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PRESENTATION

Operator

Good day, ladies and gentlemen and welcome to the Great Plains Energy first-quarter 2016 earnings conference call.

(Operator Instructions)

As a reminder, today's conference call is being recorded. I would now like to turn the conference over to Ms. Lori Wright, Vice President of Investor Relations and Treasurer. Please go ahead.

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

Thank you and good morning. Welcome to Great Plains Energy's first-quarter 2016 earnings conference call. Terry Bassham, Chairman, President and Chief Executive Officer; and Kevin Bryant, Senior Vice President, Finance and Strategy and Chief Financial Officer are on the call today. Scott Heidtbrink, Executive Vice President and Chief Operating Officer of KCP&L is also with us this morning as are other members of our management team who will be available during the question-and-answer portion of today's call.

I must remind you of the inherent uncertainties in any forward-looking statements in our discussion this morning. Slide 2 and the disclosure in our SEC filings contain a list of some of the factors that could cause future results to differ materially from our expectations. I also want to remind everyone that we issued our earnings release and first-quarter 2016 10-Q after market close yesterday. These items are available, along with today's webcast slides and supplemental financial information for the quarter, on the main page of our website at www.greatplainsenergy.com.

Slide 3 contains a list of the topics that will be covered in today's presentation. Terry will provide a financial overview and an update of our legislative and regulatory priorities, followed by a discussion of our strategic plans. Kevin will discuss our financial results and 2016 earnings drivers. With that, I will now hand the call to Terry.



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

Thanks, Lori and good morning, everybody. I will start on slide 5.

Yesterday we announced first-quarter 2016 results. Earnings for the quarter were \$0.17 per share compared to \$0.12 per share in 2015. Results for the quarter were driven by the impact of new retail rates at KCP&L Missouri and Kansas, including new cost-recovery mechanisms, partially offset by mild weather with heating-degree days 16% below the first quarter of 2015. Weather, when compared to normal, negatively impacted earnings by approximately \$0.05 for the quarter. Kevin will discuss the quarter in more detail in his remarks. Mild weather notwithstanding, we remain on track to deliver earnings within our 2016 EPS guidance range of \$1.65 to \$1.80.

Now on slide 6, we are firmly committed to reducing regulatory lag and producing comprehensive regulatory reform in Missouri. This year we have made significant progress in Missouri to advance legislation, which would modernize the regulatory process through common sense reforms that encourage electric utility infrastructure investment. This legislation provides timely cost recovery and involves our regulatory construct to a performance-based model that benefits all stakeholders.

While the Missouri legislative session ends a week from today, it appears less likely that our legislative efforts will be successful this year. Earlier this week, House Bill 2689 was debated on the floor of the Missouri Senate. The legislature has enough support to pass; however, a filibuster has been organized by a handful of State Senators to block the bill's passage. At this point in the legislative session, it appears unlikely that enough time remains to work through this opposition.

Even if House Bill 2689 does not pass, the legislative session was a positive progress in the right direction. This year, comprehensive regulatory reform made it further in the legislative process than it has in over a decade. In addition, our legislative efforts resulted in significant and constructive dialogue with our regulators regarding regulatory lag. As a result, we are encouraged at the possibility that additional mechanisms to address lag may be considered for our upcoming rate case. We continue to look for ways to break this legislative impasse as well, however, if the bill fails in this session, we remain committed to work towards comprehensive regulatory reform in Missouri and expect to file legislation again next year.

Turning to an update of some of our key regulatory priorities, KCP&L filed its 60-day notice in Missouri of a general rate case filing, on April 15. Pending conclusion of the Missouri legislative process, and consistent with our regulatory strategy, we expect to file a general rate case for KCP&L in Missouri in the second half of 2016, for recovery of our investments and to address ongoing regulatory lag.

GMO's rate case is on schedule to be completed by year-end. The Missouri Commission shortened the rate case calendar to 10 months versus the traditional 11-month process. We now expect new retail rates at GMO to be effective late December 2016. You can find a summary of the GMO rate case in the appendix to this presentation. As we previously stated, in Kansas we are required to file an abbreviated rate case by November 2016, to true up our costs for the La Cygne environmental project.

We remain focused on closely managing our business, promoting economic growth and improving our customer experience managing regulatory lag. We are committed to move to a cleaner energy future that balances the cost impact to our customers. Last month we took several positive steps toward this goal. First, we ceased burning coal at our Montrose Unit 1 and our Lake Road 4/6 unit as part of our plan to cease burning coal at 3 plants that total more than 700 MW or nearly 20% of our coal fleet. Our Montrose unit has served our customers well providing our region with low-cost power for more than six decades and we anticipate many more years of solid operations at Lake Road as it will be converted to natural gas for peaking requirements moving forward.

Last month, we announced plans to increase our renewable energy portfolio with the purchase of 500 megawatts of power from new wind facilities in Missouri. This investment will increase our renewable portfolio to more than 1,450 megawatts, representing almost 20% of our total generation capacity.

Our commitment to a reliable and low-cost profile extends beyond our generation fleet. In April, we launched new energy-efficiency programs for our Missouri customers under the Missouri Energy Efficiency Investment Act, or MEEIA. These energy-saving programs offer our customers long-term energy solutions that help them manage their energy profile. We are seeking approval to offer similar programs to our Kansas customers through



the Kansas Energy Efficiency Investment Act that passed in 2015. These environmentally sustainable practices complement our continued investments in cleaner and more diverse energy resources.

Finally, turning to slide 8, we are focused on driving value for our shareholders and are excited about our plan. We believe that our regional economy continues to expand at a healthy clip, and this affords us long-term opportunities to invest in our base business as well as grow our dividend in a way that drives continued and dependable shareholder return through a combination of earnings and dividend growth.

With that, I will turn the call over to Kevin.

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

Thanks Terry, and good morning, everyone.

I will begin with an overview of our financial performance on slide 10. Earnings for the quarter were \$0.17 per share compared with \$0.12 a year ago. As detailed on the slide, the \$0.05 increase for the quarter was driven by new KCP&L retail rates in Kansas and Missouri and an increase in other margins resulting primarily from new cost-recovery mechanisms, and an increase in the recovery of throughput disincentives associated with our MEEIA programs. As Terry mentioned, these impacts were partially offset by milder weather, increased O&M, higher depreciation and amortization expense, and lower AFUDC.

As reflected in our first-quarter results, the implementation of the fuel recovery mechanism in Missouri last fall minimizes margin risk moving forward. For the 12 months ended March 2016, weather-normalized demand grew 0.4%, net of our energy-efficiency programs, supported by customer growth of 1%. We estimate our efficiency program has impacted demand by about 0.5% over that same time frame.

This growth is no doubt supported by the continued expansion of our Kansas City economy. The region's well-developed distribution and transportation network continues to attract businesses to our service area. And last month, Amazon.com announced plans for a new fulfillment center expected to create about 1,000 full-time jobs in our service area. Our team worked tirelessly with a broad coalition of local partners on this effort and we are excited to continue working collaboratively to attract new businesses to our region.

We remained encouraged by the positive narrative around housing construction. Year to date, single-family permits increased 34% compared to the first quarter a year ago and reflects growing demand for new single-family housing. In fact, March single-family permits reached the highest one-month total in nearly a decade.

Turning to slide 11 for a view of full-year 2016. In terms of the rest of the year, when compared to 2015, we have new retail rates and cost-recovery mechanisms in KCP&L's Missouri and Kansas jurisdictions which became effective September 29, 2015, and October 1, 2015, respectively. And, as Terry mentioned, we expect new retail rates for GMO will be effective late December, 2016.

We continue to project full-year weather-normalized demand of flat to 0.5%. On the cost front, our entire management team continues to diligently manage the operating expenses of our business. As I stated at year-end, we expect to see a bit of an increase in O&M for the year due to our strong actions in 2015, but remain keenly focused on continued disciplined performance.

Finally, on slide 12, our focus remains on minimizing regulatory lag. Should needed reforms not come to fruition this year, in addition to continued effective management of our business, in the near term we will more actively manage rate case filings to accelerate recovery of incurred costs while working with stakeholders on comprehensive regulatory reform. We are excited about our long-term plan to drive dependable shareholder returns from a combination of earnings and dividend growth. And while I recognize that our views are only one quarter old, we continue to target long-term earnings and dividend growth of 4% to 5% and 5% to 7% respectively.

Thanks for the time this morning, and we are now happy to answer any questions you may have.



QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Ali Agha of SunTrust.

Ali Agha - SunTrust Robinson Humphrey - Analyst

Thank you, good morning. First question, just to understand the implications of the legislative fix if it does happen. So if it were to come through as you would like it to, should we think of the implications of that really smoothing out your 4% to 5% CAGR for earnings target? Or will it actually cause that whole number to go up? How should we be thinking about the implication?

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

Two things, on the O&M side, obviously it would help smooth that CAGR out. So you would see our recovery more timely of our ongoing expenses, but we would also look at opportunities for additional investment knowing that we would recover our capital spend more quickly and could have a positive impact on as well. We haven't said that. Really the focus now is on the structure as it stands, but certainly quicker and more timely recovery of ongoing costs would allow us to smooth that trajectory out.

Kevin Bryant - Great Plains Energy Inc - SVP of Finance and Strategy & CFO

And Ali, I'll echo that, if you think about our long-term targets through 2020, just given our profile in the past, you've seen these dips as we file rate cases with regulatory lag building up enough where it warrants a rate case. We still expect to get to that same endpoint, but it would be a much smoother trajectory, to Terry's point, just to get there.

Ali Agha - SunTrust Robinson Humphrey - Analyst

Okay. And then, assuming it does not pass, are you getting any signal at all from the commission side that this time around, they may be more open to thinking about some of those lag-reduction mechanisms than they have been in all the prior filings that you had?

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

Yes. I want to be careful how I say it, but the bottom line on it is, we've had great conversations with everybody as we work through this legislation and it has been very constructive. I don't want to overstate the impact, but we noted in our remarks that our traditional 11-month passed in our GMO case we filed was shortened by 1 month to 10. And we think, again, that was a recognition of the timing. So I do think we've had good conversations and I think we will continue to have them based on the work we've done over the last several months.

Ali Agha - SunTrust Robinson Humphrey - Analyst

Terry, there seems to be a pickup in consolidation activity including in your neighborhood. Just wanted to get a sense of what your later thoughts are around M&A and have they evolved as you've seen what's been happening around your neck of the woods as well?



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

We, as always don't comment on rumors about other folks. We continue to be excited about our plans after coming out of a 10-year period of heavy construction, we really like our ability and our flexibility to drive shareholder return going forward; and that's really what we're focused on.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Okay, but as an industry observer, you're looking at these premiums being bid. From an industry perspective, do you have a sense of how those are being justified or make sense?

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

No, I'm not in a position to comment on those kind of things. Each transaction stands on its own; each facts, around the utility in question, stand on its own; and you guys understand that process as well as I do. So, that's probably it for today.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Thank you.

Operator

Michael Lapidès, Goldman Sachs.

Michael Lapidès - *Goldman Sachs - Analyst*

A couple of questions. The Missouri legislation, is the filibuster broadly due to opposition by a handful of parties or is it due to structural concern about what the meaning and intent of changes to utility rate-making processes in Missouri means there?

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

Let me restate what I think you asked. It is a very small number of focused Senators who are working on the filibuster and it is, in general against, if you will, it appears, all utility legislation. There were other water and gas bills as well, so it is not necessarily on the content of our bill as it is legislation at all.

Michael Lapidès - *Goldman Sachs - Analyst*

Got it, okay. O&M real quick, you expect it went up in 2016, but you've retired some capacity. You've retired a couple hundred megawatts of coal capacity, using the industry metrics for typical fixed cost for a coal plant; you would think that would give you some leeway to keep O&M flat, maybe even down in 2016. Can you talk about what the pressures are that all set that?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

Michael, those plants, we announced the ceasing of coal operations in April and so that obviously wouldn't have shown up in the first quarter.

To your point, it is 200 or so megawatts, our Montrose I unit was 200 or so megawatts, but remember that was 1 unit out of a 3-unit station. So, while we do expect to see modest declines in O&M, our plans to shut down Montrose really are not at a full station level until 2022. So, that's when we would see the majority of the decrease in O&M from that unit.

Scott Heidtbrink - *Great Plains Energy Inc - EVP & COO KCP&L*

And Michael, this is Scott, I would add, the pressure is going the other way, if you think about it. We just added \$1.2 billion of equipment at La Cygne. There's costs to commit with that. We've got cybersecurity; there is just a lot of other pressure.

Michael Lapidès - *Goldman Sachs - Analyst*

Got it. Are you thinking inflationary type O&M growth for this year and what about for beyond?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

We've managed to what we call long-term inflation at 2% to 3%, trying to keep costs below that level. We recognize in this current interest-rate environment, inflation has been a little lower. But certainly, as we manage our long-term targets, managing O&M less than or at inflation over the five years through 2020 is our objective.

Michael Lapidès - *Goldman Sachs - Analyst*

How do you, though, not face sizable regulatory lag? If you have got O&M, as you stated, at 2% to 3%, but you've got demand growth at 0.5%, how do you make up for that?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

It's our strategy. We are going to file rate cases as we get assets invest into service. And, as we see lag, filing more frequent rate cases is really the tool that we have available to us. As Terry mentioned, we think the legislative path makes more sense longer-term, but those are the tools that are available to us in the interim.

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

Michael, I think we've made it clear and we will continue to do so, that we are not going to play a victim card here. We're going to be aggressive. We have a plan; we are confident in it. But obviously, if we continue to see regulatory response as less than complete in our recovery, we will have to look at other ways to reduce costs, both capital and O&M as we go.

Michael Lapidès - *Goldman Sachs - Analyst*

Thanks guys, much appreciated.

Operator

Shar Pourreza of Guggenheim.



Shar Pourreza - *Guggenheim Securities - Analyst*

Good morning. Obviously Missouri has been a disappointment year over year and it doesn't appear that there has been a move to give you guys what you need. The question I have is, you're going to be filing in KCP&L Missouri; that seems to be the center of where the regulatory lag is. You file in the second half of 2016; how quickly could we expect you to refile again? Are you going to take a little bit more of an offensive approach if legislation doesn't budge?

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

The answer to your last question is yes. Let me remind you, that our cases in the past have been lumpier than we would have liked. We had large assets that were going to be included in those cases and they drove the timing of those cases many times.

So, as a result, the dip or the size of the rate request was sometimes larger. Because both we had to time it around an asset and, given that time, would generate more lag, from that perspective.

So we will, as I said, and have already done several things to show that we're going to be aggressive about the timing. We don't expect the lag to grow to a level that it has in the past before we file because of the nature of what was included in those cases. So we will be filing sooner and we'll probably be filing smaller cases because of the nature of what they are at that point and continue.

If you look at filing a case in Missouri, in particular KCP&L Missouri or GMO Missouri, again, the traditional process is 11 months. Again, GMO is 10 this time, but 11 months with a true-up 7 months into it and then, once that 11 months hits, rates will be effective. You obviously have to generate enough lag to file another case. But if we filed in the fall, after an 11-month process, we would again file as quickly as we saw the regulatory lag building up to that level.

Shar Pourreza - *Guggenheim Securities - Analyst*

That's helpful. And as you file with KCP&L Missouri, obviously with the legislation, you had some pretty strong support from industrial customers. Do you anticipate the opportunity to stipulate and go through the settlement process this time around? Partly because, you seem to have had garnered enough industrial customers?

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

We could, absolutely we could. And we always work on settlement in our cases and traditionally, I don't know if you'd call it behind the scenes, but we settle a lot of issues. One of the reasons that our legislation makes so much sense is that when you get right down to the end of our cases, there is usually very little controversy over most of the issues; and it comes down to two or three issues that are meaningful. ROE, sometimes some construction.

So certainly, we'll work on that and, to the extent that we can come to an agreement in a rate case format with our industrial customers, that certainly gives us a better opportunity to settle the whole case. We will be working on that as always.

Shar Pourreza - *Guggenheim Securities - Analyst*

One last question, Terry. Can you elaborate on what potential mechanisms that you could potentially be looking at when you file with KCP&L Missouri?

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

We are still working on how we develop the case, but I'll remind you that we picked up the fuel factor last go around; so that has been obviously a great equalizer for us. That was a unique item for us, even in Missouri.

Obviously, we will continue to talk about transmission, which is now outside of the fuel factor and we will continue to talk about things like property tax and CIPS. We've got cyber costs that we were able to get into a tracker in Kansas, through again, a common sense approach to costs that are going up around that issue. Those are the kinds of things we will be looking at and how to best approach it and again look for ways to nibble around the edges of the key items that are driving the regulatory lag.

Shar Pourreza - *Guggenheim Securities - Analyst*

Thanks Terry and Kevin.

Operator

Brian Russo of Ladenburg Thalmann.

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

Good morning. The \$0.06 year-over-year positive EPS impact from mechanism, was that all the fuel-factor mechanism or are there other components to that \$0.06?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

That was primarily the fuel factor, but also, remember, we have a transmission delivery charge in Kansas. And then, we put in place a small cyber tractor on the Kansas side for non-labor O&M, so it would be the combination of those three mechanisms.

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

Got it. What is the thought process of signing PPAs for wind versus building and owning it yourself and rate-basing it?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

As we look at the economics, the PPAs that we looked at were very attractive. Obviously, we are trying to manage both our generation fleet and long-term costs for customers and so, as we've done recently, those PPAs made sense from an economic perspective. Obviously, as we move forward, wind is a robust resource in Western Kansas, so we will continue to look at opportunities to both build and utilize PPAs. As you think about our PPA mix, we are probably getting to the point where we have a good footing with PPA. So, as we move forward, ownership maybe more of an option for us.

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

Could you share with us which large industrial customers are opposed to utility restructuring legislation?

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

This is Terry again. They kind of speak for themselves. I would say that our primary large industrial customer that we work with a lot is Ford and I would say that we've had a good relationship with them and that is going well. Remember this is statewide legislation, so there are other customers across the state that take positions. And we obviously focus on the ones in our service territory.

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

And then, lastly, what was the motivation for the PSC to shorten the rate case to 10 months from 11 months? Just to help you on lag? To get effective sooner?

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

I don't know. I would not want to speak for the commission. I would like to think that, yes, that we have had great conversations; there are different ways to address lag and certainly, the length of a case is one of the drivers for lag. For example, Kansas is 8 months. I'd like to think it was just a recognition that we could get the case done a month early and that would help eliminate some of the lag. That's my perception. I would not want to speak for them.

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

Thank you.

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

You bet.

Operator

Charles Fishman of Morningstar.

Charles Fishman - *Morningstar - Analyst*

Good morning. On the legislation, just one more, sort of long-term view. Let's say the clean power plan makes it through legal challenges or is reconstituted in some way. You sort of passed a cycle here of CapEx recovery, but that certainly could reboot that again with, let's say, a new gas plant in Missouri.

I would assume CWIP is a main issue in Missouri. Have you communicated that it is pretty difficult to build, make a significant capital investment like that CWIP. Is that part of the argument?

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

In general, absolutely, it's whether it is large or small. Whether it's a single project or incremental over time as we continue to invest in our distribution system or do maintenance on our other plants, it is that regulatory lag while you are doing that build.

CWIP is an individual issue in Missouri and because of the legislation, if you will, that occurred or issues that occurred after the Wolf Creek plant years ago and the Calais plant years ago. But, in general, that very issue of lag, around the spending of capital, is the absolute center of the



conversation. We would expect, as we work through final CPP plans to the extent that reboots, that one of the discussions we would have in that context is the ability to invest and recover within the context of that plan. It certainly would be the forefront of the conversation.

Charles Fishman - *Morningstar - Analyst*

Just a second question, towards Kevin, the effective income tax rate guidance of 37%. I'm looking at my model and see it ticked up last year to over 36%; now you're talking 37%. Could you provide a little more color on why you are up a little bit higher, 30 basis points or something, from 5, 6, 7 years ago?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

It has been in that general range. It may have moved around a little bit as some of the production tax credits associated with our wind bill, the last decade, probably Spearville 10 years ago has started to roll off. It has been fairly constant in that range, from that perspective. So that it is probably just a roll-off a couple production tax credits.

Charles Fishman - *Morningstar - Analyst*

Thank you, that was it.

Operator

Paul Ridzon, KeyBanc.

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

Good morning. Given that the PPAs are imputed as debt on your balance sheet, how much cushion is there to do more PPAs and do you need to start thinking about owned assets at some point? And how close are we there?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

So the question is, I'm going to make sure I repeat that back to you, how much cushion do we have to do PPA's by build versus imputed debt for credit purposes?

Paul Ridzon - *KeyBanc Capital Markets - Analyst*

The PPAs on previous debt on your balance sheet. How much pressure is that putting on you and is there some limit of how many PPAs you can do?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

I wouldn't view that as a limitation. Obviously, as we look at bill, to the extent we have flexibility, we are trying to make economic choices, but also manage rate increases in this timeframe. So I would not view those as a limitation. But it's really trying to find the right balance between investment and managing the customer bill.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Back to Brian's question about the \$0.06 for fuel factor. Your press release said \$0.09 from mechanisms. Was this lumpy or are we going to pick up a couple more quarters of this kind of step up?

Kevin Bryant - Great Plains Energy Inc - SVP of Finance and Strategy & CFO

We put the fuel adjustment factor KCP&L MO in place effective fourth quarter last year. So you may see a bit of year-over-year favorability in the second and third quarter, just given that comparison. And then, moving forward, we expect it to be comparable from that perspective.

Paul Ridzon - KeyBanc Capital Markets - Analyst

It's going to be \$0.09 in the second and third quarter again?

Kevin Bryant - Great Plains Energy Inc - SVP of Finance and Strategy & CFO

Remember, the other part of that, as we discussed in the press release, is we have got our MEEIA throughput disincentive and so that is ongoing. That is where we are recovering both return and lost margin for our MEEIA energy-efficiency programs. So, that will be ongoing and that is what we talk about from a demand perspective is we expect that to be about 0.5% of impact on our demand growth from that perspective. So, we would expect to see a little bit of that moving forward. I won't quantify it as \$0.09, but we expect to see that moving forward.

Paul Ridzon - KeyBanc Capital Markets - Analyst

When does the legislature end?

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

Next week. A week from today.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Thank you very much.

Operator

Brian Chin of Bank of America, Merrill Lynch.

Brian Chin - BofA Merrill Lynch - Analyst

Hi, good morning. On the long-term EPS guidance of 4% to 5% through 2020, so that is unchanged from the Q4 commentary. You had said at that time that we should not expect that growth rate to go in a straight line. I guess with the fluid Missouri legislative situation, with the fact that you guys are going to be more definitive in filing rate cases in the second half this year, is there any sense of whether that 4% to 5% is more back-half loaded or front-end loaded? Just a little additional color beyond the fact that it's not going to be a straight line.

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

Yes. Again, remember the reasoning for movement of our earnings related to rate-case filings. We are working hard to eliminate the dips. And we are working hard obviously because we don't have as big of single items, like La Cygne, to add into single case to minimize the sawtooth effect you have seen in the past. But, certainly, you could look at, as you are seeing this year, the effects of the year immediately post a rate case, being a positive year.

And the other difference, I would tell you, over that five-year period, is traditionally we had all of our cases filed at the same exact time that caused the first year out of those filings to be even larger, similar to this year. Our cases will be a little more strategic and positioned so that we are not gathering them all up. We are filing them as quickly as we see the need, given regulatory lag. And, as a result of all that, then you would see a larger step-up, if you will, on the back end.

Brian Chin - *BofA Merrill Lynch - Analyst*

That is really helpful, thank you.

Operator

Paul Patterson of Glenrock Associates.

Paul Patterson - *Glenrock Associates - Analyst*

Good morning. So the legislation, is there no chance that it is going to pass at all by the end of the session? Is that right?

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

I would never say never. I would certainly suggest that the comprehensive PBR type change is not likely to get back on the floor for debate. We have talked, from time to time year over year, about smaller issues that could be passed on a single bullet shot, rifle shot, like property tax or something like that. We have got a week left and we are always open to conversation. The large debate over restructuring, the way we do regulation in general which we call PBR in this legislation, is probably not possible.

Paul Patterson - *Glenrock Associates - Analyst*

Okay. And I guess, I understand that you guys are going to try to be a little more aggressive on the rate-case filings, but how much do you think that can actually decrease lag in terms of the new approach?

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

Significantly. And again, remember, there are two or three reasons why not only the depth of lag was larger than maybe you might anticipate. Remember, for 10 years we have not had a fuel factor and that has been an ongoing, difficult process to deal with given the drop in gas prices. Second of all, most of our cases, if not all, included the large addition of some asset, whether it be La Cygne, the last case, we also had wind, we had other environmental spend, that was also included.

So these should be more routine. We will file them as quickly as we can see a justification for the case, which means if we cannot, we would not have lag, but we anticipate it to continue. And then, moving quicker, moving faster with lower rate increases, we think helps mitigate the issue to some degree.



But as soon as we true-up within a rate case, the next day we install poles and wires and whatever we're doing, we're creating lag again, the way the structure works. So, we will be aggressive about getting those filed on a more routine basis.

Paul Patterson - *Glenrock Associates - Analyst*

Okay, and I listened to some of the proceedings in the legislature and it seems that there were a lot of things that are being filibustered. It doesn't seem that it was just your legislation. Do you see anything that is going to change the possibility of unlimited debate? And I use that term, to stop filibusters going forward? Do you follow what I'm saying?

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

Yes. Certainly filibuster is a mechanism that legislators can use to deal with things like that, things that they don't agree with. I will kind of leave that where it is; you're correct. That is uniform, not related to electric-utility legislation and Missouri had several of those this year.

As to our legislation, we presented several things over several years to help address lag. This was the most comprehensive. This was the greatest reform, if you will, overall, which provided a lot of benefits to our regulatory lag issues, but also to customers. It provided a lot of protections, a lot of certainty, a lot of process improvement.

We were able to address renewables, we were able to address large customer issues; it was truly a comprehensive way to deal with electric regulation in the state of Missouri. That developed over time. What ultimately showed up on the floor was not what we filed early on in the process. It was a great process of working together with all the constituents and stakeholders.

What that does for us and again, it was better and more thorough than ever. What that does is give us a platform to work again next year and gives us the ability to work with those same people, who agree, next year. And those who don't agree, it gives us the opportunity to find out again what their main concerns are and address those as well. So we see this again as a process and we certainly see it as an opportunity, going forward, to continue the conversation.

Paul Patterson - *Glenrock Associates - Analyst*

I can appreciate that. But it has been going on for a number of years it seems though, as you know. And I appreciate the color, in terms of how you think this is evolving in a certain way.

I guess what I'm wondering is, at the end of the day, I did notice that there were some industrial that dropped opposition. But it was not really clear as to, outside of the utilities, where the other support outside of the utilities was, in terms of pushing this legislation along. Do you follow me?

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

Let me be clear, we believe we had the votes to pass this legislation. The way the filibuster process works, it took several Senators to keep the filibuster alive. But had we gone to vote, we believe, clearly, we would have won. And, at the end of the day, we had Senators who represent environmental interests. We had our entire business communities in St. Louis, Joplin and Kansas City which support it, Chambers of Commerce. We had a lot of support for this bill and I think we will continue to have that support going forward.

We made a very good case and made it very clear, and this is not the first time they've heard it, that we are investing dollars in our system for our critical infrastructure that our state and our country needs and demands. And, to do that, our shareholders have to earn a full and fair return which, by the way, the commission determines is full and fair. And what we're determined that we should have an ROE of 9.5 and we can't earn that because we're doing what they want us to do and investing, business people understand that and we had that support. We continue to make

progress. It is very frustrating; there is no doubt about it. We are addressing it at every corner, but one area we will continue to address it is at the legislature.

Paul Patterson - *Glenrock Associates - Analyst*

I appreciate the color, thanks so much.

Operator

(Operator Instructions)

Michael Lapidès, Goldman Sachs.

Michael Lapidès - *Goldman Sachs - Analyst*

A little bit of a model-oriented question. Can you talk about how much of the revenue or the rate relief that we are granted in the last round of rate cases and implemented in the October timeframe, how much of that you have already taken in the last 6 months versus how much you still have left to take in the next 6?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

The new rate increases went in place in the fall. But, for shaping, we will have taken, what six months of that? About half of that up to this point with the rest we would see through the summer and through the third quarter.

Michael Lapidès - *Goldman Sachs - Analyst*

Okay, so it is evenly distributed; it's not very third-quarter heavy?

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

Well you certainly have summer weather. We're still a summer-peaking utility, so I'd say, time-wise, because it went in effect the fourth quarter, time-wise, we are, yes, getting close to halfway, if I have months right. But remember, we pull in a lot of revenue in the summer, so total revenue-wise, it is probably more skewed toward the third quarter.

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

You'll get a little bit of shaping with summer rates versus rates, but it should follow the traditional proportion of revenues that we've seen historically.

Michael Lapidès - *Goldman Sachs - Analyst*

Your proportion of revenues being so heavily summer-peaked would imply that you have not taken much of the rate increase and the bulk of it is still to come.



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

Well, certainly given the weather in the first quarter, that is probably a fair assumption.

Michael Lapidès - *Goldman Sachs - Analyst*

I'll follow up offline. Thank you, Terry.

Operator

Ali Aga of SunTrust.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

Just one quick follow-up, I know you mentioned that, on an LTM basis, weather-normalized electric sales went up 0.4%. What were they specifically for the first quarter?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

We did not provide that, Ali. We have seen swings in quarterly results from year to year for the last several years. So what we thought made more sense is a rolling 12. So, that's why we provided the 0.4% on a rolling-12 basis.

Ali Agha - *SunTrust Robinson Humphrey - Analyst*

So Kevin, just to be clear, I did notice that was the first time you switched to that. Is that how you are going to be doing it over the remaining quarters or, as the year progresses, you are going to give us year to date and quarterly numbers as well?

Kevin Bryant - *Great Plains Energy Inc - SVP of Finance and Strategy & CFO*

Our plan is to provide the rolling-12 moving forward. It is just better information than that quarterly number that can swing from quarter to quarter.

Operator

I'm showing no further questions at this time. I'd like to turn the conference back over to Mr. Bassham for closing remarks.

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

Thank you very much for being on the call. As always, let us know if you need any additional information, but we appreciate it. We'll talk to you next time. Thank you.

Operator

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

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