

2008 Rate Case Frequently Asked Questions

To help you quickly and easily find the answers you need about our rate increase request, we've assembled these frequently asked questions.

Key Questions and Comprehensive Energy Plan

1] Why is KCP&L asking for a rate increase?

The primary drivers for this rate request include:

1] The need to be able to continue progress on our multi-year Comprehensive Energy Plan (CEP) designed to ensure affordable, reliable and clean electric power to ensure the needs of our community's bright future. Demand for electric power has increased for both residential and commercial customers. At the same time, costs of environmental controls and generating fuel continue to rise. Our plan addresses both the rising demand (through building new generation) as well as providing for greater control and certainty through needed investments for the future. The completion of our construction projects at the Iatan 1 generating station for environmental controls equipment will occur prior to the rate change next year.

In the Aquila service territories, increases will also go to fund environmental retrofit projects including initiatives at Sibley, Jeffrey Energy Center and Iatan 1. In addition, Aquila is adding peaking capacity with the Crossroads Energy Center.

2] While making progress on our plan for the future, operating costs have also gone up, most notably in areas such as labor, raw materials and gasoline. Those additional costs are not reflected in our current rates and must be recovered through this rate increase.

2] How do your investments make the future look any less uncertain?

Because they proactively address two things that are driving costs upward – mandated environmental improvements and the increased costs of generating fuel. Our plan includes putting new environmental investments in before mandates and is also ensuring that we'll be able to continue to use coal (which is the least expensive generating fuel)

3] Didn't KCP&L just raise rates last year and wasn't that also for both capital and operating costs as well?

Yes. Last year KCP&L received rulings from regulators in both Kansas and Missouri that allowed it to raise rates 6.4%% in Kansas, before including the impacts of adopting an energy adjustment clause, and 6.5% in Missouri. Those increases took effect on January 2008, and are being used to fund capital investments like those discussed above as well as recover increased operating costs. For example, the 2008 increase helped pay for the installation of new environmental equipment at our La Cygne generating station that has reduced by 85 percent the emissions that contribute to ground-level ozone in Kansas City. In 2005, Missouri and Kansas regulators unanimously approved Agreements and Stipulations that included a framework and timeline for implementation of the Comprehensive Energy Plan over the next few years. Included was a timeline for rate

cases to help the company recover investment costs associated with the plan. This is the third round of those rate cases.

4] What will these rate increases do to my typical residential bill?

Residential customers within the KCP&L system are classified according to where they live in the service territory. Customers in the original (pre-Aquila acquisition) KCP&L Missouri service territory are classified as KCP&L (MO). Customers in the original (pre-Aquila acquisition) Kansas service territory are classified as KCP&L (KS). Customers in the original Aquila Missouri Public Service territory are classified as KCP&L GMO (MPS). Customers in the original Aquila St. Joseph Light & Power territory are classified as KCP&L GMO (L&P). The table below reflects the impact on L&P electric rates, we are also asking for an increase in the L&P steam rates for commercial customers which is 7.7%.

Typical residential bills will increase in the following amounts (based on territory):

Territory	Rate Increase Percentage	Typical monthly increase
KCP&L (MO)	17.5	\$13.89
KCP&L (KS)	17.5	\$12.57
KCP&L GMO (MPS)	14.4	\$12.58
KCP&L GMO (L&P-Elec)	13.6	\$10.03

5] How do you determine what is a “typical customer”?

A typical residential customer uses 700 kWhs per month in winter and 1,200 kWhs in summer.

6] How close is the CEP to being completed and when will the last investment be done?

The CEP plan covers a five year period through the summer 2010. KCP&L’s new coal fired generation plant at Iatan is scheduled to be online by summer, 2010.

7] What percentage of this rate increase will fund the Comprehensive Energy Plan versus operating expenses?

See charts below for complete breakdown.

KCP&L (MO) Rate increase elements	Percentage increase
CEP investments	7.8%
Generating fuel	5.7%
Operating cost increases	4.6%
Plant capital investment	1.1%
Subtotal	19.2%
Less savings from Aquila transaction	-1.7%
Total rate request	17.5%

KCP&L (KS) Rate increase elements	Percentage increase
CEP investments	9.1%
Generating fuel*	0%
Operating cost increases	6.6%
Plant capital investment	1.8%
Subtotal	17.5%
Less savings from Aquila transaction**	0
Total rate request	17.5%
* Note: KS customers pay for generating fuel through a monthly fuel adjustment clause ** Note: KS customers will recover savings from Aquila transaction in next rate case per KS regulatory agreement	

GMO (MPS) Rate increase elements	Percentage increase
CEP investments*	0%
Plant environmental retrofits	4.0%
Operating cost increases	6.9%
Plant capital investment	5.7%
Generating fuel**	0
Subtotal	17.0%
Less savings from Aquila transaction	-2.2%
Total rate request	14.4%
* Note: Aquila was not part of KCP&L when the CEP was developed in 2005 ** Note: GMO (MPS) customers pay for generating fuel through a monthly fuel adjustment clause	

KCP&L GMO(L&P) Rate increase elements	Percentage increase
CEP investments*	0%
Plant environmental retrofits	11.2%
Operating cost increases	1.9%
Plant capital investment	2.7%
Generating fuel**	0
Subtotal	15.8%
Less savings from Aquila transaction	-2.2%
Total rate request	13.6%
* Note: Aquila was not part of KCP&L when the CEP was developed in 2005 ** Note: GMO (L&P) customers pay for generating fuel through a monthly fuel adjustment clause	

8] Why is the portion for operating expenses so large?

Operating expenses have increased, in some cases substantially. Until last year, our customers had not had a rate increase in nearly 20 years – meaning that the company absorbed any increasing operating costs prior to that time. Now, costs are rising to the point that we must seek recovery in customer rates. In addition, revenue generated through sales of excess power on the wholesale market is now included as a credit to customers thus profit from these off-system sales which were instrumental in the past in offsetting rising costs is no longer available.

9] What are some examples of rising costs?

Costs for coal, our primary generation fuel currently, have risen recently. Costs for power we purchase on the wholesale market in times of peak demand has also gone up. Operating costs have also risen, including labor, raw materials and gasoline.

10] What about the portion for investments? How will that portion be used?

Much of capital investment portion of the rate case will go toward environmental retrofits like the one at the Iatan 1 generating station near Weston to be placed in service in early 2009. KCP&L is adding at the Iatan 1 generating station: (i) a selective catalytic reduction facility (“SCR”); (ii) a flue gas desulphurization unit (“Scrubber”); and (iii) a fabric filter system for the removal of particulates (“Baghouse”). The SCR unit will catalytically reduce flue gas nitrogen oxides (NOx). This technology is the most effective method available for reducing NOx emissions in plants like Iatan and will greatly improve air quality in the Kansas City region (including reductions in ground level ozone). The remaining portion of capital investments will recover the capital costs for routine capital additions and replacements.

11] Are you raising rates to help pay for the recent acquisition of Aquila?

No. As stated during the public Commission hearings, rates will not increase as a result of the acquisition costs. In fact, because of savings yielded by the acquisition, this rate

increase request is approximately \$23 million less in Missouri than it would have been without the transaction. See the charts under Question 6 for detail on synergy savings by jurisdiction.

12] Why are there no synergy savings in Kansas to help those ratepayers keep their increase lower?

The Kansas Corporation Commission set the way in which Kansas customers will receive synergy savings from the transaction differently. They chose to wait until the completion of the next regulatory test year and collect any synergy savings due to Kansas customers within the next Kansas rate case.

13] What about the millions in savings promised by the Aquila transaction? It doesn't seem like that's helping if you're already having to raise rates.

One of the major goals of the acquisition was to generate more than \$500 million in operational synergy savings over the next ten years. Even though the transaction closed just last month, those savings are already providing benefits. These rate increases are approximately \$23 million less than they would have been without the transaction.

14] How much has demand increased and is that important?

On average, KCP&L residential customers use 42% more electricity today than in 1986 (bigger homes, more appliances, etc.). In addition, our community is growing on the commercial front, with nearly \$1 billion of new economic development in the downtown district alone. We must meet that increasing demand and our CEP does that by outlining a comprehensive set of investments to ensure plentiful, safe and reliable power for the future.

15] When you launched the Comprehensive Energy Plan, you said that rates would increase about 25% total. In the last two years they've already gone up between 14 and 18% and now will go up double digits again. So does this mean the plan is costing more than you first thought?

A major factor in each rate case has not only been the CEP investments, but also the need for us to recover increased operating and fuel expenses. Prior to 2005, those expenses had remained relatively flat. Both have risen each consecutive year since the CEP announcement which meant that we've had to seek recovery through rate requests. Even with these increases, however, we still believe that CEP-related increases will come in at about 25-28% total.

16] If I live in one state, will I be paying for construction of generation facilities that are located in the other state?

The legacy KCP&L system serves both Kansas and Missouri. KCP&L Missouri and Kansas are served from common generation plants that are shared. The rates in Missouri and Kansas are based on an allocation of plants between the two states approved by the Commissions. Aquila has two operating jurisdictions: the MPS territory and the L&P territory. Each territory has plants specifically assigned to them and the rates charged in those territories are based on the costs of those specific plants approved by the Commission. The construction of the Iatan 1 environmental equipment and the Iatan 2

generating plant are primarily owned by KCP&L. Aquila owns 18% of both of these plants. Rates are based on the specific assignments of the plants.

17] What about the Aquila customers? They'll benefit from the investments too. Are they paying their fair share?

Former Aquila customers pay for investments included on their system. The former Aquila is a partner in the Iatan 1 and 2 generating units and their share of those units will be included in rates billed to former Aquila customers.

Rate Increase Process

18] When would new rates or pricing go into effect?

We will be requesting an effective date of August 5, 2009 for Missouri and July 5, 2009 for Kansas.

19] How can we be sure new rates will be fair and reasonable?

We work hard to ensure that rates are fair and reasonable and work with regulators on that issue as well (state utility regulators must approve all rate increases). KCP&L's costs and operations are examined in detail, and rates are set to recover only those costs fundamental to providing safe, reliable, affordable service.

20] What is the regulatory process, and how does the system work?

Utilities file requests for rate increases with the state regulatory commissions for Missouri and Kansas. In this Missouri rate case, the staff of the commission, KCP&L, and any interveners will spend several months reviewing the evidence, resolving issues, and attending hearings. There are two methods of resolution. One is that all parties reach an agreement called a "Stipulation and Agreement" and seek Commission approval. This would be a negotiated settlement. The other process is more litigious and would be tried before the Commission in a hearing (this is referred to as a contested case). After the hearing, the Commission would make a ruling and decide the case. Often, many of the issues are settled and documented in a Stipulation and Agreement and only the unresolved issues are taken before the commission. Regardless of the process ultimately used in this instance, new rates would not be effective until August 5, 2009 for Missouri and July 5th in Kansas.

21] Why are rate increases in different parts of the KCP&L service territory different?

. There are differences in the kinds of customers KCP&L serves in each state and differences in our cost to serve each group of customers. Also, the success of adequately setting rates in prior cases that adequately recovered operating costs and capital investments differs between regulatory jurisdictions. Finally, jurisdictions often set different mechanisms and time frames to recover certain types of costs. It is these differences that drive different pricing overall, and therefore different increases. In addition, assets, plant and equipment, used to serve customers in the former Aquila service area are separate and distinct from those that serve KCP&L customers. Thus, rates will be different between all the service areas.

22] How do KCP&L’s rates compare with utilities in other areas of the country?

2008: According to Edison Electric Institute’s December 31, 2007 rankings, the national average residential rate for the twelve months ending June 30, 2006, was 10.95¢ per kWh. KCP&L’s residential average rate for the same period was 7.51¢ per kWh, almost **32%** below the national average. These averages were based on rates in effect during the survey period, and neither reflects our 2007 rate increase nor other changes in rates in progress around the country. Even with our 2008 rate increase, we are over **24%** below the national average.

23] How do electricity price increases compare with other energy forms like gasoline, natural gas or home heating oil?

Electricity in this area, even with this increase, is still very affordable relative to other types of energy. For instance, gasoline prices have risen in excess of 100% in the last 3-4 years. Natural gas is up more than 50%.

24] Will all classes of customers — residential, commercial, and industrial — receive the same increase?

Although we are asking for an equal percentage increase for all customer classes, part of the case will include rate design negotiations that might cause the overall allowed rate increase to be spread to customer classes in different proportions .

Effect on Customer’s bill

25] What will this rate increase do to my typical residential bill?

Increases will be different in each of the four jurisdictions but will average an increase of about \$12.27 to a typical residential customer’s bill.

26] I live in Kansas so I understand that generation fuel increases are already factored into my bill with the “ECA” provision? So am I paying twice for increased fuel costs?

No. The increase for Kansas customers will not include costs for fuel increases since those are already recovered in the ECA, which is a separate monthly customer charge for generation fuel used. Increased fuel costs are also not included in the rate requests in the former Aquila service territories (MPS and L&P) as those customers also have a monthly fuel adjustment charge.

27] Can you explain the customer fuel adjustment charge? Shouldn’t KCP&L’s cost to produce energy be included as part of my regular bill? Is this an extra charge?

Fuel adjustments charges (FAC) are a way to ensure that customer segments pay only for the actual cost of fuel they use during a certain time period (rather than estimating fuel costs and placing the estimated fuel costs in base rates as was traditional). We support these adjustment charges because we think they are inherently more fair and accurate

than traditional means. They have been used for many years in the natural gas industry and allow customers to pay for the actual cost of fuel they use instead of relying on estimates.

Since customers in all but KCP&L (MO) have a fuel adjustment charge (called an energy cost adjustment or ECA for KCP&L Kansas customers), this rate increase request (which only applies to base rates) does not include any impact from the increased cost of fuel.

28] How is my ECA or FAC determined?

Although the KCP&L Kansas ECA and Aquila FAC mechanisms have different components included in their factors, the ECA/FAC amount is calculated by multiplying the monthly ECA/FAC factor by the KWH used during the month. The KCP&L Kansas ECA factors for the first quarter of 2008 are noted on your bill and can also be found on our website at www.kcpl.com/about/ratesrules.html.

29] How is the KCP&L Kansas ECA factor calculated?

KCP&L forecasts the cost that will be incurred in producing and purchasing power, less estimated profit on the sales of excess energy in the wholesale market, on a quarterly basis to determine the ECA factor for upcoming months.

30] What if the projection is too high?

KCP&L, in conjunction with the regulatory commissions, perform reviews to ensure customers are not over or under billed. Any variance from the actual costs incurred will be corrected in future ECA factors. These corrections should be minimal on an annual basis due to frequent forecast updates.

31] How much is the ECA?

Since ECAs are based on the costs to produce and purchase monthly energy, sales profit margins on the sale of excess energy, the amount you are billed will be different throughout the year; highest in summer and lowest in winter. The current ECA rate will be posted on our website at www.kcpl.com/about/ratesrules.html.

32] How is the Aquila FAC factor calculated?

Aquila rates for the MPS and L&P territories include a certain level of fuel costs in their rates. The FAC factor charges for a portion (95%) of the incremental changes above or below that amount that is included in rates. The other 5% is absorbed by the Company. An adjustment is made for each 6 month period after the costs have been incurred to recover the difference from the amount that is in the current rates. This difference is recovered over a 12 month period. Aquila, in conjunction with the regulatory commissions, reviews the FAC to ensure customers are not over or under billed. Any variance from the actual costs incurred will be corrected in future ECA factors. These corrections should be minimal on an annual basis due to frequent forecast updates.

33] If rates here are still far below the national average, why has my bill gone up for many years?

The price you paid for each kWh of electricity actually went down a few times from 1988 – 2006. In 2007, KCP&L had its first rate increase in 20 years. The majority of the increase in your bill over the years has been due to the amount of electricity you actually use rather than an increase in per unit cost. On average, KCP&L residential customers use 42% more electricity today than in 1986. To illustrate that, the average number of TVs per household has increased more than 33%, and a 50-inch plasma unit uses four times the energy of a standard 27-inch set. Add to that the fact that average square footage for homes in our area has gone up by 18% over the same period and it's easy to see why bills have risen.

34] Can I expect improvements in my electric service if my rates increase?

KCP&L currently ranks among the best electric utilities in the country when it comes to customer service and reliability. Part of this rate increase is to make sure we are able to maintain this level of confidence, customer service and reliability. As part of our Comprehensive Energy Plan, KCP&L is initiating specific programs to offer customers more control over their energy use and more ways to save energy, along with improvements to our delivery system to ensure service reliability.

35] I see that KCP&L is a title sponsor of the Kansas City Power & Light District. Am I paying for that sponsorship through my rates?

Advertising and other expenses related to safety , energy efficiency and energy usage education are included in rates. This particular sponsorship is specifically designed to help us educate customers about our services. In the past several months, we've begun adding educational kiosks that describe our customer energy efficiency programs, renewable energy efforts and other initiatives. We have even more educational projects in the district planned for next year. Our marketing research has shown that the sponsorship is extremely cost-effective and allows us to directly touch the hundreds of thousands of people who are utilizing this new downtown venue.

36] My business uses electric heating equipment. Will my lower winter season heat rate be taken away? Will space heating rates go up more than KCP&L's other electric rates?

In the Missouri service area of KCP&L excluding the former service area of Aquila, the winter electric heating rate for commercial and industrial customers only that are separately metered are proposed to increase 5% more than the average increase. In its last rate increase case the Commission ordered the Company to perform a specific cost study to determine if the electric heat rates should be increase more than average. KCP&L has completed that study and the results of that study indicate an additional 5% increase for electric heating customers is appropriate.

37] What can individuals do to help keep their bills lower?

KCP&L is a leader in development of energy efficiency and demand response programs to help customers join with us in lowering overall demand and reducing carbon footprint. We have more than a dozen programs available including notable initiatives like our Energy Optimizer program that provides a free, programmable thermostat in qualifying

customer homes. We've established an online resource to help you investigate these and other programs to save money on your energy bill. Go to <http://www.kcpl.com/efficiency/hee.html> to find out more information.