

November 15, 2006

STRICTLY CONFIDENTIAL

Mr. James M. Metcalfe
Managing Director
Lehman Brothers
745 Seventh Avenue
New York, NY 10019

Mr. Raffiq A. Natthoo
Managing Director
The Blackstone Group L.P.
345 Park Avenue, Floor 29
New York, NY 10145

Dear Sirs:

In response to your letter dated September 20, 2006, Great Plains Energy Incorporated ("Great Plains") is pleased to submit a final, non-binding indication of interest ("Final Bid") for the acquisition of Aquila, Inc. ("Aquila").

We are very excited about the opportunity to combine our businesses and create value for the shareholders of Aquila and Great Plains. We are confident that you will find our proposal compelling as you consider the following benefits Great Plains provides as a strategic buyer:

- ✓ Proven relationships with regulators which have produced innovative solutions
- ✓ Consistent strategy for strong rate base growth, contiguous service territories, jointly owned assets, and similar ongoing capital plans
- ✓ Excellent community and political relationships
- ✓ Proven management talent
- ✓ Collaborative corporate culture
- ✓ Solid credit profile
- ✓ Greatest opportunity for synergy savings
- ✓ Greatest opportunity for development of Aquila employees

HC

Staff Exhibit No. 121 HC
Case No(s). SM 2007-0374
Date 12/5/07 Rptr. PF

Highly Confidential

We have organized our Final Bid in accordance with the guidelines set forth in your letter.

- (1) **Purchase Price:** Our final, non-binding purchase price is [\$675MM] of cash and [33.2MM] shares of Great Plains for 100% of common equity of Aquila, which is equivalent to cash of approximately [\$1.80] and [0.086x] shares of Great Plains Energy stock per share of Aquila, Inc. Our per share calculation is based on [] shares outstanding, including [] shares of outstanding restricted stock which will vest upon change of control and [] exercisable in-the-money stock options [exact share count to be provided by Blackstone over the weekend].
- (2) **Acquisition Structure:** Great Plains will acquire 100% of the common stock outstanding of Aquila ("Stock Transaction") and simultaneously, Black Hills Corporation ("Black Hills") will acquire certain assets and liabilities related to Aquila's utility operations in Colorado, Kansas, Iowa and Nebraska from Great Plains ("Asset Transaction").
- (3) **Internal Review:** This Final Bid has the full support of our Board of Directors and executive management. Management has been given the authority to negotiate a definitive Merger Agreement, which will require final approval of the Board of Directors of Great Plains.
- (4) **Capital Structure / Financing:** The cash portion of consideration will be financed with the sale proceeds from the Asset Transaction. Given that the Asset Transaction will take place simultaneously with the Stock Transaction, we intend to obtain funds from Black Hills just prior to the consummation of the Stock Transaction. The Asset Transaction is not subject to the financing as Black Hills has secured a financing commitment from Credit Suisse, which we have enclosed for your review.
- (5) **Regulatory Strategy :** Great Plains is confident that it has the capability to obtain the most favorable regulatory treatment possible in this transaction. Based upon its regulatory relationships and collaborative approach, Great Plains anticipates receiving approval to retain a significant portion of synergies generated by a combination of our companies. Great Plains also anticipates receiving similar treatment in Missouri regarding credit support for Aquila's portion of the Iatan II construction as it has achieved for KCP&L. Great Plains has obtained initial confirmation from Standard & Poor's that upon receipt of such rate treatment, the combined companies would maintain Great Plains current investment grade credit rating.

In order to deliver a transaction which will create this immediate and sustainable long-term value for Aquila and Great Plains shareholders, we require informal discussions with regulators prior to the execution of a definitive merger agreement for this transaction. Our bid is subject to holding these discussions concurrent with the negotiation of a definitive Merger Agreement. Black Hills requests the ability to speak with key managers in the gas properties and also seeks the ability to communicate with its regulator.

(6) **Third Party Approvals:** We expect the Stock Transaction and/or Asset Transaction will be subject to HSR, FERC, FCC, Missouri Public Service Commission, Kansas Corporation Commission, Colorado Public Utilities Commission, Iowa Utilities Board, Nebraska Public Service Commission, Aquila's lenders and Aquila's, Great Plains' and [Black Hills'] shareholders approvals. We also expect that there will be required consents or approvals relating to Aquila's franchises, easements, permits and other governmental rights, and relating to various contracts and agreements between Aquila and third parties.

(7) **Employee Compensation:** Assumptions: We have based our evaluation and proposal on the existing management and employee compensation agreements in the data room and disclosure schedules provided to Great Plains. We understand that Aquila intends to consider entering into additional retention agreements, which provide for the granting of additional shares and performance units to existing employees and executive management. We have not reflected such additional compensation into our proposal and would ask that Aquila delay such additional compensation decisions until after [].

(8) **Transaction Team and Contact Information:** Great Plains has retained Credit Suisse Securities LLC (Credit Suisse") as financial advisor and Skadden, Arps, Slate, Meagher and Flom ("Skadden") as legal advisor for this transaction. The appropriate contacts at Great Plains, Credit Suisse and Skadden are:

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Strategic Development and Chief
Financial Officer
Great Plains Energy, Inc.

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(9) **Exclusivity:** In recognition of the significant investment of management time, expense, and effort required of Great Plains to consummate the proposed acquisition, our Proposal is conditioned upon execution of an exclusivity agreement providing Great Plains with exclusive rights for a four week period to discuss the transaction with the Public Utility Commission of Missouri, as mentioned above, as well as negotiate and execute a definitive Merger Agreement. Upon being granted such exclusivity, we will communicate to Aquila the expected proceeds from the Asset Transaction, which have been agreed upon with Black Hills and commence your due diligence on Great Plains.

(10) **Expiration:** This letter will remain in effect through 5:00 p.m. CST, on Friday, November 3, 2006, unless extended in writing by Great Plains prior to such date.

(11) **Confidentiality:** This letter is provided on the express condition that it, and Great Plains' discussions with Aquila, be treated by Aquila as "Proprietary Information" under the terms of the Confidentiality Agreement dated June 28, 2006, between us as though Aquila were the "Buyer" and Great Plains were the "Company", as those terms are used in the Confidentiality Agreement.

(12) **Non-Binding:** This letter does not, and is not intended to, create any legally binding obligations, except with respect to its confidential treatment as set forth in Section 10.

Any other legally binding obligations will be pursuant to, and arise only upon the execution of, a mutually acceptable definitive agreements and mutual board approvals.

Once again, we look forward to moving forward with our discussions and are confident that Great Plains is the Company best situated to generate the Regulatory and Community support necessary to close this transaction. Please contact Great Plains or Credit Suisse if you have any questions regarding our proposal. We look forward to having the opportunity to work with you towards the completion of a successful transaction.

Sincerely,

Mike Chesser
Chairman of the Board and
Chief Executive Officer
Great Plains Energy, Inc.