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PRESENTATION

Operator

Good day ladies and gentlemen, and welcome to the Great Plains Energy second-quarter 2014 earnings conference call. (Operator Instructions). As a reminder, this conference call is being recorded. I would now like to introduce your host for today's conference, Director of Investor Relations, Tony Carreno. You may begin.

Tony Carreno - *Great Plains Energy Inc. - IR Director*

Thank you, Nicole, and good morning. Welcome to Great Plains Energy's second-quarter 2014 earnings conference call.

Let me begin by introducing the members of the Great Plains Energy management team who are here with me today. We have Terry Bassham, Chairman and Chief Executive Officer, and Jim Shay, Senior Vice President of Finance, Treasurer, and Chief Financial Officer, who in a few moments will both provide an overview of our second-quarter results. Scott Heidtbrink, Executive Vice President and Chief Operating Officer of KCP&L, is also with us this morning and 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 second-quarter 2014 10-Q after the market closed yesterday. These items are available, along with today's webcast slides and supplemental financial information regarding the quarter, 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, Tony, and good morning everybody. In yesterday's press release, we reaffirmed our \$1.60 to \$1.75 earnings-per-share guidance range for the year, and on today's call, we plan to discuss our second-quarter and year-to-date results. We'll also be commenting on some of the positive demand trends we continue to see in our service territory and touch on the impact of recent cooler weather trends.

Our O&M expenses for the first half of the year have run higher but we expect to hit our overall O&M target for the year. We will also discuss our major construction project at La Cygne, which is on track, and provide an update on upcoming regulatory strategies, which include acceleration of general rate cases in Kansas and Missouri. We remain confident in our near and long-term strategies to drive shareholder value, and we will close with a few comments on that topic.

So, first, let's turn to Page 4 of the presentation. Yesterday, we announced second-quarter earnings of \$0.34 per share compared with \$0.41 per share last year. Year-to-date earnings through June were \$0.49 per share compared to \$0.58 per share in the prior year.

A key positive factor for the quarter is the economy in our service territory, which continues to improve. As of June, our year-to-date demand growth is 1.2%. This is in line with our full-year expectation of 0.5% to 1%. In addition, we experienced a favorable weather impact during the second quarter. However, these factors were more than offset by increased operations and maintenance expense.

Consistent with our expectations, the first half of 2014 O&M was greater than O&M a year ago. Our track record of managing O&M has been solid and we expect total year O&M to be in line with our guidance. As a reminder, 2014 O&M is expected to be flat with 2011 other than the Wolf Creek midcycle outage and items that have a direct revenue offset.

As I mentioned, we are encouraged by continued demand growth in our service territory as the economy continues to improve. With 45 consecutive months of seasonally adjusted job growth, employment levels are at the highest since 2008. We believe the momentum in job growth is a contributor to overall weather normalized demand which is up 0.7% for the second quarter and has been positive for four consecutive quarters.

The Industrial segment saw an increase in demand of 2.8% led by Ford Motor Company's Kansas City assembly plant where production of the new Transit van is now underway.

In the Residential segment, year-to-date single and multifamily housing permits are up nearly 19% compared to the same period in 2013, and demand in the Residential segment was up 1.7% in the second quarter. This marks the sixth consecutive quarter of growth.

Demand in the Commercial segment was down 0.5% for the quarter but remains slightly positive year-to-date. Gains in the housing sector generally translate into increased consumer confidence, which would be good news for the Commercial segment going forward.

Now, turning to an operations and regulatory update on Slide 5, during the second quarter, our coal fleet ran as expected and our system responded well to a number of storms. In addition, we successfully completed the Wolf Creek midcycle outage and the plant is running well.

During the second quarter, we continued to make progress on the environmental upgrades at our La Cygne generating station. The project remains within budget and on schedule for completion by June 2015. This investment provides significant customer benefits in the form of clean and reliable power, and is a key driver of rate base and earnings growth.

On the regulatory front, we are proactively addressing the lag created in Missouri by increasing property tax and transmission expense. We have moved up the timing of our rate case in KCPL Missouri. By moving up our rate case timeline, we will seek to accelerate recovery of the increased property tax expense and obtain a fuel adjustment clause in KCPL Missouri which will also allow for recovery of transmission expense. In addition, moving up our KCPL Missouri and Kansas cases proactively minimizes regulatory lag between La Cygne's in-service date and the effective date of new rates. This accelerated rate case schedule will target new retail rates for both Kansas and KCPL Missouri in the late third quarter or fourth quarter of 2015. In the appendix, we provided a look at the preliminary rate case schedules for KCP&L in Kansas and Missouri along with the key milestones left to complete La Cygne.



We have also seen other positive regulatory and legislative outcomes. First, we successfully settled and received an order in our Kansas abbreviated rate case for La Cygne construction work in progress. As a result, new retail rates were effective in late July, a couple of weeks ahead of anticipated timeline.

In addition, we recently reached an agreement to expand our energy efficiency programs authorized under the Missouri Energy Efficiency act through a rider. Next year, we expect to seek approval to offer similar programs to our customers in Kansas through the Kansas Energy Efficiency Investment Act, which will sign into law earlier this quarter. These programs complement the proactive investments we have made over the last decade to reduce emissions and transition to a more balanced and customer friendly focused energy portfolio.

Energy efficiency is one of building blocks to comply with the EPA's proposed clean power plan, and this could be a key strategy to eventually meet the target. While there are many uncertainties surrounding the EPA proposed rule, having a positive regulatory and policy framework in both Kansas and Missouri that encourages greater investment in energy efficiency is important as we continue to transition to a cleaner and more diverse energy future.

Now, with more details on the second quarter, let me turn the call over to Jim.

Jim Shay - Great Plains Energy Inc. - SVP Finance, CFO, Treasurer

Thank you, Terry, and give morning everyone. I will begin with Slide 7, which provides a comparison of 2014 to 2013. As Terry indicated, our second-quarter 2014 earnings were \$0.34 per share compared to \$0.41 per share last year. For the year-to-date period, earnings were \$0.49 per share compared to \$0.58 per share last year.

Turning to Slide 8, we are reaffirming our 2014 earnings-per-share guidance of \$1.60 to \$1.75. This range assumes normal weather for the second half of the year which may be impacted by the significantly cooler-than-normal July. If this continues through the remainder of the summer, it could push us to the lower end of our 2014 earnings guidance range. The EPS guidance range also assumes weather normalized demand, growth of 0.5% to 1% for the year.

During the second half of the year, we will also benefit from new retail rates and Kansas from the La Cygne abbreviated rate case and a lower effective income tax rate.

Consistent with our initial guidance, we expect total year O&M, exclusive of KCP&L Missouri energy efficiency, to increase 3% to 4% this year compared to 2013. Our 2014 first-half O&M increase exceeded this level due to the Wolf Creek midcycle outage and coal plant outages. During the first half of the year, we also saw increases in transmission and distribution expenses and incremental energy efficiency costs in GMO that have direct revenue offsets.

For the second half of the year, O&M expenses will be lower. The primary drivers for the decrease will be lower expenses at Wolf Creek, reduced costs associated with the timing of planned outages at coal plants and lower the administrative expenses. These decreases may be offset in part by higher O&M for the newly approved KCP&L Missouri energy efficiency programs for which there are direct revenue offsets.

Consistent with our initial guidance for the year, we expect our effective tax rate for 2014 to be 33%. During the third quarter, we will see a decrease in the effective tax rate as compared to prior year relating to the release of \$6.1 million of unrecognized tax benefits primarily related to former GMO nonregulated operations. Our financial position remains strong and we received Moody's and S&P upgrades to our credit rating in 2014. Our financing needs are pretty straightforward. We will likely issue long-term debt at KCP&L during 2015, and we have no plans to issue equity through 2016.

Turning to Slide 9, our continued focus is on providing competitive near- and longer-term total shareholder returns through earnings growth and a competitive dividend. Near-term, our catalysts for earnings growth include rate base investments at La Cygne and other infrastructure projects, positive load current, prudent cost management, regulatory mechanisms to minimize La Cygne investment regulatory lag, and the acceleration



of general rate cases to improve the timeliness of unrecovered cost. We have reaffirmed our 2014 guidance and continue to target 4% to 6% earnings growth through 2016.

From an earnings trajectory standpoint, however, we expect a flattening in earnings from 2014 to 2015 with a subsequent step-up in 2016 driven by a full year of new retail rates. The flattening from 2014 to 2015 includes the impact of unrecovered costs, which includes property taxes and transmission expense, which will get trued up in the upcoming rate cases. We also expect to increase our cash dividend 4% to 6% during the 2014 to 2016 period.

Longer-term and beyond 2016, we plan to drive shareholder returns through investments in national transmission through Transource distribution infrastructure projects and sustainability initiatives. Our financial flexibility should also increase on the back end of a major construction cycle which should create more opportunities to drive returns through increasing cash dividends.

Thank you for your time this morning. Terry, Scott and I would now be happy to answer any questions you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Ali Agha, SunTrust.

Ali Agha - SunTrust Robinson Humphrey - Analyst

Thank you. Good morning. Just wanted to clarify a couple of points. First off, on the O&M trends in the first half, if I was hearing you folks right, were the increases all planned in terms of the timing of outages, etc.? Was there anything unplanned that may have caused O&M in the first half to be higher than last year?

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

We discussed in the first-quarter call that we did have some unplanned outages in the first quarter. The second-quarter were planned for the most part.

Ali Agha - SunTrust Robinson Humphrey - Analyst

Were planned. Okay, got it. And then secondly, in terms of the profile on the earnings front, you mentioned you're accelerating your rate case filings and will in Missouri I guess see some, if that timing holds, rate increases at least for one quarter, maybe slightly longer in 2015. So, the flattening of the earnings will still hold even with the accelerated timing from the rate case filing?

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

Well, again, when we say flattening, we haven't given guidance for 2015 yet, but we are talking flatter maybe than some of the consensus indicates. In general, having new rates in effect is our effort to move things up as quickly as possible. But that is third and fourth quarters, which, especially late in the fourth quarter, the margins there are thinner, so it won't have as much an impact as it would earlier in the year.



Ali Agha - *SunTrust Robinson Humphrey - Analyst*

I see. And then lastly Terry, remind us again. Once the rate case process is done, so we'll be looking at full-year 2016, your target in terms of beating the lag, is it still 50 basis points from authorized? Is that still the way we should be thinking about in terms of that?

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

Yes. we have talked before about operating on the top end of earnings guidance range. And post a rate case, you would expect us to be able to operate in that framework given the true-up of costs that are causing lag leading up to that case. Absolutely.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Yes, thank you.

Operator

Charles Fishman, Morningstar.

Charles Fishman - *Morningstar - Analyst*

Good morning. On the decision to accelerate the rate case, anything drive that or you just felt like the pieces were in place that you could do that?

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

Well, we began the year with a plan to address both through an AAO accounting order, if you will, and through legislation, an opportunity to mitigate the impact of transmission expense and property tax lag. And when that -- we were not able to achieve that in the first half of the year and one of the commissions said that is really a general rate case issue. So we decided to move as quick as possible to get those cases filed. The La Cygne construction is a big key part of that. And again, our excellent execution on the construction allowed us to be on time and on process so that we can do those a little bit earlier.

Charles Fishman - *Morningstar - Analyst*

So, if I have this wrong, it is my fault, not the numerous times Tony has explained to me. The fuel pass through for KCP&L that you don't have in Missouri, that is from the comprehensive rate agreement or comprehensive plan back years ago, that expires in 2015. So really what you are anticipation is the new rates go into effect and actually the fuel pass-through in Missouri goes into effect in January 1, 2016, would that be correct?

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

Our plan would be for the fuel factor to go into effect went rates go in effect. And if that is a little bit before January 2016, we would expect that, but certainly January 2016 at the latest.

Charles Fishman - *Morningstar - Analyst*

Okay. And then GMO, what would be the timing for the next rate case for them?

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

We are still evaluating that. Remember that GMO doesn't own a piece of La Cygne and La Cygne again is the driver for that. There is a 2016 case requirement because of the MEEIA or the energy efficiency programs. So, we will time that case in connection with lag, if any, and MEEIA. Remember that our O&M is pretty flat, and so we don't have as much of an increase there maybe because La Cygne it is not a piece of it. We will evaluate the need there in connection with the filing for MEEIA, which makes it 2016 at the latest.

Charles Fishman - *Morningstar - Analyst*

Thank you.

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

You bet. Thank you.

Operator

Paul Ridzon, KeyBanc.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Thank you. Did you indicate -- did you say no equity through 2016?

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

No equity through 2016, that is correct.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

And then just another clarification. You expect O&M, excluding riders, to be flat?

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

We were pointing out that our O&M currently, as planned, given our guidance, is flat to 2011, but for our Wolf Creek midcycle and other increases like energy efficiency which have a direct pass-through to rates. Does that make sense?

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

So where do you expect O&M versus 2013 to be, excluding riders?

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

It is going to be up about 3% to 4%, consistent with our original guidance.



Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Got it. Thank you very much for the clarification.

Operator

Michael Lapidès, Goldman Sachs.

Michael Lapidès - *Goldman Sachs - Analyst*

Hey guys. Thanks again to my question. Real quick on O&M, what is -- if O&M, ex trackers, was up 3% to 4%, what's kind of GAAP O&M up? I'm just trying to think about the bridge of how much the O&M growth is tied to trackers.

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

For the 2013 versus 2014?

Michael Lapidès - *Goldman Sachs - Analyst*

Yes.

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

Yes, about a third of it would include year-over-year trackers, a third of the increase, and then so two-thirds relates to just other O&M increases.

Michael Lapidès - *Goldman Sachs - Analyst*

So, GAAP O&M is up kind of 4% to 5%-ish range roughly?

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

No, no, no. Total O&M is up 3% to 4%, GAAP is up 2% to 3%, and a good chunk of that is the Wolf Creek midcycle outage.

Michael Lapidès - *Goldman Sachs - Analyst*

I may be missing something. How can -- let me quantify. How much is the revenue? How much is the O&M in dollars millions in 2014 that is tied to trackers up versus 2013?

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

About to \$10 million.



Michael Lapidès - *Goldman Sachs - Analyst*

Got it. Okay. I want to ask, kind of coming longer-term a little bit, I want to make sure I understand your commentary, Terry and Jim, about the dividend. Cash flow should improve based -- unless you are changing your CapEx forecast today, cash flow it looks like should improve pretty significantly in 2016. Is there a thought that dividend step-up meaning above the 4% to 6% range, would start in 2016? Meaning for the 2016 year, you will be done with rate cases, kind of all of that, or is your anticipation that dividend step-ups, kind of material ones, wouldn't happen until after 2016?

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

No, I think what we have said clearly is that we expect, through 2016, to have 4% to 6% growth in both EPS and the dividend. But we then said that we would expect, because of just what you described, cash flow to show up into 2016 related rate cases, construction being over, that our flexibility around investment in Transource, dividend increases, other investments within the utility are all in front of us. Obviously, we would like to see the ultimate outcome of the rate cases and be able give a little more firm guidance around that, but the flexibility you are describing is exactly what we expect to see happen beginning in 2016.

Michael Lapidès - *Goldman Sachs - Analyst*

Okay. And finally, I just wanted to stand in check. Any change or update to your capital spending plan effective with today's earnings release and Q?

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

Not today. No.

Michael Lapidès - *Goldman Sachs - Analyst*

Got it. Thanks guys, much appreciated.

Operator

Andy Levi, Avon Capital.

Andy Levi - *Avon Capital - Analyst*

Good morning. Could you just repeat -- I'm not sure if I got it 100%. I think it was to Ali's question, maybe it was a question afterwards. But you were talking about obviously filing your rate case earlier and then you were discussing, although you hadn't given 2015 guidance, something about consensus and --.

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

Well, so Jim had pointed out that we have said before that earnings in the -- the increase in earnings from 2014 to 2015 would be flatter, and 2015 to 2016 in our guidance of 4% to 6% growth. And so all we were stressing is that with the transmission and the property tax lag, that just a reminder that is going to be flatter over 2015 and then a bump-up for the rate case in 2016. And so that was what I was confirming.

Andy Levi - Avon Capital - Analyst

Okay, so flatter to your \$1.60 to \$1.75 range? Or to your kind of low end for this year?

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

Right now, it would be flatter to that range. We haven't given formal guidance for next year. Obviously, we will do that. But yes it's --

Andy Levi - Avon Capital - Analyst

And that would even be with having rates a little bit earlier in the fourth quarter than what you had anticipated?

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

Yes. Again, that could affect the range. Obviously, that is the reason we are filing earlier, but remember that margins and sales later in the year provide less of a bump than, say, we got an increase in August.

Andy Levi - Avon Capital - Analyst

I understand. Okay. Thank you.

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

You bet.

Operator

Shahriar Pourreza, Citigroup.

Shahriar Pourreza - Citigroup - Analyst

Good morning everyone. Just a quick -- let me ask you on the Transource, can we get a bit of a status on how that is doing and maybe what has given you some confidence that 2016 could be driven by third-quarter 1000 or competitive transmission wins?

Jim Shay - Great Plains Energy Inc. - SVP Finance, CFO, Treasurer

Well, from an EPS perspective, I wouldn't say that right now we see necessarily EPS growing dramatically in 2016. I would think that, by 2016, we are going to begin to see projects that have been acquired so that we can begin to talk and map out those increases.

In terms of what is happening there, I think the transmission market may have moved a little slower in terms of development, but is very active at this point. We've submitted projects to MISO. We have submitted projects to SPP. We are participating right now in PJM and other markets. And so we are very active in the front end of that process and would expect to begin to achieve project success over the next 12 to 24 months, which will allow us to in 2016 to talk to you about EPS impacts and timing. But it is a great partnership. We are excited about the opportunities that we see, and of course our two projects that we have been working on are on track and on time for Transource earnings from the two we contribute to the partnership.



Shahriar Pourreza - Citigroup - Analyst

Got it. Got it. And then not to beat a dead horse on the flat EPS or the flatter EPS from 2014 to 2015, but it seems like, you know, volume metric changes are trending a little bit greater than you expected, so obviously there is a bit more of a recovery than you have embedded in your guidance. What are you assuming for load growth for --? Are you still assuming load growth for 2015 about 1%? And what could load be if -- what could the EPS profile be if you are higher than that? Because it seems like the economy is trending a little bit faster than you anticipated.

Jim Shay - Great Plains Energy Inc. - SVP Finance, CFO, Treasurer

Yes, I mean so far that is exactly right. Again, we haven't given formal guidance around the growth, but we see kind of the constant continued drumbeat, if you will. We are going to be implementing energy efficiency programs in KCP&L MO that were just approved. And we will see how those take effect, but we would expect some impact there. But remember we recover those costs and have the opportunity to earn on that. But, yes, as we see growth continue, that gives us an opportunity to be up in the range, if you will. We just wanted to be clear that, obviously, with a rate case in progress and the lag we are working to overcome with other O&M management, given transmission and property taxes, it might be -- obviously it will be flatter than the 2015 to 2016 bump related to the rate case.

Shahriar Pourreza - Citigroup - Analyst

Okay, got it.

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

And in terms of our planning assumption, we are thinking 0.5% to 1% if we get an improvement. To your question, clearly that will help us and as we have discussed in the past, a percent of growth is worth \$0.04 to \$0.06 depending on the time of the year and mix. So, clearly it will be something we will be watching, but we want to have some conservative planning assumptions going into the year.

Shahriar Pourreza - Citigroup - Analyst

Got it. Got it. And the very last thing was just with the rate case filing happening sooner than you projected, was the commission prepared for this and do you still anticipate closure within the normal time frames that you've done historically?

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

Yes. I mean we, technically, we control the rate case timing in the sense of when we file, it starts a timeclock, but we work well with our commissions. We are not going to file without having spoken to them. As I think you have seen, we even have an agreement in Kansas with Westar and the commission for a specific process. We'll be talking to Missouri as well. So, yes, we've been working with our commissions and they are not going to be surprised by the timing of our filing. In fact, in Missouri, we actually have to file a notice telling them 60 days ahead that we are doing that, and that has been done.

Shahriar Pourreza - Citigroup - Analyst

Excellent. Thanks a lot.



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

Thank you.

Operator

Brian Russo, Ladenburg Thalmann.

Brian Russo - Ladenburg Thalmann & Co. Inc. - Analyst

Good morning. I am sorry if you covered this earlier and I might've missed it, but what was the year-to-date impact of weather versus normal I guess through June? And then what you kind of see the impact of maybe the mild summer weather on a EPS basis?

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

The year-to-date so far is about \$0.09. You know we had a very cool July. That in and of itself was not necessarily concerning, but obviously if that continued through August and September, that could an impact on revenues, given that being our largest revenue period.

Brian Russo - Ladenburg Thalmann & Co. Inc. - Analyst

Okay, so year-to-date means through June?

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

Yes.

Brian Russo - Ladenburg Thalmann & Co. Inc. - Analyst

Okay, and that is \$0.09 positive. And then any more detail on what the negative EPS impact would have been in July that might push it towards the bottom end of the range?

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

Well, again, not really. I mean we -- obviously you can see the weather days there and generate a revenue number, but that is just the revenue side and it is one piece of total results for the month. Again, one month is not as near as concerning as the fact that if we had that kind of weather August and September, it would certainly affect the top line.

Brian Russo - Ladenburg Thalmann & Co. Inc. - Analyst

Okay, and just a clarification. Flattish I guess would be defined as the deceleration of your 4% to 6% growth rate but not flat, correct?

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

Well, again, yes. We are trying to be sure people understand that the year before a fairly large rate increase related to a large construction project, earnings are going to grow slower. So we have talked about this 4% to 6% range. We didn't want people surprised that it might be a little flatter

than the year before and there would be a step-up in the next year. That is really kind of what we are saying. Obviously, we will ultimately give earnings guidance on 2015 specific as we wrap up the year and look forward for 2015 and 2016 doing the rate cases.

Brian Russo - *Ladenburg Thalmann & Co. Inc. - Analyst*

Understood. Thank you very much.

Operator

Charles Fishman, Morningstar.

Charles Fishman - *Morningstar - Analyst*

Hi, just one follow-up. The last few years, you and the other utilities in Missouri have tried to encourage utilities infrastructure legislation. Is there anything going on in the last few months that gives you maybe more optimism that is going to happen next year?

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

Not over the last few months. I mean we would expect to be in both Kansas and Missouri with legislative opportunities, if you will. We will coordinate with our sister utilities in the states we work in to work on things that we think makes sense. Nothing has really happened over the last several months that would change that. As we get closer to the session, we will be talking more about what is realistic for that session, given things that are going on both in the industry and in the legislature.

Charles Fishman - *Morningstar - Analyst*

Okay, thank you.

Operator

(Operator Instructions). Paul Ridzon, KeyBanc.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

I just had a follow-up. Was that \$0.09 weather versus normal or versus 2013?

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

No, no. Versus normal.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Do you have the 2013 comp?

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

It was up 6%. So year over year, it would be a \$0.03 difference because of weather.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Thanks again.

Operator

Andy Levi, Avon Capital.

Andy Levi - *Avon Capital - Analyst*

I am back. I just want to clear something up. I mean at least I guess in my eyes, you are not really saying anything different beyond the timing of the rate case because you had built in your guidance some regulatory uplift that didn't happen, and so that gets you kind of to the low end of guidance and that is I think what you had articulated back when you gave the guidance. Is that correct? Just for this year?

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

Yes. Yes.

Andy Levi - *Avon Capital - Analyst*

Okay. And then for next year, if people were listening to you, which sometimes people don't write reports, that you were saying that the earnings range was going to be kind of flat, and then you were going to have the big bump in 2016 and that was going to allow you to achieve your longer-term growth rate of 4% to 6%. Is that correct?

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

Absolutely.

Andy Levi - *Avon Capital - Analyst*

Okay.

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

Yes, we are just trying to be very transparent about the process over the next couple of years. But you're right, we are not telling anybody anything about 2015 and 2016 that we haven't said before.

Andy Levi - *Avon Capital - Analyst*

Okay. Yes, some people were trying to, over the last six months, put stuff in their numbers that maybe should not have been there or at the same time weren't listening. But I think your message is consistent with what you have said in the past with the exception of moving up the rate cases but really doesn't affect 2016 or 2017 earnings.

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

No, exactly. The real discussion around moving up the rate cases is just to indicate that we are trying to recover those lag issues, just like we have talked about over the last three years, to minimize the lag. And this would help 2015 and a little bit in 2016 because, depending when we filed, it could have been the first month or two of 2016. So, this will make little impact on 2015 hopefully and make sure that we have a full year of 2016.

Andy Levi - *Avon Capital - Analyst*

Great. Thank you very much.

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

You bet. Thank you.

Operator

Michael Lapidès, Goldman Sachs.

Michael Lapidès - *Goldman Sachs - Analyst*

Terry, I just want to make sure I understand the request you made in conjunction with Westar in Kansas. You're basically asking to defer the O&M and the D&A related to the La Cygne scrubber work until the new rates go into effect? Am I following that? What also happens to AFUDC related to La Cygne?

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

Yes, it is not really O&M, not a lot of O&M going on. It is during the tie-in but it is really the depreciation related to the delay that happens between in service and rates effective.

Michael Lapidès - *Goldman Sachs - Analyst*

Okay. And then what happens AFUDC-wise? When the plant goes in service, is that when AFUDC kind of rolls down a decent bit, or does it not happen until after the new rates are put into place?

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

No, that is when it would roll down. That is why we are doing the agreement.

Michael Lapidès - *Goldman Sachs - Analyst*

You mean --



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

But remember, in Kansas, the amount is smaller because we've already got stuff. Sorry, we've already got an investment in construction work in progress in Kansas, so it's a smaller amount.

Michael Lapidès - *Goldman Sachs - Analyst*

Got it. Okay.

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

It's a small amount.

Michael Lapidès - *Goldman Sachs - Analyst*

Thank you Terry. Much appreciated.

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

You bet, thanks Michael.

Operator

Ali Agha, SunTrust.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Terry, I wanted to ask you on a different topic altogether. You know we have seen some amount of consolidation going on in our space, particularly in the small to mid cap space, and just wanted to hear from you your thoughts/appetite for corporate M&A transactions, if that makes sense, in the industry for you guys. Just your views on that.

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

Well, you guys had views of your own about the industry itself. For KCP&L, we think we have a great growth opportunity at our Company and think we are currently undervalued. And so our opportunities to deliver shareholder value we think are very strong. And we are paying attention to what is happening in the market. We always want to be aware. But that is not something that we believe is necessary for our success with shareholders.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Okay. Like some management teams, espouse size and critical mass, economies of scale. You do not see that per se as a strategic objective?

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

It is certainly not a strategical objective. Depending on the transaction, our industry is littered with transactions that didn't provide some of the benefits they thought. I think, strategically, if there is an opportunity, it is the kind of thing you would want to take a look at, but that is not part of

our current game plan, if you will. And no, with our current upgrade to our credit ratings, we do not think we need additional balance sheet to meet EPA rules or serve our customers while delivering outstanding shareholder value.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Thank you.

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

You bet.

Operator

Thank you. I'm showing no further questions at this time. I would like hand the call back over to Mr. Terry Bassham for any closer remarks.

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

All right. Well, thank you everybody. We appreciate the attendance and we appreciate the interest and questions on the call. Look forward to talking to you soon. Thank you much.

Operator

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

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