FINAL TRANSCRIPT

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CORPORATE PARTICIPANTS

Michael Cline
Great Plains Energy, Inc. - VP of IR and Treasurer

Mike Chesser
Great Plains Energy, Inc. - Chairman, CEO

Bill Downey
Great Plains Energy, Inc. - Executive Vice Chairman

Terry Bassham
Great Plains Energy, Inc. - President, COO

Jim Shay
Great Plains Energy Inc - SVP & CFO

CONFERENCE CALL PARTICIPANTS

Andy Levi
Caris & Company - Analyst

Erica Piserchia
Wunderlich Securities - Analyst

Michael Lapides
Goldman Sachs - Analyst

Paul Ridzon
KeyBanc Capital Markets - Analyst

PRESENTATION

Operator

Good morning. My name is Vanessa and I will be your conference operator today. At this time, I would like to welcome everyone to the first-quarter 2011 earnings conference call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks there will be a question-and-answer session. (Operator Instructions). Thank you. I would now like to turn the call over to Mr. Michael Cline, Vice President of investor relations and treasurer. Please go ahead, sir.

Michael Cline - *Great Plains Energy, Inc. - VP of IR and Treasurer*

Thank you, Vanessa, and good morning. Welcome to Great Plains Energy's first-quarter 2011 earnings conference call. Our senior executives presenting this morning are Mike Chesser, Chairman and CEO; Bill Downey, Executive Vice Chairman; Terry Bassham, President and COO; and Jim Shay, Senior Vice President and CFO. I must remind you of the inherent uncertainties in any forward-looking statement 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. Before Mike begins his remarks, I wanted to remind everyone that we issued our earnings release and first-quarter 2011 10-Q after the market closed this past Tuesday. They are available, along with today's webcast slides and supplemental financial information regarding the quarter, on the main page of our web site at www.greatplainsenergy.com.

With that, I'll now hand the call to Mike Chesser.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Thanks, Michael, and good morning, everyone. We appreciate you joining us on the call today. I'd like to start this morning by discussing a key change in our senior management team. Earlier this week, we announced that Bill Downey would step down from his position as President and Chief Operating Officer effective immediately. Bill has assumed the role of Executive Vice Chairman of Great Plains Energy before retiring at the end of August. As you all know, he has had a long and distinguished career in this industry, with 29 years at Commonwealth Edison and the last 11 years at Great Plains. I can't begin to capture the magnitude of his contribution in just a few minutes, but suffice it to say Bill has been a huge force behind the transformation of our Company. The success of the Comprehensive Energy Plan, from planning to construction to regulatory treatment, is due in large part to his diligence and his leadership. In addition, he's been a trusted colleague and a good friend, and I would like to take this opportunity to thank him for his dedicated service at Great Plains and to wish him the best in his retirement.

We also announced earlier this week that effective immediately, Terry Bassham would succeed Bill as President and Chief Operating Officer. As you know, most recently Terry served as Executive Vice President utility operations and prior to that, he was our CFO for 5 years. Terry's excellent leadership ability, combined with his regulatory, legal, financial, and operational background, make him an outstanding successor to Bill. So I'd like to publicly congratulate Terry on his new role, and I look forward to working with him to leverage the platform that we've built over the past few years to drive shareholder returns as we go forward.

Next, I'd like to provide a few comments on our quarterly results. At our press release on Tuesday we announced first quarter earnings of 1% -- of $0.01 per share compared to $0.15 per share last year. Jim's going to provide additional details in his comments, but I wanted to highlight 3 key points before the year -- behind the year-over-year change. First, our results this quarter included a negative effect of about $0.07 per share from KCP&L's recent rate case outcome in Missouri, and the organizational realignment and voluntary separation program we announced. Second, we had a negative effect of about $0.04 from regulatory lag. And finally, about $0.03 was a result of lower customer consumption, which fell about 3% on the weather normalized basis.

As a result, we're reducing our demand outlook for the year. However, I'd like to emphasize that this is based on our actual results for the first quarter and does not reflect a change in our view for the rest of 2011. As Terry's going to discuss further, we believe a confluence of factors contributed to the drop in demand for electric heat in the quarter. However, we do not expect those negative dynamics to persist during the summer cooling season. When we combine this view with the projected regional economic growth of about 3% for the year, we feel confident with our forecast of about 1% growth in weather-normalized demand for the rest of 2011.

I also wanted to briefly discuss earnings guidance. You'll recall that we did not provide 2011 guidance in our February call due to our pending rate cases in Missouri and their importance to our 2011 earnings. As I'll discuss in a minute, we have resolution in the Missouri rate cases after receiving KCP&L's order last month and GMO earlier this week. However, we have not had the opportunity to thoroughly evaluate the impact of GMO's case and as such, are not issuing 2011 guidance on today's call. Our plan is to provide guidance for both 2011 and 2012 on our second-quarter call in early August.

In the after math of the nuclear disaster in Japan, there has been significant media focus on the nuclear industry in the United States. Our Wolf Creek plant has received attention, as well, following the NRC's indication that the plant is one of the 3 in the country requiring additional oversight. Terry will discuss this detail in his comments but I'd lake to clarify a few key points right up front. Wolf Creek has been one of 3 US plants in what is called the degraded cornerstone status. However, the 3 indicators that triggered the move to that status have all returned to top performance. Based on recent plant performance and public feedback from the NRC team that conducted a recent inspection, we expect the plant to be moved out of the degraded cornerstone status and back to the top performing category. The unit has operated safely and reliably for 25 years and we're committed to maintaining that successful track record.

Terry's also going to share with you thoughts related to the recent EPA pronouncements in regard to the industrial boilers, utility (technical difficulties) and water intake structures. As I'm sure you're aware, the active and dynamic nature of the EPA's deliberations makes predicting final requirements and timelines extremely difficult. But as the debate continues, I'd like to emphasize that we would continue to advocate for appropriate implementation periods that reduce rate impacts for our customers. Though the environment is uncertain, we believe that our proactive environmental efforts in recent years is going to serve us very well. With respect to utility boiler rules, in particular, our fleet is currently about 60% to 65% scrubbed, which effectively positions us to manage whatever the final outcome may be.

The completion of Missouri rate cases is a significant accomplishment. As we described at our year-end call, the single remaining piece of the Comprehensive Energy Plan, or CEP, was the regulatory approval to include Iatan 2, an 850 megawatt super critical coal plan and the cornerstone of the plan, in our rates. We were very gratified that the Missouri Public Service Commission, by unanimous vote in both the KCP&L and GMO cases, ruled that virtually all the costs incurred to complete Iatan 2 were prudent. We disagree, however, with the Commission's disallowance of a portion of the cost of the Crossroads Energy Center and related transmission cost. We're evaluating our options regarding appeal, and the ongoing operation of that unit. Overall, however, these cases continue the pattern of constructive regulatory treatment we've received in both Missouri and Kansas throughout the entire 5-year term of the Comprehensive Energy Plan.

Since the conclusion of the Missouri rate cases also marks the conclusion of the CEP, I think it's important for to us take a minute to reflect on what this landmark program has meant for our Company. Since 2005, we've invested nearly $2 billion in projects under the CEP, which has more than doubled KCP&L's rate base. In addition to Iatan 2, these projects included renewable energy generation assets, environmental retrofits of Iatan 1 and LaCygne and asset management energy efficiency and demand response programs. In addition to the regulatory support I mentioned, another hallmark of the plan has been our excellent execution throughout, and I'd like to take this opportunity to thank our many employees and stakeholders, as they have worked tirelessly over the past several years in support of our efforts in Kansas and Missouri. The CEP has clearly demonstrated how a collaborative spirit among a utility, regulators, customers, environmental groups, and other key stakeholders can achieve a positive outcome for everybody.

With the physical and regulatory elements of the CEP now in place, we felt that a leaner, more-efficient organization was essential to position our Company for optimal long-term performance. So to that end, in early March we announced an organization realignment and a voluntary separation program for all non-union KCP&L employees. Though such a decision was never easy, we thought it was imperative, given the changing nature of our industry and the economic environment in which we're operating. These organizational changes will help us manage overall costs within the level reflected in our retail electric rates, and represent a major step towards our long-term goal to achieve tier 1 cost structure. Jim is going to talk more about the impacts of that program in his section.

So to conclude, our total shareholder returns over the past few years have not kept pace with the rest of the industry. This is largely due to the numerous risks, especially regulatory, that have confronted -- that we have confronted in the process of transforming our Company. But we've tackled those charges head on and we're a stronger organization because of it. We appreciate your support during this time, as well, and we now plan to reward that patience and provide attractive returns for our shareholders as we go forward. With that, I'd lake to introduce Bill.

Bill Downey - *Great Plains Energy, Inc. - Executive Vice Chairman*

Thank you, Mike, and good morning, everyone. I would like to spend a few minutes this morning updating you on our Missouri rate case results at KCP&L and GMO and our petition for reconsideration at KCP&L's Kansas rate case. I'll begin with KCP&L rate case in Missouri, highlighted on slide 7. You will recall that our original request in June of 2010 was for an annual increase of about $92 million, which was based on an 11% ROE and an equity ratio around 46%. We subsequently reduced our request to $66.5 million, primarily as a result of lower fuel and purchased power costs, as well as other updates to the case. Our request assumed a revenue requirement offset of about $29 million from off-system sales margin, which I will discuss more in a moment.

The Missouri Public Service Commission issued its order in the case on April 12th. We were granted a revenue increase of approximately $35 million, including a revenue requirement offset from off-systems sales margin of around $46 million. The Missouri Public Service Commission authorized an ROE of 10%, an equity ratio of 46% and a KCP&L jurisdictional rate base of $2.036 billion.

As Mike mentioned, the MPSC disallowed only about $21 million, or about 1% of Iatan 2's total budgeted project costs. This translated to about $6 million on a KCP&L Missouri jurisdictional basis, excluding allowance for funds used during construction, or AFUDC. In addition, the commission disallowed $1.6 million of total costs related to the Iatan 1 environmental project, which represented approximately $600,000 on KCP&L's Missouri jurisdictional basis, excluding AFUDC. As Jim will discuss, most of these disallowances were anticipated in the pretax loss of about $17 million that we recorded in 2010 following the Kansas Commission's order in KCP&L's rate case there.

I think it is noteworthy and a strong testament to our execution of the Iatan 2 project that both the Kansas and Missouri commissions deemed virtually all of the costs we incurred to be prudent. We were [also gratified] that the positive comments made by several of the MPSC commissioners regarding the projects management during their public discussion on the case prior to the final order. I would like to once again acknowledge and thank our project team, contractors, venders and the many KCP&L employees who made this outstanding outcome possible.

I also wanted to point out one other element of the case related to off-system sales margin. In the absence of a fuel [clause] for KCP&L in Missouri, we have a mechanism whereby a threshold amount of wholesale margin is established as an offset to the revenue requirement for purposes of determining the customer base rate increase. KCP&L retains that margin that we generate, up to and including (technical difficulties) threshold, while any excess is returned to customers (technical difficulties) rate case. The case KCP&L filed assumed continuation of the mechanism deployed throughout the comprehensive energy plan and included a Missouri jurisdictional threshold of about $29 million, as I indicated. However, in the most recent case, the MPSC decided to raise the threshold [to] about $46 million. Though we're confident that the strong performance of our fleet will allow us to achieve this threshold, the increase does put more of the Company's ability to earn its revenue requirement at risk.

Now turning to slide 8, I will provide a brief overview of our GMO rate case. You will recall that our original request last June was for an annual increase of $98 million, which was based on the same ROE and capital structure assumptions as in KCP&L's case. GMO reduced its request during the course of the rate case proceedings to around $89 million. Because the MPSC issued its order less than 48-hours ago, I am somewhat limited in terms of what I am able to share with you this morning. We are still working through the details and also await the commission's staff report to quantify the effect of the final order. That report is expected later today or early next week, and we will issue an 8-K once the details are known.

Because most of the issues in the GMO case were common to KCP&L, GMO expected and received like treatment on a number of important issues, most notably, the (technical difficulties) ruling on the Iatan projects and ROE. However, as Mike also mentioned, we were disappointed that the commission disallowed about $50 million of the cost of Crossroads from rate base, along with about $5 million per year of related transmission expense. We are currently evaluating the operational, appellate and valuation implications of this portion of the ruling and will make additional disclosures as appropriate.

Before I hand the call to Terry, I would like to provide you with an update on the petition for reconsideration we filed last December following the Kansas commission's order in KCP&L's rate case. In that case, the KCC authorized a recovery of $5.6 million of rate case expense over a 4-year period. The amount authorized was lower than the $8.6 million requested by KCP&L, but higher than the $2.1 million filed by the Citizens Utility Rate Payer Board, or KURPB. Both KCP&L and KURPB subsequently filed petitions for reconsideration for the treatment of rate case expenses. The commission has agreed to a hearing on the issue and pending final resolution has deemed the $5.6 million authorized in the case to be an interim authorization subject to refund. A procedural schedule has not been established. While the docket is in process, we are preserving our options to subsequently appeal other components of the KCC's order for KCP&L. As always, we will keep you apprised of any updates.

Thank you for your attention this morning. It has been a pleasure working with you over the years, and I wish all of you much continued success. With that, I would like to introduce Terry for a review of operations.

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Thanks, Bill, and good morning, everyone. I have 4 areas to cover with you this morning. First, an overview of regulatory activity related to the environmental retrofit project at our LaCygne units. Second, a review of plant performance. Third, a brief discussion of our initial our initial assessment of the EPA's recent proposal with respect to hazardous air pollutants and water intake structures. And finally, a discussion of customer energy consumption for the quarter.

I will start with an update on our predetermine nation filing in Kansas on slide 11. As you may recall, in February we filed for predetermine of the rate making treatment that will apply to cost recovery for our share of costs of potential environmental retrofit project at LaCygne 1 and 2. In our filing, we are seeking predetermine for an estimated total project costs of $1.23 billion. KCP&L and Westar are both 50% owners of the generating stations; therefore, KCP&L's estimated share is $615 million and the Kansas jurisdictional portion is about $281 million.

Also, you may remember from our February call that our predetermine filing is proceeding in parallel with a separate docket opened by the KCC to look broadly at the issue of environmental retrofits for co-plants in the state. In addition to staff, interveners in both dockets include KURPB, Dairy Club and the Great Plains Alliance for Clean Energy. A formal procedural schedule has not been set. However, we expect hearings to be held in July with an order on predetermination no later than August 22nd. Pending final resolution in the predetermine case, we are in the final negotiating stages with potential EPC contractors for the project. This will put us in the position to start construction quickly, assuming we receive the positive outcome in August.

Next I'll move on to plant performance, as depicted on slide 12. For the first quarter our combined equivalent availability factor, or EAF, was 75%, 5 points below the 2010 comparable period. This decrease is due primarily to the planned outage at LaCygne 1, which began last November and concluded in March. Despite the lower overall EAF, net megawatt hour generation increased about 6% compared to the first 3 months of last year, due to the inclusion of Iatan 2. Wolf Creek delivered a first-quarter 2011 EAF of 86%, a 6% decline from the same period in 2010. Late in the first quarter of 2011 Wolf Creek began its refueling outage and expected to conclude later this month. In addition to the refueling outage, we plan to complete several major maintenance projects during that outage, including the replacement of all 4 turbine rotors and piping replacement in the essential service water system.

As Mike mentioned, I wanted to spend a few minutes discussing Wolf Creek given some recent media attention. In late March, the NRC identified Wolf Creek as one of 3 US nuclear plants requiring increased oversight because they were in what is known as degraded cornerstone status. Wolf Creek moved to this status in the first quarter of 2010 because of 3 performance indicators reported in the third quarter of 2009 and first quarter of 2010 that crossed the threshold from green, the top performance level, to white, the second level. As of the end of the first-quarter 2011, all 3 of the light indicators returned to green. However, in order for the unit to move out of the degraded cornerstone status, the plant must successfully complete a supplemental NRC inspection. NRC performed this inspection in February. In April, the agency indicated in a public meeting that the inspection team would recommend to the NRC management that white performance indicators be closed. This would result in Wolf Creek returning to the top level of performance. We expect receive final notification from NRC in the coming months.

Though we are clearly not satisfied with the unit's degraded cornerstone status, I think it is important to keep the recent headlines in proper context. The NRC and Wolf Creek share a common goal of protecting the health and safety of the public. Wolf Creek has been safely providing clean energy since 1985. The plant is working in cooperative with NRC to restore and sustain performance with regulatory parameters. Wolf Creek has had a station-wide improvement effort under way for more than a year that is driving improvement in many operational areas. The unit will continue to focus aggressively on equipment and organizational performances to sustain high levels of safe and reliable operations.

Similar to many of our peers, we've been keenly focused on the EPA's recent issued final industrial boiler MACT rule. The final rule does not apply to KCP&L's and GMO's electricity generating boilers, but would apply to most of GMO's Lake Road boilers, which also serves steam customers and to auxiliary boilers at other generating facilities. We've also assessed (technical difficulties) of EPA's proposed utility board MACT rule. As Mike discussed, the EPA's process in moving toward is very fluid and we believe the final rules are likely to be different from the current proposal. That being said, as currently proposed, we estimate the rule could result in retrofits at plants totaling about 1,250 megawatts of capacity and the possible shutdown of some of our older coal units with total capacity of about 535 megawatts.

At this point, we think that compliance costs related to those 2 rules would likely be captured in the approximate $1 billion estimate for compliance cost we have previously disclosed. We've also been evaluating the effects of the EPA's proposed water rule. Again, we expect final rules to differ from the initial proposal and therefore, can't provide an estimate of the expected mitigation costs. We are closely monitoring progress [towards] the final rule in the months ahead.

I'll conclude my section on a few comments on our retail customer consumption profile. Slide 14 provides the metrics for the first quarter of 2011. For the quarter, total retail megawatt hour sales decreased 2.2%, while estimated weather-normalized sales decreased at 3.2%. Compared to the 2010 quarter, we estimate that favorable winter weather contributed an increase of 1% in megawatt hour sales and approximately $4 million in retail revenue. Compared to normal, the positive revenue impact in the 2011 quarter was approximately $13 million, or in the neighborhood of (technical difficulties) from an EPS perspective. As Mike mentioned, in terms of weather normalized sales volumes, the first quarter was challenging. Megawatt hour sales to our industrial customers were flat compared to 2010, after increasing 3% for the full-year 2010. Volumes to commercial customers fell 1.7%, continuing to trend a weaker comparative quarterly sales segment that started in the second quarter of 2010. Consumption in these sectors tends to be tied closely to regional economic conditions, which have remained mixed.

Of particular note with regard to whether normalized sales was the nearly 6% decline we experienced in residential volumes compared to a year earlier. This is on the heels of a nearly 5% decline in our customer category in the fourth quarter of 2010. Although residential continues to be one of the most challenging categories to assess, we believe a number of factors may have contributed to the decline in the quarter, including switching to natural gas heat (technical difficulties) natural gas prices, which on average were about 16% below last year. Conversion from less-efficient to more-efficient heat pumps. Customer conservation triggered by a rate-design component of KCP&L's Kansas case, Specifically I'm referring to a large rate increase in the range of about 30% that impacted our Kansas customers in the all-electric rate class. And a mixed overall economic environment, as I mentioned before. As we indicated in Tuesday's earnings release, we are lowering our projections for the change in weather-normalized sales for the year to essentially flat from our previous assumption of 0.7% growth.

As Mike mentioned, this was triggered by first-quarter volumes that were below our expectations across all customer groups. Keep in mind that the first quarter generally represents roughly 20% to 25% of both our annual sales volume and revenue. We're not changing our outlook for the balance of 2011 at this point and currently project that total weather-normalized demand will grow about 1% over the rest of the year compared to the same period last year. We are comfortable with this view because 3 of the first quarter drivers I mentioned -- natural gas prices, more efficient equipment and rate design issues -- are not expected to be important factors as we move into the summer cooling season. As far as the economy, the current projection for full-year gross metro product, growth for Kansas City is in the 3% range. Forecasters point to rising sales tax receipts, strength in manufacturing, life sciences, biofuels, petroleum sectors and expansion plans among financial and professional service firms as key contributors to positive growth the balance of the year.

Before turning it over to Jim, I wrap up with some key historic economic indicators for Kansas City area on slide 15. As you can see, we have started to see improvement in unemployment, personal income and gross metro product. Housing starts have remained sluggish but the developing favorable trends in the other metrics should eventually be reflected here, as well. We will continue to keep you posted on the key developments in the local economy as we go forward.

That wraps up my section. I'll turn it over to Jim for the financials.

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

Thank you, Terry, and good morning, everyone. My comments this morning will focus on our first-quarter results. As Mike mentioned, due to the timing of the GMO rate case order, we will not be providing 2011 EPS guidance today; however, we do plan to provide 2011 and 2012 guidance, as well as preliminary 2013 drivers on our second-quarter call. I will begin on slide 17 with few comments on our consolidated financial results for the first quarter. Great Plains Energy's earnings for the quarter were about $2 million, or $0.01 per share. This compares to earnings of $19.9 million, or $0.15 per share for the same period last year. Lower consolidated earnings were driven by the electric utility segment. As Mike indicated, the main contributors were the following. First, about $0.07 per share from our recent rate case outcomes in Missouri and the organizational realignment and voluntary separation program we announced. Second, about $0.04 per share from regulatory lag and about $0.03 from lower customer consumption. I will next describe the electric utility details on the next slide.

Moving to slide 18, for the quarter electric utility earnings decreased approximately $18 million compared to 2010. Gross margin fell about $8 million, due in part to a decline of about $6 million in retail revenue. Though margin was boosted by new retail rates in Kansas and favorable weather, these effects were more than offset by lower weather-normalized sales volumes, as Terry discussed. Also contributing to the decline in gross margin was about $5 million of additional fuel costs related to the new coal transportation contract for KCP&L in Missouri, where we do not have a fuel recovery mechanism. These costs are included in KCP&L's new rates as of May 4th.

Also contributing to the decrease in earnings was an increase in other operating expenses of about $12 million. Most of this was due to an impact of about $2 million from the disallowances of the Iatan 1 environmental retrofit and Iatan 2 projects and approximately $5 million of other costs resulting from the Missouri rate case orders. Also, there was an approximate $4 million increase in general taxes, mainly attributable to property tax expense related to Iatan. It is important to note that absent these factors O&M expense compared to a year ago was essentially flat.

Electric utilities results also reflected a separately categorized pretax expense of approximately $10 million in the first quarter for the voluntary separation program Mike mentioned. This represents the costs related to those individuals who elected to participate before the end of the quarter. A pretax expense of about $4.5 million related to employees who made their election during the first week of April will be recognized in the second quarter. Depreciation and amortization expense decreased approximately $10 million compared to the last-year's quarter. There are several pieces to that so I'll start with the drivers that decreased depreciation. First, the regulatory amortization mechanism that existed for KCP&L during the CEP no longer exists in Kansas after December 1, 2010. In the first quarter of 2010, Kansas regulatory amortization totaled approximately $8.3 million. As an aside, regulatory amortization continues for KCP&L in Missouri until the effective rate -- expective dates of the new retail rates on May 4th.

Second, depreciation expense in the 2011 quarter includes a reduction compared to 2010 of approximately $9.5 million due to lower depreciation rates established in KCP&L's 2010 Kansas rate case. These [drivers] that decreased depreciation and amortization were partially offset by 2 factors. First, effective December 1, 2010, D&A expense now includes depreciation for the Kansas jurisdictional share of Iatan 2. (technical difficulties) quarter this amount was about $4.4 million. And second, we had about $3.6 million of increased depreciation related to the other capital additions. Lower non-operating income of approximately $10 million was a driver for the quarter. This resulted mainly from a lower equity component of AFUDC as a result of lower construction work in progress. As a reminder, under construction accounting in Missouri, we are booking a carrying cost on the Missouri jurisdictional share of Iatan 2 until the effective dates of the new rates for KCP&L and GMO. Though this generates a partial offset to interest expense, we have significantly lowered AFUDC equity than was the case in the construction phase of the plant.

Though we have not provided 2011 guidance, I wanted to remind you of a few factors that have transpired year to date that may impact our results for the year. First, our lower full-year weather-normalized sales volume projection, as Mike and Terry mentioned. Second, we recognized about $0.04 per share of expenses in the first quarter related to the voluntary separation program and will book another $0.02 in the second quarter. Third, we recognize $0.03 of Missouri rate case-related expenses in the first quarter, based on the KCP&L rate case outcome. For issues common to KCP&L and GMO, this reflected GMO's portion of those costs, as well. As Bill indicated, we are working through the final GMO order and will reflect any additional costs in the second quarter.

Turning now to slide 20, we ended the quarter with a strong liquidity position, with approximately $692 million of available capacity on our credit lines. In early February, GMO borrowed on its revolving credit facility to fund a long-term debt maturity of approximately $140 million. Also, though not reflected in the first quarter balances, in early April KCP&L issued commercial paper in order to purchase about $113 million of its tax-exempt bonds that were subject to remarketing. KCP&L felt this action was prudent given the continuing difficult conditions in the tax-exempt market. As the maturity profile at the bottom of the chart shows, we do have extensive debt requirements at both GMO and KCP&L in 2011 and GMO in 2012. As discussed on past calls, we expect to be in the market later this year with the KCP&L debt offering and a Great Plains Energy offering on behalf of GMO. The size and timing of these offerings are still to be determined and will be based on refinancing needs, projected CapEx-related funding and expected internally-generated cash flow.

And finally, with respect to our credit profile on slide 21, I wanted to mention that we conducted our annual meetings with S&P and Moody' s in March. The tone of both meetings was constructive and both agencies recognize and appreciate our continued focus on credit quality. Since our annual meetings, both firms have published updated opinions affirming the current ratings and outlook for the GPE family of companies.

That concludes my comments. Thank you for your participation this morning and I will now hand the call back to Mike.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Thanks very much, Jim. At this point, we'd be happy to take any questions that you all may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Your first question comes from the line of Andy Levi from Caris Company.

Andy Levi - *Caris & Company - Analyst*

Just a few questions. Just on Crossroads, what was the revenue requirement on the $50 million, do you guys know? So if we want to back that out of your request?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Don't have a revenue requirement number directly related to the $50 million, I don't think. We have a sense of what the total was, I thought. I don't know, we'll have to look into that.

Andy Levi - *Caris & Company - Analyst*

Okay.

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

And we're still having to evaluate the kind of impact all that would have on the ultimate valuation of the asset and process.

Andy Levi - *Caris & Company - Analyst*

Got it. That, I guess, is separate, right, whether you have to write off a portion of that? Then ROE, what was -- if you got a 10% ROE, what is the revenue sensitivity there so if you want to back that out?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

The cost of service impact of 10% versus -- ?

Andy Levi - *Caris & Company - Analyst*

What you asked for in your case.

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

It's about $10 million.

Andy Levi - *Caris & Company - Analyst*

$10 million? Okay, thank you. And then just back on the sales issue. I guess we should probably carry that into 2012, if you understand what I'm talking about, as far as using a base to grow off of?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

I would -- it depends on how you want to look at it. I don't think you'd see the same kind of reduction in 2012. I think this was -- the adjustment ed as a result of the higher electric rates.

Andy Levi - *Caris & Company - Analyst*

I understand as far as the reduction but as far as the base that we're using to grow our 2012 number off of?

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

Our longer-term correlation has really been -- with respect to load growth and GDP has been consistent with other utilities. We've had some lag over the last periods and I think we've got a reasonably appropriate forecast for the rest of the year. We'll really have another significant data point when we get to August in terms of another quarter of results, and we'll really be providing clarity on our August call with respect to how we see 2012 demand growth and some of the sensitivities around it.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Yes, we could well see continued improvement in the local economy, which could have a favorable impact for the first quarter next year.

Andy Levi - *Caris & Company - Analyst*

Okay. And then the last question, earlier in the year you gave us -- beyond the drivers you went over already for 2011, can you just give us -- remind us of the 2011 drivers for earnings? You had, I guess, disclosed that in various presentations.

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

Yes, we had a number of factors that we reviewed. We talked about clearly, first and foremost, the timing of the KCP&L Missouri and GMO rate cases. Obviously, the May, June timing has a significant impact not having those rates in for that period of time. We talked about the regulatory lag from the KCP&L rail contracts. We forecasted that there would be an impact and there actually was an impact of $0.02 that impacted the first quarter. Then, we really just talked about some of the construction accounting issues with respect to the in-service date of Iatan and how the capitalization effect and when we'll start depreciation the plan expensing O&M given the timing of rates. Those were the bigger factors that we reviewed on past calls, along with the -- in the first quarter we talked about the 0.7% growth assumption, which we've now reduced down to flat for the year.

Andy Levi - *Caris & Company - Analyst*

And I guess your expectation is sometime at the end of the day we should get a revenue number from the commission on the latest rate case?

Bill Downey - *Great Plains Energy, Inc. - Executive Vice Chairman*

Well, earliest, end of the day today and perhaps in the next week -- I believe the Missouri commission has a formal holiday on Monday, and so it's not clear. It could be as late as next Tuesday.

Andy Levi - *Caris & Company - Analyst*

And you guys can't really ballpark it, can you? I assume your regulatory --

Bill Downey - *Great Plains Energy, Inc. - Executive Vice Chairman*

No, I don't think. There's a number of complicated issues in there and I think that would not be appropriate.

Andy Levi - *Caris & Company - Analyst*

Okay. Thank you very much.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Okay, thank you, Andy.

Operator

Your next question comes from the line of Erika Piserchia from Wunderlich.

Erica Piserchia - *Wunderlich Securities - Analyst*

Congratulations, Bill, on your retirement, that's great . Just first quickly, on the guidance I think you mentioned giving 2013 drivers on the second-quarter call, as well. Do you anticipate clarifying your environmental strategy at that point? How do we think about that? And then also, equity financing needs. I think you guys have indicated at this point that you don't anticipate additional equity through 2012 and I just wanted to clarify whether that's still the

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Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Let me try that on a couple of fronts. There's a lot going on in DC right now in terms of trying to find ways to get more flexibility around the EPA rules, either through working with EPA or either potentially legislation. So, we may have a little more clarity in August, but we're still going to have to stay very flexible around that. My hope is that we will be able to convince the folks, working with the other midwest utilities, to give us more time to make some of these environmental retrofits so that we can mitigate the impact on customers and stop what they call the train wreck of everybody at the same time trying to buy this environmental equipment. So, we're going to stay fluid on that, but we won't be nailing down any investment plans outside of LaCygne. So that's a comment on that.

Now in terms of equity, we have some discretionary opportunities potentially in the areas of transmission and if we decide to go pursue something like that past the 2012 timeframe there may be some equity required for that. I'm not sure we will have that nailed down, either, but it's nice to have that as an opportunity. We'd obviously only issued the equity if it were going to be accretive.

Erica Piserchia - *Wunderlich Securities - Analyst*

Okay.

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

And in terms of 2013 drivers, we really want to provide some more insight into our strategies moving forward to improve total shareholder returns, how we think about capital allocation strategies, how we think about the cash dividend, what are some of the regulatory things that we're thinking about to minimize regulatory lag and how we think about the cost structure of the business. So, these are really the types of things that we really want to articulate as part of the 2013 drivers.

Erica Piserchia - *Wunderlich Securities - Analyst*

Okay. Yes, actually on a follow up to that, and it's interesting you should mention that, because just first on the transmission, if you were to issue additional finance for that, presumably that would be for spending you would get to recognize returns on in a more timely fashion versus, say, your distribution businesses as they currently stand, right? In terms of --?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

You're right on with that, Erica. The transmission returns prescribed by FERC are pretty attractive and (technical difficulty).

Erica Piserchia - *Wunderlich Securities - Analyst*

Okay. And then just a follow on to what Jim was just mentioning, when you think about the future potential environmental spending that could be required here, do you -- can you just remind us whether you intend to pursue any similar type of pre-approval on the Missouri side? As far as -- I know there's legislatively and environmental cost recovery mechanism in place. Do you anticipate exploring some of those options, as well, to the extent you might have to do some more spending there?

Michael Cline - *Great Plains Energy, Inc. - VP of IR and Treasurer*

That's what we'll be laying out for you in August, but we do recognize in a flatter growth environment that we're likely to be seeing -- the industry's likely to be seeing in the years ahead we're going to have to find ways to get more timely recovery. So there's a number of strategies around that we'll be talking to you about.

Erica Piserchia - *Wunderlich Securities - Analyst*

Okay. And then can you just remind us about -- oh, I suppose you'll probably be adjusting the dividend policy, as well, but you kind of run that based off of what your target payout structure is, is that right?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

On the dividend, yes, we recognize a couple things. First of all, we recognize that our investors put a lot of value on their dividend in our stock, and we target a 50% to 70% payout ratio and currently we're in the lower end of that. So we're going to be taking a hard -- the board of directors is going to be taking a hard look in the months ahead as what we might want to do there.

Erica Piserchia - *Wunderlich Securities - Analyst*

Okay, and I guess just one last question, this is sort of just drilling into the first quarter on sales. Terry, I know you mentioned that one of the factors driving that was some switching to gas heating. I just want to understand that a little bit better because -- I guess I thought last quarter in the first quarter -- I'm sorry, last year in 2010 in the first quarter that was also sort of a driver. I would have guessed that anybody that was switching over would have made those adjustments. Do you get the sense that the large portion of your customers that would have switched to gas heating have done that already? I'm just surprised to see an incremental impact again this year.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Well keep in mind, what we were talking about was quarter over quarter, so we were comparing first quarter of 2010 to the first quarter of 2011. Last quarter we were talking about the fourth quarter of 2009 to the fourth quarter of 2010, I guess, so you still have -- Throughout the winter, if people switch over to gas, then you would have that impact shown on both quarters. But for next year, we don't think that there's going to be increased switching. We think the impact of the increased electric rates combined with lower natural gas prices will have been seen.

Bill Downey - *Great Plains Energy, Inc. - Executive Vice Chairman*

Erika, we also had last -- this past December a very big increase in the electric heat rate that was not the case the previous winter quarter.

Erica Piserchia - *Wunderlich Securities - Analyst*

Right, right. Okay, that's helpful, thank you.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Okay, thank you.

Operator

(Operator Instructions). Your next question comes from the line of Michael Lapides from Goldman Sachs.

Michael Lapides - *Goldman Sachs - Analyst*

Hi. Congrats on a good quarter and, Bill, you will definitely be missed by the industry. How should -- what is the best way to quantify the impact, not just in 2011, but longer term, of the lag in Kansas City-- KCP&L Missouri regarding the recovery of rail and coal transportation costs?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Well, there should be no additional lag. As we've described, that big contract after a long advantageous contract that was re-upped at the end of the year caused a lag until this rate case got it included. But with this rate case including those costs in KCP&L MO, and many particular with the factors and others, there shouldn't be a lag related to rail going forward.

Michael Lapides - *Goldman Sachs - Analyst*

Meaning your other coal plants don't have rail contracts that are relatively low compared to current market levels that are coming due in the next couple years?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

No, this was kind of a universal contract pulling coal from the PRB and generally serves all but one of our units, which already had been renegotiated a couple years ago. So we're current, I would say, for several years on coal transportation.

Michael Lapides - *Goldman Sachs - Analyst*

Okay. How should we also think about the risk of not being able to achieve the wholesale margin sharing level? When I look at current forward prices in the SPP right now, they're still pretty low for the 2011-2012 timeframe, at those current forwards could you actually meet that level?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Yes, I would say that -- if you recall a couple years ago in our last case, we had kind of the opposite problem. As we looked at these numbers, prices were dropping. So, as we're setting this target, prices are getting worse. We're kind of at the bottom end of that range now so we're in a better position from that perspective to say it's not likely to drop a lot,. So, we think we can manage that. Certainly there's a little more risk because it's a larger number, but we think it's manageable and we would see the opportunity possibly over time for prices maybe to even increase. And that's probably more likely than them decreasing materially, which puts us in a better position to protect ourselves.

Michael Lapides - *Goldman Sachs - Analyst*

Got it. Last question. I want to just sanity check rate base level, so as of the -- if I think about Kansas City Power & Light, the just over $2 billion in Missouri, I think it was $1.8 billion in Kansas, can you refresh me what the GMO rate base level approved in this case is?

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

$1.5 billion for GMO and $400 million for St. Joe. Total of $5.8 billion.

Michael Lapides - *Goldman Sachs - Analyst*

Okay. So if I think about $5.8 billion at kind of roughly a 46%, 47% equity layer, and a ten spot ROE, that gets to $260 million, $270 million of net income and if I use -- if I assume the impact of the converts, that's almost $2 a share, but not assume -- of annualized earnings. How should we think about what the economic impact of lag generally is?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Well, we've talked about over the last couple of years obviously regulatory lag's been at a higher level than previous years, given both all we've had going on and increases in costs and the 11-month process it takes to process a rate case. I think what we've talked about that our goal is to be in a much more normalized position with regard to regulatory lag and that traditionally that would be around 100-basis points, give or take depending on what's going on. So that would be the nature of the healthy utility on an ongoing basis.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

And, Michael, I think all utilities are going to be plagued by lower growth rates than we've seen historically. Sometimes those growth rates cover a lot of sins in terms of increasing costs. So we're going to have look for alternate regulatory mechanisms, as well, and we'll be talking more about that in August.

Michael Lapides - *Goldman Sachs - Analyst*

Okay. But if I assume -- if I just took the $5.8 billion and annualized that out -- and that's not assuming future rate based growth so that's a conservative number. A 9 -- an earned 9 ROE that gets you just around $1.80 or so. So then comes the question, how much are there in-- I want to make sure I understand the level of holding company or nonutility-related costs that aren't recoverable in rates?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Well, the two main pieces of our balance sheet that's not included in rates are obviously the net operating losses from the merger, which again, provides us cash benefits over many years and the good will. Those are the two primary pieces of nonregulated assets we have on the balance sheet.

Michael Lapides - *Goldman Sachs - Analyst*

Okay. What about OpEx?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

On the holdco side?

Michael Lapides - *Goldman Sachs - Analyst*

Yes.

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

It's about $0.05 a share a year.

Michael Lapides - *Goldman Sachs - Analyst*

Okay.

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

Pretty stable.

Michael Lapides - *Goldman Sachs - Analyst*

And no plans to have future financings at the holdco, debt or -- debt side?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

No. Other than the refinancings, no new.

Michael Lapides - *Goldman Sachs - Analyst*

Got it. Okay, thanks, guys. Much appreciated.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Thank you, Michael.

Operator

Your next question comes from the line of Paul Ridzon from KeyBanc.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Good morning.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Morning, Paul.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

What should we think about going back in for the next series of rate cases? Or is that going to be on the August call?

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

Yes, we would expect in August, as we give guidance on 2012, obviously to give you a lot more specifics on that. We kind of talk about the confluence of events that could effect the timing of that request. As we roll out a 2012 guidance obviously that would include a little more specificity around our regulatory activity for the year, as well.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

And then what's your latest thinking in terms of the transmission opportunities that you've alluded to in the past?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Well, we're still evaluating that. We have a major project, close to $300 million, from Sideway up towards Iowa and that could be a project that we could do, or it could be a project that we could use to form a partnership with others to look at a more sustainable investment stream over a longer period of time. So we're looking at all of those options but we consider that to be a real long-term plus for our Company.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Would that be FERC jurisdictional?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Yes, it would be, yes.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

And then just any update on incremental wind that could be coming?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Well, again, we have a wind-- a commitment to look to build additional wind with the Sierra Club. I think we're talking about another, beyond the 125 [megawatts] we're putting in there's probably another 300-megawatts or so. And there, again, we could do it with a PAP or we have the option to build it and put that in rate base. But, again, a lot has to do with how we manage the issues around regulatory lag.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Just with natural gas pricing down here, does that impact at all your decision making process on wind?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Well, there's a lot of things that could potentially impact wind. Natural gas -- lower natural gas prices is one, the tax subsidy is another. As the federal government looks for ways to improve the deficit, I believe that they could well begin looking at some of these tax subsidies that make wind economical. So there's no guarantees for building wind going forward, but if it plays out that it is favorable, we certainly will look at that opportunity.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Thank you very much.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Sure.

Operator

Your next question is a follow-up question from the line of Andy Levi from Caris Company.

Andy Levi - *Caris & Company - Analyst*

Doing an increase. If there were, or were not, whatever the case may be, what is the timing, like which board meeting will that be discussed at?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

All we're saying is we're evaluating it this year.

Andy Levi - *Caris & Company - Analyst*

Okay, but you can't give us an idea third quarter, fourth quarter --

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Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Right.

Andy Levi - *Caris & Company - Analyst*

-- something like that?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Right. We want to see how the economy grows through the summer and all of the other factors that will effect us. But we do believe that -- as I said in my remarks, that we're through the difficult period of raising capital in a tough recession and all of the things that impacted our dividend. We're looking at a growth rate going forward that would be comparable to other utilities in the industry. We've always -- it's always been our objective to get back on a steadily-increasing dividend trend.

Andy Levi - *Caris & Company - Analyst*

Okay. So basically you want us to see how the year goes, but bottom line is your desire -- and I don't want to put words in your mouth -- but your desire is to try to get back to the group average, I guess, as far as growth and yield?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Exactly.

Andy Levi - *Caris & Company - Analyst*

Great, thank you very much.

Operator

Your next question comes from the line of Michael Lapides from Goldman Sachs.

Michael Lapides - *Goldman Sachs - Analyst*

-- your O&M and O&M growth rates, excluding one timers like the voluntary severance program?

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Say that again, Michael, we only got the second half of your --

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Michael Lapides - *Goldman Sachs - Analyst*

I'm sorry. What do you just expect with the inclusion of Iatan 2 for O&M growth rate, excluding voluntary severance package program, kind of one-timer items?

Michael Cline - *Great Plains Energy, Inc. - VP of IR and Treasurer*

We have been excluding those kinds of factors. We've been close to flat over the last year or two, and we don't expect to grow with the rate of inflation, I would say, but we're obviously going to see some growth in some material costs, but we have the objective of continuing to improve efficiency throughout the organization. Our goal is to be top tier in the industry, and we're probably about tier 2 right now.

Michael Lapides - *Goldman Sachs - Analyst*

How do we think about the savings you expect to get from the voluntary severance program? And also, is there any lag in getting the Iatan 2 O& M included in rates?

Terry Bassham - *Great Plains Energy, Inc. - President, COO*

On the O&M for Iatan 2, that was included in this case, so there's no lag there. In terms of the savings, obviously from a net pickup, we've got to recover -- or cover our one-time costs this year and then you would see the full impact of those removed jobs next year in 2012's O&M.

Jim Shay - *Great Plains Energy Inc - SVP & CFO*

And as we've indicated in the 8-K when we filed it, we're looking at getting as efficient as possible in all areas -- cost areas of the business but also wanting to get ahead of the curve of potentially other known cost increases so we can keep our overall costs of service in line with rates, is really the strategy, to minimize regulatory lag between now and the next rate case.

Michael Lapides - *Goldman Sachs - Analyst*

Got it. Okay, thanks, guys. I'll follow up offline. Much appreciated.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Sure.

Operator

There are no further questions at this time. I would like to turn the call over to Mike Chesser for closing remarks.

Mike Chesser - *Great Plains Energy, Inc. - Chairman, CEO*

Okay. Well, again, thank you all very much. As we've discussed many times on past calls over the past several years, we've transformed our Company by focusing on and expanding regulated operations. We now look to leverage the strong platform that we put in place and our solid regulatory track record to produce improved returns to our investors as we go forward. So we're looking forward to sharing our plans with you in this regard, starting with our guidance discussion in August. Thank you all very much for your attention this morning. Bill, Terry, Jim and I will look forward to seeing you in future meetings .

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.
