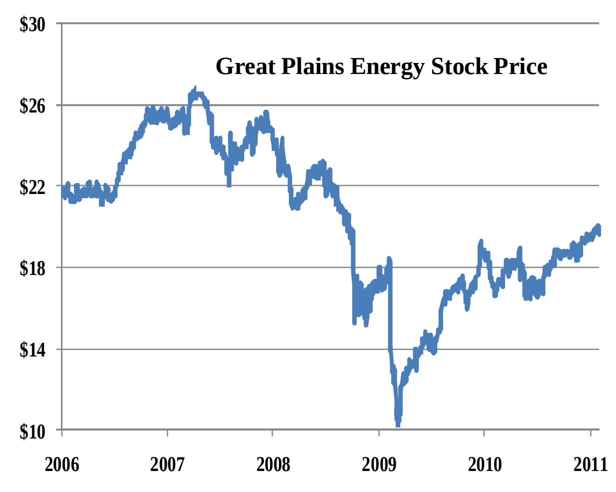
Date:	**February 11, 2011**
Recommendation:	**HOLD**
Price Objective:	**$20.00**



Summary Statistics:	GXP	Comp Median
52 Week Price Range	$16.63-$20.14	
Price (Jan. 10)	$20.08	
Market Cap ($MM)	2,749	3,586
Enterprise Value ($MM)	6,544	6,490
Dil. Shares Outstanding (MM)	137	110
Book Value/Share	$21.29	$23.77
Debt/Total Capital %	58.0	51.0
ROE % (ttm)	7.2	8.6
Dividend Yield %	4.2	4.9
P/B (ttm)	0.9x	1.3x
FY12 P/E	11.5x	13.x
FY12 TEV/EBITDA	7.1x	6.9x

* **Comparable Companies**: Empire District (EDE), Westar Energy (WR), Alliant Energy (LNT), & Pinnacle West (PNW)

Company Description:
Great Plains Energy is a utility that engages in the generation, transmission, distribution, and sale of electricity primarily in Eastern Kansas and Western Missouri through its two subsidiaries KCP&L and KCP&L Greater Missouri Operations Company (GMO). The company was founded in 1919 and incorporated in 2001. As of December 31, 2009, GXP serves ~820,000 customers including 724,000 residents, 95,000 commercial firms, and 2,300 industrials, municipalities and other electric utilities. Approximately 65% of GXP's stock is held by institutions as of the date of this report.

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Great Plains Energy (NYSE: GXP)

Future Has Attractive Potential; Timing Not Optimal

We initiate coverage on Great Plains Energy with a **HOLD** recommendation and a $20 price objective

- **Pending Rate Cases Cause Regulatory Lag and Concern**
  GXP is currently awaiting the MPSC's decisions regarding the final rate cases for its Comprehensive Energy Plan (CEP). Of the $50.9MM in revenue increases requested by GXP in its Kansas rate case, the KCC only authorized $21.8MM (or 39.6%). We forecast the MPSC will allow ~65-70% of the requested $190MM revenue increases, though the Missouri Staff has suggested only $43MM (22.6%). Additionally the Missouri Staff has recommended a total of $102MM in cost overruns at Iatan 1 and 2 be disallowed from GXP's requested rate base. Given that only 46% of GXP's requested revenue increases are due to costs associated with Iatan 1 and 2 we do not foresee the Commission coming down as harshly as the Staff has suggested, though we acknowledge that downside risk exists until the MPSC reaches its decision.

- **Future Capital Spending May be Slowed by Inadequate Returns**
  GXP's ability to grow its rate base and company value depends upon future capital expenditures. Currently the Company has plans in place for its next spending program known as the Sustainable Resource Strategy (SRS). Furthermore, other opportunities such as proposed transmission line construction running through its GMO and KCP&L territories exist, which could also drive rate base growth. However, GXP is currently trading below book value with no foreseeable near-term catalyst to cause stock price appreciation. Any equity offering below book value would be dilutive to current shareholders. Being cash strapped over the next several years does not bode well for its dividend either, which GXP was forced to cut in half in 2009 given the condition of the capital markets coupled with its high capital expenditures. We don't foresee their annual dividend returning to $1.66 (pre-2009 levels) until 2014.

- **GXP Faces Difficulty Standing up to Comparables**
  GXP is currently trading at a 3% premium to the comparable median FY12 TEV/EBITDA multiple (7.1x vs. 6.8x) which we view as unwarranted. The Company currently has a lower dividend yield than competitors. When compared to Westar (WR, unrated) the Company fares worse. WR currently has an environmental rider and a fuel adjustment clause in its entire operating territories, while GXP was recently denied an environmental rider by the KCC and has a FAC in only two of its three operating territories. Further, WR currently has better operating and profit margins and a higher dividend yield.

- **Valuation Explanation**
  We arrived at our $20 PO based on 6.8x our FY12 EBITDA of $914M, which represents a discount of ~4% to GXP's current multiple. Given the regulatory uncertainty regarding the MPSC decision in Q2 FY11 and the lower dividend yield, we believe that GXP should at least trade at a comparable multiple. Our valuation is supported by both a Discounted Cash Flow and Dividend Discount Model valuation.

GXP Diluted Earnings per Share

	Mar.	Jun.	Sept.	Dec.	Year	P/E Ratio
2008A	$0.55	($0.06)	$0.92	$0.06	$1.51	13x
2009A	0.18	0.26	0.58	0.11	1.14	16x
2010A/E	0.15	0.47	0.96	(0.01)	1.59	13x
2011E	0.06	0.30	0.93	0.07	1.37	15x

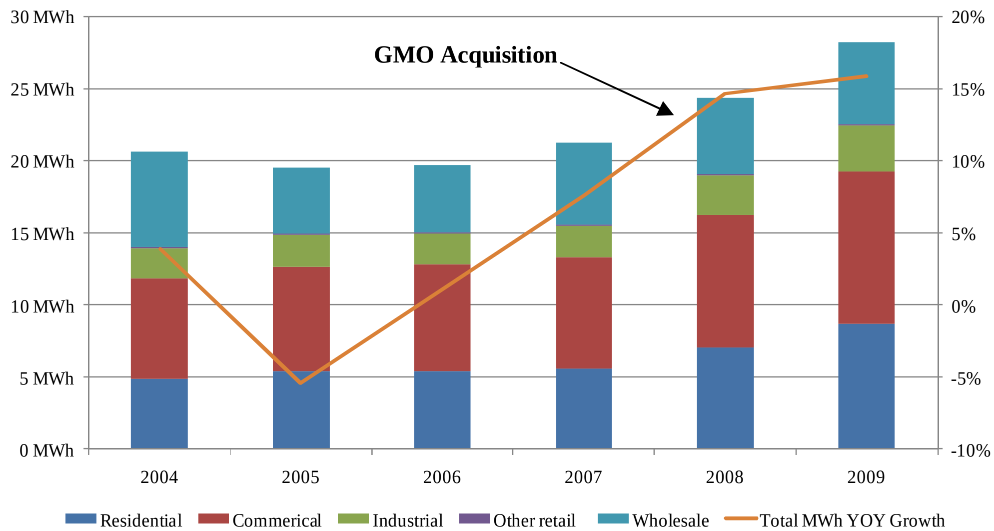
Company Overview

Great Plains Energy engages in the generation, transmission, distribution and sale of electricity to over 820,000 customers in the Midwest

Midwest Utility Responds to Marketplace Changes

Great Plains Energy Inc. (GXP) is the holding company for Kansas City Power and Light (KCP&L) and KCP&L Greater Missouri Operations Company (GMO), fully regulated utilities operating in the Midwest. GXP engages in the generation, transmission, distribution, and sale of electricity to over 820,000 residential (41% YTD), commercial (46% YTD), and industrial (13% YTD) customers in Eastern Kansas and Western Missouri. GXP acquired GMO in July of 2008 to expand its generation reach, growing its MWh production by 14.6% that year. Figure 1 below illustrates total MWh by customer type from 2004 through 2009.

Figure 1: Total MWh (in thousands) by Customer Base:



GXP has approximately 6,600 MW of installed capacity, including 26 fully owned units and 6 partially owned units

With approximately 6,600 MW of installed capacity, GXP is predominantly a low-cost coal base load generation utility (79% YTD). Other generation sources include nuclear energy (18% YTD), natural gas and oil (2% YTD), and wind (1% YTD). GXP operates 26 fully owned generation production units and 6 partially owned production units. For a further breakdown of MW capacity by generation unit, see Appendix IV.

Figure 2: YTD MWh by Customer

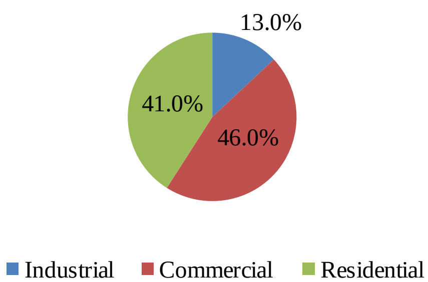
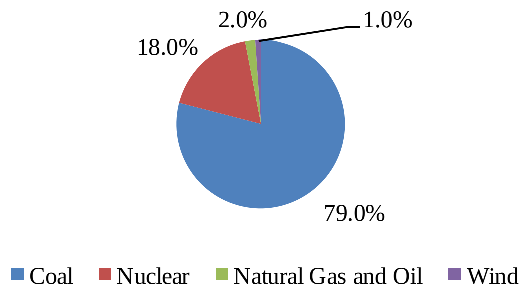


Figure 3: YTD MWh Generation by Source



GXP currently has a rate base of approximately $4.8Bn with roughly $190MM in pending rate cases in Missouri. The rate cases in Missouri are the final rate cases for the Company's Comprehensive Energy Plan (CEP) approved by the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC) in 2005. Once the CEP has been incorporated into its rate base, GXP has plans to begin its next capital expenditure plan, the Sustainable Resource Strategy (SRS). GXP's stock has returned 6.3% annually since 2000 including capital appreciation and dividend disbursements.

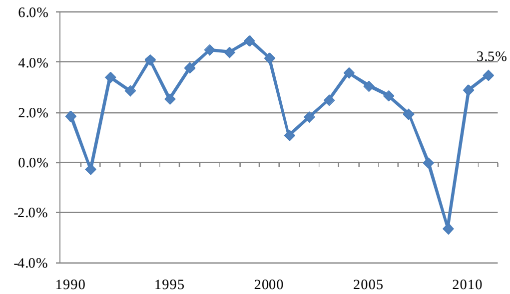
Forecasted US GDP growth bodes well for regulated utilities' energy demand

Industry Overview

2011 US GDP Growth Estimates Bode Well for Regulated Utilities

The rebound in the US economy will bode well for regulated utilities and should drive electricity demand through 2011 and 2012. Figure 4 to the right illustrates annual US GDP growth from 1990 through 2011. Estimates for 2011 are taken from the Fed's June 2010 estimate of GDP growth.

Figure 4: Annual US GDP Growth 1990-2011



A Regulated Market

State commissions oversee regulated electric utilities within their local jurisdiction by determining the retail rates that utilities are allowed to charge their customers. Those rates are determined via periodic rate cases in which utilities can request increases in rates to allow it to receive a required rate of return on the equity ownership of its electric assets. The calculations performed by the utility in concert with the commission are done by estimating the expected operating and fuel expenses for the utility and adding a return for invested capital in allowed electric assets (the rate base) to arrive at an estimated level of revenue required.

The key for any regulated utility then is to ensure that it is allowed to use as much of its capital assets in the computation of its rate base as possible. Any value of assets that are disallowed from the rate base calculation will ultimately reduce any utility's actual return.

Regulatory Bodies

Approximately 38% of the United States generating capacity and 71% of final consumers are owned and served by the 210 large, vertically integrated, investor-owned electric utilities. These utility companies ultimately fall under several regulatory bodies.

An ability to work effectively with regulatory bodies is critical to bottom line success

State public service commissions form the backbone of the regulatory process for investor-owned electric utilities. These bodies are directly involved in setting and developing retail rates utilities are allowed to charge consumers. Electric utilities also involved in wholesale interstate sale and transmission of electricity fall under the purview of the Federal Energy Regulatory Commission (FERC). Any utility constructing or operating a nuclear facility falls under the jurisdiction of the Nuclear Regulatory Commission. For any large investor-owned public utility to be able to operate effectively and profitably it is important that management is capable of understanding and navigating the entirety of the regulatory environment surrounding the power industry.[1]

States poised to increase environmental regulation on their own

Missouri, Kansas, and EPA Environmental Regulation

In attempt to facilitate a transition into cleaner energy, the Federal Government and many states have begun to regulate the energy industry towards renewables. The state of Missouri requires all investor-owned utilities to incorporate 15% of its energy production from renewable sources and 0.3% from solar by 2021 unless such measures will increase retail electricity rates by more than 1% annually. Missouri has yet to place a cap on greenhouse gas emissions or join any regional green-house gas coalitions.

The state of Kansas requires utilities to incorporate 20% of its peak base load production from renewable sources by 2020, but has yet to place a cap on greenhouse gas emissions. However, Kansas is a member of the Midwestern Regional Gas Reduction Accord whose central goal is the enactment of a cap-and-trade scheme in the six states and one province who have signed the agreement.[2]

New EPA regulations could amplify the need for increased capital projects in the near and long-term future

In late December 2010 the Environmental Protection Agency (EPA) announced a schedule to once again attempt to regulate greenhouse gas emissions from electric generating facilities and petroleum refineries. It remains to be seen what proposals the EPA will recommend when it releases its New Performance Standards later this year, and its ability to stand up against litigation and potential Congressional actions.[3] The severity of proposed regulation may represent a long term concern for primarily coal base load utilities such as GXP.

For electric utilities across the country developing and implementing long-term strategic plans to reduce the environmental impacts of fossil fuel energy production is critical. The ability to increase their portfolios of

[1] Electric Power Industry Overview 2007: http://www.eia.doe.gov/cneaf/electricity/page/prim2/toc2.html
[2] Simmons, Daniel; May 28, 2010: http://www.masterresource.org/2010/05/energy-regulation-in-the-states-a-wake-up-call/
[3] Rothenstein, Evans, & O'Malley; January 19, 2011: http://www.klgates.com/newsstand/detail.aspx?publication=6881

renewable energy capacity will be vital in ensuring that investors will continue to able to earn a sufficient return on their invested capital in the face of increased regulatory pressure from governmental bodies.

Competition
Being a regulated utility essentially means that GXP is able to operate as a monopoly in its territory. Therefore, GXP faces no direct competition. The main threat to the Company is the commissions that regulate it given their power to control the rate base and the returns GXP is allowed to earn. The KCC and MPSC are considered to be in the middle of the continuum in regards to how likely they are to accept requested revenue increases by utilities in their jurisdiction.

Investment Highlights

Pending Rate Cases Cause Regulatory Lag and Concern

GXP recently concluded its Comprehensive Energy Plan (CEP) which included environmental retrofits and Iatan 2, a new coal plant

GXP recently concluded its Comprehensive Energy Plan (CEP), a spending campaign designed to increase environmental efficiency at LaCygne and Iatan 1, increase its renewable energy portfolio through the construction of the 100MW Spearville windfarm, and increase its overall generation resources with the construction of Iatan 2, an 850MW coal powered plant. Though initially GXP seemed to be on track with its environmental retrofits and wind farm capital expenditures (no regulatory disallowances), it ran into major trouble with cost overruns on Iatan 2.

According to Walter Drabinski, the independent consultant hired by the KCC to evaluate the cost overruns in the construction of Iatan 2, management acted imprudently from start to finish during the project. Drabinski notes the following irresponsible actions in his report, among others:

Significant cost overruns due to management inefficiencies weigh on outlook

- Decision not to consider an EPC approach, which would have reduced cost overrun risk
- Turnover in the overall Project Manager between 2005-2008 (five individuals), leading to “a lack of direction, inadequate controls, procedures, and accountability”
- Delays in implementing professional advice
- Creating performance targets for the engineers that “did not address the real-time needs of the project”[4]

The Company indicated that these costs overruns were, “Primarily due to a shift in the expected in-service date, the impact of lower wholesale prices on expected test power revenues that offset construction cost, and a level of contingency management considered appropriate in light of recent start-up events encountered at other coal plants under construction.[5]”

The KCC only authorized $21.8MM in revenue increases relative to the $50.9MM requested by the Company

Of the $50.9MM in revenue increases requested by GXP in its Kansas rate case, the KCC only authorized $21.8MM (or 39.6%). Over the last three rate cases filed with the KCC, GXP had been granted an average of 70.1% of its requested revenue increases which seemingly indicates the Commission may have been overly harsh on the Company for its cost overruns. However, it is important to note that the Commission only disallowed a total of $20.4MM in Iatan 2 costs, of which $5.1MM GXP was responsible for given their level of ownership in the project.

Figure 5: Previous Rate Case Summary

Rate Jurisdiction	Effective Date	Amount Requested	Amount Approved	Percent Approved
KCP&L - Missouri	1/1/2007	55.8	50.6	90.7%
KCP&L - Missouri	1/1/2008	45.4	35.3	77.8%
KCP&L - Missouri	9/1/2009	101.5	95.0	93.6%
			Average	*87.3%*
KCP&L - Kansas	1/1/2007	42.3	29.0	68.6%
KCP&L - Kansas	1/1/2008	47.1	28.0	59.4%
KCP&L - Kansas	8/1/2009	71.6	59.0	82.4%
			Average	*70.1%*

[4] Drabinski, Walter; June, 24, 2010: http://www.kcc.state.ks.us/scan/201006/20100624120219.pdf
[5] GXP Form 10-Q Released October 28, 2010

The MPSC Staff has proposed a total of $43MM in revenue increases relative to the pending request of $190MM

Currently GXP has outstanding requests with the MPSC for $190MM in revenue increases for its Iatan 1 and 2 projects, costs associated the expiration of a railroad contract at the end of FY2010, and other infrastructure investments due to the CEP. A large level of uncertainty exists over the amount it will actually receive. Our price target incorporates approximately a 65-70% approval by the MPSC, though downside risk exists given the Missouri Staff's recommendation. The Staff proposed a $7MM annual revenue increase compared to the Company's request of $92MM for KCP&L Missouri, and recommended a revenue increase of $36MM for GMO relative to the Company's request of $98MM annually. Though the Staff's recommendation is not necessarily indicative of the Commission's final order, it certainly casts a negative light on the pending cases. The Commission is set to release its final order in May 2011, with new rates to be effective in early June. We forecast a negative impact of $0.07 on FY2011 EPS caused by the regulatory lag due to the pending rate cases.

Figure 6: Pending Rate Cases in Missouri

Rate Jurisdiction	Amount Requested	Requested ROE	Rate Base	Effective Date
KCP&L - Missouri	92.1	11.0%	2,122.8	5/4/2011
GMO - Missouri	75.8	11.0%	1,468.7	6/4/2011
GMO - Missouri	22.1	11.0%	422.0	6/4/2011
	190.0		4,013.5	

The MPSC Staff has proposed GXP's share of the Iatan 1 & 2 cost overrun disallowances to be $102MM, with $211MM in overruns still unassigned

Combined with the Staff's recommendation for revenue increases in Missouri, they also released an audit report in early November over the prudency of capital spent remaining to be captured in KCP&L Missouri and GMO's rate bases. The Staff proposed $200MM of cost overruns related to the construction of Iatan 2 and the environmental retrofits installed on Iatan 1be disallowed. Of the $200MM in disallowances, GXP would be responsible for $102MM. Worse for GXP, the $200MM of proposed cost disallowances is only through June 1, 2010. An additional report is due in early 2011 from the Staff to address the remaining $211MM in cost overruns associated with Iatan 1 and 2.

Figure 7: Severe Cost Overruns at Iatan 1 & 2

Staff Recommended Disallowances	Current Cost Estimate at Completion	Control Budget Estimate	Over (Under) Budget
Iatan 1	1,988.2	1,685.0	303.2
Iatan 2	484.1	376.8	107.3
Total	**2,472.3**	**2,061.8**	**410.5**

Staff Recommended Disallowances	Over (Under) Budget	Amount Currently Allocated: KCP&L Missouri	Amount Currently Allocated: GMO	Total GXP Share
Iatan 1	130.0	39.1	23.4	62.5
Iatan 2	69.7	26.8	12.5	39.3
Total	**199.7**	**65.9**	**35.9**	**101.8**

Though the Staff's recommendations do cause deep concern, we do not believe the Commission will come down as severely on GXP as the Staff has suggested. Out of the requested $190MM revenue increase, a significant portion is made up of the costs associated with the expiration of their coal transportation railroad contract (26%). In fact, only 46% of their requested increases is made up of costs associated with Iatan 1 and 2, while the remainder comes from O&M (19%) and a cost of capital (9%). The KCC only disallowed a total of $20.4MM in Iatan 2 project costs ($5.1MM GXP was responsible for), and disallowed a negligible amount of Iatan 1 project costs. Given the KCC's relatively lenient decision and the portion of the current rate cases' revenue increases not associated with the Iatan 1 and 2 projects, we acknowledge that downside risk exists but do not foresee a majorly negative decision stemming from the MPSC's meeting in May.

Future Capital Spending May be Slowed by Inadequate Returns

GXP rate base growth dependent upon adequate returns to shareholders on capital expenditures

GXP's ability to grow its rate base and Company value depends upon capital expenditures. The Company has plans underway for its next big spending program, the Sustainable Resource Strategy (SRS). GXP will attempt to combat state and federal environmental policy through environmental retrofits at existing facilities, as well as by issuing requests for proposals to meet renewable energy standards. Transmission opportunities could play a dramatic role in rate base growth in the future. GMO has accepted a Notification from Southwest Power Pool (SPP) to help construct a 345kV transmission line running through its territory (estimated GMO costs totaling $380MM), while KCP&L has accepted a Notification from SPP to construct a 345kV line through part of its territory (estimated KCP&L costs totaling $54MM). The transmission lines could equate to returns up to 11.5%, which exceeds the allowed returns on environmental retrofits and new plant construction.

Though GXP does have access to capital, including an approximate $1Bn credit facility, any actual capital expenditures the Company engages in are dependent upon getting not only timely but adequate returns for shareholders according to management. This creates problems for the Company.

No near-term catalysts to drive stock price above book value

GXP is currently trading below book value, with no foreseeable near-term catalysts to drive the stock price above book value. With a current market price of $20.08 (as of 2/10/11) and a book value of $21.29, it would be extremely unattractive to current shareholders to issue more common stock. Though management has issued equity while trading below book value, it has mainly done so in the form of small issuances to current shareholders. It would be unlikely (and dilutive to current shareholders) if management would attempt to raise money for large capital intensive projects through stock issuances. Though it is an option, it certainly is not an attractive one especially if you are a current shareholder.

The use of debt to fund capital expenditures effectively lowers the allowed return to shareholders

Though the Company is not overly burdened by its current debt use, it does have a debt to asset ratio of 42.8% relative to the comparable median of 33.9%. By drawing down upon existing credit facilities, management will be creating a greater debt load to deal with while accepting a lower return on its investments. This is due to the fact that rate cases are dependent upon the debt to equity ratio that a utility uses in its capital expenditures.

By potentially being forced into accepting lower returns on its investments, capital spending will be hindered. We believe it to be very plausible that GXP will be forced to sell its stake in the 345kV transmission line with cost estimates of the project totaling around $380MM during 2012-2017. Though an ideal project to get into its rate base given the relatively high allowed returns, the Company may not have a choice if forced to continue capital spending focused on meeting environmental and renewable standards. Missing capital intensive projects equates to a smaller future rate base which GXP is allowed to earn returns on, ultimately lowering returns for investors then if it was otherwise able to finance with equity.

Dividend increases highly unlikely before 2014

Given the cash requirements ahead and the lack of available capital that can provide adequate returns for investors, we additionally do not believe GXP will be able to contemplate increasing its dividend until beyond 2013 (and possibly until 2015 if they attempt to follow through with spending plans). We especially believe this is the case given the gap that currently exists, and will exist through 2011, between allowed returns and actual returns. The market reacted very negatively in 2009 when GXP cut its dividend in half shown by its stock price dropping over 21% over the course of the day. Clearly the dividend payment is one of the major reasons investors choose to invest in this Company, therefore we see this being a major drag on the stock in the near-term.

GXP Faces Difficulty Standing up to Comparables

We chose to compare Great Plains Energy to utilities that operate in relatively comparable geographic locations and have similar generation fuel mixes coupled with similar electric revenues by customer. The four comparables we used in our relative valuation are Empire District (EDE), Westar Energy (WR), Alliant Energy (LNT), and Pinnacle West (PNW). The figure below illustrates how GXP compares on the previously mentioned dimensions.

Figure 8: Comparable Generation Mix & Customer Type

	Great Plains Energy (GXP)	Empire District (EDE)	Westar Energy (WR)	Alliant Energy (LNT)	Pinnacle West (PNW)
Geographic Location	KS, MO	KS, MO, OK, AR	Eastern Kansas	IA, WI, MN	Arizona
Market Cap as of 2-10-11	2,749.0	895.4	2,878.5	4,294.5	4,559.4
2009 Generation Fuel Mix:					
Coal	80.0%	56.8%	76.0%	49.1%	46.0%
Gas & Oil	2.0%	16.2%	7.0%	2.1%	22.0%
Nuclear	17.0%	0.0%	14.0%	17.4%	32.0%
Wind	1.0%	13.9%	3.0%	3.8%	0.0%
Hydro	0.0%	1.3%	0.0%	0.0%	0.0%
Purchased Power	0.0%	11.8%	0.0%	27.5%	0.0%
2009 Electric Revenues by Customer:					
Residential	45.0%	41.6%	35.0%	35.1%	50.0%
Commercial	44.0%	31.4%	38.0%	22.5%	43.0%
Industrial	10.0%	15.2%	27.0%	28.7%	6.0%
Other	1.0%	11.8%	0.0%	13.7%	1.0%

Environmental rider and greater fuel adjustment clause makes Westar more attractive relative to GXP

Although some of the geographic locations differ meaning they are regulated by different governmental organizations, the similar customer mixes give rise to a relatively steady comparison. Specifically, by having similar customer mixes demand across these comparables should be relatively similar. Figure 8 also points out that Westar (WR) is the best comparable company to GXP due to its similarity of generation resources (which is understandable given that GXP shares several generation facilities with WR). Further, WR operates in Kansas which indicates GXP and WR share regulation by the KCC. The two primary advantages WR has over GXP are that it has a fuel adjustment clause (FAC) in its entire operating territory and an environmental rider. GXP does not have a FAC in KCP&L Missouri, which ultimately means it cannot pass on rising fuel costs directly to customers; rather, it has to go through a traditional rate case with the MPSC creating six to seven months of lag on earnings. WR's environmental rider allows it to pass on capital expenditures related to environmental retrofits directly to customers; GXP, however, must go through a rate case which further widens the difference between allowed and actual returns over time.

Premium valuation not warranted given current trading level below book value and lower dividend yield

From a valuation perspective, GXP is currently trading at a 3% premium to the comparable median FY12 TEV/EBITDA multiple (7.1x vs. 6.8x). We view this premium as unwarranted. GXP is also the only company in the comparable set that currently trades below book value. Further, GXP currently has a lower dividend yield than its competitors (4.2% vs. 4.9%). As stated, we do not assume the Company will raise its dividend until it seeks to have the SRS incorporated in its rate base which will likely not be until FY13 (we then forecast that the Company will restore its previous annual dividend of $1.66 in 2014). When compared to its closest competitor, GXP fares worse. It currently has lower operating and profit margins relative to WR, and a lower dividend yield. Figure 9 below breaks out key financial metrics for GXP and its comparables:

Figure 9: Comparable Statistics relative to GXP

	Great Plains Energy (GXP)	Comparable Average	Comparable Median	Empire District (EDE)	Westar Energy (WR)	Alliant Energy (LNT)	Pinnacle West (PNW)
Market Cap ($M)	2,749.0	3,156.9	3,586.5	895.4	2,878.5	4,294.5	4,559.4
Leverage (Debt/Assets)	42.8	33.9	33.9	37.9	37.8	30.0	29.8
Coverage Ratio (EBIT/Interest Exp)	2.6x	2.8x	2.9x	2.3x	2.8x	3.0x	3.0x
2011 EPS Growth (%)	(13.6)	3.9	2.8	15.9	(5.9)	4.0	1.7
Operating Margin (%)	21.1	20.0	20.3	20.4	23.8	15.7	20.3
Profit Margin (%)	9.3	9.2	9.1	8.9	10.3	8.5	9.3
ROE (%)	9.1	8.6	8.6	7.1	8.8	10.2	8.4
P/E (ttm)	13.0x	15.2x	14.3x	18.1x	13.9x	14.6x	14.1x
P/E (2011)	14.7x	14.2x	14.2x	14.8x	14.8x	13.6x	13.7x
P/E (2012)	11.5x	13.1x	13.0x	14.1x	13.1x	12.9x	12.4x
TEV/EBITDA (ttm)	8.1x	8.1x	7.8x	9.4x	7.6x	8.1x	7.2x
TEV/EBITDA (2011)	7.7x	7.6x	7.6x	8.4x	7.5x	7.7x	6.9x
TEV/EBITDA (2012)	7.1x	7.1x	6.9x	8.3x	6.6x	7.3x	6.4x
Price/Book	0.9x	1.3x	1.3x	1.4x	1.2x	1.5x	1.2x
Dividend Yield (%)	4.1	4.9	4.9	5.9	4.7	4.0	5.0

Based on the previously raised issues that GXP faces and given the above relative valuation, we believe GXP currently offers a weak investment opportunity (particularly in comparison to WR).

Financial Analysis

Income Statement

FY11 should be a tough year as regulatory lag and lack of weather benefits will impact EPS growth

Fundamentally, we see a tough year for GXP in 2011. We forecast that by 2010 year end the Company will have an EPS benefit of ~$0.20 given a favorable weather impact. We have therefore assumed more moderate revenue growth in 2011 (~6% YOY) as demand normalizes. As mentioned previously, we assume that 65-70% of the MPSC rate cases are allowed to be included in the rate base with a consolidated ROE of 9.5%. Further, the pending Missouri rates cases should be a drag on EPS by ~$0.07 through Q2 FY11 until the Company is allowed to increase their retail rates. We therefore assume that EPS of $1.59 in FY10 will decline by ~14% in FY11 to $1.37 with normalized demand taken into consideration.

Growth should rebound in FY12 as the company has all of its CEP expenditures in its rate base

In FY12, GXP should benefit from a full year of the Iatan 1 & 2 capital expenditures coupled with the increased costs of the coal transportation contracts being included in its rate base. We are assuming that the retrofits at Iatan 1 and the new Iatan 2 facility should increase O&M expenses ~20bps from FY11 to FY12; however, this increase should be offset by lower fuel costs and lower purchased power due to the Iatan 2 facility coming online. Moreover, FY12 EPS rebounds at $1.74 as there will be no regulatory lag associated with the current unresolved rate cases. Figure 10 below illustrates our pro forma estimates through FY15.

Figure 10: Financial Estimates for 2010-2015

In Millions	FY 2008	FY 2009	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
Total Revenue	$1,670	$1,965	$2,268	$2,402	$2,485	$2,627	$2,746	$2,870
Revenue Growth (%)	*29.2*	*17.7*	*15.4*	*5.9*	*3.5*	*5.7*	*4.5*	*4.5*
Operating Income	275	320	474	495	549	591	659	703
Operating Margin (%)	*16.5*	*16.3*	*20.9*	*20.6*	*22.1*	*22.5*	*24.0*	*24.5*
EBITDA	513	622	804	848	914	976	1,054	1,108
EBITDA Margin (%)	*30.7*	*31.7*	*35.4*	*35.3*	*36.8*	*37.2*	*38.4*	*38.6*
Net Income	149	214	187	187	238	274	317	339
Net Margin (%)	*8.9*	*10.9*	*8.2*	*7.8*	*9.6*	*10.4*	*11.5*	*11.8*
EPS (Diluted)	$1.51	$1.15	$1.59	$1.37	$1.74	$2.00	$2.30	$2.45
EPS Growth (%)	*(18.5)*	*(24.1)*	*38.1*	*(13.6)*	*27.2*	*14.6*	*15.2*	*6.4*

Environmental retrofits to drive rate base expansion in FY13

In FY13, environmental retrofits will drive rate base expansion. In order to combat the environmental regulations coming into play on both a state and federal level, we are assuming that GXP initiates another round of capital expenditure projects in FY12. Subsequently GXP will file rate cases trying to capture these expenditures in the rate base by FY13. The Company has released capital expenditure projections for the FY10-12 as indicated in the table below.

Figure 11: Capital Expenditure Company Estimates 2010-2012

In Millions	2010	2011	2012
Generating Facilities (excluding Iatan No. 2)	152.0	152.8	138.3
Distribution and Transmission facilities	192.8	238.0	275.7
General facilities	15.6	23.7	48.9
Nuclear fuel	30.9	21.5	19.8
Environmental	16.4	189.1	189.9
Iatan No. 2	243.9	54.1	0.0
Total Utility Capex	**651.6**	**679.2**	**672.6**
*** Company Estimates - 8-K**			

As Figure 11 illustrates, capital expenditures on environmental retrofits are expected to increase in FY11/12 totaling ~$390M. There are a number of generation resources that need to be retrofitted due to the fact that they are outdated. We are incorporating management's capital expenditure guidance in our model through FY12, which includes retrofits at LaCygne that will occur in 2011.

GXP will likely seek to extend its rate base in FY13 as it seeks to improve existing generation resources via environmental retrofits

Specifically, the Montrose, Sibley, & Lake Road (estimated capacity of ~1000MW, see Figure 12 below) resources are on average 50 years old. If the Company were able get these capital expenditures in its rate base by the end of FY13, it would significantly drive EPS growth through FY15. We are assuming that the Company would attempt to put ~$100M of additional investments in the rate base by FY13 at an average ROE of ~9.5%. This would translate to EPS growth of ~28% in FY14 as the investments are added to the rate base. We believe that the Company is not giving guidance on capital expenditures on its SRS in advance, which we believe is in regards to pending Missouri rate case; however, we do expect management to release capital expenditure guidance soon after the Missouri rate case has been ruled upon. We believe that it is rather near-sighted to assume that GXP will not seek to increase its rate base following the Missouri ruling and have therefore included modest assumptions regarding environmental retrofits in our FY13 estimates.

Figure 12: Potential Facilities for Environmental Retrofit

Potential Environmental Retrofits:	MW Capacity	Avg. Age
Montrose No. 1, 2, & 3	510	1961
Sibley No. 1, 2, & 3	466	1964
Lake Road No. 1 & 3	22	1957
Total	**998**	**1960**

Balance Sheet

As mentioned previously, asset growth will largely be driven by expansion of its rate base through successful rate cases in GXP's operating territories. We are incorporating in our model that ~65-70% of the Missouri rate cases are capitalized on the balance sheet, which is the main driver of asset growth. The Company is relatively levered (~3.04x Equity as of FYE09); however, this is common in the industry. As seen previously, GXP is more levered than its comparable median, which could inhibit its ability to finance future projects with debt. Hence, spending requirements will likely require the Company to do a dilutive equity offering by FY12. The figure below illustrates some key balance sheet metrics for GXP. For a detailed balance sheet breakdown, see Appendix II.

Figure 13: Key Balance Sheet Metrics for GXP

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
Sales/TA (%)	26.3	26.8	21.2	23.2	23.0	21.0	21.0	20.0	20.0	20.0
TA/Equity	3.23x	3.08x	3.09x	3.04x	3.06x	3.06x	3.06x	3.06x	3.06x	3.06x
Total Debt/Equity	.97x	.96x	1.26x	1.31x	1.34x	1.34x	1.33x	1.33x	1.33x	1.33x
Utility Plant at Original Cost/TA (%)	70.7	71.4	77.3	78.4	78.8	79.3	79.3	79.8	79.8	79.8
ROE (%)	9.4	10.1	6.0	5.3	6.7	5.0	6.2	6.4	7.1	7.2
Asset Growth (%)	13.1	11.3	63.0	7.8	16.3	16.0	3.5	11.0	4.5	4.5

Statement of Cash Flows

GXP has largely financed its capital expenditures from its operating cash flow coupled with debt. The Company currently has ~$484.3M in debt coming due in FY11, which represents ~9.7% of its total debt. Management indicated that they would seek to refinance most of this debt in 2011 given the low interest rate environment. The figure below shows the long-term debt GXP has due in 2011.

Figure 14: GXP Senior Notes due in 2011

In Millions	**Year Due**	**Dec. 31, 2009**
KCP&L Senior Notes (6.50%) Series	2011	150.0
GMO Senior Notes (7.625%) Series	2011	137.3
GMO Senior Notes (7.95%) Series	2011	197.0
Total Notes Due	**2011**	**484.3**

The figure below breaks down a summary of the Company's statement of cash flows through FY15. We continue to believe that GXP will be able to finance some of its capital expenditures with debt, but we are factoring in a dilutive equity offering of ~$225M in FY12 in order to raise enough capital to begin the environmental retrofits. For a detailed statement of cash flows breakdown, see Appendix III.

Figure 15: Summary of Statement of Cash Flow

Statement of Cash Flows (in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Cash Flow From Operating Activities	308.9	332.2	437.9	335.4	550.1	551.5	598.9	649.2	699.6	722.0
Cash Flow from Investing Activities	(475.7)	(547.0)	(579.1)	(897.6)	(600.2)	(611.9)	(594.0)	(605.1)	(559.1)	(588.3)
Cash Flow from Financing Activities	125.5	220.1	135.2	567.0	21.2	66.0	14.5	(14.8)	(144.6)	(114.0)
Net Change in Cash and Cash Equivalents	**(41.3)**	**5.3**	**(6.0)**	**4.8**	**(28.9)**	**5.6**	**19.4**	**29.3**	**(4.1)**	**19.7**
Cash and Cash Equivalents at Beginning of Year	103.1	61.8	67.1	61.1	65.9	37.0	42.6	62.0	91.3	87.2
Cash and Cash Equivalents at End of Period	**61.8**	**67.1**	**61.1**	**65.9**	**37.0**	**42.6**	**62.0**	**91.3**	**87.2**	**107.0**

Relative Valuation & DCF Imply $20 Price Objective

$20 price objective is based on 6.8x our FY12 EBITDA of $914M and is supported by our DCF & DDM valuations

We arrive at our $20 price objective based on 6.8x our FY12 EBITDA of $914M. To support our relative valuation, we also performed a DCF valuation and DDM. Our DCF includes a 9.5% cost of equity and a 3.5% after-tax cost of debt (based on GXP's BBB credit rating). Combining these two metrics yields us a weighted-average cost of capital of ~6% as illustrated in the table below. We have also included our estimates of FCF through FY15. We see capital expenditures being the largest drag on FCF through FY15 as the Company continues to grow its rate base.

Return of attractive dividend unlikely in near future given capital constraints

Dividend Discount Model (DDM) Supports Price Objective

Since February 2009 GXP has paid an annual dividend of $0.83. The dividend at that time was cut in half from $1.66 which GXP had consistently paid since August 1998. The Company cut the dividend to preserve cash for its construction projects due to GXP's inability to raise capital externally given the capital market conditions in 2008. Unfortunately we do not foresee a return to GXP's pre-2008 dividend until possibly 2013 due to the required need for funds to facilitate environmental retrofits. Furthermore, given the continued need for future capital in order to ensure that GXP is able to meet its commitments brought on by its SRS proposals it is difficult to contemplate an increase in the dividend before 2014. Thus our dividend discount model valuation leads us to a price target of around $19 assuming a resumption of the dividend back to $1.66, the pre-2008 level, in 2014 utilizing a cost of equity of 9.5% and a terminal growth value of 2.5%.

Figure 16: WACC

WACC:	
WA Equity	42.0%
Cost of Equity	9.5%
WA Debt	58.0%
Cost of Debt	3.5%
WACC	**6.0%**

Figure 17: Free Cash Flow Estimates FY10-FY15

In Millions	FY 2008	FY 2009	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
Operating Profit	$275	$320	$474	$495	$549	$591	$659	$703
+ D&A	238	302	330	353	364	385	395	405
EBITDA	**513**	**622**	**804**	**848**	**914**	**976**	**1,054**	**1,108**
- NWC	(146)	168	140	97	83	99	103	111
- Capex	1,024	841	652	679	673	697	672	646
- Cash Taxes	27	5	0	21	36	49	67	83
FCF	**(392)**	**(392)**	**12**	**51**	**122**	**132**	**213**	**269**
PV of FCF	0	0	0	48	110	111	170	202

Conclusion

We place a hold on GXP until several fundamental issues are dealt with by the Company

We conclude that GXP is currently fairly valued at $20.08 a share. In the near term we don't foresee the necessary catalysts in place to drive stock price appreciation above book value given the uncertainty surrounding its pending rate cases. Without this upward movement in GXP's market price, GXP could very well face difficulties in growing its rate base at adequate returns for shareholders over the next several years. Further, the dividend will not rise in the near future given the Company's capital restraints which will limit any positive movement in the Company's stock price. The Company will likely be able to grow its rate base even if it is forced into dilutive offerings or less than optimal returns. Fundamentally, however, we acknowledge that GXP's stock price is unlikely to drop given its current discount below book value. Though we don't expect negative returns, we do however see GXP underperforming the market. We place a **HOLD** on GXP until the there is resolution of its rate base issues and pending management's release of capital expenditure guidance beyond 2012.

Risks to Investment Thesis

The following risks could affect our rating and the subsequent stock price:

Pending Rate Cases Resolution

GXP could receive higher than our forecasted 65-70% of outstanding rate cases in Missouri. The higher than forecasted increase in GXP's rate base would increase investor appetite in the stock, potentially serving as the needed near term catalyst to help drive stock price appreciation. Conversely, if MPSC comes in below our estimated 65-70%, then there is also downside risk to our price target.

Stock Price Escalates Above Book Value

If GXP's market price increases in value above its current book value, the Company would be able issue equity in a non-dilutive manner, which would allow them to take on more capital spending projects and therefore increase its rate base. Increases in rate base would in turn drive investor appetite for the stock, potentially causing longer term stock price appreciation.

Increases in Rate Base Allows for Increases in Dividend

If GXP were able to drastically grow its rate base (consequently growing its revenues) before 2014, the opportunity for dividend increases would exist. As long as future cash on hand is not a concern of investors, dividend increases would likely drive the stock price upwards upon announcement especially if GXP raised the dividend back to $1.66 before we anticipate.

Higher Government Bond Yields Results in Fund Flows out of Utilities

The 10-year government bond yield is currently at 3.71% and the bond market is anticipating a rising interest rate environment. If the 10-year yield exceeds 4.2% (GXP's current dividend yield) then it would result in institutions withdrawing funds to seek higher yields, which would adversely affect GXP stock price considering institutions currently own ~65% of GXP's stock.

Appendix I. Pro Forma Income Statement

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Operating Revenues										
Electric Revenues - KCP&L	1,140	1,293	1,670	1,965	2,268	2,402	2,485	2,627	2,746	2,870
Operating Expenses										
Fuel	230	246	311	406	439	453	470	447	439	459
Purchased Power	26	101	209	184	215	231	236	236	233	230
Utility operating and maintenance expenses	344	388	500	599	625	669	646	736	769	804
Skill Set Realignment Deferral	9	(9)	-	-	-	-	-	-	-	-
Depreciation and amortization	153	176	235	302	330	357	373	394	412	431
General Taxes	109	114	128	140	153	163	174	184	192	201
Other	10	21	12	14	11	13	12	13	14	14
Total	881	1,036	1,395	1,645	1,794	1,907	1,936	2,036	2,087	2,167
Operating Income	**260**	**257**	**275**	**320**	**474**	**495**	**549**	**591**	**659**	**703**
Non-operating income	16	9	32	50	47	24	27	29	30	32
Non-operating expenses	7	6	11	7	9	7	6	7	7	7
Interest charges	70	92	111	181	183	231	213	202	207	212
Income before income tax expense and loss from equity investments	**199**	**168**	**185**	**182**	**329**	**281**	**358**	**412**	**476**	**516**
Income tax expense	60	45	64	30	112	93	118	136	157	175
Loss from equity investments, net of income taxes	(2)	(2)	(1)	(0)	(1)	-	-	-	-	-
Income from continuing operations	137	121	120	152	216	188	240	276	319	340
Income (loss) from discontinued operations, net income	(9)	38	35	(2)	-	-	-	-	-	-
Net income	**128**	**159**	**155**	**150**	**216**	**188**	**240**	**276**	**319**	**340**
Less: Net income attributable to noncontrolling interest	-	-	(0)	(0)	(0)	-	-	-	-	-
Net income attributable to Great Plains Energy	128	159	155	150	216	188	240	276	319	340
Preferred stock dividend requirements	2	2	2	2	2	2	2	2	2	2
Earnings available for common shareholders	**126**	**158**	**153**	**149**	**214**	**187**	**238**	**274**	**317**	**339**
Average number of basic common shares outstanding	78	85	101	129	135	136	137	137	138	138
Average number of diluted common shares outstanding	78	85	101	130	137	138	140	141	142	144
Basic earnings (loss) per common share										
Continuing operations	$1.73	$1.41	$1.17	$1.16	$1.59	$1.37	$1.74	$2.00	$2.30	$2.45
Discontinued operations	-$0.12	$0.45	$0.35	-$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Basic earnings per common share	**$1.62**	**$1.86**	**$1.51**	**$1.15**	**$1.59**	**$1.37**	**$1.74**	**$2.00**	**$2.30**	**$2.45**
Diluted earnings (loss) per common share										
Continuing operations	$1.73	$1.41	$1.17	$1.16	$1.59	$1.37	$1.74	$2.00	$2.30	$2.45
Discontinued operations	-$0.12	$0.45	$0.35	-$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Diluted earnings per common share	**$1.62**	**$1.85**	**$1.51**	**$1.15**	**$1.59**	**$1.37**	**$1.74**	**$2.00**	**$2.30**	**$2.45**
Cash dividends per common share	$1.66	$1.66	$1.66	$0.83	$0.83	$0.83	$0.83	$0.83	$0.83	$0.83

Appendix II. Pro Forma Balance Sheet

In Millions	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Cash and cash equivalents	62	67	61	66	37	43	62	91	87	107
Receivables, Net	339	427	242	231	247	286	296	328	343	359
Fuel Inventories at Cost	28	36	87	85	99	114	118	131	137	144
Materials and supplies, at average cost	60	64	99	121	118	137	142	158	165	172
Prepaid Expenses	12	16	15	15	10	11	12	13	14	14
Other Current Assets	70	45	99	95	99	114	118	131	137	144
Total Current Assets	**571**	**655**	**604**	**613**	**609**	**706**	**748**	**853**	**884**	**939**
Net Utility Plant in Service	2,812	2,854	4,358	5,075	6,016	7,034	7,278	8,145	8,513	8,898
Construction work in progress	215	530	1,659	1,508	1,677	1,944	2,012	2,233	2,334	2,440
Nuclear fuel, net of amortization	39	61	64	68	79	92	95	105	110	115
Total Utility Plant, at Original Cost	**3,066**	**3,445**	**6,081**	**6,651**	**7,772**	**9,070**	**9,384**	**10,483**	**10,957**	**11,453**
Nuclear decommissioning trust fund	104	111	97	113	99	114	118	131	137	144
Regulartory assets	434	400	825	822	957	1,109	1,148	1,274	1,332	1,392
Goodwill	88	88	156	169	197	229	237	263	275	287
Other Assets	72	129	107	116	229	209	198	132	146	137
Total Investments and Other Assets	**699**	**727**	**1,184**	**1,219**	**1,482**	**1,662**	**1,701**	**1,800**	**1,890**	**1,960**
Total Assets	**4,336**	**4,827**	**7,869**	**8,483**	**9,862**	**11,438**	**11,834**	**13,137**	**13,730**	**14,352**
Liabilities & Owners' Equity:										
Notes Payable, Commercial Paper, & EIRR Bonds	301	408	584	439	510	591	612	679	710	742
Current maturities of long-term debt	390	0	71	1	-	-	95	131	151	172
Accounts payable	323	407	418	315	345	400	473	525	549	574
Accrued Taxes, Interest, & Other Accrued Liabilities	72	64	130	146	148	172	178	197	206	215
Other Current Liablities	118	112	135	58	99	114	118	131	137	144
Total Current Liabilities	**1,203**	**990**	**1,337**	**958**	**1,102**	**1,278**	**1,476**	**1,664**	**1,753**	**1,847**
Deferred income taxes & tax credits	651	652	493	522	611	709	734	814	851	890
Asset retirement obligations	92	95	124	133	158	183	189	210	220	230
Pension and post-retirement liability	143	157	446	440	513	595	615	683	714	746
Regulatory liabilities	115	144	209	238	266	309	320	355	371	388
Other	143	79	114	146	148	172	178	197	206	215
Total Deferred Credits and Other Liabilities	**1,144**	**1,127**	**1,386**	**1,479**	**1,696**	**1,967**	**2,035**	**2,259**	**2,362**	**2,469**
Common Stock	897	1,066	2,118	2,314	2,663	3,088	3,195	3,547	3,707	3,875
Retained earnings	493	507	489	529	744	930	1,168	1,442	1,759	2,098
Treasury stock	(2)	(3)	(4)	(6)	(10)	(11)	(12)	(13)	(14)	(14)
Accumulated other comprehensive loss	(47)	(2)	(54)	(45)	(44)	(51)	(53)	(59)	(62)	(65)
Total Great Plains Energy Common Shareholders' Equity	1,342	1,568	2,551	2,793	3,220	3,734	3,864	4,289	4,483	4,686
Total Cumulative preferred stock ($100 par)	39	39	39	39	39	39	39	39	39	39
Long-term debt	608	1,103	2,557	3,213	3,805	4,419	4,420	4,885	5,093	5,311
Total Capitalization	1,989	2,710	5,146	6,046	6,642	7,703	7,970	8,847	9,247	9,666
Total Liabilities & Capitalization	**4,336**	**4,827**	**7,869**	**8,483**	**9,862**	**11,438**	**11,834**	**13,137**	**13,730**	**14,352**

Appendix III. Pro Forma Statement of Cash Flows

In Millions	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Net Income	127.6	159.2	154.5	150.4	214.4	186.5	238.1	274.1	317.0	338.8
Depreciation and amortization	160.5	183.8	238.3	302.2	329.6	353.2	364.4	385.3	394.8	404.7
Nuclear fuel amortization	14.4	16.8	14.5	16.1	14.9	15.0	15.3	15.4	15.2	15.3
Other amortization	9.4	7.4	(1.9)	(10.1)	0.5	6.9	5.8	2.7	(0.2)	0.3
Deferred income taxes, net	(11.0)	23.8	44.1	(3.6)	10.2	6.7	11.7	15.5	14.1	9.1
Investment tax credit amortization	(1.2)	(1.5)	(1.8)	(2.2)	(2.4)	(2.2)	(1.9)	(2.0)	(2.1)	(2.1)
Loss from equity investments, net of income taxes	1.9	2.0	1.3	0.4	1.3	1.2	1.3	1.3	1.1	1.1
Other Operating Activities	7.3	(59.3)	(11.1)	(117.8)	(18.3)	(15.8)	(35.8)	(43.0)	(40.3)	(45.2)
Cash Flow From Operating Activities	**308.9**	**332.2**	**437.9**	**335.4**	**550.1**	**551.5**	**598.9**	**649.2**	**699.6**	**722.0**
Utility capital expenditures	(475.9)	(511.5)	(1,023.7)	(841.1)	(651.6)	(679.2)	(672.6)	(696.8)	(672.0)	(645.8)
Allowance for borrowed funds used during construction	(5.7)	(14.4)	(31.7)	(37.7)	(15.4)	(17.8)	(20.4)	(22.9)	(24.3)	(23.1)
Purchases of nonutility property	(4.2)	(4.5)	(1.2)	-	(3.8)	(3.4)	(2.9)	(2.6)	(2.3)	(2.5)
Purchases of nuclear decommissioning trust investments	(49.7)	(58.0)	(49.1)	(99.0)	(56.7)	(57.8)	(61.7)	(63.7)	(64.7)	(67.3)
Proceeds from nuclear decommissioning trust investments	46.0	54.3	45.4	95.3	53.0	54.2	58.0	60.0	61.0	63.6
Other investing activities	13.8	(12.9)	481.2	(15.1)	74.3	92.1	105.6	120.9	143.2	86.8
Cash Flow from Investing Activities	**(475.7)**	**(547.0)**	**(579.1)**	**(897.6)**	**(600.2)**	**(611.9)**	**(594.0)**	**(605.1)**	**(559.1)**	**(588.3)**
Issuance of common stock	153.6	10.5	15.3	219.9	5.5	7.0	225.2	15.5	14.4	20.1
Issuance of long-term debt	-	495.6	363.4	700.7	304.9	302.6	275.6	230.3	170.6	180.6
Issuance fees	(6.2)	(5.7)	(5.3)	(22.8)	(11.7)	(10.6)	(9.6)	(8.1)	(6.0)	(6.3)
Repayment of long-term debt	(1.7)	(372.5)	(169.9)	(70.7)	(1.4)	(145.2)	(390.7)	(151.9)	(185.3)	(148.3)
Net change in short-term borrowings	118.5	251.4	118.4	(145.6)	(155.1)	34.3	37.0	23.4	(14.6)	(36.8)
Dividends paid	(132.6)	(144.5)	(172.0)	(110.5)	(112.2)	(113.0)	(113.4)	(113.9)	(114.3)	(114.8)
Other financing activities	(6.1)	(14.7)	(14.7)	(4.0)	(8.8)	(9.0)	(9.6)	(10.1)	(9.4)	(8.5)
Cash Flow from Financing Activities	**125.5**	**220.1**	**135.2**	**567.0**	**21.2**	**66.0**	**14.5**	**(14.8)**	**(144.6)**	**(114.0)**
Net Change in Cash and Cash Equivalents	**(41.3)**	**5.3**	**(6.0)**	**4.8**	**(28.9)**	**5.6**	**19.4**	**29.3**	**(4.1)**	**19.7**
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	103.1	61.8	67.1	61.1	65.9	37.0	42.6	62.0	91.3	87.2
Cash and Cash Equivalents at End of Period	**61.8**	**67.1**	**61.1**	**65.9**	**37.0**	**42.6**	**62.0**	**91.3**	**87.2**	**107.0**

Appendix IV. GXP Generation Capacity by Unit

	Unit	Year Completed	Estimated 2010 MW Capacity	Primary Fuel	Ownership	Ownership %
Base Load	Iatan No. 2	2010	468	Coal	Jointly Owned	55%
	Wolf Creek	1985	545	Nuclear	Jointly Owned	47%
	Iatan No. 1	1980	494	Coal	Jointly Owned	70%
	LaCygne No. 2	1977	341	Coal	Jointly Owned	55%
	LaCygne No. 1	1973	368	Coal	Jointly Owned	70%
	Hawthorn No. 5	1969	563	Coal	Fully Owned	100%
	Montrose No. 3	1964	176	Coal	Fully Owned	100%
	Montrose No. 2	1960	164	Coal	Fully Owned	100%
	Montrose No. 1	1958	170	Coal	Fully Owned	100%
Peak Load	West Gardner Nos. 1, 2, 3, & 4	2003	308	Natural Gas	Fully Owned	100%
	Osawatomie	2003	76	Natural Gas	Fully Owned	100%
	Hawthorn No. 9	2000	130	Natural Gas	Fully Owned	100%
	Hawthorn No. 8	2000	76	Natural Gas	Fully Owned	100%
	Hawthorn No. 7	2000	75	Natural Gas	Fully Owned	100%
	Hawthorn No. 6	1997	136	Natural Gas	Fully Owned	100%
	Northeast Black Start Unit	1985	2	Oil	Fully Owned	100%
	Northeast Nos. 17 & 18	1977	110	Oil	Fully Owned	100%
	Northeast Nos. 13 & 14	1976	105	Oil	Fully Owned	100%
	Northeast Nos. 15 & 16	1975	96	Oil	Fully Owned	100%
	Northeast Nos. 11 & 12	1972	99	Oil	Fully Owned	100%
Wind	Spearville Wind Energy Facility	2006	15*	Wind	Fully Owned	100%
Total KCP&L			**4,517**			
Base Load	Iatan No. 2	2010	153	Coal	Jointly Owned	18%
Base Load	Iatan No. 1	1980	127	Coal	Jointly Owned	18%
	Jeffrey Energy Center Nos. 1, 2, & 3	1978, 1980, 1983	173	Coal	Jointly Owned	8%
	Sibley Nos. 1, 2, & 3	1960, 1962, 1969	466	Coal	Fully Owned	100%
	Lake Road Nos. 2 & 4	1957, 1967	126	Coal & Natural Gas	Fully Owned	100%
Peak Load	South Harper Nos. 1, 2, & 3	2005	314	Natural Gas	Fully Owned	100%
	Crossroads Energy Center	2002	297	Natural Gas	Fully Owned	100%
	Ralph Green No. 3	1981	71	Natural Gas	Fully Owned	100%
	Greenwood Nos. 1, 2, 3, & 4	1975-1979	252	Natural Gas/Oil	Fully Owned	100%
	Lake Road No. 5	1974	63	Natural Gas/Oil	Fully Owned	100%
	Lake Road Nos. 1 & 3	1951, 1962	22	Natural Gas/Oil	Fully Owned	100%
	Lake Road Nos. 6 & 7	1989, 1990	43	Oil	Fully Owned	100%
	Nevada	1974	21	Oil	Fully Owned	100%
Total GMO			**1,975**			
Total Great Plains			**6,492**			

*The 100.5 MW Spearville Wind Energy Facility's accredited capacity is 15 MW pursuant to SPP reliability standards.

Appendix V. Pro Forma Revenue Forecast

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Residential	384	434	606	773	931	989	1039	1124	1192	1263
Commercial	443	492	621	753	836	872	885	917	938	959
Industrial	100	107	142	172	191	205	214	224	235	246
Other retail revenues	9	10	13	17	18	19	19	20	20	20
Provision for rate refund (excess MO wholesale margin)	0	(1)	(3)	0	(4)	0	0	0	0	0
Fuel recovery mechanism under recovery	0	0	31	33	45	47	49	52	54	57
Total Retail	**936**	**1042**	**1410**	**1747**	**2017**	**2133**	**2207**	**2336**	**2438**	**2545**
Wholesale revenues	190	234	230	175	205	220	227	237	251	266
Other revenues	15	17	31	43	47	49	51	54	57	59
Total Revenues	**1140**	**1293**	**1670**	**1965**	**2268**	**2402**	**2485**	**2627**	**2746**	**2870**
Retail MWh sales (thousands)										
Residential	5,413	5,597	7,047	8,647	9,558	9,995	10,495	11,019	11,570	12,149
Commercial	7,403	7,737	9,227	10,637	10,910	11,098	11,209	11,321	11,434	11,548
Industrial	2,148	2,161	2,721	3,143	3,244	3,411	3,513	3,619	3,727	3,839
Other retail MWh sales	86	92	94	122	124	127	128	129	130	132
Total Retail	**15,050**	**15,587**	**19,089**	**22,549**	**23,836**	**24,630**	**25,344**	**26,088**	**26,862**	**27,668**
Wholesale MWh sales	4,676	5,635	5,237	5,626	6,372	6,571	6,768	6,971	7,180	7,396
Total MWh sales	**19,726**	**21,222**	**24,326**	**28,175**	**30,208**	**31,201**	**32,113**	**33,059**	**34,042**	**35,064**
ASP (Electric Utility):										
Residential	71.0	77.5	85.9	89.3	97.4	99.0	99.0	102.0	103.0	104.0
Commercial	59.8	63.6	67.3	70.7	76.6	78.6	79.0	81.0	82.0	83.0
Industrial	46.5	49.4	52.3	54.7	58.8	60.2	61.0	62.0	63.0	64.0
Other retail MWh sales	102.3	107.6	141.5	141.0	147.6	150.0	150.0	151.0	152.0	153.0
Total Retail	**62.2**	**66.8**	**73.8**	**77.5**	**84.6**	**86.6**	**87.1**	**89.6**	**90.8**	**92.0**
Wholesale MWh sales	40.7	41.5	43.9	31.0	32.1	33.5	33.5	34.0	35.0	36.0
Total MWh sales	**57.8**	**60.9**	**68.7**	**69.7**	**75.1**	**77.0**	**77.4**	**79.5**	**80.7**	**81.9**
Electric Utility Revenue Growth:										
Residential	1.1%	12.9%	39.6%	27.6%	20.5%	6.3%	5.0%	8.2%	6.0%	6.0%
Commercial	1.8%	11.2%	26.1%	21.2%	11.1%	4.3%	1.5%	3.6%	2.2%	2.2%
Industrial	-1.1%	7.0%	33.1%	20.9%	11.0%	7.6%	4.4%	4.7%	4.7%	4.6%
Other retail revenues	2.3%	12.5%	34.3%	29.3%	6.1%	4.1%	1.0%	1.7%	1.7%	1.7%
Total Retail	**1.2%**	**11.3%**	**35.3%**	**23.9%**	**15.5%**	**5.7%**	**3.5%**	**5.9%**	**4.4%**	**4.4%**
Wholesale revenues	-1.0%	22.9%	-1.7%	-24.1%	17.3%	7.6%	2.9%	4.5%	6.0%	5.9%
Other revenues	1.4%	18.6%	77.3%	42.3%	7.2%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Revenues	**0.8%**	**13.4%**	**29.2%**	**17.7%**	**15.4%**	**5.9%**	**3.5%**	**5.7%**	**4.5%**	**4.5%**

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