

IATAN UNIT 2 AND COMMON FACILITIES OWNERSHIP AGREEMENT

KANSAS CITY POWER & LIGHT COMPANY,

AQUILA, INC.,

THE EMPIRE DISTRICT ELECTRIC COMPANY,

KANSAS ELECTRIC POWER COOPERATIVE, INC.

AND

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

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IATAN UNIT 2 AND COMMON FACILITIES OWNERSHIP AGREEMENT

This IATAN UNIT 2 AND COMMON FACILITIES OWNERSHIP AGREEMENT (this "Agreement") is made as of May __, 2006, by and among KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation ("KCPL"), AQUILA, INC., a Delaware corporation ("Aquila"), THE EMPIRE DISTRICT ELECTRIC COMPANY, a Kansas corporation ("Empire"), KANSAS ELECTRIC POWER COOPERATIVE, INC., a not-for-profit generation and transmission cooperative organized under the laws of the State of Kansas ("KEPCO"), and MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION, a body public and corporate of the State of Missouri ("MJMEUC") (each of KCPL, Aquila, Empire, KEPCO and MJMEUC, individually, an "Owner" and, collectively, the "Owners").

RECITALS

The Owners are engaged in the generation and transmission of electricity and its distribution and sale to the Owners' respective customers, and intend to construct, own and operate a coal-fired electric generating facility of approximately 800-850 MW Net Generating Capacity ("Unit 2") on the East bank of the Missouri River, near the Upper Iatan Bend, in Platte County, Missouri.

KCPL, Aquila and Empire (the "Unit 1 Owners") own as tenants in common, each with an undivided ownership interest, a coal-fired electric generating facility ("Unit 1") located adjacent to the proposed location of Unit 2 at the Initial Iatan Station Site (as hereinafter defined). KCPL operates Unit 1. The Unit 1 Owners also presently own as tenants in common, each with an undivided ownership interest, the Initial Iatan Station Site.

Unit 1 is and Unit 2 will be located on a parcel of real property that can accommodate up to four coal-fired generation units (the "Initial Iatan Station Site"). An adjacent parcel of real property will also be used in connection with the operation of Unit 1 and Unit 2 ("Nower Property"). KCPL is the sole owner of the Nower Property. The Initial Iatan Station Site and the Nower Property will be referred to collectively as the "Iatan Station Site." Legal descriptions of the Initial Iatan Station Site and the Nower Property are attached as Exhibits A and B, respectively.

The Unit 1 Owners have set forth their agreement with respect to Unit 1, the Initial Iatan Station Site, and certain common facilities in the Iatan Station Ownership Agreement dated July 31, 1978 (the "Iatan Unit 1 Ownership Agreement").

The Owners desire to participate in the construction of Unit 2 and ownership of the Iatan Unit 2 Facility (as hereinafter defined), and have agreed that the Iatan Unit 2 Facility shall be owned by the Owners as tenants in common, each with an undivided ownership interest therein as hereinafter provided.

The Unit 1 Owners own certain common facilities now in existence and serving Unit 1 (as more fully described in Exhibit C, but excluding any existing fuel inventory for Unit 1, the "Existing Common Facilities") that are anticipated to be capable of joint utilization by and for Unit 1, Unit 2 and any Additional Units (as hereinafter defined).

MJMEUC and KEPCO also desire to participate in the undivided ownership of the Existing Common Facilities to the extent they are utilized by Unit 2.

The Unit 2 Owners intend to construct and own (in common with the Unit 1 Owners as provided herein) certain enhancements and improvements to the Existing Common Facilities in order to facilitate the joint operation of Unit 1 and Unit 2 (such enhancements and improvements, as more fully described in Exhibit D, the "Common Facilities Upgrades" and, together with the Existing Common Facilities, the "Common Facilities").

At the Closing (as defined below), pursuant to assignment and assumption agreements, the form of which is set out in Exhibit E, KCPL shall transfer and assign to the other Owners certain undivided interests in permits related to Unit 2, and by virtue of the other Owners' payment of certain costs, they shall acquire undivided interests in the balance of the Iatan Unit 2 Facility and the Common Facilities and each such other Owner shall assume and agree to be bound by the provisions of all permits and other obligations under this Agreement to the extent of its Ownership Share therein as provided in Section 2.1 or Common Facilities Ownership Shares, as provided in Section 2.2, as applicable.

This Agreement is executed for the purposes of (i) confirming the nature and extent of the respective ownership interests of the Owners in the Iatan Unit 2 Facility and the Common Facilities and (ii) imposing certain covenants and obligations running with the rights, titles and interests of the Owners in and to the Iatan Unit 2 Facility and the Common Facilities, which covenants and obligations are intended to inure to the benefit of and be binding upon each of the Owners and any and all persons whomsoever having or claiming any right, title or interest therein by, from, through or under any of the Owners.

NOW, THEREFORE, the Owners, each for itself, its successors and assigns, and for the benefit of the other, its successors and assigns, hereby covenant and agree as follows:

ARTICLE I

Definitions

For purposes of this Agreement the following capitalized terms shall have the respective meanings set forth below.

- 1.1 "Accounting Manual" shall have the meaning specified in Section 14.2.
- 1.2 "Actual Emissions" shall have the meaning specified in Section 6.8(b).
- 1.3 "Actual Fuel Costs" shall mean the total of the following component costs:
 - (a) the amount billed to KCPL by suppliers for coal and other fuel for the Iatan Unit 2 Facility, including any adjustments thereto;
 - (b) the amount billed to KCPL by suppliers for limestone, ammonia, and any other Fuel Commodity used in pollution control equipment for the Iatan Unit 2 Facility, which are required and consumed as coal or other fuel is consumed, including any adjustments thereto;

ARTICLE IX

Taxes and Insurance

9.1 Taxes: Election Out of Partnership Treatment.

(a) The Owners agree that they intend that the arrangements provided for in this Agreement and any other ancillary agreements entered into in connection herewith (collectively, the "Arrangements") be excluded from the application of Subchapter K of Chapter I of Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"). Any allocation under this Agreement of general liabilities, expenses, costs, charges or reserves of Unit 2 that are not readily identifiable as belonging to any particular Owner shall not represent a joining together of the Owners to pool capital for the purposes of carrying on a trade or business or making common investments and sharing in profits and losses therefrom. In this regard, the Owners do not intend to create any joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit. The Owners authorize KCPL to prepare and file a return satisfying the requirements of United States Treasury Regulations Section 1.761-2(b)(2) and on which an election for the Arrangements to be excluded from the provisions of Subchapter K is set forth. Each Owner agrees that it shall (i) take no action which would prevent the effectiveness of such election and (ii) report its respective share of the items of income, deduction and credit arising from the Arrangements for federal income tax purposes in a manner consistent with the exclusion of such arrangements from Subchapter K. Each Owner authorizes KCPL to take such steps as may reasonably be required to exclude the Arrangements from treatment as a partnership or corporation for state or local income or franchise tax purposes and the Owners agree that they shall provide such assistance and cooperation in relation thereto as may reasonably be requested. Where the Arrangements are not eligible for a complete exclusion from partnership treatment for federal or state income or franchise tax purposes, the Owners agree that they intend that the Arrangements be excluded from partnership treatment to the greatest extent possible and authorize KCPL to take such steps as may be reasonably necessary to secure such exclusion.

(b) To the extent possible, KCPL and the other Owners shall each separately report and pay for all real property, franchise, business, or other taxes and fees, if applicable to said party, arising out of the acquisition, construction, operation, disposition and co-ownership of Unit 2; provided, however, that to the extent that such taxes, fees, payroll taxes, sales taxes and/or use taxes may be levied on or assessed against Unit 2, or its operation, or KCPL and other Owners in such a manner as to make impossible the carrying out of the foregoing provisions of this Section, then such taxes, fees, and, payroll taxes, sales taxes and/or use taxes shall be paid by KCPL, and Owners shall immediately reimburse KCPL for their proportionate share of such payment. Ad valorem taxes on the Existing Common Facilities for the year in which the Reciprocal Conveyance Date occurs shall be prorated between KCPL and the other Owners based upon their Common Facilities Ownership Shares. Owners shall be responsible for all sales and transfer taxes and recording fees incurred, if any, in connection with the conveyance to Owners of such undivided interests in Unit 2 and Existing Common Facilities, pursuant to this Agreement.

9.2 Insurance.

(a) KCPL, during the construction of Unit 2 and the Common Facilities Upgrades, shall maintain or cause to be maintained Builder's Risk insurance in an amount and including such risks as is consistent with Good Utility Practice. KCPL shall evaluate an owner controlled insurance program ("OCIP") and may adopt an OCIP provided 1) the coverages are equal to or broader than those available under a contractor provided insurance program and/or 2) it is economical. All deductibles payable under any program of insurance, together with any self-insured retention, shall be borne by the Owners in proportion to their respective Ownership Shares or Common Facilities Ownership Shares, as applicable.

(b) For non-OCIP insurance coverages, and/or for the insurance coverages obtained from a contractor-provided insurance program, KCPL shall also reasonably satisfy itself and Owners that all contractors and subcontractors have minimum insurance coverages and limits with carriers approved by KCPL, and with a rating of not less than A- as determined by A.M. Best Company. The aggregate costs of all insurance procured pursuant to this Section shall be considered a Cost of Construction of Unit 2 and as such, shall be apportioned among the Owners in proportion to their Ownership Shares. KCPL will advise the other Owners of the type and coverages of insurance procured and, advise any Owner and/or the Management Committee of any changes in such insurance.

(c) Owners, through the Management Committee, have the right to review and comment on KCPL's safety program for construction of Unit 2.

(d) With respect to the period after the In-Service Operation Date, the Operator shall obtain insurance for the Unit 2 Facility and the Common Facilities in an amount, and with coverages, approved by the Management Committee. Each Owner shall pay its proportionate Ownership Share or Common Facilities Ownership Share, as applicable, of the insurance premiums for the Unit 2 Facility, for the Common Facilities, and all other costs associated with insuring said facilities, unless otherwise agreed to by the Owners.

(e) During the construction of Unit 2 and with respect to the period after In-Service Operation Date each Owner may supplement the insurance coverage maintained by KCPL at its own expense.

(f) Each Owner and the Rural Utilities Service shall be named as insureds (as their interests may appear) under the insurance policies, with subrogation rights waived.

(g) The Operator, subject to confidentiality provisions it may require in its reasonable discretion and Article XVII, shall provide copies of insurance policies applicable to Unit 2 to Owners upon request.

(h) Upon receipt of notice of premium payments due for any insurance coverage, the Operator shall send a copy thereof to each Owner, which shall pay its share of the premium due in accordance with the applicable Cash Flow Memorandum.