with these portals is industry
5 leading (attached hereto as Schedule CAC-2, pages 5-6).

6 KCP&L has also developed multiple social media platforms to serve customers
7 who prefer to contact us via Facebook and Twitter. Currently, KCP&L has YouTube,
8 Facebook and Twitter feeds. Many utilities use social media as a sort of online billboard,
9 a one-way tool to communicate marketing and image-related messages to stakeholders.
10 KCP&L sees social media as a way to engage stakeholders in a low cost medium and
11 provide real-time, updated information to customers as well as respond to customer
12 service issues and questions. The team managing the social media presence works with
13 the contact center to ensure a consistent and integrated customer experience, and has a
14 goal of 100% response to customer questions and inquiries via social media.

15 Westar recently redesigned its corporate website and won significant industry
16 praise as having one of the best websites in the utility industry. Like KCP&L, Westar has
17 a strong online and social media presence. With both companies strongly committed to
18 this emerging customer engagement platform, sharing best practices and leveraging the
19 strengths of both companies we will improve this vital customer experience area. In fact,
20 teams from both Westar and KCP&L have already begun to discuss the integration in this
21 area and are already finding areas that can be leveraged to improve the digital customer
22 experience. Finally, KCP&L is currently undergoing an upgrade to its customer

1 information system (“CIS”). This creates the opportunity to improve Westar’s CIS and
2 provide even more specialized communication and digital content to Westar customers.

3 **Q: How does KCP&L approach customer service with business customers?**

4 A: A separate team of employees works with business customers. Typically, business
5 customers have more complex requirements than residential customers. Their bills are
6 generally more complex. Business customers often have higher voltage service, more
7 complex bills with multiple accounts associated with one customer as well as various
8 adjustments to their tariffed rates, such as an economic development rider.

9 To serve these customers, several groups at KCP&L work together to provide
10 advice and service. Our goal is to be a trusted energy advisor to the businesses in our
11 service territory. KCP&L has a Business Center. This team works with businesses that
12 have an annual electric bill in excess of \$25,000. Instead of going to the Customer
13 Contact Center, these customers have a specialized team trained in handling more
14 complex accounts that they work with. In addition, we have a team of Energy
15 Consultants. This group handles KCP&L’s largest customers—the top two hundred
16 customers by revenue. This group also works with critical infrastructure customers, even
17 if they are not in the top two hundred customers from a revenue perspective. In addition,
18 the KCP&L Economic Development team works with existing customers to help them
19 expand their business throughout our service territory in Kansas and Missouri. All of
20 these groups work hand-in-glove with our team in Delivery to make sure reliability issues
21 are quickly addressed, that the customers are fully informed regarding their bill and that
22 they take advantage of programs that can reduce their energy use and save them money.

KCP&L has a very strong relationship with its business customers and we continue to try and improve those relationships. In 2015, KCP&L was named a Most Trusted Business Partner by Cogent reports and placed number two in the 2016 JDP Business Study, one point out of first place (Schedule CAC-2, page 11-12). While rules do not allow us yet to operate as one company, in planning the integration process, executives from both KCP&L and Westar, as well as KCP&L Energy Consultants and Westar Business Managers have already started to introduce KCP&L to these customers and to answer questions they may have about the transaction and begin developing relationships with KCP&L personnel. These meetings have been welcomed by business customers and are demonstrative of KCP&L's commitment to make the integration process as smooth as possible for business customers. We want to ensure that Westar's largest customers and the service territory's largest employers are comfortable with who KCP&L is and that we are committed to serving them at the highest level possible. Accordingly, this Transaction will have no negative effect on Westar's customer service processes or metrics. We will bring that same level of commitment to Westar's business customers once this transaction closes and look for any opportunities to improve upon already high levels of customer service that they currently enjoy.

Q: How does KCP&L use residential customer research and demographic information to improve customer service and experience?

A: While our aggregate customer satisfaction scores are high, research often points out groups of customers that are underserved or areas where we can improve our processes. Sometimes special programs are created to address these situations. A more complete list

1 of these types of programs are listed on pages 16 and 17 of the CX Presentation
2 (Schedule CAC-1), but I would like to discuss a few examples in particular.

3 During the recession in 2008, customer research showed us that a higher number
4 of people were having a difficult time paying their bills. It became clear as the recession
5 progressed that there were many people who were having financial difficulty for the first
6 time. This group of customers was not educated on how to access financial aid programs,
7 and frequently did not qualify for aid. Essentially, many programs are not designed for
8 the working poor.

9 As a result, KCP&L developed a couple of programs to assist customers. First,
10 we developed and implemented the Connections Campaign (which eventually turned into
11 an ongoing program). This program was an aggressive effort to educate customers on
12 programs that KCP&L has to assist with bill payment. We partnered with relief agencies
13 and other community groups and went all over the service territory conducting
14 educational meetings and educating people on how to access, not just KCP&L programs,
15 but a range of assistance programs.

16 From research we learned that many customers could pay their bills, but they
17 were in need of temporary timing flexibility. As such, we increased the amount of time
18 customers had to pay bills and created more flexible billing options. We also developed
19 the Economic Relief Program, which targeted working poor families and seniors who
20 might not be eligible for financial assistance from the state or other aid agencies, but were
21 in need of help.

22 These efforts were well received by customers and we learned a great deal from
23 the Connections efforts. Out of that program, we learned that many customers, especially

1 seniors and those who live in underserved and poorer areas, really appreciate being able
2 to meet in person with KCP&L personnel to discuss billing and service issues. There is
3 also a large knowledge gap around renewable energy, energy efficiency and other
4 emerging energy programs with residential customers. As a result, KCP&L is partnering
5 with the Urban League of Kansas City, the Full Employment Council and other civic
6 groups to start KCP&L Connect—a storefront where people can go to pay their bills, talk
7 to a service representative, learn about energy efficiency and other programs and access a
8 variety of community services. In addition, we have created two vehicles to be able to go
9 into other neighborhoods and rural areas and take the same customer service and
10 experience to other regions of our service territory (Schedule CAC-2, pages 20-25).

11 Finally, KCP&L is in a leading group of utility companies who are extensively
12 utilizing customer demographic information paired with our own customer usage data
13 and research to develop a robust content strategy for our residential customers (Schedule
14 CAC-1, page 18). The goal of this effort is to understand what information different
15 groups of residential customers routinely need or look for, and to deliver it to them in a
16 timely fashion and on the platform (mail, email, telephone, online, social media) that they
17 would like to receive it. The more effectively we can target customers with information
18 relevant to them, on the platform through which they want to communicate, the more
19 likely it is we can penetrate the information clutter to deliver useful information
20 effectively. This effort, underway now for nearly two years is starting to foster
21 noticeable improvement in our communications scores.

22 These are just a few examples of programs and initiatives specifically designed to
23 meet a distinct need of a group of customers. It is demonstrative of KCP&L's

1 perspective in this area and a strength of ours that will help to maintain and improve
2 customer experience for Westar customers once this Transaction is complete.

3 **Q: How does KCP&L see customer experience developing in the future?**

4 A: Customer expectations continue to evolve and increase. Customers do not judge our
5 customer service relative to other utilities, but by what is commonplace in the market.
6 For example, if a credit card company can send an email alert when a person's credit card
7 is used to make a high dollar purchase or is outside the geographic area that the card is
8 typically used, they do not understand why a utility cannot send a high bill alert or notify
9 a person via text message when their power is out and when it is expected to be back on.
10 We want to use customer research and data to continue to expand how we interact with
11 customers and meet their growing expectations—whether on the phone, in field
12 operations, online or on their phones. We have made a lot of progress over the last five
13 years, but will continue to work diligently to improve. Having the best customer
14 experience possible is one of the pillars of how KCP&L believes we create value for our
15 customers and we will bring that experience and commitment to Westar customers as a
16 part of this Transaction.

17 **Q: Does that conclude your direct testimony?**

18 A: Yes it does

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great)
Plains Energy Incorporated, Kansas City)
Power & Light Company, and Westar) Docket No. 16-KCPE-____
Energy, Inc. for approval of the Acquisition of)
Westar Energy, Inc. by Great Plains Energy)
Incorporated)

AFFIDAVIT OF CHARLES A. CAISLEY


STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Charles A. Caisley, being first duly sworn on his oath, states:

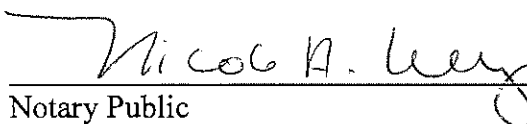
1. My name is Charles A. Caisley. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President – Marketing and Public Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of seventeen (17) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

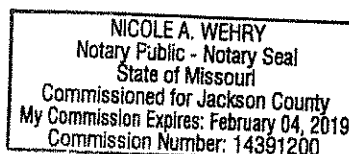
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Charles A. Caisley

Subscribed and sworn before me this 28th day of June 2016.


Notary Public

My commission expires: Feb. 4, 2019



Awards to KCP&L
Community, Customer, Stakeholder Leadership
2010 – 2015

2010

- ReliabilityOne™ Award ~ Plains Region
- JD Power Business Customer Satisfaction ~ Top Midwest Utility
- Business Philanthropist of the Year ~ NonProfit Connect
- Bronze Quill Awards ~ KCIDC
- Good Neighbor Award ~ American Red Cross Midland Empire
- Keep Kansas City Beautiful Sponsor Award ~ Bridging the Gap
- Second Harvest Humanitarian Award to KCP&L
- MORE² Equity Partner of the Year Award to KCP&L

2011

- Southern Christian Leadership Conference Black Achievers Award
- Big Brothers Big Sisters Community Partner Award
- Northeast Johnson County Chamber Corporation of the Year Award
- Bronze Quill Awards ~ KCIDC
- ReliabilityOne for the Plains Region ~ PA Consulting Group
- Power Plant of the Year ~ Power Magazine

2012

- Higher MPact Corporation of the Year
- GreenWorks of Kansas City -- Corporation of the Year
- KC Zoo Paws of Approval – Corporate Environmental Stewardship
- Downtown Council – 100/100 to KCP&L for dedication to city and Downtown for past 100 years.

2013

- EDC – KC Award for Downtown Retention to KCP&L
- Salvation Army ‘Others’ Award to KCP&L
- Bronze Quill Best of Show – Midwest Transmission Project / Stakeholder Outreach
- United Way of St. Joseph Outstanding Partner Award
- UMKC School of Engineering STAR Award for Scholarship Support

2014

- EDC of KC– Energy Award for Outreach & Enhancements / Crosstown Substation to KCP&L
- Platte City Chamber EDC – Corporation of the Year to KCP&L
- MCC Business & Technology Industry Partner of the Year Award to KCP&L
- Boy Scouts Distinguished Citizen Award to KCP&L to KCP&L
- Asian American Chamber of Commerce Corporation of the Year Award to KCP&L
- INROADS Corporate Partner Award to KCP&L
- Hispanic Chamber Corporation of the Year for Hispanic Business Development
- Kansas Department of Commerce, Office of Minority & Women Business Development Corporate of the Year

- Friends of Alvin Ailey Founding Partners Award
- Central Exchange STEMMY Award
- PA Consulting ReliabilityOne™ Award to KCP&L for the region

2015 (through June)

- EDC of KC – Sustainability Award for KCMO Solar Project to KCP&L
- Missouri Western State University – Literacy Advocate Award to KCP&L
- Ad Hoc Group Against Crime – Community Guardian Award to KCP&L
- Rose Brooks Volunteer Corporation of the Year Award to KCP&L



Customer Experience & Commitment to Community

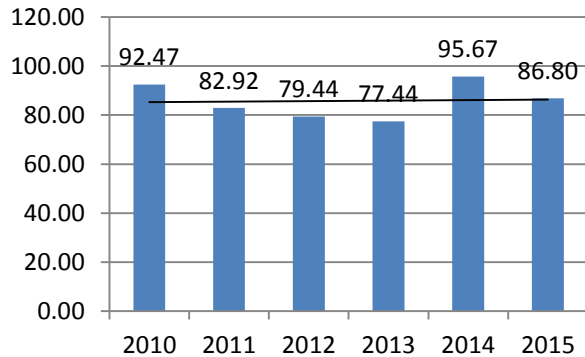


Key Service Reliability Metrics

Our electric service reliability is tier one in the industry and we are always seeking to improve.

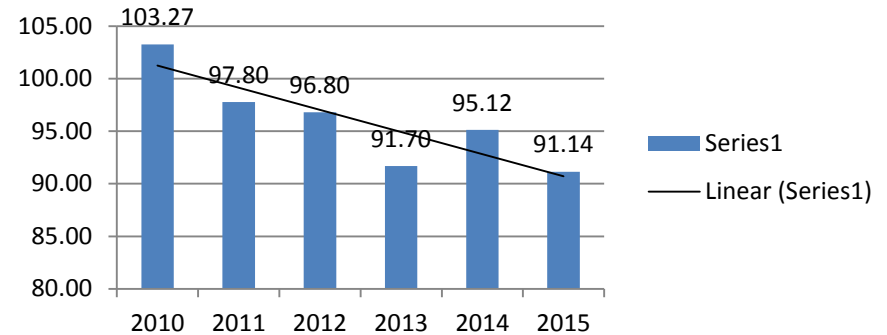
SAIDI Year-end

Delivery



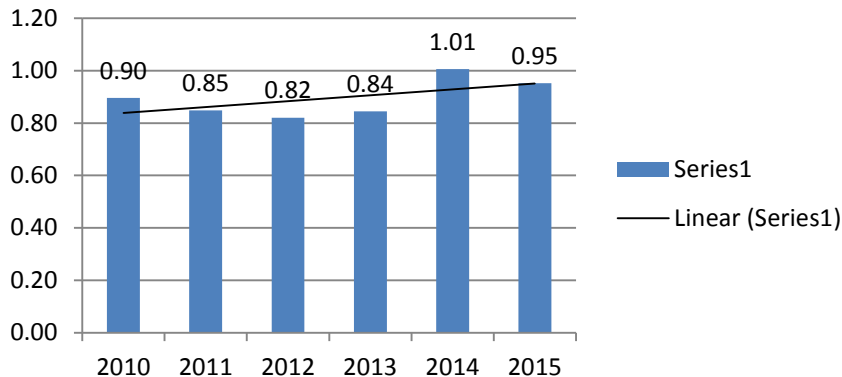
CAIDI Year-end

Delivery

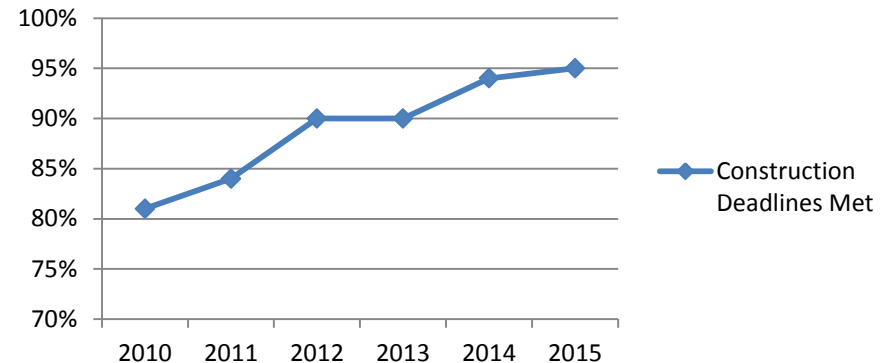


SAIFI Year-end

Delivery



Construction Deadlines Met



In addition to top tier reliability, we have multiple programs designed to improve overall performance and improve service wherever there are problem areas on our system.

EEI Electric Utility Reliability Ranking (SAIDI)

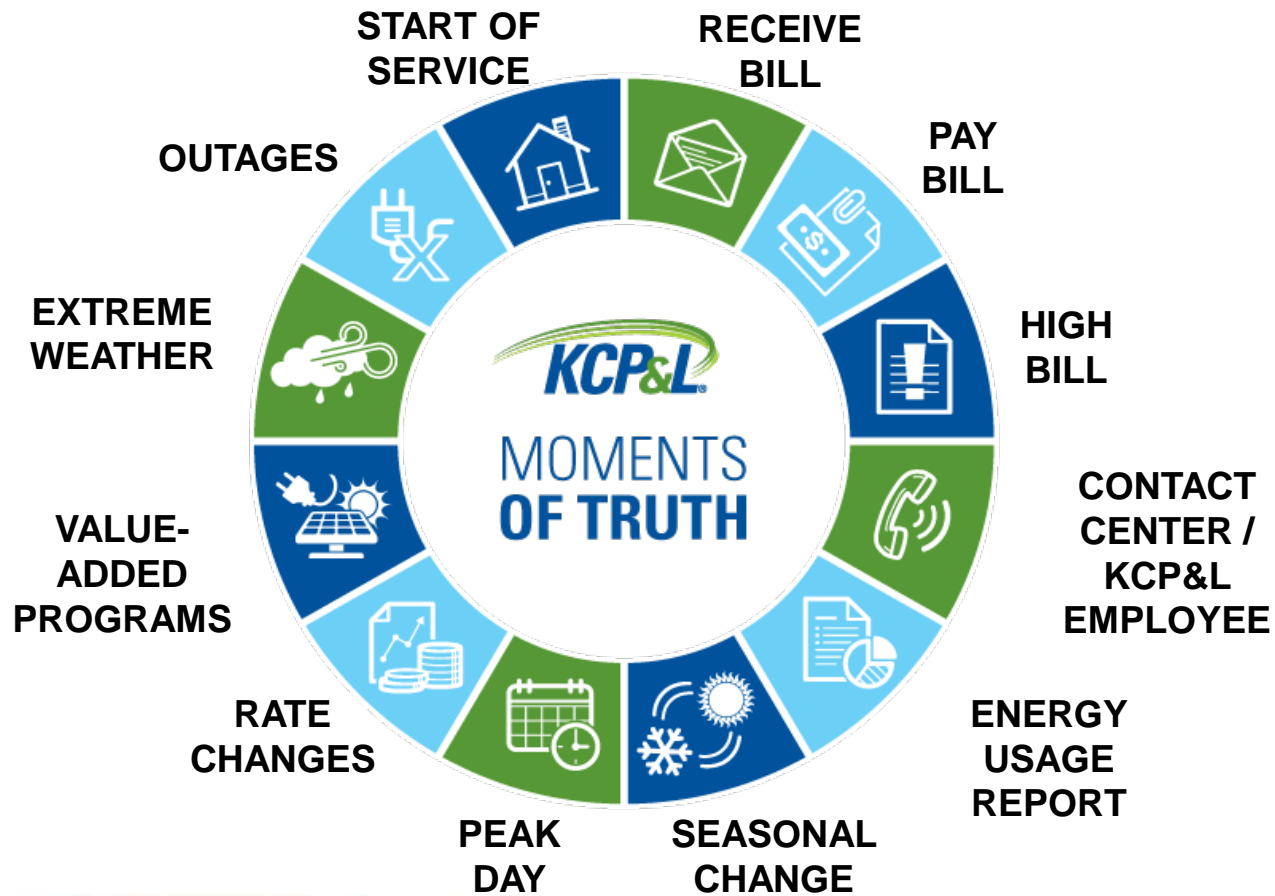
KCP&L	2008	2009	2010	2011	2012	2013	2014
Quartile Rank	1	2	1	1	1	1	2

Every year the independent consulting firm **PA Consulting** ranks overall utility reliability in the United States. KCP&L has been awarded the ***most reliable utility in the Plains Region for eight of the last nine years***. One of those years, KCP&L was named the most reliable utility in the United States.

Focused Improvements in Customer Service

APPENDIX A
Page 298 of 428

KCP&L is focused on improving customer interactions in the areas and at the times that matter most to customers. Through a focus on improving our digital platform and innovative customer programs, we work to excel at serving our customers when they need us the most.

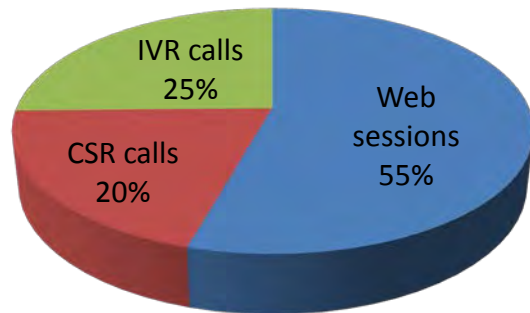


Focused On Our Digital Platform

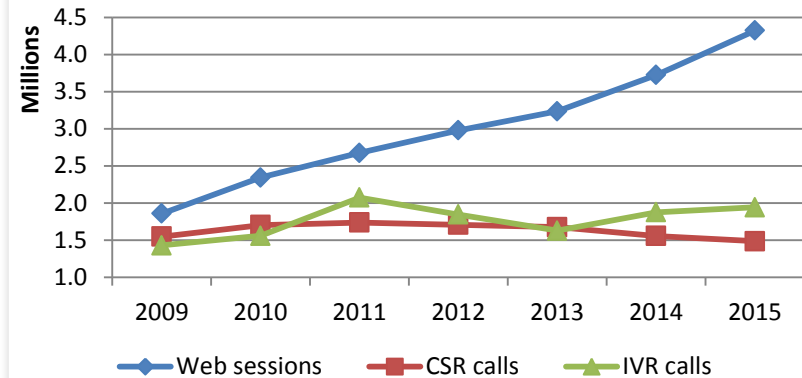
APPENDIX A
Page 299 of 428

KCP&L has been focused on our digital platform for nearly a decade. This includes the KCP&L website, social media platforms and most importantly authenticated electronic transactions portals.

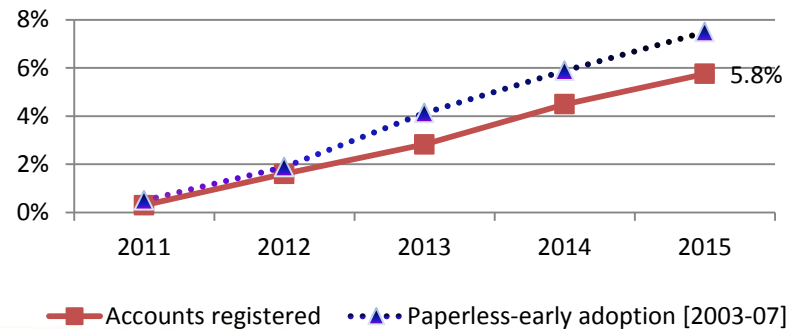
**Customer Contacts
2015 Year End**



Annual Trend: Customer Contacts

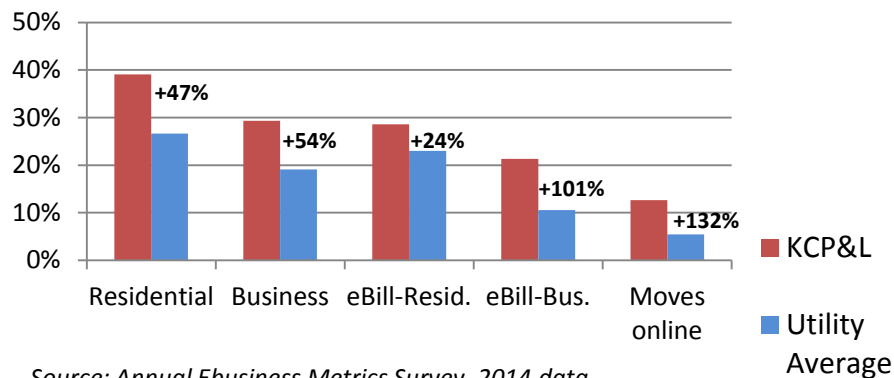


Annual Trend: Text Messaging

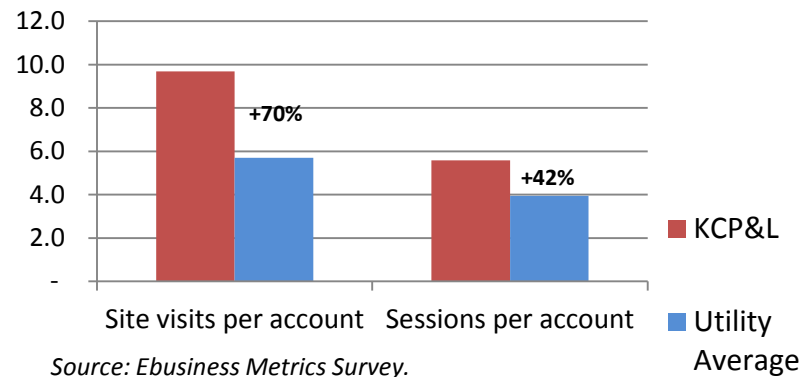


Industry Leading Digital Portals

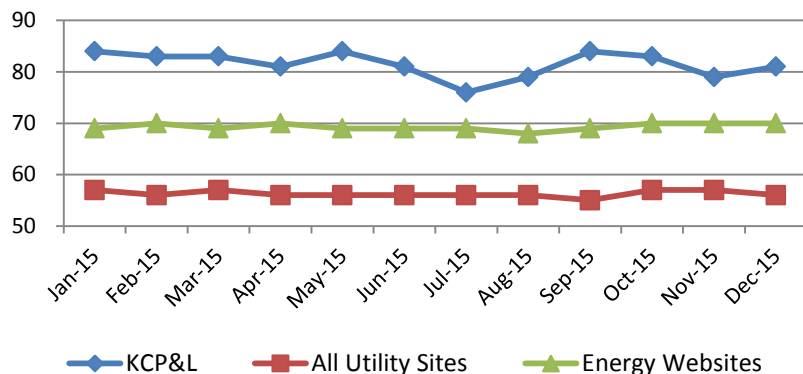
KCP&L Adoption Advantage vs. Utility Averages



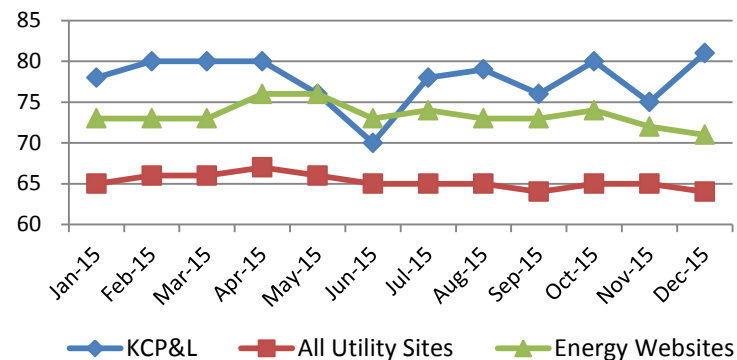
Annual Site Activity per Customer Account



Website Satisfaction - Desktop



Website Satisfaction - Mobile





- 2015 Engagement Ratio (percentage of people who like, share or comment on our proactive posts: 3.2%. To put this in perspective, a page the size of KCP&L's Facebook page can be expected to have an engagement ratio of .65%. Most utilities our size average an engagement ratio of 1%.
- KCP&L responded to 100% of direct customer inquiries on Facebook.
- In 2015, KCP&L received more than 400 inquiries from customers on Facebook.
- Our average response time on Facebook remained under an hour in 2015, earning us a rapid response badge from Facebook.
- KCP&L has active YouTube and Twitter pages also, although Facebook is the longest and most active social media platform employed by KCP&L.

KCP&L Contact Center Voice of the Customer

KCP&L tracks key contact center metrics and uses the information to constantly look for opportunities to improve customer service. This is a cross-functional effort involving multiple areas of the company.

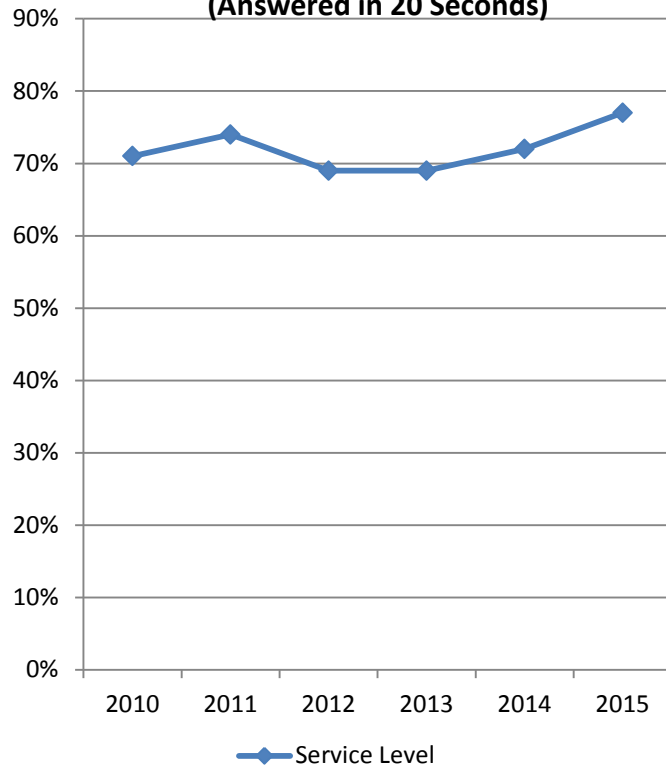
	YE '10	YE '11	YE '12	YE '13	YE '14	YE '15
KCP&L Electric Service						
How would you rate the electric service that KCP&L provides? (Average)	8.6	8.7	8.7	8.7	8.4	8.7
The CSR						
Average rating - Listening attentively to your unique personality and situation	9.0	9.1	9.0	9.0	8.9	9.1
Average rating - Their ability to answer your question or resolve your problem on the first call	8.8	9.0	8.9	8.9	8.8	9.0
Average rating - Their ability to provide caring and individual attention to you	8.9	9.1	9.0	8.9	8.9	9.1
Average rating - Having sufficient knowledge	9.0	9.1	9.1	9.1	9.0	9.1
Average rating - Overall	9.0	9.1	9.1	9.0	8.9	9.1
Issue Resolution						
% Problem/issue resolve during the <u>first</u> call	86%	86%	86%	87%	86%	87%
Overall Call Experience						
Average rating - Overall customer service experience	8.7	8.8	8.8	8.8	8.5	8.9

Key Contact Center Metrics

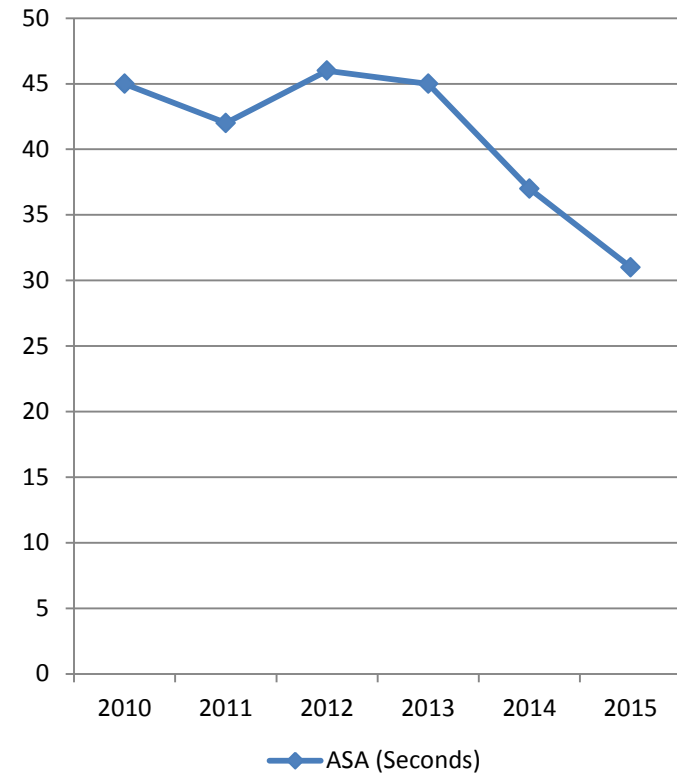
In 2015, the KCP&L Contact Center responded to nearly 3.6 million phone calls and almost 45 thousand emails from our customers.

Service Level

(Answered in 20 Seconds)



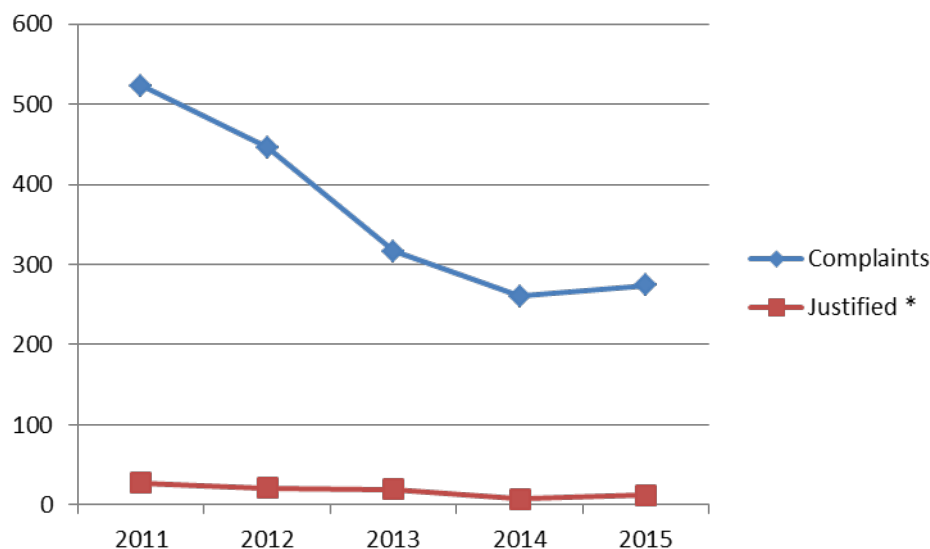
Average Speed of Answer



KCP&L Customer Complaints To Regulators

KCP&L has a cross-functional team dedicated to resolving formal and informal Commission complaints. This team also tracks and responds to escalated complaints through other elevated channels.

Focused on Resolving Customer Issues:



- A 48% decrease in complaints over a five year period
- A 56% decrease in justified complaints over a five year period
- A dedicated team of employees who work to resolve irregular customer situations and complaints
- Resolution of all complaints filed with the Better Business Bureau
- 100% response to “Call for Action” inquiries with less than 1% ever being broadcast

* Indicates an internal designation for KCP&L where a determination is made that the proper procedure was not followed or the situation could have been resolved in a much more positive manner.

Business and commercial customers have a dedicated team of people to serve their needs. This team works to streamline and expedite billing and service issues.

2015 Most Trusted Business Partners

The Most Trusted Business Partner designation was awarded to the utilities in the top quartile in each region that score above the industry average.

Utility	Region	Brand Trust Index
AEP SWEPCO	South	802
APS	West	768
Salt River Project	West	766
Rocky Mountain Power	West	765
Idaho Power	West	764
Alabama Power	South	763
DTE Energy	Midwest	762
Georgia Power	South	762
CPS Energy	South	757
Florida Power & Light	South	756
Pacific Power	West	756
Ameren Illinois	Midwest	754
KCP&L	Midwest	751
MidAmerican Energy	Midwest	751
Portland General Electric	West	747

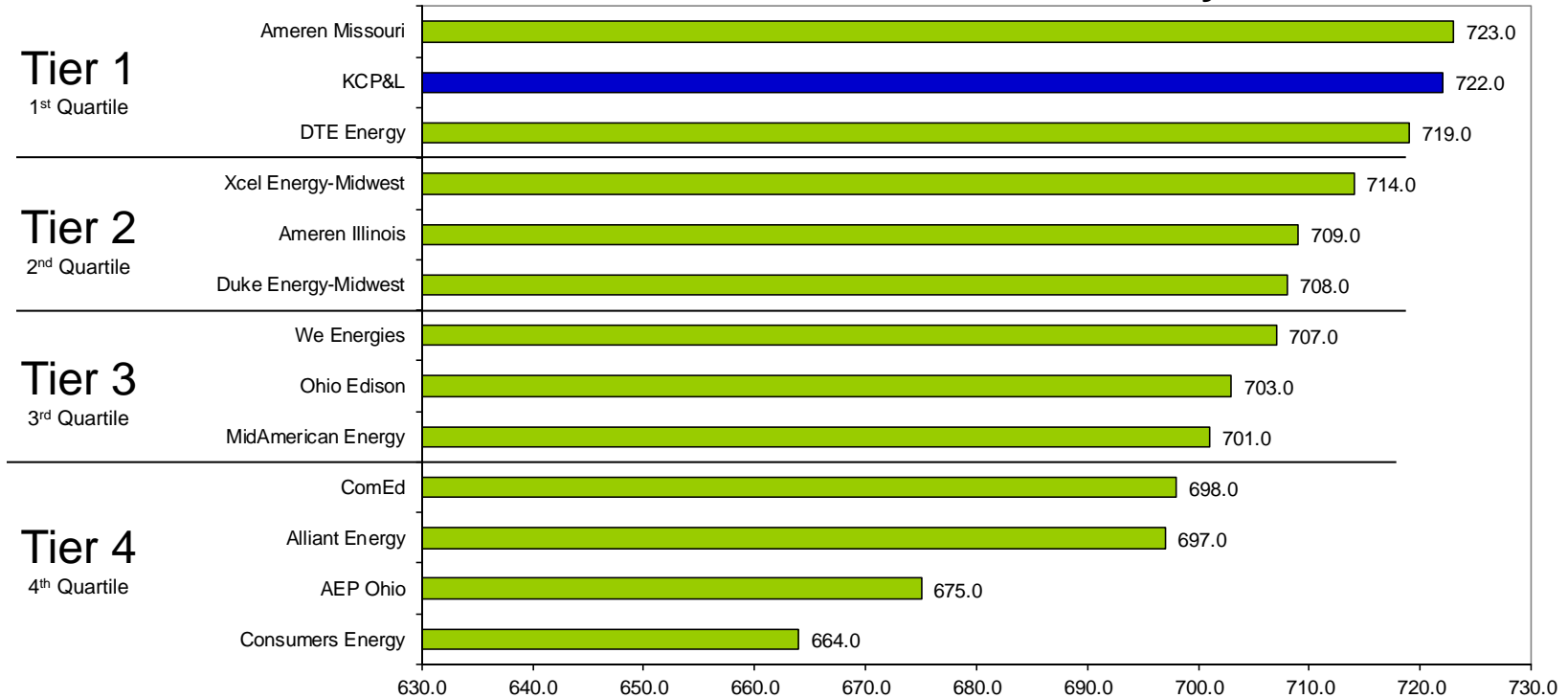
Cogent Reports™ names the 20 Most Trusted Business Partners among utilities based on results from its 2015 Commercial Utility Trusted Brand & Customer Engagement study. This study surveyed more than 6,000 business customers of the 59 largest electric and combination utilities in the US.

J.D. Power & Associates on Business Customers

APPENDIX A
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Business and commercial customers have a dedicated team of people to serve their needs. This team works to streamline and expedite billing and service issues.

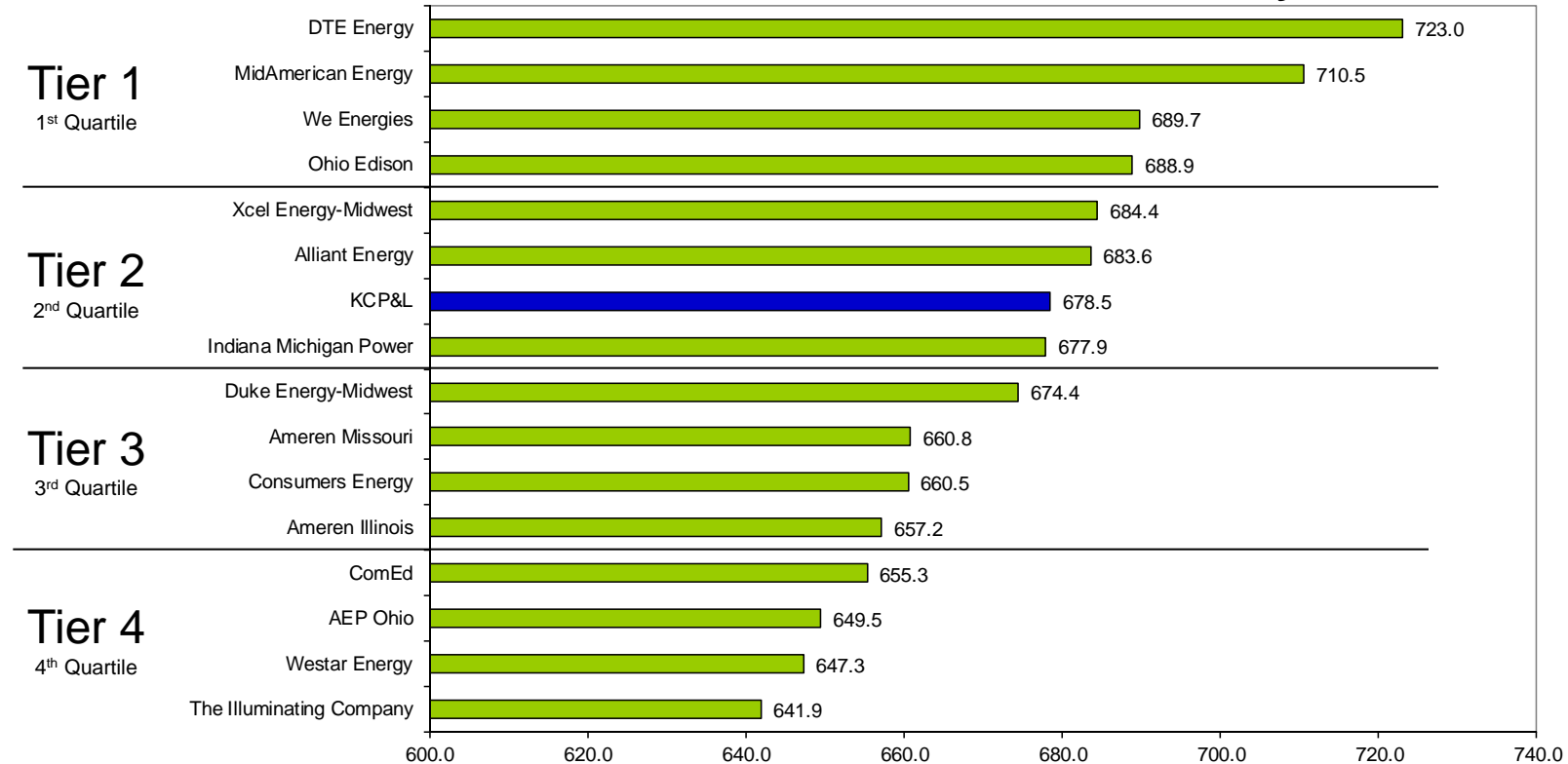
2016 – JD Power Business Study



Source: 2016 JD Power Business

KCP&L's Overall Customer Satisfaction Index is ranked 7th out of 16 Midwest Large utilities and is up one position from the previous quarter.

4Q15 – JD Power Residential Study



Special Customer Initiatives

KCP&L has a variety of customer programs designed to handle special circumstances or situations. Customer service is not “one size fits all” and these initiatives are designed to address special circumstances or unique customer needs.

- **Issues Management Team:** tracks hundreds of special community and customer circumstances
- **Gatekeeper and Medical Programs:** elderly, disabled and customers with medical needs
- **Community Agency Initiative:** training and funding for community agencies to maximize LIHEAP
- **Economic Relief Program:** partnership with Salvation Army, providing a monthly bill credit for working poor and elderly
- **Connections Campaign / Program:** Started in recession, now permanent outreach to connect customers to programs and services
- **Family Relief Program:** activated during extended extreme heat or cold situations, provides a one time bill credit with customers to help them not fall behind on their bill
- **Mobile Outreach Units:** used to meet customers where they live for information and during storms
- **Light Source Program:** mentorship and resources for diverse business customers
- **Critical Customer Team:** a proactive and dedicated team that tracks and proactively addresses concerns with any critical infrastructure
- **Frequent Outage Program:** a dedicated team and process to address problem areas for service reliability

Special Customer Initiatives

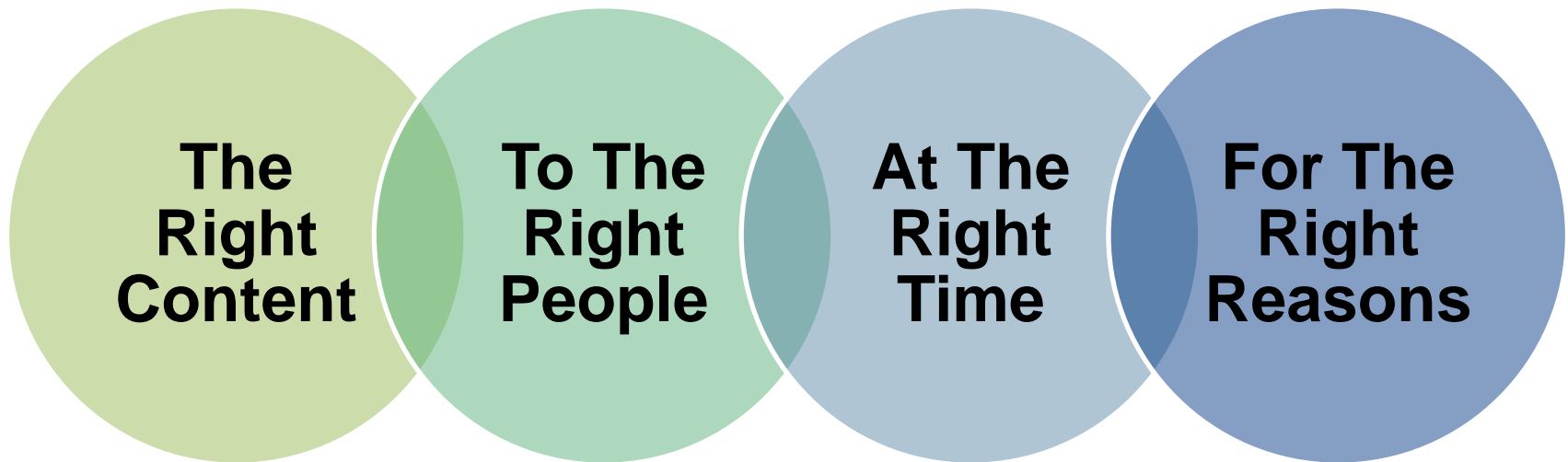
KCP&L has a variety of customer programs designed to handle special circumstances or situations. Customer service is not “one size fits all” and these initiatives are designed to address special circumstances or unique customer needs.

- **Distribution Community Roundtable Events:** district community affairs managers engage with key governmental and business leaders to ensure awareness around electric utility industry changes and potential impacts
- **Hallmark Customer Touch Point:** empowering our customer service representative to strengthen connections, mend fences and show gratitude through an innovative partnership with Hallmark
- **ERTs / Enhanced Outage Map:** system-generated estimated restoration times to better advise customers, offered proactively to commercial customers and is also available to contact center personnel
- **Smart Receipts via Automated Telephone System (IVR):** enhanced self-serve payment reporting through automated telephone system
- **Credit Card Acceptance at Door:** credit card acceptance for field collection of payment across entire service territory

Trusted Energy Partner For Customers

We increase customer satisfaction through a content strategy that empowers our employees to be ambassadors and delivers more relevant, consistent and coordinated communications to customers.

KCP&L Content Strategy Delivers



The KCP&L Marketing Funnel

We have a very deliberate strategy for introducing and engaging with our customers on energy efficiency and other products and services.



Awareness

- Need high level, basic information that KCP&L offers a program & what's in it for them (money savings)

Education

- Want more information on high-level qualifications, how much investment it requires (time & money) & how much it will save them

Conversion

- Seeking full details:
 - How complicated is the process
 - What are the restrictions
 - How long will it take to pay me back

Engagement

- Once they have participated in one program, they are able to retain more detailed program information for others, even if not a current need

Community Investments Snapshot

Company Community Contributions

Charitable \$2.1 million
Dues \$700,000-\$900,000
Total: \$2.8-\$3 million

Employee Donations:
\$1,050,000

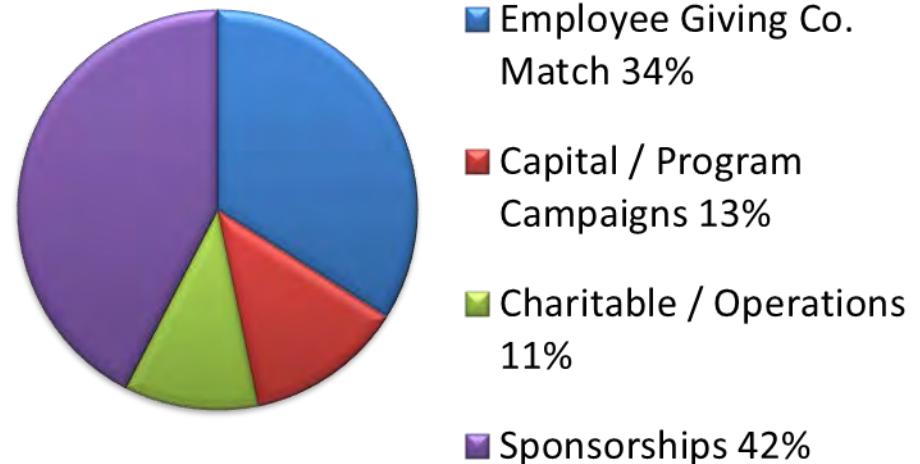
Employee Giving Campaigns

68% Employee Giving Participation (Target 60%)

- ✓ Harvesters
- ✓ REACH
- ✓ Dollar Aide
- ✓ United Way
- ✓ Holiday & General Match

Volunteerism & Leadership

26.5% Employee Involvement (Target 26%)
18,000 Hours / \$294,300 Value
150+ Representatives on Boards



KCP&L Connect Overview



Transforming how we serve our customers and their image of KCP&L through...

A warm, inviting customer-focused 'hub' offering:

- KCP&L's full portfolio of customer payment options and services;
- linkages to resources, at KCP&L and externally;
- energy saving ideas and products;
- educational offerings showcasing the utility of the future; and
- a facility for community groups, events and more.



KCP&L Connect Customer Services

Account Services and Payment

- ☐ Self-serve account access, payments
- ☐ Self-serve cash/check payment kiosk
- ☐ Account review and discussion
 - Payment options / cash, check, debit, credit
 - Start – Stop service / Reconnections
 - Billing inquiries / Metering concerns
 - Payment plans / budget billing, seasonal, long and short term arrangements
 - Initiate field inspections / alterations, vegetation, new construction
- ☐ Budget Billing enrollment
- ☐ Economic Relief Program
- ☐ Linkages to other resources
- ☐ Energy usage information & energy savings tips
- ☐ Weatherization
- ☐ Energy Efficiency Products / Thermostat, Rebates, Appliance Recycling
- ☐ Home Protection Products / Surge, Wiring, Hot Water Heater



Renewables Information

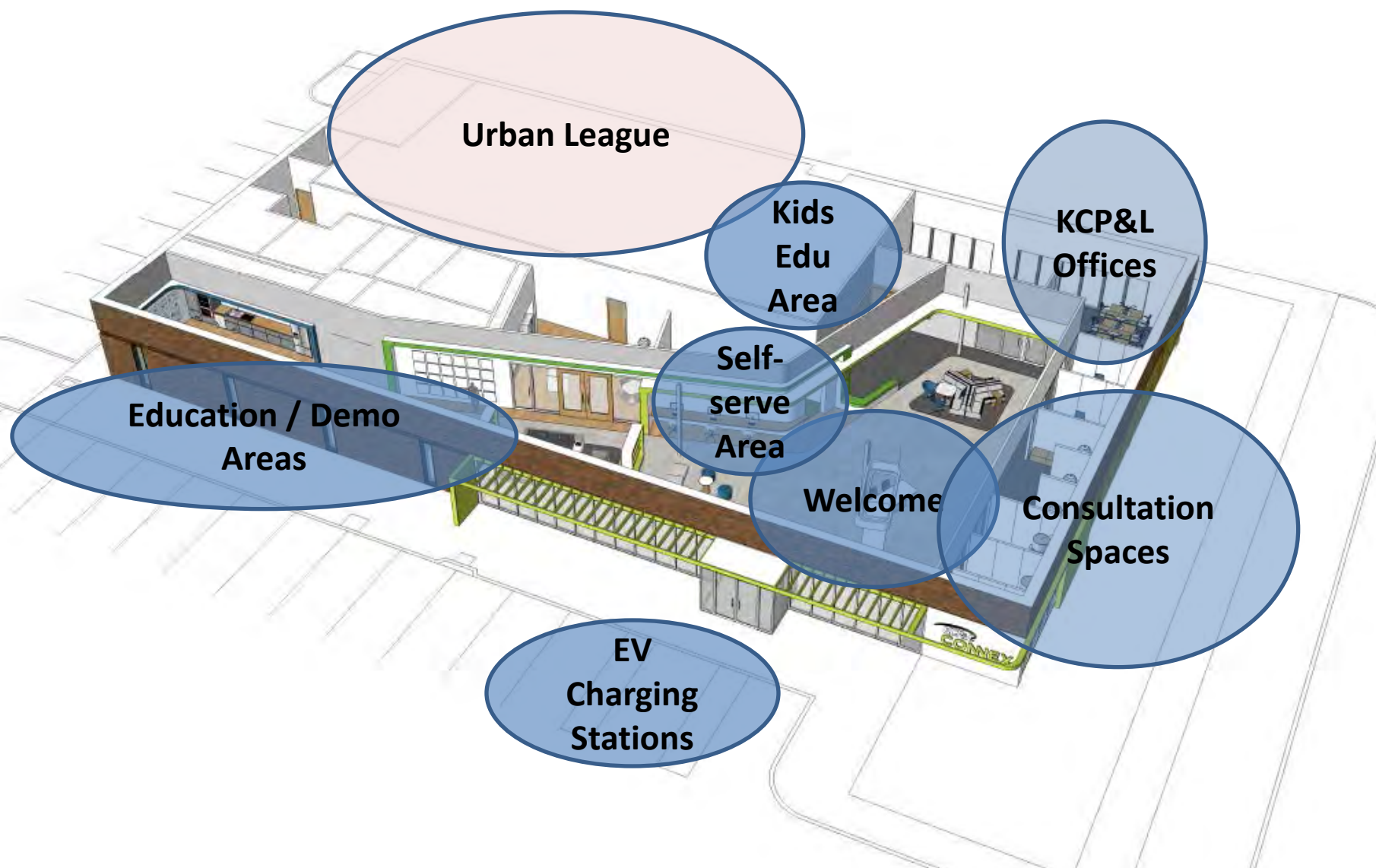
- ☐ Solar / Information and Vendors

Education

- ☐ Home Demo areas (garage, living, kitchen)
- ☐ Smart appliances
- ☐ Children's area with energy 101, safety information and more...



KCP&L Connect Layout



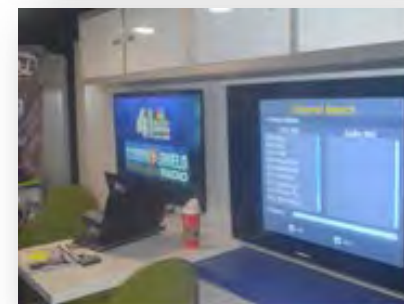
KCP&L Connect ~ On the Go



Transforming how we serve our customers and their image of KCP&L through...

An innovative 'mobile' approach for reaching our customers right in their own neighborhoods; where they live, work, shop and play and offering:

- two mobile units with the ability to customize services and messages to our customer audiences
- payment and options information
- energy saving ideas and products
- customized modules on community, safety, careers and more...



**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

SCOTT H. HEIDTBRINK

ON BEHALF OF

**GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR ENERGY, INC.
BY GREAT PLAINS ENERGY INCORPORATED**

DOCKET NO. 16-KCPE-____-ACQ

1 **Q: Please state your name and business address.**

2 A: My name is Scott H. Heidtbrink. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) and
6 serve as Executive Vice President and Chief Operating Officer for KCP&L and KCP&L
7 Greater Missouri Operations Company (“GMO”).

8 **Q: What are your responsibilities?**

9 A: I am responsible for all aspects of GMO and KCP&L’s utility operations, including
10 Generation, Transmission and Delivery Operations, Customer Service, major
11 construction and Critical Infrastructure Protection Standards (“CIPS”).

1 **Q: Please describe your education, experience and employment history.**

2 A: I received a Bachelor of Science degree in electrical engineering from Kansas State
3 University in 1986. I previously served as Senior Vice President – Supply for KCP&L
4 where I was responsible for power generation plants and for KCP&L and GMO’s energy
5 resources, including integrated resource planning, generation dispatch, off-system sales,
6 coal procurement, and asset management for the company’s ownership positions in other
7 coal-fired plants and in the Wolf Creek Nuclear Generating Station (“Wolf Creek”).

8 I joined Aquila in 1987 as a Field Engineer at the company’s Lee’s Summit,
9 Missouri service center and held gas and electric utility operations engineering and field
10 and customer operations management positions, including state President and General
11 Manager – Kansas, from 1994 to 1997; Vice President, Network
12 Management/Engineering, 1998 to 2000; Vice President, Aquila Gas Operations, 2001;
13 and Vice President, Kansas/Colorado Gas, 2002 to 2004. I also led the deployment of
14 Six Sigma into Aquila’s utility operations from 2004 to 2006. From 2006 to 2008, I
15 served as Aquila’s Vice President – Power Generation and Energy Resources. I joined
16 KCP&L in 2008 as part of the Aquila acquisition.

17 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
18 **Commission or before any other utility regulatory agency?**

19 A: I have previously testified before both the Kansas Corporation Commission
20 (“Commission” or “KCC”) and the Missouri Public Service Commission (“MPSC”).

21 **Q: What is the purpose of your testimony?**

22 A: The purpose of my testimony is to provide support for the Joint Application (“Joint
23 Application”) filed by Great Plains Energy, Inc. (“GPE”), KCP&L and Westar Energy,

1 Inc. (“Westar”) for approval of the acquisition of Westar by GPE (the “Transaction”).
2 Westar operates a regulated electric utility in Kansas and has just over 700,000 electric
3 utility customers, both at the parent utility, Westar Energy, Inc., and at its subsidiary
4 utility, Kansas Gas and Electric Company. For simplicity, in this testimony, I will refer
5 to the entire entity as “Westar”, except where more specificity might be required. In
6 regard to the Transaction, I will describe certain operational aspects of GPE and Westar,
7 the impact of the Transaction on those operations, and why the Transaction promotes the
8 public interest.

9 **Q: Please provide an overview of GPE’s utility operations.**

10 A: Through its regulated utility subsidiaries, GPE serves over 850,000 customers in 47
11 counties in Missouri and eastern Kansas including approximately 749,400 residences,
12 98,800 commercial firms, and 2,600 industrials, municipalities and other electric utilities.
13 KCP&L alone serves approximately 530,700 customers (nearly 250,000 of which are in
14 Kansas), including approximately 468,700 residences, 59,900 commercial firms, and
15 2,100 industrials, municipalities and other electric utilities. KCP&L’s electric service
16 territory includes the Kansas City metropolitan area and surrounding cities.

17 KCP&L retail revenues – reflecting service provided to residences and businesses
18 – averaged approximately 88 percent of its total operating revenues over the last three
19 years. Wholesale firm power, bulk power sales and miscellaneous electric revenues
20 accounted for the remainder of KCP&L’s revenues. Like most electric utilities, KCP&L
21 is significantly impacted by seasonality with approximately one-third of its retail
22 revenues recorded in the third quarter.

1 To serve its customers, on a combined basis, GPE's two current utilities, KCP&L
2 and GMO own 4,168 mega-watts ("MW") of base load generating capacity and
3 2,232 MW of peak load generating capacity. Additionally, KCP&L owns 46 MW of
4 wind (based on accredited capacity). KCP&L and GMO combined have long-term
5 power purchase agreements for approximately 796 MW of wind and hydroelectric
6 generation which expire in 2023 through 2036.

7 KCP&L's capacity is diversified with outright or joint ownership in four large
8 coal-fired generating stations with a combined KCP&L capacity share of over 2,500
9 MW, 549 MW (KCP&L share) of Wolf Creek, approximately 1,200 MW of natural gas-
10 and oil-fired peaking capacity, 149 MW (nameplate) of wind generating capacity located
11 in Spearville, Kansas, and almost 600 MW of wind generating capacity under contract
12 located in Kansas. KCP&L has an additional 120 MW of wind generating capacity that
13 is expected to begin operation at the end of 2016 and 180 MW that is expected to begin
14 operation before the end of 2017 located in Missouri. In April 2016, KCP&L ceased
15 burning coal at Montrose Unit 1.

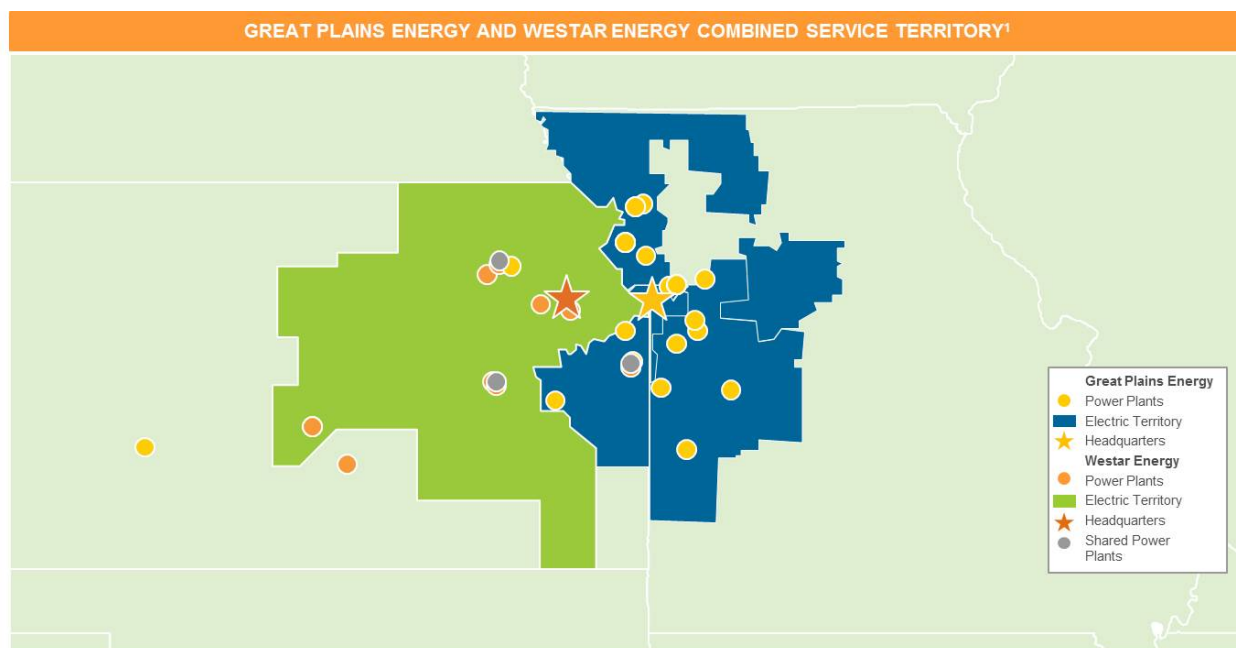
16 On a combined basis, KCP&L and GMO operate and maintain approximately
17 22,600 circuit miles of distribution lines and approximately 3,600 circuit miles of
18 transmission lines to serve customers across their service territory. KCP&L's share of
19 lines is 12,000 miles of distribution lines and 1,800 miles of transmission lines.

20 KCP&L is one of the largest companies in the region, with just under
21 3,000 employees, including more than 1,800 union employees. These employees are
22 active in the communities we serve, fulfilling our guiding corporate principle of
23 "Improving Life in the Communities We Serve."

An overview of Westar's operations is provided in the Direct Testimony of Mark Ruelle.

Q: Please describe how the existing service territories and generating facilities of Westar and GPE's utility subsidiaries correspond to one another.

A: As can be seen in the map below, the service territory of Westar (in green) abuts the westernmost service territory of GPE's utility subsidiaries (in blue).



1. Excludes Great Plains Energy's Crossroads Generating Station located in Starkville, MS and Westar Energy's Spring Creek Energy Center located in Logan County, OK.

As can also be seen from the map above, KCP&L and Westar jointly own and operate Wolf Creek, as well as the La Cygne Station and Jeffrey Energy Center.

Q: Upon closing, how will the Transaction affect Kansas customers of KCP&L and Westar?

A: From the customer's viewpoint, the effect of the Transaction is expected to be positive in light of savings and efficiencies, depth and breadth of the combined company management and employee base, and the ability to leverage best practices of Westar and GPE's operating utilities. Customer rates will continue to be a function of the regulatory

1 process in Kansas, subject to the authority of the KCC. Existing tariffs and rates will
2 remain in place and change only with the approval of the KCC. Customers will continue
3 to enjoy all of the protections afforded them in the past as a function of continued
4 regulation by the KCC.

5 **Q: How will the Transaction affect the quality of service provided to Kansas customers**
6 **of KCP&L and Westar?**

7 A: Service quality will be the same or improved after the Transaction. GPE is committed to
8 the continuation of the quality service KCP&L and Westar have provided in the past.
9 GPE's utility subsidiaries, KCP&L and GMO, have long standing histories of providing
10 quality service for their customers, and our careful due diligence shows that Westar has
11 also. The Transaction will enable the combined organization to provide higher quality
12 service through the selection and implementation of best practices in each organization to
13 be used by the combined entity. GPE cares deeply about, but also recognizes that the
14 Commission will be interested in ensuring that this history of providing quality service
15 continues after the Transaction, and that the Commission has a mechanism in place to
16 monitor system reliability and impacts to customer service. Therefore, the customers of
17 both KCP&L and Westar can rest easy that every care will be taken to preserve the
18 quality of service they are accustomed to receiving after the closing of the Transaction.
19 A more detailed discussion of GPE's strategy regarding customer service and customer
20 experience is included in the Direct Testimony of Charles Caisley.

21 **Q: What mechanism does the KCC have in place to monitor customer service?**

22 A: Docket No. 02-GIME-365-GIE sets out the general obligations for Kansas utilities
23 regarding the provision of reliable service to Kansas customers. Westar and KCP&L are

1 required to comply with the findings in that docket, including a requirement to file an
2 annual report setting forth reliability metrics, outage information, and make an
3 accounting of worst performing circuits. The first of those reports was filed in 2006
4 based on 2005 data. This reporting will continue after the Transaction, providing the
5 KCC a clear measure of KCP&L's and Westar's customer experience following the
6 Transaction.

7 **Q: What can Kansas customers of KCP&L and Westar expect after the Transaction**
8 **when they need to contact the Company to establish service or request some other**
9 **service-related item?**

10 A: Customers should see the same or improved service levels as a result of the Transaction.
11 GPE is committed to supplying high levels of customer service for KCP&L and Westar
12 customers. Following the Transaction, GPE intends to maintain the existing Westar
13 contact center in Wichita while continuing to operate the existing KCP&L contact center
14 in Raytown, Missouri. The integration team will need to assess and develop plans for the
15 operation of two contact centers, but it seems obvious to me that having two separate
16 contact centers two hundred miles apart will enhance reliability of service by providing
17 significant redundancy.

18 In sum, customers will experience little if any change in their day-to-day
19 interactions with their electric service provider. We will continue to serve them safely,
20 effectively, reliably and, we expect, more efficiently by, for the most part, the same
21 employees who serve them today. The Transaction will enable the combined
22 organization to improve service through the selection and implementation of best
23 practices in each organization to be used by the combined entity.

1 **Q: Please describe the effect of the Transaction from a generation perspective?**

2 A: As mentioned earlier, the joint ownership and operation of sizeable generating units by
3 Westar and GPE provides efficiency opportunities for this Transaction that would not
4 otherwise exist. Moreover, with the addition of Westar's generation fleet, Great Plains
5 Energy will have a more diverse and sustainable generation portfolio. After the
6 Transaction closes and all wind facilities currently under contract are placed in service,
7 more than 45% of retail customer energy needs can be met with electricity that has been
8 generated with no emissions. Additionally, both KCP&L and Westar have diligently
9 undertaken extensive emission reduction efforts at their respective generating facilities
10 with the result that neither company has a backlog of such work. This will provide
11 increased flexibility to mitigate the potential customer impacts from future carbon
12 regulation or other future environmental requirements. Among investor-owned utilities,
13 the combined company will have one of the largest portfolios of wind generation in the
14 country, consisting of over 3,000 megawatts of nameplate capacity, the vast majority of
15 which will be produced with indigenous Kansas resources.

16 Also, both KCP&L and Westar participate in the Southwest Power Pool's
17 ("SPP's") integrated marketplace for the dispatching of their generating units and
18 participation in regional wholesale power markets, which should facilitate this aspect of
19 the integration process.

20 **Q: Please describe how the Transaction will affect transmission operations?**

21 A: Westar owns and has in service approximately 6,400 miles of transmission lines.
22 KCP&L and GMO combined, being more geographically compact, own and have in
23 service approximately 3,600 miles of transmission lines.

Both KCP&L and Westar are fully subject to regulation by the Federal Energy Regulatory Commission with respect to transmission and wholesale sales and rates, and will continue to be following the close of the Transaction. Both companies participate in the wholesale market to sell power when the power they can generate is not required for their own customers. The vast majority of these sales occur within the large market managed by the SPP Integrated Marketplace. For both companies, any gains from selling such wholesale power inures to the benefit of our retail customers. Both KCP&L and Westar are members of the SPP Regional Transmission Organization (“RTO”) and transferred the functional control of their transmission systems, including the approval of transmission service, to the SPP. The SPP coordinates the operation of KCP&L and Westar’s transmission systems within an interconnected transmission system that covers all or portions of 14 states. The Transaction will not affect the transmission operations of either KCP&L or Westar.

Q. With increasing concerns about security, including cybersecurity, how will the Transaction affect the companies?

A. Kansas is uniquely positioned with regard to homeland security, intelligence analysis and in particular cybersecurity. A great deal of this is due to the foresight Kansas leaders had in creating the Kansas Intelligence Fusion Center (“KIFC”), and the unique public-private partnerships that have been formed as a result. No other state or federal body has replicated its advantages. We are aware that Westar was the first private sector infrastructure partner embedded in the KIFC. While no security measures can provide a perfect solution, we appreciate the importance of the KIFC partnership model as key to increasing the “depth of defense” in Kansas’ infrastructure security posture. We look

1 forward to expanding that partnership to include KCP&L and Wolf Creek, as well.
2 Already we have people working to obtain the necessary credentials to participate and
3 contribute to that important work.

4 **Q: You've said Kansas customers of KCP&L and Westar will maintain their rates and**
5 **see no degradation in their day-to-day utility service as a result of the Transaction.**
6 **What benefits will the Transaction bring to KCP&L and Westar customers from an**
7 **operational perspective?**

8 A: There will be a positive impact on KCP&L and Westar's customers as we integrate the
9 two companies and combine operations. The addition of Westar and its employees to
10 GPE will provide the opportunity for all of GPE's utility subsidiaries to draw on the
11 strengths of one another, and assess and adopt best practices across all operating areas to
12 serve our customers more efficiently and effectively. Witness Steven Busser describes
13 the integration planning process in his Direct Testimony and witness William Kemp
14 addresses Transaction-related savings in his Direct Testimony. Over time, the ability to
15 draw knowledge and experience from a larger employee pool with a broader array of
16 work experience will lead to the adoption of the best practices from each organization,
17 introducing efficiencies into the day-to-day operation of GPE's utility subsidiaries and
18 leading to electric service rates that are lower than they would have been absent the
19 Transaction, as well as improved service and reliability levels. All of this is beneficial to
20 customers and enabled by the proposed Transaction we have put before the Commission.

1 **Q: What steps will you take to ensure the continuity of good customer service while you**
2 **undertake the integration process and capture savings?**

3 A: The GPE Board of Directors and Chief Executive Officer have made it very clear to me
4 as the KCP&L officer with primary responsibility for providing our customers with safe
5 and reliable electric service that our focus will remain on the needs of our customers.
6 Additionally, all of our employees understand the special responsibility we have in
7 providing essential electric service to our customers safely and reliably, and they take
8 great pride in doing so. Given our experience with the Aquila acquisition in 2008, in
9 which we continued to provide excellent service throughout the transition, I am confident
10 that we will continue providing safe and reliable service to our customers while the
11 organization does the hard work necessary to close the Transaction and bring its benefits
12 to our customers, our communities and our states.

13 **Q: Please describe GPE's plans regarding the use of Westar's existing headquarters**
14 **building after the Transaction closes.**

15 A: We have committed to continue using Westar's offices at 818 S. Kansas Avenue in
16 Topeka as GPE overall Kansas headquarters. This makes sense in light of the fact that,
17 following the Transaction, GPE will serve almost 950,000 customers in the State of
18 Kansas as well as the fact that Topeka is the seat of government in the state. Although
19 we have not yet developed plans regarding what specific functions and personnel will be
20 based in Topeka, GPE intends to maintain in the future the prominent and constructive
21 presence in the State of Kansas – and in Topeka – that Westar has so ably served for
22 many decades.

1 **Q:** **Does this conclude your testimony?**

2 **A:** Yes.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great)
Plains Energy Incorporated, Kansas City)
Power & Light Company, and Westar) 16-KCPE-_____
Energy, Inc. for approval of the Acquisition of)
Westar Energy, Inc. by Great Plains Energy)
Incorporated)

AFFIDAVIT OF SCOTT H. HEIDTBRINK

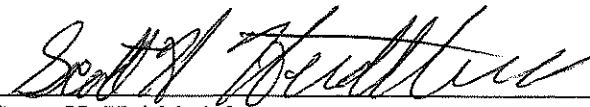
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Scott H. Heidtbrink, being first duly sworn on his oath, states:

1. My name is Scott H. Heidtbrink. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Executive Vice President and Chief Operating Officer.

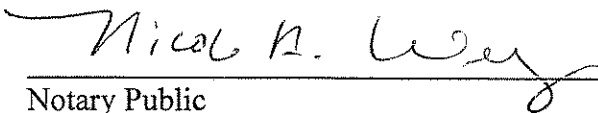
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of twelve (12) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



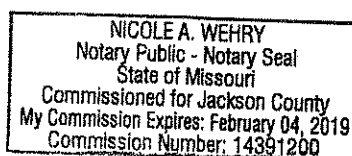
Scott H. Heidtbrink

Subscribed and sworn before me this 28th day of June 2016.



Notary Public

My commission expires: Feb. 4, 2019



BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

DARRIN R. IVES

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR, INC.
BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 16-KCPE-____-ACQ

1 **Q:** Please state your name and business address.

2 A: My name is Darrin R. Ives. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q:** By whom and in what capacity are you employed?

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) and serve as Vice
6 President – Regulatory Affairs for KCP&L and KCP&L Greater Missouri Operations
7 Company (“GMO”).

8 **Q:** What are your responsibilities?

9 A: My responsibilities include oversight of the Company’s Regulatory Affairs Department,
10 as well as all aspects of regulatory activities including cost of service, rate design,
11 revenue requirements, regulatory reporting and tariff administration.

1 **Q: Please describe your education, experience and employment history.**

2 A: I graduated from Kansas State University in 1992 with a Bachelor of Science in Business
3 Administration with majors in Accounting and Marketing. I received my Master of
4 Business Administration degree from the University of Missouri-Kansas City in 2001. I
5 am a Certified Public Accountant. From 1992 to 1996, I performed audit services for the
6 public accounting firm Coopers & Lybrand L.L.P. I was first employed by KCP&L in
7 1996 and held positions of progressive responsibility in Accounting Services and was
8 named Assistant Controller in 2007. I served as Assistant Controller until I was named
9 Senior Director – Regulatory Affairs in April 2011. I have held my current position as
10 Vice President – Regulatory Affairs since August 2013.

11 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
12 **Commission or before any other utility regulatory agency?**

13 A: Yes, I have testified a number of times before the Kansas Corporation Commission
14 (“Commission” or “KCC”) and the Missouri Public Service Commission (“MPSC”). I
15 have also provided written testimony before the Federal Energy Regulatory Commission
16 and have testified before legislative committees in Missouri.

17 **Q: On whose behalf are you testifying?**

18 A: I am testifying on behalf of Great Plains Energy (“GPE” or “Great Plains Energy”) and
19 KCP&L in this proceeding.

20 **Q: What is the purpose of your testimony?**

21 A: The purpose of my testimony is to show that the proposed acquisition of Westar Energy,
22 Inc. (referred to herein as “Westar”) by Great Plains Energy (the “Transaction”) meets
23 the standards set forth by the Commission for determination that the Transaction is in the

public interest, and to present the Commission with our requested regulatory treatment of the Transaction. Specifically, I will provide: (i) an overview of the Direct Testimony of GPE, KCP&L and Westar (the “Joint Applicants”) and the Company’s request; (ii) analysis of prior Commission orders regarding mergers and acquisitions; (iii) review of this Transaction in regard to the Commission’s Merger/Acquisition Standards; (iv) the requested regulatory treatment of the merger savings, acquisition premium, transaction costs and transition costs for this Transaction; (v) the commitments Great Plains Energy has made with regard to the Transaction; and (vi) post-closing company structures and rate case filings.

I. Overview of Joint Applicants’ Testimony and the Company’s Request

Q: Please provide an overview of the Joint Applicants’ Direct Testimony.

A: As also noted in the Application, the following individuals are sponsoring Direct Testimony in support of this Joint Application:

- Terry Bassham – Overview of the Transaction and its benefits from Great Plains Energy’s perspective, including a summary of the benefits to retail customers and the public interest, broadly.
- Mark A. Ruelle – Overview of the Transaction and its benefits from Westar’s perspective, including a summary of the benefits to retail customers, Kansas, and the public interest, broadly.
- Kevin E. Bryant – Financial aspects of the Transaction, reasonableness of the purchase price and evidence of the continuing strength of the financial condition of the combined entity post-closing.
- Scott H. Heidtbrink – Operational aspects of the Transaction.
- William Kemp – Savings opportunities resulting from the Transaction.
- Steven P. Busser – Discussion of the integration process, accounting and tax treatment.

- 1 ▪ Darrin R. Ives – Analysis of the Transaction under the Commission’s
2 Merger/Acquisition Standards and discussion of other regulatory issues and
3 commitments.
- 4 ▪ Charles A. Caisley – Public outreach and communication regarding the
5 Transaction, and an overview of the strategy used by GPE’s utility subsidiaries
6 with respect to customer service, customer experience and community
7 involvement and key customer satisfaction metrics used by GPE’s utility
8 subsidiaries.

9 **Q: What is the Company’s request of this Commission regarding the Transaction?**

10 A: The Company requests that the Commission find that the Transaction is in the public
11 interest and approve the Transaction. Additionally, the Company requests that the
12 Commission approve the regulatory treatment set out below including:

- 13 ▪ Allow the proposed sharing of Transaction savings whereby the savings will
14 flow through to customers during the normal course of the Kansas rate case
15 process net of test year transition costs while the utilities maintain those net
16 savings prior to those rate cases.
- 17 ▪ Confirm GPE’s commitment to not request recovery of acquisition premium
18 or transaction costs related to the Transaction; and
- 19 ▪ Confirm GPE’s financial integrity commitments as discussed later in my
20 testimony.

21 **II. Analysis of prior Commission Orders Regarding Mergers and Acquisitions**

22 **Q: What prior Commission decisions regarding mergers and acquisitions have you**
23 **reviewed?**

24 A: I have reviewed several including the Commission’s November 15, 1991 Order
25 approving the merger between KP&L and KG&E in Docket Nos. 172,745-U and
26 174,155-U (“1991 Merger Order”) and the Commission’s September 28, 1999 Order
27 approving the merger application of Western Resources and KCP&L in Docket No. 97-

1 WSRE-676-MER (“1997 Merger Order”) (which merger agreement was later
2 terminated). I am also familiar with the Commission’s May 15, 2008 Order approving
3 the acquisition of Aquila by GPE in Docket No. 07-KCPE-1064-ACQ (“2008 Merger
4 Order”). All of these orders are instructive on how the Commission has approached
5 mergers.

6 **Q: What are some of your key takeaways from these Commission orders?**

7 A: There are several. First, the Commission specifies a list of standards to be addressed in
8 merger/acquisition cases to determine if the transaction is in the public interest.¹ The
9 Commission states “These factors are the beginning criteria to be used when evaluating a
10 merger application and are to be supplemented by any other considerations that are
11 relevant given the circumstances existing at the time of the merger proposal.”² These
12 standards address everything from the impacts on customers, communities and regional
13 economics to the financial and managerial ability of the resulting entity to effectively
14 manage the business post-transaction. In this Application, GPE has addressed these
15 standards as set out by the Commission and shows that the Transaction is in the public
16 interest.

17 Second, the Commission views potential savings as a significant driver in the
18 determination of whether a merger/acquisition transaction is in the public interest. Such
19 savings inure to the benefit of both customers and shareholders. With regard to
20 regulatory treatment of a merger/acquisition, the Commission found that where there are
21 substantial savings related to a merger, it is reasonable and appropriate for these savings

¹ 1991 Merger Order, p. 35-36.

² 1997 Merger Order, p. 8, ¶ 18.

1 to be shared between the ratepayers and the shareholders.³ The Commission also found
2 that “the savings and benefits from the merger are one of the primary reasons why the
3 merger is in the public interest. The Commission further finds that these savings should
4 be shared between the utility company and its customers.”⁴ “The Commission has
5 balanced a myriad of conflicting factors, including the expectations of investors,
6 uncertainties in a rapidly changing electric marketplace, and fairness to present and future
7 ratepayers.”⁵ GPE has proposed an indirect sharing of the savings associated with its
8 acquisition of Westar through the standard rate case process in Kansas.

9 Third, with regard to acquisition premium, the Commission determined to “permit
10 the Joint Applicants the opportunity to recover a portion of the acquisition premium
11 through retention of some of the savings that can be directly tied to the merger.”⁶ As I
12 will describe later in my testimony, GPE’s proposed regulatory treatment is consistent
13 with this determination. We are not requesting specific recovery of any acquisition
14 premium; however, we are requesting that shareholders participate in the savings through
15 the standard Kansas general rate case process. GPE proposes to do so by allowing the net
16 savings to fully flow through to customers as a result of the normal process of future rate
17 cases while the utilities maintain those net savings prior to those rate cases.

18 Fourth, the Commission expressed concerns in the 1997 Merger Order that the
19 utilities continue quality customer service both in terms of reliability⁷ and customer

³ 1991 Merger Order, pp. 74, 83-84; 1997 Merger Order, p. 10, ¶ 24.

⁴ 1997 Merger Order, p. 12, ¶ 28.

⁵ 1997 Merger Order, p. 12, ¶ 29.

⁶ 1991 Merger Order, pp. 83-84; 1997 Merger Order, p. 10, ¶ 25.

⁷ 1997 Merger Order, pp. 14-15, ¶¶ 35-37.

1 programs⁸. These concerns were also expressed in the 2008 Merger Order.⁹ GPE
2 submits that it has a proven track record of delivering high quality service even following
3 the acquisition of Aquila in 2008, and will continue the high quality of service currently
4 delivered by both KCP&L and Westar following this Transaction. GPE also submits that
5 no discontinuance of existing customer programs at either utility subsidiary are
6 contemplated as a result of the Transaction; however, the utilities may propose post-
7 closing to incorporate best practice customer programs across both utilities to further
8 improve customer service.

9 **Q: What are the key points you present to the Commission in this testimony?**

10 A: My testimony provides the following key points and conclusions:

- 11 1. The Transaction complies with the standards that the Commission has set out for
12 review of mergers and acquisitions. It is beneficial to customers and shareholders and
13 is in the public interest.
- 14 2. We are not seeking to include in KCP&L's or Westar's revenue requirement any
15 transaction costs or acquisition premiums in connection with the Transaction.
- 16 3. Savings and efficiencies, after considering the necessary costs to achieve those
17 savings and efficiencies (*i.e.*, transition costs), will be given back to customers
18 through the standard rate case process. This results in a reasonable sharing of
19 benefits between the customers and shareholders consistent with past practice and
20 prior Commission decisions.

⁸ 1997 Merger Order, p. 16, ¶ 38.

⁹ 2008 Merger Order, *Order Granting Joint Motions to Adopt Stipulation and Agreement and Approving Agreements*, p. 17, ¶ 30, and p. 19, ¶ 49.

1 4. The proposed regulatory treatment for the Transaction is simple and straightforward
2 and results in equitable treatment for customers and shareholders.

3 5. The high quality customer service and reliability provided by KCP&L and Westar
4 will continue following the Transaction.

5 **III. Analysis of the Transaction Under the Commission's Merger/Acquisition**
6 **Standards**
7

8 **Q: What standards does the Commission use as guidelines in reviewing a proposed**
9 **acquisition such as the one presented in this case?**

10 A: In the course of adopting and amending these standards in previous Commission Orders,
11 the Commission found that utility mergers are complex transactions that should be
12 approved where it is demonstrated that the merger will promote the public interest. With
13 only a few additions and modifications, the standards adopted in the 1991 Merger Order
14 have been routinely applied since that time to merger, acquisition and certification
15 applications in Kansas.

16 **Q: What are those standards?**

17 A: In determining whether a transaction promotes the public interest, the Commission has
18 said it would look to the following list of factors:

19 a. Effect of the transaction on consumers, including:

20 (i) Effect of the transaction on the financial condition of the newly created
21 entity as compared to the financial condition of the stand-alone entities if
22 the transaction does not occur;

23 (ii) Reasonableness of the price; in light of potential savings caused by merger
24 and is the price within a reasonable range;

25 (iii) Whether ratepayers' benefits can be quantified;

26 (iv) Whether there are any operational synergies that justify payment of
27 premium; and

- 1 (v) The effect of the proposed transaction on the existing competition.
- 2 b. Effect of the transaction on the environment.
- 3 c. Whether the proposed transaction will be beneficial on an overall basis to state
- 4 and local economies and to communities in the areas served by the resulting
- 5 public utility operations in the state.
- 6 (i) Whether the proposed transaction will likely create labor dislocations that
- 7 may be particularly harmful to local communities, or the state generally,
- 8 and whether measures can be taken to mitigate the harm.
- 9 d. Whether the transaction preserves KCC jurisdiction to regulate and audit
- 10 operations in the State.
- 11 e. Effect of the transaction on shareholders.
- 12 f. Whether the transaction maximizes the use of Kansas energy resources.
- 13 g. Whether the transaction will reduce the possibility of economic waste.
- 14 h. What impact, if any, the transaction has on public safety.
- 15 i. The regional benefits of a proposed transaction, such as the impact on
- 16 neighboring states.
- 17 j. Whether the transaction would result in unnecessary duplication of utility service.
- 18 k. The impact on wholesale competition.
- 19 l. The effect on reliability of service – will it promote adequate and efficient service.
- 20 m. Will the new entity have the managerial, technical and financial ability to
- 21 continue operating effectively to provide efficient and sufficient service to its
- 22 Kansas customers?

23 **Q: Did Joint Applicants take the Commission's Merger/Acquisition Standards into**
24 **consideration in developing their Transaction?**

25 **A:** Yes we did. The Transaction meets each of these standards as follows:

1 a. *The Transaction will have a positive effect on consumers.*

2 **Q: How will the Transaction have a positive effect on KCP&L's and Westar's**
3 **customers?**

4 A: As a result of the Transaction our customers will be served by an entity with a strong
5 investment grade financial position with access to the capital markets consistent with
6 other highly rated entities. GPE witness Mr. Kevin Bryant discussed this in detail in his
7 Direct Testimony.

8 In addition, cost savings resulting from the acquisition will flow to customers in
9 the form of lower revenue requirements than would otherwise be possible absent the
10 Transaction. This savings for customers will continue indefinitely. GPE witness
11 Mr. William Kemp discusses GPE's estimate of Transaction-related savings in his Direct
12 Testimony. Mr. Bryant also discusses the reasonableness of the purchase price in the
13 Transaction in relation to the savings anticipated as a result of combining the two
14 companies.

15 Finally, this Transaction will not affect the certificated territories of Westar or
16 KCP&L. Under the Retail Electric Supplier's Act, K.S.A. 66-1,170 *et seq.*, Kansas only
17 allows one electric utility company to serve retail customers in each geographical
18 territory in the State. As such, the acquisition of Westar by GPE will have no effect on
19 existing competition because presently there is no such competition for retail customers
20 and that will not change as a result of the acquisition.

21 **Q: How will customer rates be affected by the Transaction?**

22 A: The Transaction will have a benefit for customers going forward because the
23 Transaction-related savings discussed by Mr. Kemp will begin flowing to customers in

1 the form of rates to be set in future rate cases that will be lower than in the absence of the
2 Transaction.

3 Significantly, GPE commits that it will not request inclusion of goodwill for this
4 Transaction, inclusive of the acquisition premium and transaction costs, in the revenue
5 requirements of either KCP&L or Westar at any time.

6 *b. The Transaction will not have any detrimental effect on the environment.*

7 **Q: What environmental impact will result from the Transaction?**

8 A: KCP&L and Westar have both been strong environmental stewards and GPE intends to
9 continue with the environmental plans and programs of both companies upon approval,
10 so there will be no detrimental impact from the Transaction in this area. Because the
11 State of Kansas is one of the premiere locations for the siting of wind power, the
12 Transaction may enable the future construction of additional wind generation in Kansas,
13 a significant portion of which could be used to serve Kansas customers. In this fashion,
14 the Transaction would have a positive impact on the environment.

15 *c. The Transaction will be beneficial on an overall basis to state and local economies and*
16 *the communities served by the utilities.*

17 **Q: Will the proposed Transaction be beneficial to state and local economies and the**
18 **communities served?**

19 A: Yes. The efficiencies it will create will result in energy costs that are less expensive for
20 customers. Because virtually everything in our economy is powered in some fashion by
21 electricity, lower prices mean lower cost of factor inputs. As these lower input costs
22 ripple through the economy, virtually everyone benefits. These overall benefits would be
23 unlikely to occur had Westar chosen a purchaser without significant Kansas operations in
24 and ties to the State of Kansas. This Transaction assures that control of the two largest

1 Kansas utilities will remain in familiar hands. GPE is a Midwestern utility holding
2 company whose utility operating companies today serve nearly 250,000 customers in
3 Kansas (in addition to serving over 600,000 customers in Missouri) and the combination
4 with Westar will bring over 700,000 additional Kansas customers under GPE; and it is
5 important to us that we do our part to support and maintain a strong economic
6 environment in our service territories. This is in our best interest as well as the interest of
7 our customers. In this regard, we share a common vision for our customers, employees,
8 investors and the communities we serve. In furtherance of this goal, GPE has committed
9 to the following as a part of the Agreement:

- 10 (1) Retain Westar's Topeka downtown headquarters as GPE's Kansas headquarters.
- 11 (2) Maintain aggregate levels of Kansas community support and charitable giving at
12 Westar's 2015 levels until at least five years after the close of the Transaction.
- 13 (3) Maintain service quality and reliability consistent with Commission standards.
- 14 (4) Honor all existing collective bargaining agreements.
- 15 (5) Maintain existing compensation levels and benefits of Westar employees for two
16 years after the closing of the Transaction.
- 17 (6) Make best efforts to achieve desired staffing reductions through natural attrition.
- 18 (7) Consider targeted voluntary staffing reduction programs if natural attrition is not
19 sufficient. Where severance is unavoidable, honor, and in some cases enhance,
20 Westar's employee severance package.
- 21 (8) Maintain and promote all low-income assistance programs consistent with those
22 in place at all operating utility companies prior to the Transaction.

1 Mr. Bassham addresses many of these commitments in more detail in his Direct
2 Testimony.

3 *d. The Transaction will preserve the Commission's jurisdiction to regulate and audit*
4 *operations of the utilities.*

5
6 **Q: Will the Transaction have any detrimental impact on the Kansas Commission's**
7 **ability to regulate the companies and protect electric utility customers in the State?**

8 A: No. The Commission's jurisdiction will continue to be as comprehensive over the
9 combined company as it is presently over the companies on an individual basis.

10 *e. The Transaction will have a positive effect on shareholders.*

11 **Q: How will Westar and GPE's shareholders benefit from the Transaction?**

12 A: GPE witnesses Terry Bassham and Kevin Bryant, and Westar witness, Mark Ruelle
13 address this issue in detail in their Direct Testimony. Westar shareholders get immediate
14 benefits at the time of closing through the cash and stock compensation defined in the
15 Agreement. GPE shareholders receive their benefits over time as the new larger
16 organization integrates operations and grows going forward.

17 *f. The Transaction will maximize the use of Kansas energy resources by the utilities.*

18 **Q: How will the Transaction maximize the use of Kansas energy resources?**

19 A: Both companies have already committed to significant quantities of native Kansas energy
20 resources, predominantly wind energy, and will continue those commitments. It is likely
21 that the combined company will be in a better position to take further advantage of those
22 resources in the future. Additionally, the combined company will continue to operate its
23 Kansas resources including Wolf Creek Nuclear Generating Station ("Wolf Creek"), the
24 only nuclear facility sourced in Kansas, which will be 94% owned by GPE utility
25 subsidiaries upon closing of the Transaction. GPE will have the opportunity to employ

1 best practices across the combined organization to provide efficiency benefits across all
2 Kansas resources.

3 *g. The Transaction will reduce the possibility of economic waste.*

4 **Q: How will the Transaction reduce the possibility of economic waste?**

5 A: Creating efficiencies is the primary driver of the Transaction. The savings discussed and
6 quantified in the Direct Testimony of GPE witness William Kemp, demonstrate how the
7 Transaction will reduce the possibility of economic waste.

8 *h. The Transaction will have a positive impact on public safety.*

9 **Q: How will public safety be enhanced as a result of the Transaction?**

10 A: By combining the companies and adopting “best practices” for both utilities, we expect a
11 positive effect on safety for both the public and our employees. KCP&L has a good
12 safety record and has performed at a high level in large construction projects, but
13 Westar’s safety record over last several years outpaces KCP&L’s. We expect to leverage
14 best practices in this area across both companies in advancing our goal of becoming
15 world class in safety performance.

16 *i. The Transaction will result in positive regional benefits.*

17 **Q: How will the combination of the two companies impact the region and Kansas’**
18 **neighboring states?**

19 A: By creating, and then giving back to customers, cost saving efficiencies that keep energy
20 costs affordable, we expect the Transaction to have a positive impact on Kansas and the
21 region surrounding Kansas. Because electricity is a factor of production for virtually
22 everything, affordable energy costs benefit the regional economy. Additionally, this

1 Transaction retains local control and management of both of the region's largest electric
2 utilities.

3 Although it is our sincere belief that the MPSC does not have jurisdiction to
4 approve the Transaction, we have made it clear we will be working closely with the
5 MPSC to ensure the Missouri public interest is addressed in this process.¹⁰ Savings and
6 efficiencies as a result of the Transaction will also flow to GPE's Missouri customers.

7 Also, the fact that all operating electric utilities of the combined company are
8 already full participating members of the Southwest Power Pool ("SPP") Regional
9 Transmission Organization ("RTO") will make the impact on the SPP region seamless.

10 *j/k. The Transaction will not result in unnecessary duplication of utility service or impact*
11 *wholesale competition.*

12 **Q: Will there be any duplication of services as a result of this Transaction?**

13 A: No. Quite the opposite. Efficiencies we intend to gain will be created through
14 elimination of duplicative and redundant processes. Additionally, the Transaction will
15 enable additional service offerings to Kansas customers by adopting "best practices" and
16 leveraging the experience of both KCP&L and Westar regarding service offerings that
17 can be expanded across both jurisdictions.

18 As members of SPP, KCP&L and Westar transferred the functional control of
19 their transmission systems, including the approval of transmission service, to the SPP.
20 The SPP coordinates the operation of KCP&L and Westar's transmission systems across
21 the entire region. The Transaction will not result in duplication of transmission. This is
22 discussed in more detail in the Direct Testimony of Scott Heidtbrink.

¹⁰ The MPSC has opened an investigative docket to evaluate the potential impact of the Transaction on Missouri customers. Case No. EM-2016-0324, *In the Matter of Great Plains Energy Inc.'s Acquisition of Westar Energy, Inc. and Related Matter*.

1 **Q: What about the impact on wholesale competition?**

2 A: There will be no negative impact on wholesale competition, especially since wholesale
3 transactions are now controlled by the SPP's integrated marketplace. As discussed in the
4 Direct Testimony of Mr. Heidtbrink, both KCP&L and Westar are regulated by the
5 Federal Energy Regulatory Commission with respect to transmission and wholesale sales
6 and rates, and will continue to be following the close of the Transaction. Both companies
7 participate in the wholesale market, the Integrated Marketplace or IM, managed by the
8 SPP. For both companies, wholesale power sales flow through their respective energy
9 adjustment clause to benefit our retail customers.

10 *l. The Transaction will promote sufficient and efficient service.*

11 **Q: What impact will the Transaction have on the companies' ability to provide**
12 **sufficient and efficient service?**

13 A: A positive one. Both Westar and KCP&L already provide high quality, reliable service
14 to their customers. Over the last several years GPE's utility subsidiaries have received a
15 number of reliability and customer awards as more fully addressed in the Direct
16 Testimony of Charles Caisley.

17 Additionally, KCP&L and Westar both meet or exceed the Electric Reliability
18 Standards set out by the Commission.¹¹ As discussed in the Direct Testimony of
19 Mr. Scott Heidtbrink, post-Transaction both utilities will continue their long tradition of
20 high quality, reliable service and compliance with the Commission's standards. Through
21 the joint integration efforts, as more fully described by KCP&L witness Steven Busser,
22 and continuing efforts after this Transaction, our operations staff will review the practices

¹¹ See Docket No. 02-GIME-365-GIE, *Order Setting Electric Reliability Requirements for Jurisdictional Electric Companies*, issued Jan. 16, 2004, supplemented Oct. 4, 2004, Attachment A, *Electric Reliability Requirements*.

1 of each entity and adopt the process or operation we find to be the “best practice” overall.
2 This is a common exercise in a post-merger environment because it provides immediate
3 and observable improvements and benefits.

4 In addition, after the Transaction, we will have access to the high quality staff of
5 both companies to deploy for the benefit of all customers. This can only benefit our
6 customers and improve the reliability of the service we provide for both companies.

7 *m. The new, combined company will have the managerial, technical and financial ability to*
8 *effectively operate the utilities.*

9 **Q: In any certification related proceeding, including reviews of acquisition proposals**
10 **like the one in this docket, the Commission always evaluates the post-acquisition**
11 **entity’s “managerial, technical and financial” ability to operate the new, combined**
12 **company. Have the Joint Applicants addressed these factors in the Application and**
13 **their testimony?**

14 **A:** Yes, we have. Mr. Bryant has provided testimony regarding the financial ability of the
15 combined entities, Mr. Heidtbrink has testified about the technical abilities, and
16 Mr. Bassham has provided testimony about the managerial ability of the post-acquisition
17 company.

18 In addition, as I’ve discussed above, we will have the resources of both
19 companies to deploy to the benefit of our customers and shareholders when the
20 companies are combined, ensuring that we have an extremely qualified technical and
21 managerial staff comprised of employees that have been providing high quality service to
22 Kansas customers for many years.

1 **IV. Public Outreach Efforts**

2 **Q: Has GPE engaged in any efforts to reach out to its customers to inform them about**
3 **the Transaction and how it will impact them?**

4 A: Yes, we have. We are aware of and sensitive to the fact that an acquisition such as this
5 can raise concerns for customers; particularly for the customers of the utility being
6 acquired. KCP&L began outreach to affected communities immediately following the
7 announcement of the Transaction. In his Direct Testimony, Mr. Caisley describes our
8 outreach efforts since the announcement of the Transaction as well as our approach to
9 customer outreach that will continue to be employed from now through completion of the
10 Transaction and by the combined company post-closing.

11 **V. Requested Regulatory Treatment for the Transaction**

12 **Q: What items must be included when considering the regulatory treatment of the**
13 **Transaction?**

14 A: Treatment of the various savings and costs related to the Transaction should be
15 considered by the Commission including: Transaction savings and benefits, transition
16 costs, transaction costs and acquisition premium. I will discuss each of these in turn.

17 **Q: Does KCP&L propose that savings resulting from the Transaction be passed on to**
18 **customers?**

19 A: Yes. Mr. Kemp discusses the types and levels of savings expected from the Transaction
20 in his Direct Testimony. Those savings are expected to be considerable at approximately
21 \$65 million in the first full calendar year following completion of the Transaction and
22 growing to almost \$200 million by the third full calendar year following completion. As
23 noted above under the discussion of prior Commission orders on mergers and

1 acquisitions, GPE agrees that a sharing of the savings between customers and
2 shareholders is appropriate and proposes to do so by allowing the net savings to fully
3 flow through to customers as a result of the normal process of future rate cases while the
4 utilities maintain those net savings prior to those rate cases. In this fashion, all savings
5 flow through to customers over time but the utilities are allowed to share in those savings
6 by keeping them in between rate cases, which has the effect of reducing the magnitude of
7 future increases and, where permitted, likely the frequency of future rate increases. This
8 is a simplistic but effective sharing mechanism.

9 **Q: What do you mean by “net savings”?**

10 A: The savings flowing through to customers would be net of transition costs.

11 **Q: What are transition costs?**

12 A: Transition costs are those costs attributable to the actual integration of the companies.
13 Transition-related costs refer to those costs necessary to ensure that the savings and
14 efficiencies are achieved and that the integration process is effective. Transition costs are
15 necessary to unlock the savings of the Transaction.

16 **Q: What are some examples of transition-related costs?**

17 A: These costs include severance and retention costs as well as costs associated with process
18 integration. These costs are discussed more fully in the testimony of Mr. Kemp.

19 **Q: Why are transition-related costs netted against the savings?**

20 A: As explained above, transition costs are costs incurred by the post-acquisition entity to
21 ensure that savings are achieved and the integration process is effective. In other words,
22 for customers to receive the benefit of the lower operating costs made possible by the
23 Transaction, certain costs must be incurred. A good example of a transition cost would

1 be the cost incurred to merge two computer systems into one, more efficient platform.
2 The transition cost – the cost to plan and implement the combination of the systems – is
3 necessary to unlock the future savings – lower system costs going forward. It is
4 appropriate to net the transition cost against the savings to determine the true savings
5 achieved.

6 **Q: What is GPE’s proposal regarding rate recovery of transition costs?**

7 A: We are asking that we be allowed to include in our revenue requirement in future rate
8 cases any transition costs incurred during the test year provided that those transition costs
9 produce savings (*i.e.*, revenue requirement reductions) in excess of the associated cost.
10 This is fair and reasonable since these transition costs are necessary to produce the
11 associated savings, and 100% of those savings will be flowed through to the benefit of
12 customers in the form of revenue requirement and rates lower than they would otherwise
13 be.

14 This proposed treatment of transition costs is consistent with traditional treatment
15 by the Commission for costs of this nature. For example, if KCP&L were to implement
16 an early retirement plan resulting in a lower salary expense going forward, the costs of
17 the plan would be considered legitimate costs to include in the revenue requirement
18 calculation. The fact that such revenue requirement reduction opportunities will be
19 enabled by the Transaction should not change that ratemaking treatment.

20 **Q: Since these transition costs are most likely to be one-time costs, wouldn’t the**
21 **Commission normally amortize them over a period of years?**

22 A: Generally, the Commission would consider some degree of amortization of such costs to
23 set revenue requirements and rates. As long as the parameters of an amortization are fair

1 and reasonable, KCP&L would not disagree in principle with an adjustment along those
2 lines.

3 **Q: What is meant by transaction costs?**

4 A: Transaction costs refer to those costs necessary to support efforts to evaluate, negotiate
5 and complete a transaction and the associated transaction agreements through and
6 including approval of the transaction.

7 **Q: What are some examples of transaction costs?**

8 A: As discussed in the testimony of Mr. Bryant, transaction costs include such items as
9 legal, investment banker and consulting fees associated with the evaluation, bid,
10 negotiation and structure of the Transaction.

11 **Q: Is GPE asking the Commission to allow inclusion of Transaction costs in KCP&L's
12 or Westar's revenue requirements?**

13 A: No. GPE has clearly represented in this Application that it has not, and will not, seek to
14 include transaction costs in the revenue requirement of KCP&L or Westar in any rate
15 case.

16 **Q: Is there an acquisition premium, or goodwill, being paid by GPE for Westar?**

17 A: Yes, there is. This is discussed in the Direct Testimony of Mr. Bryant.

18 **Q: Is KCP&L requesting recovery of the acquisition premium, or goodwill, from
19 customers?**

20 A: No. Similar to the Transaction costs, KCP&L is not requesting inclusion of acquisition
21 premium, or goodwill, in KCP&L's or Westar's revenue requirements.

1 **Q: Are there other regulatory treatment considerations that the Commission should**
2 **review?**

3 A: Yes. As noted in the next section, GPE has made a number of regulatory commitments
4 as part of the Transaction.

5 **VI. Regulatory Commitments**

6 **Q: What regulatory commitments has GPE undertaken related to the Transaction?**

7 A: GPE agreed to a number of regulatory commitments related to the Transaction regarding
8 customer rates, financial integrity, capital requirements, service quality and reliability,
9 books, records and information, collective bargaining, low-income assistance, and
10 charitable and community involvement.¹² Mr. Bassham described several of these in his
11 Direct Testimony including the commitments to honor existing labor contracts and the
12 commitment to maintain levels of charitable and community involvement at Westar's
13 2015 levels for five years following the Transaction. I will discuss the others below.

14 **Q: Please describe the commitments made relating to customer rates.**

15 A: As noted earlier, a significant benefit to Kansas customers is GPE's commitment to not
16 seek inclusion in KCP&L's or Westar's revenue requirements of any transaction costs or
17 acquisition premium. And as noted below, GPE plans to continue with the current
18 KCP&L and Westar business plans for filing future rate cases, which assures that we will
19 flow back net savings to customers in the cost of service. The third commitment related
20 to customer rates requires that each utility subsidiary will provide an updated cost
21 allocation manual to the Commission. This last requirement is consistent with the

¹² See Agreement and Plan of Merger, dated May 29, 2016, Exhibit B.

requirements already in place under the Commission's affiliate transaction and ring-fencing rules ordered in Docket No. 06-GIMX-181-GIV.¹³

Q: What are the financial integrity and capital requirements commitments GPE made in the Agreement?

A: GPE agreed to protect its subsidiary utility customers from adverse capital cost impacts related to the Transaction, if any. Specifically, GPE agreed that its subsidiary utilities' capital costs used to set rates will not increase as a result of the Transaction, and that its utility subsidiaries' customers will not bear any financing costs associated with the Transaction such as interest expense associated with any debt issued to finance the Transaction. GPE agreed to maintain separate capital structures to finance the activities and operations of each entity and maintain separate debt, which is separately rated by national credit rating agencies, unless otherwise approved by the Commission, and to maintain investment grade ratings for both GPE and its utility subsidiaries. Finally, GPE acknowledged the importance of addressing its utility subsidiaries' continued need for significant amounts of capital for supply and delivery infrastructure, including renewable energy resources and other environmental sustainability initiatives such as energy efficiency and demand response programs.

Q: What commitments did GPE make regarding service quality and reliability?

A: KCP&L consistently provides high quality service and reliability and has proven this even through its prior acquisition of Aquila in 2008. KCP&L has also complied with the Commission standards and requirements under Docket No. 02-GIME-365-GIE regarding

¹³ In the Matter of the Investigation of Affiliate and Ring-Fencing Rules Applicable to all Kansas Electric and Gas Public Utilities, Docket No. 06-GIMX-181-GIV, *Order Adopting Report of Staff and Active Participating Utilities and Approving Procedure for Filing Information* (issued Dec. 3, 2010).

customer service quality and reliability reporting. GPE agreed to continue such compliance for its subsidiary utilities going forward and to agree to reasonable conditions regarding service quality and reliability, if any, as part of the approval process for this Transaction.

Q: Please describe the commitments made by GPE in regard to books, records and information related to this Transaction.

A: Simply put, GPE agreed to continue what it has always done in providing reasonable access for its regulators to information, books and records. In addition, GPE agreed to maintain separate books and records for its utility subsidiaries, other affiliates and itself.

Q: Please describe the remaining commitment regarding low-income assistance.

A: KCP&L and Westar each have a history of supporting and promoting assistance for their low-income customers. GPE agreed to continue to maintain and promote low-income assistance programs consistent with those in place prior to the Transaction.

VII. Post-Closing Company Structure and Anticipated Rate Case Filings

a. Company Structure

Q: If all necessary approvals of the Acquisition are obtained and the Transaction closes, how does GPE intend to structure the regulated companies and their tariffs?

A: KCP&L will continue operating in Kansas as a subsidiary of GPE as it has done in the past. Westar will also be operated under its current utility operating structure as a subsidiary of GPE. No tariff changes will occur immediately as a result of the Transaction. As such, the transition should be seamless to all customers.

1 **Q: Will GPE look to standardize the rules and regulations of the KCP&L and Westar**
2 **subsidiaries post-closing?**

3 A: Yes. As part of the integration process, we will look at the differences in the two
4 companies' Kansas tariff rules and regulations,¹⁴ determine best practice, and, as
5 appropriate, file for Commission approval of changes to standardize terms and provisions
6 of service under our tariffs. That process will take time, coordination with Commission
7 Staff and approval of the Commission to implement.

8 **Q: Does GPE plan to standardize rate design between KCP&L and Westar going**
9 **forward?**

10 A: We will certainly look at opportunities to standardize rate design at some point in the
11 future; however, there are no immediate plans to do so.

12 *b. Rate Case Filings*

13 **Q: What is GPE's intent regarding future rate cases for the two subsidiaries?**

14 A: As a result of KCP&L's and Westar's last general rate cases in 2015, each company is
15 scheduled to file an abbreviated rate case in the latter part of 2016. GPE will ensure that
16 KCP&L complies with its commitment to file an abbreviated rate case later this year. In
17 his Direct Testimony, Westar witness Mark Ruelle addresses Westar's planned and
18 authorized abbreviated rate case later this year. I understand Westar plans to proceed
19 with its abbreviated rate case as authorized.

20 In 2018, KCP&L plans to file a general rate case, primarily to recover costs being
21 incurred to implement a new customer information system. We currently expect the cut-
22 off period for that case will be some time in the second quarter of 2018. Assuming the

¹⁴ Westar refers to these as General Terms and Conditions for their tariffs.

1 Transaction closes in the second quarter of 2017, GPE will have had an opportunity to
2 implement a number of savings opportunities resulting from the Transaction and those
3 savings can be reflected in customer rates (net of the associated transition costs necessary
4 to produce the savings) resulting in lower revenue requirement and rates for KCP&L
5 customers than would have occurred in the absence of the Transaction.

6 As discussed in the Direct Testimony of Mark Ruelle, I understand Westar also
7 plans to file a general rate case in 2018, with Westar's case being driven primarily by its
8 investment in wind generating facilities and the expiration of a sizeable wholesale power
9 contract. The cut-off period for that Westar case is expected to be in the second or third
10 quarter of 2018. Again, assuming the Transaction closes in the second quarter of 2017,
11 GPE will have had an opportunity to implement a number of savings opportunities
12 resulting from the Transaction and those savings can be reflected in customer rates (net of
13 the associated transition costs necessary to produce the savings) resulting in lower
14 revenue requirement and rates for Westar customers than would have occurred in the
15 absence of the Transaction.

16 Although no specific general rate case plans have been identified at this time for
17 KCP&L or Westar after the 2018 cases discussed above, it is expected that additional
18 Transaction-related savings opportunities will continue after the cut-off period for the
19 2018 rate cases. These savings will be used by GPE to extend the period of time before
20 the filing of the next rate cases by KCP&L and Westar; a longer period of time between
21 rate cases than could occur in the absence of the Transaction. The savings will ultimately
22 be flowed through to customers in each successive rate case. The Transaction presents an

1 opportunity for lower and slower rate increases for Kansas customers than could have
2 been achieved absent the Transaction.

3 **Q: How would you characterize the benefits of the rate treatment GPE proposes for**
4 **Transaction-related savings?**

5 A: Given the increasing cost of service environment and slowing growth in kWh sales the
6 electric utility industry has been experiencing generally in recent years, we do not believe
7 KCP&L and Westar can avoid the filing of rate cases for extended periods of time, even
8 with the benefits to be produced by the Transaction; however, we do believe that the
9 Transaction will enable us to make lower revenue requirement requests and reduce the
10 frequency of those rate increase requests than would be the case in the absence of the
11 Transaction. This is a significant benefit of the Transaction and supports the
12 reasonableness of the proposed rate treatment.

13 Additionally, as GPE is not asking for customers to pay any transaction costs or
14 any portion of the acquisition premium, there is no need for tracking savings and benefits
15 and savings to customers will be larger and earlier than had GPE requested recovery of
16 these costs. There can be significant difficulties in attributing transaction savings and
17 efficiencies in the years subsequent to the close of a transaction. GPE's requested
18 treatment allows savings and efficiencies to flow to customers through the normal
19 ratemaking process in Kansas which allows the quickest opportunity to steady state
20 operations for the combined company.

21 **Q: Does that conclude your direct testimony?**

22 A: Yes it does.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Westar Energy, Inc. for approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Incorporated)
)
) Docket No. 16-KCPE-____
)
)
)

AFFIDAVIT OF DARRIN R. IVES

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn on his oath, states:


1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of twenty-seven (27) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

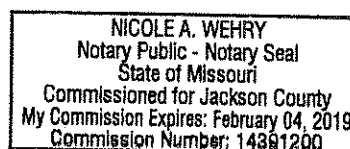
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Darrin R. Ives

Subscribed and sworn before me this 28th day of June 2016.


Notary Public

My commission expires: Feb. 4, 2019



**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

WILLIAM J. KEMP

ON BEHALF OF

**GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR ENERGY, INC.
BY GREAT PLAINS ENERGY INCORPORATED**

DOCKET NO. 16-KCPE-___-ACQ

1 **Q: Please state your name and business address.**

2 A: My name is William J. Kemp. My business address is 18 S. Michigan Avenue, Chicago,
3 Illinois 60603.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am a co-founder and Senior Managing Director of Enovation Partners, LLC
6 ("Enovation"), and currently serve as leader of our Strategy Implementation Practice and
7 co-leader of our management consulting business unit.

8 **Q: What are your responsibilities?**

9 A: I help clients in the energy industry develop strategies which leverage competitive
10 advantages and then focus and align their organizations around achieving the desired
11 results. This includes consulting services in areas such as strategic planning, business

1 planning, Merger & Acquisition (“M&A”) transaction support, regulatory strategy,
2 commercial due diligence, merger integration, financial analysis, financing strategies,
3 operations improvement, resource planning, and litigation support.

4 **TESTIMONY PURPOSE**

5 **Q: What is the purpose of your testimony?**

6 A: I will provide an overview of how Great Plains Energy Incorporated (“GPE”) estimated
7 the reasonably achievable level of savings from GPE’s proposed acquisition of Westar
8 Energy, Inc. (“Westar”) (the “Transaction”), and then will review the soundness of
9 GPE’s savings estimation approach. Similarly, I will summarize the savings estimates by
10 major functional area, as well as the costs to achieve these savings, and then will review
11 the reasonableness of the estimated savings levels in the context of utility industry
12 experience. I will also comment on the basic industrial logic of the Transaction, based on
13 my experience.

14 My testimony supports that of Messrs. Terry Bassham and Kevin Bryant, by
15 providing important inputs into the financial logic and sustainability of the Transaction.
16 It also feeds into the testimony of Mr. Steven Busser, who discusses the integration
17 approach that GPE is following to ensure the capture of the targeted savings.

18 **QUALIFICATIONS**

19 **Q: What are the relevant qualifications of Enovation Partners, LLC?**

20 A: Enovation Partners, LLC is a management consulting firm that was created to help our
21 clients capitalize on emerging technologies that are shaping the future of the energy
22 industry, and to develop growth opportunities that leverage their capabilities. Our firm
23 focuses exclusively on energy and infrastructure.

Collectively, our team has served many of the leading companies throughout the energy value chain. Our team takes a global energy perspective, supported by our experience in more than 30 countries during more than 600 hands-on engagements with utilities, governments, developers, suppliers, investors, and private equity interests.

Q: Please describe your education, experience and employment history.

A: My educational background includes a B.A. magna cum laude from Harvard University and a Master of Public Policy from the Goldman School of Public Policy at the University of California at Berkeley, with a focus on energy policy.

Prior to co-founding Enovation Partners, LLC in July 2013, I served as Vice President for Black & Veatch from 2005 to 2012, leading their strategic consulting services. Before that, I co-founded and served as a Managing Director of Economists.com, a management consultancy focusing on financial and technology issues in the power, gas, and water industries.

My previous consulting experience was primarily with Deloitte Consulting. From 1986 to 1999, I held positions of increasing responsibility in that firm's management consulting practice in the energy industry, ultimately serving as one of three managing partners for the worldwide practice. I was energy industry leader for the Asia-Pacific-Africa region, and before that the western U.S. region. My experience includes advisory roles in the competitive restructuring of the power industry in a number of countries, including the United States, Australia, New Zealand, United Kingdom, Singapore, the Philippines, Turkey, and China. I advised energy clients on numerous M&A transactions, served on Deloitte's Global Steering Committee for its M&A practice across

1 all industries, and led development of major portions of its M&A methodology, including
2 the merger integration approach.

3 My experience includes advice or analysis on the following publicly announced
4 enterprise-level utility M&A transactions: PacifiCorp - Utah Power & Light, Puget
5 Sound Power & Light - Washington Energy, Pacific Enterprises - Enova, Public Service
6 Company of Colorado - Southwestern Public Service, Washington Water Power - Sierra
7 Pacific Resources, AGL Resources - NUI, Exelon - PSEG Enterprises, PacifiCorp -
8 Powercor, Texas Utilities - Eastern Energy, Australian Gas Light - Natural Gas Corp of
9 New Zealand, Transalta New Zealand - Southpower, Singapore Power - GPU PowerNet,
10 and Kansas City Power & Light - Aquila. I have advised on several other sizable utility
11 transactions where I am not authorized to disclose publicly my role. I have also reviewed
12 saving and efficiency data on numerous other transactions, and have advised on many
13 M&A transactions for specific energy assets, as well as many potential utility enterprise
14 transactions that were not publicly announced.

15 Earlier in my career, I held positions as Senior Wholesale Rate Engineer for
16 Pacific Gas & Electric Company, Regulatory Cost Analyst for Southern California
17 Edison Company, Research Specialist for Lawrence Berkeley Laboratory in the U.S.
18 Department of Energy, and Regulatory Economist for the President's Council on
19 Environmental Quality, Office of the White House.

20 My resume is included as Schedule WJK-1.

1 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
2 **Commission or before any other utility regulatory agency?**

3 A: I have testified previously before the Kansas Corporation Commission (“Commission” or
4 “KCC”), specifically, in Docket No. 07-KCPE-1064-ACQ for Great Plains Energy’s
5 acquisition of Aquila, Inc. Additionally, I have testified as an expert witness or prepared
6 expert witness testimony before federal and state regulatory agencies in the U.S., the U.S.
7 International Trade Commission and civil courts, and presented on energy policy issues
8 to numerous governmental bodies outside the U.S. My expert witness experience is
9 summarized in Schedule WJK-2.

10 **Q: Have you included any additional exhibits to your testimony?**

11 A: Yes. The full list of exhibits to my testimony is as follows. Their relevance is explained
12 in the course of my testimony.

Schedule	Title
WJK-1	Kemp Resume
WJK-2	Kemp Witness Experience
WJK-3	Estimated Transaction Savings
WJK-4	Transaction Savings by FERC Account Function
WJK-5	Industry Experience on Merger Savings

13 **KEY ISSUES AND METHODOLOGY**

14 **Q: What are the key issues addressed by your testimony?**

15 A: My testimony will offer conclusions on the following questions:

16 1. Is GPE’s method for estimating savings reasonable, and generally consistent with
17 accepted industry practice?

1 2. Are GPE's estimates of Transaction-related savings reasonable, and generally
2 consistent with the range of industry experience in similar transactions?

3 3. Can the KCC and GPE's Kansas customers be reasonably assured that at least the
4 targeted total annual net savings will be achieved?

5 **Q: Could you provide a preview of your main findings?**

6 A: Certainly.

7 • GPE estimated that the Transaction would produce total savings of approximately
8 \$426 million over a 3.5-year period from mid-2017 to the end of 2020. Ongoing
9 savings beyond 2020 would be close to \$200 million per year. This includes both
10 O&M expense savings and the revenue requirement impact of capital expenditure
11 reductions.

12 • GPE's general approach to estimating savings is consistent with industry practice, and
13 is in fact more detailed and better supported than in most transactions. Its
14 methodology is comprehensive, current, detailed, attributable, quality assured, and
15 conservative.

16 • GPE's estimates of savings are reasonable, and generally consistent with the range of
17 industry experience in similar transactions. At least three lines of evidence support
18 this conclusion.

19 **Q: What methodology did you follow to develop your testimony?**

20 A: I served GPE in both an analytical and quality control role, and assessed the
21 reasonableness of GPE's savings estimates for this Transaction based on my knowledge
22 of other transactions.

1 In my analytical and quality control role, I participated in planning and executing
2 GPE's savings analyses, including activities such as the following:

- 3 • Preparation of work plans and templates for the savings analysis;
- 4 • Analysis of relevant source data on costs and cost drivers from both GPE and
5 (as available) from Westar;
- 6 • Supervision and quality control of analyses in process;
- 7 • Review and challenge of savings estimates; and
- 8 • Participation in most interviews and savings brainstorming sessions with GPE
9 functional leaders.

10 My assessment of the reasonableness of GPE's savings estimation methods and
11 results included activities such as the following:

- 12 • Review of completed savings estimates and supporting workpapers;
- 13 • Comparison of GPE's methods to prevailing utility industry practice;
- 14 • Updating of Enovation Partners' database on realized savings from other
15 utility mergers since 1996; and
- 16 • Comparison of GPE's savings estimation results to the statistical range of
17 industry experience.

18 I drew from my base of experience in merger savings estimation and due
19 diligence projects for other clients, and analyzed information from a number of sources
20 that is relevant to the issues I am addressing in this proceeding, as explained below in the
21 body of my testimony.

1 Using my experience base and the information gathered and reviewed, I tested the
2 soundness of GPE's savings estimation process, and compared both the process and the
3 resulting estimates to U.S. industry practice.

4 **POST-TRANSACTION OPERATIONAL MODEL**

5 **Q: What other contextual information should be considered in evaluating transaction**
6 **savings estimates?**

7 A: The operational model for the new entity after the closing of the transaction can affect the
8 range of savings and benefits that can be accessed. If the utilities' service territories are
9 geographically separated by significant distance (*e.g.*, NextEra – Hawaiian Electric, or
10 Dominion Resources – Questar), many types of savings in generation, transmission, and
11 distribution operations may not be accessible. Similarly, if the new entity plans to
12 maintain substantial corporate separation between the predecessor companies, with their
13 own management teams, organizations, headquarters facilities, etc. (*e.g.*, the practice of
14 Berkshire Hathaway or Fortis of deliberately not pursuing meaningful operational
15 integration), some elements of back office savings may not be accessible.

16 **Q: Will the post-transaction operational model planned by Great Plains Energy allow**
17 **the full range of savings and benefits to be accessed?**

18 A: Yes. GPE witness Mr. Bassham describes the intended organizational structure and
19 operational plan. My understanding is GPE intends to retain the current operating utility
20 structure, and to maintain Westar's downtown Topeka headquarters building as GPE's
21 Kansas headquarters. Over the longer term, KCP&L, KCP&L Greater Missouri
22 Operations Company ("GMO") and Westar will migrate on a prudent path toward
23 functioning as an integrated utility operational unit, while retaining local operations and

1 support centers where it makes sense for the customer.¹ This integration may take
2 several years, and certainly will not be completed fully by transaction close.

3 Therefore, the combined company will be able to benefit from one of the major
4 drivers of savings: geographic proximity of the two companies' utility operations. Their
5 service territories are adjoining, with excellent transportation and communication
6 linkages. There is no geographic barrier to accessing the full range of savings.

7 Furthermore, GPE and Westar share similar size, organization structures, business
8 models (electric utility), information technology platforms, and even corporate values and
9 commitments to customers and employees, as they know from having worked together
10 for many years.

11 Compared to many recent utility transactions that involved geographically
12 separated entities and a business practice of maintaining separate operations, and lacked
13 many of the other natural contributors to higher savings, the combined GPE-Westar
14 entity should have some significant advantages. It will be able to harvest savings and
15 benefits from a broader range of utility operations than in most merger transactions.

16 **TRANSACTION SAVINGS ESTIMATION METHODOLOGY**

17 **Q: When did GPE begin to assess the potential savings from an acquisition of Westar?**

18 A: Due to their proximity, participation in regional and national utility groups, and long
19 history of operational cooperation, GPE already was generally familiar with Westar's
20 organization and processes before the current transaction process began in early 2016.

¹ Unless and until the KCC and Missouri Public Service Commission ("MPSC") decide that consolidation of regulatory filing entities is in the public interest, separate rate bases and rate filings will be maintained for KCP&L, GMO, and GMO steam, and Westar's operating utilities.

Enovation's assistance in the savings estimation effort for the current transaction began in earnest in early March 2016, when we were retained to help define a reasonable set of expectations around potential percentage levels of transaction savings in various major utility functions and overall. This was in an industry-wide context, and not explicitly about the potential Westar transaction. We updated our utility savings database and summarized for GPE the range of percentage savings by function that were realized in other utility M&A transactions over the past twenty years. This short piece of analysis ended in early April. We later learned that GPE used this information to validate their analyses of the potential attractiveness and financial viability of a GPE-Westar transaction.

Q: When did GPE begin the savings analyses that were used to support the bid to acquire Westar?

A: Enovation was called back in to work intensively with GPE to analyze potential Transaction-related savings in a Westar acquisition beginning on April 20, 2016 and continuing for the next month.

Q: Was there an overriding goal that shaped decisions throughout the process?

A: Yes, alignment with GPE's strategic intent was the primary goal maintained throughout this process. The central strategic intent is to build an enterprise that can prosper while meeting the challenges facing the U.S. utility industry and continuing to improve life in the communities we serve.. GPE's major initiatives for achieving this strategic intent are to efficiently managing its core business, serving as its customers' provider of choice, growing entrepreneurial activities, and continuing to build upon GPE's winning culture.

1 **Q: How did that goal shape the analysis?**

2 A: GPE will maintain a balanced scorecard approach to how it serves its various
3 stakeholders (*i.e.*, investors, customers, employees, communities). Clearly the financial
4 metrics of strategic success will gain in priority during the integration process, so that the
5 cost savings that underpin the rationale for the Transaction can be achieved.

6 However, the balanced nature of GPE's strategic intent requires that the customer,
7 longer term growth, employee/cultural and community perspectives must also be
8 reflected in the transition to the combined company. For example, cost reductions should
9 not erode the non-price drivers of customer satisfaction such as reliability, customer
10 service, and corporate citizenship; employees should be treated with respect and provided
11 opportunities for further development; and environmental stewardship must be
12 maintained.

13 The teams performing the savings analyses kept these broader strategic
14 perspectives in mind, in prioritizing the cost savings areas and evaluating the prudent
15 level of cost reductions.

16 **Q: Can you provide an overview of the process that supported the bid that was**
17 **accepted by Westar?**

18 A: The process was comprehensive, conservative and bottom-up, with buy-in from the GPE
19 executives who would be accountable for achieving the savings.

- 20 • Comprehensive: looked at all areas of utility operations;
- 21 • Conservative: including only savings that reasonably could be achieved with
- 22 proven tools and processes; and

- Bottom-up: savings estimates in each functional area were developed through collaborative process between the responsible executive and the Enovation consulting team.

Managers from across GPE developed detailed estimates—a “bottom-up” analysis—of the resources, expenses and capital that GPE would require to operate its utility operating companies under the post-transaction operating model. Participants represented the full scope of functions that would be required in a post-Transaction environment. In aggregate, they constructed a comprehensive high level view of how the organization would run after the Transaction was complete. That viewpoint was the basis for estimation of potential savings and benefits.

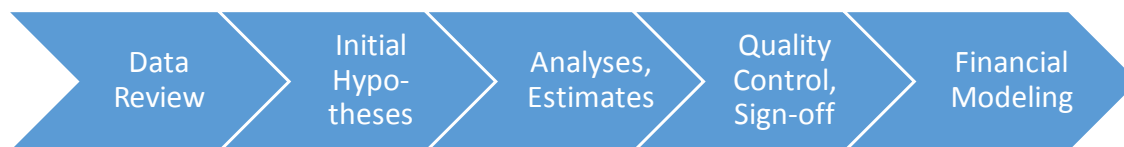
Q: Why was there an emphasis on having GPE management lead the development of a comprehensive evaluation?

A: The premise was that, given the many similarities between GPE and Westar, executives and key managers representing the entire GPE operation could best make intelligent assumptions about and evaluate Westar’s operations. They would also be the most qualified to forecast the detailed requirements for operating a combined GPE and Westar entity. These are also the individuals likely to manage the operations after close of the Transaction. Many of the GPE executives were already familiar with Westar and had some understanding of its operations.

Another benefit of this comprehensive approach was that mapping all post-Transaction functions to the existing GPE management structure reduced the risk of any major area being overlooked. It should also prove helpful in accelerating the integration of operations after the Transaction close.

1 **Q: What were the specific steps in this “bottom-up” analysis?**

2 **A:** There were five basic steps in the process, as illustrated in the following diagram:



3
4 Enovation and GPE’s lead transaction team executives reviewed the data that Westar had
5 posted to its electronic data room. If important data relevant to the savings analysis was
6 missing from the data room, we requested that Westar provide those data.

7 1. Data Review. Based on the preliminary data review, GPE’s prior knowledge of
8 Westar’s operations, and general industry experience, Enovation and GPE developed
9 initial hypotheses on where the biggest pools of savings might be. We then defined
10 four major savings areas for study, consistent with these hypotheses: Generation,
11 T&D/Customer, Shared Services, and Supply Chain. All areas of GPE and Westar
12 operations were mapped to one of these four functional areas. One or more GPE
13 executives were assigned as the analysis leader in each area. Enovation provided
14 consulting support to each executive.

15 2. Initial Hypotheses. The initial savings hypotheses were shared with the GPE
16 functional analysis leaders. They were encouraged to react to hypotheses, supply
17 additional data and expand or revise the hypotheses. Major common assumptions
18 were defined, including:

- 19 • Transaction close in late spring or early summer 2017. This is often called Day 1.
- 20 • The baseline costs (without the Transaction) were defined by each company’s
- 21 most recent budgets and spending plans.
- 22 • All estimates were in nominal dollars, as stated in the spending plans.

- Fuel and purchased power expenses were excluded from the savings analyses that supported GPE's bid, since these costs are flowed through to customers in fuel clauses applying to each company, and thus did not affect valuation.

3. Analyses, Estimates.

- Enovation developed savings estimates templates and interview questionnaires to guide the analysis and discussion with each GPE functional leader, to ensure consistency and comparability. We conducted at least two rounds of interviews with each responsible executive.
- Enovation and GPE then collaboratively developed initial savings estimates by functional area, for the years 2017 through 2020. The estimates included both O&M expense savings and capital expenditure reductions. The functional teams followed the guiding principles of comprehensiveness and conservatism, as discussed above. The teams focused on the major pools of potential savings, so it is quite possible that additional smaller amounts of savings will be identified and realized over time.
- Each team also estimated the transition costs necessary to achieve the estimated savings, by year.

4. Quality Control, Sign-off. Enovation conducted a thorough quality control review of assumptions, logic, and calculations. The lead GPE executive reviewed, modified if necessary, and signed off on the savings estimate for their function. Enovation summarized non-fuel O&M ("NFOM") expense savings and capital expenditure ("capex") savings by functional area by year, through 2020.

1 5. Financial Modeling. The results of the teams were compiled, discussed among the
2 broader group, and then communicated to GPE's deal team and its advisors in the
3 valuation and bid process. GPE ran these NFOM and capex savings through its
4 financial model, to get an accurate picture of the revenue requirement impact of the
5 savings. The financial model results were used to support the deal team's analyses of
6 credit metrics and financial impacts of the Transaction.

7 **Q: Did the savings estimation team and deal team have an over-riding question in**
8 **mind, which their analyses tried to answer?**

9 A: Yes. That over-riding question was: Are the reasonably achievable savings sufficient to
10 meet the targets for making a competitive bid while maintaining GPE's financial and
11 operational health and producing significant long-term benefits for customers and
12 shareholders? As is obvious from the GPE decision to submit a bid and agree to the
13 Transaction, the answer was "yes".

14 **REASONABLENESS OF TRANSACTION SAVINGS ESTIMATION METHODOLOGY**

15 **Q: Is the savings estimation methodology used by GPE in this proposed transaction**
16 **similar to the methods used by other utilities in other transactions?**

17 A: In general terms, yes. Transactions have their particular circumstances. They may have
18 different starting points, different objectives, different opportunities, and different
19 management. The bidding/negotiation timeframes and availability of key data can also
20 differ. These factors can lead to differences in approach. But GPE's process has been
21 similar to the process I have seen used in many other utility transactions over my twenty-
22 five or so years working in this area. Knowledgeable functional teams drill down into

1 their own areas of expertise, and come up with their best estimates of the savings that are
2 reasonably achievable.

3 **Q: Why do you believe GPE's savings estimation methodology is consistent with**
4 **accepted utility industry practice?**

5 A: GPE's methodology met the following set of criteria, which I developed and applied.
6 These criteria capture the extent to which GPE's approach follows the same general
7 principles and analytical guidelines that have been applied in other transactions.

- 8 • Comprehensive. Did the analyses cover all significant areas of costs and revenue that
9 are included in regulated rates? Did the teams coordinate to avoid gaps or double
10 counting? Were costs to achieve the savings properly reflected?
- 11 • Current. Were the source data current and reliable, especially the base resource and
12 cost levels? Were these data consistent with the regulated cost basis?
- 13 • Detailed. Were the estimates based on detailed, realistic analysis of the relevant
14 functions? Was the use of less accurate high-level assumptions minimized?
- 15 • Attributable. Were developed savings and other types of costs and benefits not
16 directly related to the Transaction excluded from the estimates?
- 17 • Quality Assured. Were the savings estimates thoroughly reviewed for quality control,
18 from several perspectives?
- 19 • Conservative. Was the overall approach conservative and balanced? Did it screen
20 out unrealistically optimistic estimates? Did the teams adequately consider the
21 challenges of implementing the required initiatives?

22 Taken together, I believe these criteria represent a rigorous test of the soundness
23 of a methodology for estimating transaction savings.

1 **Q: Was GPE’s transaction savings estimation methodology “comprehensive”?**

2 A: Yes. All functions were assigned to one or more teams. The teams addressed as a first
3 order of business any boundary issues between their areas, to ensure that all cost items
4 belonged to one and only one team. They also performed a top-down check to verify that
5 the sum of the NFOM costs across their areas was equal to the companies’ total NFOM
6 costs. The teams appropriately identified and quantified transition costs necessary to
7 achieve the estimated gross savings.

8 **Q: Were GPE’s transaction savings estimates “current”?**

9 A: Yes. The base cost data were recorded actual from the most recent available year, *i.e.*,
10 2015, and the most recent approved budgets or spending plans. These were reliable and
11 current sources for the data. Hart-Scott-Rodino Act restrictions on sharing competitively
12 sensitive information restricted GPE’s access to detailed Westar information in areas
13 such as generation or supply chain, but the available public data and information from
14 Westar’s data room were adequate.

15 **Q: Was GPE’s transaction savings estimation methodology adequately “detailed”?**

16 A: Yes. Estimated savings in each area were built up from analyses of their constituent sub-
17 areas, *i.e.*, bottom-up estimates were preferred. Top-down estimates based on high-level
18 assumptions or comparative data were used mainly as reality checks, to validate the
19 bottom-up estimates.

20 GPE’s savings analyses were likely more detailed and thorough than other
21 bidders, judging from the number of times that the GPE team noted with surprise that,
22 judging from the cumulative content of Westar’s transaction data room, no other bidders
23 had requested certain data that GPE considered important for the analysis.

1 **Q: Were GPE’s transaction savings estimates “attributable”?**

2 A: Yes. GPE counted only operational and capital cost savings that were attributable to the
3 Transaction, *i.e.*, they were directly created or enabled by the Transaction, and could not
4 be realized in the normal course of business as separate companies.

5 **Q: Why is it important to consider more than just operational savings and benefits?**

6 A: An important measure of the public interest test is the long term impact on rates to
7 customers. Do customers receive a price benefit from the transaction? Therefore, any
8 type of attributable cost or benefit that would be included in the cost basis for regulated
9 rates should be considered in savings or benefit estimates. This would include not only
10 revenue requirement impacts from operations and maintenance (“O&M”), but also the
11 revenue requirement impacts of capital cost savings from all functions (*e.g.*, generation,
12 transmission, distribution, customer service, administrative & general, etc.).

13 **Q: Were GPE’s transaction savings estimates “quality assured”?**

14 A: Yes. Quality control procedures were implemented on several levels. The functional
15 teams checked their own work and reviewed the work of other teams. Outside
16 consultants facilitated the analytical process and also conducted quality assurance
17 reviews. The transaction team assessed the quality and reasonableness of the estimates as
18 they rolled up to the enterprise level. Finally, GPE senior executives reviewed and
19 approved the estimates, and took ownership for achieving the targeted benefits. This last
20 level of quality assurance is the acid test. If the sponsoring executives are willing to sign
21 up to own the estimates, they must be convinced they are realistic and achievable.

1 **Q: Was GPE’s transaction savings estimation methodology “conservative”?**

2 A: Yes. The functional teams screened out hard-to-quantify benefits, even if potentially
3 significant. They deliberately excluded estimates that required top quartile cost
4 performance (vs. peer utilities), when ranges of performance improvement were available
5 for consideration. For example, the savings estimates did not reflect moving to the top
6 quartile in Customer Service staffing levels per customer. Overly aggressive benefit
7 estimates were screened out, as they are typically subject to higher execution risk. As
8 noted above, the involvement of sponsoring executives ensured that implementation
9 plans were realistic.

10 **Q: The savings estimation teams completed their analysis to support the bid in a period**
11 **of one month. Was this amount of time sufficient?**

12 A: Yes. GPE has taken multiple looks at a transaction with Westar in the past. It already
13 had a good sense of the size and location of the available savings pools. Also, GPE’s
14 management built on the process, analytical templates and capabilities that were
15 developed in the Aquila transaction, which offered a similar range of operational savings
16 opportunities. We used a very similar analytical approach.

17 So, even though one month is a quick turnaround, it was adequate due to the
18 ability to leverage existing knowledge and experience.

19 **DESCRIPTION OF ESTIMATED TRANSACTION SAVINGS**

20 **Q: Can you quantify the total non-fuel savings expected from the GPE-Westar**
21 **transaction?**

22 A: Yes. Based on the process discussed above, GPE estimated Transaction-related non-fuel
23 savings of approximately \$426 million over a 3.5-year period from mid-2017 to the end

1 of 2020. See Schedule WJK-3. This is the revenue requirement impact of O&M expense
2 reductions and capex reductions, net of costs to achieve. O&M expense reductions affect
3 revenue requirement on a 1-for-1, dollar-for-dollar basis, while capex reductions flow
4 through the return, depreciation, and tax elements of revenue requirement.

5 The savings shown in Schedule WJK-3 are total per year, not incremental over the
6 prior year. It is important to note that the Transaction savings will be recurring over time,
7 while almost all of the costs to achieve these savings are one-time and will not recur.

8 **Q: Why did estimates use a 3.5-year period?**

9 A: The Transaction was assumed to close on a date near the middle of 2017, so for
10 estimation purposes the first savings period would be a half year. The team assumed,
11 reasonably in my experience, that 2020 would be the year in which the ramp-up to full
12 levels of Transaction savings would be achieved. Also, the Board-approved budgets that
13 served as the baseline for the financial modeling of GPE's bid only extended through
14 through 2020.

15 **Q: Are Transaction savings limited to this 3.5-year period?**

16 A: No. We anticipate that savings will continue beyond this time period, and accrue to the
17 long-term benefit of GPE's customers, without the burden on customers of paying for the
18 acquisition premium or transaction costs resulting from the Transaction.

19 **Q: What are the expected Transaction savings over the first ten years?**

20 A: GPE did not perform a detailed analysis of savings beyond 2020. However, because
21 almost all costs to achieve would be incurred by 2020, the annual net non-fuel O&M
22 savings for the years 2021-2027 would continue to recur, and could reasonably be
23 expected grow with inflation.

1 **Q: From what cost baseline were these savings calculated?**

2 A: As explained in the savings estimation methodology section above, the cost baselines
3 were actual 2015 costs and the most recent budgets and spending plans for GPE and
4 Westar.

5 **Q: Have the Transaction savings listed in Schedule WJK-3 been escalated for**
6 **anticipated inflation-related cost increases?**

7 A: Due to the nature of the bottom-up projections, anticipated cost increases were reflected
8 in specific line items within the budgets and spending plans for the business areas,
9 instead of applying a single escalation factor to all items. The teams projected expenses
10 on a quarterly basis for 2017 and on an annual basis thereafter, so the bottom-up
11 estimates would be more reflective of actual conditions than applying a standard
12 escalation. This approach toward inflation was also used in the transition cost estimates
13 discussed later in this testimony.

14 **Q: Do all amounts shown on Schedule WJK-3 represent projected savings directly**
15 **attributable to the Transaction?**

16 A: Yes, the reflected savings are directly attributable to the Transaction as guided by the
17 goals and operating philosophies described above. In addition, both parties had
18 previously undergone significant cost reduction and efficiency efforts and had reflected
19 resulting savings in their respective “stand-alone” company projections.

20 **Q: Are these definitive estimates?**

21 A: This testimony refers primarily to the results of the process that supported the final bid.
22 GPE does not expect major changes in projected total Transaction savings as the

1 integration work progresses; however, greater access to Westar data and further drill-
2 down by the integration teams may allow refinement of the savings estimates.

3 **Q: What are the primary areas in which the expected Transaction savings will be**
4 **realized?**

5 A: As described above, the savings estimates aggregated into four functional areas:
6 Generation, Transmission & Distribution (“T&D”)/Customer Service, Shared Services
7 and Supply Chain.²

8 **Q: What are the components of the estimated Generation Transaction savings?**

9 A: The major high level drivers for GPE-Westar savings in the Generation function include:

- 10 • The larger fleet enables a more efficient deployment of capital and a potential to
11 rationalize the portfolio on both sides allowing accelerated retirement and a transition
12 to a less carbon intensive future;
- 13 • GPE’s formal integrated resource planning (“IRP”) process and capabilities represent
14 additional value that GPE can bring to Westar, for example through its IRP-justified,
15 more robust portfolio of energy efficiency and demand management programs; and
- 16 • The much larger scale of the combined company enables a comprehensive and less
17 costly long term approach to compliance with any future regulations on carbon
18 emissions.

19 The Transaction-related O&M and capex savings in the Generation function
20 primarily reflect the combination’s effects on the generation fleets of GPE and Westar,

² GPE witness Mr. Busser mentions five integration teams, including these four functional areas but adding a separate team for the Wolf Creek Nuclear Operating Company (WCNOC). For the savings estimates, WCNOC’s operations were included in the Generation area and its support functions in the Shared Services and Supply Chain areas. WCNOC has been broken out separately for integration planning due to the need to provide additional levels of assurance around nuclear safety and regulatory compliance.

1 with the related reduction in required planning reserves for generation capacity. The
2 consolidation of GPE's and Westar's separate generation support and management
3 services (e.g., central engineering, operations management support, ISO and market
4 operation) is also a significant source of savings. is also a significant source of savings.
5 (The achievable reductions in shared services and supply chain costs for Wolf Creek are
6 covered in those functions' savings estimates.)

7 See Schedule WJK-3 for the estimated savings for the Generation function, by
8 year through 2020.

9 **Q: What are the components of the estimated T&D and Customer Service Transaction**
10 **savings?**

11 A: The major high level drivers for GPE-Westar savings in the T&D/Customer Service
12 functional grouping include:

- 13 • The scale benefits from efficiently allocated capital, streamlined operations and best
14 practice sharing will drive savings across T&D/Customer Service. In addition to
15 creating cost savings, these will support improvement in system reliability benefiting
16 customers in the form of reduced outages (e.g., from the improved affordability of
17 T&D data analytics applications when applied to a larger system); and
- 18 • Both organizations are actively improving customer information platforms. With
19 proper integration, GPE and Westar's customers will benefit from a streamlined back
20 office systems and improved customer operations.

21 The Transaction-related O&M and capex savings in the T&D/Customer Service
22 functional grouping primarily relate to opportunities for fleet and service center
23 consolidation, more efficient call center operations, streamlining of the combined

management structures, and in the longer term, consolidation in information systems for both T&D and Customer Service.

See Schedule WJK-3 for the estimated savings for the T&D/Customer Service function, by year through 2020.

Q: Why are the savings estimates for the T&D and Customer Service functions relatively small?

A: The savings estimates for these functions were developed with a high level of conservatism, because they are the functions which most affect reliability and customer satisfaction. The GPE-Westar integration team may well find additional savings that can be prudently pursued, as they drill down deeper into the opportunities. But the initial estimates developed for the bid process in these areas included only savings that could be achieved with minimal or no risk of negative service impacts on customers.

Q: What are the components of Shared Services Transaction savings?

A: These are costs associated with shared services functions, including many Administrative & General ("A&G") costs, *e.g.*, executive management, human resources, finance, information technology, facilities, security, and other activities that support the other operating functions. These costs are composed primarily of labor costs, benefit costs, insurance, third-party spend, executive compensation, information technology, communications, facilities, and other overhead.

The major drivers of shared services savings in this transaction are:

- Both companies operate similar support organizations and by combining the knowledge from their separate experience, they create opportunities to share best

practices. Shared best practices improve operations and create efficiencies for employees and customers.

- The combined company's scale offers the opportunity to expand use of a shared services structure to improve corporate functions through the consolidation of functional areas, re-alignment of resources and optimization of technology.
- The combined company will gain the scale benefits associated with doubling the size of the organization through expanded use of shared services across corporate functions.

See Schedule WJK-3 for the estimated savings for the Shared Services function, by year through 2020.

Q: What are the components of Supply Chain Transaction savings?

A: These are costs associated with the procurement and logistics processes, and related external spend, to support both operating and back office functions. They include elements such as management labor, operations labor, purchase costs, transportation, and warehousing.

The major drivers of Supply Chain savings in this transaction are:

- Sourcing from the best contracts of each company – prices, terms and conditions;
- Rebidding duplicate contracts with increased volume – reduce vendor base;
- Optimizing contractor staffing levels (IT, Accounting, Operations, Call Center);
- Applying GPE's advanced analytics and processes to combined spend categories;
- Leveraging GPE's procurement automation efficiency across Westar purchases; and
- Applying best practices in intra and inter-company logistics, and leverage much larger combined scale over larger contiguous service area.

See Schedule WJK-3 for the estimated savings for the Supply Chain function, by year through 2020.

TRANSACTION COSTS AND TRANSITION COSTS

Q: Are both transaction costs and transition costs necessary to achieve the estimated Transaction savings?

A: Yes. Savings or benefits will not be achieved without effort or cost. The costs to achieve need to be considered in evaluating net transaction benefits. Utility shareholders should consider all costs to achieve, while regulatory commissions and customers would necessarily focus on the costs to achieve that will flow through the acquiring utility's rates. Again, GPE is not requesting recovery in rates of any acquisition premium or transaction cost.

GPE's costs to achieve the estimated savings include both Transaction costs to consummate the acquisition and transition costs for executing the GPE-Westar integration plans savings. The Direct Testimony of Mr. Bryant addresses estimated Transaction costs to consummate the Transaction (*e.g.*, financial and legal advisor fees, financing fees, change in control payments). Transaction costs are generally incurred by the time of closing which I understand is expected in the second quarter of 2017.

The total transition costs through 2020 to achieve the Transaction savings are estimated at \$60 million. See Schedule WJK-3. The major elements of the operational transition costs are:

- Integration design, planning, and implementation costs. This element is for third-party costs for organization, process, and technology integration planning and execution, including benchmarking for cost, customer satisfaction and operational

metrics that will enable the integration teams to set appropriate short-term and longer term performance targets.

- Position costs – Retention. This element is for labor costs needed to retain key resources to assist in transitioning to as well as effectively operating the new, combined organization.
- Position costs – Severance. This element is for payments for voluntary severance, or for non-voluntary terminations for redundant positions that are covered by existing severance agreements. As I understand GPE’s intent, and as discussed in more detail in the Direct Testimony of Terry Bassham, non-voluntary termination costs would be incurred only in the event that natural attrition, retirements and voluntary severances were not sufficient to accomplish the efficient post-transaction staffing levels.
- Legal and Human Resources (“HR”). This cost is for on-going support of outside counsel for legal and HR issues encountered during the integration process.
- Other - Regulatory process costs. This cost is for the external support required for regulatory filings and analyses related to the Transaction. This estimate is for third-party fees for regulatory support and assumes these incremental activities will be limited to 2016-2017.
- Other/Facilities integration. This cost is primarily for integration of selected headquarters functions. Regardless of future location, the addition of Westar employees into GPE’s support and operational functions will require reallocation of space and relocation of many groups, and in some cases relocation of employees.
- Other - Internal and external communications. This cost has been projected for internal and external communication of the basis and implications for the

Transaction, enabling external and internal constituencies to understand the process, timing and impact of the combination. Benefits of internal communication include efficiency, alignment and retention. These expenses are assumed to conclude in 2017.

Q: Does Great Plains Energy anticipate that almost all transition costs will be incurred by the end of 2020?

A: Yes. While it is possible that additional costs could be incurred after 2020, any such amounts are not expected to be significant.

REASONABLENESS OF GPE'S ESTIMATED TRANSACTION SAVINGS

Q: How did you assess the reasonableness of GPE's Transaction savings estimates, compared to what has been achieved in other utility transactions?

A: I compared GPE's estimates with the range of utility industry experience, and considered the deal-specific circumstances.

My standardized measure was the percentage real dollar NFOM savings (from the pre-transaction baseline) realized within the three years of transaction close. This metric compares the sum of the two companies' NFOM expenses in the last full calendar year prior to transaction close with the combined company's NFOM expenses in the calendar year three years after transaction close. By three years after transaction close, all of the major savings initiatives should have gained full traction.

Realized savings are the actual reductions in real costs (or transaction-related increases in revenue) that are achieved by the combined company. Data on realized efficiencies or savings are most reliably and consistently obtained from utilities' annual filings to Federal Energy Regulatory Commission ("FERC") on their actual costs of

utility operations (FERC Forms 1 and 2). These data must be reviewed carefully, as organizational changes, changes in operating models, one-time events (large storms or extreme weather), changes in accounting methods, changes in industry structure, and subsequent M&A transactions can distort the filed costs.

The pre and post-transaction cost data for each of the comparative transactions were adjusted for inflation to a common real dollar basis, using the U.S. Consumer Price Index (“CPI-U”), before calculating the percentage savings. This adjustment ensured comparability among the percentage savings numbers for different transactions in different inflation circumstances.

To make the GPE percentage savings projections comparable to the realized savings in other utility transactions, I divided the estimated 2020 Transaction savings by the combined GPE-Westar actual NFOM expenses in 2015, after adjusting for inflation with CPI-U to put both numbers in a common 2016 base year. For other utility mergers, the comparison was the sum of actual pre-transaction costs for the two companies vs. actual costs three years after close for the combined company (*e.g.*, 2010 vs. 2014 costs for a transaction that closed in 2011).

It should be noted that savings related to capex reductions or capitalized supply chain cost savings are not included in these comparisons, because they are much more difficult to compare. Unlike for NFOM expenses, which are reported in FERC Form 1, there is no uniform basis for capex cost reporting. The reporting practices for capex vary across utilities, as do the return, depreciation and accounting factors involved in converting capital spending into revenue requirements impacts. As shown in Schedule

WJK-5, the projected capex-related savings from the proposed GPE-Westar transaction are expected to be substantial.

Q: What steps did you take to prepare GPE's estimated Transaction savings for comparison to other utility transactions?

A: The base 2015 NFOM costs for both GPE (*i.e.*, KCP&L) and Westar were obtained directly from their 2015 FERC Form 1 reports. These base costs were inflated to 2016 dollars using the CPI-U.

Since the savings estimates were prepared by major operational function, and not necessarily by FERC account grouping, I have classified the estimated Transaction savings into the functional groups of accounts in FERC's Uniform System of Accounts: Generation, Transmission, Distribution, Customer Service and A&G. The Sales function was not analyzed because it is an immaterial cost item (less than \$0.5 million per year) at both GPE and Westar. I assigned each line item in GPE's savings estimates to the appropriate FERC function, based on GPE team leaders' descriptions of the type of costs in the line item.

The savings estimates in the supply chain process were allocated to the five FERC functions with guidance from GPE's supply chain leaders, as follows: 50% to Generation, 5% to Customer Services, 15% to A&G and 30% to T&D. The T&D savings were allocated to Transmission and Distribution according to each function's share of the base non-fuel O&M expense.

The 2020 GPE estimated savings were deflated to 2016 dollars using the CPI-U, to put the savings on the same real basis as the base year costs. Finally, I excluded fuel and purchased power costs from my comparisons of realized savings, as the data from

transaction to transaction for this type of cost are so heavily influenced by regional energy market factors and commodity price cycles that they are not meaningful to compare.

Since the absolute level of pre-transaction base costs varies widely, according to the size of the companies I used in the comparison, it would not be meaningful to compare absolute savings. Rather, quantified savings levels across different transactions are typically compared on the basis of percentage of base costs.

Q: What proportion of GPE-Westar's base 2015 NFOM costs are estimated to be saved through the Transaction?

A: The 2020 total NFOM net savings of \$162 million (\$148 million in 2016 dollars) amounts to 9.1 percent of the combined 2015 NFOM costs of GPE and Westar's utility operations (in 2016 dollars). The estimated savings by FERC account group function, as a percentage of base costs, are as follows:

Function	Annual Savings by 2020	% of Baseline Costs (1)
	(2016 \$million)	
Non-fuel Generation O&M	102	19.5%
Transmission O&M	14	3.5%
Distribution O&M	9	4.9%
Customer Service	4	2.5%
A&G Expense	33	6.5%
Total Non-Fuel O&M	148	9.1%
(1) 2020 savings as % of 2015 base NFOM costs, all in 2016 dollars		

Schedule WJK-4 provides supporting detail for the functionalization of the savings estimates, and the comparison to base 2015 costs.

1 **Q: Do these estimated savings levels strike you as reasonable, given the characteristics**
2 **of this Transaction?**

3 A: Yes, based both on my knowledge of the specific circumstances of this transaction, and
4 on comparison of total savings with other transactions. A total non-fuel savings level of
5 nine percent would be above average for a utility-utility merger. This is roughly what
6 you would expect for a transaction between neighboring firms, who can access the full
7 range of savings.

8 **Q: What factors can influence the level of savings that can be expected from a utility**
9 **transaction like this?**

10 A: The level of achievable savings is affected by many factors. Some of the more important
11 factors are:

- 12 • Relative size. Similarly sized companies have greater savings opportunities.
13 Acquisitions of smaller companies by much larger companies do not affect combined
14 costs as much on a percentage basis.
- 15 • Relative operating performance. Greater savings can be achieved if one company has
16 significantly lower unit costs or superior service quality. Its practices can be
17 transferred to the other company. This is also true on a functional level, *e.g.*,
18 leveraging one company's better distribution O&M practices.
- 19 • Proximity. Neighboring or overlapping service territories make greater savings
20 possible in both field and corporate operations.
- 21 • Need for capacity. Reductions in capital expenditures for new generation or
22 transmission capacity will be larger if one utility has a long position (*i.e.*, more than
23 adequate capacity) and the other has a more pressing capacity need.

- Corporate and management culture. Benefits can be larger if one of the companies (especially the dominant partner) has superior project execution capabilities or has demonstrated an ability to achieve superior operating results relative to its peers.

From my review of the data on the proposed GPE-Westar transaction, it appears that most of these factors line up to increase the savings that could be achieved through this Transaction.

Q: How do GPE's estimated Transaction savings compare with the range of realized savings from other utility transactions?

A: GPE's estimated savings are higher than the median level of total realized savings in other comparable transactions, as you would expect, but are solidly within the zone of reasonableness.

Comparisons by function are much less valid across differing utility types, due to the differing functional mix of costs in gas versus electric utilities. For this set of comparisons, therefore, I limited the data set on comparable transactions to sizable mergers between utility companies, at least one of which was an electric utility. This yielded 36 comparable transactions, which are shown below.

Deal Year	Buyer Name/ Target Name
1997	Ohio Edison Company/ Centerior Energy
1997	Puget Sound Power & Light Company/ Washington Energy Co
1998	Brooklyn Union Gas/ Long Island Lighting Company
1998	LG&E Energy LLC/ Kentucky Utilities Company (KU)
1998	Pacific Enterprises/ Enova Corporation
1998	Union Electric Company/ CIPSCO Inc.
1999	Consolidated Edison Company of New York/ Orange and Rockland Utilities, Inc.
1999	Delmarva Power & Light Company/ Atlantic Energy Inc.
1999	Nevada Power Company/ Sierra Pacific Power Company
2000	SCANA Corporation/ Public Service Company of North Carolina, Incorporated
2000	American Electric Power Company, Inc. (AEP)/ Central and South West Corporation
2000	Carolina Power and Light Company (CP&L)/ Florida Progress Corporation
2000	Unicom (Commonwealth Edison)/ PECO Energy
2000	Dominion Resources, Inc./ Consolidated Natural Gas Co.
2000	Energy East Corporation/ Central Maine Power Company
2000	Indiana Energy Inc./ SIGCORP, Inc.
2000	Northern States Power Company / New Century Energies, Inc.
2001	AES Corporation/ IPALCO Enterprises, Inc.
2001	FirstEnergy Corporation/ GPU, Inc.
2002	Potomac Electric Power Company/ Conectiv Energy, Inc.
2003	Ameren Corporation/ CILCORP, Inc.
2004	Northeast Utilities/ Connecticut Valley Electric Co Inc.
2004	Ameren Corporation/ Illinois Power Company
2005	PNM Resources Inc./ TNP Enterprises, Inc.
2006	Duke Energy/ Cinergy
2006	Midamerican Energy/ PacifiCorp
2006	UGI Corporation/ PG Energy
2007	WPS Resources/ Peoples Energy Corp.
2007	National Grid/ KeySpan Corp
2007	MDU Resources/ Cascade Natural Gas
2008	Great Plains (Kansas City Power & Light)/ Aquila Inc. (MO)
2008	MDU Resources/ Intermountain Gas
2011	AES Corporation/ DPL Inc.
2011	FirstEnergy Corp./ Allegheny Energy, Inc.
2012	Northeast Utilities/ NSTAR
2012	Exelon Corporation/ Constellation Energy Group, Inc.

A number of the utilities in these comparable transactions went through structural changes in the three years after their transaction, most notably the divestiture of all or most of their generation assets.³ Such changes caused large shifts in their mix of

³ Unicom-PECO, ConEd-O&R, Delmarva-Atlantic, Energy East-CMP, FirstEnergy-GPU, and PEPCO-Conectiv.

1 purchased energy versus generation NFOM expense, not related to their transaction. To
2 avoid distortion, their data were excluded from the comparison for Generation NFOM.
3 The Total NFOM percentage changes for these companies also excluded Generation
4 NFOM.

5 Schedule WJK-5 shows the quartiles of the realized cost reductions by major
6 function for the 36 historical utility mergers and GPE-Westar.⁴ GPE's estimated savings
7 are greater than the median for total NFOM and for three of five the FERC account
8 functions, generally placing GPE's estimated savings performance in the second quartile.

9 It is interesting to note that the estimated total NFOM savings from the GPE-
10 Westar transaction are extremely close to the realized total NFOM savings in the GPE-
11 Aquila transaction, when compared on a percentage basis using the method described
12 above.

13 **Q: Do you have any other industry information that corroborates these comparisons?**

14 A: Yes. In my experience advising on potential utility transactions, we commonly cite the
15 range of 7-10 percent as a reasonable general expectation for total non-fuel savings in
16 transactions with similar business models and geographic proximity. This advice is
17 based on savings estimates and realized savings across a large number of proposed
18 combinations. Expectations for the GPE-Westar transaction, at around 9 percent, are
19 within this typical range.

⁴ As explained above, the comparison was between inflation-adjusted costs three years after the year of transaction close vs. costs in the year before close.

1 **Q: Why are GPE's estimated total Transaction savings modestly higher than the**
2 **industry average?**

3 A: The drivers for and specific components of the estimated savings for the GPE-Westar
4 transaction are described in some detail above in my testimony. But in general, the GPE-
5 Westar pairing has unusually broad opportunities for savings, as I noted above in listing
6 the factors that drive the level of achievable benefits. They are similarly sized. They
7 have complementary operating strengths that enable transfer of better practices and
8 creation of substantial savings. They have adjoining service territories, which increases
9 potential operating and corporate savings. Their generation fleets offer significant
10 opportunities for more efficient asset utilization.

11 The industry data for other transactions, on the other hand, include many
12 transactions that did not have the advantages of proximity or similar business models.
13 About 40 percent of our comparable transactions between predominantly electric utilities
14 involved geographically separated service territories. About 20 percent involved merging
15 an electric utility with a gas utility. GPE-Westar's geographic and business model fit
16 gives the new company natural advantages for achieving savings in Generation and T&D
17 operations, and in Supply Chain.

18 **Q: What are your comments on the basic industrial logic of the GPE-Westar**
19 **combination?**

20 A: The Transaction just makes a lot of sense. The physical fit is good, with adjoining
21 territories. The cultural fit is good. The strategic synergy is good, creating a larger, more
22 capable utility to serve its home region. Significant savings and more efficient use of
23 resources can be achieved, to the long-term benefit of customers and the health of the

1 regional economy. The consolidation of generation fleets and better access to low cost
2 renewable resources (mainly in Kansas) will accelerate the transition to a lower carbon
3 future and shrink the new GPE's environmental footprint. All this will be done within
4 strict guidelines of maintaining safe, reliable service. GPE and Westar already have a
5 positive relationships with the approving regulatory jurisdiction, namely the KCC.

6 In short, the industrial and public policy logic for the GPE-Westar combination is
7 very compelling.

8 **Q: Why can you conclude that GPE's savings estimates are reasonable and**
9 **conservative?**

10 A: I have reviewed GPE's savings estimates both on a stand-alone basis and in the context
11 of industry experience. At least four separate lines of corroborating evidence support the
12 conclusion that the estimates are reasonable and conservative:

- 13 1. GPE's savings estimation methodology is sound. It is comprehensive, conservative,
14 and bottom-up. The savings analysis teams have identified and vetted reasonable
15 levels of savings. The sources of savings that they cited are credible.
- 16 2. GPE's estimated savings for NFOM expense, though higher than the median realized
17 savings over 36 other utility transactions, are justified by understandable reasons due
18 to the favorable circumstances and superior industrial logic for the Transaction.
- 19 3. GPE's estimated savings are within the range that we have advised utility clients,
20 based on our experience, is reasonable to expect in transactions between neighboring
21 electric utilities.
- 22 4. GPE has proven recently its ability to achieve this level of savings, based on its track
23 record with the recent Aquila transaction.

GPE's estimates tend to exceed the industry averages because GPE and Westar are neighboring utilities who can access an unusually broad range of savings opportunities.

SUMMARY AND CONCLUSIONS

Q: What are your conclusions on the central issues addressed in your testimony?

A: My conclusions are as follows:

1. *Is GPE's method for estimating savings reasonable, and generally consistent with accepted industry practice?*

Yes. GPE's general approach to estimating savings is consistent with industry practice, and is in fact more detailed and better supported than in most transactions. Its methodology is comprehensive, current, detailed, attributable, quality assured, and conservative.

2. *Are GPE's estimates of savings reasonable, and generally consistent with the range of industry experience in similar transactions?*

Yes. The estimated savings are only modestly above the industry average, even though the nature of the transaction would put the combined company among the best possible circumstances for capturing savings. They appear reasonable on a stand-alone basis, and in total are in the range that would be expected on the basis of comparable transactions in the utility industry and the circumstances of GPE and Westar. At least three lines of evidence support this conclusion.

3. *Can the KCC and GPE's Kansas customers be reasonably assured that at least the targeted total annual savings will be achieved?*

1 Yes. GPE has proven that it can deliver substantial transaction-related savings, based
2 on its performance in the Aquila transaction. Tapping the identified savings pools
3 can rely on well-proven processes and capabilities. Also, the finally realized savings
4 in the Aquila transaction, as is typical of most utility transactions, were significantly
5 higher than were initially estimated.

6 **Q: What was the impact of the Transaction savings analyses on GPE's offer to Westar?**

7 A: GPE's management and Board were able to conclude with confidence that the reasonably
8 achievable savings were sufficient to meet the targets for making a competitive bid while
9 maintaining GPE's financial and operational health and producing significant long term
10 benefits for customers.

11 **Q: Does that conclude your testimony?**

12 A: Yes, it does.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great)
Plains Energy Incorporated, Kansas City)
Power & Light Company, and Westar) Docket No. 16-KCPE-_____
Energy, Inc. for approval of the Acquisition of)
Westar Energy, Inc. by Great Plains Energy)
Incorporated)

AFFIDAVIT OF WILLIAM J. KEMP

MISSOURI
STATE OF ILLINOIS)
JACKSON) ss
COUNTY OF COOK)

William J. Kemp, being first duly sworn on his oath, states:

1. My name is William J. Kemp. I work in Chicago, Illinois, and I am a Founder and Director—Strategy Implementation Services at Enovation Partners, LLC.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of thirty-nine (39) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

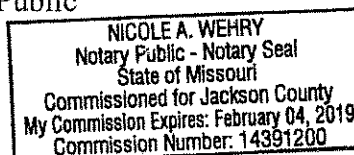
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

William J. Kemp
William J. Kemp

Subscribed and sworn before me this 28th day of June 2016.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2019



Resume

William J. Kemp

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Bill is a co-founder of Enovation Partners. For more than 25 years, he has crafted and delivered solutions for energy and utility industry clients around the world on critical strategy, finance, operations, and technology issues. He has directed more than 400 consulting projects.

He has advised on energy industry restructuring efforts in the U.S., Australia, New Zealand, China, India, Russia, Singapore, the Philippines, Turkey, U.K., and other countries, as well as on energy company technology initiatives, restructurings, mergers, acquisitions, and greenfield investments, in the U.S. and overseas. He has testified as an expert witness before numerous courts and agencies.

Bill has served in various leadership positions in the International Association for Energy Economics, and speaks frequently before industry groups such as the Edison Electric Institute, the Western Energy Institute, American Gas Association, Association of Municipal Water Agencies, and others.

RELEVANT ENGAGEMENTS

Following are snapshots of selected engagements that are particularly relevant to expert witness assistance around commercial terms in long term energy Sale and Purchase Agreements:

- Prepared expert witness report for **Kaiser Aluminum & Chemical**, in an electricity-related contract dispute before the International Court of Arbitration in London. Litigation involved legitimacy of force majeure declaration and contract termination, in context of tight electricity supplies and unusual power market conditions. Identified key issues to be addressed, used industry network and personal expertise to compile documentary record, analyzed market fundamentals and related price behavior, drafted initial and reply reports, developed relevant exhibits. Coordinated with outside counsel in case strategy, briefs, hearings.
- Testified in defense of global primary metals producer, **Norsk Hydro**, against countervailing duty claims before U.S. International Trade Commission. Analyzed incremental cost basis, pricing and market context of long-term electricity contract with government-owned utility. Established contract's consistency with comparable contracts at similar utilities. Assisted in drafting sections of brief, and served as expert witness in presenting final oral argument before Commission. Saved client \$30 million per year in ultimate duty costs.
- Served as expert witness for **Snohomish PUD** in litigation before the FERC. Litigation focused on alleged overcharges, unreasonable contractual terms, and exercise of market power by certain power marketing firms during the Western power crisis of 2000-2001. Quantified economic impacts on clients, identified bounds for just and reasonable terms based on

FOUNDING PARTNER**Focus Areas**

- Strategic planning
- Competitive markets analysis
- Litigation support
- Technology economics
- Mergers and acquisitions
- Pricing and regulatory strategy
- Sustainability
- Strategy implementation
- Re-engineering/process redesign

Office

- Tampa, FL

Education

- MPP, University of California – Berkeley
- BA magna cum laude, Anthropology and Physics, Harvard

Industry Associations

- American Gas Association
- American Public Power Association
- Association for Public Policy Analysis and Management
- Edison Electric Institute
- International Association for Energy Economics
- Suncoast Technology Alliance
- Western Energy Institute

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competitive market fundamentals and accepted industry practices, demonstrated compelling public interest to justify contract modification, outlined proposed remedies. Supported client counsel in case strategy, discovery. Case ultimately appealed to U.S. Supreme Court and decided largely in client's favor.

- Independently reviewed expected economic performance and asset value of numerous power or gas production and midstream assets in the U.S. and overseas. Analyzed current and future market context, determined likely dispatch pattern, evaluated forecasts of fuel expense, O&M expense, capex, and product revenues, estimated intrinsic and extrinsic values, assessed major risk factors.
- Served as expert witness before U.S. District Court for Eastern Virginia in civil litigation for **Ragnar Benson Inc.**, in dispute surrounding delay in construction of large power plant and termination of construction prime contractor. Testified on the project developer's economic motivation for delaying or cancelling project, based on changes in power market conditions during the construction period. Analyzed the relevant regional markets, the plant's expected economic performance, and the financial pressures facing the developer. Assessed reasonableness of damage claims. Assisted in case strategy, discovery, depositions.
- Served as expert witness before arbitration panel in civil litigation for **Williams Group**, in dispute surrounding termination of large power plant construction project. Testified on the project developer's economic motivation for termination, based on changes in power market conditions during the construction period. Analyzed the relevant regional markets, the plant's expected economic performance, and the financial pressures facing the developer. Reviewed damage claim estimates. Assisted in case strategy, discovery, depositions. Case settled favorably for client after hearings.
- Managed national study of construction cost accounting practices in regulated firms, in support of **U.S. Department of Justice** in largest bankruptcy litigation case in history of power industry to that time (WPPSS). Characterized industry practices for cost assignment and allocation by reviewing accounting and regulatory standards, developing survey instrument and sampling plan, conducting extensive interviews with relevant firms, and gathering supporting documentation. Analyzed economic damages under several scenarios. Results were instrumental to successful settlement.
- Served as expert witness on financial implications of proposed sale of **Verizon Pacifica**, working jointly for Verizon Pacifica and the Commonwealth of the Northern Mariana Islands. Analyzed reasonable range of five-year scenarios for revenues and costs across all business lines, and assessed post-transaction financial performance and investment capability in these scenarios. Assisted in efforts to resolve legal and regulatory issues around sale.
- Supervised litigation support team defending **Southern California Edison** in an antitrust suit relating to wholesale power pricing. Analyzed competitive effects of pricing practices, developed economic arguments, managed expert witnesses, directed staff in testimony preparation and documentation.
- Prepared expert witness report and deposition testimony in defense of **Lyon Productions**, "Barney" toy and entertainment producer, against copyright infringement claim. Analyzed marginal revenues and costs, allocated whole product net profits to aspect of product in dispute. Prepared expert witness report and deposition testimony.

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- Managed consulting and technical staff for **Southern California Edison**, in rate litigation before the Federal Energy Regulatory Commission and the Bonneville Power Administration.
- Prepared economic support for countervailing duty claims against foreign steel producers, on behalf of **six U.S. steel producers**. Reviewed power contracts between foreign governments or government-owned enterprises and steel producers, analyzed market context, analyzed relevant marginal and incremental costs, determined existence of preferential pricing. Supported claim successfully before Department of Commerce.
- Managed interdisciplinary teams to assist **Daishowa America** in pursuing renewal of federal licenses for two hydroelectric facilities. Quantified life-cycle costs of various potential mitigation measures and license conditions, and evaluated effects on project financial feasibility. Developed valuation of dam based on costs of replacement power. Led successful negotiations with U.S. Senate committee staff on economic provisions of landmark legislation to transfer dams to federal ownership and compensate client.
- Directed preparation of damage claims for **three major fish processors in Alaska**, in relation to disruption of operations and market effects due to the Exxon Valdez oil spill. Analyzed relevant national and international food markets, developed methodology to project foregone revenue and costs, calculated lost margin, organized supporting documentation. Achieved rapid and favorable settlement.
- Advised numerous energy industry clients in M&A transactions and integration. Developed strategic framework, screened targets, evaluated strategic fit of customer/resource portfolios, quantified synergies, assessed regulatory/financial/operational risks.

MAJOR AREAS OF CONSULTING EXPERIENCE

Following are summaries of selected groups of relevant projects and consulting engagements, by functional area.

Regulation and Litigation Support

- Served as expert witness or prepared expert testimony on various ratemaking issues (revenue requirements, forecasted sales, cost allocations, rate design) before numerous utility regulatory commissions or governing bodies.
- Served as expert witness in disputes regarding enforceability of commodity supply contracts in unusual market conditions. Identified key issues, used industry network and personal expertise to compile documentary record, analyzed market fundamentals and related price behavior, drafted initial and reply reports. Considered issues regarding client bankruptcy filings. Co-ordinated with outside/inside counsel in case strategy, discovery, depositions, hearings, briefs.
- Served as expert witness on energy-related issues in countervailing duty claims before international trade agencies. Analyzed cost basis and market context of contracts to purchase energy from foreign government-owned utilities. Quantified impacts of subsidized pricing.

Representative Clients: Norsk Hydro, Williams Group, U.S. Dept. of Justice, Lyon Productions, Bethlehem Steel, Snohomish PUD, North Pacific Seafoods, Kaiser Aluminum & Chemical, Bonneville Power Administration, Daishowa America, Washington Natural Gas, Ragnar Benson

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Market Analysis, Marketing, Pricing

- Advised governments and regulatory agencies on market liberalization policy and design of commodity markets. Clarified policy objectives, outlined optimal market and regulatory structure, designed market rules and business practices, analyzed market power issues, assessed technology platforms, recommended strategies for mitigating financial and operational risk.
- Advised strategic and financial investors on acquisitions of midstream assets in the North American natural gas industry. Analyzed broader market trends, assessed production economics by sub-basin, screened potential targets for fundamental value and strategic fit, assisted in diligence and transaction. Clients closed on substantial asset deals.
- Assisted in creation of start-up retailers of gas and electricity. Assessed market opportunities, defined business model, developed business processes, procured human and IT resources, analyzed upstream and downstream risks, acquired customers, executed marketing campaigns.
- Developed revenue and demand forecasting models for energy companies and public agencies. Implemented on selected technology platforms, tested and rolled out completed systems.
- Performed production and distribution cost studies for Northwest and Pacific utilities. Identified management objectives, analyzed historical and forecasted costs and loads, determined revenue requirement, allocated costs to products and customer classes, designed rates, and developed supporting testimony.

Representative Clients: FirstEnergy Services, Sempra Utilities, Washington Natural Gas, Edison International, Areva, PG&E, Bonneville Power Administration, State Power Corp. of China, Atlanta Gas Light, Electricity Corp. of New Zealand, President's Council on Environmental Quality, Singapore Public Utility Board, Transalta, U.K. Dept. of Energy, Napocor (Philippines), State Electricity Commission of Victoria (Australia), Guam Power Authority

Strategy and Finance

- Developed growth strategies for companies in energy, manufacturing, and software industries. Identified critical business issues, assessed core competencies and key assets, defined strategic vision, identified capability gaps and partnering opportunities, prioritized strategic and financial risks, analyzed business cases for investment, recommended near term tactics.
- Drove strategic plans through to successful strategy implementation. Deployed Accelerated Corporate Transformation® process architecture to achieve quick traction on most important initiatives. Improved clients' management capabilities for sustained progress on achieving strategic objectives.
- Determined appropriate valuations for production and distribution assets in various electricity or gas markets. Assessed upstream/downstream markets, regulatory issues, operating strategy.
- Developed long-term financial strategies for energy companies. Defined financial objectives, identified long-term market threats and opportunities, evaluated financing alternatives, recommended improvements to financial operations, advised on pre-IPO initiatives.
- Advised numerous energy industry clients in mergers and acquisitions, and post-transaction integration, both in US and internationally. Developed strategic framework, screened targets and management teams, evaluated strategic fit of customer/ resource portfolios, quantified synergies, assessed regulatory/ financial/operational risks. Established governance structure

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and policies for affiliated entity transactions. Set benefit goals, facilitated integration teams, implemented key IT systems, helped drive benefits realization.

- Assisted numerous U.S.-based energy firms in acquiring in foreign assets. Analyzed relevant power/gas markets, identified potential acquisition targets, analyzed market and regulatory impacts on revenues and risks, coordinated expert teams in due diligence.
- Performed commercial and technical due diligence for proposed acquisition of two gas distribution utilities by a large infrastructure fund with adjacent utility assets. Conducted a broad range of analyses relating to enterprise acquisition and integration. Performed regulatory due diligence, including regulatory precedents and strategy.
- Improved risk management performance at energy companies and agencies. Identified new types of risks deriving from competitive restructuring of commodity markets, developed comprehensive risk management policies, defined governance structure and capabilities.

Representative Clients: Sempra, PG&E, TECO Energy, Puget Energy, Eskom, FirstEnergy, Entergy, Hunt Generation, Areva, Idacorp, Verizon, Deloitte & Touche, JEA, Orlando Utilities Commission, Atlanta Gas Light, Intel, Bonneville Power Administration, Avista, Exelon, Duke Energy, State Power Corp. of China, Electricity Corp. of New Zealand [plus other confidential clients]

Operations and Performance Improvement

- Developed IT strategic plans for specific companies and for industry sectors. Identified critical business issues, mapped and prioritized significant IT applications across enterprises, assessed IT capability gaps, analyzed business cases, recommended solutions.
- Directed enterprise transformation projects at major energy companies, including strategic planning, process visions and redesigns, technology implementations (ERP, CRM), change leadership, cost reduction targets, benefit realization.
- Managed technology-enabled process redesign, project oversight and account relationships for large ERP implementations. Defined high level business needs, developed business cases, performed quality assurance reviews, assisted in change leadership, resolved project issues.
- Conducted benchmarking and comparative practices studies for industrial operations. Developed consistent engineering and cost information, analyzed key practices and metrics.
- Advised on organizational restructurings, carve-outs, and spin-offs for major industrial corporations and public agencies. Clarified change mandate, recommended structure and governance mechanisms, analyzed organization development issues, drafted business plans.
- Assisted commodity producers in analyzing the operational economics of wholesale customers. Modeled customers' supply portfolios, customer demands, distribution operations, retail pricing, and finances. Analyzed impact of various wholesale contracting and pricing strategies.

Representative Clients: Puget Sound Energy, BC Gas, U.S. Bureau of Reclamation, Australian Gas Light, India Ministry of Power, Kansai Electric, Pacific Gas & Electric, Bonneville Power Administration, Jiangsu Power, Western Power Exchange, Mossgas, New York Independent System Operator, Sacramento Municipal Utility District



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PROFESSIONAL EMPLOYMENT

Enovation Partners

Founding Partner. Member of executive leadership team of management consultancy focused on strategic, financial and regulatory issues in the natural gas and electricity industries. Leader of strategy implementation practice and thought leadership function.

Economists.com

Managing Director. Responsible for strategic direction, sales and marketing leadership, alliance development, client relationship management, thought leadership, direct services to major clients. Grew firm to four offices.

Black & Veatch Management Consulting

Vice President, Strategy Solutions. Leader of Black & Veatch's strategy consulting services, including strategy development, customer strategy, mergers and acquisitions, power delivery strategy, sustainability assessment and strategy, technology strategy, and Accelerated Corporate Transformation (a proprietary strategy implementation methodology).

Precise Power Corporation

President/Chief Operating Officer. Responsible for strategic direction, day-to-day operations, and financial and administrative management for this start-up manufacturer of high-tech electric motors and power quality equipment. Raised substantial private capital investment. Led transition of company from R&D to commercial manufacturing. Company was named fastest growing private manufacturer in Florida (486% growth over three years) for three consecutive years.

Deloitte Consulting

Managing Partner, Asia-Pacific-Africa Energy & Resources Practice

Lead Partner, U.S. West Energy Practice

As managing partner, responsible for management of one of three global regions in Deloitte's management consulting practice in Energy & Resources industry (oil, gas, electricity, water, mining). Defined strategic direction, managed key account relationships, set practice and partner goals, controlled practice costs. Served as CEO of Utility Consulting International.

Pacific Gas and Electric Company

Supervising Wholesale Rate Engineer, Senior Regulatory Analyst

Southern California Edison Company

Regulatory Cost Analyst

U.S. Department Of Energy

Research Scientist, Energy Demand Forecasting

Executive Office of the President, Council on Environmental Quality

Regulatory Economist



SUMMARY OF TESTIMONY EXPERIENCE

WILLIAM J. KEMP

JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Direct Expert Witness Testimony					
Guam Public Utilities Commission	11-09	Guam Power Authority	Guam Power Authority	2011	Transmission level cost-of-service analysis, standby rates, customer retention rates
Guam Public Utilities Commission	07-010	Guam Power Authority	Guam Power Authority	2007, 2009	Transmission level cost-of-service analysis, rate design
Missouri Public Service Commission	EM-2007-0374	Kansas City Power & Light Co.	Kansas City Power & Light Co.	2007	Merger synergies, allocation of merger benefits
California Public Utilities Commission	U-902-E	San Diego Gas & Electric Co.	San Diego Gas & Electric Co.	2007	Economics of renewable generation development, need for transmission
U.S. District Court, Eastern Virginia	Civil Action No. 05-CV-34	Old Dominion Electric Cooperative	Ragnar Benson, Inc.	2006	Wholesale power markets, natural gas markets, generation project economics, transmission constraints
American Arbitration Association	Consolidated Case No. 53 Y 110 00521 03	Williams Service Group Inc. of Ohio	Williams Service Group Inc. of Ohio	2005	Wholesale power markets, natural gas markets, generation project economics, transmission constraints
FERC	EL02-56	Snohomish Public Utility District	Snohomish Public Utility District	2003	Wholesale market power, wholesale power contracts, credit terms, forward markets



JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Guam Public Utilities Commission	93-001	Guam Power Authority	Guam Power Authority	1995	Load study design and analysis, cost of service analysis
Guam Public Utilities Commission	92-001	Guam Power Authority	Guam Power Authority	1994	Transmission-level and retail cost of service analyses, interruptible rates, rate design
U.S. International Trade Commission	US-95-1257	Bethlehem Steel	Bethlehem Steel	1994	Steel production costs, electricity production costs, wholesale power contracts, steel markets
U.S. International Trade Commission	USA-92-1904-05	Gouvernement du Québec	Norsk Hydro Canada	1993	Aluminum production costs, electricity production costs, wholesale power contracts, aluminum markets
Guam Public Utilities Commission	92-003	Guam Power Authority	Guam Power Authority	1993	Transmission-level and retail cost of service analyses, interruptible rates, rate design, labor costs, performance standards
FERC	ER83-03	Bonneville Power Administration	Pacific Gas & Electric Co.	1983	Hydroelectricity economics, wholesale power markets
FERC	ER82-04	Bonneville Power Administration	Pacific Gas & Electric Co.	1982	Hydroelectricity economics, wholesale power markets
Bonneville Power Administration	1983 Rate Case	Bonneville Power Administration	Pacific Gas & Electric Co.	1983	Hydroelectricity economics, wholesale power markets
Bonneville Power Administration	1982 Rate Case	Bonneville Power Administration	Pacific Gas & Electric Co.	1982	Hydroelectricity economics, wholesale power markets



JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Testimony Prepared on Behalf of Client Witnesses					
International Court of Arbitration	12 573/JNK	Kaiser Aluminum & Chemical Corp.	Kaiser Aluminum & Chemical Corp.	2003	Aluminum production costs, electricity production costs, wholesale power contracts, aluminum markets
California Public Utilities Commission	96-10-038	Pacific Enterprises	Pacific Enterprises	1997	Merger synergies for proposed merger of Pacific Enterprises and Enova
Washington Utilities and Transportation Commission	Various	PacifiCorp, Portland General Electric	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Washington Utilities and Transportation Commission	Various	PacifiCorp, Portland General Electric	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Oregon Public Utilities Commission	Various	PacifiCorp, Puget Power, Washington Water Power	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Idaho Public Utilities Commission	Various	Idaho Power	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies



JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Montana Public Service Commission	Various	Montana Power	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Colorado Public Utilities Commission	95A-531EG	Public Service Co. of Colorado	Public Service Co. of Colorado	1995	Merger synergies for proposed merger of Public Service Co. of Colorado and Southwestern Public Service
U.S. District Court, Alaska		North Pacific Seafoods	North Pacific Seafoods	1990	[Exxon Valdez oil spill] Fisheries industry economics, business interruption damages
U.S. District Court, North Texas		Lyon Productions	Lyon Productions	1989	Film/TV industry economics, revenue and cost unbundling

SCHEDULE WJK-3

ESTIMATED TRANSACTION SAVINGS

(based on analyses performed in support of GPE's bid)

\$million	Gross Savings				Costs to Achieve				Net Savings				
	2017 ⁽¹⁾	2018	2019	2020	2017 ⁽¹⁾	2018	2019	2020	2017 ⁽¹⁾	2018	2019	2020	2021+ ⁽³⁾
NFOM Expense													
Generation	1	6	61	79	1		28	9	0	6	33	70	80
T&D / CS	6	5	5	5	1				5	5	5	5	5
Shared Services	10	23	24	24	6	2	2	1	5	21	22	23	25
Supply Chain	11	22	66	66	8	2	2	2	3	21	64	64	65
Total NFOM	28	55	156	174	14	3	31	12	13	52	125	162	176
Capital ⁽²⁾	3	11	25	36	-	-	-	-	3	11	25	36	
Total	30	66	180	210	14	3	31	12	16	63	149	199	176
	(1) Assumed Jul-Dec 2017												
	(2) Revenue requirement impact of capital expenditure reduction												
	(3) Annual savings after 2020 were not projected for GPE's bid, but minimal additional costs to achieve would be expected, and gross annual NFOM savings would be expected to increase at roughly the rate of inflation. Capital-related savings would decline after 2020 and have not been quantified.												
	Source: GPE savings estimates												

SCHEDULE WJK-4

ESTIMATED TRANSACTION SAVINGS BY FERC ACCOUNT FUNCTION

Baseline Costs					2020 Transaction Savings				
\$million	FERC Accounts	SNL Totals for 2015		Total Baseline Costs in 2016\$	2020 Net Savings Estimates				
Baseline Category		Great Plains Energy Inc.	Westar Energy, Inc.		Direct NFOM Savings	Allocated Supply Chain Savings (2)	Total O&M Savings	In \$2016	Percent Savings vs. Baseline
Non-fuel Generation O&M (1)	500-557	238.9	237.0	477.9	70.0	32.0	102.1	93.3	19.5%
Transmission O&M	560-574	115.2	254.4	371.2	1.2	13.1	14.3	13.1	3.5%
Distribution O&M	580-598	85.3	86.5	172.5	3.1	6.1	9.2	8.4	4.9%
Customer Service O&M	901-910	101.9	33.4	136.0	0.5	3.2	3.7	3.4	2.5%
A&G Expense	920-935	240.5	221.7	464.2	23.3	9.6	32.9	30.1	6.5%
		781.8	833.1		98.1	64.1	162.2	148.2	9.1%
	Total 2015 NFOM		1,614.8	1,621.8					
(1) Excluding accounts 501, 518, 547, 555 (fuel and purchased power)									
(2) Allocated per guidance from GPE									
Sources: SNL library of FERC Form 1 data, GPE savings estimates									

The range across U.S. utility M&A transactions in realized synergy savings by function is based on actual NFOM expenses as reported to FERC

Updated M&A database

- 856 US power and natural gas transactions with close dates in 1996-2012 period
- Varying deal value sizes and types across U.S.
- Screened out transactions that were under \$300 million in equity value, were not enterprise level, or did not involve an electric utility

Vetted Reported FERC Data

- Extracted data reported by operating utilities for FERC Forms 1 and 2 data, on O&M expense by FERC account group
- Adjusted for inflation
- Excluded outliers due to accounting changes or external structural changes (e.g., generation divestiture)

Calculated Realized Savings

- Total Non-Fuel O&M Expense (NFOM)
- NFOM by major function
- Determined quartiles of savings performance across set of relevant transactions

Realized Savings Calculation

$$\left(\begin{array}{l} \text{Merged entity} \\ \text{expenses 3 years*} \\ \text{after close} \\ \text{(Inflation Adjusted)} \end{array} \right) - \left(\begin{array}{l} \text{Buyer expenses +} \\ \text{acquired firm expenses} \\ \text{in year* prior to close} \end{array} \right) = \begin{array}{l} \text{Realized Savings} \\ \text{(percent change in real} \\ \text{NFOM expenses by} \\ \text{function)} \end{array}$$

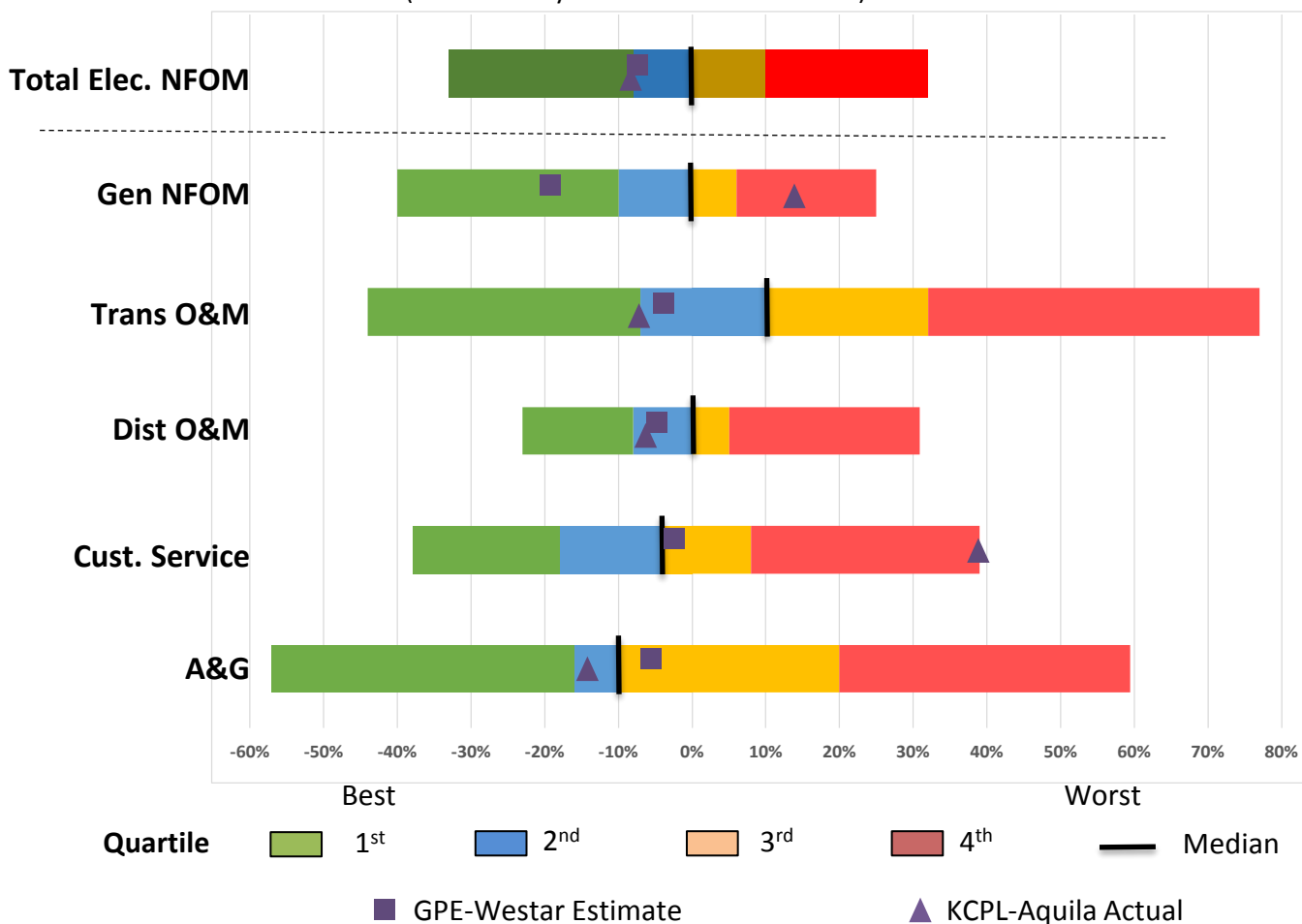
**Buyer expenses +
acquired firm expenses
in year* prior to close**

* Full calendar year. 3 years chosen as reasonable time to achieve full synergies.

Source: FERC Form 1 data, SNL transaction data base

GPE expects total NFOM savings to be in the upper second compared to other transactions - generally similar to our Aquila experience

**Realized Annual Savings as a Percentage of Pre-Transaction
Combined Non-Fuel O&M Expense, by Function**
(36 U.S. utility transactions 1996-2012)



BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

STEVEN P. BUSSER

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY
INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY,
AND WESTAR ENERGY, INC. FOR APPROVAL OF THE ACQUISITION OF
WESTAR ENERGY, INC.
BY GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 16-KCPE-____-ACQ

1 **I. Background and Qualifications**

2 **Q: Please state your name and business address.**

3 A: My name is Steven P. Busser. My business address is 1200 Main Street, Kansas City,
4 MO 64105.

5 **Q: By whom and in what capacity are you employed?**

6 A: I am employed by Great Plains Energy Incorporated (“GPE” or “Great Plains Energy” or
7 “Company”) and currently serve as the Vice President-Risk Management and Controller.
8 I am also the Company’s integration leader for the acquisition of Westar Energy, Inc.
9 (referred to herein as “Westar”) by Great Plains Energy.

10 **Q: What are your responsibilities?**

11 A: I have executive responsibility for corporate accounting, energy accounting, Securities
12 and Exchange Commission (“SEC”) reporting, income taxes, accounting systems and risk

1 management. My responsibilities also include the development and presentation of
2 testimony before various regulatory bodies with respect to the integration planning
3 framework the Company will utilize to integrate GPE and Westar in connection with
4 GPE's acquisition of Westar (the "Transaction") which is described more fully in the
5 Direct Testimony of Terry Bassham.

6 **Q: Please summarize your education, experience and employment history.**

7 A: My educational background includes a B.B.A., Accounting cum laude from the
8 University of Texas at El Paso. I have also taken several graduate level classes with a
9 focus in finance and am a Certified Public Accountant.

10 I have over 20 years of experience focusing on accounting and finance matters for
11 companies in the electric utility industry. I joined the Company in September 2014.
12 Prior to joining the Company, I served as vice president - treasurer of El Paso Electric
13 Company in Texas. During my almost 12 year tenure at El Paso Electric, I held various
14 executive positions including assistant chief financial officer, vice president - regulatory
15 affairs and chief risk officer. At El Paso Electric, I had executive responsibility for the
16 treasury, risk management, facility services, fleet management and supply chain
17 management functions. My responsibilities included the development and presentation
18 of testimony before various regulatory bodies with respect to the company's public and
19 private financing, and other securities transactions and various other regulatory
20 proceedings. Prior to El Paso Electric, I served as vice president - international controller
21 for Affiliated Computer Services and National Processing Company. I started my
22 professional career at KPMG LLP where I held several positions, including manager –
23 assurance serving clients in the electric utility industry.

1 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
2 **Commission or before any other utility regulatory agency?**

3 A: I have not testified previously before the Kansas Corporation Commission
4 (“Commission” or “KCC”). I have, however, testified as an expert witness or prepared
5 expert witness testimony before the Federal Energy Regulatory Commission and state
6 regulatory agencies in Texas and New Mexico.

7 **II. Purpose**

8 **Q: What is the purpose of your testimony?**

9 A: I will provide an overview of the integration planning framework and the process that
10 will be utilized to integrate GPE and Westar. This process will enable us to achieve the
11 estimated Transaction-related efficiencies and longer term competitiveness for the benefit
12 of customers, while maintaining or improving customer and community satisfaction. I
13 also will comment on GPE’s accounting that will be utilized for recording acquisition and
14 integration related costs as well as post-Transaction accounting for shared corporate costs
15 and, briefly, on the absence of property tax impacts anticipated to result from the
16 Transaction.

17 **III. Integration Project**

18 **Q: Please provide an overview of the integration project.**

19 A: The integration project will have four general phases consisting of framework, design,
20 integration plans and Day 1 preparation. The integration project will be a joint effort
21 with joint integration teams consisting of representation from both GPE and Westar. This
22 will facilitate knowledge transfer, identification of best practices and processes and

1 ensure that all areas are adequately planned and accounted for in the integration plans and
2 Day 1 playbooks.

3 **Q: Can you briefly describe each of the phases?**

4 A: Yes. The framework phase, which we are currently in, will set the framework for how
5 the integration effort will be managed. In the design phase, the daily operating practices
6 of the combined organization will be established, efficiency opportunities will be further
7 assessed, the initial targets will be set and gap-filling actions necessary to reach those
8 targets will be established. The integration plans phase will take the work that was put
9 forth to assess the savings in the design phase and start to develop the integration plans.
10 Once the integration plans are established the remaining time prior to deal closing will be
11 spent preparing for Day 1 and preparing the Day 1 plans and playbooks.

12 **Q: Please provide more details for each phase of the integration project.**

13 A: The integration project consists of four major stages.

14 1. Framework Development, which is ongoing and expected to be complete in July.

15 Components include:

- 16 a. Establishment of integration governance structure
- 17 b. Stand up integration teams
- 18 c. Develop and complete the target setting
- 19 d. Launch the project teams
- 20 e. Complete/build team charters and background information packets

21 2. Design Phase, which is expected to commence in August and be complete in

22 December. Components include:

- 23 a. Documentation of current state

- b. Definition of combined company future state
 - c. Identification of savings and performance improvements
 - d. Validation and confirmation of savings levels
 - e. Identification of Day 1 combined company priorities
3. Integration Plan Development, which is expected to commence in January and be complete in March. Components include:
- a. Creation of detailed work plans for Day 1 execution and post-Day 1 migration to steady state
 - b. Preparation of employee engagement plan for Day 1
 - c. Verification of auditability of Day 1 execution plans
4. Day 1 Plan Development, which is expected to commence in March and be complete in April 2017. Components include:
- a. Development of Day 1 checklists and certification
 - b. Identification of steady state resource plan
 - c. Development of post-Day 1 execution, tracking and employee engagement approach

Q: What is meant by “Day 1”?

A: Day 1 means the first day of operation of the combined entity. This is projected to occur in the second quarter of 2017.

Q: Please provide an overview of the integration planning framework that will be utilized to integrate Great Plains Energy and Westar.

A: The integration planning framework has been established primarily to set the strategic goals for the project. At the highest levels, those strategic goals are for both companies

1 to continue delivering the safe, reliable, efficient service that is our obligation today, but
2 to do that much more efficiently over time as a result of combining companies. The
3 integration planning framework will also commence the benchmarking process to
4 validate assumptions used to develop savings targets for the ultimate plans. Furthermore,
5 the integration planning framework will set the “tone at the top” which will guide the
6 messaging to employees and to the integration teams as they work through the process of
7 identifying and developing the efficiencies and savings. The integration planning
8 framework will also be utilized to plan the launch of the efficiency effort necessary as
9 part of this integration of the two companies.

10 **Q: Will there be any major differences between the integration project and the**
11 **diligence process used by GPE to evaluate the Transaction?**

12 A: Yes. The major difference is that the integration project will consist of broader
13 participation, involving people across the organizations and the ability to share and
14 discuss information across the larger team and with Westar personnel. Importantly,
15 information will be shared only within guidelines established by the legal departments.
16 In several areas, such as Generation, the teams will not have access to all data due to
17 restrictions at this stage of the approval process.

18 **Q: What is the mission of the integration project?**

19 A: The mission of the integration project is as follows:

20 The integration team will plan and prepare all integration efforts necessary
21 to combine KCP&L and Westar including establishing daily operating
22 practices and processes for the combined company such that the full value
23 of the combined entities is captured and that a seamless Day 1 transition is
24 achieved. This will be done by utilizing an executive-led structured team
25 approach that collaborates and proactively communicates across all levels
26 at each organization and through the establishment of agreed upon targets

for efficiency and performance improvements, against which progress will be measured.

Q: What are the goals of the integration project?

A: The goals of the integration project are to:

1. Utilize the best of both companies' processes and practices for each area of the new combined company to ensure efficient and effective service to customers.
2. Identify and capture the full strategic value of the combined company through achieving or exceeding the efficiency and performance improvement targets both at Day 1 and within the three-year period post Day 1.
3. Ensure seamless transition from current operations to Day 1, and from Day 1 through the transition to steady state.
4. Provide consistent, effective communication to all stakeholders as to project progress with a regular cadence.
5. Ensure consistency between Great Plains Energy and Westar by utilizing a structure for integration that involves participation at both companies.
6. Utilize an objective, fact-based decision-making process to avoid reliance on our perceived level of understanding or familiarity between the two companies.

Q: What is meant by "seamless transition to steady state"?

A: This means that the integration teams will stand the two companies up as one common enterprise adopting, as much as possible, the best practices of both companies while minimizing disruption to each company and ensuring that day-to-day operations relating to the customer experience are not compromised. "Steady state" is our term for the point at which all of the integration plans have been fully implemented. GPE will of course continue to seek improvements in its operations beyond that point.

1 **Q: Are there any other goals implicit in the integration process?**

2 A: Yes, the process needs to reinforce the core corporate values and successful culture of the
3 combined company. As can be seen in the integration project guidelines discussed
4 below, there is a desire to ensure that activities and decisions are consistent with GPE's
5 cultural standards and aspirations. For purposes of the integration teams, that implies
6 attributes such as collaboration, engagement, respect, leadership and integrity.

7 **Q: Do you have guidelines that you are to adhere to in the integration project?**

8 A: Yes.

9 **Q: What are they?**

10 A: The guiding principles we have established for the project are as follows:

- 11 – Maintain both employee and public safety across the combined organization;
- 12 – Ensure the combined company is strategically positioned to achieve our long term
13 goals;
- 14 – Capture benefits of greater scale and skills;
- 15 – Manage people integration consistent with Guiding Principles,
 - 16 ○ Cost savings from integration, and staffing for the combined companies, will
17 come from across the combined platform; and
 - 18 ○ Natural attrition, job assignments outside of current responsibilities, voluntary
19 termination packages and severance will be used to reduce headcount;
- 20 – Deliver on our financial requirements,
 - 21 ○ Credit metrics; and
 - 22 ○ Efficiencies;
- 23 – Maintain and improve customer service and reliability across both states;
- 24 – Keep rates lower than they would have been absent the Transaction by capturing
25 efficiencies and building them into ratemaking in the normal course;
- 26 – Generation, T&D and fleet integration decisions will be premised, designed and
27 implemented to position operations to deliver value over the long-term;

– Standardize key processes using best practices from both organizations; and

– Continue to promote energy efficiency and environmental stewardship.

Q: Please explain how the integration project will be executed?

A: The integration planning framework will be overseen by a steering committee, an executive sponsor, myself as the integration leader and an integration project manager. There will be executive led teams, with an executive from GPE teamed with an executive from Westar that will be responsible for establishing integration team leads and integration team members for their areas of responsibility to work jointly with Westar integration team members. Attached as Schedule SPB-1 is a chart showing the organizational structure of the project.

Q: Who is your counterpart leading Westar's participation in the integration project?

A: John Bridson, senior vice president of generation and marketing and I have been working very closely to ensure that the GPE and Westar teams are properly aligned and fully prepared to collaborate effectively on this important project.

Q: Can you further explain how the integration framework was designed?

A: The integration framework was designed to ensure that there is disciplined execution, accountability, recording of issues encountered and resolved and decisions made, engagement of employees, proper communication and sound decision-making processes that exist throughout the entire project.

Q: Will there be any outside firms assisting in the integration project?

A: Yes. Enovation Partners, LLC ("Enovation"), a nationally recognized consulting and strategy firm with deep experience in integration efforts resulting from mergers and acquisitions in the electric utility industry, will be providing assistance throughout the project. Enovation was selected given their deep knowledge of both companies.

Principals from Enovation also supported GPE with the integration of Aquila as a result of that acquisition.

Q: Describe, in general terms, the initial areas from which the efficiencies are expected to come?

A: The initial areas from which efficiencies are expected to come are as follows:

1. Improving customer service and enhancing the customer experience and other potential efficiencies in the area of transmission and distribution.
2. Simplification of the corporate services support structure at Wolf Creek nuclear generating plant.
3. Combining the two companies' power supply fleets and the associated joint planning ability.
4. Capturing the scale benefits of sourcing and the use of a single supply chain process.
5. Elimination of corporate support service redundancies.

Q: What is meant by the term "efficiency savings"?

A: This term refers to reductions in costs, revenue enhancements or other benefits as a result of combining Great Plains Energy and Westar as compared to the combined costs of the entities standing alone. These may also be referred to as "savings" or "efficiencies" or "benefits" of the Transaction.

Q: What are some examples of efficiency savings?

A: Examples include benefits of scale and improved efficiency in support functions, economies of scale in sourcing and supply chain, savings in customer service and field operations enabled by serving the same geographic area, etc. By way of example, improved efficiency in support functions will include such things as eliminating the costs

1 for one system for shareholder recordkeeping, one board of directors, one New York
2 Stock Exchange registration fee. An example in supply chain is that by negotiating one
3 larger order for poles and wire, we can get quantity discounts on material compared to
4 two smaller orders. That has certainly been our experience with the GPE-Aquila
5 integration. In terms of geographic proximity, both companies have wind farms in
6 western Kansas, very close to one another. We will not need two separate teams to
7 oversee those facilities. Greater detail is provided in the Direct Testimony of William
8 Kemp.

9 **Q: Will the integration project be structured around the initial focus areas that have**
10 **been identified?**

11 A: Yes, it will, as this approach will provide the greatest opportunity to realize the greatest
12 amount of efficiencies and ensure a seamless transition to a combined company both for
13 Day 1 and for steady state operations.

14 **IV. Transaction Accounting**

15 **Q: What accounting pronouncements provide guidance with respect to accounting for**
16 **the Transaction?**

17 A: Under Generally Accepted Accounting Principles (“GAAP”), the accounting rules for a
18 business combination are prescribed in Financial Accounting Standards Board (“FASB”)
19 Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*. ASC
20 Topic 305, *Goodwill and Other*, is also relevant to the Transaction, among others.

21 **Q: How will Great Plains Energy account for the Transaction?**

22 A: Great Plains Energy will use the acquisition accounting method to record the Transaction.
23 Under the acquisition method, Great Plains Energy will record the net assets acquired at

1 fair market value. The excess of the purchase price over the fair market value of the net
2 identifiable assets is recorded as goodwill. In the case of regulated assets and liabilities,
3 fair value is generally considered to be book value. Goodwill to be recorded for the
4 Transaction is currently estimated at almost \$4.9 billion. Goodwill and the related
5 purchase accounting adjustments will be recorded at consolidated Great Plains Energy
6 and will not be pushed down to Westar's books.

7 **Q: Subsequent to the Transaction, will Great Plains Energy amortize this goodwill into**
8 **expense?**

9 A: No. While that practice – or something like it – may have been required in the past, ASC
10 Topic 350 does not allow amortization of goodwill. As a result, GPE will not be asking
11 for recovery in rates of the amortization expense of goodwill. Rather, the topic requires
12 annual impairment testing to determine whether the value of the underlying asset has
13 been impaired. If no impairment exists, that asset simply continues on the books
14 indefinitely, at the same amount. If an impairment is indicated, a write-down would be
15 required. Impairment testing, between annual testing, is required if events or
16 circumstances indicate an impairment is more likely than not.

17 **Q: How do Great Plains Energy, KCP&L and Westar (the “Joint Applicants”) propose**
18 **that goodwill be treated for regulatory purposes?**

19 A: As discussed in the Direct Testimony of Darrin Ives, the Joint Applicants are not
20 requesting authorization to recover goodwill associated with the Transaction by inclusion
21 in revenue requirement used to set electric service rates.

1 **V. Post-Transaction Accounting**

2 **Q: Subsequent to the consummation of the Transaction, how does GPE intend to**
3 **account for Westar's operations in Great Plains Energy's accounting and reporting**
4 **systems?**

5 A: As a wholly-owned subsidiary of Great Plains Energy, Westar will have a separate
6 general ledger similar to Westar's general ledger today, with reporting entities within its
7 accounting and reporting systems for Westar's regulatory business units consistent with
8 its current accounting records. For clarity, I will continue to refer to the entity Great
9 Plains Energy is acquiring as Westar. Although it is not yet known if or when Westar's
10 employees, or a subset thereof, will become KCP&L employees, it is expected that
11 services will be provided to Westar from KCP&L similar to the manner in which KCP&L
12 provides services to GPE subsidiaries and business units today.

13 **Q: How will the Westar business units be charged for costs incurred by KCP&L that**
14 **benefit multiple subsidiaries, commonly referred to as shared or common costs.**

15 A: Certain of these shared costs will be incurred by KCP&L, such as accounting, payroll,
16 regulatory, accounts payable, and human resources. The current allocation methodology
17 used by KCP&L to allocate shared costs among KCP&L and other Great Plains Energy
18 business units, as documented in the Great Plains Energy Cost Allocation Manual filed
19 annually with the Commission, will be utilized. That is, KCP&L's allocation of its
20 shared costs will be expanded to include Westar in the allocation.

1 **Q: Can you please provide an example?**

2 A: Yes. If it is determined that a particular KCP&L shared cost should be allocated based
3 on each business unit's utility plant, then Westar will receive a portion of that cost based
4 on its utility plant; if by customer count, then by the number of customers, etc.

5 **Q: How will the individual Westar business units be allocated shared costs that have**
6 **been allocated to Westar?**

7 A: At this time we anticipate utilizing Westar's existing allocation methodologies to allocate
8 costs among the various Westar business units.

9 **VI. Property Taxes**

10 **Q: What do you expect the impact of the Transaction to be on the property taxes of**
11 **Great Plains Energy consolidated?**

12 A: I do not expect a material difference in the property taxes paid by Great Plains Energy
13 consolidated after the Transaction as compared to the combined property taxes paid by
14 the separate companies as a result of the Transaction. However, we have not discussed
15 this Transaction with the tax commissions in Kansas or Missouri, and cannot predict for
16 certain what the final impact may be.

17 **Q: Can you elaborate?**

18 A: Yes. Utility property taxes are based upon the fair market value of each utility legal
19 entity. Therefore, KCP&L, KCP&L Greater Missouri Operations Company, Westar
20 Energy, Kansas Gas & Electric Company, and Prairie Wind Transmission, LLC will
21 continue to have their fair market values assessed separately. As a result, the merger is
22 not expected to have material impact on the property taxes of the combined company.
23 However, to the extent net operating income increases (as a result of efficiency savings)

1 or cost of capital decreases (as a result of lower interest rates, if applicable) at the utility
2 entities due to the merger, we may see increases in property taxes in future years due to
3 the benefits of the merger recognized by the utilities. The expected combined property
4 taxes is based on our experience with the Aquila acquisition in 2008. It is possible that
5 other factors may be considered by the tax commissions in both Kansas and Missouri
6 related to this merger that we have not anticipated and for which we are unable to
7 determine what the impact may be to property taxes.

8 **Q: Does that conclude your testimony?**

9 **A:** Yes it does.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great)
Plains Energy Incorporated, Kansas City)
Power & Light Company, and Westar) Docket No. 16-KCPE-_____
Energy, Inc. for approval of the Acquisition of)
Westar Energy, Inc. by Great Plains Energy)
Incorporated)

AFFIDAVIT OF STEVEN P. BUSSER

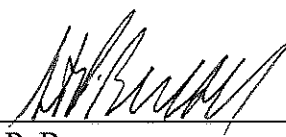
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Steven P. Busser, being first duly sworn on his oath, states:

1. My name is Steven P. Busser. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President of Risk Management and Controller.

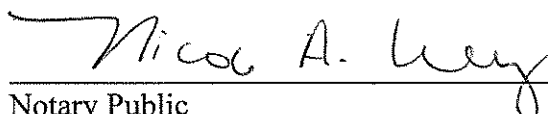
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of fifteen (15) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



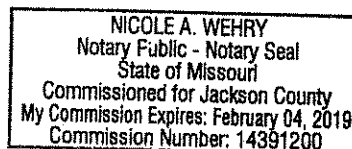
Steven P. Busser

Subscribed and sworn before me this 28th day of June 2016.

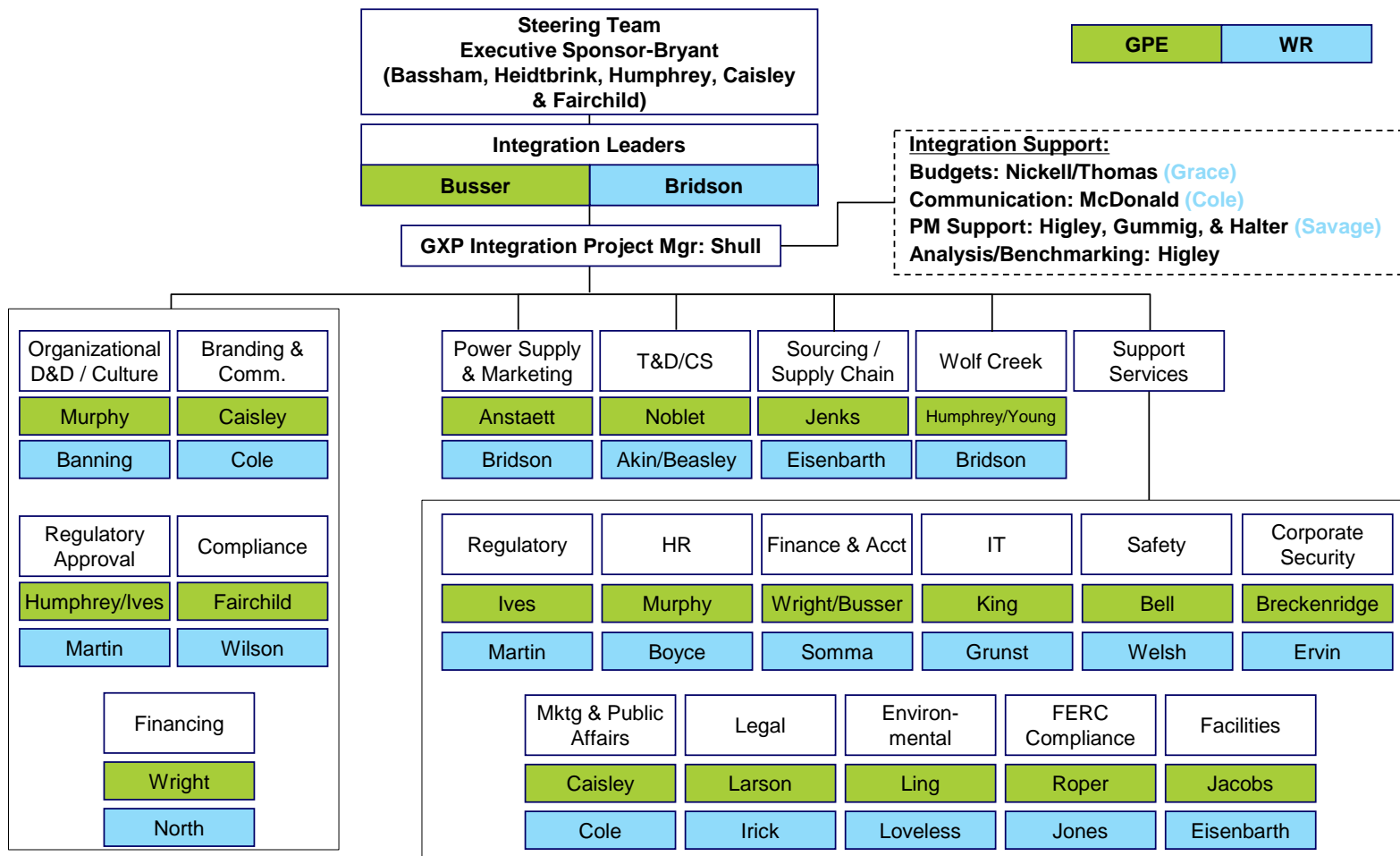


Notary Public

My commission expires: Feb. 4, 2019



Preliminary GPE/Westar Joint Integration Teams



June 24, 2016

DRAFT

FOR DISCUSSION PURPOSES