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GXP - Q1 2017 Great Plains Energy Inc Earnings Call

EVENT DATE/TIME: MAY 04, 2017 / 1:00PM GMT



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PRESENTATION

Operator

Good day, ladies and gentlemen, and thank you for standing by. Welcome to the First Quarter 2017 Great Plains Energy's Earnings Conference Call. (Operator Instructions) And as a reminder, this conference is being recorded.

Now I would like to welcome and turn the call to the Vice President of Investor Relations and Treasurer, Lori Wright. You may begin.

Lori A. Wright - *Great Plains Energy Incorporated - VP of Corporate Planning & IR, Treasurer, VP of Corporate Planning & IR - KCP&L and Treasurer of KCP&L*

Thank you, Carmen. Good morning, everyone, and welcome to Great Plains Energy's First Quarter 2017 Earnings Conference Call. We appreciate that you are joining us this morning.

On the call today, we have Terry Bassham, Chairman, President and Chief Executive Officer; and Kevin Bryant, Senior Vice President, Finance and Strategy and Chief Financial Officer. Darrin Ives, Vice President of Regulatory Affairs, 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.

Today's discussion will include forward-looking information and the use of non-GAAP financial measures. 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. A reconciliation of the non-GAAP financial measures can be found in the appendix. We issued our first quarter 2017 earnings results press release and 10-Q earlier this morning.



These items, along with today's webcast slides and supplemental financial information for the quarter, are available on the main page of our website at greatplainsenergy.com.

As summarized on Slide 4, Terry will begin today's call with a review of our announcement that this morning, we filed a petition for reconsideration with the Kansas Corporation Commission. He will also discuss our legislative and regulatory priorities outside of the Westar transaction. Kevin will then discuss our financial results for the quarter.

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

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Thanks, Lori, and good morning, everybody. Thanks for joining us. As Lori mentioned, this morning, we filed a petition for reconsideration with the Kansas Corporation Commission with Westar. Our petition seeks additional time to explore whether we can reach a revised agreement with Westar that addresses the concerns that the commission raised regarding the structure of the transaction.

To be clear, any revised agreement with Westar to move forward with the transaction must be accretive relative to our go-forward, stand-alone plan, create long-term value for shareholders and other stakeholders, address the concerns of the commission, and as a result, have a high likelihood of success.

Since announcing our agreement with Westar last year, we have completed integration planning. This work has only reinforced our confidence in the benefits and value upside of this transaction. We've identified significant efficiencies that result from the strong geographic fit and complementary nature of our operations. We believe these efficiencies will translate into meaningful earnings accretion for shareholders and cost savings for customers.

Our petition for reconsideration gives us the opportunity until May 31 to have further discussions with Westar in order to determine if a mutually agreeable revised transaction might be negotiated. To be successful, any revised transaction would have to resolve the concerns identified by the commission while preserving meaningful benefits for shareholders and customers. Key concerns raised by the commission in their order include: the overall purchase price, which the commission deemed to be too high; the capital structure for GPE, which the commission said was too risky; quantifiable and demonstrable customer benefits; staffing levels, particularly at Westar's headquarters in Topeka.

Based on our conversations with Westar, we believe there's room to work together to address each of these areas while also preserving the value creation opportunity inherent in our combination. That said, our negotiations with Westar are ongoing, and no new agreement has been reached. As soon as we have something more definitive, we will publicly announce it. If we're able to reach an agreement with Westar, we will immediately engage with the other parties to the proceeding to address their concerns and set a new procedural schedule that allows all parties and the commission adequate time to review the matter.

But let me reiterate. We will only pursue a revised agreement if we determine that it delivers more value than we are able to achieve on a stand-alone basis. I recognize that you're interested in what a revised agreement may look like. Our discussions with Westar are ongoing though, so I do not have specifics to share with you today.

With that said, I'd now like to move to Slide 7 to discuss our regulatory priorities beyond the Westar transaction. As you can see on the slide, our focus remains on earning our allowed returns in all jurisdictions to enhance earnings growth and offer superior risk-adjusted returns. Our efforts to modernize the Missouri regulatory environment remain a top priority in that regard. Over the last several years, we've worked with policymakers, regulators and other stakeholders to move Missouri beyond its century-old regulatory framework.

We now believe there is widespread support in the legislature to adopt more progressive approaches to provide timely cost recovery and benefits to all stakeholders, which is why we are extremely disappointed that a filibuster mounted on Senate Bill 190 by just a few senators. With the



legislative session ending a week from today, it appears unlikely the bill's opponents will allow a vote to take place. We plan to continue our dialogue with stakeholders, and we'll work to find a solution to address the legislative impasse until the legislation has faced the last several sessions.

Turning now a minute to an update on our rate case filings. Just yesterday, we received an order on our KCP&L Missouri rate case, and we expect new retail rates to become effective later this month. The order provided for an ROE of 9.5% and a ratemaking equity ratio of approximately 49%. Although we're still reviewing the associated schedules, we believe it will result in a revenue increase of \$30 million to \$35 million. You can find a summary of our KCP&L Missouri rate case filing in the appendix to this presentation.

In our Kansas abbreviated rate case, a unanimous stipulation agreement that is subject to commission approval has been filed by KCP&L and the parties. The agreement provides for a decrease in retail revenues of \$3.6 million. We requested an order by June 7, with an effective date of June 28. As a reminder, this case was filed to true-up our costs for the La Cygne environmental project that came in on time and under budget. The project went into service in the spring of 2015. We plan to file rate cases in each of our jurisdictions in 2018 for recovery of infrastructure investments and to true-up our cost structure.

Turning now to Slide 8. We continue to believe in the value proposition we offer on a stand-alone basis. Our stable financial position is supported by strong utility operations and a solid cash flow profile. In other words, our stand-alone plan will provide shareholders with balanced returns and reliable dividend growth. A solid stand-alone profile, notwithstanding the right transaction with Westar, will enable us to create significant incremental value.

Now with that, I'd like to turn the call over to Kevin to review the quarterly results.

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

Thanks, Terry, and good morning, everyone. I'll provide an overview of our financial performance on Slide 10. As we continue to simplify the moving parts of our business, this quarter was a fairly straightforward one.

On a GAAP basis, we announced the loss for the quarter of \$0.11 per share compared to \$0.17 in 2016. Our adjusted earnings for the quarter were \$0.13 per share. As detailed on the slide, the \$0.04 decrease for the quarter was driven by milder weather, higher depreciation and amortization, partially offset by favorable weather-normalized demand.

Demand growth remains a key area of focus. We remain encouraged by the broader economic climate in the Kansas City region. In 2017, we anticipate weather-normalized demand growth of flat to slightly positive, net of the estimated input -- impact of our energy efficiency programs. In 2017, we expect continued increases in customer growth, partially offset by average use per customer driven by the traditional increases in efficiency and the success of our own energy efficiency programs. Overall, we remain excited about the economic conditions in our region.

Year-to-date through March, we gained nearly 8,800 residential customers compared to a year ago. This is a positive sign that the continued growth in the labor market is spurring housing construction. Year-to-date through March, single-family permits increased 21% compared to a year ago.

With that, thank you for your time this morning. We are now happy to answer any questions you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question is from the line of Ali Agha with SunTrust.



Ali Agha - SunTrust Robinson Humphrey, Inc., Research Division - MD

First question. Terry, when you talk about looking at the transaction and comparing it to stand-alone and it having to be better for shareholder value, are you looking at sort of the earnings profile of the company, how that would look stand-alone versus a combination? Is that the key criteria from the outside we should be looking at?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Certainly. That and others, but certainly. Our ability to earn and grow earnings is a key part of that analysis.

Ali Agha - SunTrust Robinson Humphrey, Inc., Research Division - MD

Okay. And I know you're negotiating, obviously, and that's ongoing. But just to understand, the first 2 concerns that you laid out, price and capital structure from the Kansas side, I mean, logically, that would imply any resolution would need to have a lower price and more equity. I mean, is that a fair way to think about that issue -- those issues?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Again, I don't want to say too much. But certainly, specifically on the price, the commission said the price was too high. So you -- we expect to address that issue. On the capital structure side, they were concerned about leverage. And so certainly, you'd have to look at how you address the leverage. Beyond that, to be fair, it's probably not appropriate to go a lot further. But certainly, those 2 facts are true.

Ali Agha - SunTrust Robinson Humphrey, Inc., Research Division - MD

Okay. And then given that at a minimum, the transaction time line will be pushed back, FERC has also said November, et cetera. So does that change the time line for the synergies that you had originally laid out when you announced this? Or does that not change that?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

It's not really effect on the synergies themselves. We certainly can't implement many of the things that we would implement from a synergy perspective because we can't operate together. So it certainly would move out in time the ability for us to begin those things. In terms of any effect on the value of those things once began, they shouldn't have an impact.

Ali Agha - SunTrust Robinson Humphrey, Inc., Research Division - MD

Right, right. Last question. Also originally stand-alone, you had laid out a profile that showed pretty flattish earnings through '18 and then a step-up in '19 driven by the rate case. Is that still a fair way to think about a stand-alone GXP profile?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We're not providing guidance today, either '17 or beyond. But I would say that, that profile is still relatively the same.

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

Ali, you'd also have to just take into consideration, on a stand-alone basis, we have to look at the cost of unwinding the transaction, most notably the termination fee and then the unwinding of the debt that's been issued in the mandatory convertible, the public mandatory that we issued last fall, where we have the ability to mandatorily redeem that, and then obviously, repurchasing the shares. We want to do that in an efficient and expeditious manner. So that would be kind of an overlay to the stand-alone plan that you saw in the proxy last year.

Operator

And our next question comes from the line of Julien Dumoulin-Smith with UBS.

Julien Patrick Dumoulin-Smith - *UBS Investment Bank, Research Division - Executive Director of Equity Research for Electric Utilities, Alternate Energy, and IPPs Group and Analyst*

So I suppose -- I'd just be curious to follow up a little bit, and I know it's a little difficult to discuss at this point in time, but how do you think about the evolution of the economics on your side in terms of the balance of paying the termination fee relative to the advantages of continuing the quarter with the transaction? Is there a certain balance that you would like to strike? Should we consider, maybe the punchline being, you would like to keep this a relatively EPS-neutral venture relative to the initial pro forma guidance for the deal that you launched? Is that a good framework to think about here? I'm just trying to get a sense as to how you think about the balance of the economics sharing between you and Westar, to the extent you can comment.

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I'll let Kevin add here, if appropriate, but I want to be cautious. Obviously, we don't have an agreement yet and we're still in discussions. So I wouldn't want to comment on how that could or would turn out. Obviously, the focus we have in the discussions is, number one, that we have an agreement, if we arrive at one, which would answer all of the commission's questions. So we do not want to move forward without a high likelihood of success. So we would expect to address the concerns of the commission in the order. As we evaluate the opportunity for that, whatever that opportunity would be, we would then compare it to what our stand-alone opportunity is just moving forward. And the ability to move forward of Westar would be dependent on a new agreement or a revised agreement being more attractive for shareholders than what we could do stand-alone. If that's not true, I like our business. We like our capability moving forward. We'd have to unwind, as Kevin said. But we like our business stand-alone and we would do that.

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

And Julian, the only thing I'd add is just, I mean, if we use kind of the transaction we originally proposed as a guide, if you recall, we -- our stand-alone earnings per share growth long term through 2020 was 4% to 5%. And the transaction we proposed that Terry mentioned is no longer in front of us, we saw that yielding 6% to 8% earnings growth through 2020. So that -- and that would give you sense of kind of the orders of magnitude of what we think makes sense in terms of long-term shareholder value creation.

Julien Patrick Dumoulin-Smith - *UBS Investment Bank, Research Division - Executive Director of Equity Research for Electric Utilities, Alternate Energy, and IPPs Group and Analyst*

So somewhere in between the 2, is that what you're kind of saying?

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

We'd like -- we expect to see an improvement.

Julien Patrick Dumoulin-Smith - *UBS Investment Bank, Research Division - Executive Director of Equity Research for Electric Utilities, Alternate Energy, and IPPs Group and Analyst*

Okay, fair enough. Now to follow this up, if you can. If you are to change the terms of the deal, do you need to get shareholder vote again on either the GXP side or on the Westar side?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Would be determined as to what we ultimately come to an agreement on. Again, not giving a legal opinion, but I would assume if the price and structure changed, there's likely a need for a vote, at least by Westar. And then it just depends on where we come out as to whether we would or not. But it's possible to likely that we both might need one. We just don't know yet.

Julien Patrick Dumoulin-Smith - *UBS Investment Bank, Research Division - Executive Director of Equity Research for Electric Utilities, Alternate Energy, and IPPs Group and Analyst*

Got it. And sorry to belabor the point. To the extent to which you do indeed needed this vote, would that preclude your ability to actually proceed under a rehearing? Or do you actually need to retract the filing because of the time line involved, i.e., can you actually have something of a protracted rehearing process that would be pending a Westar vote?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes. That's kind of a process point we'll work with, both with the other parties to the case and ultimately with the commission. I think the commission has the ability to extend the effective date of this docket to evaluate a new update, if you will. They could also determine to implement a new docket, I guess. But in that case, we would certainly hope that given what we've done on the case so far, that it would not require the same time that the initial case did. But we'll work with both our parties, with the staff and ultimately with the commission, to determine the best way to move forward, if we're able to move forward.

Operator

And our next question comes from the line of David Frank with Corso Capital Management.

David Frank - *Corso Capital Management LP - Managing Partner*

I just want to expand on Julien's question that it would not necessarily be the case, you would not necessarily be required to restart the 300-day clock, but they could institute some type of expedited proceeding?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I believe they can. I certainly do not want to speak for the commission about what they might believe the best way to move forward is. We expect, if we're able to move forward with something, to be able to present that to them and talk about a process. But I'd want to be careful today to opine

on what the commission thinks will be the best way to go at that. We certainly believe in either this docket or another docket that given all the work that we've done to this point, that we'd be able to move forward much quicker than, say, the prior docket has moved. But again, we want to be sure also that the commission and the staff and the parties have adequate time to review whatever materials we ultimately would provide if we had a new agreement.

David Frank - *Corso Capital Management LP - Managing Partner*

Great. And just a quick follow-up. I guess the challenge here is to renegotiate a price low enough and increase optimally the equity contribution large enough so that it's an EPS push but enhances your balance sheet. So in a weird way, is the commission actually doing GXP shareholders and the resulting post-merged company a favor here because it would seem like under this scenario, you would result in a stronger post-merged outlook?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes. I believe the commission's focus is on customers and to ensure that both customers see the benefit of any transaction and see a comfort level around protections for the ongoing operations after that. I don't believe their focus is on shareholders. I would say that we will move forward together to see if we can meet each of the issues within the merger standard that the commission set forth.

Operator

And our next question comes from the line of Steve Fleishman with Wolfe Research.

Steven I. Fleishman - *Wolfe Research, LLC - MD and Senior Utilities Analyst*

Just in the event that you were to kind of go stand-alone, how should we think about the total of the kind of transaction cost and how you'd fund that?

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

Yes. So, Steve, that's the breakup fee that I mentioned earlier. So it's about \$500 million when you take the termination fee of \$380 million, about \$40 million to mandatorily redeem the debt and then another \$80 million for the mandatory convertible. So that gets you to about \$500 million of incremental cost. And then, obviously, unwinding of the shares, we -- like I mentioned, we try to do that efficiently as possible but also be mindful not to create any -- we have to be mindful of the impact on our regulated utilities. So as we think about the ultimate cap structure of the company, we'd have to take all those considerations in mind.

Steven I. Fleishman - *Wolfe Research, LLC - MD and Senior Utilities Analyst*

Okay. Maybe just in terms of thinking about this, and this is maybe just a comment on the facts as I see them on this deal, I mean, this -- obviously, this made operational strategic sense. The companies are right next to each other. But this deal was always trying to kind of fit a square peg in a round hole. The price you pay was really high. You had to use a lot of leverage to finance it. Westar asked for a very large breakup fee because they must have known there was -- it was somewhat risky. So I kind of feel like you've kind of put -- the board kind of put the shareholders in a pickle here of costs on a breakup or doing the deal. So I'm not sure what the right answer is, but I would just hope that there's just a real focus on maximizing GXP value and not just the stand-alone. The stand-alone obviously got worse because of the cost of this breakup fee. So have you thought about just also making sure that you do make sure that GXP shareholders get to vote?



Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Steve, this is Terry. Obviously, our board and my team is very focused on providing value to our shareholders. We believed in this deal strongly, not as kind of an idea but the fact that our companies are actually already partners and the way we're situated, our ability to create value was much greater than any other opportunity we'd had. And therefore, we did maybe more than we would have done in other situations. As we stand here today, the deal, as we negotiated it, is not in front of us. What's in front of us is an opportunity to take time and talk to Westar about an opportunity to put these companies together on another basis or move forward without Westar. And in that context, we have costs. We have costs associated with this contract if we don't move forward. Our board is focused on what is best for our long-term value of our shareholders. And we absolutely are focused on that, and it very well may mean we move ahead stand-alone. And so with that, we think we made the right decision. We certainly believe that we've got the ability to continue to talk. But before we move forward, we would absolutely be looking at what's best for our shareholders. I don't know for sure because I don't know what the deal is, but it is possible and maybe even likely that we would end up with a shareholder vote as well.

Steven I. Fleishman - *Wolfe Research, LLC - MD and Senior Utilities Analyst*

Yes. I would suggest that you should do it even if you don't have to. But I'll leave it at that.

Operator

And our next question comes from the line of Greg Gordon with Evercore.

Gregory Harmon Gordon - *Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst*

I apologize. I know we're all beating a dead horse here, but I just want to be clear. One of the key issues is the purchase price, which the KCC deemed to be too high. So one of the definitive parts of a new deal would be a lower price. Yes or no?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes.

Gregory Harmon Gordon - *Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst*

Okay. And the other one is that the Great Plains Energy capital structure, which the KCC said was too risky now, you solved a portion of that with a lower purchase price, clearly. But one of the things that shareholders have said to me they're very concerned about is whether or not you would issue more equity. Would a plan definitively, if it gets done, also include more equity? Yes or no?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I don't know. It could. But obviously, if you had additional equity issued to make a deal go forward, it would have to make sense from an EPS growth and credit perspective. So I can't answer the second question yes or no given the fact we don't have an agreement yet.



Gregory Harmon Gordon - *Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst*

Okay. But the framework of your decision making is that the overall value proposition, including earnings, and I would add to that sort of credit profile of the company, is better?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Than a stand-alone basis? Absolutely.

Gregory Harmon Gordon - *Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst*

Than on a stand-alone basis. It's not equal to, it's better than?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Absolutely.

Gregory Harmon Gordon - *Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst*

Okay. Do you know what the threshold in terms of an equity issuance is to trigger a shareholder vote? Is it 20%? Is it some other number?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I think it's 20% but I'm not sure. But again, I mean -- yes, I don't know for sure but I think that's right.

Gregory Harmon Gordon - *Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst*

Okay. You can get back to me. I appreciate it.

Operator

And our next question comes from the line of Chris Turnure with JPMorgan.

Christopher James Turnure - *JP Morgan Chase & Co, Research Division - Analyst*

I wanted to understand whether the, I guess, procedural rules of the KCC allow for you to have conversations with commissioners at this point in time now that the official order is out.

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

No.

Christopher James Turnure - *JP Morgan Chase & Co, Research Division - Analyst*

If so, have you been able to do that?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

No, I don't believe they do. Although the order is out, the motion for rehearing keeps the jurisdiction open. And if we propose to keep that jurisdiction open, obviously, we would not be able to talk to commissioners about an active docket. We'd be able to talk to staff, obviously, and other parties who we would work with to address their concerns. And hopefully, any proposal that we would agree with or come to an agreement with would clearly address those concerns as a starting point.

Christopher James Turnure - *JP Morgan Chase & Co, Research Division - Analyst*

Okay. And then in your own read of the KCC decision, to the degree that you're willing to comment on it, how important were some of the secondary things that they mentioned, or things that maybe I would consider secondary like the quantification of customer benefits or a promise of customer benefits, the kind of wind-down of debt schedule over a number of years, things of that nature, besides just the purchase price and the overall leverage number out of the gate itself?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I think they were all important. I think, clearly, the commission wanted to see a firmer commitment around jobs, especially in downtown Topeka. I think they wanted to see a firmer commitment around efficiencies, which we now have completed our efficiency work and can provide additional materials. And I think the concern around the capital structure and price were equally important. So we would expect, on each of those points, to be able to provide a proposal that addresses those. And if not, we would not move forward.

Christopher James Turnure - *JP Morgan Chase & Co, Research Division - Analyst*

But I mean, would you say that something has changed on your end in terms of your willingness to be able to provide some of those things to the commission whereas earlier in the process, that was not the case? Or you had not done the work, at least at that point, to be able to provide that information for those, let's say, commitments to the commission?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I'd say 2 things. First, certainly, we had not completed all the work around our synergy analysis to be as specific 3 months ago as we are today. So we have a plan around headcount. We have a plan around jobs. We have a plan around efficiencies that is certainly now complete and we can present and that will be helpful. I would say that traditionally, the kind of specific things that we'll all be talking about are things that we would have normally talked about in a settlement conference, and we were not able to do that. We didn't have a settlement conference where we got into those details. We would expect to be able to present those upfront here and have conversations with the parties around them, both. So we are going to -- obviously, if we can come to an agreement, we will be reaching out to the parties to move forward and try to answer all their questions and come to firm agreements as we can as we move toward a commission presentation.



Operator

And our next question comes from the line of Michael Lapidès with Goldman Sachs.

Michael Jay Lapidès - *Goldman Sachs Group Inc., Research Division - VP*

I'd like to change the topic and come back to good old-fashioned rate cases for a second. The GMO case and where you got a pretty small revenue increase and the KCP&L Missouri case, how do you look at the outcome of those cases versus your goal of trying in each jurisdiction to earn your authorized and whether they actually get you there?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

So good question, Michael, because comparing result to ask, it may appear as if we're not recovering all our cost. And I would say the connected -- the connective tissue that you just made is what's important. When we file those cases, remember that our test year is 12 months before -- really probably 14, 15 months before filing. We use a test year, then make a filing. And then the case runs 11 months. And so what we do when we make a filing is we not only file for what the test year says but also our expectation for where things are headed by the true-up time period in those cases. Sometimes we get the true-up and those numbers are hard. Sometimes they're lower. What's happened here to some degree is that we have been managing our O&M tightly. We've got open positions because of what we're doing with the merger. And as a result, what we expected in the true-up, actual costs weren't as high as we had expected. So that's an appropriate reduction, if you will, to the ask. In addition to that, we continue to ask the commission for some forecasted opportunity on, in particular, property tax and transmission. And once again, consistent with past orders, the commission did not allow us to do that. So as you look at those things, our orders are not outside the range of what we had hoped for. We had hoped for some additional opportunity. But when you take into consideration the true-up of the actual cost, a 9.5% ROE, which is consistent with the last order, this order is not way out of line of what we might have expected.

Michael Jay Lapidès - *Goldman Sachs Group Inc., Research Division - VP*

Is there anything you can do to help mitigate the under-earning at GMO, specifically around the cost of importing power from the Crossroads plant? Or is that just structurally going to under-earn until that issue is fixed? If so, could you quantify that level?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes. We do not anticipate having a fix to the Crossroads matter in the short term until we address the plant itself. We've asked for that recovery several times and don't expect that to change.

Michael Jay Lapidès - *Goldman Sachs Group Inc., Research Division - VP*

Got it. Can you quantify what the impact there is?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I think it's -- actually, I'm not sure. I'd rather get that number for you before I just blurt it out. We didn't ask for it in this case, so I don't have that at my fingertips.

Operator

And our next question comes from the line of Paul Ridzon with KeyBanc.

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

One of the issues that has come up since you proposed the deal is interest deductibility. How is that playing in your calculus at this point?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Well, obviously, we watch that closely. We've been working with our legislators around the idea of that issue. I would say, certainly, the proposal or proposals that have come out now seem to suggest that's not necessarily high on the list. Having said that, that would be more of an issue with more depth at the holdco. And to the extent that there is less debt at the holdco, that's a lesser issue. So those kinds of things are certainly in our calculus as we're looking about how we move forward on both an actual and a risk-adjusted basis. As I said before, whatever we do, we want to have a high level of comfort around stability to both get approved and be successful before we move forward.

Operator

And our next question comes from the line of Ashar Khan with Visium.

Ashar Khan

Terry, I just want to understand as we kind of evaluate the benchmarks that you've set, and I appreciate them. So could you define to us the cost for the unwind? Some analysts -- if I'm doing my math correctly, if you finance all the cost, the \$500 million plus the cost of the equity unwind, if you finance the cost of all of that through 100% debt, the dilution comes out to \$0.10. If you finance it with all equity, it comes out to \$0.20. And if I heard you correctly this morning, you were saying you're going to probably finance it half by equity or half by debt, which would imply a \$0.15 hit to the earnings part of the enterprise. Is that the right number we should use to evaluate the new transaction that you are going to evaluate with Westar? Is it a \$0.15 hit to the overall enterprise earnings? Could you give us some guidance on that as we look at how you come up at the end of the month?

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

Ashar, this is Kevin. I think your math on the bookings sounds about right. We did not say that. I think what we've indicated is we would look to unwind the equity, repurchase the shares as efficiently as possible but have to be mindful of the impacts on our regulated business, which is the majority of our operations. So we'd have to evaluate that as we move forward. But we were -- we didn't give a specific number in that regard.

Ashar Khan

Okay. But you can't -- can I just ask it? Can you do all of -- but it seems like you can't do all of it through debt. Is that fair to say or no, from those remarks?

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

Obviously, we could do it all through debt or we could do something in between. I mean, that's what we will be evaluating as we move forward.



Operator

And our next question comes from the line of Paul Patterson with Glenrock Associates.

Paul Patterson - *Glenrock Associates LLC - Analyst*

That was kind of my question, I guess, is how should we think of the balance sheet on a stand-alone basis going forward? I mean, could you guys maybe use leverage more aggressively, kind of like the transaction that you were proposing that the regulators obviously didn't like? But they wouldn't necessarily have an approval situation here. I mean, is that a possibility? And when we're thinking about stand-alone, are there any other potential -- as the alternative, are there any potential other strategic alternatives when these sort of situations develop and people come forward to make suggestions and what have you? I'm just wondering if that's part of the mix or how should we think about that.

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

So as Kevin said, there are options on how to finance our unwind. I think what he was trying to be clear about though is that, as you said, using more leverage to do that affects our capital structure. And we have to be cautious that we don't put our regulated utilities in a position where there might be a risk of more leverage being used to set rates. So we'll have to manage that and be cautious while at the same time understanding that the quicker we can unwind the equity that's been issued, the better for earnings, and we will want to do that. But we also have to protect the earnings power of our companies moving forward. And so we'd have to manage through that. As to the other part of your question, we feel very good about our business. We feel very good about our territory. There will be a cost to unwind, but we are very confident in our stand-alone plan without a transaction to provide shareholder value over the coming years.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. So if -- outside the transaction cost issue, which is obviously significant, the underlying expectations you have on your business as a stand-alone haven't changed at all. Is that right?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

They haven't. Basically, I would tell you that we've learned a lot through this integration. And so I would tell you that I would expect that if we don't move forward, that we would be more efficient even on a stand-alone basis because we've learned some things and we expect, as always, to continue to get better. And I think we've got an opportunity to do that going forward even on a stand-alone basis.

Paul Patterson - *Glenrock Associates LLC - Analyst*

That's good to hear. And then just simply on the procedural process here, I mean, normally speaking on rehearing, one thinks that this is being a little bit different. So I'm just wondering, I mean, would it procedurally -- would this case continue? Or would it be more likely that you'd basically withdraw your application and put forward a new application? I mean, this is -- it sounds like there's going to be some major changes here in terms of what you're going to be proposing if, in fact, you come up with a proposal. Do you follow me? I mean, in other words, how should we really think about the process here? And I guess that's sort of how I'm thinking about -- the commission has, what, 30 days to act on this? I guess I'm not completely clear as to why go through it in this way as opposed to withdrawing the application and then just resubmitting it?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

I think what you would see, as you look across transactions across the country who have come to this point in a process, is that traditionally, they don't terminate the docket and start all over. They kind of move forward with a valuation of changes. And so I think that, that is our proposal here. I want to be clear that we haven't suggested that the commission would have until May 31 to make a -- make a decision, I'm sorry, make a decision on whatever we would propose. We would propose -- we will determine if we can propose something that the companies are ready to move forward with. And if we can, then we would go to the commission with that information, go to the market and the commission and then begin to work with parties and the commission on how and what time line that new proposal would be evaluated. So we're not suggesting that we would expect to get it done by May 31. We're suggesting that Westar and we should be able to come to a decision before May 31. Then from there, whether we extend this docket to review or whether we start a new docket, we would hope that we can do that on a shorter time line than we just went through because even though some terms may have changed, many of the facts will have already been processed through the original case.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Those cases that you refer to in which there's been changes made, interim reconsideration, as I recall, they had settlements.

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Right.

Paul Patterson - *Glenrock Associates LLC - Analyst*

So I'm just wondering, I mean, for you guys to ask for reconsideration -- for the changes in the deal, are you going to be working with the intervenors in terms of making sure that they're happy -- or at least a number of them are happy enough with what the changes are before submitting something? Or are you just basically going to sort of -- I wouldn't say wing it, but you know what I'm saying. In other words, just looking at the order and just sort of pairing it back based on...

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes, yes, I get you. We -- I think I've said before, but we absolutely expect as quickly as we are able to announce something, if we can, to begin immediately working with the parties. So first, we obviously can't talk to parties about a transaction that's not agreement between the 2 of us. And we can't even talk about that until we've made it public. So we'll have to make our agreement public to the extent we come to one. Once we have, we expect to immediately work with the intervenors to the case and work with the staff to the case and try to come up with settlements, agreements, however you want to word it, to gain support for our revised transaction. We believe we have a new order, a clear pathway to meet the merger standards that address each one of them. We will only move forward if we think we can address those. And if we can, we would hope we could work with the parties to come to an agreement around that.

Operator

And our next question comes from the line of Charles Fishman with Morningstar.



Charles J. Fishman - Morningstar Inc., Research Division - Equity Analyst

Terry, my question's, yes, pretty much been answered on the merger. Let me ask you one on your second favorite topic, Missouri legislation. My impression is each year, over the past 10 years, the Missouri utilities, you and the other investor on utilities in Missouri, have gotten a step closer. And I guess number one, is that a correct assessment for this year? And number two is, how do you break this filibuster? What is the strategy? Or can that be done in Missouri? What is the plan?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Yes, I mean, first of all, to answer your first question is absolutely yes. We gained both -- we talked before that when you have a proposal that changes the way, if you will, here in part we're regulated, it can take several sessions for you to get folks educated and for them to see the pluses and minuses and to get everybody to understand the effects it could have, and I think we've done that every year. Last year was probably the biggest step. And since we made a lot of progress, and I think this year, we've continued to do that as well. So we certainly have made that progress with all of the members. Obviously, to move forward beyond the filibuster, you've got to have support from the Senate to break the filibuster and/or to continue to work with those members and over time, either convince them of certain aspects or work with other leaders to break the filibuster. And over time, those things that happened, just people come in and out of the legislature. And so you got to continue to educate people. But also, with that education comes new people and new faces and new opportunity, and so we think we will continue to work and get it done when it's all said and done.

Charles J. Fishman - Morningstar Inc., Research Division - Equity Analyst

Is Missouri like the Congress in the sense that you -- the House of Representatives that you get a certain amount of -- or I guess the Senate in this case, you get a certain amount of votes you can stop the filibuster?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

There is a procedural process to ultimately break a filibuster, and there are several ways to do that. One is just sheer time and then one can be procedural. But those are things that involve the Senate making decisions that affect not only your legislation but the way the Senate operates in general. And those are tough decisions. No doubt about it. We would prefer to be able to get to a position where we have support. And we may have some no votes, but we can get folks not to have a filibuster.

Operator

And our next question comes from the line of Michael Goldenberg with Luminus Management.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Michael, I can't hear you.

Operator

Okay, since we lost Michael, our next question is from the line of Andrew Levi with Avon Capital.



Andrew Levi

Can you hear me?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We can.

Andrew Levi

It's working. Don't worry. I checked it.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We can hear you.

Operator

And our next question comes from the line of Kumar Patel with Wells Fargo.

Kumar Patel - Wells Fargo - Analyst

Can you hear me?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We can.

Kumar Patel - Wells Fargo - Analyst

So just a couple of quick questions with regard to the merger.

Operator

Mr. Patel, your line is open.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Carmen, we can hear the questioners.



Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We're doing fine, Carmen. Go ahead.

Kumar Patel - Wells Fargo - Analyst

So with regards to the 2 issues at the cases you brought up, the premium being paid and the risk of the transaction, what is their testament based on? Is it purely based upon the amount of leverage being held at the holding company? Do we make the adjustment for the GMO debt that sits at the holdco? Or is it based upon the premium to book that's being paid? Is there any indication of detail?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Yes, I mean I think -- yes, I mean, you'd have to read all the testimony to see all the different positions taken on this. I think in the end, it's important to point out that the commission made clear that no one individual item of the merger pieces' standard rule. It is a public interest finding based on all the facts within each of the standards. Certainly, there were parties that took the position that the premium was too high. And then ultimately, that compared to synergies, caused them to find that the price was too high. But in the end, I think what we've seen is a simple, straightforward finding that, based on all the facts that they heard, they were concerned about the price and they were concerned about the leverage. And so those will be 2 of the things that we work with Westar to deal with.

Kumar Patel - Wells Fargo - Analyst

So based upon that, it seems like we'll be providing some level of concession and ring-fencing while remediating the concerns that the KCC has?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We'll see. I mean, I -- again, we don't have a deal yet, so we have to wait till we finish our work with Westar. And in the end, the nature of the deal will dictate obviously some ring-fencing concerns. I'll point out that we provided assurances to our settlement in Missouri, which we then also provided in our Kansas testimony. So we already have a good idea of the kind of ring-fencing we think that would be helpful to meet the commission's concerns once we've met their other concerns. Are you on, Andy?

Andrew Levi

I'm sorry, I'm sorry, I was typing something. I didn't hear my name. Yes, I actually am. I hope I won't get kicked off this time.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

No worries. I don't think Carmen heard your voice.

Andrew Levi

So the first question I have, just on the rehearing process. So you're asking for -- just to make sure I understand, more time to talk, right?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

We made -- there is a time period that is inherent in a motion for rehearing in Kansas that the commission has 30 days to rule. They don't have to take the full 30 days, but they have 30 days. We are asking them to leave open that period for ruling for 30 days to give us time to talk to Westar.

Andrew Levi

So if they choose so, which they may or may not, they could just say no, we won't give you that extra 30 days. Is that correct?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

That is an option. We don't anticipate that, but that is an option.

Andrew Levi

Why don't you anticipate that?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Because I think that we -- I've said in our motion clearly that we're not asking them to change their opinion on the deal as proposed. We're asking for time to talk to Westar to see if we can come up with a change to the agreement, which will actually meet the standards that they've outlined.

Andrew Levi

Okay. And so has that been communicated to you by the commission? Or you're just guessing?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

That's what our filing this morning to them says.

Andrew Levi

Okay. Says, okay. And I mean, this merger has really nothing to do with the state of Kansas not wanting to lose Westar as an independent, large corporation in the state, does it?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

I'm not in a position to have an opinion about motivations. I think in the end, we're going to be able to present or not, but if we are, we're going to be able to present something that is -- that will be good for Kansas customers. And I think we will feel good about our ability to show the commission that or we won't move forward. Westar and we both agree on that.



Andrew Levi

Okay. And just -- Steve Fleishman made some comments, too. I'm just still trying to figure out how this deal is beneficial to shareholders with all the leverage and the price that you paid. So I guess...

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Well, as we said, Andy, the price we proposed and leverage associated with it is not the current discussion. We've got to address the issues of the commission, and the commission pointed to both of those as if they were uncomfortable. So we could agree to disagree or not on what the original proposal did, but obviously, that will not be what we talk about go forward.

Andrew Levi

Did this filing that you made today, both by you and by Westar, meet the best efforts clause in the merger agreement?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

You're asking me a technical, legal question. I'm still operating this business moving forward. We and Westar in agreement, we think it's smart to take the time after all this work to talk about a possibility of moving forward. And that's what we're doing.

Andrew Levi

Okay. And then just on the potential unwind, could you talk just on a very high level, if we end up going down that road, on the equity portion of it, kind of what your options are, whether it's a Dutch auction, whether it's just a straight buyback, accelerated buyback where investment bank would basically deliver the shares to you and then buy it back or any other options that we may not be thinking of?

Kevin E. Bryant - *Great Plains Energy Incorporated - CFO and SVP of Finance & Strategy*

I think you're right, Andy. I think the Dutch tender or an accelerated repurchase would be 2 of the most likely options that we would look at in that regard.

Andrew Levi

And how long will the negotiations do you think take, Terry, between you and Westar to kind of figure this out?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes, we don't want this to drag out, we either come to an agreement or not. So I would expect that we'll be able to do this within the 30 days. So we do not expect to run past the requested 30 days to come to an agreement between we and Westar.

Andrew Levi

And why have you not been able to come to an agreement in the last 2 weeks?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

There's a lot going on. Obviously, we wanted to make sure that we had time to work through some issues, and we're currently talking. So we're going to get this right or we're not going to do it. It will take what it will take. But we are confident it won't take more than the next 30 days.

Operator

(Operator Instructions) And our next question is from the line of Greg Gordon with Evercore.

Gregory Harmon Gordon - Evercore ISI, Research Division - Senior MD, Head of Power and Utilities Research and Fundamental Research Analyst

Just a quick follow-up question. Just to be clear, it won't be possible to get staff -- for instance, staff of the KCC on board before you announce the deal? I'm just wondering if one of the paths here could be to announce a transaction that already has the endorsement of the KCC. Or is it, as I heard in your answers to prior questions, that you'd have to put together a package you believe but are not certain meets the requirements set out in the order and then hope that the staff of the KCC subsequently endorses it?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Yes. I think our current thinking is that it's probably more likely that we'll have to move forward with a public announcement around something before we could actually talk to the staff about it. Just given the SEC requirements around public disclosure, I wouldn't say it would be impossible to have some conversations. But it would be difficult not to announce what we're doing first.

Operator

And our next question is a follow-up with Ali Agha of SunTrust.

Ali Agha - SunTrust Robinson Humphrey, Inc., Research Division - MD

Just one quick follow-up, Kevin or Terry. As you mentioned, when you look at this transaction versus stand-alone, stand-alone profile was a 4% to 5% CAGR. And this originally proposed was a 6% to 8% CAGR. But as you also pointed out, that stand-alone no longer exists as well because of the cost of the unwind. So when you're looking at comparing it to stand-alone, should we factor in the cost of the unwind as well to that original base case and then compare that to the combination? Is that the way we should think about this?

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Of course. We are looking at long-term strategic growth for our shareholders. But certainly, you have to look at the reality of where we're at, which would be to unwind and finance those costs. That would be part of the analysis.

Operator

And your next question is a follow-up from Andrew Levi with Avon Capital.



Andrew Levi

Just again, back on the reconsideration process. So the commission -- the commissioners do have to grant this motion for more time. Is that correct?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

No. The way the process works is that they have 30 days to act. If they choose not to act until the end of the 30 days, they obviously would have given us the 30 days. So we've asked them simply not to act and give us time during the 30-day period to present something new. They have the ability to act in less than 30 days, but if they simply didn't do anything until the end of that period, then they would have effectively given it to us. And we've committed in our pleading to get back with them as soon as we've determined we do or we don't have a deal, and we expect to be able to do that within the 30 days.

Andrew Levi

I understand. And then on this 30 days, just generally, how reconsideration works in Kansas. So let's say you actually had a plan and you had filed that today, okay, whatever that plan was, they would have ruled on that reconsideration in the 30 days? Or they would have ruled that they would consider it and then there would be hearing and things like that? How would that process work?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

Yes -- no, our expectation is that we would be able to announce that we have a new agreement and then we would immediately work with the parties to discuss both what we filed and an opportunity to come up with a schedule and a time process to deal with it. The way a motion for rehearing works by statute, it says that they can deny the petition, they can grant the petition or they can also grant the petition and set the matter for further proceedings. So the thought right now is that if we came up with something, we would be able to talk to the other parties at that point, likely, again, I'm talking about what we might be able to do as for further proceedings, to give us time to work now with the parties on the same issue.

Andrew Levi

Right. Okay. And then just one other question. I guess it has to do with the potential lower price that you mentioned as one of the things as an issue. So lower price would mean basically whatever that dollar amount, let's just use \$5. So it's like \$700 million less or something like that in cost. That \$700 million, I guess, would be \$700 million less debt. Is that kind of the way to look at it, again, in this example?

Terry D. Bassham - *Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L*

You're into the process of not only how we'd negotiate but how we'd finance, and I'm really not prepared to be able to talk about that today. I think we've probably talked about what we got.

Andrew Levi

How much -- do you guys have in your head, kind of as you look at what the commission ruled on, how much less leverage, a better way to put it, so forget about the price for a second.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Yes. Again, Andy, you're talking about issues that affect our ability to talk to Westar on a renegotiation, and I really can't talk about that on this call.

Andrew Levi

Right. Okay.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

All right?

Andrew Levi

I got it.

Operator

And ladies and gentlemen, this concludes our Q&A session for today. I will turn the call back to Terry Bassham for his final remarks.

Terry D. Bassham - Great Plains Energy Incorporated - Chairman, CEO, President, Chairman of GMO, Chairman of KCP&L, CEO of GMO, CEO of KCP&L, President of GMO and President of KCP&L

Yes. Thank you. Thank you, everybody, for dialing in. I know it was a long call with lots of questions, but I also know that we've got lots going on here with regard to the transaction. So thank you for being on this call. And as we said, we're going to be working with Westar going forward. And if and when we have more definitive information, we'll obviously be back to you with our results. Thank you very much, and have a good day.

Operator

And ladies and gentlemen, thank you for participating in today's conference. This concludes the program, and you may all disconnect. Have a wonderful day.

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