BEFORE THE STATE 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 Merger of Westar Energy, Inc. and Great Plains Energy Incorporated.	)))))	Docket No. 18-KCPE-095-MER

NON-UNANIMOUS SETTLEMENT AGREEMENT

Pursuant to K.A.R. 82-230a(a)(1), Westar Energy, Inc. and Kansas Gas and Electric Company (referred to herein as "Westar"), Great Plains Energy Incorporated ("Great Plains Energy" or "GPE"), Kansas City Power & Light Company ("KCP&L") (GPE, KCP&L and Westar are collectively referred to herein as "Applicants"), the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission" respectively), the Citizens' Utility Ratepayer Board ("CURB"), Sunflower Electric Power Corporation ("Sunflower"), Mid-Kansas Electric Company, Inc. ("Mid-Kansas"), Kansas Power Pool ("KPP"), Midwest energy, Inc. ("Midwest"), and Brightergy, LLC ("Brightergy") by and through their undersigned counsel, enter into this Settlement Agreement ("Settlement Agreement") as a comprehensive settlement of all issues relevant to this proceeding involving the merger of Westar and GPE ("Merger"). (Applicants, Staff, and the above-named intervenors are collectively referred to herein as the "Signatories" or, individually, as a "Signatory"). Wal-mart Stores, Inc. ("Walmart") has indicated it does not oppose the terms of this Settlement Agreement.

The Signatories hereto agree as follows:

I. DESCRIPTION OF PROCEEDINGS

1. 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.

2. Great Plains Energy, through its operating subsidiary KCP&L, owns the second largest Kansas jurisdictional electric utility. Great Plains Energy, with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105, is a Missouri corporation authorized to do business in Kansas; GPE is the holding company for KCP&L (a single legal entity with operations in both Kansas and Missouri), and for KCP&L Greater Missouri Operations Company ("GMO") (a single legal entity with operations in Missouri only). GPE was established on October 1, 2001,[1] and its stock is traded on the NYSE as "GXP." GPE 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.

3. KCP&L is a corporation duly organized and existing under the laws of the State of Missouri, and its principal office and place of business is located at 1200 Main Street, Kansas City, Missouri 64105. KCP&L 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.

4. Westar and KCP&L are joint owners, with another party, of the Wolf Creek Nuclear Generating Station, an 1,170 megawatt ("MW") nuclear power plant, which is operated by the Wolf

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

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 MW coal-fired power plant.[3] GMO and Westar are also joint owners of the Jeffrey Energy Center, a three-unit 2,150 MW coal-fired power plant.[4]

5. The Merger will result in a legal structure identical to the structure that exists at GPE today, but with the addition of Westar as an additional subsidiary utility operating company of a newly formed holding company.[5] Ultimately, the Merger results in the formation of a new publicly traded holding company, Holdco (also sometimes referred to as "the combined Company"), of which Westar and KCP&L will be direct wholly-owned subsidiaries. Holdco will be the 100% owner of Westar, KCP&L and GMO. Pursuant to K.S.A. 66-101b, 66-101d, and 66-136, the Application requested Commission approval for GPE to restructure and reorganize itself as the combined Company. In accordance with the terms of the Amended Unanimous Settlement Agreement ("SA") in Docket No. 01-KCPE-708-MIS ("01-708 Docket") and the Commission's Order in the 01-708 Docket, all rights and obligations of GPE thereunder will automatically become the rights and obligations of Holdco.

6. On August 25, 2017, Applicants filed an Application and Direct Testimony with the Commission 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 SA in the 01-708 Docket, and any other potentially applicable orders issued by the Commission, requesting an order from the Commission approving the merger of Westar and GPE. The Merger reached between GPE and Westar is a stock-for-stock merger of equals, negotiated with the intent and result that neither company would be paying or receiving a premium with respect to the other company, there would be no transaction debt

[2] WCNOC is 47% owned by KCP&L, 47% owned by Kansas Gas & Electric Company, and 6% owned by Kansas Electric Power Cooperative, Inc.
[3] KCP&L owns 50% and is the managing partner of the La Cygne Generating Station.
[4] Westar owns 92% and is the managing partner of the Jeffrey Energy Center.
[5] Kansas Gas and Electric Company will continue to be a wholly-owned subsidiary of Westar Energy, Inc. after the Merger.

and no exchange of cash. Westar and GPE will merge to form a new holding company, which will operate regulated electric utilities in Kansas and Missouri and will have a combined equity value of approximately $14 billion. Shareholders of both Westar and GPE will exchange their respective shares for shares in the new holding company, which will have a new, yet to be determined, name.

7. Between August 28, 2017 and the date this Settlement Agreement was filed with the Commission, the following parties filed for, and were granted, intervention in this proceeding: CURB, Kansas Industrial Consumers Group, Inc. ("KIC")[6], Kansas Electric Power Cooperative, Inc. ("KEPCo"), IBEW, Local Unions No. 304, 412, 1464, and 1613 ("Unions"), Kansas City, Kansas Board of Public Utilities ("BPU"), Walmart, KPP, Midwest, Kansas Municipal Energy Agency "(KMEA"), Kansas Municipal Utilities ("KMU"), City of Independence, Missouri ("Independence"), Sunflower, Mid-Kansas, Sierra Club, Climate Energy Project ("CEP"), and Brightergy.

8. On November 21, 2017, the Commission issued a procedural order in this proceeding. Pursuant to said Order, Staff, CURB and all other intervenors were ordered to file direct testimony on January 29, 2018, and cross-answering testimony on February 5, 2018. Applicants were ordered to file rebuttal testimony on February 19, 2018. An evidentiary hearing was scheduled for March 19-27, 2018.

9. The Signatories are convinced that combining these two companies under the proper terms will be beneficial to stabilizing electric prices in Kansas after experiencing significant price increases in Kansas, similar to those experienced across the country, over the last decade. Many surrounding states have already taken this step and experienced cost benefits for their states as a result. To this end, Applicants and Staff have decided to conduct a review (either jointly or

[6] In this proceeding, KIC's participating members are Occidental Chemical Corporation, Spirit AeroSystems, Inc., CCPS Transportation, LLC, The Goodyear Tire & Rubber Company, Coffeyville Resources Refining & Marketing, LLC, Cargill, Incorporated, HollyFrontier El Dorado Refining LLC and Learjet Inc.

individually) to identify the major differences between surrounding states' rates and the Applicants' rates in order to better understand and document the major contributors to any differences. The Signatories met to discuss resolution of this matter on a number of occasions. As a result, the Signatories have now reached agreement on all issues raised in this proceeding. Such Settlement Agreement is set forth below, which the Signatories recommend to the Commission for approval.

10. Signatories have agreed, that in accordance with the merger standards articulated by the Commission in Docket Nos. 172,745-U and 174,155-U, as modified in Docket No. 97-WSRE-676-MER, which were reaffirmed by the Commission in its more recent Order on Merger Standards ("Merger Standards"),[7] and subject to the terms and conditions contained in this Settlement Agreement, the Application filed in this proceeding is in the public interest and should be approved and the authority requested therein should be granted by the Commission. The terms and conditions on approval of the Application are as set out in Section II of this Settlement Agreement.

II. <u>TERMS OF THE SETTLEMENT</u>

11. Subject to the conditions and reservations set forth herein, the Signatories to this Settlement Agreement have evaluated the proposed Merger under the Commission's Merger Standards, and agree that, in accordance with those standards, adoption of this Settlement Agreement is in the public interest.

12. The Signatories to this Settlement Agreement recommend to the Commission approval of this Settlement Agreement; approval of the Merger more fully described in the Application in this case; and that the following conditions be ordered as part of that approval.

[7] See, Docket No. 16-KCPE-593-ACQ, Order issued Aug. 9, 2016.

A. CONDITIONS ON APPROVAL OF THE APPLICATION OF MERGER

13. Applicants agree to the Merger Commitments and Conditions included with this settlement agreement as **Attachment 1,** as more specifically addressed below. In case of conflict, terms set forth in Attachment 1 prevail.

(1) General Conditions

14. Holdco will have operating headquarters in Topeka, Kansas, and Kansas City, Missouri. Holdco's corporate headquarters will remain at GPE's current headquarters building in Kansas City, Missouri. Westar's current headquarters at 800-818 Kansas Avenue in Topeka will be Holdco's Kansas headquarters and Applicants commit that staffing levels there will be maintained at no less than 500 employees for at least five years following the closing of the Merger. Thereafter, Holdco will maintain a Kansas headquarters somewhere in Topeka, Kansas (if not at 800-818 South Kansas Avenue) for a period of at least ten (10) years after the closing of the Merger. This Kansas operating headquarters will house all levels of technical, managerial, and executive talent and payroll (including a regulatory affairs staff) and should be reflective of the fact that the combined company will have more employees in Kansas than in Missouri.

15. Upon closing of the Merger, Mark Ruelle will become the non-executive chairman of Holdco for a period of three (3) years. Terry Bassham will serve as president and chief executive officer.

16. Holdco will continue charitable giving and community involvement in the Kansas service territories of KCP&L and Westar at levels equal to or greater than KCP&L's and Westar's respective 2015 levels for a minimum of five (5) years following the closing of the Merger.

17. Holdco will maintain and promote all low-income assistance programs consistent with those in place at all operating utility companies prior to the Merger for at least five (5) years after closing.

(2) Employee Commitments

18. Holdco will honor all existing collective bargaining agreements.

19. Holdco will maintain substantially comparable compensation levels and benefits for all employees for two years after the closing of the Merger.

20. While Merger-related efficiencies will result in a lower employee headcount over time for the combined organization post-closing compared to the two stand-alone organizations prior to closing, there will be no involuntary severance as a result of the Merger. There will be no involuntary severance as a result of closing the following generating facilities: Sibley (units 1, 2, and 3), Montrose (units 1, 2, and 3), Lake Road (unit 4/6), Tecumseh (unit 7), Gordon Evans (units 1 and 2) and Murray Gill (units 3 and 4). Holdco will achieve headcount-related efficiencies (including any reduction in Kansas headquarters personnel) through normal attrition and other voluntary means over time in a generally balanced way across the states of Kansas and Missouri.

(3) Organizational and Financing Conditions

21. Upon the closing of the Merger, the size of the Holdco board of directors will be mutually determined by GPE and Westar. In addition, as of the closing of the transaction, Holdco's board shall initially be composed of an equal number of directors designated by each of GPE and Westar, who shall be predominantly from the Kansas and Missouri region and the majority of whom shall be independent as defined by the New York Stock Exchange. Terry Bassham shall be a member of the board as a GPE nominee and Mark Ruelle shall be the non-executive Chairman of the board as a Westar nominee, with Mr. Ruelle serving as such for a term of three years. The initial lead independent director of Holdco will also be designated by Westar, with reasonable consultation with GPE. In addition to the above, as of the closing, the board of directors will initially have five (5) standing board committees. Those committees will be composed of an equal number of directors designated by each of GPE and Westar. The initial chairpersons for three (3) of the five (5) standing

committees shall be designated by GPE and the chairpersons for two (2) of the five (5) standing committees shall be designated by Westar.

22. Holdco will exercise management prudence to maintain the financial integrity of Westar and KCP&L in all respects, including matters relating to dividends, capital investments and other financial actions in an effort to maintain investment grade credit ratings. Holdco acknowledges that it is ultimately responsible for maintaining the financial integrity of its public utility subsidiaries such that they are capable of meeting their statutory responsibilities to provide sufficient and efficient service.

23. ***Separate capital structures:*** Holdco, KCP&L, and Westar shall maintain separate capital structures to finance the activities and operations of each entity. Holdco, KCP&L and Westar shall maintain separate debt. Holdco, as a consolidated entity, KCP&L, and Westar shall also maintain separate preferred stock, if any. Holdco, KCP&L and Westar shall use reasonable and prudent investment grade capital structures. KCP&L and Westar will be provided with appropriate amounts of equity from Holdco to maintain such capital structures. Holdco shall maintain consolidated debt (excluding short-term debt and debt due within one year) of no more than 65 percent of total consolidated capitalization, and KCP&L's and Westar's debt (excluding short-term debt and debt due within one year) shall be maintained at no more than 60 percent. Holdco commits that Westar and KCP&L will not make any dividend payments to the parent company, or other upstream cash payment, to the extent that the payment would result in an increase in either utility's debt level (excluding short-term debt and debt due within one year) above 60 percent of its total capitalization, unless the Commission authorizes otherwise.

24. ***Separate debt:*** Holdco, KCP&L, and Westar shall maintain separate debt so that Westar will not be liable (directly or through guarantees, cross-defaults or other provisions) for the debts of Holdco, KCP&L, or GMO or other subsidiaries of Holdco (excluding Westar and

subsidiaries of Westar), and KCP&L, GMO and other subsidiaries of Holdco (excluding Westar and subsidiaries of Westar) will not be liable (directly or through guarantees, cross-defaults or other provisions) for the debts of Westar. For the avoidance of doubt, consistent with past practice, Westar may guarantee certain obligations of its subsidiaries, and subsidiaries of Westar may guarantee certain obligations of Westar.

Holdco, KCP&L, and Westar shall also maintain adequate capacity under revolving credit facilities and commercial paper, if any, which capacity may be administered on a combined basis provided that capacity maintained for KCP&L and Westar shall be exclusively dedicated to the benefit of KCP&L and Westar, pricing is separated by entity, and that (i) Westar neither guarantees the debt of Holdco, KCP&L, GMO or other subsidiaries of GPE (excluding Westar and subsidiaries of Westar) nor is subject to a cross-default for such debt and (ii) Holdco, KCP&L, GMO and other subsidiaries of GPE (excluding Westar and subsidiaries of Westar) neither guarantee the debt of Westar nor are subject to a cross-default for such debt.

25. ***Asset Conveyance:*** Holdco, KCP&L, and Westar shall not sell, lease, rent or otherwise convey, outside routine business practices, Westar and KCP&L assets necessary and useful in providing electric service to the public without Commission approval.

26. ***Separation of assets*:** Holdco commits that KCP&L and Westar will not commingle their assets with the assets of any other person or entity, except as allowed under the Commission's Affiliate Transaction statutes or other Commission order.

Holdco commits that KCP&L and Westar will conduct business as separate legal entities and shall hold all of their assets in their own legal entity name unless otherwise authorized by Commission order.

Holdco, KCP&L, and Westar affirm that the present legal entity structure that separates their regulated business operations from their unregulated business operations shall be maintained unless express Commission approval is sought to alter any such structure.

Holdco, KCP&L, and Westar further commit that proper accounting procedures will be employed to protect against cross-subsidization of Holdco's, KCP&L's and Westar's non-regulated businesses, or Holdco's other regulated businesses in Kansas or its regulated businesses in other jurisdictions by Westar's Kansas customers. KCP&L and Westar agree to file within 30 days after issuance, the independent third-party audit of cost allocations between Holdco, Westar, GMO and KCP&L that was agreed to be conducted in the Missouri merger proceeding.[8]

27. ***<u>Other Separation</u>:*** Westar (including subsidiaries of Westar), on the one hand, and Holdco and KCP&L, on the other hand, shall not grant or permit to exist any encumbrance, claim, security interest, pledge or other right in their respective stock or assets in favor of any entity or person other than immaterial liens or encumbrances in the ordinary course of business, letters of credit issued on behalf of third-parties in the ordinary course of business and encumbrances resulting from regulatory requirements unless otherwise authorized by the Commission.

28. ***<u>Credit Rating:</u>*** Holdco, KCP&L, and Westar shall maintain separate issuer (i.e., Corporate Credit Ratings) and separate issue ratings for debt that is publicly placed.

29. ***<u>Credit rating downgrade</u>:*** If S&P or Moody's downgrade the Corporate Credit Rating or senior secured or unsecured debt issue rating of KCP&L or Westar (the "Impacted Utility") or Holdco to below investment grade (i.e., below BBB- or Baa3), the "Impacted Utility" or Holdco commit to file:

[8] In The Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc., Case No. EM-2018-0012, Stipulation and Agreement filed January 12, 2018, Condition 31.

i. Notice with the Commission within five (5) business days of such downgrade that includes specification of the affected credit rating(s), the pre- and post-downgrade credit ratings of each affected credit rating, and a full explanation of why the credit rating agency or agencies downgraded each of the affected credit ratings;

ii. A filing with the Commission within sixty (60) days which shall include the following:

-1- Actions the Impacted Utility and Holdco may take to raise its S&P or Moody's credit rating to BBB- or Baa3, respectively, including the costs and benefits of such actions and any plan the Impacted Utility or Holdco may have to undertake such actions. If the costs of returning Westar and/or KCP&L to investment grade are above the benefits of such actions, Westar and/or KCP&L shall be required to show and explain why it is not necessary, or cost-effective, to take such actions and how the utility(s) can continue to provide efficient and sufficient service in Kansas under such circumstances;

-2- The change on the capital costs of the Impacted Utility due to its S&P or Moody's credit rating being below BBB- or Baa3, respectively; and

-3- Documentation detailing how the Impacted Utility will not request from its Kansas customers, directly or indirectly, any higher capital costs incurred due to a downgrade of its S&P or Moody's credit rating below BBB- or Baa3, respectively;

iii. File with the Commission, every forty-five (45) days thereafter until the Impacted Utility has regained its S&P or Moody's credit rating of BBB- or Baa3, respectively or above, an updated status report with respect to the items required in subparagraph ii above.

iv. If the Commission determines that the decline of the Impacted Utility's S&P or Moody's credit rating to a level below BBB- or Baa3, respectively, has caused its quality of service to decline, then the Impacted Utility shall be required to file a plan with the Commission detailing the steps that will be taken to restore service quality levels that existed prior to the ratings decline.

v. In the event KCP&L's or Westar's affiliation (ownership or otherwise) with Holdco or any of Holdco's affiliates is a primary factor for KCP&L's or Westar's S&P or Moody's Corporate credit rating to be downgraded to below BBB- or Baa3, respectively, KCP&L and/or Westar shall promptly undertake additional legal and structural separation from the affiliate(s) causing the downgrade. Notwithstanding Commitment No. 10's limitation on payment of dividends, the Impacted Utility shall not pay a common dividend without Commission approval or until the Impacted Utility's S&P or Moody's credit rating has been restored to BBB- or Baa3, respectively.

vi. If KCP&L's or Westar's respective S&P or Moody's credit rating declines below BBB- or Baa3, respectively, the Impacted Utility shall file with the Commission within 15 days a comprehensive risk management plan setting forth committed actions assuring the Impacted Utility's access to and cost of capital will not be further impaired. The plan shall include a non-consolidation opinion if required by S&P or Moody's in order for the Impacted Utility to be able to restore its credit rating to investment grade.

30. ***Cost of capital:*** Holdco commits that future cost of service and rates of KCP&L and Westar shall not be adversely impacted on an overall basis as a result of the Merger and that future cost of service and rates will be set commensurate with financial and business risks attendant to their individual regulated utility operations. Neither KCP&L nor Westar shall seek an increase to their cost of capital as a result of (i.e., arising from or related to) the Merger or KCP&L's and Westar's ongoing affiliation with Holdco and its affiliates after the Merger.

The return on equity capital ("ROE") as reflected in Westar's and KCP&L's rates will not be adversely affected as a result of the Merger. Holdco agrees the ROE shall be determined in future rate cases, consistent with applicable law, regulations and practices of the Commission.

The burden of proof that any increase to the cost of capital is not a result of the Merger shall be borne by KCP&L or Westar. Any net increase in the cost of capital that KCP&L or Westar seeks shall be supported by documentation that: (a) the increases are a result of factors not associated with the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates; (b) the increases are not a result of changes in business, market, economic or other conditions caused by the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates; and (c) the increases are not a result of changes in the risk profile of KCP&L or Westar caused by the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates. The provisions of this section are intended to recognize the Commission's authority to consider, in appropriate proceedings, whether this Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates have resulted in capital cost increases for KCP&L or Westar.

Nothing in this condition shall restrict the Commission from disallowing such capital cost increases from recovery in KCP&L or Westar's rates.

(4) Ratemaking, Accounting, and Related Conditions

31. ***Upfront Bill Credits*:** Holdco agrees that its electric utility subsidiaries will provide Westar and KCP&L retail electric customers with one-time bill credits totaling $23,065,299 to Westar retail electric customers and $7,514,220 to KCP&L's Kansas retail electric customers as soon as practicable following the closing of the Merger with the understanding that the data necessary to effectuate the inter-class allocation of bill credit amounts will not be available until near the end of the respective KCP&L and Westar 2018 base rate review proceedings. These

amounts shall be allocated among the customer classes using the method recommended by Staff witness, Bob Glass, in his direct testimony, pages 15-18. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial, and industrial customers and on a per customer basis for residential customers.

32. ***General Rate Case Moratorium*:**

i. The Signatories agree that, after the conclusion of KCP&L's 2018 base rate review, Westar and KCP&L will be subject to a 5-year base rate moratorium, subject to the ROE condition discussed below. The moratorium for both companies shall expire five years from the final order date of KCP&L's 2018 base rate review. Any base rate review filing cannot change rates until after that date, but a filing to show cause may be commenced or an application by the companies may be filed prior to that date as long as the resulting base rate adjustment becomes effective after the expiration of the moratorium.

In the event the ROE authorized in either KCP&L's or Westar's 2018 rate case is below 9.3%, the moratorium period for that company shall be reduced to three years.

This moratorium is subject to the conditions set forth below in paragraph 32.iv.

ii. The time limitation on filing a general rate case to change base rates does not preclude Westar or KCP&L from changing rates or tariffs to recover appropriate costs under its Commission approved fuel clause ("RECA"), Annual Cost Adjustment ("ACA"), Transmission Delivery Charge ("TDC"), Property Tax Surcharge ("PTS") and Energy Efficiency Rider ("EER") tariffs. Subject to the provision that base rates should remain fixed for the term of the moratorium in this Settlement Agreement, Westar and KCP&L may make tariff filings to comply with new Commission rules or policies, including revenue neutral changes to rate design, and Westar and KCP&L may propose methods to recover the cost of furnishing new voluntary services such as, but not limited to, providing energy efficiency measures to customers.

iii. Notwithstanding the above, in the event of changes in law or regulations, or the occurrence of events outside the control of Westar or KCP&L that result in a material adverse impact to Westar or KCP&L, Westar and KCP&L, as applicable, may file an application with the Commission proposing methods to address the impact of the events, including the possibility of changes in base rates. The non-Applicant Signatories shall have the right to contest any such application, including whether the impact of the change or event is material to the company making the claim, and whether the proposed remedy in the application is reasonable.

Westar and KCP&L will make a mandatory base rate review filing so that the rates become effective the day after the expiration of the moratorium period. In the event that the moratorium period is 3 years for either company pursuant to other provisions of this agreement, such mandatory rate review for that company shall be two years after the end of its rate moratorium. However, Westar and KCP&L may delay their mandatory base rate review filings with the approval of Staff.

iv. Signatories agree to recommend and support in the Applicants' 2018 Kansas general rate reviews of KCP&L and Westar the following:

-1- Signatories agree to recommend a 9.3% return on equity ("ROE") to be utilized in the 2018 rate cases, and if including a range, testimony will not recommend greater than 20 basis points below or above the 9.3% recommended ROE.

-2- Signatories will support Westar's second step rate increase in February 2019 related to the cost of service impact of a wholesale contract with Mid-Kansas recovered through the Retail Energy Cost Adjustment ("RECA") as proposed in the direct testimony of Rebecca Fowler filed on February 1, 2018, in Docket No. 18-WSEE-328-RTS, Exhibit RAF-1; and the expiration of federal production tax credits related to the Central Plains and Flat Ridge wind farms placed in to service by Westar in late 2008/early 2009. This provision does not bind the parties to the amount of the second stage increases recommended by Westar.

-3- Inclusion of all Merger-related savings achieved at the update date with such update date to occur 60 days after the filing of each respective rate case. Updates will be March 31, 2018 for Westar and expected to be June 30, 2018 for KCP&L, assuming a general rate case filing in May 2018 for KCP&L.

If the Merger-related savings achieved at the update date for the 2018 rate cases shows there is a shortfall from the amounts below, then an additional adjustment will be made at the update to impute into retail rates the shortfall to achieve a total (some such savings are/will be already reflected in the respective Applicant's rate review filing) of Merger-related savings benefiting Kansas retail rates as follows:

(a) Westar: $22.5 million

(b) KCP&L: $ 7.5 million

-4- No Signatory shall request or support a request for any further imputation of benefits related to the Merger or announced power plant retirements other than as set forth above.

-5- Applicants agree to forego their ability to demonstrate under-earnings at the time of the federal tax law change as an offset to benefits otherwise due to customers from January 1, 2018 through the effective date of new retail rates as a result of the 2018 rate cases. Such gross benefits will be distributed to customers as determined in each respective rate case.

33. ***Annual Bill Credits for 2019-2022:*** Because KCP&L and Westar are permitted, during the general rate case moratorium set forth above, to change rates or tariffs under the Commission approved RECA, ACA, TDC, PTS and EER, the effects of regulatory lag will be somewhat mitigated and, as a result, KCP&L and Westar have agreed to Annual Bill Credits for 2019-2022.

Applicants agree that their electric utility subsidiaries shall provide all of their Kansas retail electric customers with annual bill credits by March 31 in each year 2019, 2020, 2021 and 2022 in the amount of $8,649,487 for Westar retail electric customers and $2,817,832 for KCP&L's Kansas retail electric customers. These amounts shall be allocated among the customer classes using the method recommended by Staff witness, Bob Glass, in his direct testimony, pages 15-18. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial, and industrial customers and on a per customer basis for residential customers.

34. ***Earnings Review and Sharing Plan (ERSP) for 2019-2022:*** Because KCP&L and Westar are permitted, during the general rate case moratorium set forth above, to change rates or tariffs under the Commission approved RECA, ACA, TDC, PTS and EER, the effects of regulatory lag will be somewhat mitigated and, as a result, KCP&L and Westar have agreed to an ERSP for 2019-2022.

i. No later than March 31 following the end of each calendar year 2019 - 2022, KCP&L and Westar shall file with the Commission in a compliance docket to be established, ERSP reports in the format of **Attachment 2** (for KCP&L) and **Attachment 3** (for Westar).[9]

-1- Staff and CURB shall be permitted to review the earnings surveillance reports for each annual filing. No later than each May 31 of the applicable year, Staff

[9] If for some reason the Commission does not open a compliance docket for the five-year period, or if there is a delay in the granting of CURB's intervention, Applicants will work with CURB to execute a non-disclosure agreement to allow timely access to the ERSP reports.

and CURB shall file a report or testimony with the Commission indicating any areas of disagreement with the ERSP report as filed by KCP&L and Westar, as applicable.

-2- KCP&L and Westar, as applicable, shall respond to any areas of disagreement no later than June 30 of the applicable year.

-3- If disputed issues exist at that time, the Commission shall establish an appropriate process for the resolution of such disputed issues by Commission order with an intended date no later than August 31 of the applicable year.

-4- Absent any dispute, the Commission may, at its discretion, issue an order based on the record.

ii. For each calendar year 2019 - 2022, the KCC-jurisdictional earned ROE of KCP&L and Westar, as reported in the ERSP reports may be subject to sharing with retail electric customers as follows:

-1- KCP&L: KCP&L's earned KCC-jurisdictional ROE, using the actual percentage of equity capitalization in KCP&L's capital structure (excluding short-term debt and debt due within one year), not to exceed 51.0% in 2019 reporting year, 50.5% in the 2020 reporting year, and 50.0% in 2021 and 2022 (as qualified in paragraph 34.iii.4. below), shall be calculated in accordance with the provisions provided in paragraph 34.iii.4. below. The difference between this earned ROE and a 9.3% ROE shall be multiplied by the equity portion of rate base and grossed up for income taxes. If this calculated amount exceeds the fixed bill credit of $2,817,832, any positive amount shall be multiplied by 50% and then provided to retail electric customers as a bill credit no later than September 30 of the succeeding year. Any bill credit amount shall be allocated between KCP&L retail electric rate classes in the same manner as the final approved proof of revenue provided in support of the rates set in KCP&L's 2018 rate case. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial, and industrial customers and on a per customer basis for residential customers.

-2- Westar: Westar's earned KCC-jurisdictional ROE, using the actual percentage of equity capitalization in Westar's capital structure (excluding short-term debt and debt due within one year), not to exceed 51.0% in 2019 reporting year, 50.5% in the 2020 reporting year, and 50.0% in 2021 and 2022 (as qualified in paragraph 34.iii.4. below), shall be calculated in accordance with the provisions provided in paragraph 34.iii.4. below. The difference between this earned ROE and a 9.3% ROE shall be multiplied by the equity portion of rate base and grossed up for income taxes. If this calculated amount exceeds the fixed bill credit of $8,649,487, any positive amount shall be multiplied by 50% and then provided to retail electric customers as a bill credit no later than September 30 of the succeeding year. Any bill credit amount shall be allocated between Westar retail electric rate classes in the same manner as the final approved proof of revenue provided in support of the rates set in Westar's 2018 rate case. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial, and industrial customers and on a per customer basis for residential customers.

iii. For the purposes of calculating any bill credits due in the ERSP reports, the following ratemaking parameters shall be utilized:

-1- Westar and KCP&L shall make all pro forma adjustments and calculations necessary to calculate the earned ROE on a KCC-jurisdictional basis reflecting all typical ratemaking adjustments necessary to convert the financial books of the utilities to a rate base rate of return.

-2- These adjustments and calculations shall include:

(a) The calculation of rate base reflecting actual plant in service, construction work in progress, accumulated depreciation and accumulated deferred income tax amounts all presented on a KCC-jurisdictional basis;

(b) The calculation of interest expense, synchronized to rate base, and using the actual utility weighted average cost of debt as calculated in Section 7 of K.A.R. 82-1 -231;

(c) The removal of FERC-regulated returns on transmission investments and all associated assets, revenues and expenses;

(d) The removal of Asset Retirement Obligations (AROs) from rate base;

(e) The removal of any other capital investment or expense which the utilities have committed not to recover in utility base rates or that the Commission disallowed for recovery in the 2018 rate cases on the basis that the expense (or capital investment) does not provide benefit to ratepayers or is unnecessary for the provision of efficient and sufficient utility service. Examples may include, but are not limited to, lobbying expenses, dues and donations, corporate image and promotional advertising, sporting events and entertainment expenses, disallowed incentive compensation expenses, fines and penalties, non-utility property, transaction costs from the 18-095 Docket, etc.;

(f) Reclassification of any out of period items to another period;

(g) Adjustments to present the utility's provision for income tax expense on the basis of its KCC-jurisdictional cost of service;

(h) Adjustments to restate the utility's depreciation expense and accumulated depreciation to a KCC-jurisdictional cost of service basis;

(i) Adjustments to present cash working capital;

(j) Adjustments to present appropriate working capital balances (both increases and decreases to rate base) as either year-end or 13-month average balances, depending on whether the balance in the working capital account exhibits a clear increasing or decreasing trend or whether the balance fluctuates throughout the year; and

(k) Adjustments to include regulatory assets and liabilities that the Commission has previously authorized for inclusion in rate base, or amortization to the cost of service.

-3- These adjustments shall not include any adjustment to update the calendar year results, annualize year-end plant or expenses, remove one-time or non-recurring expenses, weather normalization or any other adjustment which is typically meant to normalize or annualize a test period for ratemaking purposes (other than those limited adjustments described above).

-4- As long as the consolidated capital structure of Holdco does not contain in excess of 52.5% Long-Term Debt (excluding short-term debt and debt due within one year) to Long-Term Capitalization (Long-Term Debt as defined herein plus Equity Capitalization), the equity capitalization percentage used to calculate the earned ROE in the ERSP reports shall be the actual equity percentage in the utility capital structure subject to the defined not to exceed limits above in paragraphs 34.ii.1. and 34.ii.2. In the event that the consolidated capital structure of Holdco contains in excess of 52.5% Long-Term Debt (excluding short-term debt and debt due within one year), the equity capitalization percentage not to exceed limit (as described in paragraphs 34.ii.1. and 34.ii.2.) shall decline in proportion to the consolidated Holdco Long-Term Debt percentage over 52.5%.

iv. In all events, the ERSP shall terminate after the 2022 calendar year reporting is complete in 2023. However, if the rate moratorium for KCP&L or Westar is three years instead of five years as a result of other provisions in this agreement, the ERSP shall continue for that company through the calendar year in which a new rate case is filed. The Earnings Review and Sharing Plan report shall continue to be a required annual filing of the utilities beyond the moratorium period, but for informational purposes only. Such reporting shall end once a base rate review is filed or a review is commenced by the Commission pursuant to 66-101d.

35. ***Transition Costs:***

Signatories agree that recovery of transition costs shall be limited to $50 million on a total company basis and the Kansas jurisdictional portion shall be deferred and recoverable through amortization over ten years beginning when the 2018 Kansas base rate review rates become effective. Such recovery shall not include carrying costs or rate base treatment for the unamortized portion of such costs at any time. This limitation equates to the following:

a. Westar: $23,183,133, which is $2,318,313 annually

b. KCP&L-KS: $ 7,692,018, which is $769,202 annually

36. ***Goodwill:*** Goodwill associated with the Merger is the difference between the fair market value of GPE's assets and the exchange value of GPE's stock upon the closing of the Merger (referred to herein as "Merger Goodwill") and will be maintained on the books of Holdco. The amount of any such Merger Goodwill shall not be included in the revenue requirement of KCP&L or Westar in future

Kansas rate cases. Neither KCP&L nor Westar will seek recovery through recognition in retail rates and revenue requirement in future rate cases of any such Merger Goodwill.

37. ***Goodwill Impairment*:** Customers shall be held harmless from the risk or realization of any Merger Goodwill impairment. Holdco does not expect, and shall take prudent actions to avoid, Merger Goodwill from negatively affecting KCP&L's or Westar's cost of capital.

If such Merger Goodwill becomes impaired and such impairment negatively affects KCP&L's or Westar's cost of capital or credit ratings, all costs associated with the decline in the Impacted Utility's credit quality specifically attributed to the Merger Goodwill impairment, considering all other capital cost effects of the Merger and the impairment, shall be excluded from the determination of the Impacted Utility's rates.

38. ***Transaction Costs*:** Transaction costs include, but are not limited to, those costs relating to obtaining regulatory approvals, development of transaction documents, investment banking costs, costs related to raising equity incurred prior to the close of the Merger, severance payments required to be made by change of control agreements, internal labor and third party consultant costs incurred in performing any types of analysis or preparation (financial, tax, investment, accounting, legal, market, regulatory, etc.) to evaluate the potential sale or transfer of ownership, prepare for bid solicitation, analyze bids, conduct due diligence, compliance with existing contracts including change in control provisions, and compliance with any regulatory conditions, closing, and communication costs regarding the ownership change with customers and employees.

Westar and KCP&L commit that they will not seek recovery through recognition in retail rates of transaction costs, that they shall have the burden of proof to clearly identify where all transaction costs related to this Merger are recorded and shall be required to attest in all future rate proceedings before the Commission that none of these costs are included in cost of service and rates, and to provide a complete explanation of the procedures used to ensure that these transaction costs are not included in cost of service or rates. This commitment shall be required until transaction costs of this Merger are no longer on Holdco's books in a test year for KCP&L and/or Westar, as applicable. Transaction costs shall be recorded on Holdco's books.

39. ***Fuel and Purchased Power Costs*****:** KCP&L's and Westar's fuel and purchased power costs shall not be adversely impacted as a result of the Merger.

40. ***Retail Rates*****:** Holdco commits that retail rates for KCP&L and Westar customers shall not increase as a result of the Merger.

41. ***Future Rate Cases*****:** Holdco commits that in future rate case proceedings, KCP&L and Westar will support their assurances provided in this document with appropriate analysis, testimony, and necessary journal entries fully clarifying and explaining how any such determinations were made.

(5) Affiliate Transactions and Cost Allocation Manual ("CAM") Conditions

42. KCP&L and Westar commit that they will file with the Commission (1) within sixty (60) days of closing of the Merger and (2) with the first post-closing rate case, an executed copy of all additional relevant Affiliate Service Agreements related to the Merger, pursuant to K.S.A. 66-1402 and that includes the service agreement(s) between any service company or affiliate allocating costs to a regulated utility affiliate.

43. Holdco, KCP&L and Westar each expressly recognize that each represents an "Affiliated Interest" under K.S.A. 66-1401, 66-1402, and 66-1403. These statutes confer certain jurisdiction on the Commission regarding access to books and records, submission of contracts, review of affiliate transactions detail, etc.

44. KCP&L and Westar will be operated after the closing of the Merger in compliance with the Commission's affiliate transaction rules as set forth in K.S.A. 66-1401, *et seq.*, and in compliance with the affiliate rules adopted in the Commission's December 3, 2010 Order in Docket

No. 06-GIMX-181-GIV ("06-181 Order"), or will obtain any necessary variances from such rules, and the Commission's August 7, 2001 Order in the 01-708 Docket ("01-708 Order"). Further, Holdco and its subsidiaries commit that all information related to an affiliate transaction consistent with the affiliate statutes and the Commission's 06-181 and 01-708 Orders in the possession of Holdco will be treated in the same manner as if that information is under the control of either KCP&L or Westar.

45. Holdco and its subsidiaries may seek recovery of intercompany charges to regulated utility affiliates in their first general rate proceedings filed following the closing of the Merger at levels equal to the lesser of actual costs or the costs allowed related to such functions in the cost of service of their most recent rate case prior to the closing of the Merger, as adjusted for inflation measured by the Gross Domestic Product Price Index. Billings for common-use assets shall be permitted consistent with GPE's current practices. Holdco and its subsidiaries shall have the burden of proof to demonstrate billings are prudent, in the usual course of business, and consistent with past practice.

46. Holdco shall maintain separate books and records, systems of accounts, financial statements and bank accounts for Westar and KCP&L. The records and books of Westar and KCP&L will be maintained under the FERC Uniform System of Accounts ("USOA") applicable to investor-owned jurisdictional electric utilities, as adopted by the Commission. The financial books and records of Holdco's regulated utility affiliates will be made available to the Commission and its Staff.

The records and books of any affiliate for which any direct or indirect charge is made to Westar and KCP&L and included in said utilities' cost of service and rates on either a direct or indirect basis, will be made available, upon request, to the Commission and its Staff.

Holdco, KCP&L, and Westar shall facilitate access of the Commission Staff to its external auditors and endeavor to provide the Commission and its Staff with timely access to any relevant external audit workpapers and/or reports.

Holdco, KCP&L, and Westar will maintain adequate records to support, demonstrate the reasonableness of, and enable the audit and examination of all centralized corporate costs that are allocated to or directly charged to KCP&L or Westar. Nothing in this condition shall be deemed a waiver of any rights of Holdco, KCP&L, or Westar to seek protection of the information or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.

47. The Merger is the subject of a variance request before the Missouri Public Service Commission ("MPSC") and an order is expected from the MPSC no later than the second quarter of 2018. GPE and KCP&L commit to pursue this variance from the provisions of Missouri Affiliate Transaction Rule 4 CSR 240-20.015 and endeavor to have such variance in place by Merger close. The variance will provide for goods and services transactions between KCP&L, GMO and Westar to occur at cost except for wholesale power transactions, which will be based on rates approved by the Federal Energy Regulatory Commission ("FERC"). Within thirty (30) days of the issuance of a final MPSC order in that proceeding, KCP&L and Westar will cause to be filed in this docket a copy of the final order. If the MPSC has not granted the variance from the Missouri Affiliate Transaction Rule, mentioned above, Holdco, Westar and KCP&L commit that in Kansas retail proceedings of KCP&L and Westar after the closing of the merger, neither utility will seek to recover more than actual costs incurred by Holdco, Westar or KCP&L in connection with affiliate transactions, provided, however, that annualizations and other customary and appropriate ratemaking adjustments may be used.

48. KCP&L and Westar shall meet with Staff and CURB no later than sixty (60) days after the closing of the Merger to provide a description of its expected impact on the allocation of costs among Holdco's utility and non-utility subsidiaries as well as a description of its expected impact on the CAMs of KCP&L and Westar. No later than six (6) months after the closing of the Merger but no less than two (2) months before the filing of a general rate case for either KCP&L or Westar, whichever occurs first, KCP&L and Westar agree to file updates to their existing CAMs reflecting process and recordkeeping changes necessitated by the Merger.

(6) Quality of Service Conditions

49. The parties agree to the following provisions related to Quality of Service performance for Westar and KCP&L:

i. Quality of Service reporting shall be required annually by Westar and KCP&L consistent with the thresholds and penalty provisions included in Applicants Exhibits BA-1, BA-2 and BA-3 of Bruce Akin's direct testimony, and annual reporting shall be substantially similar to Exhibits BA-4 and BA-5, as set out in **Attachment 4** to this agreement.

ii. Penalties incurred, if any, shall be used by the Applicants to invest in items intended to improve quality of service and shall not be recoverable from customers in the cost of service.

iii. Other field service metrics will be reported annually to the Commission for purposes of data gathering and analysis by the Commission and Staff and be reported in substantially similar form as **Attachment 5** to this agreement. Changes to future reporting can be made as mutually agreed upon by Applicants, Staff and CURB.

iv. Applicants, Staff, CURB and KPP will jointly recommend that the Commission open a compliance docket by January 2019 related to service quality and reliability reporting, the outcome of which is meant to replace current reporting requirements under Docket No. 02-GIME-365-GIE (the "02-365 Docket"), and provide timely reports of ongoing operations and maintenance activities related to customer quality of service. Signatories agree they will not object to the intervention in such compliance docket by KPP.

(7) Reporting and Access to Records

50. To keep Staff and the Commission apprised of the status of integration implementation after closing, Signatories recommend the Commission open a compliance docket to maintain Merger-related filings:

i. KCP&L and Westar shall meet with Staff no later than 60 days after closing, and on a quarterly basis thereafter for a period of one year after closing to provide an update on the status of integration implementation, including discussion of progress on organizational changes and consolidation of processes affecting the customer experience, including but not limited to: contact center operations, customer information and billing, remittance processing, credit and collections, and service order processes. In addition, updates provided to Staff shall include: (1) accomplishments, (2) challenges, (3) Efficiency Summary ($): Planned vs Actual by functional area, (4) Labor Summary (FTE): Planned vs Actual, and (5) Integration Team highlights. The frequency of such update meetings shall be reduced to every six months during the second year through the fifth year after closing of the Merger and shall cease thereafter, unless otherwise ordered by the Commission. KCP&L and Westar shall file the information provided in the above-referenced meetings with Staff in the compliance docket. Regardless of the frequency of such meetings, KCP&L and Westar agree to continue their practice of promptly advising Staff in the event of material operational irregularities – whether arising from systems, training, process change or any other cause – that may affect the customer experience. Additionally, for a period of no less than two years, unless otherwise ordered by the Commission, KCP&L and Westar shall, on a twice-yearly basis unless otherwise ordered by the Commission, appear and provide an update of the status of integration implementation, providing the Commissioners an opportunity to ask questions about the status of integration implementation. CURB shall be invited to any meetings scheduled in compliance with this paragraph. CURB shall be provided with the materials identified in paragraphs 50.ii. and 50.iii and if such material contains non-public information shall execute an appropriate non-disclosure agreement before receiving such information.

ii. KCP&L and Westar shall, on a quarterly basis continuing for two years and on an annual basis for years three through five after closing, provide Staff, no later than 45 days after the conclusion of the relevant quarter, with data on employee headcounts by physical work location (full- and part-time, including contingent labor retained through employment agencies) for Holdco, KCP&L, GMO, and Westar as well as a complete listing of functions and/or positions that have been either outsourced (meaning that work is being performed on behalf of Holdco, KCP&L, GMO, and/or Westar that is not under the direct management and supervision of Holdco, KCP&L, GMO, or Westar employees) or converted to contingent labor as a result of the integration of Holdco, KCP&L, GMO and Westar. To the extent that job positions at Holdco, KCP&L, GMO, or Westar have been eliminated, re-classified or transferred between the Holdco, KCP&L, GMO, or Westar, such eliminations, re-classifications or transfers shall be identified.

iii. KCP&L and Westar shall, for a period of two years after closing, provide Staff any reports or presentations made to Holdco's board of directors regarding efficiencies attained as a result of the Merger. Such reports or presentations shall be provided to Staff within 30 days after being provided to Holdco's board of directors.

iv. Staff, CURB, KCP&L and Westar will initiate a Capital Plan Reporting compliance docket to provide capital plan reports substantially similar to that set out in **Attachment 6** to this agreement. The capital spending report for projects initiated or on-going in a given calendar year will be due by March 31 of the following year. The primary purpose of the Capital Plan Report is to provide Staff and the Commission with the information and data necessary to understand forecasted capital expenditures over a five-year period. The capital expenditures to be reviewed include generation, environmental, transmission, distribution, and Information Technology. The overall goal of the Capital Plan Reporting compliance docket will be to determine the appropriate information and data to report and the format of such reporting.

v. Westar and KCP&L agree to provide 90 days' written notice to Staff and CURB related to any power generation unit retirements in excess of 20 MW of capacity during the moratorium period for any retirements not already contemplated in this docket. Notice will also be required if the timing of any planned generating unit retirement is expected to change by more than six (6) months. This condition sunsets upon new reporting requirements being established, or the closing of the Capital Plan Reporting compliance docket.

vi. The reporting and data provision agreed to herein by Holdco, KCP&L, and Westar does not change any reporting obligations of GPE (which shall apply to Holdco post-merger), KCP&L or Westar that existed prior to the approval of this Merger.

51. For the first five (5) full calendar years after the closing of the Merger, Holdco shall provide Staff and CURB its annual goodwill impairment analysis in a format that includes spreadsheets in their original format with formulas and links to other spreadsheets intact and any printed materials within thirty (30) days after the filing of Holdco's Form 10 Q for the period in

which the analysis is performed, as well as all supporting documentation. Thereafter, this analysis will be made available to Staff and CURB upon request.

52. Holdco, KCP&L, and Westar commit that any material Merger-related financial and accounting changes must be reported to the Commission.

53. Holdco will provide to the KCC Staff its integrated resource plan (IRP) within seven (7) days of its filing in Missouri. The public version of such materials shall also be provided to CURB. In addition, Applicants commit that, as part of the KCP&L and GMO 2019 IRP Updates, a combined KCP&L/GMO/Westar analysis will be conducted.

54. KCP&L and Westar shall provide Staff and CURB with access, upon reasonable written notice during working hours and subject to appropriate confidentiality and discovery procedures, to all written information provided to common stock, bond or bond rating analysts which directly or indirectly pertains to KCP&L or Westar or any affiliate that exercises influence or control over KCP&L, Westar, or Holdco. Such information includes, but is not limited to, common stock analyst and bond rating analyst reports. For purposes of this condition, "written" information includes, but is not limited to, any written and printed material, audio and video tapes, computer disks, and electronically stored information. Nothing in this condition shall be deemed a waiver of any entity's right to seek protection of the information or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.

55. Holdco, KCP&L, and Westar shall make available to Staff and CURB, upon written notice during normal working hours and subject to appropriate confidentiality and discovery procedures, all books, records and employees as may be reasonably required to verify compliance with KCP&L's and Westar's CAM and any conditions ordered by this Commission. Holdco, KCP&L, and Westar shall also provide Staff and CURB any other such information (including

access to employees) relevant to the Commission's ratemaking, financing, safety, quality of service and other regulatory authority over KCP&L or Westar; provided that any entity producing records or personnel shall have the right to object on any basis under applicable law and Commission rules, excluding any objection that such records and personnel of affiliates (a) are not within the possession or control of either KCP&L or Westar or (b) are either not relevant or are not subject to, the Commission's jurisdiction and statutory authority by virtue of, or as a result of, the implementation of the proposed Merger.

56. KCP&L and Westar shall provide Staff and CURB access, upon reasonable request, the complete Holdco Board of Directors' meeting minutes, including all agendas and related information distributed in advance of the meeting, presentations and handouts, provided that privileged information shall continue to be subject to protection from disclosure and KCP&L and Westar shall continue to have the right to object to the provision of such information on relevancy grounds.

57. KCP&L and Westar will maintain records supporting their affiliated transactions for at least six (6) years.

58. Within six months of the close of the Merger, Holdco, KCP&L, and Westar will provide to the Commission Staff detailed journal entries recorded to reflect the Merger. Holdco, KCP&L, and Westar shall also provide the final detailed journal entries to be filed with the Commission no later than 13 months after the date of the closing. These entries must show, and shall include but not be limited to, the entries made to record or remove from all utility accounts any acquisition premium costs or transaction costs.

(8) Parent Company Conditions

59. The following financial commitments made in Docket No. 01-KCPE-701-MIS remain in effect:

i. GPE ("Holding Company") and its subsidiaries will not conduct any material business activities that are not part of the "electric industry or natural gas industry business" or are not reasonably related to business activities derived from changes in the electric industry or natural gas industry as a result of competition, without Commission approval. With regard to expansion of KCP&L's current operations in the telecommunications and information businesses, activities will be limited to those considered reasonably related to current operations.

ii. KCP&L's total long-term borrowings including all instruments shall not exceed KCP&L's regulated rate base.

iii. The customers of KCP&L shall be held harmless by KCP&L and GPE if the reorganization creating GPE, with KCP&L as a subsidiary, results in a higher revenue requirement for KCP&L than if the reorganization had not occurred.

iv. GPE and KCP&L shall provide the Commission Staff and CURB unrestricted access to all written information provided to common stock, bond, or bond rating analysts, which directly, or indirectly, pertains to KCP&L or any affiliate that exercises influence or control over KCP&L or has affiliate transactions with KCP&L. Such information includes, but is not limited to, reports provided to, and presentations made to, common stock analysts and bond rating analysts. For purposes of this condition, "written" information includes, but is not limited to, any written and printed material, audio and videotapes, computer disks, and electronically stored information. Nothing in this condition shall be deemed to be a waiver of GPE's or KCP&L's right to seek protection of the information.

v. GPE 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 GPE has requested prior approval for such a transaction from the Commission.

60. All of the commitments and conditions agreed to in the August 21, 2001 Amended Unanimous Stipulation and Agreement in Docket No. 01-KCPE-708-MIS remain in place (see attached) with the exception of (1) Financial ratio reporting eliminated 6/22/12; (2) CAM filing eliminated 3/29/16 (continues to be filed in Ring Fencing Docket #06-GIMX-181-GIV each May). The minimum equity ratios of the 01-708 agreement are modified from 35% at KCP&L and 30% at GPE (holding company) to a minimum equity ratio of 40% for the operating companies and 35% for the holding company.

61. Holdco, KCP&L, and Westar commit to reaffirm and honor any prior commitments made by GPE or Westar to the Commission to comply with any previously issued Commission orders applicable to KCP&L or Westar or their previous owners except as otherwise provided for herein.

62. Holdco acknowledges that its utility subsidiaries 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 Holdco's board of directors and executive management and that Holdco's access to capital post-transaction will permit it and its utility subsidiaries to meet their statutory obligation to provide sufficient and efficient service.

B. MISCELLANEOUS PROVISIONS

63. This Settlement Agreement has resulted from negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Settlement Agreement in total, then this Settlement Agreement shall be voidable and, if voided, no

Signatory shall be bound by any of the agreements or provisions hereof. The Settlement Agreements herein are specific to the resolution of this proceeding, and all Settlement Agreements are made without prejudice to the rights of the Signatories to take other positions in other proceedings except as otherwise provided herein. The Signatories agree that any and all discussions related hereto shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

64. This Settlement Agreement is being entered into for the purpose of disposing of all issues in this case. The Signatories represent that the terms of this Settlement Agreement constitute a fair and reasonable resolution of the issues addressed herein, in a manner which is not detrimental to the public interest. Except as otherwise addressed herein, none of the Signatories to this Settlement Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.

65. The Signatories further understand and agree that the provisions of this Settlement Agreement relate only to the specific matters referred to in the Settlement Agreement, and no Signatory or person waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this Settlement Agreement. The Signatories further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Settlement Agreement in a manner which is adverse to the Signatory, and further, the Signatories reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the Signatory contesting such Commission order. The Signatories agree that the details of this Settlement Agreement have no precedential value in any future proceeding not related to enforcement of this Settlement Agreement.

66. In the event the Commission accepts the specific terms of this Settlement Agreement without modification, the Signatories waive, with respect to the issues resolved herein: cross-examination of Signatories' witnesses on testimony pre-filed prior to the date of filing of this Settlement Agreement; any respective rights they may have to seek rehearing; or judicial review pursuant to the Kansas Judicial Review Act, K.S.A. 77-601, *et seq*. Furthermore, in the event the Commission accepts the specific terms of this Settlement Agreement without modification, the Signatories agree that the pre-filed testimony of all Signatories' witnesses who have pre-filed testimony in this case shall be included in the record of this proceeding without the necessity of such witnesses taking the stand. The provisions of this Settlement Agreement shall be interpreted in accord with and governed by Kansas law.

67. Except as specifically set forth herein, there shall be nothing about the Transaction that alters the applicability of previous Commission orders in other dockets, policies, rules and applicable statutes.

68. To the extent not already provided through discovery or otherwise, executed copies of all agreements identified in the Application, including confidential copies of all schedules to those agreements, shall be provided to the Commission within thirty (30) days following the completion of the Transaction.

69. Except as provided in this Settlement Agreement otherwise, nothing in this Settlement Agreement shall preclude a Signatory or the Commission from reviewing the appropriateness of any cost of service item in any future rate case filed by KCP&L or Westar.

70. KCP&L and Westar shall provide upon request and with appropriate notice, all information needed to verify compliance with these conditions and any other information relevant to the Commission's ratemaking, financing, safety, quality of service and other regulatory authority over KCP&L and Westar.

71. The terms and conditions of the Settlement Agreement reached herein shall only go into effect upon the closing of the Transaction, which is the subject of the Application filed in this docket. The terms and conditions shall remain in effect either as stated in this Settlement Agreement, or if not stated herein, until such time as the Commission may order otherwise in a general rate case or other proceeding brought for that purpose. In the event that the Transaction does not close, then the terms of this Settlement Agreement among the Parties are void ab initio.

72. If the Commission accepts the Agreement in its entirety and incorporates the same into its final Order in this docket, the Signatories intend to be bound by its terms and the Commission's Order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's Order.

WHEREFORE, the Signatories hereto recommend that the Commission approve this Settlement Agreement.

Respectfully submitted,

/s/ Robert J. Hack

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing document was electronically served this 7th day of March, 2018 to all counsel of record in this case constituting official service and no hard copy will follow.

/s/ Robert J. Hack

Counsel for Kansas City Power & Light Company

Condition No.	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
	I. General Conditions
1	***Headquarters*** **:** Holdco will maintain its corporate headquarters in Kansas City, Missouri and shall honor all terms and conditions of the existing lease for its headquarters office located at 1200 Main in Kansas City, Missouri, which expires in October 2032. Holdco will also maintain the current Westar Topeka downtown headquarters building at 800-818 South Kansas Avenue in Topeka, Kansas for its Kansas headquarters. Holdco shall honor all terms and conditions of the existing lease for the Westar headquarters building, which expires in April 2023. Holdco shall maintain staffing levels of no less than 500 employees based at 800-818 South Kansas Avenue, Topeka KS for at least five (5) years after the closing of the Merger. Thereafter, Holdco will maintain a Kansas headquarters somewhere in Topeka, Kansas (if not at 800-818 South Kansas Avenue) for a period of at least ten (10) years after the closing of the Merger. This Kansas operating headquarters will house all levels of technical, managerial, and executive talent and payroll (including a regulatory affairs staff) and should be reflective of the fact that the combined company will have more employees in Kansas than in Missouri.
2	***Executives*** **:** Upon the closing of the Merger, Mark Ruelle will become the non-executive chairman of Holdco for a period of three (3) years. Terry Bassham will serve as president and chief executive officer.
3	***Charitable Giving and Community Involvement*** **:** Holdco will continue charitable giving and community involvement in the Kansas service territories of KCP&L and Westar at levels equal to or greater than KCP&L's and Westar's respective 2015 levels for a minimum of five (5) years following the closing of the Merger.
4	***Low-Income Assistance Programs*** **:** Holdco will maintain and promote all low-income assistance programs consistent with those in place at all operating utility companies prior to the Merger for at least five (5) years after closing.
	II. Employee Commitments
5	***Collective Bargaining Agreements*** **:** Holdco will honor all existing collective bargaining agreements.
6	***Employee Compensation and Benefits*** **:** Holdco will maintain substantially comparable compensation levels and benefits for all employees for two years after the closing of the Merger.
7	***Employee Headcount*** **:** While Merger-related efficiencies will result in a lower employee headcount over time for the combined organization post-closing compared to the two stand-alone organizations prior to closing, there will be no involuntary severance as a result of the Merger. There will also be no involuntary severance as a result of closing the following generating facilities: Sibley (units 1, 2 and 3), Montrose (units 1, 2 and 3), Lake Road (unit 4/6), Tecumseh (unit 7), Gordon Evans (units 1 and 2) and Murray Gill (units 3 and 4). Holdco will achieve headcount-related efficiencies (including any reduction in Kansas headquarters personnel) through normal attrition and other voluntary means over time in a generally balanced way across the States of Kansas and Missouri.
	III. Financing Conditions
	Board of Directors:

8	Upon the closing of the Merger, the size of the Holdco board of directors will be mutually determined by GPE and Westar. In addition, as of the closing of the transaction, Holdco's board shall initially be composed of an equal number of directors designated by each of GPE and Westar, who shall be predominantly from the Kansas and Missouri region and the majority of whom shall be independent as defined by the New York Stock Exchange. Terry Bassham shall be a member of the board as a GPE nominee and Mark Ruelle shall be the non-executive Chairman of the board as a Westar nominee, with Mr. Ruelle serving as such for a term of three years. The initial lead independent director of Holdco will also be designated by Westar, with reasonable consultation with GPE. In addition, to the above, as of the closing, the board of directors will initially have five (5) standing board committees. Those committees will be composed of an equal number of directors designated by each of GPE and Westar. The initial chairpersons for three (3) of the five (5) standing committees shall be designated by GPE and the chairpersons for two (2) of the five (5) standing committees shall be designated by Westar.
9	***Financial Integrity*** **:** Holdco will exercise management prudence to maintain the financial integrity of Westar and KCP&L in all respects, including matters relating to dividends, capital investments and other financial actions in an effort to maintain investment grade credit ratings. Holdco acknowledges that it is ultimately responsible for maintaining the financial integrity of its public utility subsidiaries such that they are capable of meeting their statutory responsibilities to provide sufficient and efficient service.
10	***Capital Structures*** : Holdco, KCP&L and Westar shall maintain separate capital structures to finance the respective activities and operations of each entity. Holdco, KCP&L and Westar shall maintain separate debt. Holdco, KCP&L and Westar shall also maintain separate preferred stock, if any. Holdco, KCP&L and Westar shall use reasonable and prudent investment grade capital structures. KCP&L and Westar will be provided with appropriate amounts of equity from Holdco to maintain such capital structures. Holdco shall maintain consolidated debt (excluding short-term debt and debt due within one year) of no more than 65 percent of total consolidated capitalization, and KCP&L's and Westar's debt (excluding short-term debt and debt due within one year) shall be maintained at no more than 60 percent. Holdco commits that Westar and KCP&L will not make any dividend payments to the parent company, or other upstream cash payment, to the extent that the payment would result in an increase in either utility's debt level (excluding short-term debt and debt due within one year) above 60 percent of its total capitalization, unless the Commission authorizes otherwise.
11	***Separate Debt*** **:** Holdco, KCP&L and Westar shall maintain separate debt so that Westar will not be liable (directly or through guarantees, cross-defaults or other provisions) for the debts of Holdco, KCP&L, or GMO or other subsidiaries of Holdco (excluding Westar and subsidiaries of Westar), and KCP&L, GMO and other subsidiaries of Holdco (excluding Westar and subsidiaries of Westar) will not be liable (directly or through guarantees, cross-defaults or other provisions) for the debts of Westar. For the avoidance of doubt, consistent with past practice, Westar may guarantee certain obligations of its subsidiaries, and subsidiaries of Westar may guarantee certain obligations of Westar. Holdco, KCP&L and Westar shall also maintain adequate capacity under revolving credit facilities and commercial paper, if any, which capacity may be administered on a combined basis provided that capacity maintained for KCP&L and Westar shall be exclusively dedicated to the benefit of KCP&L and Westar, pricing is separated by entity, and that (i) Westar neither guarantees the debt of Holdco, KCP&L, GMO or other subsidiaries of GPE (excluding Westar and subsidiaries of Westar) nor is subject to a cross-default for such debt and (ii) Holdco, KCP&L, GMO and other subsidiaries of GPE (excluding Westar and subsidiaries of Westar) neither guarantee the debt of Westar nor are subject to a cross-default for such debt.
12	***Asset Conveyance*** **:** Holdco, KCP&L and Westar shall not sell, lease, rent or otherwise convey, outside routine business practices, Westar and KCP&L assets necessary and useful in providing electric service to the public without Commission approval.
	Separation of Assets : Holdco commits that KCP&L and Westar will not commingle their assets with the assets of any other person or entity, except as allowed under the Commission's Affiliate Transaction statutes or other Commission order.

13	Holdco commits that KCP&L and Westar will conduct business as separate legal entities and shall hold all of their assets in their own legal entity name unless otherwise authorized by Commission order. Holdco, KCP&L and Westar affirm that the present legal entity structure that separates their regulated business operations from their unregulated business operations shall be maintained unless express Commission approval is sought to alter any such structure. Holdco, KCP&L and Westar further commit that proper accounting procedures will be employed to protect against cross-subsidization of Holdco's, KCP&L's and Westar's non-regulated businesses, or Holdco's other regulated businesses in Kansas or its regulated businesses in other jurisdictions by Westar's Kansas customers.
14	***Other Separation*:** Westar (including subsidiaries of Westar), on the one hand, and Holdco and KCP&L, on the other hand, shall not grant or permit to exist any encumbrance, claim, security interest, pledge or other right in their respective stock or assets in favor of any entity or person other than immaterial liens or encumbrances in the ordinary course of business, letters of credit issued on behalf of third-parties in the ordinary course of business and encumbrances resulting from regulatory requirements unless otherwise authorized by the Commission.
15	***Credit Rating*:** Holdco, KCP&L and Westar shall maintain separate issuer (i.e., Corporate Credit Ratings) and separate issue ratings for debt that is publicly placed.
16	***Credit Rating Downgrade*:** If S&P or Moody's downgrade the Corporate Credit Rating or senior secured or unsecured debt issue rating of KCP&L or Westar (the "Impacted Utility") or Holdco to below investment grade (i.e., below BBB- or Baa3), the "Impacted Utility" or Holdco commits to file: i. Notice with the Commission within five (5) business days of such downgrade that includes specification of the affected credit rating(s), the pre- and post-downgrade credit ratings of each affected credit rating, and a full explanation of why the credit rating agency or agencies downgraded each of the affected credit ratings; ii. A filing with the Commission within sixty (60) days which shall include the following: • Actions the Impacted Utility and Holdco may take to raise its S&P or Moody's credit rating to BBB- or Baa3, respectively, including the costs and benefits of such actions and any plan the Impacted Utility may have to undertake such actions. If the costs of returning Westar and/or KCP&L to investment grade are above the benefits of such actions, Westar and/or KCP&L shall be required to show and explain why it is not necessary, or cost-effective, to take such actions and how the utility(s) can continue to provide efficient and sufficient service in Kansas under such circumstances; • The change on the capital costs of the Impacted Utility due to its S&P or Moody's credit rating being below BBB- or Baa3, respectively; and • Documentation detailing how the Impacted Utility will not request from its Kansas customers, directly or indirectly, any higher capital costs incurred due to a downgrade of its S&P or Moody's credit rating below BBB- or Baa3, respectively; iii. File with the Commission, every forty-five (45) days thereafter until the Impacted Utility has regained its S&P or Moody's credit rating of BBB- or Baa3, respectively or above, an updated status report with respect to the items required in subparagraph ii above. iv. If the Commission determines that the decline of the Impacted Utility's S&P or Moody's credit rating to a level below BBB- or Baa3, respectively, has caused its quality of service to decline, then the Impacted Utility shall be required to file a plan with the Commission detailing the steps that will be taken to restore service quality levels that existed prior to the ratings decline. v. In the event KCP&L's or Westar's affiliation (ownership or otherwise) with Holdco or any of Holdco's affiliates is a primary factor for KCP&L's or Westar's S&P or Moody's Corporate credit rating to be downgraded to below BBB- or Baa3, respectively, KCP&L and/or Westar shall promptly undertake additional legal and structural separation from the affiliate(s) causing the downgrade. Notwithstanding Commitment No. 10's limitation on payment of dividends, the Impacted Utility shall not pay a common dividend without Commission approval or until the Impacted Utility's S&P or Moody's credit rating has been restored to BBB- or Baa3, respectively.

	vi. If KCP&L's or Westar's respective S&P or Moody's credit rating declines below BBB- or Baa3, respectively, the Impacted Utility shall file with the Commission within 15 days a comprehensive risk management plan setting forth committed actions assuring the Impacted Utility's access to and cost of capital will not be further impaired. The plan shall include a non-consolidation opinion if required by S&P or Moody's in order for the Impacted Utility to be able to restore its credit ratings to investment grade.
17	***Cost of Capital*** **:** Holdco commits that future cost of service and rates of KCP&L and Westar shall not be adversely impacted on an overall basis as a result of the Merger and that future cost of service and rates will be set commensurate with financial and business risks attendant to their individual regulated utility operations. Neither KCP&L nor Westar shall seek an increase to their cost of capital as a result of (i.e., arising from or related to) the Merger or KCP&L's and Westar's ongoing affiliation with Holdco and its affiliates after the Merger. The return on equity capital ("ROE") as reflected in Westar's and KCP&L's rates will not be adversely affected as a result of the Merger. Holdco agrees the ROE shall be determined in future rate cases, consistent with applicable law, regulations and practices of the Commission. The burden of proof that any increase to the cost of capital is not a result of the Merger shall be borne by KCP&L or Westar. Any net increase in the cost of capital that KCP&L or Westar seeks shall be supported by documentation that: (a) the increases are a result of factors not associated with the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates; (b) the increases are not a result of changes in business, market, economic or other conditions caused by the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates; and (c) the increases are not a result of changes in the risk profile of KCP&L or Westar caused by the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates. The provisions of this section are intended to recognize the Commission's authority to consider, in appropriate proceedings, whether this Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates have resulted in capital cost increases for KCP&L or Westar. Nothing in this condition shall restrict the Commission from disallowing such capital cost increases from recovery in KCP&L or Westar's rates.
	IV. Ratemaking, Accounting, and Related Conditions
18	***Upfront Bill Credits and Guaranteed Annual Bill Credits*** **:** Holdco agrees that its electric utility subsidiaries will provide Westar and KCP&L retail electric customers with one-time bill credits totaling $23,065,299 to Westar retail electric customers and $7,514,220 to KCP&L's Kansas retail electric customers, as soon as practicable following the closing of the Merger with the understanding that the data necessary to effectuate the inter-class allocation of bill credit amounts will not be available until near the end of the respective KCP&L and Westar 2018 base rate review proceedings. Thereafter Holdco agrees that its electric utility subsidiaries will provide Westar and KCP&L's Kansas retail electric customers with annual bill credits by March 31 in each year 2019, 2020, 2021, and 2022 in the amount of $8,649,487 for Westar retail electric customers and $2,817,832 for KCP&L's Kansas retail electric customers. These amounts shall be allocated among the customer classes using the method recommended by Staff witness, Bob Glass, in his direct testimony, pages 15-18. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial and industrial customers and on a per customer basis for residential customers.
19	***Transition Costs*** **:** Neither Westar nor KCP&L will ever include in cost of service, and shall never seek to recover in rates, any transition costs related to this Merger that are in excess of the benefits that these transition costs are intended to attain subject to a limit of $50 million total company requested for recovery-described below. Transition costs are those costs incurred to integrate Westar and GPE, and include integration planning, execution, and "costs to achieve." Non-capital transition costs can be ongoing costs or one-time costs. KCP&L's and Westar's non-capital transition costs, which shall include but not be limited to severance payments made to employees other than those required to be made under change of control agreements, can be deferred on the books of either KCP&L or Westar to be recoverable through amortization over ten years subject to a limit of $50 million total company of non-capital transition costs ($7,692,018 KCP&L-Kansas and $23,183,133 Westar) in KCP&L and Westar 2018 rate cases.

20	***Goodwill*** **:** Goodwill associated with the Merger is the difference between the fair market value of GPE's assets and the exchange value of GPE's stock upon the closing of the Merger (referred to herein as "Merger Goodwill") and will be maintained on the books of Holdco. The amount of any such Merger Goodwill shall not be ever included in the revenue requirement of KCP&L or Westar in future Kansas rate cases. Neither KCP&L nor Westar will ever seek recovery through recognition in retail rates or revenue requirements in future rate cases of any such Merger Goodwill.
21	***Goodwill Impairment*** **:** Customers shall be held harmless from the risk or realization of any Merger Goodwill impairment. Holdco does not expect, and shall take prudent actions to avoid, Merger Goodwill from negatively affecting KCP&L's or Westar's cost of capital. If such Merger Goodwill becomes impaired and such impairment negatively affects KCP&L's or Westar's cost of capital or credit ratings, all costs associated with the decline in the Impacted Utility's credit quality specifically attributed to the Merger Goodwill impairment, considering all other capital cost effects of the Merger and the impairment, shall be excluded from the determination of the Impacted Utility's rates.
22	***Transaction Costs*** **:** Transaction costs include, but are not limited to, those costs relating to obtaining regulatory approvals, development of transaction documents, investment banking costs, costs related to raising equity incurred prior to the close of the Merger, severance payments required to be made by change of control agreements, internal labor and third party consultant costs incurred in performing any types of analysis or preparation (financial, tax, investment, accounting, legal, market, regulatory, etc.) to evaluate the potential sale or transfer of ownership, prepare for bid solicitation, analyze bids, conduct due diligence, compliance with existing contracts including change in control provisions, and compliance with any regulatory conditions, closing, and communication costs regarding the ownership change with customers and employees. Westar and KCP&L commit that they will not seek recovery through recognition in retail rates of transaction costs, that they shall have the burden of proof to clearly identify where all transaction costs related to this Merger are recorded and shall be required to attest in all future rate proceedings before the Commission that none of these costs are included in cost of service and rates, and to provide a complete explanation of the procedures used to ensure that these transaction costs are not included in cost of service or rates. This commitment shall be required until transaction costs of this Merger are no longer on Holdco's books in a test year for KCP&L and/or Westar, as applicable. Transaction costs shall be recorded on Holdco's books.
23	***Fuel and Purchased Power Costs*** **:** KCP&L's and Westar's fuel and purchased power costs shall not be adversely impacted as a result of the Merger.
24	***Retail Rates and Five Year Rate Moratorium*** **:** Holdco commits that retail rates for KCP&L and Westar customers shall not increase as a result of the Merger. Additionally, Holdco, KCP&L and Westar commit to not change base rates in Kansas until the expiration of a five-year term that begins at the final order date of KCP&L's 2018 base rate review. Any base rate review filing cannot change rates until after that date but a filing or show cause may be commenced as long as the resulting base rate adjustment becomes effective after the moratorium date. In the event the ROE authorized in either Westar's or KCP&L's 2018 base rate reviews is below 9.3%, the moratorium period for the affected utility shall be reduced to three years. Additionally, Westar and KCP&L agree to make a mandatory base rate review filing so that rates become effective the day after the expiration of the moratorium period. In the event that the moratorium period is three years for either utility pursuant to other provisions of this condition, such mandatory rate review for that utility shall be two years after the end of its rate moratorium. However, Westar and KCP&L can delay their respective mandatory base rate review filings with the approval of Staff.
25	**Merger Savings in 2018 Rate Cases**: Holdco, Westar and KCP&L commit to inclusion of all Merger-related savings achieved at the update date of Westar's and KCP&L's respective 2018 rate cases. If it is determined to be a shortfall from the amounts below, then an additional adjustment will be made at the update to impute into retail rates the shortfall to achieve a total (some such savings are/will be already reflected in the Applicants rate review filing) of Merger-related savings benefiting Kansas retail rates of $22,510,589 for Westar retail electric customers and $7,468,874 for KCP&L's Kansas retail electric customers.

26	**<u>Earnings</u> <u>Review</u> <u>and</u> <u>Sharing</u> <u>Plan</u>:** Holdco, Westar and KCP&L commit to abide by the terms of the Earnings Review and Sharing Plan (ERSP) , attached as Attachments 2 and 3 to the Settlement Agreement. The purpose of this ERSP is to require both Westar and KCP&L to file a Earnings Review and Sharing Report, in the Compliance Docket established, in the years 2020, 2021, 2022, and 2023. The purpose of these reports will be to evaluate the earned Return on Equity (ROE) of both Westar and KCP&L-KS on an annual basis, as calculated after making limited adjustments to present the financial results of the company on a traditional ratemaking (rate base, rate of return) basis. In the event that the earned ROE of Westar or KCP&L-KS in any year exceeds a 9.3%, any earnings in excess of those necessary to cover the annual fixed bill credits discussed above shall be split 50% to customers, 50% to shareholders. The portion of excess earnings for customers shall be by way of a bill credit no later than September 30 of the succeeding year. Any bill credit amount shall be allocated between Westar or KCP&L-KS retail electric rate classes in the same manner as the final approved proof of revenue provided in support of the rates set in Westar or KCP&L-KS respective 2018 rate case. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial and industrial customers and on a per customer basis for residential customers.
27	***<u>Future</u> <u>Rate</u> <u>Cases</u>* :** Holdco commits that in future rate case proceedings, KCP&L and Westar will support their assurances provided in this document with appropriate analysis, testimony, and necessary journal entries fully clarifying and explaining how any such determinations were made.
	V. Affiliate Transactions and Cost Allocations Manual (CAM) Conditions
28	***<u>Affiliate</u> <u>Service</u> <u>Agreements</u>* :** KCP&L and Westar commit that they will file with the Commission (1) within sixty (60) days of closing of the Merger and (2) with the first post-closing rate case, an executed copy of all additional relevant Affiliate Service Agreements related to the Merger, pursuant to K.S.A. 66-1402 and that includes the service agreement(s) between any service company or affiliate allocating costs to a regulated utility affiliate.
29	***<u>Affiliate</u> <u>Interests</u>* :** Holdco, KCP&L and Westar each expressly recognize that each represents an "Affiliated Interest" under K.S.A. 66-1401, 66-1402, and 66-1403. These statutes confer certain jurisdiction on the Commission regarding access to books and records, submission of contracts, review of affiliate transactions detail, etc.
30	***<u>Affiliate</u> <u>Rules</u>* :** KCP&L and Westar will be operated after the closing of the Merger in compliance with the Commission's affiliate transaction rules as set forth in K.S.A. 66-1401, *et seq.*, and in compliance with the affiliate rules adopted in the Commission's December 3, 2010 Order in Docket No. 06-GIMX-181-GIV ("06-181 Order"), or will obtain any necessary variances from such rules, and the Commission's August 7, 2001 Order in Docket No. 01-KCPE-708-MIS ("01-708 Order"). Holdco and its subsidiaries commit that all information related to an affiliate transaction consistent with the affiliate statutes and the Commission's 06-181 and 01-708 Orders in the possession of Holdco will be treated in the same manner as if that information is under the control of either KCP&L or Westar.
31	***<u>Intercompany</u> <u>Charges</u>* :** Holdco and its subsidiaries may seek recovery of intercompany charges to regulated utility affiliates in their first general rate proceedings filed following the closing of the Merger at levels equal to the lesser of actual costs or the costs allowed related to such functions in the cost of service of their most recent rate case prior to the closing of the Merger, as adjusted for inflation measured by the Gross Domestic Product Price Index. Billings for common-use assets shall be permitted consistent with GPE's current practices. Holdco and its subsidiaries shall have the burden of proof to demonstrate billings are prudent, in the usual course of business, and consistent with past practice.
32	***<u>Separate</u> <u>Books</u> <u>and</u> <u>Records</u> <u>Available</u> <u>to</u> <u>Staff</u> <u>and</u> <u>Commission</u>* :** Holdco shall maintain separate books and records, systems of accounts, financial statements and bank accounts for Westar and KCP&L. The records and books of Westar and KCP&L will be maintained under the FERC Uniform System of Accounts ("USOA") applicable to investor-owned jurisdictional electric utilities, as adopted by the Commission. The financial books and records of Holdco's regulated utility affiliates will be made available to the Commission and its Staff. The records and books of any affiliate for which any direct or indirect charge is made to Westar and KCP&L, and included in said utilities' cost of service and rates on either a direct or indirect basis, will be made available, upon request, to the Commission and its Staff. Holdco, KCP&L and Westar shall facilitate access of the Commission Staff to its external auditors and endeavor to provide the Commission and its Staff with timely access to any relevant external audit work papers and/or reports.

	Holdco, KCP&L and Westar will maintain adequate records to support, demonstrate the reasonableness of, and enable the audit and examination of all centralized corporate costs that are allocated to or directly charged to KCP&L or Westar. Nothing in this condition shall be deemed a waiver of any rights of Holdco, KCP&L or Westar to seek protection of the information or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.
33	***Variance From Missouri Affiliate Transaction Rule*****:** The Merger is the subject of a variance request before the Missouri Public Service Commission ("MPSC") and an order is expected from the MPSC no later than the second quarter of 2018. GPE and KCP&L commit to pursue this variance from the provisions of Missouri Affiliate Transaction Rule 4 CSR 240-20.015 and endeavor to have such variance in place by Merger close. The variance will provide for goods and services transactions between KCP&L, GMO and Westar to occur at cost except for wholesale power transactions, which will be based on rates approved by the Federal Energy Regulatory Commission ("FERC"). Within thirty (30) days of the issuance of a final MPSC order in that proceeding, KCP&L and Westar will cause to be filed in this docket a copy of the final order. If the MPSC has not granted the variance from the Missouri Affiliate Transaction Rule mentioned above, Holdco, Westar and KCP&L commit that in Kansas retail rate proceedings of KCP&L and Westar after the closing of the Merger, neither utility will seek to recover more than actual costs incurred by Holdco, Westar or KCP&L in connection with affiliate transactions, provided, however, that annualizations and other customary and appropriate ratemaking adjustments may be used.
34	***Cost Allocation Manual*****:** KCP&L and Westar agree to meet with Staff and CURB no later than sixty (60) days after the closing of the Merger to provide a description of its expected impact on the allocation of costs among Holdco's utility and non-utility subsidiaries as well as a description of its expected impact on the cost allocation manuals ("CAMs") of KCP&L and Westar. No later than six (6) months after the closing of the Merger but no less than two (2) months before the filing of a general rate case for either KCP&L or Westar, whichever occurs first, KCP&L and Westar agree to file updates to their existing CAMs reflecting process and recordkeeping changes necessitated by the Merger.
35	***Third Party Audit of Cost Allocations*****:** On January 12, 2018, Applicants, the Staff of the Missouri Public Service Commission, and other parties filed a Stipulation and Agreement in the Applicants' Application for Approval of Merger with the Public Service Commission of Missouri. The Stipulation and Agreement contains a commitment for an independent third-party management audit report of cost allocations between Holdco, Westar, KCP&L and GMO. Within 30 days of issuance, KCP&L and Westar agree to file this Audit of Affiliate Transactions and Corporate Cost Allocations Report in the Compliance Docket to be established by the Commission to monitor achievement of Merger savings and other Merger-related issues.
	VI. Quality of Service Conditions
36	***Service Quality and Reliability Performance Standards*****:** If KCP&L or Westar fail to meet a particular performance metric threshold set forth in Exhibits BA-1, BA-2, BA-3 of the direct testimony of Bruce Akin, then penalties would be used to pay for system upgrades to improve reliability and will not be recovered in cost of service. If KCP&L or Westar perform without penalties on any metric for three consecutive calendar years, then the reporting and penalty provisions for that metric for that utility will terminate. KCP&L and Westar will report the particular performance metrics as set forth in Exhibits BA-4 and BA-5 of the direct testimony of Bruce Akin. Exhibits BA-1 through BA-5 are provided in Attachment 4 to the Settlement Agreement. KCP&L and Westar will also provide the reports described in Attachment 5 to the Settlement Agreement. Changes to future reporting can be made, as mutually agreed upon by Applicants, Staff and CURB.
	VII. Reliability Reporting Condition
37	By January 2019, Staff, CURB and Applicants will initiate a Compliance Docket in order to develop a methodology to evaluate the quality of service of Westar and KCP&L-KS and to update the reporting requirements found in Docket 02-GIME-365-GIE (the "365 docket"). The anticipated docket will include an investigation to determine if conventional reliability metrics such as SAIDI and SAIFI should be adopted as permanent standards and if so, which reliability metrics and associated thresholds should be adopted. The compliance docket will also address the feasibility of including momentary reliability metrics such as CEMMI and MAIFI. In addition to system-wide reliability metrics, the parties to the compliance docket will develop reporting requirements for specific categories of Applicants' operations and maintenance activities that are mutually agreed upon by the parties. The purpose of the operations and maintenance activities report will be to provide Staff and CURB summary reports that may be used to evaluate the impact of Applicants' operations with respect to reliability and quality of service. Applicants, Staff and CURB agree they will not object to the intervention in such compliance docket by KPP.
	VIII. Capital Plan Reporting Condition

38	By January 2019, Staff, CURB, KPP and the Applicants will jointly initiate a Capital Plan Reporting Compliance Docket to provide capital plan reports substantially similar to Attachment 6 to the Settlement Agreement. The capital spending report for projects initiated or ongoing in a given calendar year will be due by March 31 of the following year. The primary purpose of the Capital Plan Report is to provide Staff and the Commission with the information and data necessary to understand forecasted capital expenditures over a five year period. The capital expenditures to be reviewed include generation, environmental, transmission, distribution and Information Technology. The overall goal of the Capital Plan Reporting Compliance Docket will be to determine the appropriate information and data to report and the format of such reporting.
	IX. Notice Regarding Generation Plant Retirements
39	Westar and KCP&L agree to provide 90 days' written notice to Staff and CURB related to any power generation unit retirements in excess of 20MW of capacity during the moratorium period for any retirements not already contemplated in this docket. Notice will also be required if the timing of any planned generating unit retirement is expected to change by more than six (6) months. This Condition sunsets upon new reporting requirements being established or the closing of the Capital Plan Reporting Compliance Docket.
	X. Reporting and Access to Records
40	***Merger Integration*:** To keep Staff and the Commission apprised of the status of integration implementation after closing, a Compliance Docket shall be opened by the Commission. a. KCP&L and Westar shall meet with Staff no later than 60 days after closing, and on a quarterly basis thereafter for a period of one year after closing, to provide an update on the status of integration implementation, including discussion of progress on organizational changes and consolidation of processes affecting the customer experience, including but not limited to: contact center operations, customer information and billing, remittance processing, credit and collections, and service order processes. In addition, updates provided to Staff shall include: (1) accomplishments, (2) challenges, (3) Efficiency Summary ($): Planned vs Actual by functional area, (4) Labor Summary (FTE): Planned vs Actual, and (5) Integration Team highlights. The frequency of such update meetings shall be reduced to every six months during the second year through the fifth year after closing of the Merger and shall cease thereafter, unless otherwise ordered by the Commission. KCP&L and Westar shall file the information provided in the above-referenced meetings with Staff in the Compliance docket. Regardless of the frequency of such meetings, KCP&L and Westar agree to continue their practice of promptly advising Staff in the event of material operational irregularities – whether arising from systems, training, process change or any other cause – that may affect the customer experience. Additionally, for a period of no less than two years, unless otherwise ordered by the Commission, KCP&L and Westar shall, on a twice-yearly basis unless otherwise ordered by the Commission, appear and provide an update of the status of integration implementation, providing the Commissioners an opportunity to ask questions about the status of integration implementation. b. KCP&L and Westar shall, on a quarterly basis continuing for two years and on an annual basis for years three through five after closing, provide Staff, no later than 45 days after the conclusion of the relevant quarter, or annual period, with data on employee headcounts by physical work location (full- and part-time, including contingent labor retained through employment agencies) for Holdco, KCP&L, GMO and Westar as well as a complete listing of functions and/or positions that have been either outsourced (meaning that work is being performed on behalf of Holdco, KCP&L, GMO and/or Westar that is not under the direct management and supervision of Holdco, KCP&L, GMO or Westar employees) or converted to contingent labor as a result of the integration of Holdco, KCP&L, GMO and Westar. To the extent that job positions at Holdco, KCP&L, GMO or Westar have been eliminated, re-classified or transferred between Holdco, KCP&L, GMO or Westar, such eliminations, re-classifications or transfers shall be identified. c. KCP&L and Westar shall, for a period of two years after closing, provide Staff any reports or presentations made to Holdco's board of directors regarding efficiencies attained as a result of the Merger. Such reports or presentations shall be provided to Staff within 30 days after being provided to Holdco's board of directors. d. The reporting and data provision agreed to herein by Holdco, KCP&L and Westar does not change any reporting obligations of GPE (which shall apply to Holdco post-merger), KCP&L or Westar that existed prior to the approval of this Merger. e. CURB shall be invited to any meetings scheduled in compliance with sub-paragraph a of this Commitment No. 40. CURB shall be provided with the materials identified in sub-paragraphs b and c of this Commitment No. 40 and if such material contains non-public information shall execute an appropriate non-disclosure agreement before receiving such information.
41	***Goodwill Impairment Analysis*:** For the first five (5) full calendar years after the closing of the Merger, Holdco shall provide Staff and CURB its annual goodwill impairment analysis in a format that includes spreadsheets in their original format with formulas and links to other spreadsheets intact and any printed materials within thirty (30) days after the filing of Holdco's Form 10 Q for the period in which the analysis is performed, as well as all supporting documentation. Thereafter, this analysis will be made available to Staff and CURB upon request.

42	***Accounting Changes*** **:** Holdco, KCP&L and Westar commit that any material Merger-related financial and accounting changes must be reported to the Commission.
43	***Integrated Resource Plan:*** KCP&L will provide to the KCC Staff its integrated resource plan (IRP) within seven (7) days of its filing in Missouri. The public version of such materials shall also be provided to CURB. In addition, Applicants commit that, as part of the KCP&L and GMO 2019 IRP Updates, a combined KCP&L/GMO/Westar analysis will be conducted.
44	***Access to Materials Provided to Ratings Analysts*** **:** KCP&L and Westar shall provide Staff and CURB with access, upon reasonable written notice during working hours and subject to appropriate confidentiality and discovery procedures, to all written information provided to common stock, bond or bond rating analysts which directly or indirectly pertains to Holdco, KCP&L or Westar or any affiliate that exercises influence or control over KCP&L, Westar or Holdco. Such information includes, but is not limited to, common stock analyst and bond rating analyst reports. For purposes of this condition, "written" information includes, but is not limited to, any written and printed material, audio and video tapes, computer disks, and electronically stored information. Nothing in this condition shall be deemed a waiver of any entity's right to seek protection of the information or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.
45	***Access to Materials Regarding CAM Compliance*** **:** Holdco, KCP&L and Westar shall make available to Staff and CURB, upon written notice during normal working hours and subject to appropriate confidentiality and discovery procedures, all books, records and employees as may be reasonably required to verify compliance with KCP&L's and Westar's CAM and any conditions ordered by this Commission. Holdco, KCP&L and Westar shall also provide Staff and CURB any other such information (including access to employees) relevant to the Commission's ratemaking, financing, safety, quality of service and other regulatory authority over KCP&L or Westar; provided that any entity producing records or personnel shall have the right to object on any basis under applicable law and Commission rules, excluding any objection that such records and personnel of affiliates (a) are not within the possession or control of either KCP&L or Westar or (b) are either not relevant or are not subject to, the Commission's jurisdiction and statutory authority by virtue of, or as a result of, the implementation of the proposed Merger.
46	***Access to Board of Director Materials*** **:** KCP&L and Westar shall provide Staff and CURB access, upon reasonable request, the complete Holdco board of directors' meeting minutes, including all agendas and related information distributed in advance of the meeting, presentations and handouts, provided that privileged information shall continue to be subject to protection from disclosure and KCP&L and Westar shall continue to have the right to object to the provision of such information on relevancy grounds.
47	***Retention Period for Affiliate Transaction Records*** **:** KCP&L and Westar will maintain records supporting their affiliated transactions for at least six (6) years.
48	***Journal Entries*** **:** Within six months of the close of the Merger, Holdco, KCP&L and Westar will provide to the Commission Staff detailed journal entries recorded to reflect the Merger. Holdco, KCP&L and Westar shall also provide the final detailed journal entries to be filed with the Commission no later than 13 months after the date of the closing. These entries must show, and shall include but not be limited to, the entries made to record or remove from all utility accounts any Merger goodwill costs or transaction costs.
	Financial Conditions Remaining From 01-KCPE-701-MIS
49	GPE ("Holding Company") and its subsidiaries will not conduct any material business activities that are not part of the "electric industry or natural gas industry business" or are not reasonably related to business activities derived from changes in the electric industry or natural gas industry as a result of competition, without Commission approval. With regard to expansion of KCP&L's current operations in the telecommunications and information businesses, activities will be limited to those considered reasonably related to current operations.
50	KCP&L's total long-term borrowings including all instruments shall not exceed KCP&L's regulated rate base.
51	The customers of KCP&L shall be held harmless by KCP&L and GPE if the reorganization creating GPE, with KCP&L as a subsidiary, results in a higher revenue requirement for KCP&L than if the reorganization had not occurred.

52	GPE and KCP&L shall provide the Commission Staff and CURB unrestricted access to all written information provided to common stock, bond, or bond rating analysts, which directly, or indirectly, pertains to KCP&L or any affiliate that exercises influence or control over KCP&L or has affiliate transactions with KCP&L. Such information includes, but is not limited to, reports provided to, and presentations made to, common stock analysts and bond rating analysts. For purposes of this condition, "written" information includes, but is not limited to, any written and printed material, audio and videotapes, computer disks, and electronically stored information. Nothing in this condition shall be deemed to be a waiver of GPE's or KCP&L's right to seek protection of the information.
53	GPE 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 GPE has requested prior approval for such a transaction from the Commission.
	VIII. Other Parent Company Conditions
54	***Prior Commitments of, and Orders Applicable to, GPE, KCP&L and Westar*** **:** Holdco, KCP&L and Westar commit to reaffirm and honor any prior commitments made by GPE or Westar to the Commission to comply with any previously issued Commission orders applicable to KCP&L or Westar or their previous owners except as otherwise provided for herein.
	01-KCPE-708-MIS (01-708): 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 **:** All of the commitments and conditions agreed to in the August 21, 2001 Amended Unanimous Stipulation and Agreement remain in place (see attached). With the exception of (1) Financial ratio reporting eliminated 6/22/12; (2) CAM filing eliminated 3/29/16 (continues to be filed in Ring Fencing Docket #06-GIMX-181-GIV each May). The minimum equity ratios of the 01-708 agreement are modified from 35% at KCP&L and 30% at GPE (holding company) to a minimum equity ratio of 40% for the operating companies and 35% for the holding company.
55	***Future Access to Capital*** **:** Holdco acknowledges that its utility subsidiaries 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 Holdco's board of directors and executive management and that Holdco's access to capital post-transaction will permit it and its utility subsidiaries to meet their statutory obligation to provide sufficient and efficient service.

Kansas City Power & Light Company
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Summary

DRAFT

Line #		12/31/2016	Reference
1	Rate Base:		
2	Gross Plant	$ -	Rate Base; line 10
3	Accumulated Reserve	-	Rate Base; line 19
4	CWIP	-	Rate Base; line 28
5	Cost Free Items	-	Rate Base; line 37
6	Working Capital	-	Rate Base; line 55
7	Total Rate Base	$ -	Sum (Lines 2 through 6)
8			
9	Operating Revenues	$ -	Operating Revenue; line 21
10	Operating Expenses w/o Income Taxes	-	Operating Expenses; line 59
11	Income Tax Expense	-	Income Taxes; line 57, column I
12	Operating Income Present Rates	$ -	Line 9 - Line 10 - Line 11
13			
14	Rate of Return:		
15	Rate of Return on Present Rates	#DIV/0!	Line 12 / line 7
16	Required Rate of Return	#DIV/0!	Cost of Capital; line 5
17			
18	Authorized ROE	0.000%	Cost of Capital; line 4
19	Earned ROE	#DIV/0!	(Line 15 - Cost of Capital; column E line 2 - Cost of Capital; column E line 3) / (Cost of Capital; column C line 4)
20	**Over/(Under) Earned**	**#DIV/0!**	Line 19 - Line 18
21			
22	**Operating Income Surplus/(Deficiency) before Tax Gross-Up**	**#DIV/0!**	Line 12 - (Line 16 x Line 7)
23	**Related Income Taxes**	#DIV/0!	(Line 22 / (1-Income tax rate)) - Line 22
24	**Revenue Surplus/(Deficiency) Before Retail Rate Credits**	**#DIV/0!**	Line 22 + Line 23
25	**Retail Rate Credits (enter as a negative)**		Per Agreement
26	**Revenue Surplus/(Deficiency)**	**#DIV/0!**	Line 24 + Line 25

ATTACHMENT 2

Kansas City Power & Light Company
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Rate Base

Sources: General Ledger, Power Plan Report XXXX, FERC Form 1, Actual Transmission Formula Rate, and Regulatory
DRAFT

		A	B	C	D	E	F	G	H	I
				Juris Adjustments						
Line #		KCP&L (KS Juris)	Total Before Adjustments	Remove ARO	Adj RB-11 Out-of-Period Items	Adj RB-82 Transmission	MO Iatan Disallowance Correction	Plant Basis Difference	[Other]	[Other]
1	Rate Base:									
2	Gross Plant:									
3	Intangible		$ -							
4	Steam Production		-							
5	Nuclear		-							
6	Production Other		-							
7	Transmission		-							
8	Distribution		-							
9	General		-							
10	Total Gross Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Accumulated Reserve:									
12	Intangible		$ -							
13	Steam Production		-							
14	Nuclear		-							
15	Production Other		-							
16	Transmission		-							
17	Distribution		-							
18	General		-							
19	Total Accumulated Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	CWIP:									
21	Intangible		$ -							
22	Steam Production		-							
23	Nuclear		-							
24	Production Other		-							
25	Transmission		-							
26	Distribution		-							
27	General		-							
28	Total CWIP	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29	Cost Free Items:									
30	Customer Deposits		$ -							
31	Customer Advances on Construction		-							
32	Def Gain on SO2 Emissions Allow - KS & Alloc		-							
33	ADIT Account 190		-							
34	ADIT Account 281		-							
35	ADIT Account 282		-							
36	ADIT Account 283		-							
37	Total Cost Free Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38	Working Capital:									
39	Material and Supplies		$ -							
40	Fossil Fuel Inventory		-							
41	Nuclear Fuel Inventory		-							
42	Prepayments		-							
43	Regulatory Assets or (Liabilities):									
44	Reg. asset Iatan 1 and Common - Kansas		-							
45	Reg. asset La Cygne		-							
46	[Other]		-							
47	[Other]		-							
48	[Other]		-							
49	[Other]		-							
50	[Other]		-							
51	[Other]		-							
52	Cash Working Capital		-							
53	[Other]		-							
54	[Other]		-							
55	Total Working Capital	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
56										
57	**Total Rate Base**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Kansas City Power & Light Company
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Cost of Capital

Sources: General Ledger, Finance, and Regulatory
DRAFT

Line #	A	B	C	D	E	F	G	H	I	J	K	L
		Balance	Weight	Cost	Rate of Return	Taxable Components	Tax Reciprocal	Pretax Rate of Return				
1	Capital Structure:											
2	Long-term Debt		#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!				
3	Preferred Equity		#DIV/0!		#DIV/0!	#DIV/0!		#DIV/0!				
4	Common Equity		#DIV/0!		#DIV/0!	#DIV/0!		#DIV/0!				
5	Total Capitalization	$ -	#DIV/0!		#DIV/0!			#DIV/0!				
6												
7	Cost of Common Equity: As approved in Docket No. 15-KCPE-116-RTS. KCP&L Utility Capital Structure used at December 31, 2016.											
8												
9	Cost of Long-term Debt:											
10–12	Bond Description	Date of Offering	Date of Maturity	Interest Rate	Nper	Principal Amount of Issue	Net Proceeds	Cost to Company	Outstanding Debt Capital	Cost of Debt	Weighted Cost of Debt	Net Premium, Discount & Expense
13							$ -			$ -		
14							-			-		
15							-			-		
16							-			-		
17							-			-		
18							-			-		
19							-			-		
20							-			-		
21							-			-		
22							-			-		
23							-			-		
24							-			-		
25							-			-		
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36						$ -	$ -		$ -	$ -		$ -
37	Weighted Average Cost of Debt Capital:										**#DIV/0!**	

Kansas City Power & Light Company
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Operating Revenue

Sources: General Ledger and Regulatory
DRAFT

			A	B	C	D	E	F
					Juris Adjustments			
Line #	Account	Description	KCP&L (KS Juris)	Total Before Adjustments	Adj R-11 Out-of-Period Items	Adj R-82 Transmission	[Other]	[Other]
1	Operating Revenues:							
2		Electric Service Revenue:						
3	440	Residential		$ -				
4	442.1	Commercial		-				
5	442.2	Industrial		-				
6	444	Street Lighting		-				
7		Total Retail	$ -	$ -	$ -	$ -	$ -	$ -
8	447	Sales for Resale		-				
9	449.1	Provision for Rate Refunds		-				
10		Total Electric Service Revenue	$ -	$ -	$ -	$ -	$ -	$ -
11								
12		Other Operating Revenues:						
13	412	Electric Plant Leased to Others		$ -				
14	450	Forfeited Discounts		-				
15	451	Miscellaneous Service Revenues		-				
16	454	Rent from Electric Property		-				
17	456	Other Electric Revenues		-	-		-	
18	456.1	Revenues from Transmission of Others		-		-		
19		Total Other Operating Revenue	$ -	$ -	$ -	$ -	$ -	$ -
20								
21		**Total Operating Revenues**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								

ATTACHMENT 2

Kansas City Power & Light Company
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Operating Expenses

Sources: General Ledger, Actual Transmission Formula Rate, Regulatory, and Plant Accounting
DRAFT

Transmission Allocation Factor
Wages and Salaries
0.0000% *per 2016 Actual TFR*

			A	B	C	D	E	F	G	H	I	J	K	L
					Juris Adjustments									
Line #	Account	Description	KCP&L (KS Juris)	Total Before Adjustments	Adj CS-11 Out-of-Period Items	Adj CS-82 Transmission	MO Iatan Disallowance Correction	Adj CS-90 Advertising	Adj CS-92 Dues & Donations	Adj CS-10 Interest on Customer Deposits	Adj CS-4 KCREC Bad Debt Exp	Adj CS-9 KCREC Bank Fees	[Other]	Total Adjusted
1	Operating and Maintenance Expenses:													
2	500-509	Production Expenses		$ -										$ -
3	510-514	Production Maintenance		-										-
4	517-525	Nuclear Operations		-										-
5	528-532	Nuclear Maintenance		-										-
6	546-550	Other Power Generation Operations		-										-
7	551-554	Other Power Generation Maintenance		-										-
8	555-557	Other Power Supply Expense		-										-
9	560-567, 575	Electric Transmission Operations		-										-
10	568-573, 576	Electric Transmission Maintenance		-										-
11	580-589	Distribution Operations		-										-
12	590-598	Distribution Maintenance		-										-
13	901-905	Customer Accounts		-										-
14	907-910	Customer Service		-										-
15	911-916	Sales Expense		-										-
16	920	Administrative & General Salaries		-										-
17	921	Office Supplies & Expenses		-										-
18	922	Administrative Expenses Transferred-Cr.		-										-
19	923	Outside Services Employed		-										-
20	924	Property Insurance		-										-
21	925	Injuries & Damages		-										-
22	926	Employee Pensions & Benefits		-										-
23	927	Franchise Requirements		-										-
24	928	Regulatory Commission Expense State		-										-
25	928	Regulatory Commission Expense FERC		-										-
26	928	Other Regulatory Expenses - Misc		-										-
27	929	Duplicate Charges-Credit		-										-
28	930.1	General Advertising Expense		-										-
29	930.2	Miscellaneous General Expense		-										-
30	930.2	Ind. Assoc. & Memberships		-										-
31	930.2	Nuclear Power Research Expenses		-										-
32	930.2	Other Experimental & General Research Expenses		-										-
33	930.2	Pub & Dist Info to Stockholders		-										-
34	931	Rents		-										-
35	933	Transportation Expense		-										-
36	935	Maintenance of General Plant		-										-
37		Total Operating and Maintenance Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38														
39	Depreciation and Amortization Expenses:													
40	403	Depreciation Expense		$ -										$ -
41	404	Amortiz of Limited Term Plant - Allocated		-										-
42	405	Amortization Expense		-										-
43	407.3	Regulatory Debits		-										-
44	407.4	Regulatory Credits		-										-
45	411.1	Accretion Exp-Asset Retirement Obligation		-										-
46	411	Write down-Emissions Allowance Liab-Whsl		-										-
47		Total Depreciation and Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
48				-										
49	Taxes Other Than Income Taxes:													
50	408.1xx	Taxes Other Than Income Taxes-KS		$ -										$ -
51	408.12x	Property Tax		-										-
52		Property Tax - Wolf Creek		-										-
53		Payroll Tax		-										-
54		ORVIS - KS		-										-
55		Other Miscellaneous Taxes		-										-
56				-		-								-
57		Total Taxes Other Than Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
58														
59		**Total Operating Expenses**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Kansas City Power & Light Company **DRAFT**
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Income Taxes

Line No.	A Line Description	B Total Company Balance *	C Juris Factor #	D Juris Allocator *	E Tax Rate		F (Jurisdictional) Adjusted with #DIV/0! Return
	A				**B**		**C**
1	Net Income Before Taxes	-					-
2	***Add to Net Income Before Taxes:***						
3	Depreciation Exp	-					-
4	Plant Amortization Exp	-					-
5	Amortiz of Unrecovered Reserve on General Plt-KS	-	100% KS	100.0000%			-
6	Book Nuclear Fuel Amortization	-					-
7	Transp & Unit Train Depr-Clearing (a)	-					-
8	50% Meals & Entertainment	-	Sal&Wg	0.0000%			-
9	[OTHER]	-					-
10	**Total**	-				-	-
11	***Subtract from Net Income Before Taxes:***						
12	Interest Expense	-					-
13	IRS Tax Return Depreciation	-	PTD	0.0000%			-
14	IRS Tax Return Plant Amortization	-	PTD	0.0000%			-
15	IRS Tax Return Nuclear Amortization	-	E1	0.0000%			-
16	Cost of Removal Incurred on Pre-81 Property	-	PTD	0.0000%			-
17	Cost of Removal Provided for Pre-81 Property	-	PTD	0.0000%			-
18	IRC Section 199 Domestic Production Activities	-	D1	0.0000%			-
19	[OTHER]	-					-
20	**Total**	-				-	-
21	**Net Taxable Income**	-				-	-
22	**Provision for Federal Income Tax:**						
23	Net Taxable Income	-				-	-
24	Deduct State Income Tax @ 100%	-			0.00%	-	-
25	Deduct City Income Tax	-				-	-
26	Federal Taxable Income	-				-	-
27	Federal Tax Before Tax Credits	-			0.00%	-	-
28	Less Tax Credits:						
29	Wind	-	E1	0.0000%			-
30	Research and Development	-	E1	0.0000%			-
31	Electric Charging Stations Tax Credit	-	E1	0.0000%			-
32	Fuels Credit	-	E1	0.0000%			-
33	[OTHER]	-					-
34	**Total Federal Tax**	-					-
35	**Provision for State Income Tax:**						
36	Net Taxable Income	-				-	-
37	Deduct Federal Income Tax @ 0%	-				-	-
38	Deduct City Income Tax	-				-	-
39	State Jurisdictional Taxable Income	-				-	-
40	**Total State Tax**	-			0.00%	-	-
41	**Provision for City Income Tax:**						
42	Net Taxable Income	-				-	-
43	**Total City Tax**	-			0.00%		-
44	**Effective Tax rate before Tax Cr and Earnings Tax**	26.53%					26.53%
45	**Summary of Provision for Income Tax:**						
46	Federal Income Tax	-					-
47	State Income Tax	-					-
48	City Income Tax	-					-
49	**Total Provision for Income Tax**	-					-
50	**Deferred Income Taxes:**						
51	Deferred Income Taxes - Excess IRS Tax over Tax SL	-	See Computation Below				-
52	Amortization of Deferred ITC	-	PTD	0.0000%			-
53	Amort of Excess Deferred Income Taxes (ARAM)	-	PTD	0.0000%			-
54	Amortization of Cost of Removal-ER-2007-0291	-	100% MO	0.0000%			-
55	[OTHER]	-					-
56	**Total Deferred Income Tax Expense**	-					-
57	**Total Income Tax**	**-**					**-**

Kansas City Power & Light Company **DRAFT**
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Income Taxes

Line No.	A Line Description	B Total Company Balance *	C Juris Factor #	D Juris Allocator *	E Tax Rate	F (Jurisdictional) Adjusted with #DIV/0! Return
58	(a) Percent of vehicle depr clearing to O&M				0.00%	

Interest Expense Proof:

Total Rate Base	0
X Wtd Cost of Debt	0.000%
Interest Exp @ 12/31/16	0
Less: Interest Expense from Line 12	0
Difference	0

* As Needed

Note 1: If this cell contains a ref# error, delete the cell contents and re-enter the formula.
Total Rate Base per Sch 2 multiplied by LT Debt Weighted Return per Cap Structure
Note 2: If this cell contains a ref# error, delete the cell contents and re-enter the formula.
If (total state tax > 0, total state tax, 0)

Computation of Line 51 Above:

Deferred Income Taxes - Excess IRS Tax over Tax SL:

Line No.	Line Description	Total Company Balance	Juris Factor	Juris Allocator	Tax Rate	Jurisdictional
59	IRS Tax Return Depreciation	-				-
60	Less: Book Depreciation	-				-
61	Excess IRS Tax Depr over Book Depreciation	-				-
62	IRS Tax Return Plant Amortization	-				-
63	Less: Book Amortization	-				-
64	Excess IRS Tax Amort over Book Amortization	-				-
65	IRS Tax Return Nuclear Amortization	-				-
66	Less: Book Nuclear Amortization	-				-
67	Excess IRS Tax Nuclear Amort over Book Nuclear Amort	-				-
68	Total Timing Differences	-				-
64	AFUDC Equity	-	PTD	0.0000%		-
65	MO ITC Coal Basis Adjustment	-	PTD	0.0000%		-
66	MO Miscellaneous Flow Through	-	PTD	0.0000%		-
67	Total Timing Differences after Flow Through	-				-
68	Effective Tax rate	26.53%				26.53%
69	**Deferred Income Taxes - Excess IRS Tax over Tax SL**	-				-

Westar Energy **DRAFT**
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Summary

Line #		12/31/2016	Reference
1	Rate Base:		
2	Gross Plant	$ -	Rate Base; line 10
3	Accumulated Reserve	-	Rate Base; line 19
4	CWIP	-	Rate Base; line 28
5	Cost Free Items	-	Rate Base; line 40
6	Working Capital	-	Rate Base; line 58
7	Total Rate Base	$ -	Sum (Lines 2 through 6)
8			
9	Operating Revenues	#DIV/0!	Operating Revenue; line 21
10	Operating Expenses w/o Income Taxes	-	Operating Expenses; line 58
11	Income Tax Expense	#DIV/0!	Income Taxes; line 17
12	Operating Income Present Rates	#DIV/0!	Line 9 - Line 10 - Line 11
13			
14	Rate of Return:		
15	Rate of Return on Present Rates	#DIV/0!	Line 12 / line 7
16	Required Rate of Return	#DIV/0!	Cost of Capital; line 5
17			
18	Authorized ROE	0.000%	Cost of Capital; line 4
19	Earned ROE	#DIV/0!	(Line 15 - Cost of Capital; column E line 2 - Cost of Capital; column E line 3) / (Cost of Capital; column C line 4)
20	**Over/(Under) Earned**	**#DIV/0!**	Line 19 - Line 18
21			
22	**Operating Income Surplus/(Deficiency) before Tax Gross-Up**	**#DIV/0!**	Line 12 - (Line 16 x Line 7)
23	**Related Income Taxes**	#DIV/0!	(Line 22 / (1-Income tax rate)) - Line 22
24	**Revenue Surplus/(Deficiency) Before Retail Rate Credits**	**#DIV/0!**	Line 22 + Line 23
25	**Retail Rate Credits (enter as a negative)**		Per Agreement
26	**Revenue Surplus/(Deficiency)**	**#DIV/0!**	Line 24 + Line 25

Westar Energy
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Rate Base

Sources: General Ledger, Power Plan Report 1031, FERC Form 1, Actual Transmission Formula Rate, and Regulatory
DRAFT

		A	B	C	D	E	F	G	H	I	J
					Adjustments						
Line #		Westar	KG&E	Total Before Adjustments	Remove ARO	Amounts Related to Transmission	Revenue Producing CWIP	800 KS. Second Floor	KGE Merger Savings	[Other]	Total Adjusted
1	Rate Base:										
2	Gross Plant:										
3	Intangible			$ -							$ -
4	Steam Production			-							-
5	Nuclear			-							-
6	Production Other			-							-
7	Transmission			-							-
8	Distribution			-							-
9	General			-							-
10	Total Gross Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Accumulated Reserve:										
12	Intangible			$ -							$ -
13	Steam Production			-							-
14	Nuclear			-							-
15	Production Other			-							-
16	Transmission			-							-
17	Distribution			-							-
18	General			-							-
19	Total Accumulated Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	CWIP:										
21	Intangible			$ -							$ -
22	Steam Production			-							-
23	Nuclear			-							-
24	Production Other			-							-
25	Transmission			-							-
26	Distribution			-							-
27	General			-							-
28	Total CWIP	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29	Cost Free Items:										
30	Pre 1971 ITC			$ -							$ -
31	Customer Deposits			-							-
32	Accrued Vacation Payable			-							-
33	Accumulated Provision - Operating Reserves			-							-
34	Customer Advances on Construction			-							-
35	KCC AFUDC Reg Liability			-							-
36	ADIT Account 190			-							-
37	ADIT Account 281			-							-
38	ADIT Account 282			-							-
39	ADIT Account 283			-							-
40	Total Cost Free Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	Working Capital:										
42	Material and Supplies - 13 month average			$ -							$ -
43	Fossil Fuel Inventory - 13 month average			-							-
44	Nuclear Fuel Inventory - 18 month average			-							-
45	Prepayments - 13 month average			-							-
46	Regulatory Assets or (Liabilities):										
47	Reg. asset/(liability) State Line			-							-
48	Reg. (liability) Aquila Consent Fee			-							-
49	Reg. asset SCR Catalyst			-							-
50	Reg. asset La Cygne AAO			-							-
51	Reg. asset Analog Meter Retirements			-							-
52	Reg. asset Baghouse			-							-
53	Reg. asset SmartStar			-							-
54	Reg. asset Depreciation Differences			-							-
55	[Other]			-							-
56	[Other]			-							-
57	[Other]			-							-
58	Total Working Capital	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
59											
60	**Total Rate Base**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Westar Energy
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Cost of Capital

Sources: General Ledger, Finance, and Regulatory
DRAFT

Line #	A	B	C	D	E	F	G	H	I	J	K
								Pretax			
					Rate of	Taxable	Tax	Rate of			
		Balance	Weight	Cost	Return	Components	Reciprocal	Return			
1	Capital Structure:										
2	Long-term Debt		#DIV/0!		#DIV/0!			#DIV/0!			
3	Preferred Equity		#DIV/0!		#DIV/0!	#DIV/0!		#DIV/0!			
4	Common Equity		#DIV/0!		#DIV/0!	#DIV/0!		#DIV/0!			
5	Total Capitalization	$ -	#DIV/0!		#DIV/0!			#DIV/0!			
6											
7	Cost of Common Equity: The Order Approving Stipulation and Agreement in Docket No. 15-WSEE-115-RTS implied a 9.35% ROE										
8											
9	Cost of Long-term Debt:										
10					Principal					Weighted	Net Premium,
11		Date of	Date of	Interest	Amount	Net	Yield to	Outstanding	Cost of	Cost of	Discount &
12	Bond Description	Offering	Maturity	Rate	of Issue	Proceeds	Maturity	Debt Capital	Debt	Debt	Expense
13						$ -	#DIV/0!		#DIV/0!		
14						-	#DIV/0!		#DIV/0!		
15						-	#DIV/0!		#DIV/0!		
16						-	#DIV/0!		#DIV/0!		
17						-	#DIV/0!		#DIV/0!		
18						-	#DIV/0!		#DIV/0!		
19						-	#DIV/0!		#DIV/0!		
20						-	#DIV/0!		#DIV/0!		
21						-	#DIV/0!		#DIV/0!		
22						-	#DIV/0!		#DIV/0!		
23						-	#DIV/0!		#DIV/0!		
24						-	#DIV/0!		#DIV/0!		
25						-	#DIV/0!		#DIV/0!		
26						-	#DIV/0!		#DIV/0!		
27						-	#DIV/0!		#DIV/0!		
28						-	#DIV/0!		#DIV/0!		
29						-	#DIV/0!		#DIV/0!		
30						-	#DIV/0!		#DIV/0!		
31											
32											
33											
34											
35											
36					$ -	$ -		$ -	#DIV/0!		$ -
37	Weighted Average Cost of Debt Capital:									**#DIV/0!**	

Westar Energy
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Operating Revenue

Sources: General Ledger and Regulatory
DRAFT

			A	B	C	D	E	F	G
						Adjustments			
Line #	Account	Description	Westar	KG&E	Total Before Adjustments	Transmission	KGE COLI	[Other]	Total Adjusted
1	Operating Revenues:								
2		Electric Service Revenue:							
3	440	Residential			$ -				$ -
4	442.1	Commercial			-				-
5	442.2	Industrial			-				-
6	444	Street Lighting			-				-
7		Total Retail	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	447	Sales for Resale			-				-
9	449.1	Provision for Rate Refunds			-				-
10		Total Electric Service Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11									
12		Other Operating Revenues:							
13	412	Electric Plant Leased to Others			$ -				$ -
14	450	Forfeited Discounts			-				-
15	451	Miscellaneous Service Revenues			-				-
16	454	Rent from Electric Property			-				-
17	456	Other Electric Revenues			-		#DIV/0!		#DIV/0!
18	456.1	Revenues from Transmission of Others			-				-
19		Total Other Operating Revenue	$ -	$ -	$ -	$ -	#DIV/0!	$ -	#DIV/0!
20									
21		**Total Operating Revenues**	**$ -**	**$ -**	**$ -**	**$ -**	**#DIV/0!**	**$ -**	**#DIV/0!**
22									
23									
24									
25		**KGE COLI Adjustment:**	Annual Total						
26		Increase in Cash Surrender Value							
27		Premium							
28		Insurance Proceeds							
29		Interest Expense							
30		Future Annuities							
31		Tax Benefit							
32		Total Net Income	$ -						
33		Tax Reciprocal							
34		COLI Revenue Adjustment	#DIV/0!						

Westar Energy
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Operating Expenses

Sources: General Ledger, Actual Transmission Formula Rate, Regulatory, and Plant Accounting
DRAFT

Transmission Allocation Factor
Wages and Salaries
per 2016 Actual TFR

			A	B	C	D	E	F	G	H	I	J	K
						Adjustments							
Line #	Account	Description	Westar	KG&E	Total Before Adjustments	Transmission	800 KS Second Floor	50% Advertising	50% Donations	Interest on Customer Deposits	KGE Merger Savings	[Other]	Total Adjusted
1	Operating and Maintenance Expenses:												
2	500-509	Production Expenses			$ -								$ -
3	510-514	Production Maintenance			-								-
4	517-524	Nuclear Operations			-								-
5	528-532	Nuclear Maintenance			-								-
6	546-550	Other Power Generation Operations			-								-
7	551-554	Other Power Generation Maintenance			-								-
8	555-557	Other Power Supply Expense			-								-
9	560-567	Electric Transmission Operations			-	-							-
10	568-573	Electric Transmission Maintenance			-	-							-
11	580-589	Distribution Operations			-								-
12	590-598	Distribution Maintenance			-								-
13	901-905	Customer Accounts			-								-
14	907-910	Customer Service			-								-
15	911-916	Sales Expense			-								-
16	920	Administrative & General Salaries			-	-							-
17	921	Office Supplies & Expenses			-	-							-
18	922	Administrative Expenses Transferred-Cr.			-	-							-
19	923	Outside Services Employed			-	-							-
20	924	Property Insurance			-	-							-
21	925	Injuries & Damages			-	-							-
22	926	Employee Pensions & Benefits			-	-							-
23	407.3_4	Pension & OPEB Trackers			-	-							-
24	928	Regulatory Commission Expense State			-	-							-
25	928	Regulatory Commission Expense Federal			-	-							-
26	928	Other Regulatory Expenses - SEC			-	-							-
27	930.1	General Advertising Expense			-	-		-					-
28	930.2	Miscellaneous General Expense			-	-			-				-
29	930.2001	Ind. Assoc. & Memberships			-	-							-
30	930.2002	Publish and Distribute Annual Report			-	-							-
31	930.2006_7	Stockholders' Meeting Exp and Trustee			-	-							-
32	930.2009	Relocation			-	-							-
33	930.2010	Director Fees & Expenses			-	-							-
34	930.2012	Affordable Housing Tax Credits			-	-							-
35	930.2015	Cost of Environmental Reserve			-	-							-
36	930.2016	Energy Efficiency Program			-	-							-
37	931	Rents			-	-							-
38	935	Maintenance of General Plant			-	-							-
39		Total Operating and Maintenance Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
40													
41	Depreciation and Amortization Expenses:												
42	403	Depreciation Expense			$ -								$ -
42	405	Amortization of Software			-								-
43	413	Depreciation Plant Lease to Others			-								-
44	404.3_6	Amortization of La Cygne Leased Property			-								-
45	406.4	Amortization of KGE Acquisition Premium			-								-
46	407.1	Amortization FAS 90 Wolf Creek			-								-
47	407.3_4	Pension & OPEB Tracker Amortizations			-								-
48		Total Depreciation and Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49					-								
50	Taxes Other Than Income Taxes:												
51	408.14	Real Estate and Ad Valorem Taxes			$ -								$ -
52	408.10	Other Taxes -WC and La Cygne Payroll Taxes			-	-							-
53	408.11	FICA,FUTA			-	-							-
54	408.13	SUTA, Workers' Compensation			-	-							-
55	408.15	Corporate Franchise, Loss Contingencies			-	-							-
56		Total Taxes Other Than Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
57													
58		**Total Operating Expenses**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Westar Energy
Earned ROE
Kansas Jurisdiction
Twelve Months Ended 12/31/2016
Income Taxes

Sources: General Ledger, Actual Transmission Formula Rate, and Tax
DRAFT

Line #		A
1	Income Tax Expense:	
2	Adjusted Operating Revenues	#DIV/0!
3	Adjusted Operating Expenses	-
4	Operating Income Before Income Taxes	#DIV/0!
5		
6	Statutory Income Tax Rate	
7	Income Taxes Before Interest Synchronization and Tax Credits	#DIV/0!
8	Interest Synchronization Benefit	#DIV/0!
9	*(Rate base x weighted cost of debt x statutory tax rate)*	
10	Income Tax Expense Before Tax Credits	#DIV/0!
11	Tax Credits:	
12	Investment Tax Credit	-
13	Wind Production Tax Credits (PTC)	-
14		
15	Other Income Tax Adjustments	
16		
17	**Income Tax Expense After Tax Credits and Other Adjustments**	**#DIV/0!**
18		
19		
20	Investment Tax Credit:	
21	Investment Tax Credit Amortization	
22	Transmission Allocation Factor *(2016 Actual TFR)*	
23	Amount Allocated to Transmission	-
24	Net Investment Tax Credit Amortization	$ -
25		
26	Wind Production Tax Credits:	
27	Central Plains Wind Net Generation (kWh)	
28	Flat Ridge Wind Net Generation (kWh)	
29	Western Plains Wind Net Generation (kWh)	-
30	Total Net Generation (kWh)	-
31		
32	Wind PTC Value per kWh	
33		
34	Total Wind Production Tax Credits	$ -

Docket No. 18-KCPE-095-MER

Kansas City Power & Light Company
and
Westar Energy, Inc.
Proposed Quality of Service Commitment
Reporting Definitions and Procedures

Reporting Provisions. KCP&L and Westar will file quarterly reports providing the Company's performance metrics as identified in the Tables in Exhibits BA-2 and BA-3.

The first quarterly report shall be for the first full calendar quarter ending after closing of the Transaction. Each quarterly report shall provide, for each identified performance metric, actual performance data for each of the months in the reporting calendar quarter plus performance data for any previously reported month in the reporting calendar year. The report will include a year-to-date value for the performance metrics for the months included in the report. For the purpose of these reporting requirements, calendar quarters are defined as the three-month calendar periods ending March 31, June 30, September 30, and December 31 of each year. Subsequent reports will be required for each successive calendar quarter, and each report will be due on the final day of the month following the end of the applicable quarter (*e.g.*, April 30, July 31, October 31, and January 31).

Definitions.

Agent Abandoned Call Rate (ACR): ACR means the percentage of total agent calls received by the Company's call center that are abandoned. The ACR is derived by dividing the number of abandoned calls by the sum of total agent answered calls and abandoned calls. Accepted return calls made by the Virtual Hold system are included in the ACR determination because they are placed in the agent queue before the call is answered. In cases when the caller requests a Virtual Hold return call but fails to accept the requested return call, the call is not included in the ACR determination because the call is not placed in the agent queue. When the caller requests a return call, the Company shall make a diligent effort to return each return call request by attempting to return the call until the Company either encounters an invalid or wrong caller-designated number, the return call respondent refuses to accept the return call by either hanging up before entering the agent queue or making a selection to cancel the return call.

- An abandoned call is a call received by the utility call center that is terminated by the caller before being answered by a utility representative.
- Total agent calls are all calls delivered to the queue for answering by an agent, and are comprised of the sum of agent answered calls and agent abandoned calls.
- Accepted return calls are calls returned by the Virtual Hold system that the respondent accepts by following the prompt to enter the agent queue.

Agent Service Level (ASL): ASL means the percentage of total calls entering the agent queue that are answered within twenty (20) seconds. An answered call is a call in which a representative is ready to render assistance or accept the information to properly handle the call. The 20-second period begins when the caller selects the option to speak to an agent. Accepted return calls made by the Virtual Hold system and entering the agent queue are counted. Accepted return calls are included at the time they are placed in the agent queue to be answered by an agent. Time spent in the Virtual Hold queue waiting off-line is not included, because that queue is optional to the customer.

System Average Interruption Duration Index (SAIDI): SAIDI is calculated in minutes per customer as defined in the Institute of Electric and Electronic Engineers (IEEE) Standard P1366, *Guide for Electric Distribution Reliability Indices*.

System Average Interruption Frequency Index (SAIFI): SAIFI is calculated in interruptions per customer as defined in the Institute of Electric and Electronic Engineers (IEEE) Standard P1366, Guide for Electric Distribution Reliability Indices.

Extraordinary Events: Certain extraordinary events affecting the Company's Kansas and/or Missouri electric operations may occur from time to time, which: (1) are beyond the control of the utility, such as an act of nature, and (2) may affect the utility's ability to meet the service metrics proposed. Upon the occurrence of an extraordinary event as that term is further defined below, the affected utility, KCP&L and/or Westar, shall document the event and its impact on the utility's customer operation or distribution operation performance, as applicable.

The term "extraordinary event" means an event beyond the control of the utility, which shall include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and people, acts, orders, laws or regulations of government authority, civil disturbances, explosions, breakage or accident to machinery or lines of pipe or electric supply lines, major events causing electric service interruptions, other than those caused by the utility's negligence, the necessity for making repairs or alterations to machinery, equipment or lines of pipe, freezing of lines of pipe or electric supply lines, which could not have been prevented by the utility's use of standard and customary industry practice, partial or entire failure of supply of natural gas or fuel which could not have been prevented by the utility's use of standard and customary industry practice, acts of independent and unaffiliated third parties which damage or interfere with the kind herein enumerated or otherwise beyond the control of the utility. If, using standard and customary industry practice, the utility could have avoided the extraordinary event, then the impact of such event will be considered in the measurement of the performance of the utility.

Implementation of New Customer Information Systems: KCP&L is scheduled to implement a new Customer Information System (CIS) in second quarter of 2018. Westar is anticipated to implement the new CIS at a later date yet to be determined. During implementation of the new CIS, call center performance is expected to decline as customer service representatives learn the new processes and system and/or as new system problems are identified and resolved. The impact of such implementation is likely to impact call center performance for up to six (6) months following the "Go Live" date for each CIS implementation. CIS implementation is a known event(s) that will impact call center performance metrics and must be adjusted out of the reported values similar to an Extraordinary Event.

Notification of Change in Call Center Operations. Thirty (30) days prior to the implementation or use of any new technology (*e.g.*, a virtual hold system) at any incoming call center to handle incoming calls for KCP&L and/or Westar Kansas electric retail customers, the affected utility will notify Staff in writing of such implementation or use. The purpose of this notification is to describe the technology and its application, and to prompt Staff to meet with KCP&L and/or Westar to address the proper accounting of calls addressed by the new technology in future performance reports. Thirty (30) days prior to implementation or use of a new incoming call center or outsourcing of incoming call center functions for Westar or KCP&L Kansas retail electric customers, to the affected utility will notify Staff in writing of such implementation or use. To the extent that KCP&L and/or Westar relies on additional call centers to address incoming calls from Westar or KCP&L Kansas retail electric customers, the affected utility will include ACR and ASL for the additional centers in its quarterly reports.

Elimination of Reporting and Penalty Provisions for Meeting Service Standards for Three Consecutive Calendar Years After Close of Transaction. After KCP&L and/or Westar provide sufficient service to avoid having to pay performance penalties for any three consecutive calendar year periods beginning after close of the Transaction for any defined metric for a utility, then the reporting requirements and penalty provisions for that service metric for that utility will be eliminated.

Reliability Metrics
Docket No. 18-KCPE-095-MER
Proposed Quality of Service Performance Metrics

	Distribution Operations KCP&L KS Only Reliability			
	IEEE Normalized SAIDI (minutes)		IEEE Normalized SAIFI (interruptions)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		1,587,600		1,058,400
Threshold 1	93	529,200	0.89	352,800
Threshold 2	100	1,058,400	0.96	705,600
Threshold 3	106	1,587,600	1.03	1,058,400

Maximum Potential Annual Penalty KCP&L-KS: $2,646,000

	Distribution Operations Westar Only Reliability			
	IEEE Normalized SAIDI (minutes)		IEEE Normalized SAIFI (interruptions)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		3,960,000		2,640,000
Threshold 1	137	1,320,000	1.46	880,000
Threshold 2	143	2,640,000	1.53	1,760,000
Threshold 3	150	3,960,000	1.60	2,640,000

Maximum Potential Annual Penalty Westar: $6,600,000

Note 1: Normalization methodology for all metrics is based on IEEE 1366 exclusion criteria.
Note 2: Value of Measure for Reliability metrics are based upon 2014-2016 average.

Customer Contact Metrics
Docket No. 18-KCPE-095-MER
Proposed Quality of Service Performance Metrics

	Customer Operations			
	Total Company - KCP&L			
	Call Center			
	Abandoned Call Rate (%)		Agent Service Level (%/20 seconds)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		352,800		529,200
Threshold 1	4.1%	117,600	66%	176,400
Threshold 2	4.3%	235,200	62%	352,800
Threshold 3	4.4%	352,800	58%	529,200

Maximum Possible Annual Penalty KCP&L-KS: $882,000

	Customer Operations			
	Total Company - WESTAR			
	Call Center			
	Abandoned Call Rate (%)		Agent Service Level (%/20 seconds)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		880,000		1,320,000
Threshold 1	4.1%	293,333	66%	440,000
Threshold 2	4.3%	586,667	62%	880,000
Threshold 3	4.4%	880,000	58%	1,320,000

Maximum Possible Annual Penalty KCP&L-KS: $2,200,000

Proposed Reporting Format - Reliability
[Year] Quality of Service Reliability Statistics

Kansas City Power & Light Company
Reliability Data
[Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date
IEEE 1366 Normalized SAIDI													
IEEE 1366 Normalized SAIFI													

Westar Energy, Inc
Reliability Data
[Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date
IEEE 1366 Normalized SAIDI													
IEEE 1366 Normalized SAIFI													

NOTES:
1. All metrics are normalized using IEEE 1366
2. Metrics represent transmission and distribution reliability for Kansas customers only.

[Year] Quality of Service Statistics

KCP&L Customer Contact Center Statistics*

Monthly Regulatory Reporting [Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date*
Abandoned Call Rate													
Service Level-Total Agent													

Westar Customer Contact Center Statistics

Monthly Regulatory Reporting [Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date*
Abandoned Call Rate													
Service Level-Total Agent													

Abandoned Call Rate	Total Center Agent Abandoned (ACR)
Service Level-Cust Service	Total Center Agent Service Level (ASL)

*Methodology for Year-to-Date Numbers
Retrieved for the reported periods from CMS, not an average
Retrieved for the reported periods from CMS, not an average

Applicants Additional Quality of Service Reporting Commitments:

Applicants will provide Staff with the annual normalized year-end SAIDI, SAIFI, and CAIDI results for both KCP&L and Westar within 90 days of the end of the calendar year and will compare those results to the 5-year annual normalized average (2012-2016) for each individual metric. If the actual results of any individual metric vary substantially from the 5-year average, then Applicants will provide a high-level summary of the reasons why such degradation occurred.

Present IT system consolidation updates to Staff annually during the moratorium period related to:

- Outage Management System (OMS)
- Geographic Information System (GIS)
- Enterprise Asset Management (EAM) system
- Energy Management System (EMS)

Reliability Reporting Criteria:

(Additional reporting during the moratorium period)

1) Provide vegetation management reporting including
    - Miles/acres cleared
    - Cycles and off cycle clearing
    - Outages related to vegetation
    - Actual dollars spent versus budgeted dollars
    - Dollars per mile/acre cleared
2) Provide post storm review of significant outages causes on each Major Event Day:
    - Using "Major Event Day" as defined within IEEE1366
    - Develop lessons learned
3) Provide summary results of transmission system patrols

Kansas Corporation Commission
Compliance Docket [xx-xxxx-xxx-xxx]
Annual Review of [Monarch Energy] Capital Expenditures - Current Year Budget, Previous Year Actual and Previous Year Budget
Filed [Month Day, Year]

Table 1: Capital Expenditures By External Reporting Category

Amounts in millions	Current Year Budget[1]	Previous Year[2]			
		Actual (a)	Budget (b)	Change (a-b)	Change %
Generation and Environmental	$ 395.2	$ 379.9	$ 433.2	$ (53.3)	(12%)
Transmission and Delivery	687.5	710.2	676.3	33.9	5%
Information Technology and Other	183.2	164.3	194.8	(30.5)	(16%)
Nuclear fuel	42.8	83.7	89.8	(6.1)	(7%)
Total	$ 1,308.7	$ 1,338.1	$ 1,394.1	$ (56.0)	(4%)

[1]Filed on or before March 31, 2019 and each year thereafter through March 31, 2023 (five years)
[2]Filed on or before March 31, 2020 and each year thereafter through March 31, 2023 (four years)

Kansas Corporation Commission
Compliance Docket [xx-xxxx-xxx-xxx]
Annual Review of [Monarch Energy] Capital Expenditures - Current Year Budget, Previous Year Actual and Previous Year Budget
Filed [Month Day, Year]

Table 2: Generation and Environmental Capital Expenditures By Plant

	Current Year	Previous Year			
Amounts in millions	**Budget**	**Actual (a)**	**Budget (b)**	**Change (a-b)**	**Change %**
Crossroads Energy Center	x.x	x.x	x.x	x.x	x%
Emporia Energy Center	x.x	x.x	x.x	x.x	x%
Gordan Evens Energy Center	x.x	x.x	x.x	x.x	x%
Greenwood	x.x	x.x	x.x	x.x	x%
Hawthorn	x.x	x.x	x.x	x.x	x%
Hutchinson Energy Center	x.x	x.x	x.x	x.x	x%
Iatan	x.x	x.x	x.x	x.x	x%
Jeffery Energy Center	x.x	x.x	x.x	x.x	x%
LaCygne	x.x	x.x	x.x	x.x	x%
Lake Road	x.x	x.x	x.x	x.x	x%
Lawrence Energy Center	x.x	x.x	x.x	x.x	x%
Montrose	x.x	x.x	x.x	x.x	x%
Nevada	x.x	x.x	x.x	x.x	x%
Northeast	x.x	x.x	x.x	x.x	x%
Osawatomie	x.x	x.x	x.x	x.x	x%
Ralph Green	x.x	x.x	x.x	x.x	x%
Renewables	x.x	x.x	x.x	x.x	x%
Sibley	x.x	x.x	x.x	x.x	x%
South Harper	x.x	x.x	x.x	x.x	x%
Spring Creek Energy Center	x.x	x.x	x.x	x.x	x%
State Line	x.x	x.x	x.x	x.x	x%
Tecumesh Energy Center	x.x	x.x	x.x	x.x	x%
Gardner	x.x	x.x	x.x	x.x	x%
Wolf Creek	x.x	x.x	x.x	x.x	x%
Support and other	x.x	x.x	x.x	x.x	x%
Total	**x.x**	**x.x**	**x.x**	**x.x**	**x%**

Kansas Corporation Commission
Compliance Docket [xx-xxxx-xxx-xxx]
Annual Review of [Monarch Energy] Capital Expenditures - Current Year Budget, Previous Year Actual and Previous Year Budget
Filed [Month Day, Year]

Table 3: Transmission and Delivery Capital Expenditures By Sub-Category[1]

	Current Year	Previous Year			
Amounts in millions	**Budget**	**Actual (a)**	**Budget (b)**	**Change (a-b)**	**Change %**
AMI	x.x	x.x	x.x	x.x	x%
Distribution Poles and Fixtures	x.x	x.x	x.x	x.x	x%
Distribution Station Equipment	x.x	x.x	x.x	x.x	x%
Distribution Transformers	x.x	x.x	x.x	x.x	x%
Distribution Underground Circuits	x.x	x.x	x.x	x.x	x%
Fleet	x.x	x.x	x.x	x.x	x%
New Business	x.x	x.x	x.x	x.x	x%
Reimbursable Street and Traffic Lights	x.x	x.x	x.x	x.x	x%
Transmission Poles and Fixtures	x.x	x.x	x.x	x.x	x%
Transmission Station Equipment	x.x	x.x	x.x	x.x	x%
Total	**x.x**	**x.x**	**x.x**	**x.x**	**x%**

[1]For example purposes only - final subcategories to be determined

Kansas Corporation Commission
Compliance Docket [xx-xxxx-xxx-xxx]
Annual Review of [Monarch Energy] Capital Expenditures - Current Year Budget, Previous Year Actual and Previous Year Budget
Filed [Month Day, Year]

Table 4: Information Technology and Other By Sub-Category[1]

Amounts in millions	Current Year Budget	Previous Year Actual (a)	Budget (b)	Change (a-b)	Change %
Customer Information System	x.x	x.x	x.x	x.x	x%
Customer Management System	x.x	x.x	x.x	x.x	x%
Critical Information Protection	x.x	x.x	x.x	x.x	x%
Enterprise Asset Management	x.x	x.x	x.x	x.x	x%
Meter Data Management	x.x	x.x	x.x	x.x	x%
Outage Management System	x.x	x.x	x.x	x.x	x%
Enterprise Management Support	x.x	x.x	x.x	x.x	x%
Enterprise Financial Support	x.x	x.x	x.x	x.x	x%
Human Resource Support	x.x	x.x	x.x	x.x	x%
Network and Communications	x.x	x.x	x.x	x.x	x%
Hardware and Other	x.x	x.x	x.x	x.x	x%
Facilities	x.x	x.x	x.x	x.x	x%
Other	x.x	x.x	x.x	x.x	x%
Total	**x.x**	**x.x**	**x.x**	**x.x**	**x%**

[1]For example purposes only - final subcategories to be determined