Exhibit No.:	
Issues:	Synergy Update
Witness:	Robert T. Zabors
Type of Exhibit:	Supplemental Direct Testimony
Sponsoring Party:	Great Plains Energy Incorporated and Kansas City Power & Light Company
Case No.:	EM-2007-0374
Date Testimony Prepared:	August 8, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EM-2007-0374

SUPPLEMENTAL DIRECT TESTIMONY PURSUANT TO THE SCHEDULING ORDER

OF

ROBERT T. ZABORS

ON BEHALF OF

GREAT PLAINS ENERGY INCORPORATED

AND

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
August 2007

SUPPLEMENTAL DIRECT TESTIMONY

PURSUANT TO THE SCHEDULING ORDER

OF

ROBERT T. ZABORS

Case No. EM-2007-0374

Q: Please state your name and business address.

A: My name is Robert T. Zabors. I am a Partner with Bridge Strategy Group LLC, a management consulting firm. My business address is 1 North Franklin, Chicago Illinois, 60606.

Q: Are you the same Robert T. Zabors who submitted direct testimony in this proceeding?

A: Yes, I am.

Q: What is the purpose of your testimony?

A: I will discuss the approach Great Plains Energy has used to determine synergies and costs to achieve for the proposed acquisition of Aquila, Inc. ("Aquila") by Great Plains Energy ("the Merger"). I will also introduce the results from the process related to synergy estimates. As they are the output of a collective effort, other witnesses will also refer to these exhibits.

Q: Have you included any exhibits to your testimony?

A: Yes, I have included Schedules RTZ-3 through RTZ-12.

GOALS OF THE INTEGRATION PLANNING PROCESS

Q: What were the goals of the integration planning process?

A: Four goals were articulated by KCPL management beginning on the morning of the announcement, February 7th, 2007.

- Capture the value of the deal
- Position for sustainable Tier 1 performance
- Prepare for Day 1 and transition to steady state
- Continue to successfully manage operating businesses

These are listed, as presented to employees, in Schedule RTZ-3.

These points were intended to provide direction to those involved with integration planning, and also to reinforce the importance of maintaining operating performance through a long transition.

Q: In these goals, what does KCPL mean by 'Tier 1 performance'?

A: "Tier 1" is a performance standard that KCPL has used for years to indicate operating performance in the top quartile of a relevant peer group. The broader connotation is a process of understanding benchmarks and best practices and incorporating them as appropriate to continuously improve business performance. In the past five years, KCPL has moved to Tier 1 on many dimensions of the business.

Q: What does KCPL mean by "Day 1"?

A: The first day of operation of the combined entity. This is projected to occur in the first quarter of 2008.

Q: Were there any other implicit goals in the process?

A: Yes, from the perspective of building a successful culture for the combined company. As in the due diligence process, there was also the desire to ensure that activities and decisions were consistent with KCPL's cultural standards and aspirations. For purposes of the teams, that implies attributes such as collaboration, engagement, respect, leadership and integrity. As Winning Culture has been highlighted as an advantage and differentiator in the industry for KCPL, and this was the first direct exposure to most Aquila employees to the culture, it was important for the teams to clarify and exemplify these behaviors.

Q: What timeframe and milestones has KCPL established for the process?

A: There are six steps in the integration planning process, which covers the timeframe from merger announcement (February 7, 2007) until Day 1 operations. The steps are:

- Launch Teams
- Develop Common Understanding
- Design the Path to Tier 1
- Launch Key "Enabler" Activities
- Develop Integration Plans and Materials
- Prepare Day 1 Plans.

As of the filing date of this testimony, teams were on schedule, and completing the third step "Design the Path to Tier 1". This is illustrated in Schedule RTZ-4

Q: How is this process related to the synergy estimates developed in the due diligence process?

A: This process is similar to the due diligence process in that the underlying approach was to build the operating model and cost basis for the combined company from a bottom-up perspective by managers that would likely run the combined operation, balanced by frequent cross-functional and executive reviews. Many of the teams were led by individuals involved in the due diligence process. Senior resources were committed by KCPL and Aquila to ensure an appropriate level of understanding and buy-in.

Q: Are there any major differences from the diligence process?

A: The major differences consisted in the number and level of involvement of people across the organizations and the ability to share and discuss information across the larger team and with members of Aquila. It is important to note that information was shared within guidelines established by the legal departments. In several areas, such as Generation and Power Marketing, the teams did not have access to all data due to restrictions at this stage of the approval process, which would have helped refine the analysis.

Q: Who was involved in the process?

A: Consistent with the goals previously stated for the process, there has been extensive involvement from both Aquila and KCPL management and employees in integration planning. More than 100 people were involved on integration planning teams and sub-teams. The project structure is depicted in Schedule RTZ-5. At the leadership level, there were ten employees named as team leaders from KCPL, and 14 on subteams. A similar number of employees from Aquila were named to the teams. Building on our involvement in the due diligence process, Bridge Strategy Group has helped to structure the process, facilitate group discussions, coordinate project management activities, and, as needed, support analyses of the teams.

Q: What is the extent of your involvement with the synergy components?

A: Our focus is supporting the development of synergy savings as they relate to the integration of operations and support services of the two companies, the transition with

Black Hills Corporation, and activities for the merger approval process, such as this testimony. We did not address financial or legal aspects of the combination.

Q: How was the process organized?

A: Templates were developed to assist teams and project management with consistency and completeness. These were customized for each step of the process and made available on a common site - Sharepoint. For example, financial templates were developed to aggregate budget information and evaluate synergy projects. Operational templates were developed to structure discussions on organization, processes, and IT.

Specifically, key templates that were used for the three steps of the process so far are:

- Step 1: Launch teams – Team Charters, issues log and scope
- Step 2: Develop a Common Understanding – project workplan, Day 1 and 'S' (steady state) requirements
- Step 3: Design for Tier 1 – Conceptual and logical models, incremental budget and position inputs

Across the teams, templates were developed for status reporting. KCPL's current Economic Value Added (EVA) project assessment model was used across teams to assess benefits of synergy projects.

Q: How did management ensure teams were making progress and surfacing relevant issues?

A: There was a weekly leadership team meeting of all KCPL team leaders (as noted on Schedule RTZ-5). A project steering team, which included Aquila leadership met every other week. Most teams created progress reports in Sharepoint.

Q: Was issue identification limited to the teams?

A: No. Several forums were created to gather input from across the companies. Early in the process, KCPL executives visited every Aquila and KCPL location to discuss the merger with employees. The company intranet contained coverage and includes the ability to post questions on the site. A monthly Integration Insights newsletter has been published to communicate to employees of both companies, and also shared with Black Hills Corporation. And, importantly, team leaders and other KCPL executives made frequent visits to Aquila to promote interaction and understanding.

SYNERGIES

Q: How are synergies created as a result of the merger?

A: Two primary types of synergies result from mergers. The first type of synergies occurs as a direct result of combining the entities. That is, "but for" the merger, these synergies would not exist. These are commonly called "created" savings. These include overlapping positions and functions as well as savings that result from economies of scale. The second type of synergy is "enabled" by a merger. The merger enables the company to apply improved practices, processes and skills from either party. Synergy estimates in this analysis include both types of synergies.

Q: What process was used to calculate the synergies?

A: As I discussed previously, functional teams comprised of GPE and Aquila employees worked together to determine the incremental resources (expenses, capital, and positions) required in their functional area post-close. The incremental resources were compared to the baseline Aquila resources to determine the estimated amount of synergies. The synergies from each team were then combined to determine the total estimated synergies resulting from the transaction

Q: What time period was used to calculate synergies?

A: The teams determined synergies over a five year period, with a pro forma start date of January 1, 2008, although the teams assume the actual close date will be some time in the first quarter of 2008. The majority of synergies continue over time. As such, those synergies were escalated by 3.1%, which is the 3 year average of the CPI-U, the consumer price index. This is a conservative assumption relative to more recent CPI figures.

Q: What baseline did you use?

A: The baseline non-fuel O&M expense level, based on 2006 actual spending, and to our knowledge consistent with Aquila's most recent rate order, is $151 million.

The initial baseline was developed using Aquila's 2006 actual costs as applied to the Missouri Electric jurisdictions. Aquila represented these as consistent with information provided during the regulatory process. This detailed information was provided to KCPL by Aquila and allocated to each of the integration planning teams. Subsequent to the announcement of the merger, in May, 2007, Aquila received final rate orders in both of its Missouri electric jurisdictions. The Missouri costs that were the foundation for the Orders in those cases were compared to 2006 actual information that was allocated to the Missouri jurisdictional operations. In collaborative reviews with Aquila, the two sets of data were seen as consistent.

Q: Why was that baseline chosen?

A: KCPL and Aquila wanted to ensure the synergies proposed to be shared with customers are consistent with the costs currently included in Missouri rates.

Q: What happened after the Baseline was set?

A: When the 2006 actual budgets were received, early in the integration planning process, an initial allocation of the costs was made to each Integration Planning team based on their defined scope, as mapped to the current KCPL organization. This initial allocation was then reviewed by each team to ensure that they were addressing the proper cost base and had properly defined scope. In areas where issues arose, the affected parties met to assign accountability to the most natural owner.

Q: What's the total estimate of synergies to be shared with customers?

A: Operational synergies are $305 million over the five years. A summary of synergies is attached as Schedule RTZ-6.

Q: Are these synergies expected to continue beyond the five year period?

A: Yes, teams expect synergies to extend beyond the 5-year period. In addition, KCPL is investing in multiple areas in which the value of the synergy will provide increasing levels of value after the 5-year period.

Q: Can you quantify the value of synergies beyond the five year period?

A: If one takes the synergies in year five and continues to escalate them at the inflation rate through year ten, the total synergies created would total $755 million. Of that, net of sharing half of savings with KCPL in the first five years, the customer benefit would be $603 million of the $755 million (80%) with an NPV for customers of $341 million. These are detailed in Schedule RTZ-12.

Q: Do these synergies include the costs to achieve them?

A: Operating expenses related to the savings are included in these figures. And the projects (NFOM and purchased power) included a fixed charge for capital. A very limited set of costs are included in the transition and transaction costs to achieve. These are detailed in Schedules RTZ-10 and RTZ-11.

Q: How do these compare to the synergy estimates developed in due diligence?

A: Synergies have increased. In total, operating synergies identified in diligence pointed to $264 million over five years. The current analysis determined $305 million in savings. Our operational synergy estimates have exceeded our estimates from due diligence by $41 million.

Schedule RTZ-8 enables comparison to due diligence, which was categorized as operations (including customer service) and services. A direct comparison between the two should recognize that projects relating to NFOM or revenue/ purchased power were not reported separately in due diligence.

Q: What are the major components of reported synergies?

A: There are four synergy components as reported in Schedule RTZ-7. The first two relate to non-fuel O&M reductions in operating and support functions ‘created’ and ‘enabled’ by the combination of the two organizations. These are presented as the reductions in operating forecasts of departments ($87 million), and as a set of major projects that reduce NFOM ($33 million). The latter are initiatives such as facilities consolidations that provide significant impact and tend to have an affect across multiple areas and will be managed as a project rather than a function. The third component of synergies is the benefit of a larger, more efficient supply chain. These total $131 million and have several components. Finally, there are specific integration projects that effectively reduce purchased power expense or increase revenue. Teams calculated this benefit as $54 million over five years.

Q: What is included in the $87 million of NFOM synergies relating to individual departments?

A: NFOM synergies are comprised of labor and nonlabor cost reductions. Labor synergies are the result of actual reductions in payroll that are attributable to position reductions. Non-labor synergies result from economies of scale and the impacts of position reductions on related non-labor spend. See Schedules RTZ-7, RTZ-8, RTZ-9 for detail. The $87 million in synergies are equally split between operations and support services. The majority of the savings from support services are position related. For operations, union headcount was not affected, so these represent management and non-union staff. The non-labor reductions were frequently reviewed with the Supply Chain team to ensure that double counting did not occur.

Q: What, specifically, are the integration projects that create $33 million in savings?

A: The projects are facilities consolidation, the closure of Aquila's 20 West 9th Street headquarters and the implementation of automated meter reading infrastructure for Aquila customers – a capability current KCPL customers already have.

Q: As a synergy project, what are the assumptions regarding savings related to the disposition of Aquila's headquarters?

A: Disposing of Aquila's headquarters results in two synergies. The efficiencies gained from consolidating into one headquarters building will create $5.8 million in value. This comes from reduced operating costs at 20W9th and increased efficiencies at 1201 Walnut. In addition, approximately $25 million will be removed from rate base upon sale. Consistent with the assumption of selling 20W9th at year end 2008, this synergy will not start until 2009. Its value is $16.2 million for the remaining 4 years.

Q: What other projects exist that will improve NFOM?

A: Leveraging the scale of the combined company will provide an opportunity to create a more efficient T&D operation. KCPL will close overlapping service centers and consolidate operations in a new facility along the I-470 Corridor and an existing KCPL facility in the Northland area. The net benefit of this opportunity will be $6.8 million. In addition, KCPL will leverage its experience with AMR and upgrade the Aquila customer base to this level of service that will return $4.7 million in value over five years. The improved capabilities will increase customer satisfaction, the combined company's service capability, and put in place the ability to introduce advance offers that enable more efficient use of electricity.

Q: How was capital addressed in these projects?

A: To ensure that capital was adequately addressed in analyses, teams utilized the KCPL EVA methodology. This was used to 1) determine the viability of the project and 2) estimate the synergy value. For the synergy calculation, the cost of the capital is offset against the value created through a fixed charge. In addition, there are also synergy gains from avoided capital. In these instances, both for the headquarters decision and the avoided supply chain capital, teams applied a fixed charge against the rate base reduction to determine the synergy.

Q: What projects were identified to increase Revenue or reduce Purchased Power costs?

A: At the beginning of the process, a focused effort was launched to identify areas in which KCPL could leverage the knowledge and skills it has developed in plant operations (combustion, outage) and customer programs (energy efficiency) to optimize output of current Aquila assets (supply side) and minimize the customer requirements (demand side). Teams, consisting of Aquila and KCPL employees identified several projects. First, teams will focus on optimizing the operation of Sibley #3 by utilizing KCPL combustion expertise and outage management. The efforts will deliver up to 30 MW of capacity that will reduce the purchased power burden by $17 million over five years. Second, teams will utilize the economies of scale in the gas fleet and Aquila expertise to improve CT operations by $3.1 million. Third, teams will use KCPL experience, processes, and tools to develop a holistic program for improving plant heat rate by $0.6 million. Fourth, KCPL will use its experience with boiler tube failure improvement to deliver improved performance resulting in $5.6 million in value. Fifth, teams will leverage KCPL combustion and outage experience to improve operations and Sibley #1 and #2 - reducing outage requirements and saving $1.6 million. Sixth, KCPL's experience and infrastructure in energy efficiency will add incremental value in the Aquila customer base returning $13 million over 5 years. Finally, teams identified significant opportunities to leverage Aquila skills, intellectual property, and processes to enhance our billing by $12.8 million.

The net impact of these projects is to reduce purchased power or increase revenue by approximately $54 million over the five year period.

Q: Why are these defined as synergies?

A: They meet the "created" synergies standard due to scale and also have an "enabled" component due to application of practices and skills. They provide direct benefits to customers through increased revenue and reduced purchased power expenses - and would also serve to mitigate the volatility of those purchases.

Q: How were Supply Chain savings developed?

A: Supply chain savings were developed by first developing a common understanding of the supply chain scope; and subsequently analyzing the synergy opportunities within that scope. The team identified four main areas within the supply chain scope: strategic sourcing/procurement, warehouse/inventory management, fleet management/maintenance, and asset recovery/reclamation. To identify synergies within each area, the team reviewed the baseline and then reviewed opportunities to leverage increased purchasing scale, best practices, and increased scope, i.e. sharing of material, equipment, and labor where appropriate. The total savings from the supply chain work is $98 million, with sourcing accounting for over half of this amount. In addition, teams identified a synergy of $33 million that is the result of $90.9 million in reduced capital spending on sourced materials. Thus, the net synergy for supply chain is $131 million. This savings was valued as a reduction in rate base similar to the rate base savings calculated for the selling of 20W9th. Avoided capital will be achieved through improved strategic sourcing in supply, delivery, and corporate as the capital process is made more efficient.

Q: How did the teams avoid double counting these savings?

A: The first step to ensure that there was no double counting was to assign responsibility for every cost and position to a specific team. Accomplishing this required multiple planning sessions with members of teams working together to agree on responsibilities. For supply chain, we structured and facilitated multiple meetings and numerous ad hoc interactions to ensure that the opportunities identified did not overlap with those of the teams. Across all areas, the weekly Integration Planning Leadership Team was an important control point for potential conflict and overlap. Frequent and lengthy review meetings were also held in key areas such as IT with business users to ensure alignment and consistency of assumptions.

Q: What are the implications of these reductions on the positions?

A: The team identified savings of 355 positions at Day 1. The combined company will increase in size by 899 full-time employees at the end of year 1 and 843 by the end of 2012. This is detailed by function in schedule RTZ-9.

In terms of severance, teams believe the actual number of people losing jobs will be less than the number of positioned eliminated, as Black Hills will potentially hire people identified as severed and there is likely to be some attrition prior to close. Since this cost is easily tracked, KCPL/GPE will adjust severance costs included as merger transition costs once actual costs are known.

Q: How do you define costs to achieve?

A: Costs to achieve represent costs that are required to either a) close the transaction or b) integrate the two companies to achieve the synergy savings. Transaction expenses are those costs that are in place to enable Aquila and Great Plains to close this transaction. Examples include banker fees for deal valuation and equity placement and legal fees for agreement review/execution. Costs to integrate the two companies include those costs such as severance that are required to capture the position reductions and associated payroll synergies.

Q: What transaction costs are required to achieve this merger?

A: Transaction costs are $95 million. These are detailed in Schedule RTZ-10. The primary costs are the deal transaction costs that are $42 million. KCPL's share of "People" costs such as severance and change in control and related items is $30 million. Black Hills will contribute 40% of the total costs for severance. Other costs noted on the schedule include D&O insurance and third party support of the regulatory process related to merger approval.

Q: What transition costs are required to complete the merger?

A: Transition costs are estimated to be $45 million. They are detailed in Schedule RTZ-11. These costs represent third party costs to support the integration from legal, HR, IT and process integration perspectives. And there are similar, specific costs identified by integration planning teams related specifically to the combination of the two companies..

Q: How are costs to achieve handled for projects?

A: Each project provided a net synergy calculation. This calculation nets the synergy benefit against all costs including capital costs and costs to achieve. Details on projects are included in the testimony of several KCPL witnesses, including John Marshall, William Herdegen, Dana Crawford and Kevin Bryant.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a Subsidiary of Great Plains Energy Incorporated and for Other Requester Relief	)))))	**Case No. EM-2007-0374**

AFFIDAVIT OF ROBERT T. ZABORS

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Robert T. Zabors, being first duly sworn on his oath, states:

1. My name is Robert Zabors. I am a Partner with Bridge Strategy Group LLC, a management consulting firm in Chicago, Illinois.

2. Attached hereto and made a part hereof for all purposes is my Supplemental 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.

Robert Zabors

Subscribed and sworn before me this 8th day of August 2007.

Nicole A. Wehry
Notary Public

My commission expires: Feb 4, 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

SCHEDULES – RTZ SUPPLEMENTAL TESTIMONY

- RTZ-3: Goals of the process
- RTZ-4: Project approach
- RTZ-5: Project team organization and leaders
- RTZ-6: Summary of Synergies – stacked bar chart
- RTZ-7: Pie Chart of synergy components
- RTZ-8: Detailed Synergies by Function
- RTZ-9: Incremental Positions by Function by Year
- RTZ-10: Transaction Costs
- RTZ-11: Transition Costs
- RTZ-12: Ten Year Synergy Total

Schedule RTZ-3: Goals of the Process

Capture deal value

- Use this time to work towards a quick and seamless integration
- Achieve or improve upon targeted NFOM in all areas
- Carefully manage costs to achieve

Position for sustainable Tier 1 performance

- Understand current performance, Tier 1 benchmarks and targets
- Look for opportunities to make significant improvements
- Design and implement post-merger strategy and organization
- Gain approval and implement capex strategy
- Implement processes and capabilities to enable achievement of Tier 1 performance and enhance Winning Culture

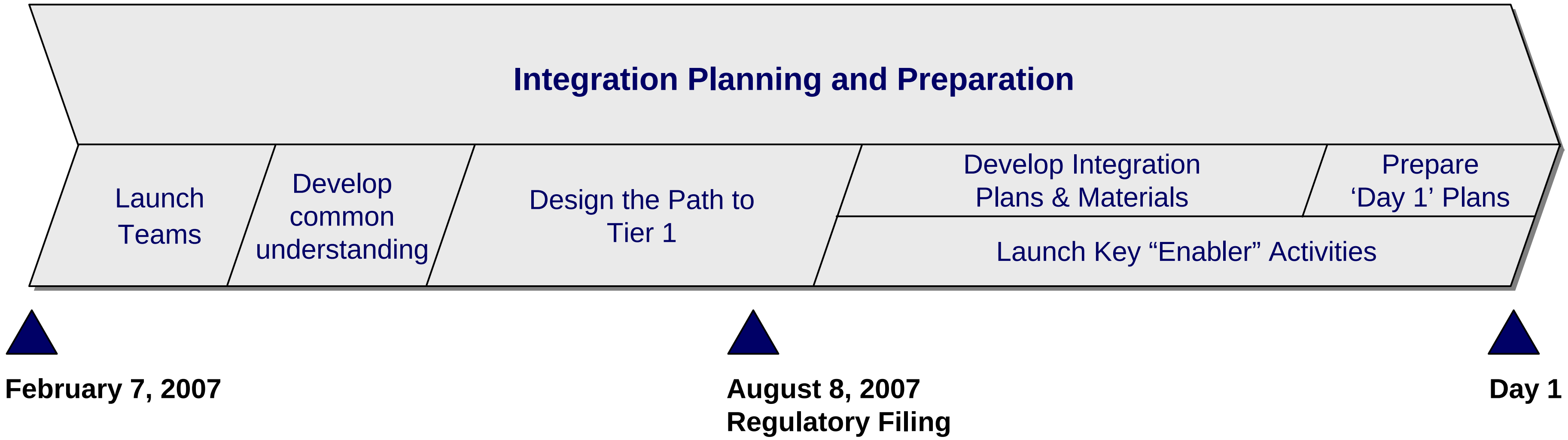
Prepare for Day 1 and transition to steady state

- Coordinate provisioning of shared services and key enablers
- Provide all operating requirements at Day 1
- Achieve Steady State structure, cost base, and headcount on a timely basis

Continue to successfully manage operating businesses

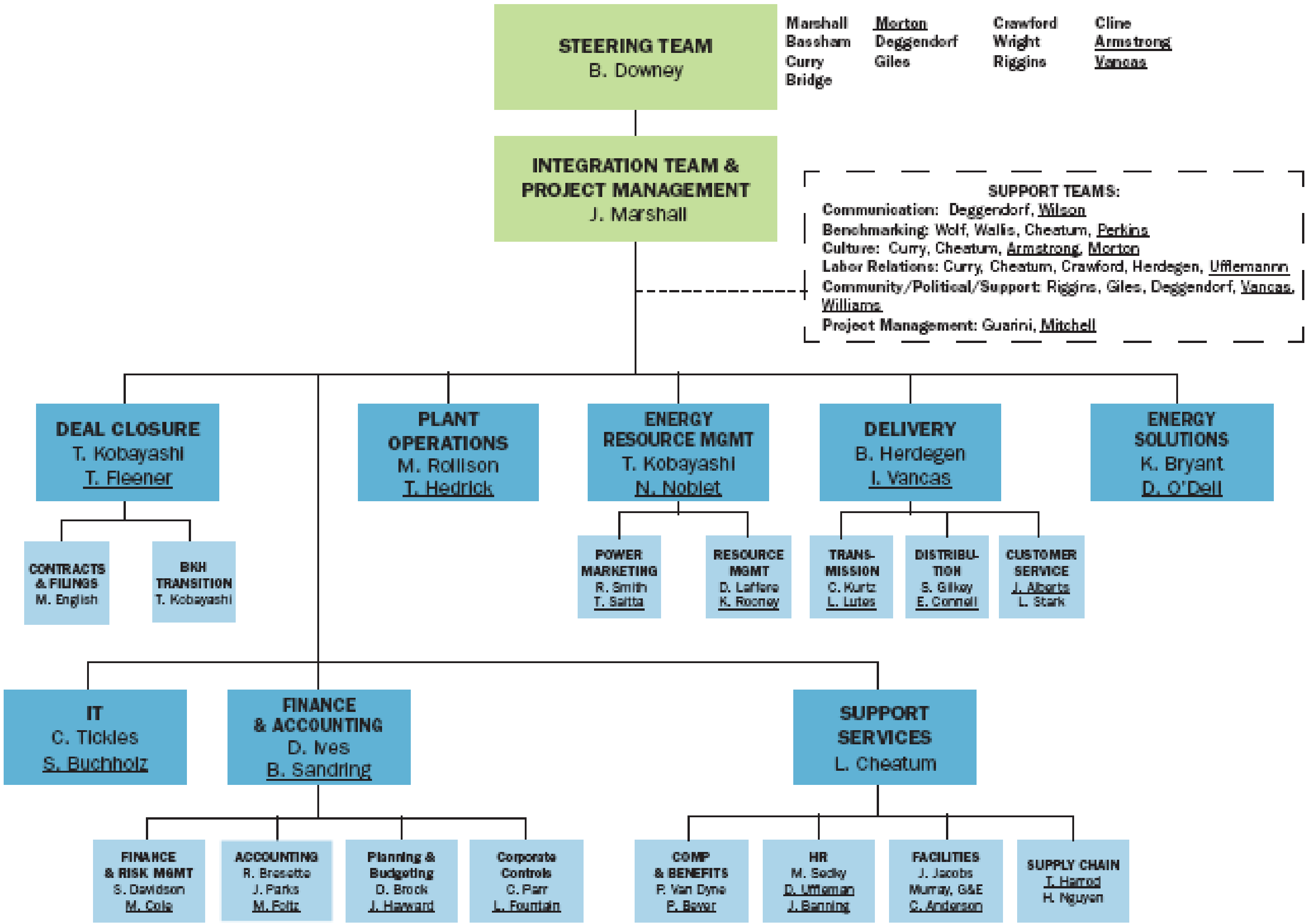
- Continue to execute against current operating and regulatory plans
- Meet or exceed our 2007 performance targets

Schedule RTZ-4: Project Approach



Schedule RTZ-5: Project Team Organization and Leaders

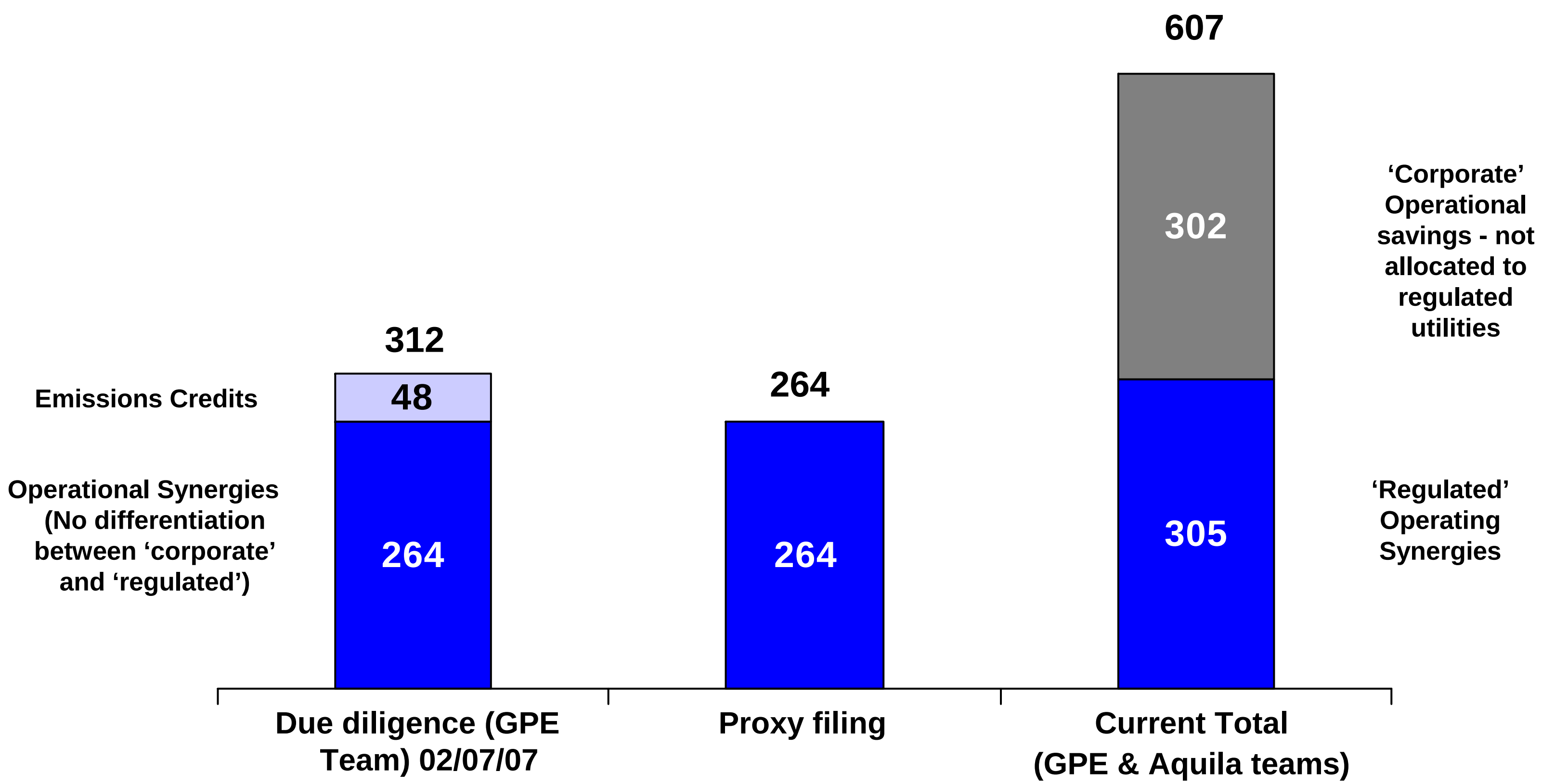
Integration Planning Team



Note: Underlined names represent Aquila employees

Schedule RTZ-6: Summary of Synergies

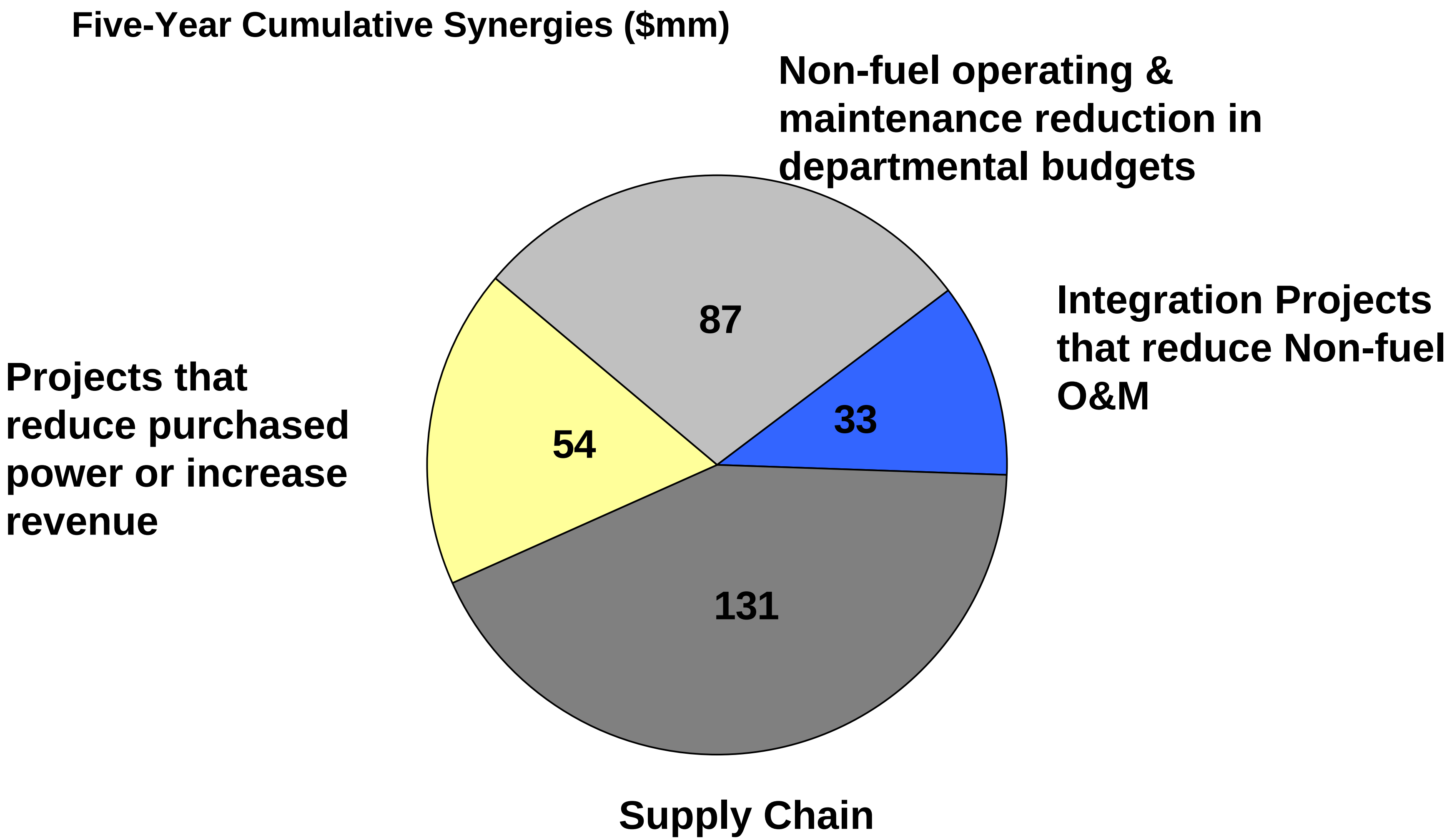
Five Year Cumulative Synergies ($mm)



Note:

- Emissions are not in current synergy total as Aquila is taking steps to capture emissions credit savings prior to deal close
- Synergy numbers are based on Aquila's actual 2006 costs
- Aquila states that corporate costs have now been reduced to a level that would imply $221 million in corporate savings rather than $302 million if 2007 was used as a basis instead of 2006

Schedule RTZ-7: Four contributors to operating synergies of $305mm



Schedule RTZ-8: Five year Synergy detail

Non-Fuel O&M (NFOM)		2008	2009	2010	2011	2012	Cumulative
	Operations	6	8	10	10	11	44
	Shared Services	2	8	10	11	12	42
		8	**16**	**19**	**21**	**22**	**87**
NFOM Projects	Facilities Consolidation	1	1	1	2	2	7
	AMR	0	0	(1)	2	4	5
	20 W. 9th						
	Consolidation	1	1	1	1	1	6
	Rate Base Change	0	4	4	4	4	16
		1	**6**	**6**	**9**	**11**	**33**
Supply Chain	Sourcing and Best Practices Spend Management	12	15	16	17	18	78
	Inventory	0	1	1	2	2	6
	Fleet	1	3	3	3	3	13
	Avoided Cost of Capital	1	3	6	10	14	33
		15	**22**	**27**	**31**	**36**	**131**
Revenue Projects	Billing Enhancements	2	3	3	3	3	13
	Energy Efficiency	1	2	2	4	5	13
	Heat Rate	(0)	(0)	0	0	0	1
	CT Optimization	0	1	1	1	1	3
	Sibley 1 and 2 Optimization	0	0	0	0	0	2
	Sibley 3 Optimization	1	5	3	4	3	17
	Boiler Tube Improvement	1	2	1	1	1	6
		6	**12**	**10**	**13**	**13**	***54***
Utility Total	**Total**	**30**	**56**	**62**	**75**	**82**	**305**

Schedule RTZ-9: Incremental Positions by Function (2008-2012)

	Incremental Positions				
	2008	2009	2010	2011	2012
Supply	*245*	*242*	*236*	*236*	*236*
Delivery	*551*	*532*	*524*	*522*	*522*
Support	*103*	*96*	*92*	*88*	*85*
Total	899	870	852	846	843

Schedule RTZ-10: Transaction Costs to Achieve

Costs to Achieve	2007	2008	2009	2010	2011	2012	Total
GPE							
People							
GPE Share of Severance		11.1	2.5				**13.6**
GPE Share of Executive CIC		8.9					**8.9**
Rabbi trust		7.3					**7.3**
CIC tax gross-up		0.5					**0.5**
Legal, HR and Deal Close Support	11.7	0.8					**12.5**
Transaction Costs - GPE	9.0	7.0					**16.0**
Transaction Costs - Aquila	11.2	15.2					**26.4**
Other							
Directors and Officers Liability Tail Coverage		7.0					**7.0**
Regulatory Process Costs	2.0	1.0					**3.0**
Costs to Achieve - GPE	**33.9**	**58.8**	**2.5**	**0.0**	**0.0**	**0.0**	**95.2**
Cumulative Costs to Achieve - GPE	**33.9**	**92.7**	**95.2**	**95.2**	**95.2**	**95.2**	

Notes: Transaction costs enable Aquila and Great Plains to close the transaction; “People” costs represent GPE’s share of total. Black Hills pays 40%.

Schedule RTZ-11: Transition Costs to Achieve

Costs to Achieve	2007	2008	2009	2010	2011	2012	Total
GPE							
People							
Retention		3.0					**3.0**
Legal, HR and Integration Support	5.0	11.8	3.8				**20.6**
Integration Team (non-labor)	2.5	1.0					**3.5**
Team Transition Projects	0.5	4.8	3.3	0.5	0.2		**9.3**
Other							
Facilities Integration		6.7	0.7				**7.4**
Internal and External Communications		1.5					**1.5**
Costs to Achieve - GPE	**8.0**	**28.8**	**7.8**	**0.5**	**0.2**	**0.0**	**45.3**
Cumulative Costs to Achieve - GPE	**8.0**	**36.8**	**44.6**	**45.1**	**45.3**	**45.3**	

Costs such that are required to capture deal synergies

Schedule RTZ-12: Ten Year Synergy Total

NPV of Ten Year Synergies ($mm)

	Actual Synergies - 10 Year			
	Total Synergy	**% of Total**	**Total NPV**	**% of Total**
GPE	152	20%	114	25%
Customers	603	80%	341	75%
Total	**755**	**100%**	**455**	**100%**

Notes:

- Actual synergies based on actual synergy schedule for $305 million utility synergies from 2008-2012. Years 6-10 calculated at constant rate of final year total: $82 million per year plus annual inflation adjustment of 3.1%.