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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Great Plains Energy fourth-quarter year-end 2014 earnings conference call.

(Operator Instructions)

As a reminder, this call is being recorded. I would now like to introduce your host for today's conference, Lori Wright, Vice President, Investor Relations and Treasurer. Please go ahead.

Lori Wright - *Great Plains Energy, Inc. - VP of IR & Treasurer*

Thank you, Danielle. And good morning. Welcome to Great Plains Energy's year-end 2014 earnings conference call.

Let me begin by introducing Terry Bassham, Chairman, President and Chief Executive Officer, and Jim Shay, Senior Vice President, Finance and Chief Financial Officer, who will provide an overview of our 2014 results and 2015 earnings guidance. Scott Heidtbrink, Executive Vice President and Chief Operating Officer of KCP&L, is also with us this morning, as are other members of our management team who will be available during the question-and-answer portion of today's call.

I must remind you of the inherent uncertainties in any forward-looking statements in our discussion this morning. Slide 2 and the disclosure in our SEC filings contain a list of some of the factors that could cause future results to differ materially from our expectations.

I also want to remind everyone that we issued our earnings release and 2014 10-K after the market closed yesterday. These items are available, along with today's webcast slides and supplemental financial information regarding the fourth-quarter and full-year 2014 on the main page of our website at greatplainsenergy.com.

With that, I will now hand the call to Terry.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Thanks, Lori. And good morning, everyone. Appreciate you joining us here. On our call this morning we will discuss our 2014 earnings results and give an update on our environmental upgrade at La Cygne and KCP&L's rate cases at Kansas and Missouri. We will also discuss our 2015 earnings per share guidance range and drivers for 2016 and 2017.

I will ask you now to turn to slide 4 of the presentation. We entered 2014 focused on our Company's long-term success. We completed major construction on our La Cygne environmental upgrade, expanded energy efficiency programs to all our Missouri customers, and aggressively managed operations and maintenance expense while continuing to provide affordable and reliable service. In fact, for the eighth year in a row we were recognized in the Plains region for providing the most reliable service to our customers. We also strengthened our credit profile with ratings upgrades at both Standard & Poor's and Moody's Investor Service.

We increased our common stock dividend for the fourth consecutive year and raised it by more than 6% in 2014. This increase contributed to a total shareholder return of 21%.

Earnings for the year were $1.57 per share. Although we did see positive demand growth for the second consecutive year, our earnings continue to be impacted by regulatory lag from property taxes and transmission costs in our Missouri jurisdictions. Our efforts to mitigate this lag through legislative and regulatory processes were unsuccessful. As a result, we accelerated the filing of KCP&L's general rate case in Missouri.

Turning to slide 5, our 2015 earnings per share guidance range is $1.35 to $1.60. While our service territory is strong and we have worked aggressively to manage costs we continue to be adversely impacted by increasing lag. The impact from property taxes and transmission lag was more than $50 million in our Missouri jurisdictions in 2014, and will continue to grow until new rates are in effect. We will also be impacted by increasing depreciation expense from capital investments in 2015.

As reflected in our KCP&L rate cases, prior to our true-up dates, we will place into service more than one $1.1 billion of environmental upgrades and infrastructure investments to ensure reliability, security and dependable service to our customers. To mitigate lag going forward, KCP&L has requested a fuel adjustment clause, inclusive of transmission costs similar to other utilities in Missouri, and a property tax tracker. You can find summaries of the rate cases in the appendix of this presentation.

Straightforward composition of our rate cases and our track record of achieving constructive regulatory outcomes gives us confidence in our current proceedings and reinforces our commitment to deliver 4% to 6% earnings growth from 2014 to 2016.

Dividend growth also remains a key component of our total shareholder return value proposition. Our dividend has grown at an annual rate of nearly 5% since 2011. And we continue to target compound annual growth of 4% to 6% through 2016. We expect increasing cash flow flexibility post-2016 and remain committed to a longer-term dividend payout ratio of 60% to 70%.

A key operational priority for the year is the completion of the La Cygne upgrade that's on schedule for completion before June and within budget. Upon completion, more than 70% of our coal fleet we will have emission-reducing scrubbers installed and all of our large base load coal-fired units will be in compliance with existing environmental rules and regulations.

Since 2005 we have invested more than $1.5 billion in our generation fleet and have reduced sulfur and nitrogen oxide emissions by 66% and 68%, respectively. These investments have us well-positioned to make longer-term decisions about our generation fleet. As you may have seen last month, we announced plans to cease burning coal in the coming years at three of our smaller, older power plants.

In the coming years we will operate Lake Road using natural gas, and make final decisions on the Montrose and Sibley units regarding whether to retire or convert them to an alternative fuel source. This decision furthers our commitment to a sustainable energy future and balanced energy portfolio, and for these units, represents the most cost-effective means to comply with environmental regulations including the Environmental Protection Agency's Clean Power Plan.

I will wrap up with a few comments on Transource. Both Transource Missouri transmission projects are progressing well with significant milestones met. The Iatan-Nashua line is expected to be in-service this year, with the Sibley to Nebraska City line expected to be in-service in 2017.

While the market is emerging and immature, we believe our joint venture with AEP is well-positioned to compete in the competitive transmission market. Transource's success with the two Missouri projects demonstrates the capabilities of the combined Great Plains Energy / AEP partnership. Bids have been submitted on a number of competitive projects and we believe Transource is positioned for long-term success.

I will now turn the call over to Jim to discuss our 2014 financial performance and earnings guidance for 2015 and considerations for 2016 and 2017.

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Thank you, Terry, and good morning, everyone. I'll begin with slide 7 which provides a comparison of 2014 to 2013.

As Terry indicated, our full-year 2014 earnings were $1.57 per share compared to $1.62 last year. For the fourth-quarter 2014, earnings were $0.12 per share compared to $0.11 last year. Earnings for 2014 were favorably impacted by new retail rates, the release of uncertain tax positions and lower interest expense.

These factors were more than offset by increases in depreciation expense driven by capital additions and operations and maintenance expense, including Wolf Creek. O&M for the year was in line with our plan as we continue to aggressively manage cost. Our plan included reducing O&M in the second half of the year, exclusive of energy efficiency expenses that have direct revenue offsets, by $15 million compared to the same period in 2013. We over delivered on this target by reducing O&M approximately $20 million during this period.

Through cost-control measures that we've undertaken over the past several years, O&M expense exclusive of regulatory amortizations and items that have direct revenue offsets has increased by approximately 1% since 2011, which is less than the rate of inflation over the same period. We begin 2015 with the same diligent approach to managing costs.

Driven by our industrial segment, actual demand in 2014 was up 0.4%. The industrial segment increased 2.3% in 2014 primarily driven by Ford Motor Company's Kansas City assembly plant which produces the F-150 and Transit van. The F-150 production line was recently retooled to build the new trucks using military grade aluminum alloy. Combined with the General Motors plant near our service territory and auto suppliers moving into our region, Kansas City is the largest auto manufacturing center in the United States outside of Detroit.

The residential segment was up 0.2% and the commercial segment was flat for the year. During 2014 we experienced an increase in the number of customers in both residential and commercial segments. However, the use per customer declined, partially due to the impact of our energy efficiency programs for which we recover a throughput disincentive.

The housing recovery in the region remains strong with single and multi-family permits up approximately 17% compared to 2013 and are at their highest levels since 2006. Through December the region's unemployment rate was 5% compared to the national rate of 5.4%.

Turning to slide 8, as Terry mentioned, our 2015 earnings-per-share guidance range is $1.35 to $1.60, and we remain confident in our 4% to 6% earnings growth target through 2016. As you can see by the summary of our requests on this slide we have significant earnings power in the rate cases. With a combined rate base increase of $750 million since the conclusion of KCP&L's most recent cases, we are on track to deliver our $6.5 billion rate base target in 2016. We continue to be impacted by significant lag, our property taxes, transmission expense and depreciation, and we are requesting increases associated with these items totaling approximately $75 million.

Slide 9 reflects drivers and assumptions for 2015 including weather-normalized sales growth of flat to 0.5%, which includes the estimated impacts from our Missouri energy efficiency act programs that were expanded to all Missouri customers in 2014. These investments, the impacts of which we recovered through a throughput disincentive, allow us to invest in our customers by providing long-term energy solutions and the ability to generate shareholder return. We project demand growth before the impact of energy efficiency programs at 0.5% to 1%.

We will have approximately seven months of new retail rates from the Kansas abbreviated rate case that became effective in July 2014 and new KCP&L retail rates expected to be effective in October 2015. AFUDC, that was $0.17 per share in 2014, will decrease with La Cygne and other projects included in the rate cases moving from CWIP to in-service. We will be impacted by the increasing property tax and transmission costs in our Missouri jurisdiction. The lag from these items was $0.21 per share in 2014 and we expect this to continue increasing in 2015.

Depreciation expense driven by capital additions will also increase in 2015. Net plant in service increased over $350 million in 2014 resulting in $0.10 per share of lag. This lag will increase in 2015 as we will place additional plant in service prior to the rate case true-up dates.

As a reminder, our cost structure including property tax, transmission costs and depreciation will be trued up in KCP&L's current cases. In addition, as Terry mentioned earlier, we requested a fuel adjustment clause that includes recovery of transmission costs and a property tax tracker to defer property tax expense between rate cases. We expect to request similar rate treatment for these items and GMOs next general rate case. Finally, we will continue to aggressively manage O&M.

The Missouri Public Service Commission authorized construction accounting treatment for La Cygne, that will allow for the deferral of depreciation expense and carrying costs treatment between the time the environmental upgrade goes into service and the effective date of new rates. In Kansas we will defer depreciation expense on La Cygne between the time the upgrade goes into service and when new rates are effective. On the financing front we expect to issue long-term debt at KCP&L in a second half of 2015, with no plans to issue equity.

On slide 10 we have provided considerations for 2016 and 2017. From an earnings trajectory standpoint, in 2016, we will have a full year of new retail rates at KCP&L. We are on track to deliver earnings per share growth of 4% to 6% from 2014 to 2016 off our initial 2014 guidance range of $1.60 to $1.75 per share. We are assuming weather-normalized sales growth of flat to 0.5%, net of energy efficiency.

We will maintain our focus on cost management and plan to continue aggressively managing O&M. We expect lag from transmission costs and property taxes will continue at GMO with certain transmission costs not recovered through its fuel adjustment clause and the lack of a property tax tracker. We anticipate to have new retail rates effective at GMO in 2017.

Our projected five-year CapEx schedule has been updated and is in the appendix of this presentation. And on the financing front, we have no plans to issue equity and in 2017 we expect to refinance some long-term debt. We have a strengthening credit profile with increasing cash flow flexibility post-2016.

I will now turn it back to Terry for some final thoughts.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Thanks, Jim. As you can see our strategy for long term consistent shareholder returns is very straightforward. After several years of large complicated construction projects, our generation fleet is positioned to produce low-cost reliable power to our customers while meeting the demands of the EPA and other regulatory requirements. This positioning of the generation fleet and completion of our current rate cases also allow for increase cash flow available for ongoing investment and dividend growth. The implementation of a fuel factor in KCP&L Missouri and ongoing recovery of transmission expenses through the factor serve to reduce the risk and volatility of our ongoing returns.

Thanks for your time this morning. Scott, Jim and I are now happy to answer questions if you have any.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Andy Levi, Avon Capital.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

What gets you to the high end and the low end of your guidance for 2015?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Without talking necessarily about a particular element I would say the factors that would drive us up and down the range are obviously our ability to get the rate cases completed on time. Again, we talked about having the rate cases in place in October, and that's the statutory deadline. But cases dependent on finalizing the La Cygne work so that would be a downside driver, if you will.

We've talked about before that 2015 has less upside than downside simply because of the drag of the different pieces. So, up and down that risk would be our ability to manage our business which is something we've done very well and manage our costs which we've also done very well.

Growth obviously would be another piece in our service territory. We've given growth estimates around that, higher growth would push us up, lower growth would push us down. Those are a few of the elements.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Yes, I'm just more interested on the low end. The high end, the $1.50, $1.60 is no surprise to me. And, again, you did this in the third quarter, too, where you gave an extreme low end. So, can we just talk about the low end, the $1.35, how do you get that low?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Again, a couple of things could happen. We could have a rate case which extended a little bit longer because of tower work on La Cygne which causes rates to be effective on a lesser timeframe. We could have lower growth in the service territory.

We could have other growth within our territory that's less than we expect. And I would say I think we are conservative on the range. Obviously it is a little wider than we traditionally provide.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

So, is the $1.35, $1.40 -- it's similar to a call I was on yesterday for El Paso-- is that more the perfect storm type number? Is that the way to look at it?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Andy, I don't know that I would characterize it one way or the other. Again, as the year goes on we've done a good job of managing our costs. And when we've had things go negative on us we've managed our cost to a greater extent. In a year where we've got rate cases going on and we've managed our costs very low, there's less flexibility there, so things could affect that more dramatically than it has in the past. But certainly it is a number that we would work hard to be at the mid-point and above, as we always do.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

All right. Then on the 3% to 4% O&M growth for this year, why is it so high?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Andy, embedded within the 3% to 4%, we have our O&M level that is exclusive of the regulatory amortizations and items like energy efficiency that we have direct revenue offsets. So that core O&M growth is only going to be 1% to 2% which is consistent with our past trend.

We will have a full year of our energy efficiency program for Kansas City Power & Light Missouri for which we recover a throughput disincentive. So, when you add those items for which we have direct revenue offsets, that's what drives the total O&M increase to that 3% to 4% level.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

I understand. So, it is 1% to 2% on non-tracker type stuff.

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Correct.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Okay. To move on from this year, just to understand what you're saying about 2016, you are taking your mid-point of original 2014 guidance, which would be like $1.65 or something like that?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

No, what we are doing, Andy, is we are taking that original $1.60 to $1.75 range and growing 4% to 6% off that range.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Right. So that's $1.67, So, you take the $1.67, is what you are saying, right? -- and even though it is not going to happen this year, you multiply that by the mid-point, which is 5%, for two years. Is that what you're saying?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

What you would do is actually you would take the $1.60 and compound that at 4% for two years, and then you take the top end and compound that at the higher end of the range. That creates your range.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Okay. So, if you take the $1.60 times 1.04, the low end of your range -- again, I know you haven't given guidance -- would be in the $1.70-ish type range. And then on the high end $1.70 to $1.90 with $1.80 mid-point, which is where I was thinking. So, that's what you're saying? -- just to understand for 2016?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

That is the math.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Okay, got it. This is the last question. You can answer it any way you want. But you see several deals being made over the last year with companies that have had difficulty growing. And I understand you are going to grow in 2016. But whether it's Hawaiian, UNS, now UIL and Potomac, all had issues as far as under-earning and then combined with other companies or create shareholder value that way by raising their hand and saying we are ready.

You are in a similar situation where you are perennially under-earned, no fault of yours. So, with this -- I don't want to say new landscape, but the landscape that we are in, what you're thinking is there.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

I wouldn't argue that we perennially under-earn. I would argue that it is a bit more up and down given the need to file rate cases. Obviously in 2013 we had an outstanding year based on post rate case performance, which is the same kind of thing we are talking about in 2016.

And in general, which everybody gets this question in the industry, we are very confident and excited about our growth opportunities as a stand-alone basis. But I think through our partnership with AEP and our purchase of Aquila when it was opportunistic, we've shown our ability to strategically be aware of opportunities, as well. As we move out of the rate cases we will continue to do the same thing moving forward.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Okay. Is there interest in M&A? That was the main question.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

I think I answered that, but yes. We will look at all strategic opportunities, as we always do. And we've shown our ability to execute on those when we do, but we're very confident in our ability to grow the business independently, as well.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Okay, thank you.

Operator

Michael Goldenberg, Luminus Management.

Michael Goldenberg - *Luminus Management - Analyst*

I wanted to continue with Andy's discussion about guidance from 2014 to 2016 and I want to run through some math and tell me if I'm wrong somewhere. So, the mid-point of 2014 was $1.60 to $1.75, which is $1.68. The mid-point of this guidance is -- actually, before we get to that -- so $1.68, if we grow that at mid-point of 4% to 6%, at 5%, that means you expect roughly mid-point of $1.85 in 2016?

2015 mid-point is $1.48, which assumes some or probably no rate case. When I look at that in terms of net income I'm seeing $284 million, corresponds to $1.85 and $227 million that corresponds to $1.48. That's a difference of $57 million in net income, which in pretax revenues is like $90 million.

Is that basically the math that you need to get to net revenue increase in your rate cases to get to where you want to be, net revenue that doesn't just cover the expenses that are going up?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

We will continue to aggressively manage cost. In my talking points I talked about the $75 million worth of recovery tied to property taxes, transmission and depreciation lag. So, just the true-up of those cost, that, combined with the $750 billion of rate ask should create some significant earnings power for us.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Michael, I think your math is right. And if you look at what we've produced in terms of our rate case filings, that discussion and that filing match up.

Michael Goldenberg - *Luminus Management - Analyst*

What about from 2015 to 2016, do you expect overall COGS -- if I take all depreciation and transmission and -- well, let's leave fuel aside -- O&M, 2015 to 2016, is that roughly flat? Would that roughly be flat? Or do you expect growth from 2015 to 2016 in all of your cost of goods sold?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

We would expect that the costs associated with those numbers that we talked about to be recovered in rates. And we would expect the first year out of a rate case to have some lag. We had about 50 bps of lag in 2013 after the rate case. But it is manageable and everything would be trued up at that point. Does that answer your question?

Michael Goldenberg - *Luminus Management - Analyst*

Not entirely because the math that I'm running, it seems that for you to get to where you want to be in 2016, you need to get $80 million of pretax revenue increase, assuming nothing changes in cost from 2015 to 2016, plus recover all of your cost increases from 2015 to 2016 in the rate case to get to where you want to be in 2016 mid-point. That's why if your COGS go up $10 then you need to get $98 million rate increase, if they go up $15 then you need to get $103 million rate increase.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Your math on the front in the 2014 to 2015 is absolutely right, and that's included in the rate case. Increases that would be in 2015 and not included in the rate case, although we do true-up the rate case for many items, would cause some lag, and it would be our job to manage those costs, exclusive of transmission, I would say, because, remember, transmission increases get included in the fuel factor we are asking for. Property tax increases that might occur post-test year, post rate case, whether it be late 2015 or 2016, would be part of an overall cost structure we would have to manage going forward.

Michael Goldenberg - *Luminus Management - Analyst*

But fuel cost or no fuel cost, at the end of the day, when Missouri Commission sits down -- and Kansas Commission -- sit down and say how much will customer rates go up, they have to go up by this amount of $90 million-plus, whatever expense, and they have to sign off on that size of rate increase.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Yes. And, again, these are the kinds of rate increases based upon both expenses and assets that are traditionally recovered. It is not as if we are asking for unusual adjustments. These are things that we've under-earned on a couple years and should be trued-up.

Michael Goldenberg - *Luminus Management - Analyst*

Understood. Okay, thank you very much.

Operator

Michael Lapides, Goldman Sachs.

Michael Lapides - *Goldman Sachs - Analyst*

Hi, guys, a couple of questions, I think you had a bunch of the guidance ones so I will actually take a little bit of a step back. I want to focus on something else.

Your capital spending guidance changes a good bit, meaning the numbers are higher versus the last disclosure. And they are higher on things -- given that you don't have a whole lot of trackers in transmission as a small part of the business -- they are higher on things that traditionally create regulatory lag for you. So, my question is, A, what drove that CapEx change? B, how set in stone or rate case dependent are those CapEx changes? And, C, does that impact the timeline for a potential follow-on KCP&L rate case after this one?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Michael, you are referring to about a $145 million increase. And what's really driving that is we've got some growth CapEx in T&D. We've got some hardening of the system, some other investments. We've got some investments in IT that we are looking to make. And these will certainly be factors in follow-on rate cases.

Michael Lapides - *Goldman Sachs - Analyst*

Do you have a follow-on rate case in Missouri or Kansas for KCP&L in the next year or two after this one?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

This is Terry. The current plan isn't to file within a year or two yet. I would say that we will be responsive to this case's outcome and regulatory lag. So, we will be managing that from both sides.

We will be managing our CapEx based on how we see the response, if you will, in these cases, number one, and the effect it has on customers and growth. And then, number two, we will be looking at our ability to process a case. And we prefer not to be within a year or two, but if a lag is created and that's what's required, we will certainly file it.

Michael Lapides - *Goldman Sachs - Analyst*

Got it. The other thing is, one of the other Missouri utilities made a comment this week regarding a potential another effort to get legislation done in the state in terms of trying to reduce the lag, whether it's ISRS or something like that. Can you give an update on that whether it is a coordinated effort, what you guys are seeking, and how you think about it from a time line and process standpoint?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Yes, from a coordination perspective I think we are very well coordinated. We work well with our other utilities in the state. We do believe that over time our education and efforts so far will lead to some changes in Missouri that allow for a reduction in lag for things that create jobs, provide additional reliability on the system, and things that we all know that customers need and want.

Time line is pretty hard to predict. I would say this year the environment looks a lot like last year. I don't know that I have an ability this early in the session to predict outcomes this year. But long term I think we have had a receptive Jefferson City to those kinds of conversations, and I think we still feel hopeful over time we will be able to achieve some of that.

Michael Lapides - *Goldman Sachs - Analyst*

Got it, thanks, guys. Much appreciated.

Operator

David Paz, Wolfe Research.

David Paz - *Wolfe Research - Analyst*

Good morning. Just going back to the rate base, I believe you said the $6.5 billion rate base for 2016 is still intact. And I was just curious, were there no impacts from the extension of bonus depreciation or any other tax items? Were you able to backfill any impact?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Yes, we did take some bonus depreciation in 2014, but with our current tax position we had some tax offset so it was a manageable impact on our overall rate base. So, we feel good about the $6.5 billion.

David Paz - *Wolfe Research - Analyst*

Got it. Okay. And similar to Michael's question earlier, which items will contribute to lag post your rate cases? Can you just itemize those and, to the extent possible, give a rough basis points of the lag for each of those items?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

We will be truing up the lag for property tax and transmission cost for KCP&L. We won't have those trued-up for GMO until we have new rates in effect. But we also have growth in GMO which is helping to offset that and help manage the impact to the lag.

But of the $0.20, a little bit more than half is GMO related and that will continue to grow. Consistent with KCP&L we will be looking to get the transmission piece addressed in the fuel factor as part of that follow-on rate case.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

And recall that we do have a property tax rider and we do collect feel and transmission in Kansas, so this is a KCP&L MO specific piece to that. So, post rate case, post true-up, post-test year, if you will, true-up, some degree of lag traditionally happens as our system spin continues in 2016. And again I would refer you in general to the ranges to what we saw in 2013, first year out of the rate case, which at year end turned out to be about 50 basis points in total.

David Paz - *Wolfe Research - Analyst*

I see. So, 50 basis points of structural lag is safe to model for the year after the rate case. But after that it will be a function of property taxes if you are not successful with the tracker proposal in Missouri. That's the big one, I guess, correct?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Yes, what we've talked about all along is we believe 50 to 100 basis points is typical for a healthy growing utility in between cases. First year out ought to be even tighter. But as we continue to spend the capital we've been talking about that will generate depreciation that's not collected and will generate some lag there. Back in 2013 we were able to do all of that and deliver on about 50. 50 to 100 is pretty typical from a structural perspective given, in Missouri and Kansas, the timing of test years and filings that we go through.

David Paz - *Wolfe Research - Analyst*

Got it. Okay. And just a technical question but just so I understand, the rate cases generally have a set time frame in each, Missouri and Kansas, I believe. But I think in your prepared remarks you mentioned completing the rate cases on time as a variable. This may be in response to your question -- but that's a variable for guidance. Can you explain why the rate cases wouldn't be completed on time?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

First of all, we absolutely expect them to be completed given the legal time line. So, if we don't do anything we would expect for everything to be completed and rates effective in October.

This case, like some prior cases, does include the completion of construction on La Cygne back-end testing and in-service of those units. So, if for some reason that testing doesn't finish on time, we might want to push back the completion of the true-up a little bit to make sure that 2016 is a complete year. So, that's what I was referencing.

We've not had any issues like that in the past. Construction is on time and on budget. We don't expect them here. But certainly in rates effective in October versus rates effective in December would have an impact if that kind of extension was needed.

David Paz - *Wolfe Research - Analyst*

Okay, then just one last thing, is construction, the completion of La Cygne a gating factor in any potential settlement in the state? In other words, does that have to be completed for any settlement to be reached in either Missouri or Kansas?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

No. Certainly I could see that if we wanted to extend the time or if we wanted to accelerate a settlement that those units cannot go in service until they've completed all their testing criteria. Other than that, we are on schedule and we are below budget at this point. And, remember, even Kansas, we have a predetermination on those units.

So there's really not any -- if you are talking about settlement around a potential disallowance, there's nothing like that that would be in play here. We expect to fully recover the cost of the work. Does that answer your question?

David Paz - *Wolfe Research - Analyst*

Yes. Just in the past there have been some settlements in Kansas in particular, and obviously there have been some discussions in rate cases in Missouri. So, I was just curious whether La Cygne -- if the completion of La Cygne had any impact on settlement discussion.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Other than what I just discussed, I don't believe so.

David Paz - *Wolfe Research - Analyst*

Okay, thank you.

Operator

(Operator Instructions)

Charles Fishman, Morningstar.

Charles Fishman - *Morningstar - Analyst*

Thank you. Based on your comments on the regulatory lag on a previous question, as an analyst, and I look at the KCP&L-Missouri rate case, just so I'm focused on the right things, if you get a decent decision on the ROE -- and I'm going to assume you get the fuel cost adjustment, you get the property tax tracker, you get the CIPS tracker, you get the vegetation tracker -- it seems to me, then, at that point you would be at the upper end of your 4% to 6% EPS growth target for 2016 and 2017. Would that be a good way of looking at it or a correct way of looking at it?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Let me be sure and break it out. I would suggest that if we got a good result on our ROE, we recovered all those costs, they were all trued-up, and we didn't have a lot of lag in those areas you talked about, yes, that's a fair way to look at that.

The reason I say that is our range, though, going forward is not dependent on trackers. We've asked for those things you mentioned and that would certainly help to prevent additional lag growing. But if we didn't get the vegetation tracker, the CIP tracker or the property tax tracker, all of those costs, though, would be currently trued up. So, it would, in that first year create a little additional lag and trackers would help prevent that going forward. But we didn't have those kind of trackers in 2013 when we delivered and that's my only point.

Charles Fishman - *Morningstar - Analyst*

Okay. So maybe the way I correctly should look at it is you are okay for, let's say, 2016, but as we go forward, if you don't get the trackers, then it would be tougher to fall in the higher end of that 4% to 6%.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Yes. That's the straight answer. Obviously we don't manage those costs individually. We manage all our costs together so there might be things that move back and forth there. Taken as individual elements without trackers, if those costs continue to grow as they have in the past few years, that would cause us then to have to file another rate case, which would be based on some lag we are beginning to see if that occurs.

Charles Fishman - *Morningstar - Analyst*

Okay, thank you. That was very helpful.

Operator

Paul Ridzon, Keybanc.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Good morning. Your load has been a little volatile. What drives that volatility? And can you give us an EPS sensitivity to 100 basis points of load swing?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Yes. We think about our demand, think about a percent of demand depending on the time of year, having a $0.05 to $0.10 % total year impact. And the 0.4% that we delivered for the year is really in line with what we are expecting. We had the impact of our Missouri energy efficiency programs kick in a little bit.

The quarter-to-quarter movements that you see, we've got the weather normalization process which has some level of variability to it. And we had decent growth in the fourth quarter of last year that we were matching up to. All of those drivers, when you put them all together, we feel pretty good about our flat to 0.5% moving into next year, exclusive of energy efficiency. But the weather normalization process and year-over-year comparisons on a quarter basis can create a little bit of volatility.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

The 4Q 2013 was abnormally strong.

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Yes, it was. We had some nice growth we were comparing to.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Okay, I won't call it abnormal --you had good growth. Okay, thank you.

Operator

Michael Lapides, Goldman Sachs.

Michael Lapides - *Goldman Sachs - Analyst*

I want to focus on cash flow a little bit, a follow-up from the capital spending question but this may be a little more focused on 2015. Do you expect, on just a cash from ops minus cash from investing activities, do you expect to be cash flow positive this year?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Not in 2015.

Michael Lapides - *Goldman Sachs - Analyst*

But you expect that to turn in 2016 once new rates go into effect?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Yes, 2016 and beyond we get closer to cash flow positive, plus or minus, depending on the timing of individual CapEx. But we're going to have a lot more flexibility 2016 and beyond.

Michael Lapides - *Goldman Sachs - Analyst*

Okay. What's the best way to think about how much the NOL cash benefit is a year like 2015, and maybe even given some of the guidance ranges you put out there for 2016, how we should think about what the cash contribution of that is annually?

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Yes, we will not be a cash taxpayer so you really get the full benefit of those deferred taxes rolling through your cash flow model.

Michael Lapides - *Goldman Sachs - Analyst*

Meaning, for the next at least 2015, 2016, 2017, your deferred income tax line on the cash flow statement is basically equal to what you are statutory GAAP taxes would be on the income statement.

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Correct. And we've actually in the appendix we note that will go beyond 2020. We've got significant NOLs and deferred tax assets that will provide quite a bit of value for us for the years to come.

Michael Lapides - *Goldman Sachs - Analyst*

Got it. So, when I think about what happens post rate case, cash from Ops, cash minus new cash from investing activities, largely in line with each other, up or minus a little bit here are there, but then you can issue first mortgage bonds or senior secured type debt and that provides a lot of cash flow flexibility, and in the meantime you are maintaining your capital structure.

Jim Shay - *Great Plains Energy, Inc. - SVP of Finance & CFO*

Exactly.

Michael Lapides - *Goldman Sachs - Analyst*

Got it. Okay. Thanks, guys.

Operator

Andy Levi, Avon Capital.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Me again. I just want to push this. It's more just a strong thought I had. Basically if you're going to continue to run into -- again, absent getting any of these trackers -- this continued regulatory lag post-2016, it seems to me that you would be much better off in a bigger entity that can, in a sense, allow you to cut cost as a larger entity and be able to earn a better return considering the lag. Again, what would be the aversion of doing something like that?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

First of all, I didn't suggest there was any aversion. But, secondly, cutting costs that ultimately flows back to ratepayers, so there's a benefit there potentially for customers, but ultimately those costs go back and the lag is structural. Our focus will be on through the rate case ask and through legislation and other places finding ways, number one, to collect those costs on an ongoing basis, and, other than that, manage those costs.

We believe we've got the ability to do that on a stand-alone basis. We will continue to be strategic in our thinking, but in the meantime we've gotten very good outcomes in our rates cases. And we think we will continue to get that in both our jurisdictions and we feel good about our growth profile.

Andy Levi - *Avon Capital/Millennium Partners - Analyst*

Okay, thank you.

Operator

Michael Goldenberg Luminus Management.

Michael Goldenberg - *Luminus Management - Analyst*

Yes, hi. I just want to follow-up on Michael Lapides' question about deferred taxes. You pay no cash taxes through 2020. There's two things that I just want to confirm. One, that benefit reduces rate base. And, two, because you're getting this cash and rate bases smaller this reduces the lag. Are both of those statements correct?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

First of all, NOLs don't reduce rate base.

Michael Goldenberg - *Luminus Management - Analyst*

When you collect the taxes, when you pay out less of cash taxes, does that impact the rate base or not?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

No. Remember the NOLs came from the Aquila acquisition which were non regulatory.

Michael Goldenberg - *Luminus Management - Analyst*

So it's all collected at the parent.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

On NOLs.

Michael Goldenberg - *Luminus Management - Analyst*

Got it. Okay. And then what about the lag? Does it reduce the lag collecting those?

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Does collecting -- does cash taxes reduce lag on other costs?

Michael Goldenberg - *Luminus Management - Analyst*

Right.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

It helps cash flow but other than that, no.

Michael Goldenberg - *Luminus Management - Analyst*

Okay. Got it. I was thinking about it being collect at the utility level, not at the parent.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

No, it is a non-reg asset.

Michael Goldenberg - *Luminus Management - Analyst*

Okay. I see. Okay, great. Thank you very much.

Operator

I'm not showing any further questions at this time. I would now like turn the call back to Terry Bassham for any further remarks.

Terry Bassham - *Great Plains Energy, Inc. - Chairman, President & CEO*

Thank you, everybody. We appreciate you being on the call. I appreciate your questions and we look forward to talking to you moving forward as the year goes on. Thank you and have a good day.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect. Everyone have a great day.