

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM U-1
APPLICATION/DECLARATION
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Great Plains Energy Incorporated
(and subsidiaries identified on signature page)
1201 Walnut Street
Kansas City, Missouri 64106

(Names of companies filing this statement and addresses of
principal executive offices)

Great Plains Energy Incorporated*

(Name of top registered holding company parent of each applicant or declarant)

Bernard J. Beaudoin
Chief Executive Officer
Great Plains Energy Incorporated
1201 Walnut Street
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*Great Plains Energy Incorporated will register as a public utility
holding company upon completion of the reorganization described in
Item 1 of this Application/Declaration.

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Introduction and Request for Commission Action

Kansas City Power & Light Company ("KCPL"), a Missouri corporation, is a public utility company currently not subject to the jurisdiction of the Commission pursuant to the Public Utility Holding Company Act of 1935, as amended (the "Act"). Pursuant to a corporate reorganization (the "Reorganization"), KCPL proposes to adopt a new corporate structure in which KCPL will become a wholly-owned subsidiary of a newly formed holding company. Specifically, KCPL will form a new subsidiary, Great Plains Energy Incorporated, a Missouri corporation ("HoldCo"), which in turn will form another new subsidiary, KC Merger Sub Incorporated, a Missouri corporation ("NewCo"). KCPL then will merge with and into NewCo, with KCPL as the surviving corporation, resulting in KCPL becoming a wholly-owned subsidiary of HoldCo. Finally, KCPL will dividend up to HoldCo two of KCPL's nonutility subsidiaries, KLT Inc. and Great Plains Power, Inc., such that they also become wholly-owned subsidiaries of HoldCo. Following completion of the Reorganization, HoldCo will register as a public utility holding company pursuant to Section 5 of the Act. (KCPL, HoldCo, and the other KCPL subsidiaries identified on the signature page are collectively referred to herein as the "Applicants.")

This Application/Declaration seeks authorization and approval with respect to certain on-going financial activities of HoldCo and its subsidiaries following completion of the Reorganization and the approval of certain affiliate arrangements and other related matters. To the extent necessary, HoldCo also requests the Commission make findings under Section 11(b)(1) of the Act that (i) the electric utility system of HoldCo constitutes an "integrated" electric utility system within the meaning of Section 2(a)(29) of the Act and (ii) the nonutility operations of HoldCo and its subsidiaries may be retained. Finally, HoldCo requests Commission authorization pursuant to Section 9(a)(1) for KCPL and HoldCo to engage in certain leasing transactions and authorization pursuant to Sections 12 and 13 for certain intrasystem transactions.

ITEM 1. DESCRIPTION OF THE PROPOSED TRANSACTION

A. Description of the Applicants

1. KCPL

KCPL is an electric utility company engaged in the generation, transmission, distribution, and sale of electric energy in Missouri and Kansas. KCPL owns approximately 3,700 MW of generation and provides retail electric service to approximately 467,000 customers in Kansas and Missouri, serving retail customers in the region in and around the Kansas City metropolitan area.(1) The Restated Articles of Consolidation and By-laws of KCPL are attached hereto at Exhibits A-1 and A-2, respectively. A map showing the service area of KCPL also is provided at Exhibit E-1.

KCPL is subject to the regulatory jurisdiction of the Missouri Public Service Commission ("MPSC") and the Corporation Commission of the State of Kansas ("KCC") with respect to its retail operations. KCPL also is subject to regulation of the Federal Energy Regulatory Commission (the "FERC") with respect to its wholesale and transmission-related operations and the Nuclear Regulatory Commission (the "NRC") with respect to licensing and operation of its nuclear generating units.

For the year ended December 31, 2000, KCPL had consolidated operating revenues of approximately \$1.1 billion, resulting in a net income of approximately \$159 million. For the year ended December 31, 2000, KCPL derived \$952 million of its operating revenues from regulated sales of electricity and electric transmission service. At December 31, 2000, KCPL had consolidated total assets of approximately \$3.3 billion, including approximately 1,700 miles of transmission lines, approximately 8,900 miles of overhead distribution lines, and approximately 3,400 miles of underground distribution lines.

The KCPL system constitutes an "integrated" electric utility

system within the meaning of Section 2(a)(29)(B) of the Act. (2) KCPL serves a single interconnected region surrounding the Kansas City metropolitan area. All of the operations of KCPL, including customer billing, call center operations, equipment operations and maintenance, and electricity purchasing, among others, are planned and conducted on a central, system-wide basis. The principal executive offices of KCPL are located in Kansas City, Missouri. As described below, KCPL is subject to regulation with respect to rates, service, and other matters in both of the jurisdictions in which it operates. Accordingly, the Commission should find that the area or region served by the Company is not so large as to impair the advantages of efficient operation, localized management and effectiveness of regulation.

KCPL currently leases certain utility assets for use in providing electric service within its service territory. Two of these leases are for transmission assets, and one lease is for a combustion turbine. The first transmission line lease is with Kansas Gas and Electric Company, a wholly-owned subsidiary of Western Resources, Inc., for the Wolf Creek/LaCygne transmission line pursuant to a tariff on file with the FERC. Commitments under this lease total \$1.9 million per year through September 2025, unless the lease is otherwise cancelled. The second transmission line lease is with Associated Electric Cooperative, Inc. for KCPL's share of certain Joint Facilities, as defined in the Coordinating Agreement by and among Associated Electric Cooperative, Inc., Kansas City Power & Light Company, St. Joseph Light & Power Company, Nebraska Public Power District, Omaha Public Power District, City of Lincoln and Iowa Power Inc. for the Cooper - Fairport - St. Joseph 345 Kilovolt Interconnection. KCPL also makes payments to St. Joseph Light & Power for certain Joint and Terminal Facilities related to the Cooper - Fairport - St. Joseph 345 Kilovolt Interconnection. The total of all payments is less than \$0.5 million per year. Payments associated with this second lease also are made pursuant to a tariff on file with the FERC. Finally, the combustion turbine lease is with First Security Bank, N.A. as Owner Trustee which expires in October 2001, unless extended by mutual agreement of KCPL and the lessor. This lease also may be extended through execution of alternative leasing arrangements with other nonaffiliated parties replacing First Security Bank as Owner Trustee.

KCPL also leases from nonaffiliates a number of railcars for the purpose of delivering fuel to KCPL's electric generating plants. When these railcars are not being used by KCPL for its fuel deliveries, KCPL subleases them to other utilities for purposes of fuel deliveries. Certain of these subleases are made pursuant to a Unit Train Exchange Agreement, which effectively aggregates the equipment of participating plant owners to create a pool of available train equipment at any one particular time. Charges for using another plant owners' equipment are assessed at a market specified price on a trip-by-trip basis. (3) In 1998, KCPL also entered into a sublease for 220 steel railcars for the remaining five years of a 15 year lease in order to accelerate the acquisition of more economical aluminum railcars.

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(1) KCPL also engages in limited gas brokering activities, as permitted under Rule 58(b)(v).

(2) Under Section 2(a)(29)(A) of the Act, an integrated gas utility system is defined to mean:

a system consisting of one or more units of generating plants and/or transmission lines and/or distributing facilities, whose utility assets, whether owned by one or more electric utility companies, are physically interconnected or capable of physical interconnection and which under normal conditions may be economically operated as a single interconnected and coordinated system confined in its operations to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation

(3) The Commission has authorized subsidiaries of registered holding companies to offer nonassociates equipment and facilities acquired for their own purposes during periods of nonutilization. See Indiana & Michigan Electric Co., Holding Co. Act Release No. 24039 (Mar. 4, 1986) (use of coal transportation equipment); Ohio Power Co., Holding Co. Act Release No. 25427 (Dec. 11, 1991) (railcar repair service).

In addition, KCPL holds contracts for delivery of five combustion turbines. Following the Reorganization, KCPL may transfer these contracts to Great Plains Power, an exempt wholesale generator ("EWG") affiliate described below. In the alternative, KCPL may transfer these

contracts to nonaffiliated parties that, in turn, would lease the delivered turbines to KCPL or Great Plains Power for use in Great Plains Power's EWGs. In either case, since the turbines will be used in eligible facilities within the meaning of Section 32 of the Act, the turbines will not be utility assets within the meaning of Section 2(a)(18) of the Act.

To the extent any of these activities or leases require approval of the Commission pursuant to Section 9(a)(1), Section 12, Section 13, or any other Section of the Act or rules thereunder, request for such authorization is hereby made.

2. Nonutility Subsidiaries

In addition to its regulated utility operations, KCPL wholly-owns the following Nonutility Subsidiaries: (4) WYMO Fuels, Inc., a Missouri corporation ("WYMO"); Home Service Solutions, Inc., a Missouri corporation ("Home Service"); KCPL Receivable Corporation, a Delaware corporation ("KCPL Receivable"); KLT Inc., a Missouri corporation ("KLT"); and Great Plains Power, Incorporated, Missouri corporation ("Great Plains Power"). (5) During the Reorganization, KCPL will dividend up to HoldCo its interests in KLT and Great Plains Power, which will become wholly-owned subsidiaries of HoldCo. KCPL Receivable will remain a wholly-owned subsidiary of KCPL, as will WYMO and Home Service until they are dissolved or otherwise disposed of, as discussed below. To the extent required, KCPL requests the Commission determine that all of the direct and indirect Nonutility Subsidiaries described herein are retainable under the standards of Section 11(b)(1) of the Act.

For the year ended December 31, 2000, KCPL reported consolidated operating revenues of \$1.1 billion, of which approximately \$952 million (85%) were derived from regulated sales of electricity and electric transmission service and approximately \$164 million (15%) were derived from activities of the Nonutility Subsidiaries. Applicants request that investments in Nonutility Subsidiaries prior to the date of the Reorganization be disregarded for purposes of calculating the dollar limitation placed on HoldCo for such investments under Rule 58.(6)

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- (4) As used in this Application/Declaration, the term Nonutility Subsidiaries means (i) each of the existing nonutility subsidiaries of KCPL and their respective subsidiaries and (ii) after HoldCo registers as a public utility holding company pursuant to Section 5 of the Act, any direct or indirect nonutility company acquired or formed by HoldCo or its nonutility subsidiaries in a transaction that has been approved by the Commission or otherwise exempt under the Act or rules thereunder.
- (5) As described above, KCPL also has formed HoldCo, which in turn will form NewCo. HoldCo and NewCo are held by KCPL exclusively for the purpose of effectuating the Reorganization.
- (6) The Commission previously has determined that it is appropriate to disregard existing investments in "energy-related companies" of to-be registered holding companies for purposes of Rule 58, as such companies were not subject to the restrictions of Section 11(b)(1) at the time such investments were made. See, e.g., New Century Energies, Inc., Holding Co. Act Release No. 26748 (Aug. 1, 1997); Dominion Resources, Inc., Holding Co. Act Release No. 27113 (Dec. 15, 1999).

a. WYMO

WYMO was established to acquire and develop coal properties in Wyoming, but is in the process of divesting its assets, upon consummation of which WYMO will be dissolved.

b. Home Service

Home Service is an intermediate holding company that owns a 100 percent interest in Worry Free Services, Inc., which assists residential customers in obtaining financing primarily for heating and air conditioner equipment, (7) and a 49.4 percent interest in R.S. Andrews Enterprise, Inc., a consumer services company. Home Service currently is in the process of divesting R.S. Andrews. It is anticipated that following the divestiture of R.S. Andrews, Home Service will be sold or otherwise disposed of.

c. KCPL Receivable

In 1999, KCPL entered into a revolving agreement to sell all of its right, title and interest in the majority of its customer accounts receivable to KCPL Receivable, a special purpose entity established to purchase customer accounts receivable from KCPL. (8) Accounts receivable sold

under the agreement totaled \$108.2 million at December 31, 2000.

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(7) See Rule 58(b)(1)(iv).

(8) See CP&L Energy, Inc., Holding Co. Act Release No. 27284 (2000); Central and South West Corporation, Holding Co. Act Release No. 23578 (Jan. 22, 1985).

d. KLT

KCPL consolidates the majority of its nonutility business ventures in KLT, an intermediate holding company.(9) KLT's subsidiaries, described below, primarily engage in energy-related services and natural gas development.(10)

o KLT Investments Inc. ("KLT Investments") invests, as a limited partner, in affordable housing partnerships that provide tax benefits to the consolidated group. KLT Investments's portfolio consists of interests in over 700 affordable housing projects and approximately 47,000 rental units located in 46 states, the District of Columbia and Puerto Rico.(11)

o KLT Investments Inc. II ("KLT Investments II") pursues passive investments in community, economic development and energy-related opportunities, primarily through venture capital funds. KLT Investments II is also a 25% owner of a company that bought and renovated a historic hotel in downtown Kansas City (now the Kansas City Marriott hotel).(12)

o KLT Energy Services Inc. ("KLT Energy Services") and its subsidiaries invest in companies which provide products and services to customers to control the amount, cost and quality of electricity to commercial and industrial customers, provide demand-side management services, power supply coordination (including purchasing electricity at wholesale for resale to end users), gas management, energy consulting, generation optimization (such as scheduling and dispatching generation) and wholesale marketing services.(13)

o KLT Gas Inc. ("KLT Gas") owns and operates interests in oil and gas producing properties and invests in companies which in turn own and operate interests in oil and gas producing properties, some of which are in or near KCPL's retail electric service territory. KLT Gas' primary focus is on coal bed methane producing properties, but also has a 50% working interest in natural gas producing properties in south Texas. KLT Gas and the companies in which it invests produce and gather gas, which is then transported on third-party pipelines and sold at wholesale. KLT Gas and its investments do not own interstate pipelines or local distribution facilities, and do not sell gas at retail. KLT Gas also owns FAR Gas Acquisitions Corporation, which holds limited partnership interests in coal bed methane gas well properties.(14)

o KLT Telecom Inc. ("KLT Telecom") pursues investment opportunities in telecommunications and wireless technology. KLT Telecom is a 83% owner of Digital Teleport, Inc., a St. Louis based competitive access provider and inter-exchange carrier, which is developing a national fiber optic network.(15)

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(9) The Commission has authorized registered holding companies to form and capital ize intermediate nonutility subsidiaries to act as holding companies over other nonutility subsidiaries. See, e.g., The Southern Company, Holding Co. Act Release No. 27134 (Feb. 9, 2000); Exelon Corp., Holding Company Act Release No. 27256 (Oct. 19, 2000).

(10) KLT also wholly-owns Energetechs, Inc., which currently is inactive.

(11) The Commission has authorized similar investments by registered holding companies in a number of cases, most recently in Nisource Inc., Holding Co. Act Release No. 27263 (Oct. 30, 2000) ("Nisource").

(12) These investments are consistent with recent SEC orders describing "good citizen" investments and Rule 58 type investments. See, e.g., Nisource, supra; Ameren Corp., Holding Co. Act Release No. 26809 (Dec. 30, 1997).

(13) KLT Energy Services and each of its subsidiaries are energy-related companies within the meaning of Rule 58.

(14) See Rule 58(b) (ix).

(15) KLT Telecom will qualify as an exempt telecommunications company under Section 34 of PUHCA. 16 Under Section 32 of the Act and rules thereunder, registered holding companies are authorized to acquire interests in EWGs.

e. Great Plains Power

KCPL recently created Great Plains Power, a wholly-owned subsidiary, to hold interests in EWGs acquired after the reorganization.¹⁶ Great Plains Power currently has no assets.

B. Capitalization of KCPL and its Subsidiaries

As of December 31, 2000, KCPL had issued 61,908,726 shares of common stock without par value. KCPL held 60,841 shares as of December 31, 2000 of its common stock to be used for future distribution resulting in 61,847,885 shares of common stock outstanding. In addition, KCPL has issued and outstanding five series of preferred stock.⁽¹⁷⁾ As of December 31, 2000, approximately 0.4 million shares of \$100 par cumulative preferred stock, approximately 1.6 million shares of cumulative no par preferred stock, and approximately 11.0 million shares of no par preference stock were authorized. KCPL's common stock and three of the five series of KCPL's preferred stock is listed for trading on the New York Stock Exchange.

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(17) One series of KCPL's preferred stock - 4% cumulative preferred stock - will be redeemed prior to or in connection with consummation of the Reorganization. As of December 31, 2000, 6,357 of these shares were outstanding, 5,734 of which were held by KCPL to meet future sinking fund requirements.

KCPL has three business trusts formed under the laws of the State of Delaware (KCPL Financing I, II, and III). These trusts exist for the sole purpose of issuing Trust Originated Preferred Securities (TOPrs) and investing the proceeds in an equivalent amount of Junior Subordinated Deferrable Interest Debentures of KCPL. In 1997, KCPL Financing I (the "Trust") issued \$150,000,000 of 8.3% preferred securities. The sole asset of the Trust is the \$154,640,000 principal amount of 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037, issued by KCPL. The terms and interest payments on these debentures correspond to the terms and dividend payments on the preferred securities. KCPL deducts these payments for tax purposes. KCPL may elect to defer interest payments on the debentures for a period up to 20 consecutive quarters, causing dividend payments on the preferred securities to be deferred as well. In case of a deferral, interest and dividends will continue to accrue, along with quarterly compounding interest on the deferred amounts. KCPL may redeem all or a portion of the debentures after March 31, 2002. If KCPL redeems all or a portion of the debentures, the Trust must redeem an equal amount of preferred securities at face value plus accrued and unpaid distributions. The back-up undertakings in the aggregate provide a full and unconditional guarantee of amounts due on the preferred securities. Further information regarding these securities can be found in the Form S-3 filed on December 18, 1996, attached hereto at Exhibit C-1 and incorporated by reference.

KCPL is authorized to issue mortgage bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. This indenture creates a mortgage lien on substantially all utility plant. As of December 31, 2000, mortgage bonds secured \$444.8 million of medium-term notes and revenue refunding bonds. KCPL is prohibited from issuing additional general mortgage bonds while its unsecured medium-term notes are outstanding and remain unsecured. Further information regarding this mortgage can be found in the Form 10-K for KCPL, attached hereto at Exhibit G-1.

During 2000, KCPL issued \$200 million of unsecured, floating rate medium-term notes and \$250 million of unsecured senior notes. KCPL is authorized to issue an additional \$150 million of debt securities under its shelf registration statement dated November 21, 2000, which is attached hereto at Exhibit C-2 and incorporated by reference.

During 2000, KLT renegotiated its existing \$125 million bank credit agreement collateralized by the capital stock of KLT's direct subsidiaries from short-term to a three-year revolving credit agreement that matures in 2003. At December 31, 2000, KLT had repaid amounts borrowed during 2000 under the new agreement.

The affordable housing notes at KLT Investments are collateralized by the affordable housing investments. Most of the notes also require the greater of 15% of the outstanding note balances or the next annual installment to be held as cash, cash equivalents or marketable securities.

Short-term borrowings consist of funds borrowed from banks or through the sale of commercial paper as needed. As of December 31, 2000, KCPL has \$55.6 million of commercial paper outstanding. KCPL has short-term bank lines of credit totaled \$255 million with nine banks under minimal fee arrangements as of December 31, 2000. KCPL also has a 364-day revolving credit loan facility for up to \$190 million to provide liquidity support for the remarketing of KCPL's Environmental Improvement Revenue Refunding Bonds.

As of December 31, 2000, KCPL had entered into two interest rate swap agreements to limit the interest rate on \$30 million of long-term debt. The swap agreements mature in 2001 (unless otherwise extended, at the option of the counterparty, for an additional two years) and effectively fix the interest rate to a weighted-average rate of 3.88%. In 2000, KCPL also entered into three interest rate cap agreements to limit the exposure to increases in the interest rate on the \$200 million of unsecured medium-term notes. The cap agreements mature in 2002. These swap and cap agreements are with highly rated financial institutions and simply limit KCPL's exposure to increases in interest rates. They do not subject KCPL to any material credit or market risks. The fair value of these agreements is immaterial and is not reflected in the financial statements. Although derivatives are an integral part of KCPL's interest rate management, the effect on interest expense for each of the last three years was not material.

Set forth in the table below is a summary of KCPL's consolidated capital structure as of December 31, 2000:

	\$ (In Thousands)	%
Common Stock Equity	\$ 921,352	40.03%
Preferred Stock Equity	\$ 39,062	1.70%
Company-obligated Mandatory Redeemable Preferred Securitie	\$ 150,000	6.52%
Long-term Debt *	\$ 1,135,492	49.33%
Short-term Debt	\$ 55,600	2.42%
TOTAL:	\$ 2,301,506	100.00%

* includes current maturities on long-term debt

HoldCo is authorized under its Articles of Incorporation, attached hereto at Exhibit A-3, to issue 150,000,000 shares of common stock, without par value ("Common Stock") and 390,000 shares of cumulative preferred stock, \$100 par value, 1,572,000 shares of cumulative no par preferred stock without par value, 11,000,000 shares of preference stock without par value (collectively, "Preferred Stock"). Approximately 62 million shares of HoldCo Common Stock and approximately 390,000 shares of HoldCo Preferred Stock will be issued in the one-to-one exchange of shares contemplated by the Reorganization. As described in Item 1.E. below, following the Reorganization HoldCo intends to establish financing arrangements of its own, which will be used primarily to fund the operations of and investments in unregulated subsidiaries.

C. Reasons for the Reorganization

KCPL is undertaking the Reorganization in response to the dramatic changes that occurred in the wholesale electric power market during the 1990s, i.e., the emergence of unregulated competitive generators, open access to the nation's transmission grid, and the appearance of competitive retail electricity markets in a significant percentage of the country. KCPL recognizes it must change the way it does business to be successful in this new marketplace. KCPL believes that in this new environment, its greatest opportunities for success lie in the competitive generation markets. Indeed, its survival as a stand-alone family of companies may depend on its success in this arena.

The proposed Reorganization will facilitate this success by distancing Great Plains Power competitive generation ventures from KCPL's

traditional utility operations and thus placing Great Plains on an equal footing with the competitive operations of other utility holding companies. This will provide Great Plains with significant benefits, including access to additional markets and greater flexibility and speed in pursuing business opportunities. Great Plains will be able to take advantage of market-based prices, capture and keep savings from improved asset management, explore strategic partnerships to gain efficiencies, evaluate selected merchant generation development and joint ventures, and expand affiliate relationships. KCPL believes that the benefits resulting from operating in this environment will allow Great Plains quickly to build a significant portfolio of competitive generation facilities. Finally, the Reorganization provide similar benefits to KLT's energy related and other operations by giving them flexibility in responding to changing market conditions.

D. Description of the Reorganization

As described above, the Reorganization will be accomplished through (i) the merger of KCPL with and into NewCo, with KCPL as the surviving corporation and (ii) a dividend up to HoldCo of KCPL's interests in KLT and Great Plains Power. An organizational chart showing all of HoldCo's direct and indirect investments in active subsidiaries following consummation of the Reorganization is provided at Exhibit E-2. The Reorganization will be governed by an Agreement and Plan of Merger, to be entered into between KCPL, HoldCo, and NewCo (the "Reorganization Agreement"), attached hereto at Exhibit B-1. The Reorganization Agreement is subject to approval of the FERC, NRC, MPSC and KCC, as well as the Federal Communications Commission (the "FCC") with regard to the transfer of certain licenses.

Under the Reorganization Agreement, KCPL's common shareholders will receive one share of HoldCo Common Stock in exchange for each KCPL common share held immediately prior to the effective date of the Reorganization, and KCPL's preferred shareholders will receive one equivalent share of HoldCo Preferred Stock in exchange for each KCPL preferred share held immediately prior to the effective date of the Reorganization.⁽¹⁸⁾ The common shares of KCPL will cease to be listed and traded on the New York Stock Exchange and the Common Stock of HoldCo will be listed and traded instead. Similarly, three series of HoldCo Preferred Stock will replace the equivalent three series of KCPL preferred shares currently listed and traded on the New York Stock Exchange, with the HoldCo Preferred Stock being listed and trade on the New York Stock Exchange in their place. Except for the common shares and preferred shares of HoldCo, no securities will be issued to implement the Reorganization. All existing KCPL debt obligations will remain obligations of KCPL after the Reorganization is consummated.

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(18) Thus, upon consummation of the share exchange, (i) all of KCPL's common shares will be held by HoldCo, (ii) KCPL will have no preferred shares outstanding, (iii) all of HoldCo's common shares will be held by the former KCPL common shareholders, and (iv) all of HoldCo's preferred shares will be held by the former KCPL preferred shareholders (with the exception of the 4% cumulative preferred stock to be redeemed).

E. Post-Reorganization Financing

Applicants request authority, to the extent such transactions are not otherwise exempt under the Act, for: (i) a program of external financing; (ii) intrasystem credit support arrangements; and (iii) interest rate hedging measures. Applicants are requesting approval for each of the proposals contained herein for the period through December 31, 2004 (the "Authorization Period"). The proceeds from the financings authorized by the Commission pursuant to this Application/Declaration will be used for general corporate purposes, including: (i) financing, in part, investments by and capital expenditures of HoldCo and its subsidiaries; (ii) funding of future investments in any exempt wholesale generator ("EWG"), foreign utility company ("FUCO"), exempt telecommunications company ("ETC"), or energy-related or gas-related company within the meaning of Rule 58 ("Rule 58 Company"); (iii) the repayment, redemption, refunding or purchase by HoldCo or any Subsidiary of its own securities; and, (iv) financing working capital requirements of HoldCo and its Subsidiaries and for any other lawful corporate purposes.

The Applicants represent that no financing proceeds will be used to acquire the securities of or other interest in any company unless such acquisition has been approved by the Commission in this proceeding, in a separate proceeding, or in accordance with an available exemption under the Act or rules thereunder, including Sections 32 and 33 and Rule 58.

HoldCo states that the aggregate amount of proceeds of financing and guarantees approved by the Commission in this proceeding used to fund investments in EWGs and FUCOs will not, when added to HoldCo's "aggregate investment" in all such entities at any point in time, exceed 50% of HoldCo's "consolidated retained earnings," as those terms are defined in Rule 58. Further, HoldCo represents that proceeds of financing and guarantees utilized to fund investments in Rule 58 Companies following registration by HoldCo will be subject to the limitations of that Rule. Applicants represent that they will not seek to recover through higher rates to KCPL's customers losses attributable to any operations of its Nonutility Subsidiaries. Finally, HoldCo and KCPL commit to maintain their common equity, as reflected in the most recent Form 10-K or Form 10-Q and as adjusted to reflect subsequent events that affect capitalization, at or above 30% of capitalization.

1. External Financing

a. HoldCo

HoldCo proposes to issue and sell from time to time Common Stock and Preferred Stock and, directly or indirectly, short-term and long-term debt securities and other forms of preferred or equity-linked securities. The aggregate amount of all such securities issued during the Authorization Period will not exceed \$450 million.

Common Stock

Holdco proposes to issue and sell Common Stock pursuant to underwriting agreements of a type generally standard in the industry. Common Stock may be issued pursuant to private negotiation with underwriters, dealers or agents, as discussed below, or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All such Common Stock sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets. HoldCo also proposes to issue stock options, performance shares, stock appreciation rights ("SARs"), warrants, or other stock purchase rights that are exercisable for Common Stock and to issue Common Stock upon the exercise of such options, SARs, warrants, or other stock purchase rights.

HoldCo may issue and sell Common Stock through underwriters or dealers, through agents, or directly to a limited number of purchasers or a single purchaser. If underwriters are used in the sale of Common Stock, such securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Common Stock may be offered to the public either through underwriting syndicates (which may be represented by a managing underwriter or underwriters designated by HoldCo) or directly by one or more underwriters acting alone. Common Stock may be sold directly by HoldCo or through agents designated by HoldCo from time to time. If dealers are utilized in the sale of Common Stock, HoldCo will sell such securities to the dealers, as principals. Any dealer may then resell such Common Stock to the public at varying prices to be determined by such dealer at the time of resale. If Common Stock is being sold in an underwritten offering, HoldCo may grant the underwriters thereof a "green shoe" option permitting the purchase from HoldCo at the same price additional shares then being offered solely for the purpose of covering over-allotments.

HoldCo also requests authority to issue Common Stock, performance shares options, SARs, warrants or other stock purchase rights exercisable for Common Stock in public or privately-negotiated transactions as consideration for the equity securities or assets of other existing companies HoldCo is seeking to acquire, provided that the acquisition of any such equity securities or assets has been authorized in a separate proceeding or is exempt under the Act or the rules thereunder. If Common Stock or other securities linked to Common Stock is used as consideration in connection with any such authorized or exempt acquisition, the market value of the Common Stock on the day before closing of the acquisition, or the average high and low market prices for a period prior to the closing, as negotiated by the parties, will be counted against the proposed \$450 million limitation on financing.(19)

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(19) The Commission previously has approved the issuance of common stock as consideration for assets or securities of other companies acquired in authorized or exempt transactions. See, e.g., Interstate Energy Corp., Holding Co. Act Release No. 27069 (Aug. 26, 1999); SCANA Corp., Holding Co. Act Release No. 27137 (Feb. 14, 2000).

In addition, each of the employee and director compensation plans which provide for investment in KCPL common stock, as in effect immediately prior to the Reorganization, will be amended to provide for the issuance of HoldCo Common Stock instead of KCPL common stock. Currently, KCPL maintains the following employee and director stock plans (the "Stock Plans"):

- o The Dividend Reinvestment and Direct Stock Purchase Plan, which offers common shareholders, employees and directors of KCPL and its subsidiaries the opportunity to purchase shares of KCPL's common stock by reinvesting dividends and/or making optional cash payments. A full statement of the current provisions of the Dividend Reinvestment and Direct Stock Purchase Plan is included in the Registration Statement on Form S-3 in File No. 33-51799 (Exhibit H-1 hereto).
- o The Employee Savings Plus Plan, which is a defined contribution plan qualified under Section 401 of the Internal Revenue Code. Contributions to the plan will be matched by a KCPL contribution in cash, KCPL common stock, or a combination thereof, of an amount, up to three percent of the employee's compensation for any payroll period, equal to 50% of the amount contributed. A full statement of the current provisions of the Employee Savings Plus Plan is included in the Registration Statement on Form S-8 in File No. 33-17403 (Exhibit H-2 hereto).
- o The Long-Term Incentive Plan, which provides for granting to certain eligible employees of KCPL and its subsidiaries incentive stock options, awards of limited stock appreciation rights, awards of shares of KCPL stock subject to certain restrictions on transferability that lapse after specified periods, and awards of performance shares to be exchanged for shares of common stock upon the achievement of certain performance measures. A full statement of the current provisions of the Long-Term Incentive Plan is included in the Registration Statement on Form S-8 in File No. 33-45618 (Exhibit H-3 hereto).

HoldCo will file post-effective amendments to the Registration Statements under the Securities Act of 1933, as amended (the "1933 Act"), with respect to the Stock Plans described above following the Reorganization.

Shares of Common Stock for use under the Stock Plans described above may either be newly issued shares, treasury shares or shares purchased in the open market. HoldCo will make open-market purchases of Common Stock in accordance with the terms of or in connection with the operation of the plans pursuant to Rule 42. HoldCo also may acquire treasury shares through other open-market purchases. HoldCo also proposes to issue and/or sell shares of Common Stock pursuant to the existing Stock Plans and similar plans or plan funding arrangements hereafter adopted without any additional prior Commission order. Stock transactions of this variety would thus be treated the same as other stock transactions permitted pursuant to this Application/Declaration.

Long-term Debt, Preferred Stock,
and other Preferred or Equity-Linked Securities

HoldCo also requests authorization to issue its authorized Preferred Stock and, directly or indirectly through one or more Financing Subsidiaries, to issue long-term debt and other types of preferred or equity-linked securities (including, specifically, trust preferred securities). The proceeds of long-term debt, Preferred Stock, or other preferred or equity-linked securities will enable HoldCo to reduce short-term debt with more permanent capital and provide an important source of future financing for the operations of and investments in non-utility businesses that are exempt under the Act.(20)

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(20) Recently, the Commission approved a similar financing application filed by Southern Company in which Southern Company requested approval to issue preferred securities and long-term debt directly or indirectly through special-purpose financing entities. See The Southern Company, Holding Co. Act Release No. 27134 (Feb. 9, 2000). In that case, the Commission took account of the changing needs of registered holding companies for sources of capital other than common equity and short-term debt brought about primarily by the elimination of restrictions under the Act on investments in various types of non-core businesses (e.g., EWGs, FUCOs, and Rule 58 Companies). The

Commission noted that, without the ability to raise capital in external markets that is appropriate for such investments, registered holding companies would be at a competitive disadvantage to other energy companies that are not subject to regulation under the Act.

Preferred Stock or other types of preferred or equity-linked securities may be issued in one or more series with such rights, preferences, and priorities as may be designated in the instrument creating each such series, as determined by HoldCo's board of directors. The dividend rate on any series of Preferred Stock or other preferred or equity-linked securities will not exceed at the time of issuance 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal to the term of such securities. Dividends or distributions on Preferred Stock or other preferred or equity-linked securities will be made periodically and to the extent funds are legally available for such purpose, but may be made subject to terms which allow the issuer to defer dividend payments for specified periods. Preferred Stock or other preferred or equity-linked securities may be convertible or exchangeable into shares of Common Stock.

Long-term debt of HoldCo may be in the form of unsecured notes ("Debentures") issued in one or more series. The Debentures of any series (i) may be convertible into any other securities of HoldCo, (ii) will have a maturity ranging from one to 50 years, (iii) will bear interest at a rate not to exceed 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term approximately equal to the term of such series of Debentures, (iv) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above or discounts below the principal amount thereof, (v) may be entitled to mandatory or optional sinking fund provisions, (vi) may provide for reset of the coupon pursuant to a remarketing arrangement, and (vii) may be called from existing investors or put to the company, or both. The Debentures will be issued under an indenture (the "Indenture") to be entered into between HoldCo and a national bank, as trustee. Long-term debt of HoldCo also may be in the form of bank lines of credit. Loans under these bank lines will have maturities of not more than five years from the date of each borrowing and the effective cost of such loans will not exceed at the time of issuance 500 basis points about LIBOR.

HoldCo contemplates that the Debentures would be issued and sold directly to one or more purchasers in privately-negotiated transactions or to one or more investment banking or underwriting firms or other entities that would resell the Debentures without registration under the 1933 Act, in reliance upon one or more applicable exemptions from registration thereunder, or to the public either (i) through underwriters selected by negotiation or competitive bidding or (ii) through selling agents acting either as agent or as principal for resale to the public either directly or through dealers.

The maturity dates, interest rates, call and/or put options, redemption and sinking fund provisions and conversion features, if any, with respect to the Debentures of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding and reflected in the applicable supplemental indenture or officer's certificate and purchase agreement or underwriting agreement setting forth such terms.

Finally, HoldCo undertakes that without further Commission authorization it will not issue any Preferred Stock or other preferred or equity-linked securities or any Debentures that are not at the time of original issuance rated at least investment grade by a nationally recognized statistical rating organization.

Short-Term Debt

To provide financing for general corporate purposes, other working capital requirements and investments in new enterprises until long-term financing can be obtained, HoldCo may sell commercial paper or establish bank lines of credit ("Short-term Debt"). The effective cost of money on Short-term Debt authorized in this proceeding will not exceed at the time of issuance 500 basis points over LIBOR for maturities of one year or less.

Specifically, HoldCo may sell commercial paper, from time to time, in established domestic or European commercial paper markets. Such commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. HoldCo expects that the dealers acquiring commercial paper from

HoldCo will reoffer such paper at a discount to corporate, institutional and sophisticated individual investors. HoldCo anticipates that its commercial paper will be reoffered to investors such as commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities, finance companies and non-financial corporations.

HoldCo also proposes to establish bank lines in an aggregate principal amount sufficient to support projected levels of short-term borrowings and to provide an alternative source of liquidity. Loans under these lines will have maturities not more than one year from the date of each borrowing. HoldCo also may engage in other types of short-term financing generally available to borrowers with comparable credit ratings as it may deem appropriate in light of its needs and market conditions at the time of issuance.

b. KCPL

KCPL requests authorization to issue and sell from time to time during the Authorization Period notes and other evidence of indebtedness having a maturity of one year or less in an aggregate principal amount outstanding at any one time not to exceed \$500 million. Such short-term financing could include, without limitation, commercial paper sold in established domestic or European commercial paper markets in a manner similar to HoldCo, bank lines of credit, and other debt securities. The effective cost of money on short-term debt of KCPL authorized in this proceeding will not exceed at the time of issuance 500 basis points over LIBOR for maturities of one year or less. The issuance by KCPL of commercial paper and other short-term indebtedness having a maturity of less than 12 months will not be exempt under Rule 52(a) since it is not subject to approval by both the MPSC and KCC.

c. Nonutility Subsidiaries

As described above in Item 1.A.2, the Nonutility Subsidiaries are engaged in and expect to continue to be active in the development and expansion of energy-related or otherwise functionally-related non-utility businesses. In order to finance investments in such competitive businesses, it will be necessary for the Nonutility Subsidiaries to have the ability to engage in financing transactions which are commonly accepted for such types of investments. In almost all cases, such financing transactions will be exempt from prior Commission authorization pursuant to Rule 52(b).

In order to be exempt under Rule 52(b), any loan by HoldCo to a Nonutility Subsidiary or by one Nonutility Subsidiary to another must have interest rates and maturities that are designed to parallel the lending company's effective cost of capital. However, if a Nonutility Subsidiary making a borrowing is not wholly-owned by HoldCo, directly or indirectly, and does not sell goods or services to KCPL, then the Applicants request authority to make loans to any such associate company at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital.(21) Applicants make this request since, if HoldCo or a Nonutility Subsidiary were required to charge only its effective cost of capital on a loan to a less than wholly-owned associate company when market rates were greater, the other owner(s) of such associate company would in effect receive a subsidy from HoldCo or other lending Nonutility Subsidiary equal to the difference between the cost of providing the loan at its effective cost of capital and the other owner(s) proportionate share of the price at which it would have to obtain a similar loan on the open market. HoldCo will include in the next certificate filed pursuant to Rule 24 in this proceeding substantially the same information as that required on Form U-6B-2 with respect to any such intra-system loan transaction.

2. Guarantees and Other Forms of Credit Support

HoldCo further proposes to enter into guarantees and other forms of support agreements on behalf or for the benefit of any Subsidiary(22) during the Authorization Period in an aggregate principal amount not to exceed \$600 million outstanding at any one time. Applicants also request authorization for Nonutility Subsidiaries to provide credit support on behalf and for the benefit of other Nonutility Subsidiaries in an aggregate principal amount not to exceed \$300 million outstanding at any one time, exclusive of any guarantees and other forms of credit support exempt under Rule 45(b)(7) or Rule 52(b).

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(21) The Commission has granted similar authority to another registered holding company. See Entergy Corporation, Holding Co. Act Release No. 27039 (June 22, 1999).

(22) As used in this Application/Declaration, the term "Subsidiary" means KCPL and the Nonutility Subsidiaries.

a. HoldCo

HoldCo requests authorization to enter into guarantees and capital maintenance agreements, obtain letters of credit, enter into expense agreements or otherwise provide credit support (collectively, "HoldCo Guarantees") on behalf or for the benefit of any Subsidiary as may be appropriate to enable such Subsidiary to carry on in the ordinary course of its business, in an aggregate principal amount not to exceed \$600 million outstanding at any one time. Subject to such limitation, HoldCo may guarantee both securities issued by and other contractual or legal obligations of any Subsidiary. HoldCo proposes to charge each Subsidiary a fee for each guarantee provided on its behalf that is determined by multiplying the amount of the HoldCo Guarantee provided by the cost of obtaining the liquidity necessary to perform the guarantee (for example, bank line commitment fees or letter of credit fees, plus other transactional expenses) for the period of time the guarantee remains outstanding. (23)

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(23) The Commission previously has authorized registered holding companies to recoup from any subsidiary the actual cost of obtaining the liquidity necessary to perform under a guarantee issued on behalf of such subsidiary. See e.g., Interstate Energy Corporation, Holding Co. Act Release No. 27069 (Aug. 26, 1999).

b. Nonutility Subsidiaries

In addition, Applicants request authorization for Nonutility Subsidiaries to provide guarantees and other forms of credit support ("Nonutility Subsidiary Guarantees") on behalf or for the benefit of other Nonutility Subsidiaries in an aggregate principal amount not to exceed \$300 million outstanding at any one time, exclusive of any guarantees and other forms of credit support that are exempt pursuant to Rule 45(b)(7) and Rule 52(b). The Nonutility Subsidiary providing any such credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as specified above in Item 1.E.1.c above.

3. Hedging Transactions

HoldCo and, to the extent not exempt pursuant to Rule 52, the Subsidiaries request authorization to enter into interest rate hedging transactions with respect to existing indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage interest rate cost. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or the senior debt ratings of the parent companies of the counterparties, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors Service, Fitch, or Duff and Phelps.

Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital markets, such as interest rate swaps, caps, collars, floors, and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations. The transactions would be for fixed periods and stated notional amounts. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

Applicants will comply with the then existing financial disclosure requirements of the Financial Accounting Standards Board associated with hedging transactions. (24)

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(24) The proposed terms and conditions of the Interest Rate Hedges are substantially the same as the Commission has approved in other cases. See New Century Energies, Inc., Holding Co. Act Release No. 27000 (April 7, 1999); SCANA Corporation, Holding Co. Act Release No. 27137 (February 14, 2000).

F. Other Financing Transactions

Applicants also request authorization, to the extent such transactions are not otherwise exempt under the Act, for (i) changes to any wholly-owned Subsidiary's capital stock capitalization; (ii) the acquisition of the securities of certain specified categories of nonutility companies; (iii) the payment of dividends out of capital or unearned surplus by Nonutility Subsidiaries; and, (iv) sales and service agreements between the Subsidiaries, to the extent no otherwise permitted or exempt by rule.

1. Changes in Capital Stock of Subsidiaries

The portion of an individual Subsidiary's aggregate financing to be effected through the sale of stock to HoldCo or other immediate parent company during the Authorization Period pursuant to Rule 52 and/or pursuant to an order issued in this proceeding cannot be ascertained at this time. It may happen that the proposed sale of capital securities may in some cases exceed the then-authorized capital stock of such Subsidiary. In addition, the Subsidiary may choose to use capital stock with no par value or receive a capital contribution without issuing capital stock. Also, a wholly-owned Subsidiary may wish to engage in a reverse stock split to reduce franchise taxes. As needed to accommodate such proposed transactions and to provide for future issues, request is made for authority to change the terms of any such wholly-owned Subsidiary's authorized capital stock capitalization by an amount deemed appropriate by HoldCo or other intermediate parent company in the instant case. A Subsidiary would be able to change the par value, or change between par value and no-par stock, without additional Commission approval. Any such action by a utility subsidiary would be subject to and would only be taken upon the receipt of any necessary approvals by the state commissions in the state or states in which such utility subsidiary is incorporated and doing business. (25)

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(25) The Commission has granted similar approvals to other registered holding companies. See Conectiv, Inc., Holding Co. Act Release No. 26833 (Feb. 26, 1998); New Century Energies, Inc., Holding Co. Act Release No. 26750 (Aug. 1, 1997).

2. Financing Subsidiaries

HoldCo and the Subsidiaries request authority to acquire, directly or indirectly, the equity securities of one or more corporations, trusts, partnerships or other entities (hereinafter, "Financing Subsidiaries") created specifically for the purpose of facilitating the financing of the authorized and exempt activities (including exempt and authorized acquisitions) of HoldCo and the Subsidiaries through the issuance of long-term debt or equity securities, including but not limited to company-obligated mandatorily redeemable trust preferred securities, to third parties. Financing Subsidiaries would loan, dividend or otherwise transfer the proceeds of any such financing to its parent or to other Subsidiaries, provided, however, that a Financing Subsidiary of KCPL will dividend, loan or transfer proceeds of financing only to KCPL. The terms of any loan of the proceeds of any securities issued by a Financing Subsidiary to HoldCo would mirror the terms of those securities. (26) HoldCo may, if required, guarantee or enter into expense agreements in respect of the obligations of any Financing Subsidiary which it organizes. The Subsidiaries also may provide guarantees and enter into expense agreements pursuant to Rules 45(b)(7) and 52, as applicable, if required on behalf of any Financing Subsidiaries which they organize. If the direct parent company of a Financing Subsidiary is authorized in this proceeding or any subsequent proceeding to issue long-term debt or similar types of equity securities, then the amount of such securities issued by that Financing Subsidiary would count against the limitation applicable to its parent for those securities. In such cases, however, the guaranty by the parent of that security issued by its Financing Subsidiary would not be counted against the limitations on HoldCo Guarantees or Subsidiary Guarantees, as the case may be, set forth in Item 1.E.2 above. In other cases, in which the parent company is not authorized herein or in a subsequent proceeding to issue similar types of securities, the amount of any guarantee not exempt pursuant to Rules 45(b)(7) and 52 that is entered into by the parent company with respect to securities issued by its Financing Subsidiary would be counted against the limitation on HoldCo Guarantees or Subsidiary Guarantees, as the case may be.

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(26) The Commission has previously authorized registered holding companies and their subsidiaries to create financing subsidiaries, subject to substantially the same terms and conditions. See New Century

3. Intermediate Subsidiaries

HoldCo proposes to acquire, directly or indirectly through a Nonutility Subsidiary, the securities of one or more new subsidiary companies ("Intermediate Subsidiaries") which may be organized exclusively for the purpose of acquiring, holding and/or financing the acquisition of the securities of or other interest in one or more EWGs, FUCOs, or ETCs ("Exempt Companies"), Rule 58 Companies or other non-exempt Nonutility Subsidiaries (as authorized in this proceeding or in a separate proceeding). (27) HoldCo also requests authority for Intermediate Subsidiaries to provide management, administrative, project development and operating services to such entities at fair market prices determined without regard to cost, and therefore requests an exemption (to the extent that Rule 90(d) does not apply) pursuant to Section 13(b) from the cost standards of Rules 90 and 91 as applicable to such transactions, in any case in which the Non-Utility Subsidiary purchasing such goods or services is:

- (i) A FUCO or foreign EWG that derives no part of its income, directly or indirectly, from the generation, transmission, or distribution of electric energy for sale within the United States;
- (ii) An EWG that sells electricity at market-based rates which have been approved by the FERC, provided that the purchaser is not KCPL;
- (iii) A "qualifying facility" ("QF") within the meaning of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA") that sells electricity exclusively (a) at rates negotiated at arms'-length to one or more industrial or commercial customers purchasing such electricity for their own use and not for resale, and/or (b) to an electric utility company at the purchaser's "avoided cost" as determined in accordance with the regulations under PURPA;
- (iv) A domestic EWG or QF that sells electricity at rates based upon its cost of service, as approved by FERC or any state public utility commission having jurisdiction, provided that the purchaser thereof is not KCPL; or
- (v) A Rule 58 Subsidiary or any other Nonutility Subsidiary that (a) is partially-owned by HoldCo, provided that the ultimate purchaser of such goods or services is not KCPL (or any other entity that HoldCo may form whose activities and operations are primarily related to the provision of goods and services to KCPL), (b) is engaged solely in the business of developing, owning, operating and/or providing services or goods to Nonutility Subsidiaries described in clauses (i) through (iv) immediately above, or (c) does not derive, directly or indirectly, any material part of its income from sources within the United States and is not a public-utility company operating within the United States.

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(27) KCPL does not hold an interest in any EWG or FUCO at this time.

An Intermediate Subsidiary may be organized, among other things, (i) in order to facilitate the making of bids or proposals to develop or acquire an interest in any Exempt Company, Rule 58 Company, or other non-exempt Nonutility Subsidiary; (ii) after the award of such a bid proposal, in order to facilitate closing on the purchase or financing of such acquired company; (iii) at any time subsequent to the consummation of an acquisition of an interest in any such company in order, among other things, to effect an adjustment in the respective ownership interests in such business held by HoldCo and unaffiliated investors; (iv) to facilitate the sale of ownership interests in one or more acquired nonutility companies; (v) to comply with applicable laws of foreign jurisdictions limiting or otherwise relating to the ownership of domestic companies by foreign nationals; (vi) as a part of tax planning in order to limit HoldCo's exposure to U.S. and foreign taxes; (vii) to further insulate HoldCo and KCPL from operational or other business risks that may be associated with investments in non-utility companies; or (viii) for other lawful business purposes.

Investments in Intermediate Subsidiaries may take the form of

any combination of the following: (i) purchases of capital shares, partnership interests, member interests in limited liability companies, trust certificates or other forms of equity interests; (ii) capital contributions; (iii) open account advances with or without interest; (iv) loans; and (v) guarantees issued, provided or arranged in respect of the securities or other obligations of any Intermediate Subsidiaries. Funds for any direct or indirect investment in any Intermediate Subsidiary will be derived from (i) financings authorized in this proceeding; (ii) any appropriate future debt or equity securities issuance authorization obtained by HoldCo from the Commission; and (iii) other available cash resources, including proceeds of securities sales by a Nonutility Subsidiary pursuant to Rule 52. To the extent that HoldCo provides funds or guarantees directly or indirectly to an Intermediate Subsidiary which are used for the purpose of making an investment in any EWG or FUCO or a Rule 58 Company, the amount of such funds or guarantees will be included in HoldCo's "aggregate investment" in such entities, as calculated in accordance with Rule 53 or Rule 58, as applicable.(28)

HoldCo may determine from time to time to consolidate or otherwise reorganize all or any part of its direct and indirect ownership interests in Nonutility Subsidiaries, and the activities and functions related to such investments, under one or more Intermediate Subsidiaries. To effect any such consolidation or other reorganization, HoldCo may wish to either contribute the equity securities of one Nonutility Subsidiary to another Nonutility Subsidiary or sell (or cause a Nonutility Subsidiary to sell) the equity securities of one Nonutility Subsidiary to another one. To the extent that these transactions are not otherwise exempt under the Act or rules thereunder, (29) HoldCo hereby requests authorization under the Act to consolidate or otherwise reorganize under one or more direct or indirect Intermediate Subsidiaries HoldCo's ownership interests in existing and future Nonutility Subsidiaries.(30) Such transactions may take the form of a Nonutility Subsidiary selling, contributing or transferring the equity securities of a subsidiary as a dividend to an Intermediate Subsidiary or the acquisition by Intermediate Subsidiaries, directly or indirectly, of the equity securities of such companies, either by purchase or by receipt of a dividend. The purchasing Nonutility Subsidiary in any transaction structured as an intrasystem sale of equity securities may execute and deliver its promissory note evidencing all or a portion of the consideration given. Each transaction would be carried out in compliance with all applicable U.S or foreign laws and accounting requirements, and any transaction structured as a sale would be carried out for a consideration equal to the book value of the equity securities being sold. HoldCo will report each such transaction in the next quarterly certificate filed pursuant to Rule 24 in this proceeding, as described below.

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(28) The Commission has previously authorized registered holding companies to organize intermediate subsidiary companies to acquire and hold various non-utility subsidiaries, and for such intermediate companies to provide administrative and development services to such subsidiaries at market prices. See Entergy Corporation, Holding Co. Act Release No. 27039 (June 22, 1999); Energy East Corp., Holding Co. Act Release No. 27228 (Sept. 12, 2000).

(29) Sections 12(c), 32(g), 33(c)(1) and 34(d), and Rules 43(b), 45(b), 46(a) and 58, as applicable, may exempt many of the transactions described in this paragraph.

(30) The Commission has granted similar authority to another holding company. See Entergy Corporation, Holding Co. Act Release No. 27039 (June 22, 1999).

4. Payment of Dividends out of Capital and Unearned Surplus

HoldCo also proposes, on behalf of each of its current and future non-exempt Nonutility Subsidiaries, that such companies be permitted to pay dividends with respect to the securities of such companies, from time to time through the Authorization Period, out of capital and unearned surplus (including revaluation reserve), to the extent permitted under applicable corporate law; provided, however, that, without further approval of the Commission, no non-exempt Nonutility Subsidiary will declare or pay any dividend out of capital or unearned surplus if such Nonutility Subsidiary derives any material part of its revenues from the sale of goods, services, electricity or natural gas to KCPL. HoldCo requests that the Commission reserve jurisdiction over dividends paid by any such non-exempt Nonutility Subsidiary.(31)

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(31) The Commission has granted similar approvals, subject to such

reservation of jurisdiction, to other registered holding companies. See The Southern Company, Holding Co. Act Release No. 26738 (July 2, 1997).

HoldCo anticipates that there will be situations in which one or more Nonutility Subsidiaries will have unrestricted cash available for distribution in excess of any such company's current and retained earnings. In such situations, the declaration and payment of a dividend would have to be charged, in whole or in part, to capital or unearned surplus. As an example, if an Intermediate Subsidiary of HoldCo were to purchase all of the stock of a Rule 58 Company, and following such acquisition the Rule 58 Company incurs non-recourse borrowings some or all of the proceeds of which are distributed to the Intermediate Subsidiary as a reduction in the amount invested in the Rule 58 Company (i.e., return of capital), the Intermediate Subsidiary (assuming it has no earnings) could not, without the Commission's approval, in turn distribute such cash to HoldCo or its other parent.

Similarly, using the same example, if an Intermediate Subsidiary, following its acquisition of all of the stock of a Rule 58 Company, were to sell part of that stock to a third party for cash, the Intermediate Subsidiary would again have substantial unrestricted cash available for distribution, but (assuming no profit on the sale of the stock) would not have current earnings and therefore could not, without the Commission's approval, declare and pay a dividend to its parent out of such cash proceeds. Further, there may be periods during which unrestricted cash available for distribution by a Nonutility Subsidiary exceeds current and retained earnings due to the difference between accelerated depreciation allowed for tax purposes, which may generate significant amounts of distributable cash, and depreciation methods required to be used in determining book income. Finally, even under circumstances in which a Nonutility Subsidiary has sufficient earnings, and therefore may declare and pay a dividend to its immediate parent, such immediate parent may have negative retained earnings, even after receipt of the dividend, due to losses from other operations. In this instance, cash would be trapped at a subsidiary level where there is no current need for it.

HoldCo, on behalf of each current and future non-exempt Nonutility Subsidiary, represents that it will not declare or pay any dividend out of capital or unearned surplus in contravention of any law restricting the payment of dividends. In this regard, it should be noted that all U.S. jurisdictions limit to one extent or another the authority of corporations to make dividend distributions to shareholders. Most State corporation statutes contain either or both an equity insolvency test or some type of balance sheet test. HoldCo also states that its subsidiaries will comply with the terms of any credit agreements and indentures that restrict the amount and timing of distributions to shareholders.

G. Intrasystem Service Arrangements

KCPL has been providing administrative, management, technical, legal and other support services to its subsidiaries for some years, subject to regulation by the MPSC and KCC. KCPL has billed its subsidiaries directly for all identifiable costs related to the particular transactions involved. Other elements of costs, such as taxes, interest, other overhead and compensation for the use of capital procured by the issuance of capital stock, is allocated according to ratios designed to recover an equitable share of these costs.

KCPL is in the process of evaluating the most economical and effective manner of providing support services to affiliate companies following the Reorganization. However, this evaluation process and an implementation plan for the final support service structure may not be completed until some time following consummation of the Reorganization. Accordingly, to the extent required, Applicants request authorization pursuant to Section 13(b) of the Act and rules thereunder for KCPL and the Nonutility Subsidiaries, after consummation of the Reorganization, to continue to provide services, as well as sell goods, to each other and to HoldCo (as well as services and goods of a substantially similar nature). The provision of such services or sale of goods may be on a basis other than "cost," provided such pricing arrangements are consistent with applicable Missouri and Kansas statutes and regulations. Reference is made to the Form of service agreement between KCPL and the Nonutility Subsidiaries attached as Exhibit B-2. At such time HoldCo determines that it is most efficient to alter these service arrangements, for example through the creation of a service company, it will file an application-declaration requesting authorization to do so.

H. Certificates of Notification

HoldCo proposes to file certificates of notification pursuant

to Rule 24 that report each of the transactions carried out in accordance with the terms and conditions of and for the purposes represented in this Application/Declaration. Such certificates of notification would be filed within 60 days after the end of each of the first three fiscal quarters, and 90 days after the end of the last fiscal quarter, in which transactions occur. The Rule 24 certificates will contain the following information for the reporting period:

- (i) The sales of any Common Stock by HoldCo and the purchase price per share and the market price per share at the date of the agreement of sale;
- (ii) The total number of shares of Common Stock issued or issuable under options granted during the quarter under any Stock Plan or otherwise;
- (iii) If Common Stock has been transferred to a seller of securities of a company being acquired, the number of shares so issued, the value per share and whether the shares are restricted to the acquiror;
- (iv) The amount and terms of any long-term debt, Preferred Stock, or other forms of preferred or equity-linked securities issued directly or indirectly during the quarter by HoldCo;
- (v) The amount and terms of any Short-term Debt issued by HoldCo or KCPL during the quarter;
- (vi) The name of the guarantor and of the beneficiary of any HoldCo Guarantee or Nonutility Subsidiary Guarantee issued during the quarter, and the amount, terms and purpose of the guarantee;
- (vii) The amount and terms of any financings consummated by any Nonutility Subsidiary during the quarter that are not exempt under Rule 52;
- (viii) The notional amount and principal terms of any Interest Rate Hedge entered into during the quarter and the identity of the parties to such instruments;
- (ix) The name, parent company, and amount invested in any new Intermediate Subsidiary or Financing Subsidiary during the quarter;
- (x) A list of Form U-6B-2 statements filed with the Commission during the quarter, including the name of the filing entity and the date of the filing; and
- (xi) Consolidated balance sheets as of the end of the quarter, and separate balance sheets as of the end of the quarter for each company, including HoldCo, that has engaged in any jurisdictional financing transactions during the quarter.

ITEM 2. FEES, COMMISSION AND EXPENSES

The fees, commissions and expenses incurred or to be incurred in connection with the transactions proposed herein are in the process of being estimated. The above fees do not include underwriting fees and other expenses incurred in consummating financings covered hereby. The Applicants estimate that such fees and expenses will not exceed 5% of the proceeds of any such financings.

ITEM 3. APPLICABLE STATUTORY PROVISIONS

A. General

Sections 6(a) and 7 of the Act are applicable to the issuance of Common Stock and Preferred Stock and to the direct or indirect issuance of Debentures or other forms of preferred or equity-linked securities by HoldCo, and to the issuance of Short-term Debt by HoldCo and KCPL. In addition, Sections 6(a) and 7 of the Act are applicable to Interest Rate Hedges, except to the extent that they may be exempt under Rule 52. Section 12(b) of the Act and Rule 45(a) are applicable to the issuance of HoldCo Guarantees and to Nonutility Subsidiary Guarantees, to the extent not exempt under Rules 45(b) and 52. Sections 9(a)(1) and 10 of the Act are applicable to the acquisition by HoldCo's or any Nonutility Subsidiary's of the equity securities of any Financing Subsidiary or Intermediate Subsidiary and to HoldCo's investment in existing or new subsidiaries to engage in financing of energy-related equipment, products or services.

Section 9(a) (1) and 10 of the Act also are applicable to the KCPL's acquisition by lease of transmission lines and to KCPL's participation in the railcar leasing activities described in Item 1.A.1. Section 12(c) of the Act and Rule 46 are applicable to the payment of dividends from capital and unearned surplus by any Nonutility Subsidiary. Section 13(b) of the Act and Rules 80 through 92 are applicable to the performance of services and sale of goods among KCPL and Nonutility Subsidiaries, but may be exempt from the requirements thereof in some cases pursuant to Rules 87(b) (1), 90(d) and 92, as applicable.

B. Compliance with Rules 53 and 54

The transactions proposed herein are also subject to Rules 53 and 54. Under Rule 53(a), the Commission shall not make certain specified findings under Sections 7 and 12 in connection with a proposal by a holding company to issue securities for the purpose of acquiring the securities of or other interest in an EWG, or to guarantee the securities of an EWG, if each of the conditions in paragraphs (a) (1) through (a) (4) thereof are met, provided that none of the conditions specified in paragraphs (b) (1) through (b) (3) of Rule 53 exists. Rule 54 provides that the Commission shall not consider the effect of the capitalization or earnings of subsidiaries of a registered holding company that are EWGs or FUCOs in determining whether to approve other transactions if Rule 53(a), (b) and (c) are satisfied. These standards are met.

Rule 53(a) (1): Following the Reorganization, HoldCo will not hold any interest in any EWG or FUCO.

Rule 53(a) (2): HoldCo will maintain books and records enabling it to identify investments in and earnings from each EWG and FUCO in which it directly or indirectly acquires and holds an interest. HoldCo will cause each domestic EWG in which it acquires and holds an interest, and each foreign EWG and FUCO that is a majority-owned subsidiary, to maintain its books and records and prepare its financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). All of such books and records and financial statements will be made available to the Commission, in English, upon request.

Rule 53(a) (3): No more than 2% of KCPL employees will, at any one time, directly or indirectly, render services to EWGs and FUCOs.

Rule 53(a) (4): HoldCo will submit a copy of the Application/Declaration in this proceeding and each amendment thereto, and will submit copies of any Rule 24 certificates required hereunder, as well as a copy of HoldCo's Form U5S, to each of the public service commissions having jurisdiction over the retail rates of KCPL.

In addition, HoldCo states that the provisions of Rule 53(a) are not made inapplicable to the authorization herein requested by reason of the occurrence or continuance of any of the circumstances specified in Rule 53(b). Rule 53(c) is inapplicable by its terms.

ITEM 4. REGULATORY APPROVALS

Approval of the MPSC is required prior to the encumbrance of KCPL's assets or the issuance by KCPL of long-term (one year or longer) evidences of indebtedness. Approval of the KCC is required before KCPL may enter into management, construction, engineering, or similar contracts with its affiliates. To the extent transactions between HoldCo and KCPL affect utility charges, approval of the KCC also may be required for such transactions. Except as stated above, no state commission, and no federal commission other than this Commission, has jurisdiction over any of the transactions proposed herein.

ITEM 5. PROCEDURE

Applicants respectfully request the Commission issue and publish not later than March 30, 2001, the requisite notice under Rule 23 with respect to the filing of this Application/Declaration, such notice to specify a date not later than April 24, 2001, by which comments may be entered and a date not later than May 1, 2001, as a date after which an order of the Commission granting and permitting this Application/Declaration to become effective may be entered by the Commission.

Applicants submit that a recommended decision by a hearing or other responsible officer of the Commission is not needed for approval of the financing requests made herein. The Division of Investment Management may assist in the preparation of the Commission's decision. The Applicants

further request that there be no waiting period between the issuance of the Commission's order and the date on which it is to become effective.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS

A. Exhibits

- A-1 Restated Articles of Consolidation of KCPL dated as of May 5, 1992 (previously filed as Exhibit 4 to Registration Statement in File No. 33-54196 and incorporated herein by reference)
- A-2 By-laws of KCPL, as amended and in effect on November 7, 2000 (previously filed as Exhibit 3-b to Exhibit G-1 hereto and incorporated herein by reference)
- A-3 Articles of Incorporation of HoldCo
- A-4 By-laws of HoldCo**
- B-1 Agreement and Plan of Merger**
- B-2 Form of Service Agreement between KCPL and Nonutility Subsidiaries**
- C-1 Registration Statement on Form S-3, filed December 18, 1996 in File No. 333-18139 and incorporated herein by reference
- C-2 Registration Statement on Form S-3, filed November 21, 2000 in File No. 333-50396 and incorporated herein by reference
- E-1 Map of KCPL service area
- E-2 Post-Reorganization Organizational Chart
- F-1 Preliminary Opinion of Counsel**
- F-2 Past-Tense Opinion of Counsel**
- G-1 KCPL's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, filed February 28, 2001 in File No. 001-00707 and incorporated by reference
- H-1 Dividend Reinvestment and Direct Stock Purchase Plan (previously filed in Registration Statement on Form S-3 in File No. 33-51799 and incorporated herein by reference)
- H-2 Employee Savings Plus Plan (previously filed in Registration Statement on Form S-8 in File No. 33-17403 and incorporated herein by reference)
- H-3 Long-Term Incentive Plan (previously filed in Registration Statement on Form S-8 in File No. 33-45618 and incorporated herein by reference)
- I-1 Form of Notice**

B. Financial Statements

- FS-1 KCPL Consolidated Balance Sheet as of December 31, 2000 (previously filed in KCPL's Annual Report on Form 10-K for the year ended December 31, 2000 (Exhibit G-1 hereto) and incorporated by reference)
- FS-2 KCPL Consolidated Statement of Income for the 12 months ended December 31, 2000 (previously filed with the Commission in KCPL's Annual Report on Form 10-K for the year ended December 31, 2000 (Exhibit G-1 hereto) and incorporated by reference)

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS

The transactions proposed herein will not involve major federal action significantly affecting the quality of human environment as those terms are used in Section 102(2)(C) of the National Environmental Policy Act, 42 U.S.C. ss. 4321 et seq. Second, consummation of these transactions will not result in changes in the operations of HoldCo or its subsidiaries that would have any significant impact on the environment. To the Applicants' knowledge, no federal agency is preparing an environmental impact statement with respect to this matter.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned Applicants have duly caused this Application/Declaration on Form U-1 to be signed on their behalf by the undersigned thereunto duly authorized.

GREAT PLAINS ENERGY INCORPORATED

/s/ Bernard J. Beaudoin Date: March 5, 2001

Name: Bernard J. Beaudoin
Title: Chief Executive Officer

KANSAS CITY POWER AND LIGHT COMPANY

/s/ Bernard J. Beaudoin Date: March 5, 2001

Name: Bernard J. Beaudoin
Title: President and
Chief Executive Officer

KLT INC.

/s/ Mark G. English Date: March 5, 2001

Name: Mark G. English
Title: Vice President, General Counsel
and Secretary

GREAT PLAINS POWER, INCORPORATED

/s/ Marcus Jackson Date: March 5, 2001

Name: Marcus Jackson
Title: President

KCPL RECEIVABLE CORPORATION

/s/ Andrea F. Bielsker Date: March 5, 2001

Name: Andrea F. Bielsker
Title: President

ARTICLES OF INCORPORATION
OF
GREAT PLAINS ENERGY INCORPORATED

The undersigned natural person(s) of the age of eighteen years or more for the purpose of forming a corporation under the General and Business Corporation Law of Missouri adopts the following Articles of Incorporation:

ARTICLE ONE

The name of this corporation shall be GREAT PLAINS ENERGY INCORPORATED.

ARTICLE TWO

The address, including street and number, if any, of the corporation's initial registered office in this state is 1201 Walnut, Kansas City, Jackson County, Missouri 64106, but it shall have power to transact business anywhere in Missouri, and also in several states of the United States if and when so desired under the respective laws thereof regarding foreign corporations. The name of its initial agent at such address is Jeanie Sell Latz.

ARTICLE THREE

The amount of authorized capital stock of the Company is One Hundred Sixty-Two Million Nine Hundred Sixty-Two Thousand (162,962,000) shares divided into classes as follows:

Three Hundred Ninety Thousand (390,000) shares of Cumulative Preferred Stock, of the par value of One Hundred Dollars (\$100) each.

One Million Five Hundred Seventy-Two Thousand (1,572,000) shares of Cumulative No Par Preferred Stock without par value.

Eleven Million (11,000,000) shares of Preference Stock without par value.

One Hundred Fifty Million (150,000,000) shares of Common Stock without par value.

The preferences, qualifications, limitations, restrictions, and special or relative rights of the Cumulative Preferred Stock, the Cumulative No Par Preferred Stock, the Preference Stock and the Common Stock shall be as follows:

CUMULATIVE PREFERRED STOCK AND
CUMULATIVE NO PAR PREFERRED STOCK

(i) Series and Variations Between Series of Cumulative Preferred Stock. The Cumulative Preferred Stock may be divided into and issued in series. The Board of Directors is hereby expressly authorized to cause such shares to be issued from time to time in series, and, by resolution adopted prior to the issue of shares of a particular series, to fix and determine the following with respect to such series, as to which matters the shares of a particular series may vary from those of any or all other series:

(a) The distinctive serial designation of the shares of such series;

(b) The dividend rate thereof;

(c) The redemption price or prices and the terms of redemption (except as fixed in this Division A);

(d) The terms and amount of any sinking fund for the purchase or redemption thereof; and

(e) The terms and conditions, if any, under which said shares may be converted.

Except as the shares of a particular series of Cumulative Preferred Stock may vary from those of any or all other series in the foregoing respects, all of the shares of the Cumulative Preferred Stock, regardless

of series, shall in all respects be equal and shall have the preferences, rights, privileges and restrictions herein fixed.

(ii) Series and Variations Between Series of Cumulative No Par Preferred Stock. The Cumulative No Par Preferred Stock may be divided into and issued in series. The Board of Directors is hereby expressly authorized to cause such shares to be issued from time to time in series, and, by resolution adopted prior to the issue of shares of a particular series, to fix and determine the following with respect to such series, as to which matters the shares of a particular series may vary from those of any or all other series:

(a) The distinctive serial designation of the shares of such series;

(b) The dividend rate thereof;

(c) The redemption price or prices and the terms of redemption (except as fixed in this Division A);

(d) The terms and amount of any sinking fund for the purchase or redemption thereof;

(e) The terms and conditions, if any, under which said shares may be converted;

(f) The rights of the shares of the series in the event of involuntary dissolution or liquidation of the Company;

(g) The consideration to be paid for the shares of such series, and the portion of such consideration to be designated as stated value or capital; and

(h) Any other powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the shares of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of these Articles of Incorporation.

Except as the shares of a particular series of Cumulative No Par Preferred Stock may vary from those of any or all other series in the foregoing respects, all of the shares of the Cumulative No Par Preferred Stock, regardless of series, shall in all respects be equal and shall have the preferences, rights, privileges and restrictions herein fixed.

(iii) Dividends. The holders of shares of each series of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall be entitled to receive, as and when declared payable by the Board of Directors from funds legally available for the payment thereof, preferential dividends in lawful money of the United States of America at the rate per annum fixed and determined as herein authorized for the shares of such series, but no more, payable quarterly on the first day of each of the months of December, March, June and September (the quarterly dividend payment dates) in each year with respect to the quarterly period ending on the day prior to each such respective dividend payment date. Such dividends shall be cumulative with respect to each share from and including the quarterly dividend payment date next preceding the date of issue thereof unless (a) the date of issue be a quarterly dividend payment date, in which case dividends shall be cumulative from and including the date of issue, (b) issued during an interval between a record date for the payment of a quarterly dividend on shares of such series and the payment date for such dividend, in which case dividends shall be cumulative from and including such payment date, or (c) the Board of Directors shall determine that the first dividend with respect to shares of a particular series issued during an interval between quarterly dividend payment dates shall be cumulative from and including a date during such interval, in which event dividends shall be cumulative from and including such date. No dividends shall be declared on shares of any series of Cumulative Preferred Stock or Cumulative No Par Preferred Stock in respect of accumulations for any quarterly dividend period or portion thereof unless dividends shall likewise be or have been declared with respect to accumulations on all then outstanding shares of each other series of Cumulative Preferred Stock and Cumulative No Par Preferred Stock for the same period or portion thereof; and the ratios of the dividends declared to dividends accumulated with respect to any quarterly dividend period on the shares of each series outstanding shall be identical. Accumulations of dividends shall not bear interest.

So long as any shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock remain outstanding, no dividend shall be paid or declared, or other distribution made, on shares of junior stock, nor shall any shares of junior stock be purchased, redeemed, retired or otherwise acquired for a consideration (a) unless preferential dividends on

outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock for the current and all past quarterly dividend periods shall have been paid, or declared and set apart for payment, provided, however, that the restrictions of this subparagraph (a) shall not apply to the declaration and payment of dividends on shares of junior stock if payable solely in shares of junior stock, nor to the acquisition of any shares of junior stock through application of proceeds of any shares of junior stock sold at or about the time of such acquisition, nor shall such restrictions prevent the transfer of any amount from surplus to stated capital; and (b) except to the extent of earned surplus, provided, however, that the restrictions in this subparagraph (b) shall not apply to any of the acts described in the proviso set forth in subparagraph (a) above and shall not apply either to the acquisition of any shares of junior stock issued after December 1, 1946, to the extent of the proceeds received for the issue of such shares, or to the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration said dividend conforms with the provisions of this subparagraph (b).

(iv) Liquidation Preferences. In the event of voluntary dissolution or liquidation of the Company, the holders of outstanding shares of each series of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall be entitled to receive out of the assets of the Company an amount per share equal to that which such holders would have been entitled to receive had shares held by them been redeemed (otherwise than through operation of a sinking fund) on the date fixed for payment, but no more. In the event of involuntary dissolution or liquidation of the Company, (a) the holders of shares of Cumulative Preferred Stock of each series outstanding shall be entitled to receive out of the assets of the Company \$100 per share, plus preferential dividends at the rate fixed and determined for such series as herein authorized, accrued, and unpaid to the date fixed for payment, but no more; and (b) the holders of shares of Cumulative No Par Preferred Stock of each series shall be entitled to receive out of the assets of the Company the amount per share fixed and determined for such series as herein authorized, plus preferential dividends at the rate fixed and determined for such series as herein authorized, accrued and unpaid to the date fixed for payment, but no more. Until payment to the holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock as aforesaid, or until moneys or other assets sufficient for such payment shall have been set apart for payment by the Company, separate and apart from its other funds and assets for the account of such holders, so as to be and continue to be available for payment to such holders, no payment or distribution shall be made to holders of shares of junior stock in connection with or upon such dissolution or liquidation. If upon any such dissolution or liquidation the assets of the Company available for payment and distribution to shareholders are insufficient to make payment in full, as hereinabove provided, to the holders of shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock, payment shall be made to such holders ratably in accordance with the payment each such holder would have been entitled to receive as hereinabove provided.

Neither a consolidation nor merger of the Company with or into any other corporation, nor a merger of any other corporation into the Company, nor the purchase or redemption of all or any part of the outstanding shares of any class or classes of stock of the Company, nor the sale or transfer of the property and business of the Company as or substantially as an entirety shall be construed to be a dissolution or liquidation of the Company within the meaning of the foregoing provisions.

(v) Redemption and Repurchase. The Company may, at its option expressed by vote of the Board of Directors, at any time or from time to time redeem the whole or any part of the Cumulative Preferred Stock, or of any series thereof, or Cumulative No Par Preferred Stock, or any series thereof, at the redemption price or prices at the time in effect, any such redemption to be on such redemption date and at such place in the City of Kansas City, State of Missouri, or in the City, County and State of New York, as shall likewise be determined by vote of the Board of Directors. Notice of any proposed redemption of shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock shall be given by the Company by mailing a copy of such notice, not more than 60 or less than 30 days prior to the redemption date, to the holders of record of the shares to be redeemed, at their respective addresses then appearing on the books of the Company; and by publishing such notice at least once in each week for four successive weeks in a newspaper customarily published at least on each business day, other than Sundays and holidays, which is printed in the English language and published and of general circulation in the Borough of Manhattan, City and State of New York, and in such a newspaper so printed which is published and of general circulation in the City of Kansas City, State of Missouri. Publication of such notice shall be commenced not more than 60 days, and shall be concluded no less than 30 days, prior to the redemption date, but such notice need not necessarily be published on the same day of each week or in the same newspaper. In case less than all of

the shares of any series are to be redeemed, the shares so to be redeemed shall be determined by lot in such manner as may be prescribed by the Board of Directors, and the certificates evidencing such shares shall be specified by number in the notice of such redemption. On the redemption date the Company shall, and at any time within 60 days prior to such redemption date may, deposit in trust, for the account of the holders of shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock to be redeemed, funds necessary for such redemption with a bank or trust company in good standing, organized under the laws of the United States of America or of the State of Missouri or of the State of New York, doing business in the City of Kansas City, Missouri, or in the City, County and State of New York and having combined capital, surplus and undivided profits of at least \$5,000,000, which shall be designated in such notice of redemption. Notice of redemption having been duly given, or said bank or trust company having been irrevocably authorized by the Company to give such notice, and funds necessary for such redemption having been deposited, all as aforesaid, all shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock with respect to which such deposit shall have been made shall forthwith, whether or not the date fixed for such redemption shall have occurred or the certificates for such shares shall have been surrendered for cancellation, be deemed no longer to be outstanding for any purpose, and all rights with respect to such shares shall thereupon cease and terminate, excepting only the right of the holders of the certificates for such shares to receive, out of the funds so deposited in trust, on the redemption date (unless an earlier date is fixed by the Board of Directors), the redemption funds, without interest, to which they are entitled, and the right to exercise any privilege of conversion not theretofore expiring, the Company to be entitled to the return of any funds deposited for redemption of shares converted pursuant to such privilege. At the expiration of six years after the redemption date such trust shall terminate. Any such moneys then remaining on deposit, together with any interest thereon which may be allowed by the bank or trust company with which the deposit shall have been made, shall be paid by it to the Company, free of trust, and thereafter the holders of the certificates for such shares shall have no claim against such bank or trust company but only claims as unsecured creditors against the Company for the amounts payable upon redemption thereof, without interest. Interest, if any, allowed by the bank or trust company as aforesaid shall belong to the Company.

Subject to applicable law, the Company may from time to time purchase or otherwise acquire outstanding shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock at a price per share not exceeding the amount (inclusive of any accrued dividends) then payable in the event of redemption thereof otherwise than through operation of a sinking fund, if any.

Any and all shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock which shall at any time have been redeemed or purchased through operation of any sinking fund with respect thereto, or which shall have been converted into or exchanged for shares of any other class or classes or other securities of the Company pursuant to a right of conversion or exchange reserved in such Cumulative Preferred Stock or Cumulative No Par Preferred Stock, shall be canceled and shall not be reissued, and the Company shall, from time to time, take such corporate action as may be appropriate or necessary to reduce the authorized number of shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock accordingly.

(vi) Voting Rights. So long as any shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock are outstanding, the Company shall not, without the consent (given by vote in person or by proxy at a meeting called for that purpose) of the holders of at least two-thirds of the outstanding shares of Cumulative Preferred Stock and at least two-thirds of the outstanding shares of Cumulative No Par Preferred Stock, voting separately as classes:

(a) Increase the amount of Cumulative Preferred Stock or Cumulative No Par Preferred Stock at the time authorized;

(b) Create or authorize any shares of senior or parity stock, or create or authorize any obligation or security convertible into any such shares;

(c) Alter or change the preferences, priorities, special rights or special powers of then outstanding Cumulative Preferred Stock or Cumulative No Par Preferred Stock so as to affect the holders thereof adversely, provided, however, if any such alteration or change would adversely affect the holders of one or more, but not all, of the series of Cumulative Preferred Stock or Cumulative No Par Preferred Stock at the time outstanding, only the consent of holders of two-thirds of the shares of each series so affected shall be required; or

(d) Issue, sell or otherwise dispose of shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock or any shares of senior or parity stock, or securities convertible into shares of Cumulative Preferred Stock, Cumulative No Par Preferred Stock or senior or parity stock, other than in exchange for or in connection with the retirement (by redemption or otherwise) of, not less than a like number of shares of Cumulative Preferred Stock, Cumulative No Par Preferred Stock or senior or parity stock, or securities convertible into not less than a like number of such shares, as the case may be, at the time outstanding, unless

Immediately after such proposed issue, sale or other disposition, the aggregate of the capital of the Company applicable to all shares of Common Stock then to be outstanding (including premium on all shares of Common Stock) plus earned surplus and paid in or capital surplus, shall be at least equal to the involuntary liquidation preference of all shares of Cumulative Preferred Stock, Cumulative No Par Preferred Stock and senior or parity stock then to be outstanding, provided that until such additional shares or securities, as the case may be, or the equivalent thereof (in terms of involuntary liquidating preference) in shares of Cumulative Preferred Stock, Cumulative No Par Preferred Stock or senior or parity stock, shall have been retired, earned surplus of the Company used to meet the requirements of this clause in connection with the issuance of additional shares of Cumulative Preferred Stock, Cumulative No Par Preferred Stock or senior or parity stock or securities convertible into either thereof shall not, after the issue of such shares or securities, be available for dividends or other distribution Common Stock (other than dividends payable in Common Stock), except in an amount equal to the cash subsequently received by the Company as a contribution to its Common Stock capital or as consideration for the issuance of additional shares of Common Stock; and

The gross income of the Company for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the issuance, sale or other disposition of such shares, determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises, or, in the absence thereof, in accordance with sound accounting practice (but in any event after deducting the amount for said period charged by the Company on its books to depreciation expense and taxes) to be available for the payment of interest, shall have been equal to at least one and one-half times the sum of (x) the interest charges for one year on all interest bearing indebtedness of the Company (plus all amortization of debt discount and expense, and less all amortization of premium on debt, applicable to the aforesaid 12 months' period) and (y) the dividend requirements for one year on all outstanding Cumulative Preferred Stock, Cumulative No Par Preferred Stock and senior and parity stock; and for the purpose of both such computations the shares and any indebtedness then proposed to be issued shall be included, and any indebtedness and shares then proposed to be retired shall be excluded, and in determining such gross income the Board of Directors shall make such adjustments, by way of increase or decrease in such gross income, as shall in its opinion be necessary to give effect, for the entire 12 months for which such gross income is determined, to any acquisition or disposition of property, the income from which can be separately ascertained.

So long as any Cumulative Preferred Stock or any Cumulative No Par Preferred Stock is outstanding, the Company shall not, without the consent (given by vote in person or by proxy at a meeting called for that purpose) of the holders of at least a majority of the total number of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock, voting as a single class:

(e) Merge or consolidate with or into any other corporation, provided that this provision shall not apply to a purchase or other acquisition by the Company of franchises or assets of another corporation in any manner which does not involve a statutory merger or consolidation; or

(f) Sell, lease, or exchange all or substantially all of its property and assets, unless the fair value of the net assets of the Company, after completion of such transaction, shall at least equal the then involuntary liquidation value of Cumulative Preferred Stock of all series, Cumulative No Par Preferred Stock of all series, and all senior or parity stock, then outstanding; or

(g) Intentionally omitted.

No consent of the holders of Cumulative Preferred Stock or Cumulative No Par Preferred Stock provided for in paragraph (e) or (f) above shall be required with respect to any consolidation, merger, sale, lease or exchange ordered, approved or permitted by the Securities and

Exchange Commission under the Public Utility Holding Company Act of 1935, or by any successor commission or regulatory authority of the United States having jurisdiction in the premises. No consent hereinbefore in this subdivision (vi) provided for shall be required in the case of the holders of any shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock which are to be redeemed at or prior to the time when an alteration or change is to take effect, or at or prior to the time of authorization, issuance, sale or other disposition of any additional Cumulative Preferred Stock, Cumulative No Par Preferred Stock or shares of senior or parity stock or convertible securities, or a consolidation or merger is to take effect, as the case may be.

If at any time dividends on any of the outstanding shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock shall be in default in an amount equivalent to four or more full quarterly dividends, the holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock, voting as a single class, shall be entitled to elect the smallest number of Directors necessary to constitute a majority of the full Board of Directors, which right shall continue in force and effect until all arrears of dividends on outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall have been declared and paid or deposited in trust with a bank or trust company having the qualifications set forth in subdivision (v) of this Division A for payment on or before the next succeeding dividend payment date. When all such arrears have been declared and paid or deposited in trust for payment as aforesaid, such right to elect a majority of the Board of Directors shall cease and terminate unless and until the equivalent of four or more full quarterly dividends shall again be in default on outstanding shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock. Such right to elect a majority of the Board of Directors is subject to the following terms and conditions:

(h) While holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock remain entitled to elect a majority of the Board of Directors as aforesaid, the payment of dividends on such stock including dividends in arrears, shall not be unreasonably withheld if the financial condition of the Company permits payment thereof;

(i) Such right to elect a majority of the Board of Directors may be exercised at any annual meeting of shareholders, or, within the limitations herein provided, at a special meeting of shareholders held for such purpose. Whenever such right to elect a majority of the Board of Directors shall vest, on request signed by any holder of record of shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock then outstanding and delivered to the Company's principal office not less than 120 days prior to the date of the annual meeting next following the date when such right vests, the President or a Vice-President of the Company shall call a special meeting of shareholders to be held within 30 days after receipt of such request for the purpose of electing a new Board of Directors of which holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall be entitled to elect the smallest number necessary to constitute a majority and holders of outstanding shares otherwise entitled to vote shall be entitled to elect the remaining Directors, in each case to serve until the next annual meeting of shareholders or until their successors shall be elected and shall qualify;

(j) Whenever, under the terms hereof, holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall be divested of the right to elect a majority of the Board of Directors, upon request signed by any holders of record of shares otherwise entitled to vote and delivered to the Company at its principal office not less than 120 days prior to the date for the annual meeting next following the date of such divesting, the President or a Vice-President of the Company shall call a special meeting of the holders of shares otherwise entitled to vote to be held within 30 days after receipt of such request for the purpose of electing a new Board of Directors to serve until the next annual meeting or until their respective successors shall be elected and shall qualify;

(k) If, while holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock are entitled to elect a majority of the Directors, the holders of shares entitled as a class to elect certain Directors shall fail to elect the full number of Directors which they are entitled to elect, either at an annual meeting of shareholders or a special meeting thereof held as in this subdivision (vi) provided, or at an adjourned session of either thereof held within a period of 90 days beginning with the date of such meeting, then after the expiration of such period holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock and holders of outstanding shares otherwise entitled to vote, voting as a single class, shall be entitled to elect such number of Directors as shall not have been

elected during such period by holders of outstanding shares of the class or classes then entitled to elect the same, to serve until the next annual meeting of shareholders or until their successors shall be elected and shall qualify. The term of office of all Directors in office immediately prior to the date of such annual or special meeting shall terminate as and when a full Board of Directors shall have been elected at such meeting or a later meeting of shareholders for the election of Directors, or an adjourned session of either thereof;

(l) At any annual or special meeting of the shareholders or adjournment thereof, held for the purpose of electing Directors while the holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall be entitled to elect a majority of the Board of Directors, the presence in person or by proxy of the holders of a majority of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock, counting all such shares as a single class, shall be necessary to constitute a quorum for the election by such class of a majority of the Board of Directors and the presence in person or by proxy of the holders of a majority of outstanding shares of a class otherwise entitled to vote shall be necessary to constitute a quorum of such class of shares for the election of Directors which holders of such class of shares are then entitled to elect. In case of a failure by the holders of any class or classes to elect, at such meeting or an adjourned session held within said period of 90 days, the number of Directors which they are entitled to elect at such meeting, such meeting shall be deemed ipso facto to have been adjourned to reconvene at 11:00 A.M., Central Standard Time, on the fourth full business day next following the close of such 90-day period, at which time, or at a subsequent adjourned session of such meeting, such number of Directors as shall not have been elected during such period by holders of outstanding shares of the class or classes then entitled to elect the same, may be elected by holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock and holders of outstanding shares otherwise entitled to vote, voting as a single class. Subject to the preceding provisions of this subdivision (vi), a majority of the holders of shares of any class or classes at the time present in person or by proxy shall have power to adjourn such meeting for the election of Directors by holders of shares of such class or classes from time to time without notice other than announcement at the meeting;

(m) At any election of Directors each holder of outstanding shares of any class entitled to vote thereat shall have the right to cast as many votes in the aggregate as shall equal the number of shares of such class held multiplied by the number of Directors to be elected by holders of shares of such class, and may cast the whole number of votes, either in person or by proxy, for one candidate, or distribute them among two or more candidates as such holder shall elect; and

(n) While the holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock remain entitled to elect a majority of the Board of Directors, any holder of record of outstanding shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock shall have the right, during regular business hours, in person or by a duly authorized representative, to examine the Company's stock records of Cumulative Preferred Stock and Cumulative No Par Preferred Stock for the purpose of communicating with other holders of shares of such stock with respect to the exercise of such right of election, and to make a list of such holders.

So long as any shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock are outstanding, the right of the Company, except as otherwise authorized by the consent (given by vote in person or by proxy at a meeting called for that purpose) of the holders of at least two-thirds of the total number of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock, voting as a single class, to pay or declare any dividends on its junior stock (other than dividends payable in junior stock) or to make any distribution on, or to purchase or otherwise acquire for value, any shares of its junior stock (each and all of such actions being hereafter embraced collectively in the term "dividends on its junior stock" and each thereof being regarded for purposes hereof as a "dividend"), shall be subject to the following limitations:

(o) If and so long as the junior stock equity (as hereinafter defined) at the end of the calendar month immediately preceding the date on which a dividend on the junior stock is declared is, or as a result of such dividend would become less than 20% of total capitalization (as hereinafter defined), the Company shall not declare dividends on any of its junior stock in an amount which, together with all other dividends on its junior stock declared within the year ending with but including the date of such dividend declaration, exceeds 50% of the net income of the Company available for dividends on its junior stock for the 12 consecutive calendar

months immediately preceding the month in which such dividend is declared; and

(p) If and so long as the junior stock equity (as hereinafter defined) at the end of the calendar month immediately preceding the date on which a dividend on its junior stock is declared is, or as a result of such dividend would become less than 25%, but more than 20% of total capitalization (as hereinafter defined), the Company shall not declare such dividend on its junior stock in an amount which, together with all other dividends on its junior stock declared within the year ending with but including the date of such dividend declaration, exceeds 75% of the net income of the Company available for dividends on its junior stock for the 12 consecutive calendar months immediately preceding the month in which such dividend is declared; and

(q) Except to the extent permitted by the preceding subparagraphs (o) and (p) the Company may not pay dividends on its junior stock which would reduce the junior stock equity below 25% of total capitalization. For the purposes of subparagraphs (d), (o), (p) and (q) of this subdivision (vi):

The total capitalization of the Company shall be deemed to consist of the sum of (x) the principal amount of all outstanding indebtedness of the Company represented by bonds, notes or other evidences of indebtedness maturing by their terms one year or more from the date of issue thereof, (y) the aggregate amount of par or stated capital represented by all issued and outstanding capital stock of all classes of the Company having preference as to dividends or upon liquidation over its junior stock (including premiums on stock of such classes), and (z) the junior stock equity of the Company (as hereinafter defined).

The junior stock equity of the Company shall be deemed to consist of the sum of the amount of par or stated capital represented by all issued and outstanding junior stock, including premiums on junior stock, and the surplus (including paid-in or capital surplus) of the Company.

The surplus accounts shall be adjusted to eliminate the amount, if any, by which the total (as shown by the Company's books) of amounts expended by the Company after November 30, 1946, and up to the end of the latest calendar month ended prior to the proposed payment of dividends on its junior stock for maintenance and repairs to, and of provisions made by the Company during such period for depreciation of, the mortgaged property (as defined in the Company's Indenture of Mortgage and Deed of Trust, dated as of December 1, 1946) is less than the cumulative maintenance and replacement requirement for the period beginning December 1, 1946, and ending at the end of the latest calendar month concluded prior to said proposed payment, all as determined and calculated as though one or more maintenance and replacement certificates covering the entire period had been filed pursuant to the Company's Supplemental Indenture dated as of December 1, 1946, and otherwise in accordance with the provisions of said Supplemental Indenture.

In computing gross income and net income available for dividends on the Company's junior stock for any particular 12 months, operating expenses, among other things, shall include the greater of (x) the provision for depreciation of the mortgaged property (as defined as aforesaid) as recorded on the Company's books, or, (y) the amount by which expenditures by the Company during such period for maintenance and repairs of the mortgaged property (as defined as aforesaid) as shown by the Company's books is less than the maintenance and replacement requirement for such period, all as determined and calculated as though a maintenance certificate for such period had been filed pursuant to said Supplemental Indenture, and otherwise in accordance with said Supplemental Indenture.

In addition to the requirements set forth in the two immediately preceding clauses, net income available for dividends on the Company's junior stock and surplus (including paid-in or capital surplus) shall be determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises, or, in the absence thereof, in accordance with sound accounting practice.

Except as provided in this subdivision (vi) of this Division A, and as by statute at the time mandatorily provided, holders of outstanding shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall not be entitled to vote; and except as by statute at the time mandatorily provided, holders of shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock shall not be entitled to receive notice of any meeting of shareholders at which they are not entitled to vote or consent.

(vii) No Preemptive Rights. No holder of outstanding shares of

Cumulative Preferred Stock or Cumulative No Par Preferred Stock shall have any preemptive right to subscribe for or acquire any shares of stock or other securities of any kind hereafter issued by the Company.

B. PREFERENCE STOCK

(i) Series of Preference Stock. Shares of Preference Stock may be issued from time to time in one or more series as provided herein. Each such series shall be designated so as to distinguish the shares thereof from the shares of all other series, and shall have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the Articles of Incorporation or any amendment thereto or in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors pursuant to authority expressly vested in it by the provisions of this Articles of Incorporation, subject however, to the prior rights and preferences of the Cumulative Preferred Stock and the Cumulative No Par Preferred Stock with respect to dividends, liquidation, preferences, redemption and repurchase, and voting rights as set forth in Division A of this ARTICLE THIRD. Any of the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of any series of Preference Stock may be made dependent upon facts ascertainable outside these Articles of Incorporation or of any amendment thereto, or outside the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors, provided that the manner in which such facts shall operate upon the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of such class of stock is clearly and expressly set forth in these Articles of Incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors. The shares of Preference Stock of all series shall be of equal rank, and all shares of any particular series of Preference Stock shall be identical, except that, if the dividends, if any, thereon are cumulative, the date or dates from which they shall be cumulative may differ. The terms of any series of Preference Stock may vary from the terms of any other series of Preference Stock to the full extent now or hereafter permitted by the Missouri General and Business Corporation Law, and the terms of each series shall be fixed, prior to the issuance thereof, in the manner provided for herein. Without limiting the generality of the foregoing, shares of Preference Stock of different series may, subject to any applicable provisions of law, vary with respect to the following terms:

(a) The distinctive designation of such series and the number of shares of such series;

(b) The rate or rates at which shares of such series shall be entitled to receive dividends, the conditions upon, and the times of payment of such dividends, the relationship and preference, if any, of such dividends to dividends payable on any other class or classes or any other series of stock, and whether such dividends shall be cumulative or noncumulative, and, if cumulative, the date or dates from which such dividends shall be cumulative;

(c) The right, if any, to exchange or convert the shares of such series into shares of any other class or classes, or of any other series of the same or any other class or classes of stock of the Company, and if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments, if any, at which such conversion or exchange may be made;

(d) If shares of such series are subject to redemption, the time or times and the price or prices at which, at the terms and conditions on which, such shares shall be redeemable;

(e) The preference of the shares of such series as to both dividends and assets in the event of any voluntary or involuntary liquidation or dissolution or winding up or distribution of assets of the Company;

(f) The obligation, if any, of the Company to purchase, redeem or retire shares of such series and/or maintain a fund for such purposes, and the amount or amounts to be payable from time to time for such purpose or into such fund, the number of shares to be purchased, redeemed or retired, and the other terms and conditions of any such obligation;

(g) The voting rights, if any, full or limited, to be given the shares of such series, including without limiting the generality of the foregoing, the right, if any, as a series or in conjunction with other series or classes, to elect one or more members of the Board of Directors either generally or at certain specified times or under certain circumstances, and restrictions, if any, on particular corporate acts

without a specified vote or consent of holders of such shares (such as, among others, restrictions on modifying the terms of such series of Preference Stock, authorizing or issuing additional shares of Preference Stock or creating any additional shares of Preference Stock or creating any class of stock ranking prior to or on a parity with the Preference Stock as to dividends or assets); and

(h) Any other preferences, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof.

(ii) Authority for Issuance Granted to Board of Directors. Authority is hereby expressly granted to and vested in the Board of Directors at any time or from time to time to issue the Preference Stock as Preference Stock of any series, and in connection with the creation of each such series, so far as not inconsistent with the provisions of this ARTICLE THREE applicable to all series of Preference Stock, to fix, prior to the issuance thereof, by resolution or resolutions providing for the issue of shares thereof, the authorized number of shares of such series, which number may be increased, unless otherwise provided by the Board of Directors in creating such series, or decreased, but not below the number of shares thereof then outstanding, from time to time by like action of the Board of Directors, the voting powers of such series and the designations, rights, preferences, and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, of such series.

C. COMMON STOCK

(i) Dividends. Subject to the limitations in this ARTICLE THREE set forth, dividends may be paid on the Common Stock out of any funds legally available for the purpose, when and as declared by the Board of Directors.

(ii) Liquidation Rights. In the event of any liquidation or dissolution of the Company, after there shall have been paid to or set aside for the holders of outstanding shares having superior liquidation preferences to Common Stock the full preferential amounts to which they are respectively entitled, the holders of outstanding shares of Common Stock shall be entitled to receive pro rata, according to the number of shares held by each, the remaining assets of the Company available for distribution.

(iii) Voting Rights. Except as set forth in this ARTICLE THIRD or as by statute otherwise mandatorily provided, the holders of the Common Stock shall exclusively possess full voting powers for the election of Directors and for all other purposes.

D. GENERAL

(i) Consideration for Shares. Subject to applicable law, the shares of the Company, now or hereafter authorized, may be issued for such consideration as may be fixed from time to time by the Board of Directors. Subject to applicable law and to the provisions of this ARTICLE THREE, shares of the Company issued and thereafter acquired by the Company may be disposed of by the Company for such consideration as may be fixed from time to time by the Board of Directors.

(ii) Crediting Consideration to Capital. The entire consideration hereafter received upon the issuance of shares of Common Stock without par value shall be credited to capital, and this requirement may not be eliminated or amended without the affirmative vote or consent of the holders of two-thirds of the outstanding Common Stock.

E. CERTAIN DEFINITIONS

In this ARTICLE THREE, and in any resolution of the Board of Directors adopted pursuant to this ARTICLE THIRD establishing a series of Cumulative Preferred Stock, a series of Cumulative No Par Preferred Stock or a series of Preference Stock, and fixing the designation, description and terms thereof, the meanings below assigned shall control:

"Senior stock" shall mean shares of stock of any class ranking prior to shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock as to dividends or upon dissolution or liquidation;

"Parity stock" shall mean shares of stock of any class ranking on a parity with, but not prior to, shares of Cumulative Preferred Stock and Cumulative No Par Preferred Stock as to dividends or upon dissolution or liquidation;

"Junior stock" shall mean shares of stock of any class ranking subordinate to shares of Cumulative Preferred Stock or Cumulative No Par Preferred Stock as to dividends and upon dissolution or liquidation; and

Preferential dividends accrued and unpaid on a share of Cumulative Preferred Stock, Cumulative No Par Preferred Stock or Preference Stock, to any particular date shall mean an amount per share at the annual dividend rate applicable to such share for the period beginning with the date from and including which dividends on such share are cumulative and concluding on the day prior to such particular date, less the aggregate of all dividends paid with respect to such share during such period.

ARTICLE FOUR

No holder of outstanding shares of any class shall have any preemptive right to subscribe for or acquire shares of stock or any securities of any kind issued by the Corporation.

ARTICLE FIVE

The name and place of residence of each incorporator is as follows:

Bernard J. Beaudoin
11439 West 105th Street
Overland Park, Kansas 66214

ARTICLE SIX

The number of Directors to constitute the first Board of Directors shall be ten (10). Hereafter the number of directors shall be fixed by, or in the manner provided by the By-laws. Any changes in the number will be reported to the Secretary of State within thirty calendar days of such change.

ARTICLE SEVEN

The duration of the corporation is perpetual.

ARTICLE EIGHT

The corporation is formed for the following purposes:

The acquisition, construction, maintenance and operation of electric power and heating plant or plants and distribution systems therefor; the purchase of electrical current and of steam and of other heating mediums and forms of energy; distribution and sale thereof; the doing of all things necessary or incident to carrying on the business aforesaid in the State of Missouri and elsewhere, and generally the doing of all other things the law may authorize such a corporation so to do.

ARTICLE NINE

The Board of Directors may make, alter, amend or repeal By-laws of the Company by a majority vote of the whole Board of Directors at any regular meeting of the Board or at any special meeting of the Board if notice thereof has been given in the notice of such special meeting. Nothing in this ARTICLE NINE shall be construed to limit the power of the shareholders to make, alter, amend or repeal By-laws of the Company at any annual or special meeting of shareholders by a majority vote of the shareholders present and entitled to vote at such meeting, provided a quorum is present.

ARTICLE TEN

At any meeting of shareholders, a majority of the outstanding shares entitled to vote represented in person or by proxy shall constitute a quorum; provided, that less than such quorum shall have the right successively to adjourn the meeting to a specified date not longer than 90 days after such adjournment, and no notice need be given of such adjournment to shareholders not present at the meeting.

ARTICLE ELEVEN

These Articles of Incorporation may be amended in accordance with and upon the vote prescribed by the laws of the State of Missouri; provided, that in no event shall any such amendment be adopted after the date of the adoption of this ARTICLE ELEVEN without receiving the affirmative vote of at least a majority of the outstanding shares of the Company entitled to vote.

ARTICLE TWELVE

In addition to any affirmative vote required by these Articles of Incorporation or By-laws, the affirmative vote of the holders of at least 80% of the outstanding shares of Common Stock of the Company entitled to vote shall be required for the approval or authorization of any Business Combination with an Interested Shareholder; provided, however, that such 80% voting requirement shall not be applicable if:

(a) the Business Combination shall have been approved by a majority of the Continuing Directors; or

(b) the cash or the Fair Market Value of the property, securities or other consideration to be received per share by holders of the Common Stock in such Business Combination is not less than the highest per share price paid by or on behalf of the Interested Shareholder for any shares of Common Stock during the five-year period preceding the announcement of such Business Combination.

The following definitions shall apply for purposes of this ARTICLE TWELVE:

(a) The term "Business Combination" shall mean: (i) any merger or consolidation involving the Company or a subsidiary of the Company with or into an Interested Shareholder; (ii) any sale, lease, exchange, transfer or other disposition (in one transaction or a series) of any Substantial Part of the assets of the Company or a subsidiary of the Company to or with an Interested Shareholder; (iii) the issuance of any securities of the Company or a subsidiary of the Company to an Interested Shareholder other than the issuance on a pro rata basis to all holders of shares of the same class pursuant to a stock split or stock dividend; (iv) any recapitalization or reclassification or other transaction that would have the effect of increasing the proportionate voting power of an Interested Shareholder; (v) any liquidation, spinoff, splitup or dissolution of the Company proposed by or on behalf of an Interested Shareholder; or (vi) any agreement, contract, arrangement or understanding providing for any of the transactions described in this definition of Business Combination;

(b) The term "Interested Shareholder" shall mean and include (i) any individual, corporation, partnership or other person or entity which, together with its "Affiliates" or "Associates" (as defined on March 1, 1986, in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934) "beneficially owns" (as defined on March 1, 1986, in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934) in the aggregate 5% or more of the outstanding shares of the Common Stock of the Company, and (ii) any Affiliate or Associate of any such Interested Shareholder;

(c) The term "Continuing Director" shall mean any member of the Board of Directors of the Company who is unaffiliated with the Interested Shareholder and was a member of the Board of Directors prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Continuing Director if the successor is unaffiliated with the Interested Shareholder and is recommended or elected to succeed the Continuing Director by a majority of Continuing Directors;

(d) The term "Fair Market Value" shall mean: (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities and Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any similar system then in use, or, if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by a majority of the Continuing Directors; and (ii) in the case of property other than cash or stock, the Fair Market Value of such property on the date in question as determined by a majority of the Continuing Directors; and

(e) The term "Substantial Part" shall mean 10% or more of the Fair Market Value of the total assets as reflected on the most recent balance sheet existing at the time the shareholders of the Company would be required to approve or authorize the Business Combination involving the assets constituting any such Substantial Part.

Notwithstanding ARTICLE ELEVEN or any other provisions of these Articles of Incorporation or the By-laws of the Company (and not

withstanding the fact that a lesser percentage may be specified by law), this ARTICLE TWELVE may not be altered, amended or repealed except by the affirmative vote of the holders of at least 80% or more of the outstanding shares of Common Stock of the Company entitled to vote.

ARTICLE THIRTEEN

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Director or officer of the Company or is or was an employee of the Company acting within the scope and course of his or her employment or is or was serving at the request of the Company as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Company to the fullest extent authorized by The Missouri General and Business Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid to or to be paid in settlement) actually and reasonably incurred by such person in connection therewith. The Company may in its discretion by action of its Board of Directors provide indemnification to agents of the Company as provided for in this ARTICLE THIRTEEN. Such indemnification shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators.

(b) Rights Not Exclusive. The indemnification and other rights provided by this ARTICLE THIRTEEN shall not be deemed exclusive of any other rights to which a person may be entitled under any applicable law, By-laws of the Company, agreement, vote of shareholders or disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in any other capacity while holding the office of Director or officer, and the Company is hereby expressly authorized by the shareholders of the Company to enter into agreements with its Directors and officers which provide greater indemnification rights than that generally provided by The Missouri General and Business Corporation Law; provided, however, that no such further indemnity shall indemnify any person from or on account of such Director's or officer's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct. Any such agreement providing for further indemnity entered into pursuant to this ARTICLE THIRTEEN after the date of approval of this ARTICLE THIRTEEN by the Company's shareholders need not be further approved by the shareholders of the Company in order to be fully effective and enforceable.

Insurance. The Company may purchase and maintain insurance on behalf of any person who was or is a Director, officer, employee or agent of the Company, or was or is serving at the request of the Company as a Director, officer, employee or agent of another Company, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of this ARTICLE THIRTEEN.

Amendment. This ARTICLE THIRTEEN may be hereafter amended or repealed; however, no amendment or repeal shall reduce, terminate or otherwise adversely affect the right of a person entitled to obtain indemnification or an advance of expenses with respect to an action, suit or proceeding that pertains to or arises out of actions or omissions that occur prior to the later of (a) the effective date of such amendment or repeal; (b) the expiration date of such person's then current term of office with, or service for, the Company (provided such person has a stated term of office or service and completes such term); or (c) the effective date such person resigns his or her office or terminates his or her service (provided such person has a stated term of office or service but resigns prior to the expiration of such term).

IN WITNESS WHEREOF, these Articles of Incorporation have been signed on February 26, 2001.

By: /s/Bernard J. Beaudoin

Signature

Bernard J. Beaudoin

Printed Name

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, Jacquetta L. Hartman, a Notary Public, do hereby certify that on February 26, 2001, personally appeared before me Bernard J. Beaudoin, and being duly sworn by me, acknowledged that he/she signed as his/her own free act and deed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

(Notarial Seal or Stamp) /s/Jacquetta L. Hartman

Notary Public: Jacquetta L. Hartman

My commission expires: April 8, 2004

My County of Commission: Ray

EXHIBIT 1

3.80% CUMULATIVE PREFERRED STOCK

(a) ESTABLISHMENT OF SERIES AND DESIGNATION THEREOF. There shall be and hereby is established a series of Cumulative Preferred Stock, the distinctive serial designation of the shares of which shall be, and such shares shall be known as, 3.80% Cumulative Preferred Stock. Such series shall be a closed series consisting of One Hundred Thousand (100,000) shares of the Cumulative Preferred Stock.

(b) RATE OF DIVIDEND. The rate per annum for preferential dividends on the shares of 3.80% Cumulative Preferred Stock shall be \$3.80, which shall be cumulative from and including the date of issue thereof.

(c) PRICES AT WHICH REDEEMABLE. The shares of 3.80% Cumulative Preferred Stock shall be redeemable at any time after the issue thereof for \$103.70 per share plus preferential dividends at the rate aforesaid accrued and unpaid to the date of redemption.

(d) NO SINKING FUND. There shall be no sinking fund for the purchase or redemption of shares of 3.80% Cumulative Preferred Stock.

(e) NO CONVERSION PRIVILEGE. The shares of 3.80% Cumulative Preferred Stock shall not be convertible into other shares or securities of the Company.

EXHIBIT 2

4.50% CUMULATIVE PREFERRED STOCK

(a) ESTABLISHMENT OF SERIES AND DESIGNATION THEREOF. There shall be and hereby is established a second series of Cumulative Preferred Stock, the distinctive serial designation of the shares of which shall be, and the shares of which shall be known as, 4.50% Cumulative Preferred Stock. Such series shall be a closed series consisting of 100,00 shares of the Cumulative Preferred Stock.

(b) RATE OF DIVIDEND. The rate per annum for preferential dividends on the shares of 4.50% Cumulative Preferred Stock shall be \$4.50 per share, which shall be cumulative from and including the date of issue thereof.

(c) PRICES AT WHICH REDEEMABLE. The shares of 4.50% Cumulative Preferred Stock shall be redeemable at any time after the issue thereof for \$101.00 per share plus preferential dividends at the rate aforesaid accrued and unpaid to the date of redemption.

(d) NO SINKING FUND. There shall be no sinking fund for the purchase or redemption of shares of 4.50% Cumulative Preferred Stock.

(e) NO CONVERSION PRIVILEGE. The shares of 4.50% Cumulative Preferred Stock shall not be convertible into other shares or securities of the Company.

4.20% CUMULATIVE PREFERRED STOCK

(a) ESTABLISHMENT OF SERIES AND DESIGNATION THEREOF. There shall be and hereby is established a fourth series of Cumulative Preferred Stock, the distinctive serial designation of the shares of which shall be, and the shares of which shall be known as, 4.20% Cumulative Preferred Stock. Such series shall be a closed series consisting of 70,000 shares of the Cumulative Preferred Stock.

(b) RATE OF DIVIDEND. The rate per annum for preferential dividends on the shares of 4.20% Cumulative Preferred Stock shall be \$4.20 per share, which shall be cumulative from and including the date of issue thereof.

(c) PRICES AT WHICH REDEEMABLE. The shares of 4.20% Cumulative Preferred Stock shall be redeemable at any time after the issue thereof for \$102.00 per share plus preferential dividends at the rate aforesaid accrued and unpaid to the date of redemption.

(d) NO SINKING FUND. There shall be no sinking fund for the purchase or redemption of shares of 4.20% Cumulative Preferred Stock.

(e) NO CONVERSION PRIVILEGE. The shares of 4.20% Cumulative Preferred Stock shall not be convertible into other shares or securities of the Company.

EXHIBIT 4

4.35% CUMULATIVE PREFERRED STOCK

(a) ESTABLISHMENT OF SERIES AND DESIGNATION THEREOF. There shall be and hereby is established a fifth series of Cumulative Preferred Stock, the distinctive serial designation of the shares of which shall be, and the shares of which shall be known as, 4.35% Cumulative Preferred Stock. Such series shall be a closed series consisting of 120,000 shares of the Cumulative Preferred Stock.

(b) RATE OF DIVIDEND. The rate per annum for preferential dividends on the shares of 4.35% Cumulative Preferred Stock shall be \$4.35 per share, which shall be cumulative from and including the date of issue thereof.

(c) PRICES AT WHICH REDEEMABLE. The shares of 4.35% Cumulative Preferred Stock shall be redeemable at any time after the issue thereof for \$101.00 per share plus preferential dividends at the rate aforesaid accrued and unpaid to the date of redemption.

(d) NO SINKING FUND. There shall be no sinking fund for the purchase or redemption of shares of 4.35% Cumulative Preferred Stock.

(e) NO CONVERSION PRIVILEGE. The shares of 4.35% Cumulative Preferred Stock shall not be convertible into other shares or securities of the Company.

EXHIBIT E-1 Map of KCFL Service Arrea

[Graphic omitted]

EXHIBIT E-2 Post-Reorganization Organization Chart

[Graphic omitted]