



THE ELECTRIC COMPANY

KANSAS GAS AND ELECTRIC COMPANY

October 5, 1979

GLENN L. KOESTER
VICE PRESIDENT-OPERATIONS

Mr Olan D Parr, Chief
Light Water Reactors Branch No. 3
Division of Project Management
U S Nuclear Regulatory Commission
Washington, D C 20555

Re: Docket No. STN 50-482
Subj: Request for Additional Financial Information
on Kansas Electric Power Cooperative, Inc -
Wolf Creek

Dear Mr Parr:

In response to your letter dated August 27, 1979, I am transmitting fifteen (15) copies of the information that you have requested.

Sincerely,

Glenn L Koester

GLK/ash

Encl

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I

October 5, 1979

OATH OF AFFIRMATION

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

I, Glenn L Koester, of lawful age, being duly sworn upon oath, do depose, state and affirm that I am Vice President - Operations of Kansas Gas and Electric Company, Wichita, Kansas, that I have signed the foregoing letter of transmittal, know the contents thereof, and that all statements contained therein are true.

KANSAS GAS AND ELECTRIC COMPANY

ATTEST:

By Glenn L Koester
Glenn L Koester
Vice President - Operations

W B Walker
W B Walker, Secretary

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

BE IT REMEMBERED that on this 5th day of October, 1979, before me, Evelyn L Fry, a Notary, personally appeared Glenn L Koester, Vice President - Operations of Kansas Gas and Electric Company, Wichita, Kansas, who is personally known to me and who executed the foregoing instrument, and he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the date, and year above written.



Evelyn L Fry
Evelyn L Fry, Notary

1129 050

SERVICE LIST

Samuel J Jensch, Esq
Chief Administrative Law Judge
U S Nuclear Regulatory Commission
Washington, D C 20555

Mr Lester Kornblith, Jr
Atomic Safety and Licensing Board
U S Nuclear Regulatory Commission
Washington, D C 20555

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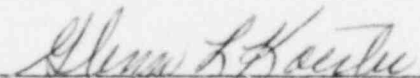
Mr James T Wigglesworth
9800 Metcalf, Suite 400
General Square Center
Overland Park, KS 66212

William H Griffin, Esq
Assistant Attorney General
State Capitol Bldg
Topeka, KS 66612

Mr Charles Rich, Chairman
Coffey County Commission
Coffey County Courthouse
Burlington, KS 66839

CERTIFICATE OF SERVICE

A copy of the within instrument was mailed, postage prepaid,
on this 5th day of October, 1979, to each of the above and foregoing
persons.



KASSEBAUM & JOHNSON

JOHN PHILIP KASSEBAUM
DOUGLAS D. JOHNSON
CLIFFORD L. BERTHOLF
E. CRAIG KENNEDY
DAVID L. DAHL

LAW OFFICES
FIFTEENTH FLOOR
125 NORTH MARKET
WICHITA, KANSAS 67202
(316) 263-4421

September 21, 1979

Mr. Glen Koester, Vice President-Operations
Kansas Gas & Electric Company
P. O. Box 208
Wichita, KS 67201

Re: Responses to Requests for Additional Information
Amendment to Wolf Creek CP NO. CPPR-147

Dear Mr. Koester:

Enclosed you will find KEPCo's responses to the NRC's
Request for Additional Information in the above captioned matter.
My understanding is that this material should be forwarded to
the NRC by yourself.

If you have any questions or problems in regard to
this matter, please let me know.

Sincerely yours,

Clifford R. Bertholf
of KASSEBAUM & JOHNSON

CLB/sb

cc: Ralph Foster, Esq.
Sam Cowley, Esq.
Jay Silberg, Esq.
Charles Ross
Joe Mulholland

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RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION
AMENDMENT TO WOLF CREEK CP NO. CPPR-147

Question No. 1

Indicate the percentage ownership in the facility and any difference between this and the cooperative's percentage entitlement to the electrical capacity and output of the units. Explain the reason for the difference, if any.

Response No. 1

The Kansas Electric Power Cooperative, Inc. (KEPCo) will own an undivided 17% ownership interest in the Wolf Creek Generating Station and this is identical to its entitlement of electric capacity output from the unit.

Question No. 2

Provide a copy of the executed participation agreement between the Kansas Gas and Electric Company and the Kansas Electric Power Cooperative.

Response No. 2

The participation agreement between Kansas Gas & Electric Company (KG&E), Kansas City Power & Light Company (KCPL), and KEPCo is known as the Ownership Agreement. This agreement has not been executed by the parties because KEPCo has not yet received its long term loan approval. KEPCo expects to obtain a long term loan guarantee from the Rural Electrification Administration; however, additional sources for long term loans are also available to KEPCo. A Sale Memorandum has been executed and it includes the Ownership Agreement as an attachment; a copy of the Sale Memorandum and its attachments are attached.

Question No. 3

Indicate the amount to be paid to Kansas Gas & Electric Company by the cooperative upon execution of the ownership agreement. Provide estimates of the total additional payments to be made subsequent to the execution of the agreement and through completion of the unit.

Response No. 3

KEPCo will pay 17% of the total expenditures for Wolf Creek (8 1/2% each to KG&E and KCPL) upon execution of the Ownership Agreement. At the same time KEPCo will purchase and pay for a 17% interest in Nuclear Fuel Corporation (8 1/2% from each KG&E and KCPL). The details of these payments are contained in the Sale Memorandum and its attachments. The estimated payments are itemized below.

Estimated Payments To Be Made By KEPCo

	Plant Related		Nuclear Fuel Corp.		Total Payments by KEPCo		
	Book Cost \$(000) (1)	Additional Cost \$(000) (2)	Book Cost \$(000) (3)	Additional Cost \$(000) (2)	Book Cost \$(000)	Additional Cost \$(000)	Total \$(000)
On March 31, 1980	114,683.5	6,881.0	4,611.4	276.7	119,294.9	7,157.7	126,452.6
By December 31, 1980	18,555.1	-	354.2	-	18,919.3	-	18,919.3
By December 31, 1981	26,319.1	-	5,572.9	-	31,882.0	-	31,882.0
By December 31, 1982	20,579.9	-	1,544.1	-	22,124.0	-	22,124.0
By April 30, 1983	4,853.0	-	-	-	4,853.0	-	4,853.0
All Remaining	145.6	-	-	-	145.6	-	145.6
TOTAL	185,146.2	6,881.0	12,072.6	276.7	197,218.8	7,157.7	204,376.5

Footnotes():

- (1) Based on cost estimates prepared by KG&E.
- (2) Estimated to be 6.0% of the total book cost at the time of closing.
- (3) Based on cost estimates prepared by KG&E.

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Question No. 4

If financing is to be provided through REA guaranteed sources, the applicants must provide copies of favorable letters of intent from REA regarding the proposed REA loans. These must be provided prior to issuance of the Amendment to the construction permit. Indicate whether the REA has provided loans to the applicants in the past.

Response No. 4

KEPCo's intent is to obtain long term financing for its share of the Wolf Creek Nuclear Plant through an REA loan guarantee; however, other sources of long term financing have not been foreclosed. KEPCo has not as yet received a letter of intent from REA concerning its pending loan application. It is anticipated that such letter of intent will be issued by REA in the near future. To date, REA has not provided any loans or loan guarantees to KEPCo.

Question No. 5

If membership cooperatives are involved, explain the contractual arrangements between the cooperative and its members that will provide funds for interest payments on the loan(s) and its eventual retirement. Provide representative copies of such contracts.

Response No. 5

KEPCo has Wholesale Power Contracts executed by 25 of its distribution cooperative members. These contracts require that 23 of the distribution cooperatives purchase all of their power requirements from KEPCo through the year 2020. The other two purchase all power requirements for only a portion of their load. KEPCo will also have a long term sales contract with Sunflower Electric Cooperative, Inc., Hays, Kansas, through the year 2020 and expects to have a similar contract with the Central Kansas Electric Cooperative, Inc., which is currently a member of KEPCo. These contracts are KEPCo's assurance that it will have adequate funds to make interest and principle payments on its loans. A copy of the KEPCo Wholesale Power Contract is attached.

Question No. 6

Provide copies of excerpts from state statutes on which the cooperatives are relying as authority to incur debt and to take other actions necessary to acquire partial ownership of the subject facility.

Response No. 6

Attached is a copy of the "electric cooperative act", K.S.A. 17-4601, et seq., as contained in Volume No. 2 of the Kansas Statutes Annotated. Also attached is a copy of amendments to this act contained in the 1978 Cumulative Pocket Part Supplement to the Kansas Statutes Annotated, Volume 2. K.S.A. 17-4604, as amended, gives electric cooperatives (KEPCo) authority to incur debt and to acquire ownership in electric generating facilities.

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Question No. 7

Describe the rate-setting authority and rate covenants of the cooperatives

and how that authority will be used to ensure the satisfaction of financial obligations in relation to the design and construction of Wolf Creek Unit 1.

Response No. 7

The Wholesale Power Contract, a copy of which is attached, contains provisions for calculating rates to the members. The State Corporation Commission will regulate KEPCo's rates on a cost of service basis. The State Corporation Commission does not allow for construction work in progress in the rate base. Consequently, KEPCo will necessarily borrow the funds to pay for its share of plant design and construction. Once the Wolf Creek plant is placed in operation the cost of the plant will be placed in the rate base and it will be recovered by KEPCo as part of the cost of power.

Question No. 8

Describe the nature and amount of the cooperative's most recent rate relief action(s) and its anticipated effect on net margins. Provide copies of the rate order(s). In addition, indicate the nature and amount of any pending rate relief action(s).

Response No. 8

To date KEPCo has no history of rate relief actions before the State Corporation Commission. Additionally, KEPCo has no rate relief action presently pending before the State Corporation Commission.

Question No. 9

Provide copies of the latest annual and interim financial statements. Also provide copies of similar statements for the corresponding periods ended in the previous year. Continue to submit copies of the annual financial statements each year as required by 10 CFR 50.71(b).

Response No. 9

A copy of KEPCo's 1977 and 1978 Audit reports are attached. KEPCo will continue to submit copies of its annual audits each year.

REPAYMENT AGREEMENT

and

ASSIGNMENT, NOTICE AND ACCEPTANCE

This REPAYMENT AGREEMENT, made as of April 19, 1979, between KANSAS GAS AND ELECTRIC COMPANY (KG&E) and KANSAS CITY POWER & LIGHT COMPANY (KCPL), severally and not jointly as "Sellers", and KANSAS ELECTRIC POWER COOPERATIVE, INC. (KEPCo), as "Purchaser".

WHEREAS, KG&E, KCPL and KEPCo have entered into a Sale Memorandum of even date herewith under which KG&E and KCPL have agreed to sell, and KEPCo has agreed to purchase, a 17% undivided ownership interest (8 1/2% from each Seller) in the Site, Common Facilities and Unit #1 (including related nuclear fuel), said 17% undivided ownership interest being herein called "KEPCo's Ownership Share", in the Wolf Creek Generating Station (Wolf Creek Station) presently under construction near Burlington in Coffey County, Kansas; and

WHEREAS, KEPCo is in the process of applying to the Rural Electrification Administration (REA) for guaranty by REA of a long-term loan or loans from the Federal Financing Bank or other legally organized lending agency, such loan or loans to constitute long-term financing for KEPCo's Ownership Share in Wolf Creek Station; and

WHEREAS, prior to obtaining a commitment for such long-term financing, KEPCo will, pursuant to the terms of the Sale Memorandum, make certain advance payments to KG&E and KCPL, respectively, from funds to be obtained by KEPCo from interim financing (Interim Financing) of the advance payments to be provided by National Rural Utilities Cooperative Finance Corporation (CFC); and

WHEREAS, in order to induce CFC to provide the Interim Financing, the parties have agreed to enter into and execute this Repayment Agreement, the Assignment thereof to CFC, and the Notice to, and Acceptance thereof by, KG&E and KCPL, in the terms hereinafter provided.

NOW, THEREFORE, THIS REPAYMENT AGREEMENT WITNESSETH THAT for and in consideration of the premises:

In the event KEPCo is unable, pursuant to a long-term loan or loans guaranteed by REA or pursuant to a long-term loan or loans from CFC or other qualified lender acceptable to KG&E and KCPL, to obtain, prior to June 30, 1980, funds in the amount sufficient for KEPCo to pay for KEPCo's Ownership Share in Wolf Creek Station as provided for in the Sale Memorandum, KG&E and KCPL, each severally, and not jointly, shall repay to KEPCo on or before June 30, 1980, all amount previously received by KG&E

POOR ORIGINAL

1129 057

CONFIRMED this 19 day of April, 1979.

By W. W. W. W.
Secretary

By [Signature]
President

By Clare Ren Haysack
Secretary

By Andrew Doyle
President

By _____
Secretary

BY Charles W. Ellis
President

-2-

ASSIGNED this 19 day of April, 1979.

ASSIGNOR:

ATTEST:

KANSAS ELECTRIC POWER COOPERATIVE,
INC.

By _____
Secretary

By Charles W. Ellis
President

ASSIGNEE:

ATTEST:

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By _____
Assistant Secretary

By [Signature]
Governor

NOTICE AND ACCEPTANCE

CFC hereby notifies KG&E and KCPL that KEPCo has this date assigned to CFC all of KEPCo's rights and interests to demand and collect from KG&E and KCPL any and all amounts as may become due and payable as provided for in the above Assignment from KEPCo to CFC, and KG&E and KCPL hereby expressly acknowledge (i) their prior consent to the above Assignment from KEPCo to CFC and (ii) their acceptance of receipt of notice of such Assignment.

DONE this 19 day of April, 1979.

ASSIGNEE:

ATTEST:

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By _____
Assistant Secretary

By [Signature]
Governor

SELLERS:

ATTEST:

KANSAS GAS AND ELECTRIC COMPANY

By [Signature]
Secretary

By [Signature]
President

ATTEST:

KANSAS CITY POWER & LIGHT COMPANY

By Clare Ann Haasgrove
Secretary

By Arthur J. Doyle
President

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SALE MEMORANDUM

This Sale Memorandum dated as of April 19, 1979, by and among Kansas Gas and Electric Company ("KG&E"), a Kansas corporation; Kansas City Power & Light Company ("KCPL"), a Missouri corporation; and Kansas Electric Power Cooperative, Inc. ("KEPCo"), a Kansas corporation, confirms the understanding of the parties concerning KEPCo's participation in the ownership of the Wolf Creek Generating Station.

1. Wolf Creek Generating Station. By Letter Agreement dated January 24, 1973, ("Letter Agreement"), a copy of which is attached hereto as Exhibit A and made a part hereof, KG&E and KCPL agreed to participate equally in the construction and ownership of a nuclear power unit, including a related 345 kv substation, to be located at a new electric generating station site in Eastern Kansas. Pursuant to the Letter Agreement, a station site designated as Wolf Creek Generating Station has been acquired and Unit #1, an 1150 MWe nuclear unit, of the generating station is under construction in Coffey County, Kansas. Unit #1 is now scheduled for commercial operation in 1983.

2. Sale to KEPCo. KG&E and KCPL hereby agree to sell to KEPCo, and KEPCo hereby agrees to purchase from KG&E and KCPL, a 17% undivided interest (8 1/2% from each seller) in the Site, Common Facilities and Unit #1 (including related nuclear fuel) at the Wolf Creek Generating Station ("Ownership Shares"). The purchase prices to be paid to KG&E and KCPL by KEPCo for its Ownership Shares, shall be equal to 17% of the respective construction costs to KG&E and KCPL [which will include properly capitalized items, including taxes previously paid, AFDC (at net rates after income tax effect) and investments in the capital stock of Utility Fuel Company (the "book cost") for the Wolf Creek Generating Station and Unit #1 (including

related nuclear fuel) incurred respectively by KG&E and KCPL through the Closing Date as defined in Section 8] calculated and determined in accordance with the Formula and Procedure for Determining Purchase Prices as set forth in Exhibit B, attached hereto and made a part hereof. KEPCo shall also reimburse KG&E and KCPL for its pro rata share of current Kansas ad valorem taxes not then capitalized. From and after the Closing Date, KEPCo shall pay its pro rata share of all additional construction costs in accordance with the Wolf Creek Cash Flow Memorandum, to be executed by the Closing Date. From and after the actual closing as provided for in Section 8 hereof, KEPCo shall for all purposes be deemed to be an owner of the Wolf Creek Generating Station and Unit #1 thereof, as a tenant in common with KG&E and KCPL, to the extent of KEPCo's ownership interests therein, and KEPCo shall be entitled pro rata to all of the rights and benefits and shall bear pro rata all of the obligations and burdens of an Owner with respect thereto. The respective Ownership Shares of KG&E, KCPL and KEPCo will then be as follows:

<u>Class of Property</u>	<u>Ownership Interests</u>		
	<u>KG&E</u>	<u>KCPL</u>	<u>KEPCo</u>
Site	41.5%	41.5%	17.0%
Common Facilities (including site improvements)	41.5%	41.5%	17.0%
Wolf Creek Generating Station Unit #1	41.5%	41.5%	17.0%

3. Utility Fuel Company. KG&E and KCPL own all of the outstanding capital stock of Utility Fuel Company, which was organized as a vehicle to supply a part of the Wolf Creek Unit #1 uranium needs. KG&E and KCPL each have adopted an accounting procedure under which their respective investments in the capital stock of Utility Fuel Company are and will be

charged directly, or transferred, to its Nuclear Plant Account 120.1. Upon closing as provided in Section 8, KG&E and KCPL each will transfer to KEPCo 8 1/2% of the then outstanding capital stock of Utility Fuel Company, the consideration thereof having been included in the purchase prices paid by KEPCo as provided for in Section 2. KEPCo agrees that after closing it will purchase from Utility Fuel Company 17% of all additional shares of capital stock thereafter issued by Utility Fuel Company for the purpose of funding its obligations to complete the development of uranium for use in Wolf Creek #1.

4. "As Is" Transfer. As soon as practicable upon completion of the conveying of title to the parties, a policy of title insurance shall be acquired, insuring the title of the parties as their interests appear in the Wolf Creek Generating Station Ownership Agreement. It is recognized that KG&E and KCPL rely upon the representations and warranties of contractors, manufacturers and vendors, to the extent that the same can be obtained, as to the quality, fitness and the merchantability of the property constructed, purchased or otherwise acquired for purposes of becoming part of the Wolf Creek Generating Station, and as to assurance that the ownership, use or operation of such property will not violate patent, trademark or service mark rights of any third parties. KEPCo shall have the benefit, in proportion to its respective Ownership Share, of all such representations and warranties running to KG&E and KCPL from contractors, manufacturers and vendors for property acquired for the purpose of becoming part of the Wolf Creek Station. NO SUCH REPRESENTATIONS AND WARRANTIES SHALL BE REQUIRED TO BE MADE BY KG&E AND KCPL TO KEPCO IN CONNECTION WITH THE TRANSFER TO KEPCO OF THE RESPECTIVE OWNERSHIP SHARES OF KG&E AND KCPL IN SUCH PROPERTY; AND SUCH TRANSFER SHALL BE

ON AN "AS IS" AND "WHERE IS" BASIS, WITHOUT ANY REPRESENTATION OR WARRANTY BY KG&E AND KCPL, EXPRESS, IMPLIED OR STATUTORY, AS TO THE QUALITY, FITNESS OR MERCHANTABILITY OF SUCH PROPERTY AND WITHOUT ANY REPRESENTATION OR WARRANTY BY KG&E AND KCPL THAT THE OWNERSHIP, USE OR OPERATION OF SUCH PROPERTY WILL NOT VIOLATE PATENT, TRADEMARK OR SERVICE MARK RIGHTS OF ANY THIRD PARTY.

5. Conditions. All parties' obligations hereunder are expressly contingent upon receipt by KEPCo of loan funds, pursuant to a loan guaranteed by the Rural Electrification Administration (REA) or through other satisfactory financing arrangements, sufficient to pay for its Ownership Shares.

6. Authorizations. (a) The parties will apply to the Nuclear Regulatory Commission for all approvals and authorizations as may be required by that agency for the transfer of the Ownership Shares and (b) KEPCo will seek a certificate of public convenience and authority from the State Corporation Commission of Kansas authorizing, among other things, K&GE and KCPL to sell and KEPCo to own and operate an undivided interest in Wolf Creek Generating Station. The parties agree to cooperate in obtaining these and any other required regulatory approvals to facilitate the accession to ownership by KEPCo of its 17% interest in the Ownership Shares.

7. Transmission Arrangements. (a) At the closing, KG&E and KEPCo will execute the Transmission Agreement in the form of the February 14, 1979, draft attached hereto as Exhibit C, and (b) at such time as KEPCo may request after the closing and by separate agreement between KCPL and KEPCo, KCPL will accept deliveries of power and energy at a mutually agreed point or points of delivery on KCPL's existing transmission facilities and will transmit and deliver such power and energy (net of system losses) for the

account of KEPCo at existing points of delivery, and such additional points of delivery as may be mutually agreed, for the load requirements of United Electric Cooperative, Inc., and Coffey County Rural Electric Cooperative Association, Inc., pursuant to transmission service schedules as may be filed by KCPL with the Federal Energy Regulatory Commission and in effect from time to time.

8. Closing Date. The sale by KG&E and KCPL to KEPCo hereunder will be closed as soon as practicable after receipt of the authorizations referred to in Section 6 but in no event later than March 31, 1980, unless extended by mutual written agreement, or as provided in Section 9(d) (the "Closing Date"). The parties hereto will use their best efforts to assure a Closing Date as early as practicable and at the closing:

- (a) KG&E and KCPL will deliver to KEPCo an amendment (draft 3-7-79 attached hereto as Exhibit D) to the Trust Agreement dated August 27, 1973, to reflect the then agreed ownership interests of the owners in the Wolf Creek Generating Station Site, which amendment will be signed and notarized on behalf of the owners and delivered to the Trustee for execution by it and recording;
- (b) the owners will execute the Wolf Creek Generating Station Ownership Agreement in the form of February 27, 1979, draft attached hereto as Exhibit E;
- (c) the parties will execute and deliver an instrument that will evidence assignment to and acceptance by KEPCo of 17% of all rights and obligations and all properties and burdens covered by (i) the KG&E-KCPL 1973 Letter Agreement, (ii) all fuel agreements, (iii) construction contracts and (iv) permits that

pertain to the Wolf Creek Generating Station; and KEPCo shall be required, where individual contracts permit such, to join in, be bound by and execute and/or apply for any such permits, contracts and other grants;

- (d) KEPCo will pay, in same day funds, to KG&E and KCPL on the Closing Date as payment on account of the purchase prices (as provided for in Sections 2 and 3 hereof) that portion thereof based on the latest available costs recorded by KG&E and KCPL relating to the 17% interest in the Ownership Shares (less all advances received by KG&E and KCPL and paid by KEPCo under Sections 9(a) and 9(d), together with interest thereon calculated at rates equal to (i) the net AFDC accrual rates after income tax effect as included in Book Cost in Exhibit B plus (ii) the rates of associated income tax burden applicable to such AFDC, as applied monthly by KG&E and KCPL, respectively, during the period from the date of receipt of each such advance to the date of closing, as credits due KEPCo under Section 9(b) hereof), and KEPCo will pay KG&E and KCPL the balance of the purchase price therefor, based on such costs computed as of the Closing Date, together with interest thereon from the Closing Date at the variable prime rates (set by Harris Trust and Savings Bank of Chicago) ~~one-half of one percent per annum~~ within 60 days following the Closing Date. In support of the closing payment and the post-closing adjustment of the purchase price, KG&E and KCPL will provide to KEPCo cost records and other data which may be reasonably required by KEPCo for its books and records;

(e) the parties will execute and deliver further memoranda, including a Cash Flow Memorandum (draft 3-17-78), an Accounting Memorandum (draft 3-17-78), an Insurance Memorandum (draft 2-27-79) in the forms of the above dated drafts attached as Exhibits F, G and H hereto, and any other document any party may reasonably require to effect the transactions contemplated hereby;

(f) KEPCo shall furnish KG&E a certified copy of a corporate resolution of Kansas Electric Cooperatives, Inc. ("KEC"), in a form satisfactory to KG&E, confirming that KEPCo has succeeded to all right, title and interest of KEC with respect to the Settlement Agreement and License Conditions approved by the Nuclear Regulatory Commission in connection with the issuance of a license for Unit #1.

9. Advance Payments.

(a) It is anticipated that KEPCo will receive a commitment for interim financing ("Interim Financing") in the total amount of \$125 million from the National Rural Utilities Cooperative Finance Corporation ("CFC") which, subject to approval by CFC's Board of Directors, will authorize advances on and after July 2, 1979. KEPCo will deliver to KG&E and KCPL on or before June 1, 1979, certified copies of a Resolution duly adopted by CFC's Board of Directors so approving such Interim Financing for KEPCo; otherwise, this Sale Memorandum and all obligations hereunder will thereupon terminate and have no further force or effect. If so approved, any draws made by KEPCo under such Interim Financing will be available to

KEPCo in same day funds, will mature on June 30, 1980, and interest thereon from the dates of draw will be payable quarterly on the 1st day of each January, April, July and October at a rate or rates of interest per annum (computed on the basis of a year of 365 days) equal to the lowest prime rate published in the "Money" column of The New York Times in its last publication of that column in each month, such change in rate being effective as of the first day of the month following such publication, plus one-half of one percent per annum, until payment in full of the amounts advanced hereunder. During the period July 2 to December 20, 1979, KEPCo will draw on its Interim Financing from CFC and will advance, in same day funds, \$45 million each to KCPL and KG&E in accordance with the following schedule:

July 2, 1979	\$35,000,000
September 30, 1979	5,000,000
December 20, 1979	<u>5,000,000</u>
Total	\$45,000,000 each

- (b) At the closing as provided for in Section 8 hereof, KG&E and KCPL, each severally and not jointly, will reimburse KEPCo for such advance payments as may then have been made by KEPCo to each of them, respectively, under Sections 9(a) and 9(d) hereof, together with interest thereon calculated as described in Section 8(d), by credits on the purchase prices to be paid by KEPCo to KG&E and KCPL, respectively, as provided in Section 8(d) hereof.

- (c) In the event the sale by KG&E and KCPL to KEPCo hereunder is not closed on or before March 31, 1980, unless extended in writing by mutual agreement of the parties, then on or before June 30, 1980, KG&E and KCPL, each severally and not jointly, will pay to KEPCo in same day funds the amounts of such advances as then may have been made by KEPCo to each of them, respectively, together with interest thereon calculated at KEPCo's interest rates therefor as specified in Section 9(a) hereof and, thereupon, this Sale Memorandum and all obligations hereunder will terminate and have no further force or effect.
- (d) Notwithstanding the provisions of Section 9(c) hereof, if (a) KEPCo has not secured on or before March 31, 1980, a loan guaranteed by the Rural Electrification Administration as contemplated in Section 5 hereof, and (b) KEPCo delivers to KG&E and KCPL on or before March 31, 1980, (i) a firm commitment from CFC, or other qualified lender acceptable to KG&E and KCPL, in a commitment form and substance satisfactory to KG&E and KCPL, to lend to KEPCo the long term funds contemplated in Section 5 hereof but without a guaranty by the Rural Electrification Administration, (ii) a written agreement from KEPCo, in a form and substance satisfactory to KG&E and KCPL, that KEPCo will satisfy on or before June 30, 1980, any and all conditions in such firm commitment as may be required by CFC or other acceptable lender, and (iii) an advance payment of \$5 million each to KG&E and KCPL in addition to those required under Section 9(a), then the Closing

Date may be extended by KEPCo to a date no later than June 30, 1980, and the sale herein contemplated shall be closed on or before June 30, 1980.

10. Insurance. Promptly after execution of this Sale Memorandum, KG&E and KCPL will cause all policies of insurance covering Wolf Creek Generating Station to reflect KEPCo and its lender or lenders as additional insureds with loss payable clauses, as their interest may appear, which provide that KEPCo and such lender or lenders shall receive directly KEPCo's pro rata share of such net proceeds in the event of an insured loss. For the purpose hereof the term "KEPCo's pro rata share" shall mean the proportion which (i) KEPCo's advance payments made to KG&E and KCPL at the date of the loss bear to (ii) KG&E's and KCPL's total book cost for Wolf Creek Generating Station (including related nuclear fuel) as of the date of the loss. The amounts of all insurance proceeds received by KEPCo shall be paid to its lender or lenders under such policies and shall be applied as credits to reduce (a) the indebtedness of KEPCo to its lender or lenders on account of the advance payments made by KEPCo to KG&E and KCPL, and (b) the amounts of the advance payments previously received by KG&E and KCPL from KEPCo which may be applied as credits under Sections 8(d) and 9(b) hereof and for which KG&E and KCPL may be required to pay to CFC pursuant to the terms of the Repayment Agreement of even date herewith. KEPCo and its lender or lenders reserve the right to waive direct payment to them of any such insurance proceeds and to direct that they be paid to KG&E and KCPL for credit to their respective gross plant accounts and thus reflected, as pro rata credits, in the purchase prices to be paid by KEPCo to KG&E and KCPL.

11. Completion and Compliance.

The currently scheduled date for commercial operation of Wolf Creek Generating Station Unit #1 is April 1, 1983. KG&E, KCPL and KEPCo recognize that uncontrollable delays have been and may hereafter be encountered and agree to use their best reasonable efforts to complete the Unit on a timely basis. No representation is made that construction will be completed at such date. In the completion and operation of Wolf Creek Generating Station, KG&E, KCPL and KEPCo will cooperate and comply with all applicable laws, rules and regulations, including, without limitation, those applicable to environmental matters and those imposed by the Nuclear Regulatory Commission.

12. Intent.

- (a) Nothing hereunder shall be construed to grant to KEPCo any present interest in the Wolf Creek Generating Station, legal or equitable, prior to the closing as provided in Section 8, and to that end this Sale Memorandum shall be construed as an "Agreement to Sell" and not as an "Agreement of Sale."
- (b) The provisions of this Sale Memorandum shall survive and continue in effect after the closing of the sale of the undivided ownership interest in the Wolf Creek Generating Station to KEPCo but shall be subordinate to the provisions of the Ownership Agreement, Exhibit E, when executed.
- (c) For purposes of this Sale Memorandum, phrases or words defined in the Exhibits hereto, shall, with respect hereto, unless the context otherwise requires or unless otherwise defined in this Sale Memorandum, have the meanings set forth in said Exhibits.

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

KANSAS CITY, MISSOURI 64141

ROBERT A. OLSON
CHAIRMAN OF THE BOARD

January 24, 1973

Mr. Gordon W. Evans
Chairman of the Board
Kansas Gas and Electric Company
P. O. Box 208
Wichita, Kansas 67201

Re: Nuclear Electric Generating Station

Dear Gordon:

Recognizing that by 1981 KG&E and KCPL each will require substantial amounts of additional electric generating capacity, this letter, upon acceptance, will confirm the agreement of KG&E and KCPL to participate equally in the study, planning, engineering, licensing, construction and ownership of a nuclear power unit, including a related 345 kv substation, ("Nuclear Unit #1") to be located at a new electric generating station ("Nuclear Station") in Eastern Kansas and scheduled for commercial operation by April 1, 1981, subject to the following:

1. KG&E and KCPL will determine by mutual agreement (a) the specific site, location, design and characteristics of the Nuclear Station, which shall be environmentally acceptable and reasonably related to the individual system requirements of KG&E and KCPL, and (b) the size, design criteria, specifications and other engineering aspects of Nuclear Unit #1 utilizing, where practicable and to the extent beneficially available and permissible, industry standardization efforts in the study, planning, engineering, licensing and construction thereof. Because of lead time requirements, KG&E and KCPL will initiate and expedite all pre-licensing matters.

2. KG&E and KCPL will endeavor to accommodate other power suppliers desiring a limited share of the capacity of Nuclear Unit #1 on a basis consistent with fairness in resolving problems of multi-party capacity entitlement, ownership, financing and nuclear expertise. KG&E, KCPL and such other power suppliers whose agreed capacity entitlement is represented by an ownership interest in the Nuclear Station and Nuclear Unit #1 (the "Owners") will be individually responsible for timely providing, in proportion to their respective percentage ownership interests therein, those funds necessary for the completion thereof; provided that KG&E and KCPL

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each will have and maintain a 50% undivided ownership interest therein, with equal rights in respect thereto, until such time as the form, type, and extent of the capacity entitlement of other power suppliers is mutually agreed upon and finally determined and arranged.

3. Ownership of the Nuclear Station and Nuclear Unit #1 will be in such form and type as determined by KG&E and KCPL to be best suited to meet the needs of the Owners, and may be indirect (through stock ownership in a separate corporation), direct (as tenants in common, each with undivided ownership interests therein) or otherwise. The Owners will execute an appropriate Ownership Agreement, and other implementing documents from time to time, with provisions (a) creating and confirming the nature and extent of their ownership interests, (b) waiving their respective rights of partition, (c) providing rights of first refusal, and (d) otherwise agreeing to restrictions and covenants with respect to their ownership interests, as and to the extent permitted by Kansas law, which provisions will inure to and be binding on all beneficial ownership interests therein, whether held nominally or otherwise; provided that until the Ownership Agreement is executed, all property and property rights acquired for the Nuclear Station and Nuclear Unit #1 shall be taken and held in the name of a Trustee for the use and benefit of the Owners.

4. The Nuclear Station will be acquired and designed as a multi-unit site. The Owners will, upon mutually agreeable terms, cooperate in adjusting their percentage ownership interests in its common facilities to permit joint use thereof in the operation of additional units, even though such percentage ownership interests may thereafter differ from their percentage ownership interests in Nuclear Unit #1.

5. Acquisition of initial and replacement fuel for Nuclear Unit #1, whether by purchase, lease or otherwise, will be subject to terms and conditions mutually agreeable to the Owners, who will jointly execute agreements therefor.

6. All policies relating to the operation and maintenance of the Nuclear Station and Nuclear Unit #1, including equitable provisions for sharing the operating and maintenance costs thereof, will be established by an Operating Agreement to be executed by the Owners and administered by Operating Committees.

7. Nuclear Unit #1 capacity entitlements will be on the basis of percentage ownership interests therein, subject to any joint obligations of the Owners under participation arrangements with power suppliers holding no beneficial ownership interest therein. The use by one Owner of another's capacity entitlement in Nuclear Unit #1 will be settled on the basis of applicable rate schedules under mutually satisfactory Interchange Agreements to be executed by and among the Owners.

Mr. Gordon W. Evans

-3-

January 24, 1973

8. All risk, loss and damage arising out of matters contemplated herein (including waste disposal from Nuclear Unit #1) will be borne by the Owners in proportion to their percentage ownership interests therein, portions of which may be insured at costs to be shared proportionately by them. The Owners, including the beneficiaries of any nominal Owner, will be named insureds as their respective interests may appear, with subrogation rights waived.

9. KG&E and KCPL each will individually construct, own, maintain and operate adequate 345 kv transmission facilities extending from Nuclear Unit #1 substation to a mutually agreed point or points of interconnection with its other system facilities serving its principal load center at Wichita, Kansas, or Kansas City, Missouri, respectively.

10. KG&E and KCPL each will cooperate with the other and use its best efforts to implement the provisions hereof; provided, however, this Letter Agreement shall not become effective unless and until approved by the respective Boards of Directors of KG&E and KCPL.

Sincerely yours,

KANSAS CITY POWER & LIGHT COMPANY

By Robert A. Olson
Chairman of the Board

Accepted 25th day of January, 1973

KANSAS GAS AND ELECTRIC COMPANY

By G. W. Evans
Chairman of the Board

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KANSAS GAS AND ELECTRIC COMPANY
P. O. Box 208 Wichita, Kansas 67201

Mr Elmer Hall

November 9, 1973

RECEIVED
OFFICE OF
D. J. McPhee
NOV 12 1973
ATTN. _____
RETURN _____

The Burlington, Kansas power plant designation
will be

WOLF CREEK GENERATING STATION

The nuclear unit will be indicated as Unit #1.

High School

RF/ajp

cc - Messrs FMKimball
RLRives
JOArterburn
CLKoester
HKTatum
RKZimmerman
DTMcPhee
DLandis

POOR ORIGINAL

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EXHIBIT B

Formula and Procedure for Determining Purchase Prices

The purchase price to be paid by KEPCo shall be in an amount equal to that required to assure that KG&E and KCPL will each have no book gain or loss as a result of the sale. For this purpose the purchase prices to be paid to KG&E and KCPL will be calculated using the following formula (using 1979 tax rates):

$$[(\text{Book Cost} - \text{Tax Basis}) \div (1 - .49645)] + \text{Tax Basis} = \text{Purchase Price}$$

The purchase prices to be paid by KEPCo to KG&E and KCPL each shall be based on the foregoing formula. The parties will cooperate in expeditiously seeking tax counsel acceptable to all parties, at KEPCo's expense, for the purpose of determining the prospects of a capital gains treatment and the relative allocation of the gain between short-term and long-term capital gains. If there is a reasonable prospect that a capital gains treatment will be accepted by IRS, then KG&E and KCPL will file tax returns based on a capital gains treatment with the allocation between short-term and long-term capital gains that minimizes the tax burden associated with their respective differences between book and tax costs. In such event, the foregoing formula will be adjusted to reflect the capital gains treatment and the purchase prices paid or to be paid by KEPCo will be adjusted based on such adjusted formula. If the IRS subsequently disallows such capital gains treatment and requires ordinary income treatment or adjusts the allocation between short-term and long-term capital gains, then, and in such event KEPCo will indemnify KG&E and KCPL each for the additional income taxes due by it plus required interest thereon and any expenses incurred by it applicable thereto, net of applicable income tax.

TRANSMISSION AGREEMENT
BETWEEN
KANSAS GAS AND ELECTRIC COMPANY
AND
KANSAS ELECTRIC POWER COOPERATIVE, INC.

February 20, 1979

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TRANSMISSION AGREEMENT
BETWEEN
KANSAS GAS AND ELECTRIC COMPANY
AND
KANSAS ELECTRIC POWER COOPERATIVE, INC.

THIS CONTRACT, made and entered into this 20th day of February, 1979, by and between Kansas Gas and Electric Company, a corporation organized and existing under the laws of the State of Kansas, hereinafter referred to as "KG&E", and Kansas Electric Power Cooperative, Inc., a corporation organized and existing under the laws of the State of Kansas, hereinafter referred to as "KEPCo" and which is predicated upon one certain Settlement Agreement entered into May 20, 1976, and approved by the Nuclear Regulatory Commission (NRC) and upon licensing conditions contained in the Construction Permit dated May 17, 1977, as granted by NRC for construction of Wolf Creek Generating Station, Unit No. 1 (WCGS 1).

ARTICLE I
INTRODUCTION

1.1 KG&E is engaged in the generation, transmission, distribution, and sale of electricity and has been the sole supplier of electric power and energy to those cooperative Delivery Points connected to KG&E's electrical system.

1.2 KEPCo is an electric power supply cooperative which intends to supply the electric power requirements of its member electric distribution cooperatives, some of which receive all or a portion of their electrical requirements through Delivery Points served from KG&E's electrical system.

1.3 KG&E, KEPCo and Kansas City Power and Light Company (KCPL) are joint owners of Wolf Creek Generating Station Unit #1 pursuant to the Wolf Creek Generating Station Ownership Agreement of even date herewith whereby KEPCo acquires seventeen percent (17%) undivided ownership interest in and to Wolf Creek Generating Station Unit #1. Said Ownership Agreement is incorporated herein and made a part hereof the same as if set out at length herein.

1.4 KEPCo has entered into a contract with the Southwestern Power Administration (SPA) for the purchase of hydro peaking capacity and energy, a copy of which contract is attached hereto and made a part hereof the same as if set out at length herein.

1.5 KG&E desires to sell and KEPCo desires to purchase electric power and energy as partial requirements solely for use by KEPCo in satisfying the electrical power and energy requirements of its members in KG&E's Power Supply Area or as limited and provided for herein.

1.6 KEPCo is authorized and empowered by its members to generate, transmit, deliver and sell bulk power supply to, for and on behalf of its members. KEPCo is duly authorized and empowered by its members to enter into this Contract for the benefit of KEPCo and its respective constituent members.

1.7 KEPCo has or will have contracts with certain of its member cooperatives in the State of Kansas for the sale and delivery of electric power and energy to said member cooperatives.

Now, therefore, KG&E and KEPCo, each for itself, its successors and assigns, and for the benefit of the other, its successors and assigns, hereby covenant and agree as follows:

ARTICLE II

TERM OF CONTRACT

2.1 Effective Date. The effective date of this Contract shall be the date of its execution by the parties hereto, the date the approval of the Rural Electrification Administration is secured, the date it is permitted to become effective by the State Corporation Commission of the State of Kansas, or the date it is permitted to become effective by the Federal Energy Regulatory Commission, whichever date is latest.

2.2 Commencement of Deliveries of Electric Power and Energy. The date of commencement of deliveries of electric power and energy hereunder shall be the date on which KEPCo acquires an ownership interest in WCGS 1 or the date on which KEPCo is entitled to begin receiving power and energy

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under its SPA contract, whichever date is later. KEPCo shall give thirty (30) days advance notice to KG&E of such date of commencement of deliveries. In the event KEPCo is not entitled to begin receiving such SPA power and energy prior to the date of commercial operation of WCGS 1, the delivery of electric power and energy hereunder shall commence on the first day of commercial operation of WCGS 1, provided that KEPCo holds an ownership interest in WCGS 1.

2.3 Term of Contract. The term of this Contract shall commence on the effective date hereof and shall terminate only upon sixty (60) months written advance notice given by any party to the other; provided that the Contract shall not be terminated prior to December 31 of the calendar year WCGS 1 ceases commercial operation or December 31, 2021, whichever date is later.

ARTICLE III

DEFINITIONS

As used herein:

3.1 "KG&E's Power Supply Area" refers to those portions of the KEPCo Members' certified service areas whose electric power needs are supplied from KG&E Delivery Points.

3.2 "KEPCo Members In KG&E's Power Supply Area" refers to those KEPCo member Rural Electric Cooperatives (REC) having Delivery Points which are served from KG&E's electric system, such members presently being: Butler Rural Electric Cooperative Association, Inc.; Caney Valley Electric Cooperative Association, Inc.; United Electric Cooperative, Inc.; The Radiant Electric Cooperative, Inc.; Sedgwick County Electric Cooperative Association, Inc.; Sekan Electric Cooperative Association, Inc.; Sumner-Cowley Electric Cooperative, Inc.; and Coffey County Rural Electric Cooperative Association, Inc.

3.3 "Firm Capacity" is that generating capacity which is purchased, sold, or otherwise made available for which the party supplying the capacity provides reserve capacity, whether acquired by ownership or by purchase.

3.4 "Non-firm Capacity" is that generating capacity which is purchased, sold, or otherwise made available for which reserve capacity is not provided.

3.5 "WCGS 1" refers to Wolf Creek Generating Station, Unit #1 as defined in the Wolf Creek Generating Station Ownership Agreement.

3.6 "Distribution System" refers to those electric facilities operated at a nominal 25 Kilovolts (KV) and below. If KG&E classifies and operates 35 KV class facilities as distribution facilities such facilities will be considered to be part of the Distribution System.

3.7 "Transmission System" refers to those electric facilities operated above a nominal 25 KV except that it does not refer to those 35 KV facilities which are considered as part of the Distribution System.

3.8 "Interconnection Point" is the point of change in ownership of transmission facilities which connect KG&E's Control Area to another Control Area and across which power and energy may under normal conditions flow in either direction. "Interconnection Point" also refers to those facilities which connect KEPCo-owned generating equipment directly to KG&E's Transmission System.

3.9 "Delivery Point" is a point of connection of the electric systems of KG&E and KEPCo or KEPCo Members in KG&E's Power Supply Area at which ownership changes and which is not an Interconnection Point as defined above.

3.10 The "Total Demand Requirements" for KEPCo in KG&E's Power Supply Area refers to the annual maximum coincidental demand during the Contract Year of KEPCo Delivery Points served from the KG&E system as measured on a 60-minute clock hour basis plus losses associated with such delivery.

3.11 "KEPCo's Capacity Entitlement From WCGS 1" is KEPCo's portion of WCGS 1 rated capacity to which KEPCo is entitled by right of ownership, as provided in Section 4.1 of the Wolf Creek Generating Station Ownership Agreement.

3.12 "Wolf Creek Capacity Used In The KG&E Power Supply Area" is that portion of KEPCo's non-firm Capacity Entitlement from WCGS 1 that is scheduled for use in the KG&E Power Supply Area during the Contract Year.

3.13 "SPA Capacity Used In The KG&E Power Supply Area" is the amount of peaking capacity purchased by KEPCo from SPA which is scheduled for use in the KG&E Power Supply Area during the Contract Year. The SPA capacity used in the KG&E Power Supply Area will be considered as firm power.

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3.14 "Other Capacity Used In The KG&E Power Supply Area" is firm or non-firm generating capacity owned by KEPCo, purchased by KEPCo, or to which KEPCo may otherwise have title, which is scheduled for use in the KG&E Power Supply Area during a Contract Year other than Wolf Creek Capacity, SPA Capacity, or capacity purchased from KG&E.

3.15 "Minimum Reserve Criteria" refers to that reserve criteria, in percent, applicable to the interconnected systems of KG&E and KEPCo, which has been established on a regional basis to ensure reliable operation of the electric utility systems within that region with such criteria being established by the MOKAN Pool, in the case of minimum capacity reserve criteria, and by the Southwest Power Pool (SWPP) in the case of minimum operating reserve criteria.

3.16 "KEPCo's Reserve Capacity Requirement" refers to reserve capacity which KEPCo is required to maintain in order to ensure reliable operation in accordance with established industry practices.

3.17 "Partial Requirements Capacity" is firm capacity sold by KG&E to KEPCo solely for use in the KG&E Power Supply Area and refers to the projected Total Demand Requirements for KEPCo in KG&E's Power Supply Area during a Contract Year, which requirements are not met by Wolf Creek Capacity Used In The KG&E Power Supply Area, SPA Capacity Used In The KG&E Power Supply Area, or Other Capacity Used In The KG&E Power Supply Area.

3.18 "Partial Requirements Energy" is that energy obtained by KEPCo from its Partial Requirements Capacity.

3.19 "Maximum Obligation Capacity" is the maximum amount of power which the parties mutually agree may be delivered to each Delivery Point.

3.20 "KEPCo's Total System Peak Responsibility" is the amount of the power responsibility in the KG&E Power Supply Area against which KEPCo must apply the Minimum Reserve Capacity Criteria in determination of KEPCo's Reserve Capacity Requirement.

3.21 "KEPCo's Portion Of WCGS 1 Station Uses" refers to KEPCo's proportionate share of the hourly amounts of energy delivered to WCGS 1 from KG&E's Transmission System to supply WCGS 1 station uses when WCGS 1 is unavailable or not generating sufficient electric power to supply WCGS 1 station uses.

3.22 "KEPCo's Total Energy Requirements Within The KG&E Power Supply Area" is the total of the metered amounts of energy delivered to all Delivery Points in the KG&E Power Supply Area during a specified period of time plus KEPCo's Portion Of WCSG 1 Station Uses plus an allowance for energy losses associated with such energy deliveries.

3.23 "Emergency Support Service" shall mean capacity and energy supplied by one party to another party during any period when emergency conditions exist temporarily on the system of such other party so that generation and transmission facilities of such system, including purchases (not including such Emergency Support Service), are inadequate to carry the party's system load responsibility and provide required operating reserves.

3.24 "Maintenance Support Service" shall mean capacity and energy which one party desires to purchase from the other party for reasons including, but not limited to, deferring use of fuel or water, transmission system operations, scheduled generation maintenance, scheduled outages of generating units, unscheduled outages of generating units for the period following the termination of Emergency Support Service, environmental considerations, or other reasons of similar nature.

3.25 The "Contract Year" shall begin June 1 and end May 31 of the following year.

3.26 "Contract" shall mean this Transmission Agreement as it may be amended from time to time.

3.27 "Control Area" refers to a balanced portion of the overall power system having generation resources which are automatically controlled on an instantaneous basis to meet the total load responsibility in that portion of the overall power system.

ARTICLE IV

TRANSMISSION AND POWER SUPPLY PROVISIONS, CONDITIONS, AND LIMITATIONS

4.1 WCSG 1 Power. KEPCo's power from WCSG 1 shall be transmitted by KG&E for KEPCo to such Delivery and Interconnection Points on KG&E's system and in such amounts as specified by KEPCo, provided, however, such transmission and delivery of power shall be reasonable as to the number of points of delivery, the adequacy of the system to carry such power and the frequency of schedule changes. The power

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which KEPCo obtains from WCGS 1 shall be utilized first to satisfy the power requirements of the KEPCo Members in KG&E's Power Supply Area to the maximum extent reasonable and efficient to do so and to the extent consistent with KEPCo's other power supply obligations to the Kansas members of Kansas Electric Cooperatives, Inc. (KEC) as constituted as of May 20, 1976. During the Contract Year in which WCGS 1 commences commercial operation and in each succeeding year of operation of WCGS 1 no less than forty-two percent (42%) of the Projected Total Demand Requirements of the KEPCo Members in KG&E's Power Supply Area shall be satisfied by KEPCo by use of its available power from WCGS 1.

4.2 SPA Power (1979 to WCGS 1 Operation). Subject to all the provisions hereof and commencing approximately October 1, 1979, and extending until WCGS 1 commences commercial operation or until such date as it is finally abandoned, KG&E shall transmit for KEPCo

(a) Sixty megawatts of preference-customer power, to the extent available, which KEPCo obtains from SPA subsequent to the Harry S. Truman Dam commencing commercial operation and pursuant to the SPA-KEPCo contract provided that such preference power is delivered to KG&E's Neosho Substation near Parsons, Kansas, and/or Litchfield Substation near Pittsburg, Kansas.

(b) An additional thirty megawatts of SPA preference-customer power beginning July 1, 1980.

4.3 SPA Power (During WCGS 1 Operation). When WCGS 1 commences commercial operation and thereafter in each succeeding calendar year until WCGS 1 ceases operation, or until the calendar year 2021, whichever is later, KG&E shall transmit for KEPCo when delivered at its Neosho and/or Litchfield Substations, a total of ninety megawatts of preference-customer power (inclusive of the SPA power described in Paragraph 4.2 above) which KEPCo obtains from SPA or from a source or sources which as a matter of law are administratively foreclosed to KG&E by virtue of a statutory or regulatory preference. Such power described in Paragraph 4.2 and this Paragraph 4.3 shall be transmitted by KG&E for KEPCo on a contractual buy-sell arrangement unless by entering into such an arrangement KEPCo would lose its entitlement to such preference power.

4.4 Other Power (During WCGS 1 Operation). When WCGS 1 commences commercial operation and thereafter so long as WCGS 1 continues in operation, or until calendar year 2021, whichever is later, KG&E shall transmit for KEPCo

(a) Any additional quantities of power which KEPCo generates from a source other than WCGS 1, or which KEPCo obtains from any power source or sources which as a matter of law are not administratively foreclosed to KG&E by virtue of a statutory or regulatory preference, provided that such power is transmitted by KG&E to KEPCo Members in KG&E's Power Supply Area for the use of such members; and

(b) Any other quantities of power which KEPCo generates from a source other than WCGS 1 or which KEPCo obtains from any power source or sources which as a matter of law are not administratively foreclosed to KG&E by virtue of a statutory or regulatory preference, to the same extent that KG&E would reasonably agree to transmit such power for any other electric utility.

All the power described in this paragraph shall be transmitted by KG&E for KEPCo upon reasonable and timely request for such transmission and only on the basis of contractual buy-sell arrangements similar in duration and terms to KG&E's then existing comparable buy-sell contractual arrangements with other electric utilities. Pursuant to any such buy-sell contract, KG&E shall purchase the designated power as delivered by the seller or any other entity at Interconnection Points on KG&E's system and shall resell the same to KEPCo at Delivery Points or Interconnection Points as designated by KEPCo at the KG&E purchase price plus an amount which constitutes KG&E's transmission cost, including a reasonable return on the investment allocable solely to the transmission of such power. .

4.5 Use of SPA Power. Until such time as the Harry S. Truman Dam commences commercial operation, all of the power transmitted by KG&E for KEPCo pursuant to the provisions of Paragraph 4.2(b) above shall be used to satisfy the power requirements of KEPCo Members in KG&E's Power Supply Area. When the Harry S. Truman Dam commences commercial operation and in each succeeding year of operation of WCGS 1, no less than forty megawatts of power and associated energy transmitted by KG&E for KEPCo pursuant to the provisions of Paragraphs 4.2 and 4.3 above, if available, shall be used to satisfy the power and energy requirements of the KEPCo Members in KG&E's Power Supply Area.

4.6 Transmission of Excess Power and Energy. Insofar as the power and energy for KEPCo from WCCS 1 and the power and energy transmitted by KG&E for KEPCo in the manner provided in Paragraphs 4.1, 4.2, 4.3 and 4.4 is not utilized in KG&E's Power Supply Area, as reasonably and fairly determined by KEPCo in accordance with the provisions of this Contract, KG&E shall, upon reasonable and timely request for such service, transmit such excess power and energy for KEPCo from and to such Interconnection Points on KG&E's system and in such amounts as specified by KEPCo on terms and conditions as provided in Paragraphs 4.1, 4.3, and 4.4 above.

4.7 KG&E & KEPCo Consultation and Planning. KG&E and KEPCo agree to consult with each other with respect to the planning and construction of additional transmission facilities including the most desirable timing, location, voltage, size and associated equipment of additional transmission Interconnection Points and Delivery Points or abandonment of established Interconnection and Delivery Points. KG&E shall include in its planning and construction of additional transmission facilities sufficient transmission capacity to accommodate the transmission described in Paragraphs 4.1, 4.3, 4.4, and 4.6 provided that KEPCo gives KG&E sufficient advance notice as may be necessary to accommodate such requirements from a functional and technical standpoint.

4.8 Transmission of Power. The transmission described in Paragraphs 4.1, 4.2, 4.3, 4.4, and 4.6 above shall be available to KEPCo provided that KEPCo gives KG&E reasonable advance notice of the transmission required, and, provided further, that such transactions can be reasonably accommodated from a functional and technical standpoint and to the extent that KG&E can do so without impairing service to its customers including other electric systems to which it has firm commitments. Nothing herein imposes a requirement on KG&E to become a common carrier.

4.9 Losses. For that power and energy which is delivered by KG&E to KEPCo's Delivery Points in KG&E's Power Supply Area, losses associated with such delivery will be calculated as shown in Exhibit "C", attached hereto and made a part hereof. The loss values contained in Exhibit "C" shall be annually reviewed by both parties jointly and modified accordingly. For that power and energy delivered to Interconnection Points by KG&E, the loss factors will be on a mutually agreeable basis that fairly accounts for the losses incurred.

4.10 Delivery Points. Delivery Points are specified in Exhibit "A" which is attached hereto, properly executed by both parties, and made a part hereof, and any new Delivery Points mutually agreed upon by the parties will by amendment be added to Exhibit "A". KG&E agrees to transmit and deliver for KEPCo to said Delivery Points on KG&E's system, such amounts of power and energy as are required at said Delivery Points up to but not in excess of the Maximum Obligation Capacity specified in Exhibit "A" for each Delivery Point. The amounts of specified Maximum Obligation Capacity may be changed from time to time by mutual agreement of the parties to this Contract.

4.11 Delivery Points on KG&E's Distribution System. Service to those Delivery Points which are located on KG&E's Distribution System is based on availability of excess capacity in the KG&E Distribution System. In the event that KG&E determines that excess distribution capacity no longer exists KG&E may, upon reasonable notice to KEPCo, cause KEPCo to limit the use of a Delivery Point(s) on KG&E's Distribution System to the then existing Maximum Obligation Capacity in which case KEPCo shall transfer its excess electric load from said Delivery Point(s) to other existing Delivery Points or to a new mutually agreeable Delivery Point(s) on the KG&E system. KEPCo shall strive to minimize the total number of Delivery Points and to abandon Delivery Points from KG&E's Distribution System whenever practicable.

4.12 New Delivery Points. KEPCo and its member RECs agree to utilize existing Delivery Points to the greatest extent to which it is reasonable and efficient to do so. In the event KEPCo or its member RECs cannot effectively use existing Delivery Points for new loads and therefore request service to a new REC-owned substation, KG&E and KEPCo shall mutually agree to the location of a new Delivery Point. In the event service to the REC-owned substation cannot be directly supplied from KG&E's then existing Transmission System, KG&E shall determine if it desires to extend its Transmission System to service such new substation. If, after a reasonable time, KG&E finds it not expedient to so extend its Transmission System, KEPCo or its member RECs shall provide those transmission facilities necessary to connect its substation(s) to said new Delivery Point. KEPCo or its member RECs will furnish all substation facilities which may be required to step down to the REC's desired voltage level. The electrical one-line diagram of new substations or switching facilities and those to which significant modifications are to be made shall be submitted to KG&E for review. All new Delivery Points and all extensions of transmission taps from existing Delivery Points

shall conform with KG&E's established policies regarding attachments to KG&E's system. Such policies shall be substantially the same as those practices observed by KG&E within its own system. KEPCo and its member RECs shall operate their facilities in a manner consistent with KG&E's operating practices in order to promote safety and reliability of operation.

4.13 Equipment on Other Party's Property. In the event either party shall locate transmission line termination or other facilities, exclusive of metering facilities, in a then existing substation owned by the other party, that party shall be entitled to an appropriate annual rental charge.

4.14 Conversion of Operating Voltage Levels. In the event KG&E converts a transmission line or lines to a higher operating voltage with a consequent change in voltage to a Delivery Point(s) or Interconnection Point(s), KEPCo shall change its facilities for service to correspond to KG&E's change in voltage at such Delivery Point(s) or Interconnection Point(s) upon three (3) year's written notice from KG&E, or KEPCo may have the right to take delivery at a different Delivery Point upon approval of KG&E. In the event the decision to convert to a higher operating voltage is voluntary on KG&E's part, then the cost to convert the affected REC-owned sub-station(s) shall be borne by KG&E except that the cost of betterment of such facility shall be at the REC's expense. If the decision to convert to a higher operating voltage is involuntary on KG&E's part, then KG&E and the REC shall share equally in the cost, except that the cost of betterment of such facilities shall be at the REC's expense. In the event that, at the time the said Delivery Point(s) was established, KG&E had, based upon reasonable considerations, advised KEPCo or its member REC(s) that the Delivery Point(s) should be designed for future conversion to a specified higher operating voltage, then KEPCo or its member REC(s) shall bear the full cost of converting the said Delivery Point(s). If such conversion does not take place within ten (10) years of establishment of such new Delivery Point(s), then the preceding sentence will have no effect, and costs of conversion will be paid as otherwise set out herein.

4.15 Interconnection Point. KG&E-KEPCo Interconnection Points are specified in Exhibit "B", which is attached hereto, properly executed by both parties, and made a part hereof, and any new KG&E-KEPCo Interconnection Points mutually agreed upon by the parties shall by amendment be added to Exhibit "B". The Interconnection Points shall

normally be operated in parallel except as may be otherwise mutually agreed by both parties to this Contract. Each party shall design, construct and operate its system in a manner consistent with good engineering and operating practice such that it shall not impose an unreasonable burden on the system of the other party or on the system of another party who may not be a party to this Contract. Nothing contained herein shall require KG&E to install additional facilities located outside its certificated service area in order to provide a new Interconnection Point. Nothing contained in this Contract shall be construed to prevent KEPCo from owning, constructing and operating bulk power supply facilities.

4.16 Voltage Tolerance. Delivery of power and energy hereunder shall be at approximately 60 hertz, and at the delivery voltages as specified in Exhibits "A" and "B", with reasonable variation in voltages allowed not to exceed five percent (5%) above or five percent (5%) below such delivery voltage under normal conditions.

4.17 Capacity of Generating Resources. Capacity of generating resources shall be the net capability based on tests conducted in accordance with plant capability rating procedures as approved by the appropriate authority, such as the MOKAN Pool, using those fuels which the parties may reasonably expect to be available for use in such generating facilities.

4.18 KEPCo's Load Forecast. KEPCo will provide to KG&E, at a mutually agreeable time each year, a written notice of the ten year forecast by Contract Year of the Total Demand Requirements of KEPCo Members In The KG&E Power Supply Area. KEPCo shall make the aforementioned forecasts based upon accepted industry practices. The forecast values for the sixth through tenth Contract Years into the future will be for informational purposes only.

4.19 Projected Total Demand Requirements. The written notice of the forecasted Total Demand Requirements of KEPCo Members In The KG&E Power Supply Area for the first five Contract Years into the future will form the basis for KEPCo's projection of its resource allocation. The forecasted Total Demand Requirements for the third and fourth Contract Years into the future may each be changed from the previously specified values for those Contract Years by an amount not to exceed 5% of the forecasted Total Demand Requirement so specified the previous year. The forecasted Total Demand Requirements for the second Contract Year into

the future may not be changed from the previously specified value for that Contract Year and will be referred to as the "Projected Total Demand Requirements." Further adjustments of the Projected Total Demand Requirements may be made only by mutual consent of both parties.

4.20 Specification of KEPCo's Power Sources. Recognizing the long lead times required for planning and construction of new generating equipment to meet future needs, KEPCo will, each year, subject to the minimums set out in Paragraphs 4.1, 4.2, 4.3, and 4.5 specify by written notice to KG&E for the fifth Contract Year into the future, the amount of Wolf Creek Capacity Used In The KG&E Power Supply Area, SPA Capacity Used In The KG&E Power Supply Area, and Other Capacity Used In The KG&E Power Supply Area. The specified amounts of Other Capacity Used In The KG&E Power Supply Area may not vary from one year to the next by more than twenty-five (25%) of KEPCo's Total Demand Requirements for the Contract Year in which notice is given. Insofar as the power requirements of the KEPCo Members in the KG&E Power Supply Area are satisfied by power which is not KG&E power and which has been transmitted by KG&E for KEPCo pursuant to the provisions of this Contract, KG&E sales of full or partial power requirements to KEPCo for its members pursuant to Paragraph 6(a) of the KG&E license conditions for WCGS 1 shall be correspondingly reduced as provided in Paragraph 4.25.

4.21 Modification of KEPCo's Specification of Power Sources. KEPCo may revise each of the amounts so specified in accordance with Paragraph 4.20 for the third and fourth Contract Years into the future by an amount not to exceed 5% of that specified the previous year for those same Contract Years provided that the revised specification does not violate a minimum or maximum requirement as set out elsewhere in this Contract. Further adjustments may only be made by mutual consent of both parties.

4.22 Estimated Use of KEPCo's Resources in Other Areas. KEPCo shall furnish KG&E with estimates of the KEPCo resources to be used in other Control Areas for each of the next five Contract Years into the future in order that such transactions may properly be considered in KG&E's transmission planning.

4.23 Scheduling and Dispatching. The various resources which are available to KEPCo within the constraints of this Contract shall be dispatched on an hour-by-hour basis to meet the hour-by-hour energy requirements of the

KEPCo Members in KG&E's Power Supply Area. Estimates of the hour-by-hour energy requirements shall be used for dispatching purposes and shall be developed using a procedure which is mutually agreeable to both parties. Until such time as KEPCo or an entity for and on behalf of KEPCo establishes a dispatch center and Control Area encompassing KG&E's Power Supply Area, KG&E agrees that it will, according to a schedule provided by KEPCo or its agent, schedule and dispatch on an hour-by-hour basis the following:

(a) Those resources which are available within the constraints of this Contract to meet the power and energy requirements of KEPCo Members in KG&E's Power Supply Area, and

(b) That portion of KEPCo's WCGS 1 entitlement to be used outside the KG&E Power Supply Area within the constraints of this Contract, and

(c) That portion of SPA power to be used outside the KG&E Power Supply Area within the constraints of this Contract.

(d) Emergency Support Service, Maintenance Support Service, and capacity and/or energy under other service schedules, as available and as needed.

(e) Other power transmitted by KG&E for KEPCo within the constraints of this Contract.

Such schedules shall be reasonable in regard to frequency of change in schedules, ability to change such schedules, and time of submittal to KG&E's dispatchers. KG&E shall perform any notifications as required for scheduling and dispatching purposes.

4.24 KEPCo's Estimated Hour-by-Hour Loads. KEPCo shall make sufficient measurements and/or calculations as may be reasonably required from time to time in order to estimate to the satisfaction of both parties KEPCo's hour-by-hour Total Energy Requirements Within the KG&E Power Supply Area as used for scheduling and dispatching purposes. In the event KG&E determines that such estimates are not reasonably accurate and that such consistent inaccuracies cause serious operating and/or economic problems to KG&E, KG&E shall so advise KEPCo. In the event such practices continue, appropriate cost adjustments shall be made.

4.25 Partial Requirements Capacity. KG&E agrees to sell and KEPCo agrees to purchase firm Partial Requirements Capacity for each Contract Year in an amount equal to the KEPCo Projected Total Demand Requirements minus Wolf Creek Capacity Used In The KG&E Power Supply Area minus SPA Capacity Used In The KG&E Power Supply Area minus Other Capacity Used In The KG&E Power Supply Area, all for said Contract Year. Parties agree that for each Contract Year Partial Requirements Capacity sales shall carry a maximum amount of Partial Requirements Energy equivalent to an annual load factor of sixty percent (60%) during the three years commencing with the date of commercial operation of WCGS 1, and fifty-five percent (55%) thereafter, with the price of such capacity and energy to be paid according to the appropriate service schedule. However, during the period prior to WCGS 1 commencing commercial operation there shall be no limitation with respect to load factor. Hour-by-hour changes in usage of Partial Requirements Energy shall be consistent with good operating practices and shall not place an unreasonable burden on the system of KG&E. The Partial Requirements Energy shall be used in the KG&E Power Supply Area and may be taken at any time needed by KEPCo during the Contract Year to meet its hour-by-hour load requirements. By October 1 of each year, KEPCo shall provide in writing to KG&E an estimate by months of the amount of Partial Requirements Energy KEPCo plans to take from its Partial Requirements Capacity purchase during the following two calendar years so that KG&E may adequately plan its fuel supplies.

4.26 Adjustments to Partial Requirements Capacity. In the event KEPCo's actual Total Demand Requirements in KG&E's Power Supply Area for a Contract Year exceeds the Projected Total Demand Requirements used in determining Partial Requirements Capacity, KEPCo will purchase from KG&E for the entire said Contract Year additional amounts of Partial Requirements Capacity. The amount of such additional Partial Requirements Capacity shall be equal to the difference between the actual Total Demand Requirements and the Projected Total Demand Requirements. In the event KG&E determines that such adjustments to Partial Requirements Capacity are due to gross inaccuracies in KEPCo's forecasting of the Total Demand Requirements of KEPCo Members in the KG&E Power Supply Area and that such consistent inaccuracies cause serious planning, operating, and/or economic problems to KG&E, KG&E shall so advise KEPCo. If such practices continue, appropriate cost adjustments shall be made.

4.27 Supplemental Energy Requirements. KEPCo will purchase and KG&E will sell Supplemental Energy Requirements which is equal to KEPCo's Total Energy Requirements within the KG&E Power Supply Area (a) minus the amount of energy from Wolf Creek Capacity Used In The KG&E Power Supply Area, (b) minus the amount of energy from SPA Capacity Used In The KG&E Power Supply Area, (c) minus the amount of energy from Other Capacity Used In The KG&E Power Supply Area, and (d) minus other amounts of energy obtained by KEPCo from sources other than KG&E and transmitted pursuant to Paragraph 4.34. Such Supplemental Energy Requirements shall be provided by KG&E under service schedules for Partial Requirements Capacity, Emergency Support Service and Maintenance Support Service, and other service schedules as may be implemented, and shall be paid for according to the appropriate service schedules.

4.28 Corrections to Adjust for Actual Energy Deliveries. Corrections will be made at the end of each billing period to adjust for the difference between KEPCo's actual Total Energy Requirements Within The KG&E Power Supply Area during the billing period and the amount of energy scheduled and dispatched during the billing period to meet such energy requirements. In the event the scheduled amount exceeds the total actual requirement for the billing period, KG&E agrees to return to KEPCo an equal amount of non-emergency energy during the next billing period, to be scheduled over a minimum period of one week, and if the total requirement exceeds the scheduled amount for the billing period KEPCo agrees to purchase the deficiency from KG&E.

4.29 WCGS 1 Energy Allocation. No less than forty-two percent (42%) of KEPCo's estimated hourly Total Energy Requirements Within the KG&E Power Supply Area shall be met each hour by KEPCo by use of its available energy from WCGS 1.

4.30 KEPCo's Total System Peak Responsibility. KEPCo's Total System Peak Responsibility for each Contract Year is the Projected Total Demand Requirements as defined in Paragraph 4.19 minus firm purchases used in the KG&E Power Supply Area.

4.31 KEPCo's Reserve Capacity Requirement. KEPCo shall, each Contract Year, maintain a reserve capacity margin at least equal (in percent) to the then applicable MOKAN Minimum Reserve Capacity Criteria. In the event KG&E's actual reserve capacity margin (in percent) is greater than the then applicable MOKAN Minimum Reserve Capacity Criteria, KEPCo shall maintain a reserve capacity

margin equal to KG&E's actual reserve capacity margin except that KEPCo shall not be required to maintain a reserve capacity margin (in percent) greater than five (5) percentage points above the then applicable MOKAN Minimum Reserve Capacity Criteria. For the purpose of calculating costs of the firm Partial Requirements Capacity, the above reserve capacity margin shall apply following the date of commercial operation of WCGS 1.

4.32 KG&E's Sale to KEPCo of Reserve Capacity. Until such time as KEPCo or an entity for and on behalf of KEPCo establishes a Control Area encompassing KG&E's Power Supply Area, KG&E will sell and KEPCo will purchase for each Contract Year (a) reserve capacity for KEPCo's WCGS 1 Capacity Entitlement which has been designated for use outside KG&E's Power Supply Area, and (b) reserve capacity for KEPCo's Total System Peak Responsibility. In calculating KEPCo's Reserve Capacity Requirements to be purchased hereunder, KEPCo's required reserve capacity margin shall be applied against KEPCo's Total System Peak Responsibility and against that amount of KEPCo's WCGS 1 Capacity Entitlement used outside KG&E's Power Supply Area. Such sale is for capacity only and does not carry with it any associated energy. Reserve Capacity Requirements cannot be satisfied by the purchase of Emergency Support Service or Maintenance Support Service.

4.33 Emergency and/or Maintenance Support Service. KG&E and KEPCo shall provide to the other Emergency Support Service and/or Maintenance Support Service if and when available from its power resources and from the power resources of others with whom KG&E or KEPCo is interconnected to the extent it can do so without impairing service to its other customers including other electric systems to which it has firm commitments. Such service shall be provided by each party to the extent required by the system in need, be furnished to the extent available from the supplying system's resources and from the resources of others with whom KG&E or KEPCo is interconnected, and paid for according to the appropriate service schedules.

4.34 Loss of WCGS 1. Upon KEPCo's request, KG&E shall transmit power purchased or otherwise obtained by KEPCo from outside KG&E's Control Area to replace the loss of power when WCGS 1 is derated or temporarily out of service and in an amount not to exceed the amount of capacity by which KEPCo's WCGS 1 Capacity Entitlement is temporarily reduced provided such transmission capacity is available to KG&E.

4.35 Pricing of Emergency and/or Maintenance Support Service When WCGS 1 is Curtailed. When the output of WCGS 1 is temporarily curtailed and KG&E is providing Emergency and/or Maintenance Support Service to KEPCo due to such change in WCGS 1 output, the pricing of such service to KEPCo during a given hour will be based on the following considerations:

- a) Each unit of energy provided by such service to KEPCo during that hour shall be considered to have been produced at a cost equal to KG&E's weighted average cost to produce and/or procure both the amount of said energy delivered to KEPCo and the amount of energy KG&E would otherwise have produced for its use from its portion of WCGS 1.
- b) KEPCo shall pay an installed generating capacity charge for such Emergency and/or Maintenance Support Service which KG&E produces from its own generation facilities. The amount of such charge shall be calculated on a daily basis and shall be based on the average of the three highest hourly usages of such service by KEPCo during that day with such average demand requirements being referred to herein as Capacity Megawatt-Days Chargeable To KEPCo. Such installed generating capacity charge shall be based on KG&E's investment in installed generating capacity excluding WCGS 1. Calculation of the Capacity Megawatt-Days Chargeable To KEPCo will be as set forth in Exhibit "D" attached hereto and incorporated herein.
- c) In consideration of KEPCo's purchase of Reserve Capacity from KG&E, the said purchase shall be converted to a total quantity of credits for Capacity Megawatt-Days (hereinafter referred to as Capacity Megawatt-Day Credits) during a Contract Year equal to 240 days times the amount of Reserve Capacity purchased (appropriately adjusted for the Contract Year during which WCGS 1 begins commercial operation). The said quantity of converted Capacity Megawatt-Day Credits may be utilized as a credit by KEPCo against the charges imposed under subparagraph (b) of this Paragraph throughout the Contract Year in such manner as KEPCo shall determine. Should KEPCo exhaust its Capacity Megawatt-Day Credits during a Contract Year, KEPCo may use any Capacity Megawatt-Day Credits earned but unused during the previous Contract Year.

d) Any references in this Paragraph 4.35 to amounts of energy and/or capacity refers to the aggregate amount for both Emergency and/or Maintenance Support Service. During any hourly period the said aggregate amount shall not exceed the amount by which KEPCo's portion of WCGS 1 capacity and entitlement has been reduced.

During the period of use of Emergency Support Service, KEPCo will use its other resources to the maximum extent possible. KEPCo shall not use Emergency and/or Maintenance Support Service to supply power to entities other than KEPCo members or other electric cooperatives in Kansas. The provisions of this Paragraph 4.35 shall apply only so long as KG&E sells Reserve Capacity to KEPCo in accordance with the provisions of Paragraph 4.32.

4.36 Operating Reserves. KG&E and KEPCo will maintain at all times those Operating Reserves, which include spinning reserves, ready reserves and regulating capacity, which are consistent with established industry practices and with the minimum Operating Reserve Criteria as established by SWPP. KG&E agrees to sell and KEPCo agrees to purchase according to the appropriate service schedules such Operating Reserves as may be required to satisfy KEPCo's Operating Reserves requirement. The parties agree that as power suppliers each will abide by the operating guides and recommendations as issued by the SWPP and by the North American Power Systems Interconnection Committee (NAPSIC).

4.37 Sale of KEPCo's Excess Energy. KEPCo may sell and KG&E may purchase those excess amounts of energy which may be available on an hour-by-hour basis from KEPCo's WCGS 1 entitlement, from SPA, or from Other Capacity Used in the KG&E Power Supply Area, provided it is economical and prudent from an operating point of view to do so.

4.38 Inadvertent Transfer of Energy. KG&E and KEPCo will establish practices relating to control of inadvertent transfer of energy between their interconnected systems, such practices to include holding of deviations from scheduled deliveries to a minimum and the manner and timing of scheduling compensating deliveries.

4.39 Automatic Load Relief Measures. KEPCo and KG&E will plan, install, and implement automatic load relief measures for system reliability. Such measures shall be in conformity with the then current recommendations of the SWPP and shall be coordinated. Each party shall certify to the other annually that its automatic load relief measures continue to be in such conformity.

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4.40 Power Factor (Heavy Load Conditions). Recognizing the planning and operating problems associated with delivery of reactive power under heavy load conditions, KEPCo and KG&E will maintain on their respective systems a power factor of .95 lagging or higher at each substation and Delivery Point during the period of maximum annual delivery or near maximum annual delivery. In the event such power factor is less than .93 lagging, as measured at each KEPCo Delivery Point at or near the period of maximum annual demand, the kilowatts of demand at said Delivery Point may be determined by KG&E by multiplying the measured kilowatts of maximum demand by .93 and dividing by the power factor at time of maximum delivery to said Delivery Point. In the event operating conditions are such that a higher power factor is needed in order to maintain satisfactory operations, the parties shall be required to maintain such higher power factor as specified by KG&E.

4.41 Power Factor (Light Load Conditions). Likewise, KEPCo and KG&E will coordinate and install automatic and manual controls for reactive power compensation devices which will cause the power factor on their respective systems to be near unity or such as to not place an unreasonable burden on the power system under light load conditions.

4.42 Power Factor Checks. Periodic power factor checks will be made, using accepted industry standards of measurements, at KG&E substations and KEPCo Delivery Points to determine whether the power factor requirements set forth in Paragraphs 4.40 and 4.41 are being met. In the event a deficiency is found as to such requirement, prompt corrective action will be taken to correct the deficiency. Individual exceptions to the conditions contained in Paragraphs 4.40 and 4.41 herein, can only be made by mutual agreement by both parties.

4.43 KEPCo Furnished Communications Facilities. KEPCo will furnish to KG&E those leased telephone circuits and other communications facilities which may be reasonably required in order to properly monitor the power flows on the KG&E - KEPCo Interconnection and Delivery Points and those required to reliably and efficiently schedule and dispatch the power to be transmitted under the terms of this Contract.

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ARTICLE V

SERVICE SCHEDULES AND CHARGES

5.1 Transmission Service Schedule. All transmission services performed by KG&E for KEPCo as specified by provision of this Contract will be paid for by KEPCo according to service schedules filed with the appropriate regulatory bodies.

5.2 Capacity and/or Energy Service Schedules. The purchase of electrical capacity and/or energy, as specified by provisions of this Contract, will be paid for according to service schedules filed with the appropriate regulatory bodies.

5.3 Service Schedules. Upon approval of each service schedule by the appropriate regulatory body, each such schedule, as changed from time to time, will be incorporated herein and made a part hereof. The rates, charges and other provisions contained in the service schedules are subject to amendment and change, and either party reserves the right, in accordance with law, to unilaterally seek amendments, changes, changes in the rates, and other provisions set forth therein, in accordance with law, from any state or federal regulatory body having jurisdiction thereof; provided that such amendments, changes, changes in rates and other provisions shall not be in conflict with the provisions of this Contract. Nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under these service schedules to unilaterally make application to the Federal Energy Regulatory Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission Rules and Regulations promulgated thereunder; provided that such changes shall not be in conflict with the provisions of this Contract.

5.4 Charges For Dispatching and Power and Energy Accounting. KEPCo shall be responsible for all costs incurred for scheduling, dispatching, coordination, metering and power and energy accounting. Upon KEPCo's request, KG&E will provide such additional services for which KEPCo agrees to pay to KG&E a monthly service charge based upon KG&E's cost of providing such service. KG&E will review its costs on a annual basis and will increase or decrease said service charges based upon the review. Nothing in this paragraph shall be construed to prevent KEPCo from providing such services on its own behalf.

5.5 Notification of a Proposed Change In Service Schedules. Each party will notify the other party of its intent to seek amendments or changes in service schedules, or increases or decreases in rates in service schedules not less than thirty days prior to filing therefore with the regulatory agency having jurisdiction thereof, and at that time the party giving notice will disclose its tentative proposed changes and preliminary data directly pertinent to such changes. Upon request of either party the parties may review and discuss such proposed changes and preliminary data at a mutually agreeable time during the thirty day period before the filing is made. It is further understood that after notice is given either party may change its proposed service schedule and data before or after filing without again making these procedures effective. Established legal and regulatory authority shall be applicable without regard to these provisions for notice and discussion.

ARTICLE VI

METERING

6.1 Metering Equipment. KG&E will install, operate and maintain metering equipment necessary to permit determination of the amounts of electric power and energy transmitted over the Delivery Points and the Interconnection Points at the locations described in Exhibits "A" and "B" hereof. The parties agree that additional metering devices shall be added at each Delivery Point in order to measure KEPCo's simultaneous power and energy requirements. It shall be the responsibility of KEPCo to pay to KG&E, on installation of such equipment, an amount equal to KG&E's cost to purchase and install that equipment. Selection of equipment to be installed shall be mutually agreed upon by the parties. KEPCo shall receive appropriate credit for payments made hereunder as contributions to construction, but said metering devices shall remain the property of KG&E.

6.2 Testing of Metering Equipment. Metering equipment shall be tested by the owner at intervals of not to exceed one year for Interconnection Points and three years for Delivery Points. The accuracy of registration shall be maintained in accordance with good practices. On request of either party, special tests shall be made. If any special meter test discloses the metering device to be registering outside acceptable limits of accuracy (2% above or below comparisons with calibrated standards for Delivery Points

and 1% above or below such comparisons for Interconnection Points), then the owner shall bear the expense thereof; otherwise, the expense of such test shall be borne by the party requesting such test. Representatives of both parties shall be afforded the opportunity to be present at all routine or special tests and upon occasions when any readings for purposes of settlements hereunder are taken.

6.3 Adjustments for Meter Inaccuracies. If any test discloses that inaccuracy is greater than said acceptable limits, the account between the parties hereto shall be adjusted to correct for the full percentage of inaccuracy. Such adjustment shall be made for a maximum period of thirty (30) days prior to the date of the test or to the period during which such inaccuracy may be determined to have existed, whichever period is the shorter. If any metering equipment at any time fails to register, or if the registration thereof be so erratic as to be meaningless, the power and energy delivered shall be determined from the best available data.

6.4 Records. In addition to meter records, KG&E and KEPCo shall keep such log sheets and other supplemental records as may be needed to afford a history of the amounts of power and energy involved in transactions hereunder. The originals of all of such meter records and other records shall be open to inspection by representatives of both parties.

6.5 Power and Energy Accounting. Based upon the operating records and the recorded coincidental hourly loads from KEPCo Delivery Points served from the KG&E system, KG&E shall furnish KEPCo monthly an accounting of KEPCo's capacity and energy receipts and entitlements.

- (a) KG&E shall provide such hourly information as KEPCo may reasonably request regarding the dispatch during the previous month of KEPCo's resources to meet KEPCo's loads in KG&E's Power Supply Area and to meet KEPCo's energy commitments outside KG&E's Power Supply Area.
- (b) KG&E will determine KEPCo's Total Demand Requirements and the associated time and date of same. In addition KG&E will provide a detailed accounting of KEPCo's capacity and energy usage.

ARTICLE VII

ACCOUNTING AND BILLING

7.1 Billing Period. For billing purposes, all meter readings shall be recorded at 2400 (12 midnight) on the last working day of each month, or as near thereto as practicable, and at such other times deemed necessary by the parties hereto. Copies of recordings, KWHR consumptions, and maximum KW demands shall be assembled for billing and record.

7.2 Bills. Bills will be calculated as soon as possible after the close of the month in which the operation occurred, and the bill will be paid to the appropriate party within fifteen (15) days after billing period.

7.3 Filing Fees. KEPCo shall reimburse KG&E for any and all filing fees which KG&E pays to governmental regulatory agencies and bodies with respect to the filing of this Contract and matters hereunder, excluding filing fees in connection with a unilateral change in rates.

7.4 Disputed Billing Amounts. In case any portion of any bill be in bona fide dispute, the undisputed amount shall be payable when due; and the disputed amount, if any, shall be paid promptly after determination of the correct amount.

ARTICLE VIII

FORCE MAJEURE and INDEMNIFICATION

8.1 Force Majeure. In case either party hereto should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon said parties by this Contract, by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, explosion, act of God or the public enemies, or any cause reasonably beyond its control and not attributable to its neglect; then, and in such case or cases, both parties shall be relieved of performance under this Contract and shall not be liable to

the other party for or on account of any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the party suffering such delay or prevention shall use due and practical diligence to remove the cause or causes thereof; and provided further, that neither party shall be required by the foregoing provisions to settle a strike except when, according to its own best judgment, such a settlement seems advisable.

8.2 Hold Harmless. Each party hereto expressly agrees to indemnify and save harmless and defend the other against all claims, demands, costs, or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electric capacity and energy on its own side of the point of ownership hereunder, unless such claim or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees; provided, however, that neither party hereby assumes responsibility for damage or injury to employees of the other party.

ARTICLE IX

ARBITRATION

9.1 Controversies. Any controversy between the parties to this Contract, except in respect of service schedules, shall be submitted to arbitration upon the request of either party in the manner provided herein.

9.2 Notice to Arbitrate. The party submitting a request for arbitration shall serve a Notice to Arbitrate upon the other party setting forth in detail the matter or matters to be arbitrated, including a statement of the fact or circumstances giving rise to such controversy and such party's contentions with respect to the correct determination thereof.

9.3 Selection of Arbitrator. If the parties are unable to agree upon and appoint, within 15 days of the date of service of the Notice to Arbitrate, one person to act as sole arbitrator, the parties, or either of them, shall within 10 days thereafter request the Chief Judge of the United States Court of Appeals for the Tenth Circuit (or such successor thereto as might have Federal appellate jurisdiction of matters arising in Coffey County, Kansas) to

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appoint such arbitrator. If the Chief Judge does not appoint an arbitrator within 15 days of the date such request is made of him, the parties, or either of them, shall, within the next 10 days thereafter, request the American Arbitration Association (or comparable organization) to appoint the arbitrator pursuant to its then existing rules.

9.4 Scope of Arbitration. Any arbitrator serving hereunder shall give full force and effect to all provisions of this Contract, shall hear evidence submitted by the respective parties, and may call for additional information, which additional information shall be furnished by the party having such information.

9.5 Findings and Award. The findings and award of the arbitrator shall be binding and conclusive with respect to the matter or matters submitted to arbitration, except as the same may be set aside, modified or corrected by any court in accordance with Kansas law.

9.6 Costs. The fees and expenses of the arbitrator shall be borne equally by the parties directly involved in such arbitration, unless the decision of the arbitrator shall specify some other apportionment of such fees and expenses. All other expenses and costs of the arbitration shall be borne by the party incurring the same.

ARTICLE X

MISCELLANEOUS

10.1 Filing With Regulatory Authorities. The provisions of this Contract, as they affect KG&E and KEPCo are subject to such regulatory authority of the Federal Energy Regulatory Commission and the State Corporation Commission of the State of Kansas as may exist, and this Contract will be filed with such Commissions.

10.2 Waivers. Any waiver at any time by any party hereto of its rights with respect to the other party with respect to any matter arising in connection with the Contract shall not be considered a waiver with respect to any subsequent default or matter.

10.3 Assigns and Successors. This Contract shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns, and shall

not be assignable by either party without the written consent of the other party except as to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure where substantially all such properties are acquired by such a successor.

10.4 Notifications. Any notice, demand or request required or authorized by this Contract shall be deemed properly given if mailed, postage prepaid, to President, Kansas Gas & Electric Company, P. O. Box 208, Wichita, Kansas 67201, and to Executive Vice President, Kansas Electric Power Cooperative, Inc., P. O. Box 4267, Gage Center Station, Topeka, Kansas 66604; or to such other person as may be designated by KG&E or by KEPCo. The designation of the person to be notified or the address of such person may be changed by KG&E or KEPCo at any time, or from time to time, by similar notice.

10.5 Authority of KEPCo to Act on Behalf of Members. As evidence that KEPCo is authorized and empowered by KEPCo Members in KG&E's Power Supply Area to negotiate and commit on their behalf in all matters relating to establishment, modification, and abandonment of Delivery Points, each such KEPCo Member shall so state by letter to KG&E.

10.6 REA Guaranty. The provisions of this Contract are conditioned upon issuance to KEPCo of a guaranty, to which KG&E and KCPL are or will be third party beneficiaries, by the Rural Electrification Administration sufficient to assure timely payment by KEPCo for its interest in Wolf Creek Generating Station and necessary transmission, transformation, certain fuel, fuel-processing and related obligations.

10.7 SPA Contract. KEPCo will take every reasonable and proper action to insure performance of the SPA contract referred to in Paragraph 1.4.

10.8 Capital Credits. No capital credits shall accrue to KG&E on account of payments under this Contract to KEPCo.

10.9 Cancellation of Existing Contracts. KG&E has certain existing agreements for electric service, each as amended from time to time, between KG&E and KEPCo Members in KG&E's Power Supply Area. Those agreements include the following:

- (1) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and The Butler Rural Electric Cooperative Association (Inc.), dated April 18, 1950;

- (2) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and The Caney Valley Electric Cooperative Association, Inc., dated April 18, 1950;
- (3) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and Coffey County Rural Electric Cooperative Association, Inc., dated January 27, 1970;
- (4) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and The Cooperative Electric Power and Light Company, Inc., dated February 15, 1955, and as ratified by United Electric Cooperative by Ratification Agreement dated November 18, 1975;
- (5) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and The Radiant Electric Cooperative, Inc., dated April 19, 1950;
- (6) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and The Sedgwick County Electric Cooperative Association, Inc., dated April 17, 1950;
- (7) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and The SEKAN Electric Cooperative Association, Inc., dated August 1, 1955; and
- (8) Agreement for Electric Service to Rural Electric Cooperative Associations Between Kansas Gas and Electric Company and Sumner-Cowley Electric Cooperative, Inc., dated April 18, 1950.

The parties hereto agree that as of the date of commencement of deliveries of electric power and energy hereunder, as set forth in Paragraph 2.2, those contracts set forth above, or any contracts which supersede those set forth above, which have been assigned to KEPCo by the individual RECs, shall be cancelled. If an individual REC determines not to assign its existing contracts to KEPCo, such contracts shall remain in effect, and electric service by KG&E to that REC shall not be affected by the provisions of this Contract.

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Subject to the provisions of this Paragraph, this Contract shall not impair any existing or future interconnection agreements by KG&E with one or more of KEPCo's constituent members.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized officers, and copies delivered to each party, as of the day and year first above stated.

KANSAS GAS AND ELECTRIC COMPANY

By _____
President

ATTEST:

Secretary

KANSAS ELECTRIC POWER COOPERATIVE

By _____
President

ATTEST:

Secretary

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Exhibit "D"

Calculation of "Capacity Megawatt-Days Chargeable To KEPCo"

Paragraph 4.35 of this Contract specifies certain considerations which shall be observed in the pricing and use of Emergency and/or Maintenance Support Service provided to KEPCo by KG&E upon curtailment of WCGS 1. The said considerations involve aspects of charging for energy [4.35(a)] and charging for generating capacity usage [4.35(b)].

In determining the charges for the energy associated with such service, in accordance with subparagraph 4.35(a), the following hourly values will be known:

$G(n)$ = the amount of energy in MWH produced by KG&E during hour "n" ($n = 1, 24$) for use by KG&E and KEPCo as set forth in Paragraph 4.35(a).

$P(n)$ = the amount of energy in MWH procured by KG&E for such use during hour "n".

$R(n)$ = the total amount of the energy in MWH produced and procured by KG&E for such use during hour "n". $G(n) + P(n) = R(n)$.

$A(n)$ = that portion of $R(n)$ in MWH which is used by KEPCo.

$B(n)$ = that portion of $R(n)$ in MWH which is used by KG&E. $A(n) + B(n) = R(n)$.

x = the hour of the day for which the value $A(n)$ is the highest. ($n = 1, 24$)

y = the hour of the day for which the value $A(n)$ is the second highest. -

z = the hour of the day for which the value $A(n)$ is the third highest.

The charge to KEPCo for that day's generating capacity usage for such service shall be based on the amount of Capacity Megawatt-Days Chargeable to KEPCo (CMWD) which shall be determined as follows:

$$CMWD = \frac{\frac{A(x)}{R(x)} \times G(x) + \frac{A(y)}{R(y)} \times G(y) + \frac{A(z)}{R(z)} \times G(z)}{3}$$

AMENDMENT TO TRUST AGREEMENT

THIS AMENDMENT TO TRUST AGREEMENT is made as of 1979, between KANSAS GAS AND ELECTRIC COMPANY ("KG&E"), KANSAS CITY POWER & LIGHT COMPANY ("KCPL") and KANSAS ELECTRIC POWER COOPERATIVE, INC. ("KEPCo"), as Settlers, and THE PEOPLES NATIONAL BANK AND TRUST COMPANY (successor to The Peoples National Bank), Burlington, Kansas, as Trustee.

WHEREAS, under date of August 27, 1973, KG&E and KCPL, as Settlers, and the Trustee executed a certain Trust Agreement with respect to Wolf Creek Generating Station ("Wolf Creek Station") in Coffey County, Kansas, which Trust Agreement is filed of record in the Register's Office for Coffey County, Kansas in Book U Miscellaneous at page 184; and

WHEREAS, KEPCo has purchased from KG&E and KCPL an undivided ownership interest in Wolf Creek Station and KG&E, KCPL and KEPCo have agreed to own Wolf Creek Station as tenants in common, each with undivided ownership interest therein as herein provided.

NOW, THEREFORE, the Settlers and the Trustee, for and in consideration of the mutual covenants and agreements herein contained, agree as follows:

1. KG&E shall cause all lands and land rights acquired for the Site of Wolf Creek Station to be conveyed to the Trustee in trust hereunder.

2. The Trustee shall accept, hold and continue to hold the record legal title to all such lands and land rights received by it for the Site of Wolf Creek Station for the exclusive benefit of the Settlers as tenants in common, each with an undivided ownership interest therein as follows:

<u>Settlers</u>	<u>Ownership Shares</u>
KG&E	41.5%
KCPL	41.5%
KEPCo	17.0%

unless and until otherwise instructed in writing by the Settlers.

3. The Settlers shall at all times during the term hereof have the exclusive right to possession of any and all said lands and land rights held by the Trustee hereunder, provided that KG&E shall have the exclusive right to manage and control the use of any and all such lands and land rights (a) for the construction of the said Wolf Creek Station, and (b) for rental to others pending progress of construction of the said Wolf Creek Station. In pursuance thereof KG&E shall have the exclusive right to execute, as attorney and agent for the Trustee and the Settlers, such leases upon such terms and conditions as KG&E may deem necessary or appropriate.

4. KG&E shall pay all taxes, insurance premiums, and all other costs and expenses, including charges of the Trustee hereunder, necessary or incident to the acquisition and ownership of all lands and land rights held by the Trustee hereunder, and shall charge each other Settlor such portion thereof as shall equal such Settlor's Ownership Share. KG&E shall collect and be entitled to receive all rentals, profits and other income from all lands and land rights held by the Trustee hereunder and shall credit each other Settlor such portion thereof as shall equal such Settlor's Ownership Share.

5. Upon joint written request of the Settlers and unless otherwise specified therein by the Settlers, the Trustee shall convey all of the Trustee's right, title and interest in and to the lands and land rights held by the Trustee for Wolf Creek Station to the Settlers, by appropriate deed or other instrument as may be specified by the Settlers, conveying the same to the Settlers as tenants in common, each with undivided ownership interests therein as shall equal their respective Ownership Shares thereof.

6. The Trustee shall not be required to make any accounting hereunder except such accountings as the Trustee may be directed to make at any time or from time to time by written notice from the Settlers or from a court of competent jurisdiction. No bond, other than the Trustee's existing fiduciary bond coverage, shall be required of the Trustee hereunder.

7. The trust created hereunder may be revoked by the Settlers at any time and this Agreement and the trust shall terminate when all the lands and land rights held by the Trustee hereunder have been so conveyed by the Trustee to the Settlers, provided that if any such lands or land rights remain in trust hereunder on December 31, 1982, the same shall be so conveyed by the Trustee to the Settlers on such date.

IN WITNESS WHEREOF, the Settlers and the Trustee have caused these presents to be executed by their respective corporate officers the day and year first above written.

KANSAS GAS AND ELECTRIC COMPANY

By _____
President

ATTEST:

Secretary

KANSAS CITY POWER & LIGHT COMPANY

By _____
President

ATTEST:

Secretary

KANSAS ELECTRIC POWER COOPERATIVE,
INC.

By _____
President

ATTEST:

Secretary

ACCEPTED: this ____ day of _____, 1979:

THE PEOPLES NATIONAL BANK AND TRUST
COMPANY

By _____
President

ATTEST:

Cashier

TRUSTEE

STATE OF KANSAS)
)
COUNTY OF SEDGWICK) ss

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared RALPH P. FIEBACH, to me personally known, who, being by me duly sworn, did say that he is the President of KANSAS GAS AND ELECTRIC COMPANY, a Kansas corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said RALPH P. FIEBACH acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared ARTHUR J. DOYLE, to me personally known, who, being by me duly sworn, did say that he is the President of KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said ARTHUR J. DOYLE acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared CHARLES ROSS, to me personally known, who, being by me duly sworn, did say that he is the Executive Vice President of KANSAS ELECTRIC POWER COOPERATIVE, INC., a Kansas corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said CHARLES ROSS acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

STATE OF KANSAS)
)
COUNTY OF COFFEY) ss

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the President of The Peoples National Bank and Trust Company, a Kansas corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said _____ acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

WOLF CREEK GENERATING STATION
OWNERSHIP AGREEMENT

THIS OWNERSHIP AGREEMENT is made _____, 1979, by and among KANSAS GAS AND ELECTRIC COMPANY ("KG&E"), a Kansas corporation having its principal office at Wichita, Kansas; KANSAS CITY POWER & LIGHT COMPANY ("KCPL"), a Missouri corporation having its principal office at Kansas City, Missouri; and KANSAS ELECTRIC POWER COOPERATIVE, INC. ("KEPCo"), a Kansas corporation having its principal office at Topeka, Kansas.

RECITALS

0.1 KG&E and KCPL are engaged in the generation, transmission, distribution and sale of electricity and KEPCo intends to become the power supplier for its member electric cooperatives in Kansas. KG&E, KCPL and KEPCo intend to own, construct and operate an electric generating station in Coffey County, Kansas, known as the Wolf Creek Generating Station ("Wolf Creek Station"), consisting initially of (i) a site for operation of electric generating units (the "Site"); (ii) a nuclear-fueled electric generating unit of approximately 1150 MWe nominal capacity ("Unit #1"); and (iii) facilities which may be used in common for operation of Unit #1 and additional generating units that may be constructed at the Site in the future (the "Common Facilities"), all to be owned by them as tenants in common, each with undivided ownership interests therein as hereinafter provided.

0.2 KG&E and KCPL, with three other electric utilities (Northern States Power Company, Union Electric Company and Rochester Gas and Electric Corporation), are participants in a program for the design, construction and licensing of standardized nuclear power plants, known as "SNUPPS" or "Standardized Nuclear Unit Power Plant System."

0.3 KG&E has caused the acquisition by Peoples National Bank and Trust Company, Burlington, Kansas (the "Trustee"), as Trustee for KG&E and KCPL, of a parcel of land in Coffey County, Kansas, for the Site.

0.4 KG&E and KCPL have, upon application to the United States Nuclear Regulatory Commission (then the Atomic Energy Commission) received a Construction Permit dated May 17, 1977, authorizing the construction of Unit #1 at the Site, which unit will be substantially of a SNUPPS' design.

0.5 KG&E has made Applications dated February 20, 1968 (No. 14626), December 19, 1972 (No. 19882) and March 1, 1973 (No. 20275) to the Division of Water Resources of the Kansas Department of Agriculture for certificated authority for appropriations of waters from Wolf Creek and the Neosho River for operation of Wolf Creek Station. Also, KG&E and KCPL have obtained a Contract dated March 13, 1976, from the Kansas State Water Resources Board for water from the John Redmond Lake (Reservoir) on the Neosho River for operation of the Wolf Creek Station.

0.6 KG&E and KCPL, together and as participants in SNUPPS, have entered into numerous contracts relating to the design, licensing, construc-

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tion and equipping of Unit #1, together and as a common effort with other SNUPPS participants, including, without limitation, (i) a Contract dated February 9, 1973, with Bechtel as architect/engineer and project manager related to the design of the nuclear power block facilities for Unit #1; (ii) a Purchase Order dated _____ with Sargent and Lundy as architect/engineer and for design and engineering as related to the balance of plant facilities and Site for Unit #1; and (iii) a Contract dated February 8, 1977, with Daniel International, Inc., through its subsidiary Daniel Construction Company, as constructor and as agent for the Owners in the construction management of Unit #1.

0.7. Contemporaneously herewith, KG&E and KCPL have by General Assignment transferred and assigned to KEPCo individual undivided interests in all permits, contracts and other rights referred to in Sections 0.4, 0.5 and 0.6 hereof, and KEPCo has by a General Acceptance adopted and agreed to be bound by the provisions of all permits, contracts and other grants related to Unit #1 to the extent of its undivided interests therein as provided in Section 1.5 hereof.

0.8 This Ownership Agreement is executed for the purposes of (i) creating and confirming the nature and extent of the respective ownership interests of KG&E, KCPL and KEPCo in the Wolf Creek Station; and (ii) imposing certain covenants and obligations running with the rights, titles and interests of KG&E, KCPL and KEPCo in and to Wolf Creek Station, which covenants and obligations are intended to inure to the benefit of and be binding upon KG&E, KCPL and KEPCo, and any and all persons whomsoever having or claiming any right, title or interest therein by, from, through or under KG&E, KCPL or KEPCo.

NOW, THEREFORE, KG&E, KCPL and KEPCo, each for itself, its successors and assigns, and for the benefit of the other, its successors and assigns, hereby covenant and agree as follows:

ARTICLE I

Creation and Adjustment of Ownership Interests

1.1 Definition of Wolf Creek Station. As used herein, the term "Wolf Creek Station" means and consists of:

(a) the lands and land rights described in Exhibit A hereof, together with all additional lands and land rights as may hereafter be acquired therefor as provided in this Section (the "Site");

(b) all site improvements and facilities at the Site (exclusive of Unit #1 as provided in Subsection (c) hereof, and exclusive of any Additional Unit as provided in Subsection (d) hereof), which are designed for joint utilization in the operation of Unit #1 and any Additional Unit or Units as may be appropriate for common use, including, without limitation, dams, cooling lakes, dam permits, water rights, water intake and discharge facilities, roads, railroad facilities, materials and supplies, control facilities, shop facilities, switchyard and substation equipment (excluding transmission line

terminations), elevators, cranes, laboratory equipment, office facilities, fuel handling facilities, together with any governmental applications, permits, appropriations, approvals and authorizations obtained in connection therewith (the "Common Facilities");

(c) Unit #1 (including all facilities and property, together with all nuclear fuel and all contracts and inventories for nuclear fuel associated with Unit #1) to be constructed and installed as contemplated in Sections 0.2, 0.4, 0.5 and 0.6 hereof; provided such facilities and property are for the exclusive use and operation of Unit #1;

(d) any Additional Unit constructed at the Site, including all facilities and property, together with all fuel and all fuel contracts and fuel inventories for such Additional Unit constructed at the Site, provided such facilities and property are for the exclusive use and operation of such Additional Unit;

provided that the same shall have been acquired, constructed or installed for joint or common use as a portion of Wolf Creek Station and owned by the Owners as tenants in common under the provisions of this Ownership Agreement.

1.2 Trustee's Deed. KG&E, KCPL and KEPCo shall cause the Trustee to execute a Trustee's Deed conveying Wolf Creek Station, including the Site with all improvements thereon, to themselves and their successors and assigns, as tenants in common, subject to the provisions of this Ownership Agreement.

1.3 Recordations. Executed counterparts of (i) this Ownership Agreement, and (ii) the Trustee's Deed referred to in Section 1.2, shall be filed of record and recorded in the offices of the Recorder of Deeds for Coffey County, Kansas, in the order of precedence herein stated.

1.4 Initial Jointly Owned Facilities. Upon recordation of such instruments as provided for in Section 1.3, KCPL and KEPCo shall complete initial construction of Wolf Creek Station, including Unit #1, and all other facilities as contemplated by the Contracts referred to in Section 0.6, for their common use at Wolf Creek Station under the provisions of Section 1.1 hereof. All costs incurred in connection therewith shall be borne and paid by KG&E, KCPL and KEPCo, with funds to be provided individually by them, in proportion to their Ownership Shares as stated in Section 1.5 hereof.

1.5 Ownership Shares. KG&E, KCPL and KEPCo shall, by the Trustee's Deed, take and receive title to and thereafter own Wolf Creek Station as tenants in common, each with undivided ownership interests therein as follows:

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<u>Class of Property</u>	<u>Ownership Interests</u>		
	<u>KG&E</u>	<u>KCPL</u>	<u>KEPCo</u>
Site (a acquisition cost)	41.5%	41.5%	17.0%
Common Facilities (including site improvements)	41.5%	41.5%	17.0%
Wolf Creek Unit #1	41.5%	41.5%	17.0%

Each of such undivided ownership interests shall be subject to adjustment from time to time as provided for in Section 1.6, 1.8, 4.4 and 8.1. Such undivided percentage interests in all or portions of Wolf Creek Station are herein called "Ownership Shares." The rights, titles and interests of KG&E, KCPL and KEPCo in and to Wolf Creek Station and any and all portions hereof, as the same may exist from time to time, shall be as provided for under this Ownership Agreement, and the covenants and obligations herein shall inure to the benefit of, and shall be binding upon, their successors and assigns.

1.6 Owners. KG&E, KCPL and KEPCo each shall have the right to and may cause an adjustment of its respective Ownership Share in Wolf Creek Station (or any portion thereof as provided herein) by transfer, under Section 5.3 or 5.4, of portions of such Ownership Share pursuant to this Ownership Agreement, subject, however, to the receipt and filing of (i) a Supplemental Agreement hereto reflecting such adjustment and (ii) appropriate releases of any encumbrances thereon and compliance with the provisions of any security agreement related thereto, as contemplated in Section 5.2 hereof. Any party owning an Ownership Share in all or any portion of Wolf Creek Station is herein called an "Owner" thereof, and all such parties are herein called the "Owners."

1.7 Common Facilities. Wolf Creek Station has been designed to accommodate additional generating units on the Site ("Additional Units") with joint utilization of those facilities as may be appropriate for common use, including, without limitation, all facilities defined as Common Facilities.

1.8 Additional Units. Any Owner or Owners having in the aggregate more than fifty percent (50%) of the total Ownership Shares in Unit #1 shall have the continuing right to determine, from time to time and at any time, whether an Additional Unit will be constructed on the Site and, if so, the type of electric generating unit to be constructed, the scheduled date for completion thereof and those electric systems which will be invited to participate in ownership thereof; provided, however, that in the event such Owner or Owners having said majority of Ownership Shares in Unit #1 determine to construct such Additional Unit, then and in such event each Owner having an Ownership Share in Unit #1 shall have the right, at its own election, to participate in the ownership of such Additional Unit with an undivided percentage interest therein up to, but not in excess of, its then Ownership Share in Unit #1, except by mutual agreement of all Owners of the total Ownership Shares in Unit #1. The agreed Owners of an Additional Unit shall have the right, upon terms and conditions mutually agreeable to each of them, to cause or permit (i) the construction and operation of such Additional

Unit and all facilities related thereto on the Site, and (ii) the relocation or modification of any of the facilities and property then included in Wolf Creek Station and any solely owned facilities then located on the Site as provided in Article II, for construction and operation of any such Additional Unit and its related facilities; provided (a) that such construction and operation will not unreasonably interfere with or materially impair the use of the facilities and property then included in Wolf Creek Station or otherwise located on the Site, (b) that any agreed adjustment of the Ownership Shares in the Common Facilities and the Site will be reflected as capital transactions, subject to compliance with the applicable provisions of any related security agreement contemplated in Section 5.2 hereof, and (c) that all other costs thereof, including any such relocation or modification costs, are borne by the Owners of such Additional Unit. The proportional adjustments to be made in such undivided Ownership Shares in the Common Facilities and the Site shall be made prior to commencement of construction of any Additional Unit and shall be reflected by purchases and sales (at the depreciated original cost thereof to the selling Owner, including all gross allowances for funds used during construction properly recorded on the books of such seller) of such portions thereof as will adjust the Ownership Shares of the Common Facilities and the Site of all Owners of Wolf Creek Station, including the Owners of such Additional Unit, in proportion to their ownership interests in the total gross capacity, as related to the initial net accredited capacity, of all Units including the nominal gross capacity of the Additional Unit to be constructed. It is intended that the Common Facilities for Unit #1 will not include any of the facilities that are exclusively for any Additional Unit at Wolf Creek Station. For the purpose of calculating any revision of the weighted percentage Ownership Shares of the Owners in the Common Facilities, the allocation of Common Facilities among Units shall be made on the basis of the relation of any Common Facility to a particular Unit or Units as agreed among the Owners. Common Facilities that have no relation to a particular Unit will not be allocated to the Owners of such Unit based upon their Ownership Shares therein. For the purposes of allocating Common Facilities, all Ownership Shares and ownership interest calculations based on capacity shall be made using "nominal gross capacity".

ARTICLE II

Easements for Interconnection Facilities

2.1 Interconnection Facilities. Each Owner shall have the right to install, own, operate, and maintain, at its own costs and expense, at, on, along, over, under and across the Site such facilities as are reasonably required (i) to enable it to deliver to its own system the electric power and energy which it is entitled to receive from any Unit at Wolf Creek Station, (ii) to establish interconnections between its system and the systems of others, and (iii) to connect separated portions of its own system facilities, provided that such solely owned facilities shall be so installed, operated and maintained as not unreasonably to interfere with or materially impair the use of any then existing facilities located on the Site or the ultimate full utilization thereof.

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2.2 Relocations and Modifications. In the event an Owner proposes to install and operate any such solely owned facilities hereunder which would require the relocation or modification of any then existing facilities located on the Site but would otherwise meet the requirements of this Agreement, such Owner shall have the right to cause such relocation or modification, provided it bears the cost thereof.

2.3 Personal Property. All solely owned facilities, including transmission lines and terminations, installed pursuant to the provisions of this Article shall be and remain the sole property of the Owner installing them; shall not be a portion of Wolf Creek Station under Section 1.1 hereof; shall, where practicable, be identified by distinctive marking as the property of such Owner, and shall be deemed and considered to be personal property in which such Owner has reserved the right to remove the same at any time.

2.4 Exclusive Right, Title and Interest. No provision hereof shall give to any other Owner or anyone claiming by, from, through or under such other Owner any right, title or interest in any such solely owned facilities permitted by Section 2.1 hereof.

ARTICLE III

Management and Operation of Wolf Creek Station

3.1 Common Facilities Committee. Except as provided in Subsection 3.7(c) hereof, all policies relating to the management and operation of the Common Facilities and the Site shall be determined by a Common Facilities Committee consisting of two representatives of each Owner thereof. The chief executive officer of each such Owner shall designate, from time to time, its two representative members to serve on the Common Facilities Committee, at least one of whom shall be a corporate officer of such Owner. Such designation shall be by written notice to the other Owners thereof. Such management and operation of the Common Facilities and the Site shall be consistent with the provisions of this Ownership Agreement.

3.2 Management Committee. Except as provided in Subsection 3.7(c) hereof, all policies relating to the management and operation of any Unit (including fuel for such Unit) shall be determined by a Management Committee therefor consisting of two representatives of each Owner thereof. An Owner's representative members on the Common Facilities Committee shall serve as its representative members on such Management Committee. Such management and operation of each Unit shall be consistent with the provisions of this Ownership Agreement.

3.3 Committee Action. Each Owner shall have a vote on each such Committee equal to its undivided Ownership Shares in the property to be managed by such Committee. Actions by any Committee shall require a majority vote of the undivided Ownership Shares except as stated in Section 3.5(a). No Committee shall have authority to modify any provision of this Ownership Agreement.

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3.4 Property Additions and Retirements.

(a) The Common Facilities Committee and each Management Committee shall cause to be made such significant property additions to and retirements from the facilities and property constituting the Site, the Common Facilities and each Unit, respectively, as may, from time to time, be deemed by such Committee to be necessary or desirable.

(b) Each Owner of the Site, the Common Facilities or any Unit shall pay for the cost of any such property addition thereto in the same percentage as its Ownership Share therein, and the rights, titles and interests of any Owner in and to any such property addition shall be proportionate to its Ownership Share therein.

(c) Upon removal or retirement of any facilities or property included in any portion of Wolf Creek Station and subject to compliance with the applicable provisions of any related security agreement contemplated in Section 5.2 hereof, the Owners thereof may, at their option and notwithstanding the provisions of Section 5.1 hereof, (i) divide or partition such removed or retired facilities or property, or (ii) sell or otherwise dispose of such removed or retired facilities or property and distribute the proceeds thereof to or for the account of each Owner thereof in accordance with its Ownership Share therein.

3.5 Destruction; Damage or Condemnation.

(a) If more than half of Wolf Creek Station or any Unit should be destroyed, damaged or condemned, the Owners thereof by unanimous agreement may elect to repair, restore or reconstruct the damaged, destroyed or condemned facilities in such manner as such Owners may then mutually agree. In the event of such election, it shall be the obligation of such Owners to pay for the costs thereof in accordance with their respective Ownership Shares therein, and, upon completion thereof, such Owners' rights, titles and interests therein shall be as provided under this Ownership Agreement.

(b) In the event such Owners fail to agree as provided in Subsection (a) above, a majority interest of the Ownership Shares in any such Unit may elect in writing to repair, restore or reconstruct the damaged, destroyed, or condemned facilities and the Owners of such majority interest shall thereupon have the right to purchase the minority Ownership Shares in such Unit, together with the related proportionate Ownership Shares of the minority interest in the Common Facilities and Site at a cost not to exceed the salvage or remaining value thereof.

(c) In the event that such Owners do not proceed as provided in Subsection (a) or (b) above, such failure shall be deemed to be an election not to repair, restore or reconstruct the damaged, destroyed or condemned facilities, in which event the proceeds from

any condemnation award shall be distributed to or for the account of such Owners in accordance with their respective Ownership Shares therein, and the remaining facilities shall be disposed of by such Owners in a manner as may then be mutually agreed by them and the proceeds therefrom shall be distributed to or for the account of such Owners in accordance with their Ownership Shares therein, all subject to the liens of any encumbrance and the provisions of any related security agreement contemplated in Section 5.2 hereof.

(d) In the event that less than half of any Unit shall be damaged, destroyed or condemned, then it shall be the obligation of the Owners thereof to repair, restore or reconstruct the damaged, destroyed, or condemned facilities and to pay for the same as provided under Subsection (a).

3.6 Requirements of Mortgage Indentures. Each Owner may take such action in regard to its Ownership Share in any portion of Wolf Creek Station (including any fuel) as may be necessary to comply with any provision (i) of any existing deed of trust, mortgage indenture or other security agreement of such Owner, or (ii) which, with respect to any future deed of trust, mortgage indenture or other security agreement of such Owner, is or would be required to qualify a trust indenture under the Trust Indenture Act of 1939, as amended (15 U.S.C. 77aaa et seq.) and the General Rules and Regulations thereunder (17 C.F.R. 260), including, without limitation, provisions relating to standards of maintenance, absence of liens, payment of taxes and governmental charges, compliance with governmental regulations, insurance coverage, and the like; provided that any such action by one Owner shall not effect a default by another Owner under the provisions of any then existing security agreement of the other Owner. The Common Facilities Committee or the appropriate Management Committee shall take such action relating to the operation and maintenance of the Common Facilities or any Unit as any Owner of an Ownership Share therein shall advise, in writing, is necessary for such Owner to comply with the provisions of any such existing or future deed of trust, mortgage indenture or security agreement to which it is a party and the costs therefor shall, unless otherwise provided in the applicable Operating Agreement, be borne by the Owners of such portion of Wolf Creek Station in proportion to their Ownership Shares therein.

3.7 Operating Agent.

(a) Each Owner of the Site, Common Facilities and each Unit hereby authorizes KG&E to act as its agent to perform, as an Operating Agent, through KG&E's own employees, agents, servants and contractors, all functions as may be required for the actual operation and maintenance of the Site, Common Facilities and each Unit, including fuel therefor, subject, however, to the policies established by the Common Facilities Committee and the Management Committee for each Unit, respectively; provided, however, that KG&E shall not be liable to any other Owner for any loss, cost, damage or expense incurred by such Owner as a result of any action or failure to act by KG&E, as Operating Agent, in respect to its operation and maintenance of the Site, Common Facilities or

Unit, unless KG&E's action or failure to act was not in good faith and was prejudicial to such Owner for the benefit of KG&E.

(b) The Operating Agent shall have full power and authority to act in all matters related to the operation and maintenance of the Site, Common Facilities and each Unit (including fuel therefor) and shall be required to secure appropriate Committee approval with respect only to those policy matters which are clearly beyond the normal course of operation or maintenance.

(c) Notwithstanding any other provision of this Agreement, the Operating Agent shall perform any and all actions duly required by the Nuclear Regulatory Commission or any other regulatory body having jurisdiction over the operation and maintenance of Wolf Creek Station.

(d) Upon written notice to KG&E, the other Owner with the greatest percentage ownership interest in the Site may, at its option, forthwith become, and assume the duties of, Operating Agent hereunder in the stead of KG&E if at such time (i) KG&E has been finally adjudged a bankrupt, or KG&E's Ownership Share in Wolf Creek Station has been seized and is held by any governmental authority having jurisdiction provided that KG&E shall be reinstated upon final termination of the proceedings and it recovers its Ownership Share in Wolf Creek Station, and (ii) such other Owner is not bankrupt and its Ownership Share in Wolf Creek Station has not been seized by any governmental authority.

(e) Contracts covering design, engineering, procurement, construction and installation services and major components of Units and all other contracts relating to procurement, operation and maintenance, including contracts for the acquisition of materials, inventories, supplies, spare parts, equipment, fuel or services therefor, may be executed solely by the Operating Agent or at its request shall be executed by each Owner. Whether or not a contract is entered into in the name of all Owners, each Owner shall be severally and not jointly responsible for its percentage of the amounts which are payable thereunder and all performance with respect to such contracts in proportion to its Ownership share therein. The Operating Agent is expressly authorized to execute all contracts as agent on behalf of each of the Owners. Each contract entered into in the name of all Owners shall provide for several, but not joint, liability in proportion to each Owner's respective percentage Ownership Share therein, and at the Operating Agent's determination, may provide for separate invoicing to each Owner in accordance with its respective percentage Ownership Share thereof.

3.8 Operating Agreements. The Owners of the Common Facilities and the Owners of each Unit shall, by and through agreements among themselves, enter into Operating Agreements for the purpose of establishing with respect thereto more detailed provisions and procedures to implement the provisions of this Ownership Agreement. If an Owner of any portion of Wolf Creek Station shall transfer, under the provisions of Section 5.3 or 5.4, all or any portion of its Ownership Share therein, such Owner shall assign, and shall cause

such transferee to assume, the related portion of its rights and obligations under the Operating Agreement applicable thereto. No assignment of any rights or obligations under an Operating Agreement shall be made except in connection with a transfer of an Ownership Share hereunder. In any instance of conflict between this Ownership Agreement and any other contract or agreement, including any Operating Agreement, the provisions hereof shall take precedence and shall govern.

ARTICLE IV

Capacity and Energy Entitlement and Financial Obligations

4.1 Capacity Entitlement. Subject to the provisions of Section 4.4, each Owner shall be entitled at all times to the then effective maximum operable capability of a Unit (as then permitted by law) in proportion to its Ownership Share in such Unit at such time, and it hereby waives any and all right to any capacity in excess of such pro rata capability.

4.2 Energy Entitlement. Subject to the provisions of Section 4.4, each Owner of a Unit, at all times, (a) shall be entitled to schedule and have the right to receive energy from such Unit at a rate not in excess of that portion of the then maximum operable capability of such Unit (but not in excess of that then permitted by law), and (b) if requested by any other Owner, shall schedule energy from such Unit at a rate not less than that portion of the minimum operable capability of such Unit (but not less than that permitted by law), which is proportional to its Ownership Share in such Unit at such time, each as measured on the basis of net output on the generator side of the step-up substation bus for such Unit.

4.3 Financial Obligations. Each Owner shall at all times pay

(a) a share corresponding to its then Ownership Share in the Site of all expenditures for the lands and land rights described in Exhibit A hereto, together with all additional lands and land rights as may hereafter be acquired therefor;

(b) a share corresponding to its then Ownership Share in Common Facilities of all expenditures for construction, operation and maintenance of Common Facilities and for renewals, replacements, additions and retirements in respect thereof;

(c) a share corresponding to its then Ownership Share in each Unit of all expenditures (other than those in respect to Common Facilities) for construction, operation and maintenance (excluding variable costs, including those associated with fuel use, as provided in the applicable Operating Agreement) of such Unit and for renewals, replacements, additions and retirements in respect thereof;

(d) a share of all expenditures in respect to fuel used (and other variable generating costs as provided in the applicable Operating Agreement) for each Unit corresponding to the ratio of

the energy taken by it from such Unit to the total energy taken by the Owners of such Unit, as provided in the applicable Operating Agreement; and

(e) a share of all costs and expenses, including any current funding required to discharge the burden of wastes and waste fuel management, including storage, transportation, risk and liability upon and as part of decommissioning expense for each Unit in accordance with the applicable Operating Agreement in effect.

For the purposes of this Section, expenditures shall not be deemed to include (i) interest charges on borrowed funds, income taxes, and property, business and occupation taxes of each Owner, which shall be borne entirely by such Owner, and (ii) depreciation, amortization and allowances for funds used during construction.

4.4 Default.

(a) If prior to the date of commercial operation of Unit #1 or any Additional Unit an Owner thereof shall (a) be in default of any obligation hereunder for a period of 10 days or more after notice thereof by any other Owner, or (b) fail or be unable, for any reason whatsoever, to make any payment within 30 days of the date due for or on account of the construction of Wolf Creek Station, or (c) shall admit in writing its inability to pay its debts generally as they become due or shall file a petition in voluntary bankruptcy or shall make a general assignment for the benefit of its creditors, or shall consent to the appointment of a receiver for the whole or any part of its utility assets; or shall be adjudicated a bankrupt or insolvent; or an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without such Owner's consent, a receiver for the whole or any substantial part of its assets and such adjudication order, judgment or decree shall not be vacated or set aside or stayed within 90 days after the entry thereof, or (d) be in default under any mortgage, deed of trust, or other instrument under which a lien or other security interest has been granted or will be acquired in such Owner's ownership interests in Wolf Creek Station, then such Owner shall be deemed to be in default hereunder and the nondefaulting Owner or Owners thereof may, by written notice to the defaulting Owner, but without relieving any defaulting Owner of its liability for the default, (i) agree to complete or cause the completion of construction of the Unit without additional payments by the defaulting Owner and (ii) limit the defaulting Owner's ownership interests in the Unit, Site and Common Facilities at Wolf Creek Station to those percentages thereof as are equal to the ratio of the payments theretofore made by the defaulting Owner to the total construction expenditures of the Owners therefor, exclusive of any allowance for funds used during construction, in which event the defaulting Owner's ownership interests in the Unit, Site and Common Facilities at Wolf Creek Station shall reduce automatically and concurrently as and to the extent that additional construction expenditures (exclusive of any allowance for funds used during construction) are paid by or for the account of the nondefaulting Owner or Owners for completion

thereof; provided, however, that upon completion thereof the defaulting Owner shall remain subject to the provisions of Sections 4.1, 4.2, 4.3 and 4.4 hereof with respect to its reduced Ownership Share therein. In any such event, the respective ownership interests of the Owners in the Unit, Site and Common Facilities at Wolf Creek Station shall adjust automatically and proportionately to reflect the defaulting Owner's decreasing ownership interests therein and the nondefaulting Owners' increasing ownership interests as and to the extent that additional construction expenditures are made or caused to be made by each nondefaulting Owner for completion thereof.

(b) If subsequent to the date of commercial operation of Unit #1 or any Additional Unit an event of default by any Owner occurs in the payment of all or any part of its share of any expenditures as provided in Section 4.3, such Owner shall not be entitled to schedule or receive any energy from any such Unit during the continuance thereof if such default is not cured within five (5) days after delivery of written notice of such default by any other Owner; and during the remaining period of any such default the nondefaulting Owners of each Unit in which such Owner has an Ownership Share therein shall be entitled (without relieving the defaulting Owner of its liability for the default) to schedule and receive all the energy capable of being produced by such Unit (including the capacity entitlement of the defaulting Owner) in proportion to their respective Ownership Shares therein. Further, if any Owner defaults in its obligation to pay its proportionate share of capital additions, betterments or improvements, then the Ownership Shares of such defaulting Owner in any appropriate Unit and/or Common Facilities shall be subject to automatic reduction as specified and provided in Section 4.4(a).

(c) Nothing in Sections 4.4(a) or 4.4(b) is intended to relieve, or shall relieve, a defaulting Owner of its liability for the default, and the exercise by the nondefaulting Owner or Owners of any rights provided for in this Section 4.4 (including rights which reduce the Ownership Shares of the defaulting Owner or permit the nondefaulting Owner or Owners to use the capacity entitlement of the defaulting Owner) shall be considered in mitigation of damages due the nondefaulting Owner or Owners for which the defaulting Owner shall be and remain liable until paid, together with interest thereon at a rate equal to 125 percent of each nondefaulting Owner's gross rate of accrual of (i) an allowance for funds used during construction (AFDC), (ii) interest during construction (IDC), or (iii) other similar cost components regularly used by such nondefaulting Owner, each as applicable during such periods.

4.5 Interchange. Except as otherwise provided in Section 4.4, the capacity entitlement of Owner shall not be available or use by another Owner unless the entitled Owner desires to sell and the other Owner desires to buy any excess capacity entitlement of the selling Owner. Any such sale shall be in accordance with applicable service schedules for interchange transactions between such Owners as may be in effect from time to time and on file with the Federal Energy Regulatory Commission.

ARTICLE V

Partition - Encumbrance - Transfer

5.1 Partition. The Owners and their successors and assigns hereby waive their respective rights with respect to the partition of Wolf Creek Station and any portion thereof for a period of time ending with the abandonment of the use thereof for the generation, transmission or distribution of electricity. No Owner of any Ownership Share in Wolf Creek Station or any portion thereof shall take or resort to any action (including, without limitation, any court proceeding at law or in equity) for the purpose of or which might result in a partition of Wolf Creek Station or any portion thereof (including without limitation, the Site, Common Facilities, any Unit and all additions and improvements thereto and replacements thereof). Each such Owner, for itself and its successors and assigns, hereby releases all partition rights in respect thereof, whether now existing or hereafter accruing, whether under common law or statute, and whether in kind or otherwise, and each such Owner thereof shall from time to time, upon written request by any other Owner of an Ownership Share therein, execute and deliver such further instruments as may be necessary or appropriate to confirm the foregoing waiver and release of partition rights.

5.2 Encumbrance. Each Owner and its successors and assigns, of Wolf Creek Station or any portion thereof shall have the right to and may encumber its Ownership Share therein (subject to the provisions of this Ownership Agreement) by any deed of trust, mortgage indenture or other security agreement, whether now existing or hereafter created as security for its present or future bonds or other obligations or securities, without the prior consent of any other Owner, and any trustee or secured party thereunder, when acting pursuant to the provisions thereof, shall have the benefit of, and may require and enforce performance of, the covenants and obligations herein and may exercise all rights and powers of such Owner under this Ownership Agreement and the applicable Operating Agreement as the same may then be in effect.

5.3 Transfer. No Owner of Wolf Creek Station or any portion thereof shall have the right, without the prior written consent of all other Owners of such portion of Wolf Creek Station, to sell, transfer, or assign any right, title or interest in, or create any lien or encumbrance on, all or any part of the facilities and property represented by its Ownership Share therein, except that no consent shall be required for an Owner (i) to encumber such Ownership Share as provided in Section 5.2, or (ii) to transfer such Ownership Share to another corporation (whether or not affiliated with such Owner) together with all or substantially all of its other utility property, whether by sale or pursuant to or as a result of a merger, consolidation, liquidation or corporate reorganization, provided that such corporation by written agreement or by operation of law assumes the obligations hereunder of the Owner transferring such Ownership Share, or (iii) to transfer such Ownership Share or any portion thereof pursuant to the provisions of Section 5.4 hereof.

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5.4 Right of First Refusal.

(a) Except with respect to transfers permitted under Section 5.3, should any Owner desire to sell, transfer, assign, convey or otherwise dispose of its Ownership Share or any part thereof in Wolf Creek Station or any portion thereof (the "Transfer Share") to any other entity or agency whatsoever including any other Owner of an Ownership Share therein (the "Proposed Transferee"), the other Owners of Ownership Shares therein (the "Remaining Owners") shall have rights of first refusal, as provided in this Section, to purchase such Transfer Share, and such Owner shall not dispose of such Transfer Share except as provided in this Section.

(b) At least one year prior to its intended date to so dispose of its Transfer Share, and after receipt by it of a bona fide written offer, which it desires to accept, from the Proposed Transferee (who shall be a buyer ready, willing and able to purchase the Transfer Share upon expiration of the notice periods specified in this Section), the Owner desiring to dispose of its Transfer Share shall serve a written Notice of Intent to Transfer upon the Remaining Owners. Such Notice shall contain the approximate proposed date of disposition of such Transfer Share, the terms and conditions of said bona fide written offer received by such Owner from the Proposed Transferee, and the terms and conditions under which such Owner would sell such Transfer Share to the Remaining Owners (including, without limitation, the right to purchase for cash), which shall be at least as favorable to the Remaining Owners as the terms and conditions offered by the Proposed Transferee.

(c) Each Remaining Owner desiring to purchase all or any portion of such Transfer Share shall signify such desire by serving written Notice of Intent to Purchase upon the Owner desiring to dispose of such Transfer Share and the other Remaining Owners within One Hundred Twenty (120) days after receipt of Notice of Intent to Transfer under Subsection (b).

(d) If the Remaining Owners signify their intention under Subsection (c) to purchase in the aggregate more than the entire Transfer Share, then each such Remaining Owner shall have the right to purchase (i) a portion of the Transfer Share not in excess of the ratio of its Ownership Share to aggregate Ownership Shares of the Remaining Owners who have served a Notice of Intent to Purchase under Subsection (c), plus (ii) a similar proportionate share of the Transfer Share which other Remaining Owners elect not to purchase.

(e) If in their Notices of Intent to Purchase served under Subsection (c) the Remaining Owners should signify an intention to purchase less than the entire Transfer Share, the Remaining Owners shall have an additional sixty (60) days after receipt of the last Notice of Intent to Purchase under Subsection (c) to resignify their intention to purchase the entire Transfer Share in accordance with Subsection (d).

(f) If and when intention to purchase the entire Transfer Share has been signified by written Notices of Intent to Purchase from the Remaining Owners, disposal of such Transfer Share shall be effected by the Owner thereof to the Remaining Owners in accordance with their respective Notices of Intent to Purchase, subject to all required governmental regulatory approvals thereof, and release of any liens imposed thereon by or through the Owner thereof.

(g) If the Remaining Owners have failed to signify (by proper Notices of Intent to Purchase as provided hereunder) their intention to purchase the entire Transfer Share, the Owner thereof shall be free to dispose of such Transfer Share to the Proposed Transferee upon the terms and conditions stated in its bona fide written offer.

(h) Any disposition of a Transfer Share hereunder, whether to any Remaining Owner or Owners or to any Proposed Transferee, shall be made subject to all of the benefits and burdens of the covenants and obligations applicable thereto as provided in this Ownership Agreement. Any such Proposed Transferee shall upon receipt of transfer assume and agree, in writing, delivered to the other Owners thereof, to perform the provisions of this Ownership Agreement and the applicable Operating Agreements.

5.5 Environmental Control Financing. Insofar as may be appropriate or required for the issuance of tax-exempt environmental or pollution control financings pursuant to regulations by the Internal Revenue Service and the laws of the State of Kansas as the same may be amended from time to time, each of the Owners may individually sell, convey or grant estates in its undivided interests in such environmental or pollution control facilities and non-exclusive licenses, easements and rights-of-way over, across, through and under Wolf Creek Station for the purposes of locating and maintaining such facilities on Wolf Creek Station and providing such rights of access to such facilities as may be necessary for their inspection during the term of any such financing; provided, however, that no such conveyance, license, easement or right-of-way shall (i) grant or purport to grant any right to operate or remove any of the machinery, equipment, buildings, structures or facilities constituting a part of Wolf Creek Station, or (ii) unreasonably interfere with or materially impair the use of any then existing facilities located on the site. Each Owner will do all acts necessary to assure and perpetuate the ability of other Owners of Wolf Creek Station to cause to be issued tax exempt bonds for purpose of financing the pollution control installations at Wolf Creek Station.

ARTICLE VI

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Covenants and Obligations

6.1 Equitable Servitudes. The respective covenants and obligations of the Owners of Wolf Creek Station and any portion thereof under this Ownership Agreement are intended to be in the nature of equitable servitudes (not liens) which shall run with the respective rights, titles and interests of their

Ownership Shares therein, and be for the benefit of and be binding upon any and all persons whomsoever having or claiming any right, title or interest in or to Wolf Creek Station or any portion thereof by, from, through or under KG&E, KCPL or KEPCo or their successors or assigns.

6.2 Independent Covenants and Obligations. The covenants and obligations contained in this Ownership Agreement are to be deemed to be independent covenants, not dependent covenants, and the obligation of any Owner to keep and perform all of the covenants and obligations assumed by or imposed upon it hereunder is not conditioned upon the performance by any other Owner of all or any of the covenants and obligations to be kept and performed by it.

6.3 Several Obligations. The obligations and liabilities of the Owners are intended to be several and not joint or collective, and nothing herein contained shall be construed to create an association, joint venture, trust or partnership. Each Owner shall be individually responsible for the performance of its own obligations herein provided. No Owner shall have a right or power to bind any other Owner without its express written consent, except as expressly provided in this Ownership Agreement or the applicable Operating Agreement.

6.4 Liability. All risk, loss and damage arising out of the ownership, construction, operation, maintenance or decommissioning of any portion of Wolf Creek Station (including fuel) will be borne by the Owners thereof in proportion to the percentage ownership interest therein, portions of which may be insured at costs to be shared proportionately by them. If insured, the Owners thereof shall be named insureds as their respective interests may appear, with subrogation rights waived. If any Owner, by reason of joint liability, shall be called upon to make any payment or incur any obligation in excess of its proportionate Ownership Share therein, the other Owners thereof shall indemnify and reimburse such Owner proportionately to the extent of any such excess.

6.5 IRS Election. The Owners will elect to be excluded from the application of Subchapter "K" of Chapter 1 of Subtitle "A" of the Internal Revenue Code of 1954, or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury or his delegate insofar as such subchapter or any portion or portions thereof may be applicable to the Owners under this Agreement, or any similar provisions of the Internal Revenue Code in effect from time to time as may be appropriate to exempt the Owners from the filing of a partnership return with respect to Wolf Creek Station.

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ARTICLE VII

Arbitration

7.1 Controversies. Any controversy between or among Owners of Wolf Creek Station or any portion thereof arising out of or relating to this Ownership Agreement, or any breach hereof or default hereunder, shall be submitted to arbitration upon the request of any such Owner in the manner provided herein.

7.2 Notice to Arbitrate. The Owner submitting a request for arbitration shall serve a Notice to Arbitrate upon the other Owner or Owners directly involved setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to such controversy and such Owner's contention with respect to the correct determination thereof.

7.3 Selection of Arbitrator. If the Owners directly involved in such controversy are unable to agree upon and appoint, within 15 days of the date of service of the Notice to Arbitrate, one person to act as sole arbitrator, such Owners, or any one of them, shall within 10 days thereafter request the Chief Judge of the United States Court of Appeals for the Tenth Circuit (or such successor thereto as might have Federal appellate jurisdiction of matters arising in Coffey County, Kansas) to appoint such arbitrator. If the Chief Judge does not appoint an arbitrator within 15 days of the date such request is made of him, such Owners, or any one of them, shall, within the next 10 days thereafter, request the American Arbitration Association (or comparable organization) to appoint the arbitrator pursuant to its then existing rules.

7.4 Scope of Arbitration. Any arbitrator serving hereunder shall give full force and effect to all provisions of this Ownership Agreement and any Operating Agreement applicable to Site, the Common Facilities or a Unit as may be involved, shall hear evidence submitted by the respective Owners, and may call for additional information, which additional information shall be furnished by the Owner having such information.

7.5 Findings and Award. The findings and award of the arbitrator shall be binding and conclusive with respect to the matter or matters submitted to arbitration, except as the same may be set aside, modified or corrected by any court in accordance with Kansas law.

7.6 Costs. The fees and expenses of the arbitrator shall be borne equally by the Owners directly involved in such arbitration, unless the decision of the arbitrator shall specify some other apportionment of such fees and expenses. All other expenses and costs of the arbitration shall be borne by the Owner incurring the same.

ARTICLE VIII

General Provisions

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8.1 Implementing and Confirmatory Instruments. Each Owner shall execute such instruments as may from time to time reasonably be requested

by any other Owner to implement the provisions of the Ownership Agreement, including instruments of conveyance and transfer, to confirm the effective Ownership Shares in the facilities and property which then constitute Wolf Creek Station or any portion thereof.

8.2 Waivers. No waiver by an Owner of its rights with respect to a default under this Ownership Agreement shall be effective unless all non-defaulting Owners waive their respective rights. Any such waiver shall not be deemed to be a waiver with respect to any subsequent default or matter. No delay short of the statutory period of limitations in asserting or imposing any right hereunder shall be deemed a waiver of such right.

8.3 Notices. Any notice, demand, request or consent provided for in this Ownership Agreement or made in connection herewith shall be deemed properly served if given in writing and delivered in person, or sent by Registered or Certified Mail, postage prepaid, addressed to, the President of the Owner at its then principal office.

8.4 Severability. In the event any provision hereof or the application thereof to any person or circumstance shall be held invalid in any final decision by a court having jurisdiction in the premises, the remainder of this Ownership Agreement and its application to persons or circumstances other than those as to which it was held invalid shall not be affected thereby.

8.5 Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Kansas, including without limitation the provisions of K.S.A. 16-116 and any amendments thereto.

ARTICLE IX

Term - Termination

9.1 Effective Date and Term. This Ownership Agreement shall become effective upon execution hereof by KG&E, KCPL and KEPCo and shall continue in full force and effect thereafter until terminated as provided in Sections 9.2 and 9.3.

9.2 Termination. Except as provided in Section 9.3, this Ownership Agreement shall terminate and be of no further force and effect from and after the date

- (i) the Owners of Wolf Creek Station shall file of record in the office of the Recorder of Deeds for Coffey County, Kansas, (or such other office as may then serve such function) a duly executed Termination Agreement terminating this Ownership Agreement and discharging the rights, titles and interests of such Owners in and to Wolf Creek Station from the benefits and burdens of the covenants and obligations herein; provided that Wolf Creek Station shall have been released from the liens of all encumbrances contemplated by Section 5.2 hereof and such releases shall have been duly filed of record prior to recording of such Termination Agreement; or

- (ii) an Owner shall acquire by transfer hereunder or by operation of law all Ownership Shares in Wolf Creek Station and, as a result of the merger of such undivided percentage interests therein, becomes the sole beneficial Owner of all rights, titles and interests therein; or
- (iii) there has been an abandonment of the use of Wolf Creek Station for the generation and transmission of electricity as evidenced by an Affidavit of Abandonment duly executed by an Owner of any portion thereof, filed of record as provided in Part (i) above, and thereafter published in a newspaper of general circulation in Coffey County, Kansas, with written notice thereof delivered to the other Owners within ten (10) days after the recording of such Affidavit, unless another Owner of any portion thereof denies such abandonment by an Affidavit of Non-abandonment similarly filed of record within sixty (60) days after publication of such Affidavit of Abandonment;

whichever date is earlier.

9.3 Disposition Upon Abandonment. In the event this Ownership Agreement is terminated by Affidavit of Abandonment as provided in Section 9.2(iii), the Owner executing the Affidavit of Abandonment shall have the right to dispose of all the facilities and property then included in Wolf Creek Station (provided such facilities and property to be disposed of are not then subject to the lien of any encumbrance, or such disposition is otherwise made in accordance with the terms of any related security agreement, contemplated in Section 5.2 hereof), shall pay, or make provision for the payment of, all decommissioning costs and expenses as may then be required by law and thereafter shall dispose thereof as promptly as practicable and distribute the net proceeds thereof, if any, to the Owners, or to lienholders for the account of the Owners, in accordance with their respective Ownership Shares therein; provided, however, that if any determinable portion of such proceeds is received from facilities or property the cost of which was borne by the Owners disproportionately to their Ownership Shares therein, the distribution of such proceeds shall be adjusted accordingly; and provided further, that termination of this Ownership Agreement shall not discharge any Owner of any obligation it then owes to any other Owner as a result of any transaction occurring prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Ownership Agreement to be executed by their duly authorized officers the day and year first above written.

KANSAS GAS AND ELECTRIC COMPANY

By _____
President

ATTEST:

Secretary

POOR ORIGINAL

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KANSAS CITY POWER & LIGHT COMPANY

By _____
President

ATTEST:

Secretary

KANSAS ELECTRIC POWER COOPERATIVE, INC.

By _____
President

ATTEST:

Secretary

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STATE OF KANSAS)
) ss
COUNTY OF SEDGWICK)

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared RALPH P. FIEBACH, to me personally known, who, being by me duly sworn, did say that he is the President of KANSAS GAS AND ELECTRIC COMPANY, a Kansas corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said RALPH P. FIEBACH acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared ROBERT K. ZIMMERMAN, to me personally known, who, being by me duly sworn, did say that he is the Chairman of the Board of KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said ROBERT K. ZIMMERMAN acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

1129 136

STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

On this ____ day of _____, 1979, before me, a Notary Public in and for said County in the State aforesaid, personally appeared HOWARD SELL, to me personally known, who, being by me duly sworn, did say that he is the President of KANSAS ELECTRIC POWER COOPERATIVE, INC., a Kansas corporation, one of the corporations described in and which executed the foregoing instrument, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said HOWARD SELL acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

Notary Public

My commission expires:

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EXHIBIT A

TRACT A

Legal description of perimeter of Site

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TRACT 6

Legal description of railroad rights-of-way

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TRACT C

Legal description of other lands or land rights to be held as jointly owned "Property" required for operation of Wolf Creek Station or to which Wolf Creek Station must be subjected, e.g. easements, public road crossings of railroad spurs, etc.

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WOLF CREEK STATION CASH FLOW MEMORANDUM

This Cash Flow Memorandum executed _____, 1978, will implement the KG&E-KCPL Letter Agreement dated January 24, 1973, by and between KANSAS GAS AND ELECTRIC COMPANY ("KG&E") and KANSAS CITY POWER & LIGHT COMPANY ("KCPL"), as adopted by KANSAS ELECTRIC POWER COOPERATIVE, INC. ("KEPCo") by an assignment agreement of even date herewith, under which KG&E, KCPL and KEPCo (the "Owners") have agreed to be individually responsible for timely providing, in proportion to their respective Ownership Shares, those funds necessary for site acquisition and construction of Wolf Creek Station under the Wolf Creek Ownership Agreement.

1. Scope. This Memorandum will control the timely provision of funds necessary for site acquisition and initial construction of Wolf Creek Station, including fuel, additions, betterments, removals, replacements, retirements and materials and supply inventories, unless and until other arrangements therefor are agreed to by the Owners either in the Operating Agreement to be executed by them or otherwise.

2. Estimates. Based on mutual agreement covering construction schedule, Daniel International Corporation, as Constructor and Agent for the Owners, will prepare written estimates of the cash requirements for initial construction of Wolf Creek Station. KG&E will prepare estimates for some minor initial construction items. Such estimates will be made (a) monthly for the succeeding twelve (12) months' period on a monthly requirement basis (the first month of the period to be on weekly basis), and (b) annually for each calendar year through 1983 and thereafter till completion of construction of Wolf Creek, including Unit #1, on a semiannual or quarterly requirement basis as the Owners may elect. The Contractor will revise such estimates when changes in deliveries, construction schedule or other factors mutually agreed to, materially affect the cash required during the progress of construction. Copies of all such estimates will be furnished promptly to each of the Owners.

3. Payment and Settlement of Costs.

(a) The Owners individually will make provision for the payment of all costs incurred in connection with the site acquisition and initial construction of Wolf Creek Station, including fuel.

(b) Each Owner will remit to the payer an amount equal to its Ownership Share of all disbursements made or to be made hereunder based on the following:

- (i) Billings based on actual costs paid by Daniel International to others on a weekly basis, or more frequently if necessary.
- (ii) Billings based on estimated costs to be paid by the Owners to others not more than seven (7) days prior to scheduled disbursement by Owners, for unusually large disbursements as provided in (c) and (d) below.
- (iii) Billings of incidental related costs incurred by an Owner and accumulated in its accounts on an actual or estimated basis on the last day of each month or thereafter.
- (iv) Billings on any other method agreed upon by the Owners.

(c) Daniel International will arrange for direct payment by the Owners individually to a supplier or contractor on any supplier's or contractor's invoice of \$500,000 or more. In such event, Daniel International will advise each Owner by Payment Request of the specific amount and terms of payment of the invoice as far in advance as practicable. Each Owner will make payment in proportion to its Ownership Share of the amount of the invoice and will promptly advise Daniel International, addressed to its Project Accountant, that the payment has been made.

(d) Daniel International will advise each Owner not later than seven (7) days in advance, covering estimated expenditures, of expected due date of any anticipated billing to the Owners of \$500,000 or more. Notice of billing of \$500,000 or more not included in estimated expenditures will be given as far in advance as practicable.

(e) Each bill rendered by each Owner will show in reasonable detail the basis for the computation of the amount billed.

4. Allowance For Funds Used. Notwithstanding any other provision of this Memorandum, no Owner shall be called upon to reimburse another Owner for any allowance for funds used during construction or interest during construction, provided cash payments are made in accordance herewith on a timely basis.

5. Payment.

(a) Daniel International weekly billings, or more frequently if necessary, will be paid in good funds by the Owners to the bank on which payments are made on the following banking day after notification is received (usually by telephone) of the amount being paid by Daniel International.

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(b) Upon receipt of a billing statement by one Owner to the other Owners hereunder, payment thereof will be made by the other Owners within three (3) working days.

6. Other Procedures. The Owners will cooperate with each other in the development of such other procedures as may be necessary or convenient for the timely providing of cash as may be advisable to allow for the problem of funds availability hereunder to be shared as equitably as possible between them.

7. Accounting Procedures and Records. All matters relating to accounting procedures and records will be covered in an Accounting Memorandum to be executed by the Owners. In the interim and unless otherwise agreed in the Accounting Memorandum, (a) Daniel International will undertake to develop and keep all original accounting records and documents as may be required by all regulatory bodies having jurisdiction and as may be reasonably necessary for the corporate records of each Owner; (b) if requested, Daniel International will make available to each Owner copies of any or all such records and documents; and (c) the originals thereof will at all reasonable times be made available by Daniel International to the authorized representatives of an Owner for inspection, copying, audit and other proper business requirements of such Owner.

KANSAS GAS AND ELECTRIC COMPANY

By _____
President

KANSAS CITY POWER & LIGHT COMPANY

By _____
President

KANSAS ELECTRIC POWER COOPERATIVE,
INC.

By _____
President

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WOLF CREEK STATION ACCOUNTING MEMORANDUM
UNIT #1

This Accounting Memorandum executed _____, 1978, will implement the KG&E-KCPL Letter Agreement dated January 24, 1973, by and between KANSAS GAS AND ELECTRIC COMPANY ("KG&E") and KANSAS CITY POWER & LIGHT COMPANY ("KCPL"), as adopted by KANSAS ELECTRIC POWER COOPERATIVE, INC. ("KEPCo") by an assignment agreement of even date herewith, under which KG&E, KCPL and KEPCo, as Owners of Wolf Creek Station, will provide for accounting and record keeping related to the construction, operation and maintenance of Wolf Creek Station, including Unit #1.

1. Scope. This Memorandum covers all matters relating to accounting procedures and record keeping pertaining to site acquisition, initial construction and commercial operation of Wolf Creek Station, including Unit #1.

2. Accounting Manual. KG&E will develop and keep all records and perform all accounting for Wolf Creek Station, including Unit #1, required by (i) each Owner to meet its reasonable accounting and statistical requirements, and (ii) all regulatory bodies and taxing authorities having jurisdiction. (Each Owner will be responsible for preparing and filing its required governmental reports.) Such accounting and record keeping shall be performed in accordance with the procedures set forth in the Accounting Manual, Addendum I, attached hereto. The Accounting Manual and any amendments thereto may be amended at any time by and upon written approval of the responsible corporate officer of each Owner, provided that such amendments shall be in accordance with the agreed principles set forth in the assignment agreement and the Wolf Creek Ownership Agreement, each of even date herewith.

3. Construction Funds. Funds for site acquisition and the initial construction of Wolf Creek Station, including Unit #1, will be provided by the Owners and settlements thereof made in accordance with the Cash Flow Memorandum of even date herewith.

4. Annual Budgets. For 1983 and each year thereafter KG&E will prepare annual budgets and long-term forecasts for Wolf Creek Station, including Unit #1, of (a) required or desirable capital expenditures for additions, betterments, removals and retirements; (b) anticipated fuel purchases; and (c) operating expenses. Such budgets shall be submitted to the other Owners in advance so that approval and agreement by the Owners can be reached approximately sixty (60) days prior to the beginning of each calendar year.

5. Payments, Billings and Settlements.

(a) All payments, billings and settlements for capital expenditures as contemplated in Section 4(a) hereof and for purchase

of fuel, material and supply inventories at Wolf Creek Station, including Unit #1, will be controlled by the applicable provisions of Sections 3(b) through (e), 4 and 5 of the Cash Flow Memorandum of even date herewith.

(b) Commencing on the date of commercial operation of Wolf Creek Unit #1, substantially all operating expenses (other than the costs of fuel, materials and supplies issued for Wolf Creek Station, including Unit #1, inventories, depreciation and ad valorem taxes) will be incurred and subsequently paid by KG&E as the Operating Agent for Wolf Creek Station. As soon as practicable after the end of each month, KG&E will bill each other Owner for its pro rata share of all such operating and maintenance expenses incurred during the preceding month in accordance with the procedures then agreed in the Accounting Manual. The recipient will pay each such billing to KG&E within three (3) working days after receipt thereof. In the event that another Owner incurs operating expenses previously agreed to by the Owners, the same procedures outlined above are to be followed by the Owners regarding billings and payments among Owners.

6. Cash Working Fund. It is recognized by the Owners that the payment, billing and settlement procedures with respect to operating and maintenance expenses for Wolf Creek Station, including Unit #1, under Subsection 5(b) hereof will result in a time lag between the date of expenditure of funds by KG&E for the accounts of the other Owners and the date of receipt by KG&E of reimbursement therefor and that such time lag will increase KG&E's cash working capital requirements. The increase in KG&E's cash working capital requirements reasonably determined to be attributable to the other Owners will be evaluated and determined annually by the responsible corporate officer of each Owner. Commencing on the date of commercial operation of Wolf Creek Unit #1, the other Owners shall each deliver and maintain on deposit with KG&E as a cash working fund, an amount equal to their pro rata share of the cash working capital requirements determined to be attributable to the respective Owners. Upon termination of this arrangement at any time by mutual agreement of the Owners, KG&E will return to the other Owners the cash working fund so provided by them and then on deposit with KG&E.

7. Fuel, Material and Supply Inventories. Fuel, material and supply inventories for Wolf Creek Station Unit #1 will be owned in proportion to the respective Ownership Shares of the Owners in Unit #1, unless otherwise agreed by the Management Committee, and all payments, billings and settlements for purchase therefor will be in accordance with the provisions of Subsection 5(a) hereof.

8. IRS Election. Each Owner agrees to cooperate with the other Owners of Wolf Creek Station and any portion thereof in the

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filing of any and all notices, elections or other documents necessary or appropriate to disclaim, disavow or avoid any taxation of their joint ownership interests in Wolf Creek Station as a separate partnership entity.

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KANSAS GAS AND ELECTRIC COMPANY

By _____ President

KANSAS CITY POWER & LIGHT COMPANY

By _____ President

KANSAS ELECTRIC POWER COOPERATIVE,
INC.

By _____ President

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WOLF CREEK STATION INSURANCE MEMORANDUM

This INSURANCE MEMORANDUM, executed _____ 1979, will implement the KG&E-KCPL Letter Agreement dated January 24, 1973, by and between KANSAS GAS AND ELECTRIC COMPANY (KG&E) and KANSAS CITY POWER & LIGHT COMPANY (KCPL), as adopted by KANSAS ELECTRIC POWER COOPERATIVE, INC. (KEPCo) by an assignment agreement of even date herewith, under which KG&E, KCPL and KEPCo, as the Owners of Wolf Creek Station, will provide insurance with respect to WOLF CREEK STATION.

This Memorandum will set forth the agreements between the Owners concerning insurance matters with respect to the construction ownership, operation and maintenance of Wolf Creek Station.

I. Property Insurance:

- A. Management Committee. The Management Committee shall adopt and manage for the economic benefit of the Owners a Property Insurance Program with respect to all property interests included in Unit #1 and the Common Facilities of Wolf Creek Station, which shall be the primary property insurance therefor, provided that such Property Insurance Program shall comply with the provisions of Part I hereof and with the requirements of the Nuclear Regulatory Commission (NRC) or any successor thereto having jurisdiction, the Price-Anderson Act and amendments thereto, and the Mortgage Indentures of the Wolf Creek Station Ownership Agreement. Such Property Insurance Program shall delineate costs, coverages, insurable values, limits, deductibles, retentions and other special terms, covenants and conditions of the primary property insurance with respect to Wolf Creek Station and all parts thereof.
- B. Operating Agent. KG&E, as Operating Agent, shall administer the Property Insurance Program, and shall cause the primary property insurance to be placed (i) with such insurance carriers, (ii) through such agents, and (iii) in such amounts, types and forms of coverage as shall be approved by the Management Committee and be in compliance with the requirements of the NRC.
- C. Property Insurance. KG&E, as Operating Agent, shall purchase property insurance coverage with the Nuclear Energy Liability Insurance Association (NELIA) or the Mutual Atomic Energy Reinsurance Pool (MAERP) for property damage with respect to any risk or exposure relating to the operation of Wolf Creek Station.
- D. Review and Reports to Owners. On or before March 1 of each calendar year beginning 1983, the Management Committee shall review the Property Insurance Program and on or before May 1 following shall furnish to the Secretary of each Owner a written statement of all policies of primary property insurance or certificates relating thereto, then outstanding and in force upon Unit #1 and the Common Facilities at Wolf Creek Station,

or any part thereof, including the names of all insurance companies which have issued policies and of all agents through which such insurance was placed, and the amounts and expiration dates thereof, and similarly describing the amount and character of any applicable certificate relating to such primary property insurance.

- E. Separate Policies - Named Insureds. In any policy of primary property insurance written separately for Wolf Creek Station, or any part thereof, all Owners of the property covered thereby shall be named insureds, individually and jointly. The description of Wolf Creek Station in any such policy may be written as follows:

WOLF CREEK NUCLEAR GENERATING STATION, owned by KANSAS GAS AND ELECTRIC COMPANY, a Kansas Corporation, KANSAS CITY POWER & LIGHT COMPANY, a Missouri Corporation, and KANSAS ELECTRIC POWER COOPERATIVE, INC., a Kansas Corporation, as their ownership interests (and the ownership interests of their successors) may appear pursuant to the WOLF CREEK STATION OWNERSHIP AGREEMENT dated _____, 1977, subject to any amendment, modification or supplement thereto thereafter duly executed and filed of record in the Office of the Register of Deeds for Coffey County, Kansas.

- F. Separate Individual Insurance by Owners. In lieu of participating in all of the primary property insurance under the Property Insurance Program for Wolf Creek Station, an Owner may, at its sole election and expense, insure separately its undivided ownership interest in Wolf Creek Station or any portion thereof under its own individual property insurance program, or with other primary and/or excess property insurance coverage, accruing to the sole benefit of such Owner, provided that all policies of insurance effected under this Part F shall waive such insurer's rights of subrogation with respect to all Owners of Wolf Creek Station or any portion thereof and shall be so endorsed and evidenced by certificates furnished to each Owner of Wolf Creek Station or any portion thereof. Each Owner that so insures its undivided ownership interest separately shall fulfill its proportional share of the requirements as provided by Parts A and C of this Section I.
- G. Combined Policies - Waiver of Subrogation. In the event an individual Owner's property insurance would afford equal or better coverage on a more favorable cost basis than a separate policy with all Owners as named insureds, the Management Committee may, with the prior approval of such Individual Owner, utilize its property insurance to provide part of the primary property insurance for Wolf Creek Station, provided that the insurance carrier shall issue (i) endorsements of such individual Owner's insurance to provide such primary property insurance coverage for Wolf Creek Station, or any part

thereof, (ii) certificates evidencing such coverage and waiving such insurer's rights of subrogation with respect to all Owners of Wolf Creek Station or any portion thereof, and (iii) signed copies of the certificates and, notice of cancellation to all Owners.

- H. Loss Payable Provisions. The Management Committee shall require all policies of primary property insurance and all certificates relating thereto with respect to Wolf Creek Station, or any part thereof, to provide that any loss thereunder shall be due each Owner covered thereby in proportion to its undivided ownership interest in the property sustaining such loss as evidenced by the Wolf Creek Station Ownership Agreement as in effect at the date of such loss, and that any and all amounts due each such Owner shall be payable to any holder of the security interest in such Owner's undivided ownership interest therein as and to the extent that the interests of such Owner and such holder may appear. Each Owner shall have the right to name any mortgagee, trustee or secured party on all or any part of the primary property insurance as loss payees or additional insureds as their interests may appear.
- I. Primary Property Insurance. All separate policies of property insurance covering Wolf Creek Station, or any part thereof, and all separate endorsements of an individual Owner's insurance specifically to cover Wolf Creek Station, or any part thereof, under the Property Insurance Program, shall be primary insurance for all purposes and shall be so endorsed. Any insurance otherwise carried by an Owner individually shall not participate with such primary insurance as respects any loss or claim for which valid and collectible primary insurance shall apply and such other insurance shall apply solely as respects the individual interests of such Owner.
- J. Premiums. Upon receipt of notice of premium payments due for primary property insurance coverage for any portion of Wolf Creek Station, the Operating Agent shall send a copy thereof to each Owner, which shall pay its share of the premium due in proportion to its undivided ownership interest in the property covered thereby.
- K. Cancellation. All primary property insurance shall be non-cancellable by the insurance carrier for any reason whatsoever without at least thirty (30) days' prior written notice to the Secretary of each Owner of an undivided ownership interest in the property covered thereby, and each such policy and certificate shall be so endorsed.
- L. Administration. When policies, endorsements, or forms of primary property insurance have been approved by the Management Committee, the Operating Agent shall cause such insurance to be placed to the extent and in the form and manner approved by the Management Committee. Thereafter

such primary property insurance shall be administered by the Operating Agent which shall (i) retain for the Owners originals of, and furnish to each Owner a certified copy of, all separate policies and endorsements with respect to Wolf Creek Station and all portions thereof; (ii) give and receive on behalf of the Owners all notices in connection therewith; (iii) file all proofs of loss and adjust all claims in connection therewith; (iv) effect binders or renewals of such insurance; (v) procure similar substitute insurance in the event of cancellation; and (vi) otherwise administer the Property Insurance Program as Operating Agent for and on behalf of the Owners. The Operating Agent shall permit no substantial or material change or modification in any primary property insurance without the prior approval of the Management Committee, and shall give notice to the Secretary of each Owner of any insubstantial or minor change or modification not previously approved by the Management Committee.

- M. Application of Proceeds. Any and all proceeds of primary property insurance paid directly to an Owner on account of a particular minor loss shall be applied to the repair or replacement of the property damaged or destroyed, in respect of which the insurance proceeds were paid directly to such Owner, or to the construction or acquisition of permanent improvements, extensions, or additions to such property, under the provisions of Sections 3.5 and 3.6 of the Wolf Creek Station Ownership Agreement.

II. Operating Insurance:

- A. Operating Agent. KG&E, as Operating Agent, will have the exclusive right and duty to supervise, operate and perform regular maintenance at and for Wolf Creek Station by and through use of its own employees, and in connection therewith may maintain or procure such operating insurance as it deems necessary or advisable.

- B. Operating Insurance. Operating insurance for Wolf Creek Station may include, without limitation, the following:

1. Workers Compensation Insurance covering employees of the Operating Agent engaged in the performance of its duties as Operating Agent of Wolf Creek Station.
2. Basic Comprehensive Liability Insurance for bodily injury and property damage covering Wolf Creek Station and the Operating Agent's activities in connection therewith, including vehicular liability insurance with respect to all vehicles assigned to Wolf Creek Station and all vehicles used in connection with the performance by the Operating Agent of

its duties related thereto. The limits of liability for the various risks and exposures covered by such Basic Comprehensive Liability Insurance shall be in such amounts as may be determined from time to time by the Operating Agent, provided that the Operating Agent shall not change the limit of liability for any risk or exposure covered by any such Basic Comprehensive Liability Insurance except on not less than thirty (30) days' prior written notice to the other Owners of Wolf Creek Station.

3. Fidelity Insurance covering any loss of property included in Wolf Creek Station due to dishonest or fraudulent acts committed by any employee of the Operating Agent engaged in the operation of Wolf Creek Station.

Any and all Operating Insurance placed by the Operating Agent shall carry endorsements (a) naming all Owners of Wolf Creek Station as insureds thereunder, with cross-liability protection, and (b) waiving such insurer's rights of subrogation against each Owner with respect to any matter arising out of or in the course of the operation of Wolf Creek Station or any part thereof.

- C. Self-Insured. KG&E may, at its sole election, be or become a self-insurer with respect to all or any portion of risks or exposures which it might otherwise cover by Operating Insurance.
- D. Premiums, Costs, Expenses and Losses. KG&E, as Operating Agent, shall initially pay all (a) premiums for Operating Insurance which it may maintain or procure with respect to Wolf Creek Station or any part thereof and (b) costs, expenses and losses with respect to all such risks and exposures to the extent that it is acting as a self-insurer therefor. All premium payments for Operating Insurance applicable to Wolf Creek Station, or any part thereof, and (i) all such costs, expenses, and losses with respect to all such risks and exposures for which it is acting as a self-insurer shall be assigned by the Operating Agent as operating expenses of Wolf Creek Station and (ii) any costs, expenses or losses with respect to any such risk or exposure by an Owner other than the Operating Agent shall be treated as an operating expense of Wolf Creek Station; and the same shall be borne and ultimately paid by the Owners in proportion to their ownership interests in Wolf Creek Station unless otherwise provided by the Wolf Creek Station Accounting Memorandum of even date herewith as the same may be in effect at the time of coverage if insured, or at the time the incident occurred giving rise to such cost, expense, or loss if self-insured.

III. Excess Comprehensive Liability Insurance:

Each Owner may, at its own election and at its own expense, carry Excess Comprehensive Liability Insurance for bodily injury and property damage with respect to any risk or exposure relating to the operation of Wolf Creek Station, or any part thereof; provided that (i) any such Excess Comprehensive Liability Insurance shall carry an endorsement waiving such insurer's right to subrogation against each Owner with respect to any matter arising out of or in the course of the operation of Wolf Creek Station, or any part thereof, and (ii) failure of any Owner to carry Excess Comprehensive Liability Insurance shall not relieve such Owner of its liability under Section 6.4 of the Wolf Creek Station Ownership Agreement.

IV. NRC Requirements for Nuclear Liability Insurance:

KG&E, as Operating Agent, shall purchase insurance for basic financial protection, in the amount as prescribed by law, with the NELIA or Mutual Atomic Energy Liability Underwriters (MAELU) for bodily injury and property damage with respect to the nuclear energy hazard relating to the operation of Wolf Creek Station. KG&E, as Operating Agent, shall purchase secondary financial protection in an amount as prescribed by law in the form of private liability insurance available under an industry retrospective rating plan providing for deferred premium charges. The total deferred premium liability, if any, would be calculated in proportion to each Owner's respective interest in the Wolf Creek Station. KG&E, as Operating Agent, shall enter into an Indemnity Agreement with MAERP as required by NRC regulations.

V. Notification - Claims and Losses.

- A. KG&E, as Operating Agent, will give on behalf of the Owners all notices to insurers in accordance with the notice and loss provisions of (i) the primary property insurance under the Property Insurance Program and (ii) any operating insurance with respect to Wolf Creek Station as may be effected by the Operating Agent.
- B. KG&E, as Operating Agent, will give all Owners notice of losses, claims and known injuries and/or damages which may result in claims arising out of and in the course of its operation of Wolf Creek Station in excess of any deductible under, or when any Owner's share of the loss, claim or potential claim is in excess of such Owner's retention for, Basic Comprehensive Liability including vehicular liability and/or Excess Comprehensive Liability Insurance. Such notice shall be in writing given to the Secretary of each Owner.
- C. The Operating Agent shall have authority on behalf of Owners to settle any loss covered by any policy of insurance. To the extent the Operating Agent determines sufficient time is available it, upon request, will provide any Owner with the opportunity to comment provided that such right shall not be

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allowed to delay any settlement or to affect the sole discretion of the Operating Agent in making any settlement.

KANSAS GAS AND ELECTRIC COMPANY

By _____
President

KANSAS CITY POWER & LIGHT COMPANY

By _____
President

KANSAS ELECTRIC POWER COOPERATIVE,
INC.

By _____
President

CERTIFICATE

Reference is made to that certain Sale Memorandum of even date herewith relating to the purchase by Kansas Electric Power Cooperative, Inc. of a 17% undivided ownership interest in Wolf Creek Generating Station.

Ralph P. Fiebach, President of Kansas Gas and Electric Company (KG&E) and A. J. Doyle, President of Kansas City Power & Light Company (KCPL), do hereby represent and assert that as of the date hereof we know of no material defect or deficiency in the design or construction of the Wolf Creek Generating Station, except as disclosed in the Forms 10-K filed by KG&E and KCPL with the Securities and Exchange Commission for the year ended December 31, 1978, and any other such periodic reports filed pursuant to the Securities Exchange Act of 1934, as amended, or as otherwise attached hereto and made part hereof.

THIS CERTIFICATE is delivered on the 19 day of April, 1979.

KANSAS GAS AND ELECTRIC COMPANY

By: _____
President

KANSAS CITY POWER & LIGHT COMPANY

By: A. J. Doyle
President

ATTACHMENT A

Reference is made to the Forms 10-K for the year ended December 31, 1978, filed by Kansas Gas and Electric Company (KG&E) and Kansas City Power & Light Company (KCPL) with the Securities and Exchange Commission; subsequently, as a result of the Three Mile Island Nuclear Plant incident of March 28, 1979, KG&E and KCPL received a bulletin advising that the Staff of the Nuclear Regulatory Commission may recommend that changes be made in pressurized-water reactors and instrumentation in equipment designed by Combustion Engineering Corp. and Westinghouse Corp. which could result in modifications to the Westinghouse reactor system being constructed at the Wolf Creek Unit #1. Based on the preliminary information now available, it is expected that any modification which may be required to the Wolf Creek Unit will not be significant.

KANSAS ELECTRIC POWER COOPERATIVE, INC.

WHOLESALE POWER CONTRACT

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KANSAS ELECTRIC POWER COOPERATIVE, INC.

WHOLESALE POWER CONTRACT

AGREEMENT made as of _____ between Kansas Electric Power Cooperative, Inc. (hereinafter called the "Seller"), a corporation organized and existing under the laws of the State of Kansas and _____ (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Kansas.

WHEREAS, the Seller proposes to construct or otherwise acquire electric generating facilities and transmission facilities, and/or services, and may purchase or otherwise obtain electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration which are or may become members of the Seller, and

WHEREAS, the Seller has heretofore entered into or is about to enter into agreements for the sale of electric power and energy similar in form to this agreement with all of the borrowers which are members of the Seller, and may enter into similar contracts with other such borrowers who may become members, and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth;

NOW THEREFORE, in consideration of the mutual undertakings herein contained the parties hereto agree as follows:

1. General. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator"), so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy and facilities available for the Member.
2. Electric Characteristics and Delivery Point(s). Electric power and energy to be furnished hereunder shall be sixty hertz alternating current. The initial point(s) of delivery, delivery voltage, initial capacity, and supply system to which point of delivery is connected shall be as described in Schedule A attached hereto and made a part hereof. Other points of delivery may be established by mutual agree-

ment between the Seller and the Member from time to time and Schedule A shall be modified accordingly. The Seller shall make and pay for, or shall cause to be made and paid for, all final connections between the systems of the Seller and the Member necessary to establishing future point(s) of delivery.

3. Substation and Associated Transmission. Unless otherwise subsequently determined by the parties, hereto, the Member shall; install, own, operate, maintain, and replace the 161 kv and below transmission facilities and/or distribution substation equipment necessary to establish any future point(s) of delivery; own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the delivery system. Meters and metering equipment shall be furnished, maintained, and read, or caused to be furnished, maintained, and read, by the Seller. Measurement of power and energy shall be as of delivery into the Member's system or at other points of measurement agreed to by the parties. The Seller shall provide, or cause to be provided, the necessary transmission and substation facilities with operating voltages of 230 kv or higher and all other facilities which perform a bulk power supply function.
4. Rate.
 - (a) The Member shall pay the Seller the Net Bill for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Rate Schedule M-1, attached hereto and made a part hereof; provided, however, that as long as any power purchase contract(s) with supplier(s) other than the Seller remains in effect (See Article 1 above), the Seller agrees to pay to the Member each month the difference in dollars equal to the amount paid by the Member for power and energy purchased under said contract(s) during such month, less an amount equal to the billing amount in dollars that would be derived from the billing of such power and energy deliveries in accordance with Rate Schedule M-1 provided that such difference is positive. If said difference is negative, the Member agrees to pay the Seller such difference. Each month after the effective date hereof, the Member shall send to the Seller a copy of the monthly bill received from each other supplier within twenty-four (24) hours after their receipt, except where weekends or holidays intervene in which case copies shall be sent on the first work day thereafter.
 - (b) The Board of Trustees of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rates for electric power and energy furnished hereunder and under similar agreements with the other Members, and if necessary, shall revise such rates and all applicable rate schedules and/or tariffs so that rates shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of operation and maintenance (including without limitation, replacements, insurance, taxes, and administrative and general

overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller, and the Administrator, which notice shall set out all the proposed revisions of the rate and the proposed effective date thereof (which shall be not less than thirty(30) nor more than one hundred eighty(180) days after the date of the notice), and shall set forth the basis upon which the rate is proposed to be adjusted and established. Concurrently, the proposed new rate shall also be filed with the State Corporation Commission of the State of Kansas (hereinafter referred to as the Kansas Corporation Commission). The Member agrees that the rate from time to time established by the Board of Trustees of the Seller shall be substituted for the rate herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revisions at such revised rates; provided, however, that no such revision shall be effective without the consent of the Administrator and the Kansas Corporation Commission and any other regulatory body which shall have jurisdiction thereover.

- (c) The Member agrees (and also understands that all members of the Seller have agreed through contracts similar to this) that Rate Schedule M-1 applicable to electric service by the Seller to its members shall be based upon a cost-of-service determination as approved by the Board of Trustees of the Seller from time to time. The Member agrees that the cost-of-service determination as set forth in the "Cost of Service and Rate Determination Formula" included in each Billing Section of Rate Schedule M-1, is deemed consistent with the requirements of Section (b) of this Article 4 and shall continue in effect until modified by the Board of Trustees of the Seller. It is agreed, however, that a uniform rate schedule shall be made applicable to all electric service by the Seller to its members as soon as the Board of Trustees of the Seller determines that no member of the Seller would be substantially disadvantaged by its application, but in any event such uniform rate schedule shall not be made applicable without the affirmative vote of two-thirds of the members of the Seller. It is further agreed that during the period between commencement of service under this contract and the establishment of such uniform rate, the Board of Trustees of the Seller shall, in establishing rates applicable under each Billing Section, either increase or reduce the costs applicable to each Billing Section of Rate Schedule M-1 by an amount which, in its judgement, will equitably allocate among the various Billing Sections, the costs and/or benefits related to large blocks of power or major generation facilities which have been acquired by the Seller in contemplation of the service needs of all its members collectively.

5. Meter Readings and Payment of Bills. The Seller shall read or cause to be read, meters on a monthly basis. Electric power and energy furnished hereunder shall be paid for at the office of the Seller. If any bill remains unpaid for more than fifteen (15) days after the day it was mailed, the Seller may require the Member to pay a penalty for such delayed payment amounting to one percent (1%) of the net amount of the bill as rendered. Any bill remaining unpaid more than sixty(60) days after due date thereof shall bear interest at the maximum legal rate.
6. Membership in other Generation and Transmission Cooperatives.
- (a) If the Member is presently a member of another REA-financed generation and transmission cooperative (hereinafter called "Other G & T") but has not entered into any agreement with such Other G & T for the procurement of power for its system, the Member shall not exercise any rights it may have for the procurement of any or all of its power requirements from such other G & T without the consent of the Seller.
 - (b) If the Member is presently a member of Sunflower Electric Cooperative, Inc. (hereinafter called "Sunflower") and intends to retain its membership in Sunflower and to continue to procure from Sunflower its power requirements for those areas of its system presently served with power procured from Sunflower, the Member and the Seller agree that all of the Member's power requirements to serve those areas of the Member's system other than those served with power procured from Sunflower at the time of execution of this contract, shall be furnished to the Member by the Seller pursuant to this Wholesale Power Contract.
7. Indemnification. Until such time as the Member shall actually purchase and receive electric power and energy from the Seller, the Seller shall in no way be responsible for, and the Member shall indemnify and hold the Seller harmless from, any and all claims, liability, loss, damage or expenses of whatever nature and kind arising from or connected with the use or misuse of electric power by the Member.

At such time when electric power and energy is supplied hereunder, it is agreed that such shall be done upon the express condition that after such power and energy passes the point of delivery it becomes the property of the Member and the Member shall indemnify and hold the Seller harmless from any and all claims, liability, loss, damage or expense in any way resulting directly or indirectly from the use, misuse or presence or the sale of electric power and energy on the Member's premises or elsewhere except where such loss or damage shall be shown to have been occasioned by the sole negligence of the Seller, its representatives, agents or employees.

The Member further agrees to take out and maintain, during the period that service is supplied hereunder, adequate insurance as required by the regulatory bodies that have jurisdiction over the Seller at the time and by lending institutions that have outstanding loans to the Seller covering workers' compensation, public liability and property damage.

8. Term. This Agreement shall become effective only upon approval in writing by the Administrator and the Kansas Corporation Commission and shall remain in effect until December 31, 2020, and thereafter until terminated by either party giving to the other not less than six months written notice of its intention to terminate. Subject to the provisions of Articles 1 and 4 herein, service hereunder and the obligations of the Member to pay therefore shall commence January 1, 1979, unless such date is extended by mutual agreement between the Administrator and the Board of Trustees of the Seller.

EXECUTED THE day and year first above mentioned.

KANSAS ELECTRIC POWER COOPERATIVE, INC.
Seller

By _____
President

ATTEST:

Secretary

Member

By _____
President

ATTEST:

Secretary

SCHEDULE A - TO WHOLESALE POWER CONTRACT

Existing Points of Delivery for _____

Date _____

<u>Point of Delivery</u>	<u>Delivery Voltage</u>	<u>(if any) Maximum Capacity</u>	<u>(if any) Minimum Capacity</u>	<u>Supply System to Which Point is Connected</u>	<u>Metering Point</u>	<u>Metering Voltage</u>
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						

SUPPLEMENTAL AGREEMENT

AGREEMENT made as of _____, between

KANSAS ELECTRIC POWER COOPERATIVE, INC.

(hereinafter called

the "Seller")

(hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator")

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller, as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to enforce the obligations of the Member under the provisions of said Section 1 of the Contract by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

SELLER

By _____

PRESIDENT

ATTEST:

SECRETARY

MEMBER

PRESIDENT

ATTEST:

SECRETARY

UNITED STATES OF AMERICA

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By _____

ADMINISTRATOR
OF

RURAL ELECTRIFICATION ADMINISTRATION

KANSAS ELECTRIC POWER COOPERATIVE, INC. (Seller)

RATE SCHEDULE M-1

Effective:

Month Day Year

Power and energy deliveries to the Member by the Seller (or by others for the account of Seller) in accordance with Wholesale Power Contract dated _____ between the Member and the Seller shall be billed by the Seller and paid for by the Member in accordance with the applicable Billing Sections as follows:

BILLING SECTION NO. 1

Availability. Electric service is available to the Member under this Billing Section No. 1 at points within The Kansas Power and Light Company's certified area on or immediately adjacent to its existing facilities which, by mutual agreement between the Member and the Seller, are suitable and adequate for the service desired within the limitations hereinafter specified.

Applicability. This Billing Section is applicable to any Member of the Seller organized to operate without profit under the laws of the State of Kansas and which is subject to regulation by the State Corporation Commission of the State of Kansas (hereinafter referred to as Kansas Corporation Commission). This schedule is not applicable for breakdown, or standby electric service.

Character of Service. Alternating current, 60 hertz, at the phase, voltage and maximum capacity (contract capacity) specified for each point of delivery in the Contract for such service.

Net Monthly Bill.

A. The net monthly bill for each location of power and energy delivery into the power system of the Member under this Billing Section shall be the sum of (a), (b) and (c) less (d) below:

- (a) For the peak season months of July, August and September the monthly billing demand for such delivery multiplied by \$ _____ per kw. For all other months of the year the monthly billing demand for such delivery multiplied by \$ _____ per kw.
- (b) The monthly energy delivery at such location multiplied by the cost per kwh of energy (exclusive of "fuel cost adjustment") of \$ _____ per kwh.
- (c) The monthly energy delivery at such location multiplied by the cost per kwh of fuel cost adjustment.

(d) High Voltage Discount:

(1) For delivery of power at voltages of 115 kv or higher, \$_____ per kw of billing demand as defined in the Billing Demand Section.

(2) For delivery of power at voltages of 69 kv or 34 kv, \$_____ per kw of billing demand as defined in the Billing Demand Section.

If during the period of effectiveness of this rate, a revised rate schedule under which the Seller (or its members) acquire electric power and energy from another supplier is made effective through filing with appropriate regulatory authority, the dollar values (a), (b), (c) and (d) above shall be revised by the Seller, effective concurrently, and such revised dollar values shall be applicable for the remaining period of effectiveness of this rate. Such revisions shall reflect only the increase or decrease brought about by the differences between such revised rate and the rate schedule on which the values of (a), (b), (c) and (d) were determined. The Seller shall furnish the Member calculations showing how such revisions were determined.

B. The rates set forth in A(a) and A(b) of the Net Monthly Bill shall be determined annually in advance. A study shall be undertaken by the Seller as of October 1st of each year to determine the applicable rates for the twelve month period beginning June 1st of the following year. The rates set forth in A(a) and A(b), above, shall be based on the projected (for the purposes of this Billing Section the term "projected" shall mean "estimated for the future test year") cost of service and projected loads of members to be served under this Billing Section for the future test year and determined in accordance with the Cost of Service and Rate Determination Formula, set forth below; provided that:

(a) Any excess of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st beyond that required to meet the cost of service incurred during that period under this Billing Section, shall be deducted in arriving at the cost of service for rate determination for the future test year, or

(b) Any insufficiency of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st to meet the cost of service during that period under this Billing Section, shall be added in arriving at the cost of service for rate determination for the future test year.

After approval by the Board of Trustees of the Seller, the proposed rates shall be filed with the Administrator and with the Kansas Corporation Commission no later than January 1st. Upon consent of the Administrator and the Kansas Corporation Commission, the revised rates shall become effective on June 1st.

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- C. Notwithstanding the provisions of A and B above, it is acknowledged by all parties hereto, that the Board of Trustees of the Seller has and shall exercise the right to adjust rates, subject to approval of the Administrator and the Kansas Corporation Commission, at any time when, in its judgment, changes in costs or conditions of service so require.

Cost of Service and Rate Determination Formula.

The formula for computation of the cost of service and rate determination shall be as follows:

- I. The total cost of rendering electric service to members of the Seller under this Billing Section for the future test year is the sum of:
- (a) Total projected amount to be paid to others annually for purchased power and energy, transmission and related services for service to members in this Billing Section;
 - (b) The projected annual cost of owning, operating and maintaining power supply facilities for service to members in this Billing Section;
 - (c) The projected annual cost associated with discounts to be allowed by the Seller to members of this Billing Section for high voltage delivery of power and energy pursuant to Section A(d) of this Billing Section;
 - (d) Share of the sum of:
 - (i) The Seller's projected annual administrative and general cost*,
 - (ii) the projected interest and principal payments on any indebtedness of the Seller other than that related to power supply facilities,
 - (iii) the projected additions to the Seller's reserves as determined necessary by the Board of Trustees of the Seller,computed as the total of such projected costs of the Seller multiplied by the ratio of the total projected kwh delivered under this Billing Section to the total projected kwh delivered under all Billing Sections of this Rate Schedule;
 - (e) Any cost adjustments applicable to items (a), (b), (c), (d) and (f) of this section that reflect any excess or deficiency of revenues for the previous twelve (12) months as set forth in B(a) and B(b) above,

* Includes all expenses charged to FPC Accounts 500 through 900 series not included in I(a), I(b) and I(c) above.

- (f) Any increase or decrease in cost applicable to this Billing Section that equitably allocate the costs and/or benefits related to large blocks of power or major generation facilities acquired by the Seller in contemplation of the service needs of all members as provided for in Article 4(c) of the Wholesale Power Contract.

II. Separate all costs under I into three categories:

- (a) Demand Related. Such costs shall include all of the items listed in I(a), (b), (c), (d), (e) and (f) of this Cost of Service and Rate Determination Formula, excluding fuel and variable operation and maintenance costs allocated to energy production where self generation is involved, basic energy and fuel adjustment costs of purchased power, and energy losses (if not included in basic energy and fuel adjustment costs of purchased power) in transmission and substation facilities used for power supply deliveries to the members.
- (b) Energy related other than "fuel cost adjustment".
- (c) Fuel cost adjustment.
- (d) High Voltage Discount Related. Such costs shall include all items listed in I(c) of this Cost of Service and Rate Determination Formula, which shall consist of all purchase power discounts or other applicable foregone costs related to the high voltage delivery of power as applicable to each of the two classes of high voltage delivery specified.

III. Determine delivered cost \$/kw of monthly billing demand and \$/kwh of delivered energy as follows:

- (a) The cost per kw of monthly billing demand to be inserted in Net Monthly Bill, Section A(a), shall be the dollar amount determined under Section II(a) of this Cost of Service and Rate Determination Formula calculated for the peak season and off peak season, divided by the arithmetic sums of all respective peak season and off peak season monthly billing demands in kw for the year under this Billing Section.
- (b) The cost per kwh to be inserted in Net Monthly Bill, Section A(b), shall be the dollar amount determined under Section II(b) of this Cost of Service and Rate Determination Formula, divided by the total kwh delivered for the year into the systems of members of the Seller under this Billing Section.
- (c) The cost per kw of monthly billing demand applicable for High Voltage Discount to be inserted in Net Monthly Bill, Section A(d) (1) and (2), shall be the dollar amounts determined under Section II(d) of this Cost of Service and Rate Determination Formula applicable to the delivery of power at the respective high voltage levels specified, divided by the arithmetic sum of all billing demands in kw, (as defined in the Billing Demand Section) delivered

at such high voltage levels into the systems of members of the Seller under this Billing Section.

- IV. The cost per kwh for fuel adjustment shall be determined as set forth in the latest applicable order of the Kansas Corporation Commission.

Billing Demand. The Billing Demand at each location of delivery into the Member's power system shall be the average of the three highest 30-minute kw loads during the month, taken in different calendar weeks, and adjusted to 95% power factor. Highest 30-minute kw load is defined as the average kw load during the 30-minute period of maximum use during the calendar week. The minimum billing demand at each delivery point shall be 30% of the capacity specified in the member's wholesale power contract with The Kansas Power and Light Company (hereinafter called KPL). Adjustment to 95% power factor will be accomplished by multiplying said average of the three highest 30-minute kw loads by 95% and dividing the results by the power factor expressed in percent.

Power factor will be determined as the quotient obtained by dividing the kilowatt-hours used during the billing period by the square root of the sum of the squares of the kilowatt-hours used and the lagging reactive kilovolt-ampere-hours supplied during the period will not be considered.

Billing Demand Adjustment. The Kansas Power and Light Company's rate form will be converted to a two part rate (demand charge and energy charge) for use in Section II(a). If necessary to make the two part rate equal to the KPL rate, due to the fact that the kwh/kw does not equal or exceed the hours used in the first block of the KPL rate schedule, adjustment factors will be applied to the billing demands in Sections A(a), II(a) and III(a).

Metering as of Delivery into the Member's Power System. If metering is not as of the location of delivery into the Member's power system, metering determinants may be adjusted to reasonably reflect such metering.

The Kansas Power and Light Company's Rules and Regulations. Service under this Billing Section No. 1 is subject to the Seller's rights and duties set forth in the applicable contracts with KPL and any tariffs relating thereto,

BILLING SECTION NO. 2

Availability. Electric service is available to the Member under this Billing Section No. 2 at points within the Kansas City Power and Light Company's certified area on or immediately adjacent to its existing facilities which, by mutual agreement between the Member and the Seller, are suitable and adequate for the service desired within the limitations hereinafter specified.

Applicability. This Billing Section is applicable to any Member of the Seller organized to operate without profit under the laws of the State of Kansas and which is subject to regulation by the State Corporation Commission of the State of Kansas (hereinafter referred to as Kansas Corporation Commission). This schedule is not applicable for breakdown, or standby electric service.

Character of Service. Alternating current, 60 hertz, at the phase, voltage and maximum capacity (contract capacity) specified for each point of delivery in the Contract for such service.

Net Monthly Bill.

A. The net monthly bill for each location of power and energy delivery into the power system of the Member under this Billing Section shall be the sum of (a), (b) and (c) less (d) below:

- (a) The monthly billing demand for such delivery multiplied by \$_____ per kw.
- (b) The monthly energy delivery at such location multiplied by the cost per kwh of energy (exclusive of "fuel cost adjustment") of \$_____ per kw.
- (c) The monthly energy delivery at such location multiplied by the cost per kwh of the fuel cost adjustment.
- (d) High Voltage Discount:
 - (1) For delivery of power at voltages of 115kv or higher, \$_____ per kw of billing demand as defined in the Billing Demand Section.
 - (2) For delivery of power at voltages of 69kv or 34kv, \$_____ per kw of billing demand as defined in the Billing Demand Section.

If during the period of effectiveness of this rate, a revised rate schedule under which the Seller (or its members) acquire electric power and energy from another supplier is made effective through filing with appropriate regulatory authority, the dollar values (a), (b), (c) and (d) above shall be revised by the Seller, effective concurrently, and such revised dollar values shall be applicable for the remaining period

of effectiveness of this rate. Such revisions shall reflect only the increase or decrease brought about by the differences between such revised rate schedule and the rate schedule on which the values of (a), (b), (c) and (d) were determined. The Seller shall furnish the Member calculations showing how such revisions were determined.

- B. The rates set forth in A(a) and A(b) of the Net Monthly Bill shall be determined annually in advance. A study shall be undertaken by the Seller as of October 1st of each year to determine the applicable rates for the 12 month period beginning June 1st of the following year. The rates set forth in A(a) and A(b), above, shall be based on the projected (for the purposes of this Billing Section the term "projected" shall mean "estimated for the future test year") cost of service and projected loads of members to be served under this Billing Section for the future test year, and determined in accordance with the Cost of Service and Rate Determination Formula, set forth below; provided that:
- (a) Any excess of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st beyond that required to meet the cost of service incurred during that period under this Billing Section, shall be deducted in arriving at the cost of service and rate determination for the future test year, or
 - (b) Any insufficiency of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st to meet the cost of service during that period under this Billing Section, shall be added in arriving at the cost of service for rate determination for the future test year.

After approval by the Board of Trustees of the Seller, the proposed rates shall be filed with the Administrator and with the Kansas Corporation Commission no later than January 1st. Upon consent of the Administrator and the Kansas Corporation Commission, the revised rates shall become effective on June 1st.

- C. Notwithstanding the provisions of A and B above, it is acknowledged by all parties hereto, that the Board of Trustees of the Seller has and shall exercise the right to adjust rates, subject to approval of the Administrator and the Kansas Corporation Commission, at any time when, in its judgment, changes in costs or conditions of service so require.

Cost of Service and Rate Determination Formula. The formula for computation of the Cost of Service and Rate Determination shall be as follows:

- I. The total cost of rendering electric service to members of the Seller under this Billing Section for the future test year is the sum of:
- (a) Total projected amount to be paid to others annually for purchased power and energy, transmission and related services for service to members in this Billing Section;

- (b) The projected annual cost of owning, operating and maintaining power supply facilities for service to members in this Billing Section;
- (c) The projected annual cost associated with discounts to be allowed by the Seller to members of this Billing Section for high voltage delivery of power and energy pursuant to Section A(d) of this Billing Section;
- (d) Share of the sum of:
 - (i) The Seller's projected annual administrative and general cost*,
 - (ii) the projected interest and principal payments on any indebtedness of the Seller other than that related to power supply facilities,
 - (iii) the projected additions to the Seller's reserves as determined necessary by the Board of Trustees of the Seller,
 computed as the total of such projected costs of the Seller multiplied by the ratio of the total projected kwh delivered under this Billing Section to the total projected kwh delivered under all Billing Sections of this Rate Schedule;
- (e) Any cost adjustments applicable to items (a), (b), (c), (d), and (f) of this section that reflect any excess or deficiency of revenues for the previous twelve (12) months as set forth in B(a) and B(b) above;
- (f) Any increase or decrease in cost applicable to this Billing Section that equitably allocate the costs and/or benefits related to large blocks of power or major generation facilities acquired by the Seller in contemplation of the service needs of all members, as provided for in Article 4(c) of the Wholesale Power Contract.

II. Separate all costs under I into three catagories:

- (a) Demand Related. Such costs shall include all of the items listed in I(a), (b), (c), (d), (e) and (f) of this Cost of Service and Rate Determination Formula, excluding fuel and variable operation and maintenance costs allocated to energy production where self generation is involved, basic energy and fuel adjustment costs of purchased power, and energy losses (if not included in basic energy and fuel adjustment costs of purchased power) in transmission and substation facilities used for power supply deliveries to the members.
- (b) Energy related other than "fuel cost adjustment".
- (c) Fuel cost adjustment.

* Includes all expenses charged to FPC Accounts 500 through 900 series not included in I(a), I(b) and I(c) above.

- (d) High Voltage Discount Related. Such costs shall include all items listed in I(c) of this Cost of Service and Rate Determination Formula, which shall consist of all purchase power discounts or other applicable foregone costs related to the high voltage delivery of power as applicable to each of the two classes of high voltage delivery specified.

III. Determine delivered cost \$/kw of monthly billing demand and \$/kwh of delivered energy as follows:

- (a) The cost per kw of monthly billing demand to be inserted in Net Monthly Bill, Section A(a), shall be the dollar amount determined under Section II(a) of this Cost of Service and Rate Determination Formula, divided by the arithmetic sum of all monthly billing demands in kw for the year under this Billing Section.
- (b) The cost per kwh to be inserted in Net Monthly Bill, Section A(b), shall be the dollar amount determined under Section II(b) of this Cost of Service and Rate Determination Formula, divided by the total kwh delivered for the year into the power systems of members of the Seller under this Billing Section.
- (c) The cost per kw of monthly billing demand applicable for high voltage discounts to be inserted in Net Monthly Bill, Section A(d) (1) and (2), shall be the dollar amounts determined under Section II(d) of this Cost of Service and Rate Determination Formula applicable to the delivery of power at the respective high voltage levels specified, divided by the arithmetic sum of all billing demands in kw (as defined in the Billing Demand Section) delivered at such high voltage levels into the systems of members of the Seller under this Billing Section.

IV. The cost per kwh for fuel adjustment shall be determined as set forth in the latest applicable order of the Kansas Corporation Commission.

Billing Demand. The Billing Demand (measured as the average kw consumed in a 30-minute interval) at each point of delivery for any month shall be the highest demand established by the Member during such month at that point of delivery; provided that the demand at each delivery point used in determining the Billing Demand for that delivery point shall not be less than the minimum demand specified for such delivery point in the Schedule of Delivery Points under the Contract with the Member; provided further that in no event shall the Billing Demand at such point of delivery be less than eighty percent (80%) of the highest billing demand in the twelve-month period ending with the current month.

Billing Demand Adjustment. There is no Billing Demand Adjustment for this Billing Section.

Metering as of Delivery into Member's Power System. If metering is not as of the location of delivery into the Member's power system, metering determinants may be adjusted to reasonably reflect such metering.

The Kansas City Power and Light Company's Rules and Regulations. Service under this Billing Section No. 2 is subject to the Seller's rights and duties set forth in the applicable contracts with the Kansas City Power and Light Company and any tariffs relating thereto.

BILLING SECTION NO. 3

Availability. Electric service is available to the Member under this Billing Section No. 3 at points within the Kansas Gas and Electric Company's certified area on or immediately adjacent to its existing facilities which, by mutual agreement between the Member and the Seller, are suitable and adequate for the service desired within the limitations hereinafter specified.

Applicability. This Billing Section is applicable to any Member of the Seller organized to operate without profit under the laws of the State of Kansas and which is subject to regulation by the State Corporation Commission of the State of Kansas (hereinafter referred to as Kansas Corporation Commission). This schedule is not applicable for breakdown, or standby electric service.

Character of Service. Alternating current, 60 hertz, at the phase, voltage and maximum capacity (contract capacity) specified for each point of delivery in the Contract for such service.

Net Monthly Bill.

- A. The net monthly bill for each location of power and energy delivery into the power system of the Member under this Billing Section shall be the sum of (a), (b) and (c) less (d) below:
- (a) The monthly billing demand for such delivery multiplied by \$_____ per kw.
 - (b) The monthly energy delivery at such location multiplied by the cost per kwh of energy (exclusive of "fuel cost adjustment") of \$_____ per kwh.
 - (c) The monthly energy delivery at such location multiplied by the cost per kwh of fuel cost adjustment.
 - (d) High Voltage Discount:
 - (1) For delivery of power at voltages of 115 kv or higher, \$_____ per kw of billing demand as defined in the Billing Demand Section.
 - (2) For delivery of power at voltages of 69 kv or 34 kv, \$_____ per kw of billing demand as defined in the Billing Demand Section.

If during the period of effectiveness of this rate, a revised rate schedule under which the Seller (or its members) acquire electric power and energy from another supplier is made effective through filing with appropriate regulatory authority, the dollar values (a), (b), (c) and (d) above shall be revised by the Seller, effective concurrently, and such revised dollar values shall be applicable for the remaining period of effectiveness of this rate. Such revisions shall reflect

only the increase or decrease brought about by the differences between such revised rate schedule and the rate schedule on which the values of (a), (b), (c) and (d) were determined. The Seller shall furnish the Member calculations showing how such revisions were determined.

- B. The rates set forth in A(a) and A(b) of the Net Monthly Bill shall be determined annually in advance. A study shall be undertaken by the Seller as of October 1st of each year to determine the applicable rates for the 12 month period beginning June 1st of the following year. The rates set forth in A(a) and A(b), above, shall be based on the projected (for the purposes of this Billing Section the term "projected" shall mean "estimated for the future test year") cost of service and projected loads of Members to be served under this Billing Section for the future test year, and determined in accordance with the Cost of Service and Rate Determination Formula, set forth below; provided that:
- (a) Any excess of revenues (exclusive of revenues collected by application of the Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st beyond that required to meet the cost of service incurred during that period under this Billing Section, shall be deducted in arriving at the cost of service for rate determination for the future test year, or
 - (b) Any insufficiency of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st to meet the cost of service during that period under this Billing Section, shall be added in arriving at the cost of service for rate determination for the future test year.

After approval by the Board of Trustees of the Seller, the proposed rates shall be filed with the Administrator and with the Kansas Corporation Commission no later than January 1st. Upon consent of the Administrator and the Kansas Corporation Commission, the revised rates shall become effective on June 1st.

- C. Notwithstanding the provisions of A and B above, it is acknowledged by all parties hereto that the Board of Trustees of the Seller has and shall exercise the right to adjust rates, subject to approval of the Administrator and the Kansas Corporation Commission, at any time when, in its judgment, changes in costs or conditions of service so require.

Cost of Service and Rate Determination Formula. The formula for computation of the cost of service and rate determination shall be as follows:

- I. The total cost of rendering electric service to members of the Seller under this Billing Section for the future test year is the sum of:
- (a) Total projected amount to be paid to others annually for purchased power and energy, transmission and related services for service to members in this Billing Section;
 - (b) The projected annual cost of owning, operating and maintaining

power supply facilities for service to members in this Billing Section;

(c) The projected annual cost associated with discounts to be allowed by the Seller to members of this Billing Section for high voltage delivery of power and energy pursuant to Section A(d) of this Billing Section;

(d) Share of the sum of:

- (i) The Seller's projected annual administrative and general cost*,
- (ii) the projected interest and principal payments on any indebtedness of the Seller other than that related to power supply facilities,
- (iii) the projected additions to the Seller's reserves as determined necessary by the Board of Trustees of the Seller.

computed as the total of such projected costs of the Seller multiplied by the ratio of the total projected kwh delivered under this Billing Section to the total projected kwh delivered under all Billing Sections of this Rate Schedule;

(e) Any cost adjustments applicable to items (a), (b), (c), (d) and (f) of this section that reflect any excess or deficiency of revenues for the previous twelve (12) months as set forth in B(a) and B(b) above;

(f) Any increase or decrease in cost applicable to this Billing Section that equitably allocate the costs and/or benefits related to large blocks of power or major generation facilities acquired by the Seller in contemplation of the service needs of all members, as provided for in Article 4(c) of the Wholesale Power Contract.

II. Separate all costs under I into three categories:

- (a) Demand Related. Such costs shall include all of the items listed in I(a), (b), (c), (d), (e) and (f) of this Cost of Service and Rate Determination Formula, excluding fuel and variable operation and maintenance costs allocated to energy production where self generation is involved, basic energy and fuel adjustment costs of purchased power, and energy losses (if not included in basic energy and fuel adjustment costs of purchased power) in transmission and substation facilities used for power supply deliveries to the members.
- (b) Energy related other than "fuel cost adjustment".
- (c) Fuel cost adjustment.

* Includes all expenses charged to FPC Accounts 500 through 900 series not included in I(a), I(b) and I(c) above.

- (d) High Voltage Discount Related. Such costs shall include all items listed in I(c) of this Cost of Service and Rate Determination Formula, which shall consist of all purchase power discounts or other applicable foregone costs related to the high voltage delivery of power as applicable to each of the two classes of high voltage delivery specified.

III. Determine delivered cost \$/kw of monthly billing demand and \$/kwh of delivered energy as follows:

- (a) The cost per kw of monthly billing demand to be inserted in Net Monthly Bill, Section A(a), shall be the dollar amount determined under Section II(a) of this Cost of Service and Rate Determination Formula, divided by the arithmetic sum of all monthly billing demands in kw for the year under this Billing Section.
- (b) The cost per kwh to be inserted in Net Monthly Bill, Section A(b), shall be the dollar amount determined under Section II(b) of this Cost of Service and Rate Determination Formula, divided by the total kwh delivered for the year into the power systems of members of the Seller under this Billing Section.
- (c) The cost per kw of monthly billing demand applicable for high voltage discounts to be inserted in Net Monthly Bill, Section A(d) (1) and (2), shall be the dollar amounts determined under Section II(d) of this Cost of Service and Rate Determination Formula applicable to the delivery of power at the respective high voltage levels specified, divided by the arithmetic sum of all billing demands in kw (as defined in the Billing Demand Section) delivered at such high voltage levels into the systems of members of the Seller under this Billing Section.

IV. The cost per kwh for fuel adjustment shall be determined as set forth in the latest applicable order of the Kansas Corporation Commission.

Minimum Bill. The net monthly minimum bill shall be the \$ _____ per kw plus the applicable fuel adjustment charge but not less than \$ _____.

Billing Demand. The average kw, adjusted for power factor, supplied during the 15-minute period of maximum use during the current month, but not less than 75% of the highest kw similarly established during the months of July, August and September and occurring in the eleven (11) preceding months, nor less than 50 kw or such higher minimum kw as may be specified in Schedule A of the Wholesale Power Contract.

When the Member's power factor is less than 85% lagging, as determined by measurement under actual load conditions, the Seller may adjust the kw measured to determine the demand by multiplying the measured kw by 85 and dividing by the actual power factor.

Billing Demand Adjustment. The Kansas Gas and Electric Company's (hereinafter called KGE) rate form will be converted to a two part rate (demand charge and

energy charge) for use in Section II(a). If necessary to make the two part rate equal to the KGE rate, due to the fact that the kwh/kw does not equal or exceed the hours used in the first block of the KGE rate schedule, adjustment factors will be applied to the billing demands in Sections A(a), II(a) and III(a).

Metering as of Delivery into the Member's Power System. If metering is not as of the location of delivery into the Member's power system, metering determinants may be adjusted to reasonably reflect such metering.

The Kansas Gas and Electric Company's Rules and Regulations. Service under this Billing Section No. 3 is subject to the Seller's rights and duties set forth in the applicable contracts with KGE and any tariffs relating thereto.

BILLING SECTION NO. 4

Availability. Electric Service is available to the Member under this Billing Section No. 4 at points within the Western Power Division of Central Telephone and Utilities Corporation's certified area on or immediately adjacent to its existing facilities which, by mutual agreement between the Member and the Seller, are suitable and adequate for the service desired within the limitations hereinafter specified.

Applicability. This Billing Section is applicable to any Member of the Seller organized to operate without profit under the laws of the State of Kansas and which is subject to regulation by the State Corporation Commission of the State of Kansas (hereinafter referred to as Kansas Corporation Commission). This schedule is not applicable for breakdown, or standby electric service.

Character of Service. Alternating current, 60 hertz, at the phase, voltage and maximum capacity (contract capacity) specified for each point of delivery in the Contract for such service.

Net Monthly Bill.

A. The net monthly bill for delivery of power and energy into the power system of the Member under this Billing Section shall be the sum of (a), (b) and (c) less (d) below:

- (a) The monthly billing demand for such delivery multiplied by \$_____ per kw.
- (b) The monthly energy delivery at such location multiplied by the cost per kwh of energy (exclusive of "fuel cost adjustment") of \$_____ per kwh.
- (c) The monthly energy delivery at such location multiplied by the cost per kwh of fuel cost adjustment.
- (d) High Voltage Discounts:
 - (1) For delivery of power at voltages of 115 kv or higher, \$_____ per kw of billing demand as defined in the Billing Demand Section.
 - (2) For delivery of power at voltages of 69 kv or 34 kv, \$_____ per kw of billing demand as defined in the Billing Demand Section.

If during the period of effectiveness of this rate, a revised rate schedule under which the Seller (or its members) acquire electric power and energy from another supplier is made effective through filing with appropriate regulatory authority, the dollar values (a), (b), (c) and (d) above shall be revised by the Seller, effective concurrently, and such revised dollar values shall be applicable for the remaining period of effectiveness of this rate. Such revisions shall reflect only the increase or decrease brought about by the differences between

such revised rate schedule and the rate schedule on which the values of (a), (b), (c) and (d) were determined. The Seller shall furnish the Member calculations showing how such revisions were determined.

- B. The rates set forth in A(a) and A(b) of the Net Monthly Bill shall be determined annually in advance. A study shall be undertaken by the Seller as of October 1st of each year to determine the applicable rates for the 12 month period beginning June 1st of the following year. The rates set forth in A(a) and A(b), above, shall be based on the projected (for the purposes of this Billing Section the term "projected" shall mean "estimated for the future test year") cost of service and projected loads of members to be served under this Billing Section for the future test year, and determined in accordance with the Cost of Service and Rate Determination Formula, set forth below; provided that:
- (a) Any excess of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st beyond that required to meet the cost of service incurred during that period under this Billing Section, shall be deducted in arriving at the cost of service for rate determination for the future test year, or
 - (b) Any insufficiency of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st to meet the cost of service during that period under this Billing Section, shall be added in arriving at the cost of service for rate determination for the future test year.

After approval by the Board of Trustees of the Seller, the proposed rates shall be filed with the Administrator and with the Kansas Corporation Commission no later than January 1st. Upon consent of the Administrator and the Kansas Corporation Commission, the revised rates shall become effective on June 1st.

- C. Notwithstanding the provisions of A and B above, it is acknowledged by all parties hereto that the Board of Trustees of the Seller has and shall exercise the right to adjust rates, subject to approval of the Administrator and the Kansas Corporation Commission, at any time when, in its judgment, changes in costs or conditions of service so require.

Cost of Service and Rate Determination Formula. The formula for computation of the cost of service and rate determination shall be as follows:

- I. The total cost of rendering electric service to members of the Seller under this Billing Section for the future test year is the sum of:
- (a) Total projected amount to be paid to others annually for purchased power and energy, transmission and related services for service to members in this Billing Section;
 - (b) The projected annual cost of owning, operating and maintaining power supply facilities for service to members in this Billing Section;

- (c) The projected annual cost associated with discounts to be allowed by the Seller to members of this Billing Section for high voltage delivery of power and energy pursuant to Section A(d) of this Billing Section;
- (d) Share of the sum of:
 - (i) The Seller's projected annual administrative and general cost*,
 - (ii) the projected interest and principal payments on any indebtedness of the Seller other than that related to power supply facilities,
 - (iii) the projected additions to the Seller's reserves as determined necessary by the Board of Trustees of the Seller,
 computed as the total of such projected costs of the Seller multiplied by the ratio of the total projected kwh delivered under this Billing Section to the total projected kwh delivered under all Billing Sections of this Rate Schedule;
- (e) Any cost adjustment applicable to items (a), (b), (c), (d) and (f) of this section to reflect any excess or deficiency of revenues for the previous twelve (12) months as set forth in B(a) and B(b) above;
- (f) Any increase or decrease in cost applicable to this Billing Section that equitably allocate the costs and/or benefits related to large blocks of power or major generation facilities acquired by the Seller in contemplation of the service needs of all members, as provided for in Article 4(c) of the Wholesale Power Contract.

II. Separate all costs under I into three categories:

- (a) Demand Related. Such costs shall include all of the items listed in I(a), (b), (c), (d), (e) and (f) of this Cost of Service and Rate Determination Formula, excluding fuel and variable operation and maintenance cost allocated to energy production where self generation is involved, basic energy and fuel adjustment costs of purchased power, and energy losses (if not included in basic energy and fuel adjustment costs of purchased power) in transmission and substation facilities used for power supply deliveries to the members.
- (b) Energy related other than "fuel" cost adjustment".
- (c) Fuel cost adjustment.
- (d) High Voltage Discount Related. Such costs shall include all items listed in I(c) of this Cost of Service and Rate Determination Formula, which shall consist of all purchase power discounts or other applicable foregone costs related to the high voltage delivery of power as applicable to each of the two classes of high voltage delivery specified.

* Includes all expenses charged to FPC Accounts 500 through 900 series not included in I(a), I(b) and I(c) above.

III. Determine delivered cost \$/kw of monthly billing demand and \$/kwh of delivered energy as follows:

- (a) The cost per kw of monthly billing demand to be inserted in Net Monthly Bill, Section A(a), shall be the dollar amount determined under Section II(a) of this Cost of Service and Rate Determination Formula, divided by the arithmetic sum of all monthly billing demands in kw for the year under this Billing Section.
- (b) The cost per kwh to be inserted in Net Monthly Bill, Section A(b), shall be the dollar amount determined under Section II(b) of this Cost of Service and Rate Determination Formula, divided by the total kwh delivered for the year into the power systems of members of the Seller under this Billing Section.
- (c) The cost per kw of monthly billing demand applicable for high voltage discounts to be inserted in Net Monthly Bill, Section A(d) (1) and (2), shall be the dollar amounts determined under Section II(d) of this Cost of Service and Rate Determination Formula applicable to the delivery of power at the respective high voltage levels specified, divided by the arithmetic sum of all billing demands in kw (as defined in the Billing Demand Section) delivered at such high voltage levels into the systems of members of the Seller under this Billing Section.

IV. The cost per kwh for fuel adjustment shall be determined as set forth in the latest applicable order of the Kansas Corporation Commission.

Minimum Charge. The minimum charge shall be \$_____ per month per kilowatt of billing demand as hereafter defined but not less than \$_____ per month per kilowatt of the highest billing demand established during the previous eleven months.

Primary Service Discount. If the Member's substation is located not more than one mile from the point of delivery and the Seller elects to meter on the line side of the substation, a credit of two percent (2%) of the kilowatt-hours metered at the point shall be made for substation losses. If the Member's substation is located more than one mile from the point of delivery and the Seller elects to meter on the line side of the substation, no credit will be given for substation losses.

Billing Demand. The Billing Demand shall be the average of the three highest 30-minute peaks indicated during the month, such peaks to be selected during different calendar weeks; where the Member has more than one connection, the Member's demand shall be the sum of the individual demands of all connections arrived at the above basis, but not less than 75% of the highest of the kilowatt demands similarly established during the previous months of June, July, August or September.

Should the average calculated power factor for the month at any connection (under normal operating conditions) be below 80% or above 90% (both lagging) the demand for billing purposes as above defined will be adjusted 1/2% for each 1% by which the power factor is more or less than 85%.

Each connection with the Member shall have a monthly minimum demand of 50 kilowatts.

Billing Demand Adjustment. The Western Power Division of Central Telephone and Utilities Corporation (hereinafter called CTU) rate form will be converted to a two part rate (demand charge and energy charge) for use in Section II(a). If necessary to make the two part rate equal to the CTU rate, due to the fact that the kwh/kw does not equal or exceed the hours of use in the first or second block of the CTU rate schedule, adjustment factors will be applied to the billing demands in Sections A(a), II(a) and III(a).

Metering as of Delivery into the Member's Power System. If metering is not as of the location of delivery into the Member's power system, metering determinants may be adjusted to reasonably reflect such metering.

Western Power Division of Central Telephone and Utilities Corporation Rules and Regulations. Service under this Billing Section No. 4 is subject to the Seller's rights and duties set forth in the applicable contracts with CTU and any tariffs relating thereto.

BILLING SECTION NO. 5

Availability. Electric service is available to the Member under this Billing Section No. 5 at points within the Empire District Electric Company's certified area on or immediately adjacent to its existing facilities which, by mutual agreement between the Member and the Seller, are suitable and adequate for the service desired within the limitations hereinafter specified.

Applicability. This Billing Section is applicable to any Member of the Seller organized to operate without profit under the laws of the State of Kansas and which is subject to regulation by the State Corporation Commission of the State of Kansas (hereinafter referred to as Kansas Corporation Commission). The schedule is not applicable for breakdown, or standby electric service.

Character of Service. Alternating current, 60 hertz, at the phase, voltage and maximum capacity (contract capacity) specified for each point of delivery in the Contract for such service.

Net Monthly Bill.

A. The net monthly bill for each location of power and energy delivery into the power system of the Member under this Billing Section shall be the sum of (a), (b) and (c) less (d) below:

- (a) The monthly billing demand for such delivery multiplied by \$_____ per kw.
- (b) The monthly energy delivery at such location multiplied by the cost per kwh of energy (exclusive of "fuel cost adjustment") of \$_____ per kwh.
- (c) The monthly energy delivery at such location multiplied by the cost per kwh of fuel cost adjustment.
- (d) High Voltage Discount :
 - (1) For delivery of power at voltages of 115 kv or higher, \$_____ per kw of billing demand as defined in the Billing Demand Section.
 - (2) For delivery of power at voltages of 69 kv or 34 kv, \$_____ per kw of billing demand as defined in the Billing Demand Section.

If during the period of effectiveness of this rate, a revised rate schedule under which the Seller (or its members) acquire electric power and energy from another supplier is made effective through filing with appropriate regulatory authority, the dollar values (a), (b), (c) and (d) above shall be revised by the Seller, effective concurrently, and such revised dollar values shall be applicable for the remaining period of effectiveness of this rate. Such revisions shall reflect only the increase or decrease brought about by the differences between such revised rate schedule and the rate schedule on which the values of (a), (b), (c) and (d) were determined. The Seller shall furnish the Member calculations showing how such revisions were determined.

B. The rates set forth in A(a) and A(b) of the Net Monthly Bill shall be determined annually in advance. A study shall be undertaken by the Seller as of October 1st of each year to determine the applicable rates for the 12 month period beginning June 1st of the following year. The rates set forth in A(a) and A(b), above, shall be based on the projected (for the purposes of this Billing Section the term "projected" shall mean "estimated for the future test year") cost of service and projected loads of members to be served under this Billing Section for the future test year, and determined in accordance with the Cost of Service and Rate Determination Formula, set forth below; provided that:

- (a) Any excess of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st beyond that required to meet the cost of service incurred during that period under this Billing Section, shall be deducted in arriving at the cost of service for rate determination for the future test year, or
- (b) Any insufficiency of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st to meet the cost of service during that period under this Billing Section, shall be added in arriving at the cost of service for rate determination for the future test year.

After approval by the Board of Trustees of the Seller, the proposed rates shall be filed with the Administrator and with the Kansas Corporation Commission no later than January 1st. Upon consent of the Administrator and the Kansas Corporation Commission, the revised rates shall become effective on June 1st.

C. Notwithstanding the provisions of A and B above, it is acknowledged by all parties hereto that the Board of Trustees of the Seller has and shall exercise the right to adjust rates, subject to approval of the Administrator and the Kansas Corporation Commission, at any time when, in its judgment, changes in costs or conditions of service so require.

Cost of Service and Rate Determination Formula. The formula for computation of the cost of service and rate determination shall be as follows:

- I. The total cost of rendering electric service to members of Seller under this Billing Section for the future test year is the sum of:
 - (a) Total projected amount to be paid to others annually for purchased power and energy, transmission and related services for service to members in this Billing Section;
 - (b) The projected annual cost of owning, operating and maintaining power supply facilities for service to members in this Billing Section;
 - (c) The projected annual cost associated with discounts to be allowed by the Seller to members of this Billing Section for high voltage delivery of power and energy pursuant to Section A(d) of this Billing Section;

(d) Share of the sum of:

- (i) The Seller's projected annual administrative and general cost*,
- (ii) the projected interest and principal payments on any indebtedness of the Seller other than that related to power supply facilities,
- (iii) the projected additions to the Seller's reserves as determined necessary by the Board of Trustees of the Seller,

computed as the total of such projected costs of the Seller multiplied by the ratio of the total projected kwh delivered under this Billing Section to the total projected kwh delivered under all Billing Sections of this Rate Schedule;

- (e) Any cost adjustment applicable to items (a), (b), (c), (d) and (f) of this section that reflect any excess or deficiency of revenues for the previous twelve (12) months as set forth in B(a) and B(b) above,
- (f) Any increase or decrease in cost applicable to this Billing Section that equitably allocate the costs and/or benefits related to large blocks of power or major generation facilities acquired by the Seller in contemplation of the service needs of all members, as provided for in Article 4(c) of the Wholesale Power Contract.

II. Separate all costs under I into three categories:

- (a) Demand Related. Such costs shall include all of the items listed in I(a), (b), (c), (d), (e) and (f) of this Cost of Service and Rate Determination Formula, excluding fuel and variable operation and maintenance costs allocated to energy production where self generation is involved, basic energy and fuel adjustment costs of purchased power, and energy losses (if not included in basic energy and fuel adjustment costs of purchased power) in transmission and substation facilities used for power supply deliveries to the members.
- (b) Energy related other than "fuel cost adjustment".
- (c) Fuel cost adjustment.
- (d) High Voltage Discount Related. Such costs shall include all items listed in I(c) of this Cost of Service and Rate Determination Formula, which shall consist of all purchase power discounts or other applicable foregone costs related to the high voltage delivery of power as applicable to each of the two classes of high voltage delivery specified.

* Includes all expenses charged to FPC Accounts 500 through 900 series not included in I(a), I(b) and I(c) above.

III. Determine delivered cost \$/kw of monthly billing demand and \$/kwh of delivered energy as follows:

- (a) The cost per kw of monthly billing demand to be inserted in Net Monthly Bill, Section A(a), shall be the dollar amount determined under Section II(a) of this Cost of Service and Rate Determination Formula, divided by the arithmetic sum of all monthly billing demands in kw for the year under this Billing Section.
- (b) The cost per kwh to be inserted in Net Monthly Bill, Section A(b), shall be the dollar amount determined under Section II(b) of this Cost of Service and Rate Determination Formula, divided by the total kwh delivered for the year into the power systems of members of the Seller under this Billing Section.
- (c) The cost per kw of monthly billing demand applicable for high voltage discounts to be inserted in Net Monthly Bill, Section A(d) (1) and (2), shall be the dollar amounts determined under Section II(d) of this Cost of Service and Rate Determination Formula applicable to the delivery of power at the respective high voltage levels specified, divided by the arithmetic sum of all billing demands in kw (as defined in Billing Demand Section) delivered at such high voltage levels into the systems of members of the Seller under this Billing Section.

IV. The cost per kwh for fuel adjustment shall be determined as set forth in the latest applicable order of the Kansas Corporation Commission.

Determination of Billing Demand. Billing Demand, in kilowatts, to be used for billing purposes each month shall be taken as the highest 30-minute integrated kilowatt demand occurring during the month, but not less than 75% of the highest Billing Demand similarly determined during the twelve (12) month period ending with the current month, and in no event less than 100 kilowatts.

Billing Demand Adjustment. There is no Billing Demand Adjustment for this Billing Section.

Metering as of Delivery into the Member's Power System. If metering is not as of the location of delivery into the Member's power system, metering determinants may be adjusted to reasonably reflect such metering.

Empire District Electric Company's Rules and Regulations. Service under this Billing Section No. 5 is subject to the Seller's rights and duties set forth in the applicable contracts with the Empire District Electric Company and any tariffs relating thereto.

BILLING SECTION NO. 6

Availability and Applicability. Electric service under this Billing Section No. 6 is available and applicable to Central Kansas Electric Cooperative, Inc.

Character of Service. Alternating current, 60 hertz, at the phase, voltage and maximum capacity (contract capacity) specified for each point of delivery in the Contract for such service.

Net Monthly Bill.

A. The net monthly bill for delivery of power and energy into the power system of the Member under this Billing Section shall be the sum of (a), (b) and (c) less (d) below:

- (a) The monthly billing demand* for such delivery multiplied by \$_____ per kw.
- (b) The monthly energy delivery at such location multiplied by the cost per kwh of energy (exclusive of "fuel cost adjustment") of \$_____ per kwh.
- (c) The monthly energy delivery at such location multiplied by the cost per kwh of fuel cost adjustment.
- (d) High voltage discount for delivery of power at voltages of 115 kv or higher, \$_____ per kw of billing demand.

If during the period of effectiveness of this rate, a revised rate schedule under which the Seller (or Member) acquires electric power and energy from another supplier is made effective through filing with appropriate regulatory authority, the dollar values (a), (b), (c) and (d) above, shall be revised by the Seller, effective concurrently, and such revised dollar values shall be applicable for the remaining period of effectiveness of this rate. Such revisions shall reflect only the increase or decrease brought about by the differences between such revised rate schedule and the rate schedule on which the values of (a), (b), (c) and (d) were determined. The Seller shall furnish the Member calculations showing how such revisions were determined.

B. The rates set forth in A(a) and A(b) of the Net Monthly Bill shall be determined annually in advance. A study shall be undertaken by the Seller

* Should the actual demand for that portion of the load delivered from the CTU system exceed the nominated demand as described in part "A" of the Billing Demand (defined later in this Billing Section), the Member shall, in addition to the charges based on the nominated demand and rate set forth herein, pay the Seller for any increase in demand charges of the Western Power Division of CTU occasioned by such increase.

as of October 1st of each year to determine the applicable rates for the 12 month period beginning June 1st of the following year. The rates set forth in A(a) and A(b) above, shall be based on the projected (for the purpose of this Billing Section the term "projected" shall mean "estimated for the future test year") cost of service and projected loads of Members to be served under this Billing Section for the future test year, and determined in accordance with the Cost of Service and Rate Determination Formula, set forth below; provided that:

- (a) Any excess of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st beyond that required to meet the cost of service incurred during that period under this Billing Section, shall be deducted in arriving at the cost of service for rate determination for the future test year, or
- (b) Any insufficiency of revenues (exclusive of revenues collected by application of this Section B(a) and B(b)) collected under the twelve (12) months billing prior to October 1st to meet the cost of service during that period under this Billing Section, shall be added in arriving at the cost of service for rate determination for the future test year.

After approval by the Board of Trustees of the Seller, the proposed rates shall be filed with the Administrator and with the Kansas Corporation Commission no later than January 1st. Upon consent of the Administrator and the Kansas Corporation Commission, the revised rates shall become effective on June 1st.

- C. Notwithstanding the provisions of A and B above, it is acknowledged by all parties hereto that the Board of Trustees of the Seller has and shall exercise the right to adjust rates, subject to approval of the Administrator and the Kansas Corporation Commission, at any time when, in its judgment, changes or conditions of service so require.

Cost of Service and Rate Determination Formula. The formula for computation of the cost of service and rate determination shall be as follows:

- I. The total cost of rendering electric service to members of the Seller under this Billing Section for the future test year is the sum of:
 - (a) Total projected amount to be paid to others annually for purchased power and energy, transmission and related services for service to members in this Billing Section;
 - (b) The projected annual cost of owning, operating and maintaining power supply facilities for service to members in this Billing Section;
 - (c) The projected annual cost associated with discounts to be allowed by the Seller to members of this Billing Section for high voltage delivery of power and energy pursuant to Section A(d) of this Billing Section;

(d) Share of the sum of:

- (i) The Seller's projected annual administrative and general cost*,
- (ii) the projected interest and principal payments on any indebtedness of the Seller other than that related to power supply facilities,
- (iii) the projected additions to the Seller's reserves as determined necessary by the Board of Trustees of the Seller,

computed as the total of such projected costs of the Seller multiplied by the ratio of the total projected kwh delivered under this Billing Section to the total projected kwh delivered under all Billing Sections of this Rate Schedule;

- (e) Any cost adjustment applicable to items (a), (b), (c), (d) and (f) of this section that reflect any excess or deficiency of revenues for the previous twelve (12) months as set forth in B(a) and B(b) above;
- (f) Any increase or decrease in cost applicable to this Billing Section that equitably allocate the costs and/or benefits related to large blocks of power or major generation facilities acquired by the Seller in contemplation of the service needs of all members, as provided for in Article 4(c) of the Wholesale Power Contract.

II. Separate all costs under I into three categories:

- (a) Demand Related. Such costs shall include all of the items listed in I(a), (b), (c), (d), (e) and (f) of this Cost of Service and Rate Determination Formula, excluding fuel and variable operation and maintenance costs allocated to energy production where self generation is involved, basic energy and fuel adjustment costs of purchased power, and energy losses (if not included in basic energy and fuel adjustment costs of purchased power) in transmission and substation facilities used for power supply deliveries to the members.
- (b) Energy related other than "fuel cost adjustment".
- (c) Fuel cost adjustment.
- (d) High Voltage Discount Related. Such costs shall include all items listed in I(c) of this Cost of Service and Rate Determination Formula, which shall consist of all purchase power discounts or other applicable foregone costs related to the high voltage delivery of power as applicable to the high voltage delivery specified.

* Includes all expenses charged to FPC Accounts 500 through 900 series not included in I(a), I(b) and I(c) above.

III. Determine delivered cost \$/kw of monthly billing demand and \$/kwh of delivered energy as follows:

- (a) The cost per kw of monthly billing demand to be inserted in Net Monthly Bill, Section A(a), shall be the dollar amount determined under Section II(a) of this Cost of Service and Rate Determination Formula, divided by the arithmetic sum of all monthly billing demands in kw for the year under this Billing Section.
- (b) The cost per kwh to be inserted in Net Monthly Bill, Section A(b), shall be the dollar amount determined under Section II(b) of this Cost of Service and Rate Determination Formula, divided by the total kwh delivered for the year into the systems of members of the Seller under this Billing Section.
- (c) The cost per kw of monthly billing demand applicable for high voltage discounts to be inserted in Net Monthly Bill, Section A(d) (1) and (2), shall be the dollar amounts determined under Section II(d) of this Cost of Service and Rate Determination Formula applicable to the delivery of power at the high voltage level specified, divided by the arithmetic sum of all billing demands in kw (as defined in the Billing Demand Section) delivered at the high voltage level into the systems of members of the Seller under this Billing Section.

IV. The cost per kwh for fuel adjustment shall be determined as set forth in the latest applicable order of the Kansas Corporation Commission.

Billing Demand. The Billing Demand shall be the sum of the demands described in A and B below as measured at existing metering points where such power is measured for input into the member's system.

- A. For power delivered from the Central Telephone and Utilities Corporation system, the demand shall be that nominated by the Member through a letter of intent issued prior to April 1st specifying the next twelve (12) month period beginning with the June 1st billing period.
- B. For power delivered from The Kansas Power and Light Company the demand shall be the sum of the maximum 60-minute integrated demands occurring daily at each delivery point during each month but not more than the highest such daily demand multiplied by 25 less the demand (determined in the same manner) for power delivered to The Kansas Power and Light Company.

Billing Demand Adjustment. There is no Billing Demand Adjustment applicable to this Billing Section.

Metering as of Delivery into the Member's Power System. If metering is not as of the location of delivery into the Members' power system, metering determinants may be adjusted to reasonably reflect such metering.

Central Telephone and Utilities Corporation and the Kansas Power and Light Company Rules and Regulations. Service under this Billing Section No. 6 is subject to the Seller's rights and duties set forth in the applicable contracts with Central Telephone and Utilities Corp. and The Kansas Power and Light Company and any tariffs relating thereto.

ADDENDUM NO. 1
KANSAS ELECTRIC POWER COOPERATIVE, INC.
WHOLESALE POWER CONTRACT

As of the _____ day of _____, 19____, the Kansas Electric Power Cooperative, Inc., Wholesale Power Contract is hereby amended as follows:

Paragraph number 1 shall be amended to read as follows:

1. General. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator"), so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy and facilities available for the Member. Provided, however, that the Member may continue to utilize power and energy generated from those facilities owned by the Member at the time of the Member's execution of the Kansas Electric Power Cooperative, Inc. Wholesale Power Contract, and provided further, that in the event of an emergency power outage(s) which affects a member system during the term of the Member's Kansas Electric Power Cooperative, Inc. Wholesale Power Contract the Member may take power and energy from a power supplier(s) other than Seller on an emergency, short term basis.

A new paragraph 1.1 shall be added as follows:

- 1.1 Members Sale to Municipals. The Member may enter into contractual arrangements to sell power and energy for resale to a municipal electric utility(ies) located within or contiguous to the Member's certified service area, during the term of this agreement; provided that prior to entering into such contractual arrangements the Member shall provide Seller with timely written notification of such arrangement for Seller's proper planning, and provided further, that upon the effective date of this Agreement between the parties, Seller shall have the authority and responsibility for entering into arrangements for the transfer and/or purchase of power and energy from a municipal electric supplier(s) (except as provided for in paragraph 1), and such transfer or purchase arrangements shall be contracted by Seller. Seller will in all cases provide the opportunity for the Member to participate in the negotiations with a municipal supplier(s) for transfer and/or purchase of such power and energy.

Paragraph 2 is hereby amended as follows:

2. Electric Characteristics and Delivery Point(s). Electric power and energy to be furnished hereunder shall be 60 Hertz Alternating Current. The initial point(s) of delivery, delivery voltage, initial capacity, and supply system to which point of delivery is connected shall be described in Schedule A attached hereto and made a part hereof. Other points of delivery may be established by mutual agreement between the

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Seller and the Member from time to time and Schedule A shall be modified accordingly. The Seller shall make and pay for, or shall cause to be made and paid for, all final connections between the systems of the Seller and the Member necessary to establishing future point(s) of delivery. Seller shall have the authority and responsibility for negotiations with other electric power suppliers for the establishment, abandonment, or modification of any delivery point affecting the Member; provided, that in the event of an outage(s) on the Member system as a result of a problem(s) in bulk power supply facilities owned and controlled by an electric supplier(s) other than the Member, the Member shall have the authority and responsibility to make direct contact with the appropriate official(s) of Seller or any other electric supplier(s) to seek remedial relief.

Paragraph 3 is hereby amended as follows:

3. Substation and Associated Transmission. Unless otherwise subsequently determined by the parties, hereto, the Member shall install, own, operate, maintain, and replace the 161 kv and below transmission facilities and/or distribution substation equipment necessary to establish any future point(s) of delivery; own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the delivery system. Meters and metering equipment shall be furnished, maintained, and read, or cause to be furnished, maintained, and read by the Seller. Measurement of power and energy shall be of delivery into the Member's system or at other points of measurement agreed to by the parties. The Seller shall provide, or cause to be provided, the necessary transmission and substation facilities with operating voltages of 10 kv or higher and all other facilities with operating voltages of 230 kv or higher and all other facilities which perform a bulk power supply function. Seller shall provide, or cause to be provided, transmission services required to deliver bulk power to the Member at a point(s) within or on the perimeter of Member's certified service area.

Executed the day and year first above written.

KANSAS ELECTRIC POWER COOPERATIVE, INC.
Seller

By _____
President

ATTEST:

Secretary

Member

By _____
President

ATTEST:

Secretary

1129 195

VOLUME No. 2

Kansas Statutes Annotated

To be Cited as: K. S. A. 16-101

CONTAINING CHAPTERS 16 THROUGH 19
OF THE GENERAL LAWS AND LAWS OF A GENERAL NATURE IN FORCE
INCLUDING THOSE ENACTED IN 1974

DULY ARRANGED, NUMBERED, ANNOTATED AND INDEXED
WITH HISTORIES, NOTES AND REFERENCES
AS REQUIRED BY LAW



Compiled and Edited by
JOHN C. WEEKS, Revisor of Statutes
Of and For the State of Kansas

UNDER AUTHORITY OF
K. S. A. 1974 Supp. 77-142 *et seq.*

PRINTED AND BOUND BY
ROBERT R. (BOB) SANDERS, State Printer
TOPEKA, KANSAS, 1974
35-4487

1129 196

Source of prior law: 17-217.

17-4404. [L. 1939, ch. 152, § 145; Repealed, L. 1972, ch. 52, § 153; July 1.]

17-4405. [L. 1939, ch. 152, § 146; L. 1941, ch. 182, § 16; L. 1953, ch. 125, § 9; Repealed, L. 1972, ch. 52, § 153; July 1.]

17-4406. [L. 1939, ch. 152, § 147; L. 1941, ch. 182, § 17; L. 1953, ch. 125, § 10; Repealed, L. 1972, ch. 52, § 153; July 1.]

CASE ANNOTATIONS

1. Mentioned; service of summons on railroad superintendent held good. *Kinsch v. Missouri-Kansas-Texas Railroad Co.*, 181 K. 354, 356, 310 P. 2d 503.

17-4407. [L. 1939, ch. 152, § 148; L. 1953, ch. 125, § 11; Repealed, L. 1972, ch. 52, § 153; July 1.]

Article 45.—SHORT TITLE

Revisor's Note:

New act, see Table of Sections preceding article 60 of chapter 17 for corresponding sections in 1972 General Corporation Code.

17-4501. [L. 1939, ch. 152, § 149; Repealed, L. 1972, ch. 52, § 153; July 1.]

CASE ANNOTATIONS

1. Discussed; corporation may not obtain right to conduct business under trade name in addition to corporate name. *Kansas Milling Co. v. Ryan*, 152 K. 137, 144, 102 P. 2d 970.

2. Applicability of 17-3801 to insurance company mentioned but not determined. *Morris v. Liberty Life Ins. Co.*, 154 K. 152, 153, 115 P. 2d 773.

3. Ordinarily bank cannot acquire its own stock; exceptions. *Wentworth v. Russell State Bank*, 167 K. 246, 252, 205 P. 2d 972.

17-4502, 17-4503. [L. 1939, ch. 152, §§ 150, 151; Repealed, L. 1965, ch. 152, § 1; June 30.]

17-4504. [L. 1939, ch. 152, § 152; L. 1943, ch. 132, § 1; Repealed, L. 1972, ch. 52, § 153; July 1.]

17-4505. [L. 1939, ch. 152, § 153; Repealed, L. 1972, ch. 52, § 153; July 1.]

Article 46. — ELECTRIC COOPERATIVE, NONPROFIT, MEMBERSHIP CORPORATION

Cross References to Related Sections:

Applicability of general corporation code, see 17-6001.

Corporate filings, reports, fees and franchise taxes, see ch. 17, art. 75.

17-4601. Short title. This act may be

cited as "the electric cooperative act." [L. 1941, ch. 185, § 1; June 30.]

17-4602. Purpose. Cooperative, non-profit, membership corporations may be organized under this act for the purpose of supplying electric energy and promoting and extending the use thereof. [L. 1941, ch. 185, § 2; June 30.]

Research and Practice Aids:

Electricity ☞ 3.

C. J. S. Electricity § 10.

Organizing corporation, Kansas Practice Methods § 792.

17-4603. Definitions. In this act: (a) "Cooperative" means any corporation organized under this act or which becomes subject to this act in the manner hereinafter provided; and (b) "person" means any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or any body politic. [L. 1941, ch. 185, § 3; June 30.]

17-4604. Powers A cooperative shall have power:

(a) To sue and be sued in its corporate name;

(b) to have perpetual existence;

(c) to adopt a corporate seal and alter the same;

(d) to generate, manufacture, purchase, acquire, accumulate and transmit electric energy, and to distribute, sell, supply, and dispose of electric energy to its members, and to governmental agencies, political subdivisions, and to other persons, who are not receiving central station service from facilities of existing public utilities; *Provided, however,* That the furnishing by a cooperative of electric cold storage or processing plant service shall not be deemed to be distributing[,] selling, supplying or disposing of electric energy;

(e) to assist members by the financing thereof to whom electric energy is or will be supplied by the cooperative, in wiring their premises and in acquiring and installing electrical and plumbing appliances, equipment, fixtures and apparatus, and for demonstration purposes such corporations may purchase, acquire, lease as lessor or lessee, electric and plumbing appliances, equipment, fixtures and apparatus and to sell same when it has served such purposes.

(f) To construct, purchase, lease, and to equip, maintain and operate, and to sell, assign, convey, lease, mortgage, pledge or encumber electric transmission and distribution

lines or systems, electric generating plants, and lands, buildings, structures, dams, easements and rights of way, equipment, and any other real or personal property, tangible or intangible, necessary to accomplish the purpose for which the cooperative may be organized hereunder;

(g) to purchase, lease as lessee, or otherwise acquire, and to use, and exercise and to sell, assign, convey, mortgage, pledge or otherwise dispose of or encumber, franchises, rights, privileges, licenses and easements;

(h) to borrow money and otherwise contract indebtedness, and to issue notes, bonds, and other evidences of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust of, or any other encumbrance upon, any or all of its then-owned or after-acquired real or personal property, assets, franchises, revenues or income;

(i) to construct, maintain and operate electric transmission and distribution lines along, upon, under and across publicly owned lands and public thoroughfares, roads, highways, streets, alleys, bridges and causeways in conformity with the laws of the state of Kansas;

(j) to exercise the power of eminent domain in the manner provided by the laws of this state for the exercise of such power by other corporations constructing or operating electric transmission and distribution lines or systems;

(k) to become a member of other cooperatives, and conduct its business and exercise its powers within this state;

(l) to adopt, amend and repeal bylaws; and

(m) to do and perform any other acts and things, and to have and exercise any other powers which may be necessary, to accomplish the purpose for which the cooperative is organized. [L. 1941, ch. 185, § 4; June 30.]

Research and Practice Aids:

Electricity ⇨ 4.

C. J. S. Electricity § 11 et seq.

CASE ANNOTATIONS

1. Corporation held liable for treble damages under 21-2435 for destruction of trees. *Mall v. C. & W. Rural Electric Co-operative Ass'n*, 168 K. 518, 521, 213 P. 2d 993.

2. Mentioned; trial court's refusal to allow amendment of petition and process to correct name of corporate defendant held erroneous. *Rockey v. Runft*, 191 K. 117, 122, 379 P. 2d 285.

17-4695. Name. The name of a cooperative shall include the words "electric" and "cooperative," and the abbreviation "Inc." The name of a cooperative shall be distinct

from the name of any other cooperative or corporation organized under the laws of, or authorized to do business in, this state. Only a cooperative or corporation doing business in this state pursuant to this act shall use both the words "electric" and "cooperative" in its name. [L. 1941, ch. 185, § 5; June 30.]

CASE ANNOTATIONS

1. Mentioned; trial court's refusal to allow amendment of petition and process to correct name of corporate defendant held erroneous. *Rockey v. Runft*, 191 K. 117, 121, 122, 379 P. 2d 285.

17-4606. Incorporators. Five or more natural persons, or two or more cooperatives, may organize a cooperative in the manner hereinafter provided. [L. 1941, ch. 185, § 6; June 30.]

17-4607. Articles of incorporation. Articles of incorporation of a cooperative shall recite that they are executed pursuant to this act and shall state:

(1) the name of the cooperative;

(2) the address of its principal office;

(3) the names and addresses of the incorporators;

(4) the names and addresses of its trustees; and

(5) the purposes for which it is organized, and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of its business. Such articles shall be signed by each incorporator and acknowledged by at least two of the incorporators. [L. 1941, ch. 185, § 7; June 30.]

Research and Practice Aids:

Electricity ⇨ 4.

C. J. S. Electricity § 11 et seq.

17-4608. Bylaws. The board of trustees shall adopt the first bylaws of a cooperative to be adopted following an incorporation, conversion, merger or consolidation. Thereafter the members shall adopt, amend or repeal the bylaws by the affirmative vote of a majority of those members voting thereon at a meeting of the members. The bylaws shall set forth the rights and duties of members and trustees and may contain other provisions for the regulation and management of the affairs of the cooperative not inconsistent with this act or with its articles of incorporation. [L. 1941, ch. 185, § 8; June 30.]

17-4609. Members. Each incorporator of a cooperative shall be a member thereof, but no other person may become a member thereof unless such other person agrees to use electric energy or other services furnished by

the cooperative when they are made available through its facilities. Any member of a cooperative who agrees to use electric energy shall cease to be a member if he does not use electric energy supplied by the cooperative within six months after it is made available to him or if electric energy is not made available to him by the cooperative within two years after he becomes a member, or such lesser period as the bylaws of the cooperative may provide. A husband and wife may hold a joint membership in a cooperative. Membership in a cooperative shall not be transferable, except as provided in the bylaws. The bylaws may prescribe additional qualifications and limitations in respect of membership. [L. 1941, ch. 185, § 9; June 30.]

Research and Practice Aids:

Electricity—3.
C. J. S. Electricity § 10.

17-4610. Meetings of members. (a) An annual meeting of the members of a cooperative shall be held at such time and place as shall be provided in the bylaws.

(b) Special meetings of the members may be called by the president, by the board of trustees, by any three trustees, or by not less than ten percentum of the members.

(c) Except as otherwise provided in this act, written or printed notice stating the time and place of each meeting of the members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member, either personally or by mail, not less than ten days nor more than twenty-five days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, addressed to the member at his address as it appears on the records of the cooperative.

(d) Unless the bylaws prescribe the presence of a greater percentage or number of the members for a quorum, a quorum for the transaction of business at all meetings of the members of a cooperative having not more than one thousand members, shall be five percentum of all members, who must be present in person and of a cooperative having more than one thousand members, shall be fifty members, present in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

(e) Each member shall be entitled to one

vote on each matter submitted to a vote at a meeting of the members.

Voting shall be in person, but, if the bylaws so provide, may also be by proxy or by mail, or both. If the bylaws provide for voting by proxy or by mail, they shall also prescribe the conditions under which voting shall be permitted. No person shall vote as proxy more than three members at any meeting of the members. [L. 1941, ch. 185, § 10; June 30.]

Research and Practice Aids:

Electricity—3.
C. J. S. Electricity § 10.

17-4611. Waiver of notice. Any person entitled to notice of a meeting may waive such notice in writing either before or after such meeting. If any such person shall attend such meeting, such attendance shall constitute a waiver of notice of such meeting, unless such person participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened. [L. 1941, ch. 185, § 11; June 30.]

17-4612. Board of trustees; compensation, when; terms; quorum. (a) The business of a cooperative shall be managed by a board of not less than (5) trustees, each of whom shall be a member of the cooperative. The bylaws shall prescribe the number of trustees, their qualifications, other than those prescribed in this act, the manner of holding meetings of the board of trustees and of electing successors to trustees who shall resign, die, or otherwise be incapable of acting. The bylaws may also provide for the removal of trustees from office and for the election of their successors. Trustees shall not receive any salaries for their services as trustees and except in emergencies, shall not be employed by the cooperative in any capacity involving compensation without the approval of the members. The bylaws may, however, provide that a fixed fee and expenses of attendance may be allowed to each trustee for attendance at each meeting of the board of trustees.

(b) The trustees of a cooperative named in any articles of incorporation, consolidation, merger or conversion, shall hold office until the next annual meeting of the members and until their successors are elected and qualify. At each annual meeting or, in case of failure to hold the annual meeting as specified in the bylaws, at a special meeting called for that purpose, the members shall elect trustees to hold office until the next annual meeting of the

members, except as otherwise provided in this act. Each trustee shall hold office for the term for which he is elected and until his successor is elected and qualifies.

(c) Instead of electing all the trustees annually, the bylaws may provide that half of them, or a number as near thereto as possible, shall be elected to serve until the next annual meeting of the members and that the remaining trustees shall be elected to serve until the second succeeding annual meeting. Thereafter, as trustees' terms expire, the members shall elect their successors to serve until the second succeeding annual meeting after their election.

(d) Instead of electing the trustees in the manner as provided in subsections (b) or (c) of this section, the bylaws may provide that the members shall be elected at such annual meetings to serve for three (3) year terms, except that the terms of the first trustees elected pursuant to this subsection may be fixed in said bylaws for a number of years not exceeding three (3), and upon the expiration thereof all members thereafter to be elected for three (3) year terms.

(e) A majority of the board of trustees shall constitute a quorum.

(f) If a husband and wife hold a joint membership in a cooperative, either one, but not both, may be elected a trustee. [L. 1941, ch. 185, § 12; L. 1959, ch. 121, § 1; June 30.]

Research and Practice Aids:

Electricity ☞ 3.

C. J. S. Electricity § 10.

17-4613. Districts. The bylaws may provide for the division of the territory served or to be served by a cooperative into two or more districts for any purpose, including, without limitation, the nomination and election of trustees and the election and functioning of district delegates. In such case the bylaws shall prescribe the boundaries of the district, or the manner of establishing such boundaries, and the manner of changing such boundaries and the manner in which such districts shall function. No member at any district meeting and no district delegate at any meeting shall vote by proxy or by mail. [L. 1941, ch. 185, § 13; June 30.]

17-4614. Officers; election; agents and employees; removal. The officers of a cooperative shall consist of a president, vice-president, secretary and treasurer, who shall be elected annually by and from the board of trustees. When a person holding any such office ceases to be a trustee he shall cease to

hold such office. The offices of secretary and of treasurer may be held by the same person. The board of trustees may also elect or appoint such other officers, agents, or employees as it deems necessary or advisable and shall prescribe their powers and duties. Any officer may be removed from office and his successor elected in the manner prescribed in the bylaws. [L. 1941, ch. 185, § 14; June 30.]

17-4615. Amendment of articles of incorporation. A cooperative may amend its articles of incorporation in any manner not inconsistent with this act by complying with the following requirements: The proposed amendment shall be presented to a meeting of the members, the notice of which shall set forth or have attached thereto the proposed amendment. If the proposed amendment, with any changes, is approved by the affirmative vote of not less than two-thirds of those members voting thereon at such meeting, articles of amendment shall be executed and acknowledged on behalf of the cooperative by its president or vice-president and its seal shall be affixed thereto and attested by its secretary. The articles of amendment shall recite that they are executed pursuant to this act and shall state:

- (1) The name of the cooperative;
- (2) the address of its principal office; and
- (3) the amendment to its articles of incorporation.

The president or vice-president executing such articles of amendment shall make and annex thereto an affidavit stating that the provisions of this section in respect of the amendment set forth in such articles were duly complied with. [L. 1941, ch. 185, § 15; June 30.]

Research and Practice Aids:

Electricity ☞ 3.

C. J. S. Electricity § 10.

17-4616. Change of location of principal office. A cooperative may, upon authorization of its board of trustees or its members, change the location of its principal office any place within the state of Kansas by filing a certificate reciting such change of principal office, executed and acknowledged by its president or vice-president under its seal attested by its secretary, in the office of the secretary of state. [L. 1941, ch. 185, § 16; June 30.]

17-4617. Consolidation. Any two or more cooperatives (each of which is hereinafter designated a "consolidating cooperative") may consolidate into a new cooperative (hereinafter designated the "new coopera-

tive"), by complying with the following requirements:

(a) The proposition for the consolidation of the consolidating cooperatives into the new cooperative and proposed articles of consolidation to give effect thereto shall be submitted to a meeting of the members of each consolidating cooperative, the notice of which shall have attached thereto a copy of the proposed articles of consolidation;

(b) if the proposed consolidation and the proposed articles of consolidation, with any amendments, are approved by the affirmative vote of not less than two-thirds of the members of each consolidating cooperative at each such meeting, articles of consolidation in the form approved shall be executed and acknowledged on behalf of each consolidating cooperative by its president or vice-president and its seal shall be affixed thereto and attested by its secretary.

The articles of consolidation shall recite that they are executed pursuant to this act and shall state:

(1) The name of each consolidating cooperative and the address of its principal office;

(2) the name of the new cooperative and the address of its principal office;

(3) a statement that each consolidating cooperative agrees to the consolidation;

(4) the names and addresses of the trustees of the new cooperative; and

(5) the terms and conditions of the consolidation and the mode of carrying the same into effect, including the manner in which the members of the consolidating cooperatives may or shall become members of the new cooperative; and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business of the new cooperative.

The president or vice-president of each consolidating cooperative executing such articles of consolidation shall make and annex thereto an affidavit stating that the provisions of this section in respect of such articles were duly complied with by such cooperative. [L. 1941, ch. 185, § 17, June 30.]

Cross References to Related Sections:

Approval by state corporation commission, see 17-4631.

Research and Practice Aids:

Electricity ⚡ 3.

C. J. S. Electricity § 10.

17-4618. Merger. Any one or more cooperatives (each of which is hereinafter designated a "merging cooperative") may merge

into another cooperative (hereinafter designated the "surviving cooperative"), by complying with the following requirements:

(a) The proposition for the merger of the merging cooperative into the surviving cooperative and proposed articles of merger to give effect thereto shall be submitted to a meeting of the members of each merging cooperative and of the surviving cooperative, the notice of which shall have attached thereto a copy of the proposed articles of merger;

(b) if the proposed merger and the proposed articles of merger, with any amendments, are approved by the affirmative vote of not less than two-thirds of the members of each cooperative at each such meeting, articles of merger in the form approved shall be executed and acknowledged on behalf of each such cooperative by its president or vice-president and its seal shall be affixed thereto and attested by its secretary.

The articles of merger shall recite that they are executed pursuant to this act and shall state:

(1) The name of each merging cooperative and the address of its principal office;

(2) the name of the surviving cooperative and the address of its principal office;

(3) a statement that each merging cooperative and the surviving cooperative agree to the merger;

(4) the names and addresses of the trustees of the surviving cooperative; and

(5) the terms and conditions of the merger and the mode of carrying the same into effect, including the manner in which members of the merging cooperatives may or shall become members of the surviving cooperative; and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business of the surviving cooperative.

The president or vice-president of each cooperative executing such articles of merger shall make and annex thereto an affidavit stating that the provisions of this section in respect of such articles were duly complied with by such cooperative. [L. 1941, ch. 185, § 18, June 30.]

Cross References to Related Sections:

Approval by state corporation commission, see 17-4631.

Research and Practice Aids:

Electricity ⚡ 3.

C. J. S. Electricity § 10.

17-4619. Effect of consolidation on merger. (a) In the case of a consolidation

the existence of the consolidating cooperatives shall cease and the articles of consolidation shall be deemed to be the articles of incorporation of the new cooperative; and in case of a merger the separate existence of the merging cooperatives shall cease and the articles of incorporation of the surviving cooperative shall be amended to the extent, if any, that changes therein are necessary in the articles of merger;

(b) all the rights, privileges, immunities and franchises and all property, real and personal, including applications for membership, all debts due on whatever account and all other choses in action, of each of the consolidating or merging cooperatives shall be deemed to be transferred to and vested in the new or surviving cooperative without further act or deed;

(c) the new or surviving cooperative shall be responsible and liable for all the liabilities and obligations of each of the consolidating or merging cooperatives and any claim existing or action or proceeding pending by or against any of the consolidating or merging cooperatives may be prosecuted as if the consolidation or merger had not taken place, but the new or surviving cooperative may be substituted in its place; and

(d) neither the rights of creditors nor any liens upon the property of any such cooperatives shall be impaired by such consolidation or merger. [L. 1941, ch. 185, § 19; June 30.]

17-4620. Conversion of existing corporations. Any cooperative corporation organized under the laws of this state and supplying or authorized to supply electric energy may be converted into a cooperative as defined by this act by complying with the following requirements and shall thereupon become subject to this act with the same effect as if originally organized under this act:

(a) the proposition for the conversion of such corporation into a cooperative and proposed articles of conversion to give effect thereto shall be submitted to a meeting of the members or stockholders of such corporation, the notice of which shall have attached thereto a copy of the proposed articles of conversion;

(b) if the proposition for the conversion of such cooperative corporation into a cooperative and the proposed articles of conversion, with any amendments, are approved by the affirmative vote of not less than two-thirds of the members of such cooperative corporation at such meeting, or, if such corporation is a stock corporation, by the affirmative vote of

the holders of not less than two-thirds of those shares of the capital stock of such corporation represented at such meeting and voting thereon, articles of conversion in the form approved shall be executed and acknowledged on behalf of such corporation by its president or vice-president and its seal shall be affixed thereto and attested by its secretary.

The articles of conversion shall recite that they are executed pursuant to this act and shall state:

(1) The name of the corporation and the address of its principal office prior to its conversion into a cooperative;

(2) the statute or statutes under which it was organized;

(3) a statement that such a corporation elects to become a cooperative, nonprofit, membership corporation subject to this act;

(4) its name as a cooperative;

(5) the address of the principal office of the cooperative;

(6) the names and addresses of the trustees of the cooperative; and

(7) the manner in which members or stockholders of such corporation may or shall become members of the cooperative; and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business of the cooperative.

The president or vice-president executing such articles of conversion shall make and annex thereto an affidavit stating the provisions of this section were duly complied with in respect of such articles. The articles of conversion shall be deemed to be the articles of incorporation of the cooperative. [L. 1941, ch. 185, § 20; June 30.]

Research and Practice Aids:

Electricity \Rightarrow 3.

C. J. S. Electricity § 10.

17-4621. Dissolution. (a) A cooperative which has not commenced business may be dissolved by delivering to the secretary of state articles of dissolution which shall be executed and acknowledged on behalf of the cooperative by a majority of the incorporators and which shall state:

(1) The name of the cooperative;

(2) the address of its principal office;

(3) that the cooperative has not commenced business;

(4) that any sums received by the cooperative, less any part thereof disbursed for expenses of the cooperative, have been returned or paid to those entitled thereto;

(5) that no debt of the cooperative is unpaid; and

(6) that a majority of the incorporators elect that the cooperative be dissolved.

(b) A cooperative which has commenced business may be dissolved in the following manner: The members at any meeting shall approve, by the affirmative vote of not less than two-thirds of those members voting thereon at such meeting, a proposal that the cooperative be dissolved. Upon such approval, a certificate of election to dissolve (hereinafter designated the "certificate"), executed and acknowledged on behalf of the cooperative by its president or vice-president under its seal, attested by its secretary, and stating:

- (1) The name of the cooperative;
- (2) the address of its principal office; and
- (3) that the members of the cooperative

have duly voted that the cooperative be dissolved, shall, together with an affidavit made by its president or vice-president executing the certificate, stating that the statements in the certificate are true, be submitted to the secretary of state for filing.

Upon the filing of the certificate and affidavit by the secretary of state, the cooperative shall cease to carry on its business except to the extent necessary for the winding up thereof, but its corporate existence shall continue until articles of dissolution have been filed by the secretary of state. The board of trustees shall immediately cause notice of the dissolution proceedings to be mailed to each known creditor of and claimant against the cooperative and to be published once a week for two successive weeks in a newspaper of general circulation in the county in which the principal office of the cooperative is located. The board of trustees shall wind up and settle the affairs of the cooperative, collect sums owing to it, liquidate its property and assets, pay and discharge its debts, obligations and liabilities, and do all other things required to wind up its business, and after paying or discharging or adequately providing for the payment or discharge of all its debts, obligations and liabilities, shall distribute any remaining sums among its members and former members in proportion to the patronage of the respective members or former members during the seven years next preceding the date of the filing of the certificate by the secretary of state, or if the cooperative has not been in existence for such period, then during the period of its existence prior to such filing.

The board of trustees shall thereupon authorize the execution of articles of dissolution, which shall be executed and acknowledged on behalf of the cooperative by its president or vice-president, and its seal shall be affixed thereto and attested by its secretary.

The articles of dissolution shall recite that they are executed pursuant to this act and shall state:

- (1) The name of the cooperative;
- (2) the address of its principal office;
- (3) the date on which the certificate of election to dissolve was filed by the secretary of state;

(4) that there are no actions or suits pending against the cooperative;

(5) that all debts, obligations and liabilities of the cooperative have been paid and discharged or that adequate provision has been made therefor; and

(6) that the preceding provisions of this subsection have been duly complied with.

The president or vice-president executing the articles of dissolution shall make and annex thereto an affidavit stating that the statements made therein are true. [L. 1941, ch. 185, § 21; June 30.]

Revisor's Note:

Referred to in 17-4622.

Research and Practice Aids:

Electricity ☞ 3.

C. J. S. Electricity § 10.

17-4622. Filing of articles of incorporation; fees. Articles of incorporation, amendment, consolidation, merger, conversion, or dissolution, when executed and acknowledged and accompanied by such affidavits as may be required by applicable provisions of this act, shall be presented to the secretary of state for filing in the records of his office. If the secretary of state shall find that the articles presented conform to the requirements of this act, he shall, upon the payment of the fees as in this act provided, file such articles in the records of his office and upon such filing the incorporation, amendment, consolidation, merger, conversion, or dissolution provided for therein shall be in effect. The provisions of this section shall also apply to certificates of election to dissolve and affidavits executed in connection therewith pursuant to subsection (b) of section 21 [17-4621] of this act. [L. 1941, ch. 185, § 22; June 30.]

17-4623. Refunds to members. Revenues of a cooperative for any fiscal year in excess of the amount thereof necessary:

(a) To defray the expenses of the operation and maintenance of the facilities of the cooperative during such fiscal year;

(b) to pay interest and principal obligations of the cooperative coming due in such fiscal year;

(c) to finance, or to provide a reserve for the financing of, the construction or acquisition by the cooperative of additional facilities to the extent determined by the board of trustees;

(d) to provide a reasonable reserve for working capital;

(e) to provide a reserve for the payment of indebtedness of the cooperative in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year shall, unless otherwise determined by a vote of the members, be distributed by the cooperative to its members and to other persons to whom the cooperative supplies electric energy or other services, as patronage refunds prorated in accordance with the patronage of the cooperative by the respective members and such other persons, paid for during such fiscal year: *Provided, however,* That such distribution shall not be made to any such other person until he has become a member of the cooperative.

If such other person does not become a member of the cooperative within one year after the amount of his distributive share or accumulated distributive shares equal the membership fee required by the bylaws of the cooperative, or if no membership fee is required, within two years after the declaration of any such patronage refund, he shall cease to be entitled to such share or shares. Nothing herein contained shall be construed to prohibit the payment by a cooperative of all or any part of its indebtedness prior to the date when the same shall become due. [L. 1941, ch. 185, § 23; June 30.]

Research and Practice Aids:

Electricity ☞ 2.

C. J. S. Electricity § 11 et seq.

17-4624. Disposition of property (a) The board of trustees of a cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and

income therefrom, all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the cooperative.

(b) A cooperative may not otherwise sell, mortgage, lease or otherwise dispose of or encumber all or a substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by the affirmative vote of not less than a majority of all the members of the cooperative. [L. 1941, ch. 185, § 24; L. 1970, ch. 93, § 1; July 1.]

17-4625. Nonliability of members for debts of cooperative. No member shall be liable or responsible for any debts of the cooperative and the property of the members shall not be subject to execution therefor. [L. 1941, ch. 185, § 25; June 30.]

17-4626. Recordation of mortgages, effect thereof. Any mortgage, deed of trust or other instrument executed by a cooperative doing business in this state pursuant to this act, which affects real and personal property and which is recorded in the real property records in any county in which such property is located or is to be located, shall have the same force and effect as if the mortgage, deed of trust or other instrument were also recorded, filed or indexed as provided by law in the proper office in such county as a mortgage of personal property. All after-acquired property of such cooperative described or referred to as being mortgaged or pledged in any such mortgage, deed of trust or other instrument, shall become subject to the lien thereof immediately upon the acquisition of such property by such cooperative, whether or not such property was in existence at the time of the execution of such mortgage, deed of trust or other instrument.

Recordation of any such mortgage, deed of trust or other instrument shall constitute notice and otherwise have the same effect with respect to such after-acquired property as it has under the laws relating to recordation, with respect to property owned by such cooperative at the time of the execution of such mortgage, deed of trust or other instrument and therein described or referred to as being mortgaged or pledged thereby. The lien upon personal property of any such mortgage, deed of trust or other instrument shall, after recordation thereof, continue in existence and of record for the period of time specified therein without the refileing thereof or the filing of any renewal certificate, affidavit or other

supplemental information required by the laws relating to the renewal, maintenance or extension of liens upon personal property. [L. 1941, ch. 185, § 26; June 30.]

17-4627. Easements. No action or suit may be brought against a cooperative doing business in this state pursuant to this act, or against any agent, servant or employee thereof, by reason of the maintenance of electric transmission or distribution lines on any real property after the expiration of a period of two years of continuous maintenance of such lines without the consent of the person or persons legally entitled to object to such maintenance. [L. 1941, ch. 185, § 27; June 30.]

Law Review and Bar Journal References:

Application of statute mentioned in a note, 4 K. L. R. 592, 593 (1956).

CASE ANNOTATIONS

1. Ejectment action barred hereunder; demurrer properly sustained. *Clark v. Butler Rural Electrification Ass'n*, 177 K. 344, 345, 346, 279 P.2d 240.

17-4628. Trustees, officers or members may take acknowledgments. No person who is authorized to take acknowledgments under the laws of this state shall be disqualified from taking acknowledgments of instruments executed in favor of a cooperative or to which it is a party, by reason of being an officer, trustee or member of such cooperative. [L. 1941, ch. 185, § 28; June 30.]

17-4629. [L. 1941, ch. 185, § 29; Repealed, L. 1972, ch. 54, § 24; July 1.]

17-4630. Jurisdiction of the state corporation commission. Cooperatives doing business in this state pursuant to this act shall be subject to the jurisdiction and control of the corporation commission of this state as provided in chapter 66, General Statutes of Kansas of 1935 as amended as applying to electric utilities, except as to issuance of securities. [L. 1941, ch. 185, § 30; June 30.]

Research and Practice Aids:

Electricity ⊃ 3.

C. J. S. Electricity § 10.

17-4631. Same; approval of mergers and consolidations. No merger or consolidation of any cooperative, or corporation, organize under the provisions of this act shall become effective until the same has been approved by the corporation commission of the state of Kansas. [L. 1941, ch. 185, § 31; June 30.]

17-4632. Securities act exemption. The

provisions of the Kansas securities act shall not apply to any note, bond or other evidence of indebtedness issued by any cooperative doing business in this state pursuant to this act to United States of America or any agency or instrumentality thereof, or to any mortgage, deed of trust or other instrument executed to secure the same. The provisions of said securities act shall not apply to the issuance of membership certificates by any cooperative. [L. 1941, ch. 185, § 31; June 30.]

Research and Practice Aids:

Licenses ⊃ 19.

C. J. S. Licenses § 31.

17-4633. Invalidity of part. If any provisions of this act, or the application of such provision to any person or circumstance is held invalid, the remainder of the act and the application of such provisions to other persons or circumstances shall not be affected thereby. No caption of any section or set of sections shall in any way affect the interpretation of this act or any part thereof. [L. 1941, ch. 185, § 32; June 30.]

Research and Practice Aids:

Statutes ⊃ 64(2).

C. J. S. Statutes § 96 et seq.

17-4634. Annual report and franchise tax. (a) Every corporation organized under the electric cooperative act of this state shall make an annual report in writing to the secretary of state, showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if any such corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall receive an extension of time for filing its annual income tax return from the internal revenue service or pursuant to subsection (c) of K.S.A. 1972 Supp. 79-3221, the time for filing the report hereunder shall be extended, correspondingly, upon filing with the secretary of state a copy of the extension granted by the internal revenue service or the director of taxation. The report shall be made on a form provided by the secretary of state, containing the following information:

(1) The name of the corporation;

(2) The location of the principal office;

(3) The name of the president, secretary and treasurer and the number of directors with the post-office address of each;

(4) The number of memberships issued;

(5) A balance sheet showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing; and

(6) The change or changes, if any, in the particulars made since the last annual report.

(b) Such reports shall be signed by the president, vice-president or secretary of the corporation, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing such annual report, each such corporation shall pay an annual franchise tax of twenty dollars (\$20). [L. 1972, ch. 54, § 20; L. 1973, ch. 90, § 3; April 9.]

Article 47.—URBAN RENEWAL LAW

Cross References to Related Sections:

Municipal housing laws, see 17-2336 to 17-2365.

Law Review and Bar Journal References:

Certain repealed sections hereunder, relating to establishing redevelopment authority, mentioned in discussing constitutionality of general and special laws. Richard B. Dyson, 13 K. L. R. 103, 105, 106 (1964).

ACT OF 1943 AND AMENDMENTS

Revisor's Note:

New act, see 17-4742 to 17-4761.

17-1701, 17-4702. [L. 1943, ch. 118, §§ 1, 2; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. Act held unconstitutional; special legislation. Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 582, 584, 585, 587, 593, 236 P.2d 782.

17-4703 to 17-4705. [L. 1943, ch. 118, §§ 3 to 5; L. 1951, ch. 206, §§ 1 to 3; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. 1943 act as amended by 1951 statute held unconstitutional; special legislation. Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 582, 583, 584, 585, 586, 593, 594, 595, 236 P.2d 782.

17-4705a to 17-4705d. [L. 1951, ch. 206, §§ 4 to 6; 17; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. Act held unconstitutional; special legislation.

Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 586, 236 P.2d 782.

17-4706. [L. 1943, ch. 118, § 6; L. 1951, ch. 206, § 7; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. 1943 statute as amended by 1951 act held unconstitutional; special legislation. Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 586, 236 P.2d 782.

17-4707, 17-4708. [L. 1943, ch. 118, §§ 7, 8; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

17-4709. [L. 1943, ch. 118, § 9; L. 1951, ch. 206, § 8; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. 1943 statute as amended by 1951 act held unconstitutional; special legislation. Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 586, 236 P.2d 782.

17-4710. [L. 1943, ch. 118, § 10; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

17-4711. [L. 1943, ch. 118, § 11; L. 1951, ch. 206, § 9; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. 1943 statute as amended by 1951 act held unconstitutional; special legislation. Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 586, 236 P.2d 782.

17-4712, 17-4713. [L. 1943, ch. 118, §§ 12, 13; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

17-4714 to 17-4718. [L. 1943, ch. 118, §§ 14 to 18; L. 1951, ch. 206, §§ 10 to 14; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. 1943 statute as amended by 1951 act held unconstitutional; special legislation. Redevelopment Authority of the City of Kansas City v. State Corp. Comm., 171 K. 581, 586, 236 P.2d 782.

17-4719. [L. 1943, ch. 118, § 19; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

17-4720, 17-4721. [L. 1943, ch. 118, §§ 20, 21; L. 1951, ch. 206, §§ 15, 16; Repealed, L. 1953, ch. 106, § 19; L. 1953, ch. 133, § 1; June 30.]

CASE ANNOTATIONS

1. 1943 statute as amended by 1951 act held unconstitutional; special legislation. Redevelopment

KANSAS ELECTRIC POWER COOPERATIVE, INC.

TOPEKA, KANSAS

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 1978 TO DECEMBER 31, 1978

SCHMIDT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY, MISSOURI

1129 207

KANSAS ELECTRIC POWER COOPERATIVE, INC.

Topeka, Kansas

EXAMINATION REPORT

For The Period

January 1, 1978 to December 31, 1978

1129 208

Kansa ower Cooperative, Inc.
peka, Kansas

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Kansas Electric Power Cooperative, Inc.Topeka, Kansas

BOARD OF TRUSTEES

Cooperative

Altamont, Kansas
 Belleville, Kansas
 Burlington, Kansas
 Cedar Vale, Kansas
 Cheney, Kansas
 Clay Center, Kansas
 Council Grove, Kansas
 Dodge City, Kansas
 El Dorado, Kansas
 Ellsworth, Kansas
 Emporia, Kansas
 Fredonia, Kansas
 Girard, Kansas
 Great Bend, Kansas
 Horton, Kansas
 Hutchinson, Kansas
 Iola, Kansas
 Lindsborg, Kansas
 Mankato, Kansas
 Meade, Kansas
 McLouth, Kansas
 Norton, Kansas
 Pratt, Kansas
 Solomon, Kansas
 Wamego, Kansas
 Wellington, Kansas

Trustee

L. G. Dulavey
 Everett L. Ledbetter
 Dean Martin
 Walter David
 Jack S. Hutchinson
 Charles W. Ellis
 Gerald Ridenour
 Ray Sprenkle
 Wilbur C. Reed
 A. D. Paull
 R. D. Speece
 Howard L. Sell
 Ray Taylor
 Jack D. Goodman
 Dale Bodenhausen
 Wesley Nunemaker
 Wesley R. Clendenen
 Verner E. Lundquist
 Clarence Beck
 Otes Allison
 W. A. Ousdahl
 Phil Lesh
 Robert Ahrens
 James F. Schmidt
 Kenneth L. Erickson
 Max Kolarik

Alternate

Lester Murphy, Jr.
 F. J. Raleigh
 Alfred Meyer
 Robert Brown
 Gene Porter
 Raymond James
 Wilmer Tischhauser
 Ralph V. Sherer
 Wayne Seward
 Larry D. Kilian
 Larry Scott
 Marvin Freidline
 Marvin Lewis
 LaVern Becker
 Alva Amon
 Curtis Stubbs
 Elmer Nichols
 Gilbert Bengston
 Jim Gouldie
 H. L. Murphey
 Fred Johnson
 Lynn Morford
 Frederic Moore
 William McCallum
 Lester Marten
 Garland Price

EXECUTIVE COMMITTEE

Charles W. Ellis
 James F. Schmidt
 Phil Lesh
 Allen D. Paull

President
 Vice-President
 Secretary
 Treasurer

Max Kolarik
 Otes Allison
 Wilbur Reed

MANAGEMENT

Charles Ross

Executive Vice-President

1129 210

SCHMIDT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

2837 MAIN STREET

KANSAS CITY, MISSOURI 64108

MEMBERS OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(816) 421-4024

January 29, 1979

Board of Directors

Kansas Electric Power Cooperative, Inc.

Topeka, Kansas

Gentlemen:

We have examined the balance sheets of the Kansas Electric Power Cooperative, Inc. Topeka, Kansas as of December 31, 1978 and 1977 and the related statements of changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above, present fairly the financial position of the Kansas Electric Power Cooperative, Inc., Topeka, Kansas, at December 31, 1978 and 1977, in conformity with generally accepted accounting principles applied on a consistent basis.

SCHMIDT & COMPANY


W. G. Schmidt, Partner

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Kansas Electric Power Cooperative, Inc.Topeka, Kansas

BALANCE SHEET

December 31, 1978

ASSETS AND OTHER DEBITSPlant

General plant	\$ 24,112.72	
Less: Accumulated depreciation	<u>11,269.37</u>	
Depreciated Value		\$ 12,843.35

Investments

Equities in other organizations		9,880.50
---------------------------------	--	----------

Current Assets

Cash	7,755.67	
Accounts receivable	17,439.29	
Prepaid expenses	<u>1,440.17</u>	
Total Current Assets		26,635.13

Deferred Debits

Organization expense	1,067.50	
Research and development	<u>1,873,827.61</u>	
Total Deferred Debits		<u>1,874,895.11</u>

TOTAL ASSETS AND OTHER DEBITS		<u>\$1,924,254.09</u>
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MEMBERS' EQUITY AND LIABILITIESCapital Equities

Memberships		\$ 2,700.00
-------------	--	-------------

Current Liabilities

Notes payable (CFC)	\$1,352,000.00	
Accounts payable	10,602.62	
Accrued property taxes	1,013.59	
Accrued withholding tax	635.40	
Employee savings	<u>21.88</u>	
Total Current Liabilities		1,364,273.49

Deferred Credits

Advances for research and development		<u>557,280.60</u>
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TOTAL MEMBERS' EQUITY AND LIABILITIES		<u>\$1,924,254.09</u>
---------------------------------------	--	-----------------------

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Kansas Electric Power Cooperative, Inc.Topeka, Kansas

COMPARATIVE BALANCE SHEET

	December 31 <u>1978</u>	December 31 <u>1977</u>	Increase (Decrease)
<u>ASSETS</u>			
<u>Plant</u>			
General plant	\$ 24,112.72	\$ 22,524.54	\$ 1,588.18
Less: Accumulated depreciation	<u>11,269.37</u>	<u>6,756.67</u>	<u>4,512.70</u>
Depreciated Value	<u>12,843.35</u>	<u>15,767.87</u>	<u>(2,924.52)</u>
<u>Investments</u>			
Equities in other organizations	<u>9,880.50</u>	<u>3,649.50</u>	<u>6,231.00</u>
<u>Current Assets</u>			
Cash	7,755.67	2,648.12	5,107.55
Accounts receivable	17,439.29	17,489.11	(49.82)
Prepayments	<u>1,440.17</u>	<u>1,347.67</u>	<u>92.50</u>
Total	<u>26,635.13</u>	<u>21,484.90</u>	<u>5,150.23</u>
<u>Deferred Debits</u>	<u>1,874,895.11</u>	<u>1,502,832.67</u>	<u>372,062.44</u>
TOTAL ASSETS	<u>\$1,924,254.09</u>	<u>\$1,543,734.94</u>	<u>\$380,519.15</u>
<u>MEMBERS' EQUITY AND LIABILITIES</u>			
<u>Capital Equities</u>			
Memberships	\$ <u>2,700.00</u>	\$ <u>2,700.00</u>	\$ <u>-0-</u>
<u>Current Liabilities</u>			
Notes payable	1,352,000.00	860,000.00	492,000.00
Accounts payable	10,624.50	26,837.05	(16,212.55)
Accrued taxes	<u>1,648.99</u>	<u>1,312.04</u>	<u>336.95</u>
Total	<u>1,364,273.49</u>	<u>888,149.09</u>	<u>476,124.40</u>
<u>Deferred Credits</u>	<u>557,280.60</u>	<u>652,885.85</u>	<u>(95,605.25)</u>
TOTAL MEMBERS' EQUITY AND LIABILITIES	<u>\$1,924,254.09</u>	<u>\$1,543,734.94</u>	<u>\$380,519.15</u>

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Kansas Electric Power Cooperative, Inc.Topeka, Kansas

STATEMENT OF CHANGES IN FINANCIAL POSITION

For The Year 1978

FUNDS RECEIVED

Loans from CFC	\$492,000.00
Total Funds Received	<u>\$492,000.00</u>

FUNDS APPLIED

Office furniture & equipment		\$ 1,588.18
Increase in working capital		21,025.83
Research & Development:		
Per Exhibit A-1	\$372,062.44	
Add:		
Member advances applied	95,605.25	
Capital credits applied	<u>6,231.00</u>	
	473,898.69	
Deduct:		
Depreciation included	<u>4,512.70</u>	
Funds devoted to research		<u>469,385.99</u>
TOTAL FUNDS APPLIED		<u>\$492,000.00</u>

STATEMENT OF CHANGES IN WORKING CAPITALINCREASE IN WORKING CAPITAL

Increase in cash	\$ 5,107.55
Increase in prepaid expenses	92.50
Decrease in accounts payable	<u>16,212.55</u>
Total	<u>\$ 21,412.60</u>

DECREASE IN WORKING CAPITAL

Decrease in accounts receivable	\$ 49.82
Increase in accrued taxes	<u>336.95</u>
Total	<u>\$ 386.77</u>

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Kansas Electric Power Cooperative, Inc.Topeka, Kansas

UTILITY PLANT

	Balance 1-1-78	Additions	Retirements	Balance 12-31-78
<u>General Plant</u>				
Transportation equipment	\$14,538.92	\$ -0-	\$ -0-	\$14,538.92
Office furniture & fixtures	<u>7,985.02</u>	<u>1,588.18</u>	<u>-0-</u>	<u>9,573.80</u>
Total	<u>22,524.54</u>	<u>1,588.18</u>	<u>-0-</u>	<u>24,112.72</u>
<u>Depreciation</u>				
Transportation equipment (1)	5,309.89	3,634.73	-0-	8,944.62
Office furniture & fixtures (2)	<u>1,446.78</u>	<u>877.97</u>	<u>-0-</u>	<u>2,324.75</u>
Total	<u>6,756.67</u>	<u>4,512.70</u>	<u>-0-</u>	<u>11,269.37</u>
Depreciated Value				<u>\$12,843.35</u>

(1) 25% declining balance

(2) 10%

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History and Organization

Articles of Incorporation adopted by six electric distribution cooperatives of Kansas were filed with the Secretary of State, February 13, 1975 for the Incorporation of Kansas Electric Power Cooperative, Inc., pursuant to the Electric Cooperative Act, K. S. A. 17-4601 and other applicable laws. It is a nonprofit cooperative with perpetual existence. Bylaws of the corporation do not restrict membership to electric cooperatives. Each active member has a representative on the Board of Trustees. The membership fee is \$100 and at audit date the corporation had twenty-six active members.

Balance Sheet Comments

Plant

General plant	\$24,112.72
Less: Depreciation	<u>11,269.37</u>
Depreciated Value	<u>\$12,843.35</u>

Exhibit B, page 6 of this report presents a detailed statement of general plant facilities and changes in the plant accounts during 1978. Acquisitions include two calculators, two desks, two chairs and two bookcases.

Investments

Equities in other organizations	<u>\$9,880.50</u>
---------------------------------	-------------------

Equities in other organizations include the following:

National Rural Utilities Cooperative Finance Corporation		
Washington, D. C.		
Membership	\$1,000.00	
Capital credits	<u>8,778.00</u>	\$9,778.00
Kansas Electric Cooperatives, Inc.		
Topeka, Kansas		
Membership		10.00
National Rural Electric Cooperative Association		
Washington, D. C.		
Membership		10.00
Federated Rural Electric Insurance Corporation		
Madison, Wisconsin		
Preferred stock		<u>82.50</u>
Total		<u>\$9,880.50</u>

Cash

Working fund	\$ 50.00
General fund	<u>7,705.67</u>
Total	<u>\$7,755.67</u>

The general fund of the cooperative is in the custody of the Fairlawn Plaza State Bank, Topeka, Kansas. We examined all

checks honored by the bank during 1978 and traced the checks to detailed computer listings. Special attention was directed to authorized signatures and to classification of the expenditures. We reconciled the bank statement with the cooperative's

POOR ORIGINAL

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books and compared our reconciliation with one prepared by the cooperative. Particular attention was directed to the outstanding checks at the beginning and end of the year. Written confirmation of the bank balance was obtained from the bank, a member of the Federal Deposit Insurance Corporation.

Accounts Receivable

\$17,439.29

We reviewed the subsidiary ledger of accounts receivable

and determined it was in balance with the ledger control account. Accounts receivable consist primarily of expenses incurred by KEPCo assisting its members in wholesale rate cases and travel advances to KEPCo staff members:

Member cooperatives	
Less than thirty days old	\$14,611.15
Thirty to ninety days old	506.73
Over ninety days old	<u>1,967.60</u>
	17,085.48
Due from KEC	<u>353.81</u>
Total	<u>\$17,439.29</u>

Negative confirmation requests were mailed to the extent deemed necessary.

Prepaid Expenses

Unexpired insurance	\$ 640.17
Travel advances	<u>800.00</u>
Total	<u>\$1,440.17</u>

Insurance policies were examined and the unexpired insurance premiums computed.

We listed the policies, ob-

served they were made payable to the cooperative and ascertained all were in effect at audit date.

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The type of insurance and the amount in effect at audit date were as follows:

<u>Type of Insurance</u>	<u>Amount</u>
General public liability	
Bodily injury	\$500/1,000,000
Property damage	200/200,000
Workmen's compensation	Statutory
Fidelity insurance (blanket crime)	50,000
Automobile	
Bodily injury	500/1,000,000
Property damage	200,000
Collision	\$100 deductible
Fire and extended coverage	
Contents of rented office	7,500

Travel advances included:

Joe Hamman	\$150.00
O. W. Taylor	150.00
Jerry Haahr	150.00
Dave Larson	50.00
Joe Mulholland	150.00
Hoburg Lee	150.00
Total	<u>\$800.00</u>

Deferred Debits

Organization expense	\$ 1,067.50
Research & development	<u>1,873,827.61</u>
Total	<u>\$1,874,895.11</u>

Kansas Electric Power
Cooperative, Inc., was
organized to provide
additional power. The

cooperative selected Southern Engineering Company to provide engineering services and the firm of Kassebaum and Johnson to provide legal services. It is hoped that this effort will result in acquisition of generation capacity and transmission capabilities in cooperation with other utilities in the state. Costs have been incurred with a number of projects and four projects are involved at audit date. Financing of these projects is provided by member assessments and by short-term loans from National Rural Utilities Cooperative Finance Corporation (CFC), Washington, D. C.

Until it is determined whether actual construction results from the effort, costs are being deferred and consist of the following as of December 31, 1978:

	Research Projects			
	KP&L	KCP&L KGE	Hydro	CTU
Labor	\$ 563.85	\$ 300,888.22	\$ 1,499.83	\$ 45,334.03
Payroll taxes	10.48	27,186.71	90.95	4,736.62
Employee benefits	81.29	38,653.84	240.40	5,862.18
Travel	435.79	49,526.71	96.10	9,407.09
Public relations	347.71	-0-	2.07	-0-
Rent	42.79	9,629.20	91.89	2,119.76
Building costs	35.73	10,355.35	70.34	1,991.56
Leasing & maintenance	14.34	8,994.27	62.84	2,096.35
Depreciation	30.70	19,240.60	90.22	5,946.35
Insurance	7.05	2,170.93	21.07	473.20
Property tax	7.91	3,010.65	71.14	735.02
Meetings	23.65	84,427.37	-0-	4,618.38
Engineering	-0-	351,131.27	-0-	14,722.56
Computer	-0-	25,594.57	-0-	-0-
Supplies	31.65	17,264.26	54.28	2,625.32
Postage	24.64	9,979.79	82.24	1,545.73
Telephone	45.27	19,672.85	132.13	3,355.82
Legal	275.00	509,380.67	-0-	5,134.60
Contingencies	-0-	725.00	-0-	-0-
Subscriptions	87.00	3,648.33	-0-	232.43
Interest	179.96	153,424.90	423.31	863.93
Auditing	-0-	1,300.00	-0-	-0-
Personnel costs	5.35	75,173.27	11.05	11,743.26
Consultants	234.82	15,879.82	7,500.00	-0-
Total (\$1,873,827.61)	<u>\$2,484.98</u>	<u>\$1,737,258.58</u>	<u>\$10,539.86</u>	<u>\$123,544.19</u>

Capital Equities

Memberships \$2,700.00

Membership certificates have been issued to twenty-seven cooperatives in Kansas. One

member dropped its membership but the fee was not refunded.

Current Liabilities

Notes payable \$1,352,000.00
 Accounts payable 10,602.62
 Accrued property tax 1,013.59
 Accrued withholding tax 635.40
 Employee savings 21.88
 Total \$1,364,273.49

We examined invoices paid subsequent to the audit date, made inquiries concerning possible unrecorded liabilities and in the opinion of the cooperative's attorneys,

the association had no contingent liabilities at audit date.

The cooperative has a line of credit with the National Rural Utilities Cooperative Finance Corporation (CFC) in the amount of \$2,500,000.00 and at audit date had borrowed \$1,352,000.00. Interest on the short-term loan varies monthly with market

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and at December 31, 1978 was 11.75%. The line of credit is arranged on a yearly basis and both the line of credit and any amounts advanced become due March 23, 1979. Members of KEPCo have guaranteed payment to CFC for any amounts advanced to KEPCo plus interest. We obtained written confirmation of the notes payable to CFC at audit date. Interest is paid quarterly.

Inasmuch as KEPCo is operated under common management with KEC, overhead costs incurred by KEC applicable to KEPCo are billed to them at the end of each month. The amount billed and unpaid at December 31, 1978 amounted to \$10,602.62. Property taxes payable represent one-half of the 1978 taxes assessed per statements on file in the cooperative's office. Withholding tax was withheld from employees during the last quarter of 1978 and is payable to the State of Kansas.

Deferred Credits

Advances for research & development	<u>\$557,280.60</u>	Capital for KEPCo, formerly KEC's
-------------------------------------	---------------------	--------------------------------------

power and energy department, is provided by member assessments and by short-term loans from CFC. One agreement provided for five assessments of \$600.00 per member plus \$0.15 per KWH sold by the member in 1972. Sunflower Electric Cooperative and its members are to pay 75% of this amount.

The other agreement provided for assessments of \$0.25 per KW. The first agreement was to provide funds to operate the department, while the second was to fund engineering, legal, etc. costs involved in negotiations with other utilities.

In 1976 the Board of Directors of KEPCo charged \$96,649.40 of deferred research and development costs against capital derived under the first agreement and in 1978 KEPCo charged another \$95,605.25 against advances provided by members.

At audit date the advances appeared as follows:

KEC administrative funds (seven assessments)		\$140,143.50
Less: Board action 1976.	\$96,649.40	
Assessment not paid.	646.00	
Board action 1978	<u>42,848.10</u>	
		<u>\$140,143.50</u>

Engineering, legal, etc. (seven assessments)		\$610,037.75
Less: Board action in 1978		<u>52,757.15</u>
Balance December 31, 1978		<u>\$557,280.60</u>

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KANSAS ELECTRIC POWER COOPERATIVE, INC.

TOPEKA, KANSAS

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 1977 TO DECEMBER 31, 1977

SCHMIDT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY, MISSOURI

1129 222

KANSAS ELECTRIC POWER COOPERATIVE, INC.

Topeka, Kansas

EXAMINATION REPORT

For The Period

January 1, 1977 To December 31, 1977

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Kansas Electric Power Cooperative, Inc.

Topeka, Kansas

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Kansas Electric Power Cooperative, Inc.

Topeka, Kansas

BOARD OF TRUSTEES

Cooperative

Altamont, Kansas
 Belleville, Kansas
 Burlington, Kansas
 Cedar Vale, Kansas
 Cheney, Kansas
 Clay Center, Kansas
 Council Grove, Kansas
 Dodge City, Kansas
 El Dorado, Kansas
 Ellsworth, Kansas
 Emporia, Kansas
 Fredonia, Kansas
 Girard, Kansas
 Great Bend, Kansas
 Horton, Kansas
 Hutchinson, Kansas
 Iola, Kansas
 Lindsborg, Kansas
 Mankato, Kansas
 Meade, Kansas
 McLouth, Kansas
 Norton, Kansas
 Pratt, Kansas
 Solomon, Kansas
 Wamego, Kansas
 Wellington, Kansas

Trustee

L. G. Dulavey
 Everett L. Ledbetter
 Dean Martin
 Fred S. Freeman
 Jack S. Hutchinson
 Charles W. Ellis
 Gerald Ridenour
 Ray Sprengle
 Wilbur C. Reed
 A. D. Paull
 R. D. Speece
 Howard L. Sell
 Ray Taylor
 Jack D. Goodman
 Ivan A. King
 Wesley Nunemaker
 Wesley R. Clendenen
 Verner E. Lundquist
 Clarence Beck
 Otes Allison
 W. A. Ousdahl
 Phil Lesh
 Robert Ahrens
 James F. Schmidt
 Kenneth L. Erickson
 Max Kolarik

Alternate

Lester Murphy, Jr.
 F. J. Raleigh
 Lyle Herriott
 Walter David
 Gene Porter
 Raymond James
 Wilmer Tischhauser
 Ralph V. Sherer
 Ed Helmer/John Entz
 Larry D. Kilian
 Larry Scott
 Marvin Freidline
 Marvin Lewis
 LaVern Becker
 Alva Amon
 Curtis Stubbs
 Vernon Speakes
 Gilbert Bengston
 Jim Gouldie
 H. L. Murphey
 Robert Feiring/Fred Johnson
 Lynn Morford
 Frederic Moore
 William McCallum
 Lester Marten
 Garland Price

EXECUTIVE COMMITTEE

Howard L. Sell
 Charles W. Ellis
 Phil Lesh
 James F. Schmidt

President
 Vice-President
 Secretary
 Treasurer

Max Kolarik
 Everett L. Ledbetter
 A. D. Paull

SCHMIDT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

2837 MAIN STREET
KANSAS CITY, MISSOURI 64108

MEMBERS OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(816) 421-4624

January 30, 1978

Board of Trustees
Kansas Electric Power Cooperative, Inc.
Topeka, Kansas

Gentlemen:

We have examined the balance sheets of the Kansas Electric Power Cooperative, Inc., Topeka, Kansas as of December 31, 1977 and 1976 and the related statements of changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above, present fairly the financial position of the Kansas Electric Power Cooperative, Inc., Topeka, Kansas, at December 31, 1977 and 1976, in conformity with generally accepted accounting principles applied on a consistent basis.

SCHMIDT & COMPANY


W. G. Schmidt, Partner

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Kansas Electric Power Cooperative, Inc.Topeka, KansasBALANCE SHEET

December 31, 1977

ASSETS AND OTHER DEBITSPlant

General plant	\$ 22,524.54	
Less: Accumulated depreciation	<u>6,756.67</u>	
Depreciated value		\$ 15,767.87

Investments

Equities in other organizations		3,649.50
---------------------------------	--	----------

Current Assets

Cash	2,648.12	
Accounts receivable	17,489.11	
Prepaid insurance	<u>1,347.67</u>	
Total Current Assets		21,484.90

Deferred Debits

Organization expense	1,067.50	
Research & development	<u>1,501,765.17</u>	
Total Deferred Credits		<u>1,502,832.67</u>

TOTAL ASSETS AND OTHER DEBITS

\$1,543,734.94MEMBERS' EQUITY AND LIABILITIESCapital Equities

Memberships		\$ 2,700.00
-------------	--	-------------

Current Liabilities

Notes payable	\$ 860,000.00	
Accounts payable	26,837.05	
Accrued property taxes	778.84	
Accrued withholding tax	<u>533.20</u>	
Total Current Liabilities		888,149.09

Deferred Credits

Advances for research & development		<u>652,885.85</u>
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TOTAL MEMBERS' EQUITY AND LIABILITIES

\$1,543,734.94

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Kansas Electric Power Cooperative, Inc.Topeka, Kansas

COMPARATIVE BALANCE SHEET

	December 31 1977	December 31 1976	Increase (Decrease)
<u>ASSETS</u>			
<u>Plant</u>			
General plant	\$ 22,524.54	\$ 20,627.87	\$ 1,896.67
Less: Accumulated depreciation	6,756.67	3,071.46	3,685.21
Depreciated Value	<u>15,767.87</u>	<u>17,556.41</u>	<u>(1,788.54)</u>
<u>Investments</u>			
Equities in other organizations	<u>3,649.50</u>	<u>1,000.00</u>	<u>2,649.50</u>
<u>Current Assets</u>			
Cash	2,648.12	4,271.94	(1,623.82)
Accounts receivable	17,489.11	600.00	16,889.11
Prepayments	1,347.67	-0-	1,347.67
Total	<u>21,484.90</u>	<u>4,871.94</u>	<u>16,612.96</u>
<u>Deferred Debits</u>	<u>1,502,832.67</u>	<u>1,054,276.74</u>	<u>448,555.93</u>
TOTAL ASSETS	<u>\$1,543,734.94</u>	<u>\$1,077,705.09</u>	<u>\$466,029.85</u>
<u>MEMBERS' EQUITY AND LIABILITIES</u>			
<u>Capital Equities</u>			
Memberships	\$ <u>2,700.00</u>	\$ <u>2,700.00</u>	\$ <u>-0-</u>
<u>Current Liabilities</u>			
Notes payable	860,000.00	392,000.00	468,000.00
Accounts payable	26,837.05	30,119.24	(3,282.19)
Accrued taxes	1,312.04	-0-	1,312.04
Total	<u>888,149.09</u>	<u>422,119.24</u>	<u>466,029.85</u>
<u>Deferred Credits</u>			
Advances for research & development	<u>652,885.85</u>	<u>652,885.85</u>	<u>-0-</u>
TOTAL MEMBERS' EQUITY AND LIABILITIES	<u>\$1,543,734.94</u>	<u>\$1,077,705.09</u>	<u>\$466,029.85</u>

Note: 1976 balance sheet after transfer of assets and liabilities from KEC in the amount of \$1,075,651.09.

Kansas Electric Power Cooperative, Inc.Topeka, Kansas

STATEMENT OF CHANGES IN FINANCIAL POSITION

For The Year 1977

FUNDS RECEIVED

Depreciation (Exhibit B, page 6)	\$ 3,685.21
Deduct: Capital credits (no funds received)	<u>2,649.50</u>
	1,035.71
Decrease in working capital	<u>449,416.89</u>
FUNDS AVAILABLE	<u>\$450,452.60</u>

FUNDS APPLIED

Investments plant (Exhibit B, page 6)	\$ 1,896.67
Deferred research & development cost	<u>448,555.93</u>
TOTAL FUNDS APPLIED	<u>\$450,452.60</u>

STATEMENT OF CHANGES IN WORKING CAPITALDECREASE IN WORKING CAPITAL

Decrease in cash	\$ 1,623.82
Notes payable CFC	468,000.00
Increase in accrued taxes	<u>1,312.04</u>
Total Decrease in Working Capital	<u>470,935.86</u>

INCREASE IN WORKING CAPITAL

Increase in accounts receivable	16,889.11
Increase in prepayments	1,347.67
Decrease in accounts payable	<u>3,282.19</u>
Total Increase in Working Capital	<u>21,518.97</u>

NET DECREASE IN WORKING CAPITAL	<u>\$449,416.89</u>
---------------------------------	---------------------

Kansas Electric Power Cooperative, Inc.Topeka, Kansas

UTILITY PLANT

	Balance 4-1-77	Additions	Retirements	Balance 12-31-77
<u>General Plant</u>				
Transportation equipment	\$14,538.92	\$ -0-	\$ -0-	\$14,538.92
Office furniture & fixtures	6,088.95	1,896.67	-0-	7,985.62
Total	<u>20,627.87</u> (1)	<u>1,896.67</u>	<u>-0-</u>	<u>22,524.54</u>
<u>Depreciation</u>				
Transportation equipment (2)	2,233.55	3,076.34	-0-	5,309.89
Office furniture & fixtures (3)	837.91	608.87	-0-	1,446.78
Total	<u>3,071.46</u> (1)	<u>3,685.21</u>	<u>-0-</u>	<u>6,756.67</u>
Depreciated Value				<u>\$15,767.87</u>

- (1) Transferred from KEC to KEPCO.
 (2) 25% declining balance.
 (3) 10%.

History and Organization

Articles of Incorporation adopted by six electric distribution cooperatives of Kansas were filed with the Secretary of State, February 13, 1975 for the Incorporation of Kansas Electric Power Cooperative, Inc., pursuant to the Electric Cooperative Act, K. S. A. 17-4601 and other applicable laws. It is a nonprofit cooperative with perpetual existence. Bylaws of the corporation do not restrict membership to electric cooperatives. Each active member has a representative on the Board of Trustees. The membership fee is \$100 and at audit date the corporation had twenty-six active members.

Balance Sheet Comments

Plant

General plant	\$22,524.54
Less: Depreciation	<u>6,756.67</u>
Depreciated Value	<u>\$15,767.87</u>

During the past year, the association

acquired three vehicles and office furniture and equipment from Kansas

Electric Cooperative Power and Energy

Department. The association also purchased a telecopier, calculator, desk, chair, files and book case.

Investments

Equities in other organizations

Equities in other organizations \$3,649.50

include the following:

National Rural Utilities Cooperative Finance Corporation
Washington, D. C.

Membership

\$1,000.00

Capital credits

2,607.00

\$3,607.00

Kansas Electric Cooperatives, Inc.

Topeka, Kansas

Membership

10.00

National Rural Electric Cooperative Association

Washington, D. C.

Membershi

10.00

Federated Rural Electric Insurance Corporation

Madison, Wisconsin

Preferred stock

22.50

Total

\$3,649.50

Cash

General fund \$2,648.12

The general fund of the association is in

the custody of the Fairlawn Plaza State

Bank, Topeka, Kansas. We examined all

checks honored by the banks during 1977 and traced the checks to detailed computer listings. Special attention was directed to authorized signatures and to classification of the expenditures. The bank balance was reconciled by us and our reconciliation was compared with one prepared by the cooperative. Particular

attention was given the outstanding checks at the beginning and end of the year. Written confirmation of the bank balance was obtained from the bank, a member of the Federal Deposit Insurance Corporation.

Accounts Receivable \$17,489.11

We reviewed the subsidiary ledger of accounts receivable and determined it was in balance with the ledger control account. Accounts receivable consist of the following:

Member cooperatives	\$17,089.11
Employee advances	400.00
Total	<u>\$17,489.11</u>

Negative confirmation requests were mailed to the extent deemed necessary.

Prepaid Insurance

Unexpired insurance	\$ 580.75
Employees' insurance	766.92
Total	<u>\$1,347.67</u>

Insurance policies were examined and the unexpired insurance premiums computed. We listed the policies, observed they were made payable to the cooperative and

ascertained all were in effect at audit date. The type of insurance and the amount in effect at audit date were as follows:

<u>Type of Insurance</u>	<u>Amount</u>
General public liability	
Bodily injury	\$500/1,000,000
Property damage	200/200,000
Workmen's compensation	Statutory
Fidelity insurance (blanket crime)	100,000
Automobile	
Bodily injury	500/1,000,000
Property damage	200,000
Collision	\$100 deductible

Deferred Debits

Organization expense	\$ 1,067.50
Research & development	1,501,765.17
Total	<u>\$1,502,832.67</u>

Kansas Electric Power Cooperative, Inc., was organized to provide additional power. The cooperative selected Southern Engineering Company to

provide engineering services and the firm of Kassebaum and Johnson to provide legal services. It is hoped that this effort will result in acquisition of generation capacity and transmission capabilities in cooperation with other utilities of the state. The cooperative costs, as well as, the engineering and legal fees involved, are being financed by capital assessments to the members of KEPCO and by short term loan funds from the National Rural Utilities Cooperative Finance Corporation, Washington, D. C. (CFC). Until it is determined whether actual construction results

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from the effort, costs are being deferred and consist of the following as of December 31, 1977:

Legal	\$ 462,957.23
Engineering	386,861.81
Labor	322,150.40
Travel	44,648.58
Overhead	47,731.05
Committee expense	54,185.88
Supplies	15,277.97
Communications	22,920.74
Miscellaneous	<u>145,031.51</u>
Total	<u>\$1,501,765.17</u>

Capital Equities

Memberships \$2,700.00

Membership certificates have been issued to twenty-seven cooperatives in Kansas. One member dropped its membership during the past year but the fee was not refunded.

Current Liabilities

Notes payable	\$860,000.00
Accounts payable	26,837.05
Accrued property taxes	778.84
Accrued withholding tax	<u>533.20</u>
Total	<u>\$888,149.09</u>

We examined invoices paid subsequent to the audit date, made inquiries concerning possible unrecorded liabilities and in the opinion of the cooperative's attorneys, the association had no contingent liabilities at audit date.

During 1977 the cooperative obtained a line of credit from the National Rural Utilities Cooperative Finance Corporation (CFC) in the amount of \$1,500,000.00 after members of KEPCO guaranteed repayment of the loan from CFC. At December 31, 1977, KEPCO had borrowed \$860,000.00 for one year due March 24, 1978. The interest on these loans varies with market but at audit date the rate was 8.25%. Confirmation of the obligation was obtained from CFC.

Accounts payable at audit date consisted of the following:

Kansas Electric Cooperatives, Inc.	\$ 9,004.52
Southern Engineering	8,017.69
Kassebaum & Johnson	5,110.93
Hoburg Lee	1,117.96
William C. Wise	1,474.28
Maupintour	1,140.00
Others	<u>971.67</u>
Total	<u>\$26,837.05</u>

Kansas Electric Power Cooperative

Topeka, Kansas

Audit Journal Entries

December 31, 1977

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
(1)			
Other investments	123.00	\$ 10.00	
Preliminary survey	183.52		\$ 10.00
To reclassify membership fee paid NRECA.			
(2)			
Miscellaneous income	421.00	741.00	
Preliminary survey - miscellaneous	183.82		741.00
To reclassify capital credits issued by CFC.			
(3)			
Preliminary survey - miscellaneous	183.82	7.68	
Accrued property taxes	236.1		7.68
To adjust 1977 property taxes.			
(4)			
Prepaid benefits	165.00	631.23	
Preliminary survey	183.82		330.87
Preliminary survey	183.84		24.21
Preliminary survey	183.85		4.04
Preliminary survey	183.86		20.18
Preliminary survey	183.87		8.07
Preliminary survey	183.88		16.14
Prepaid insurance	165.10		149.85
Preliminary survey	183.02		77.87
To adjust prepaid insurance as of December 31, 1977.			
(5)			
Preliminary survey	183.02	30.33	
Preliminary survey	183.62	21.71	
Preliminary survey	142.10	8,967.23	
Preliminary survey	183.42	627.69	
Preliminary survey	183.12	1,118.32	
Preliminary survey	183.32	506.21	
Preliminary survey	183.14	130.00	
Preliminary survey	183.16	110.70	
Preliminary survey	183.92	1,117.96	
Preliminary survey	183.72	5,110.93	
Preliminary survey	183.52	5.36	
Preliminary survey	183.82	268.76	
Inter-company accounts	195.00	67.33	
Accounts payable	232.10		18,082.53
To set up accounts payable as of December 31, 1977.			

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	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
(6)			
Other investments	123.00	\$1,888.50	
Preliminary survey	183.82		1,888.50
To record capital credits issued by CFC			
to KEC Power & Engineering Department			
and Federated Rural Insurance Corporation.			

(7)			
Preliminary survey	183.02	244.97	
Preliminary survey	183.04	17.92	
Preliminary survey	183.05	2.99	
Preliminary survey	183.06	1.94	
Preliminary survey	183.07	.97	
Preliminary survey	183.08	11.95	
Inter-company accounts	195		298.74
To set up amount due KEC for B. C & B. S.			
for December.			

(8)			
Customer accounts receivable	142.10	1,970.82	
Preliminary survey	183.05		99.00
Preliminary survey	183.06		531.44
Preliminary survey	183.07		222.18
Preliminary survey	183.08		442.88
Preliminary survey	183.15		3.53
Preliminary survey	183.16		129.60
Preliminary survey	183.17		7.06
Preliminary survey	183.18		65.39
Preliminary survey	183.25		17.18
Preliminary survey	183.26		85.89
Preliminary survey	183.27		34.36
Preliminary survey	183.28		68.72
Preliminary survey	183.55		4.64
Preliminary survey	183.56		23.18
Preliminary survey	183.57		9.27
Preliminary survey	183.58		18.54
Preliminary survey	183.65		13.43
Preliminary survey	183.66		67.15
Preliminary survey	183.67		26.86
Preliminary survey	183.68		53.72
Preliminary survey	183.85		3.90
Preliminary survey	183.86		19.50
Preliminary survey	183.87		7.80
Preliminary survey	183.88		15.60
To set-up amounts due from members for			
December expenses.			

1978
Cumulative
Pocket-Part Supplement
to the
Kansas Statutes Annotated

Volume 2
CHAPTERS 16 TO 19

This supplement is to be used in connection with the corresponding volume of the Kansas Statutes Annotated. The 1977 Supplement may be discarded.

shareholder, or a shareholder no longer qualified to own shares in the corporation, then the price for such shares shall be determined by arbitration pursuant to the rules of the American arbitration association. Unless request in writing is made for arbitration hereunder within thirty (30) days after the death or disqualification of a shareholder, the fair value shall be determined by a district judge of the district court in which the principal place of business of the professional corporation is located, said determination to be had by the district judge without a jury. The election to incorporate under this act shall constitute a full and final waiver of the right of jury trial on all issues in respect to the price and fair value to be paid for such shares.

History: K.S.A. 17-2714; L. 1976, ch. 145, § 43; Jan. 10, 1977.

17-2715.

Law Review and Bar Journal References:

Discussed in "Professional Liability Insurance: Implication of Termination," Wayne T. Stratton, 77 J.K.M.S. 255, 262 (1976).

17-2718. Same; annual report; franchise tax. (a) Each professional corporation organized under the laws of this state shall file with the secretary of state an annual report in writing and a copy or duplicate thereof, showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if any such corporation's tax period is other than the calendar year it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall receive an extension of time for filing its annual income tax return from the internal revenue service or pursuant to subsection (c) of K.S.A. 79-3221, the time for filing the report hereunder shall be extended, correspondingly, upon filing with the secretary of state a copy of the extension granted by the internal revenue service or the director of taxation. The report shall be made on a form provided by the secretary of state, containing the following information:

(1) The names and residence addresses of all officers, directors and shareholders of the professional corporation;

(2) A statement that each officer, director and shareholder is or is not a qualified person as defined in K.S.A. 1977 Supp. 17-2707, and setting forth the date on which any shares of the corporation were no longer owned by a qualified person;

(3) The amount of authorized stock and the par value, if any, of each share; and

(4) The amount of capital stock issued.

(b) Such reports shall be signed by the president, vice-president or secretary of the professional corporation, and sworn to before a notary public by the persons executing the report. The copy of the annual report or the duplicate original copy of the annual report shall be forwarded to the regulatory board which licenses the shareholders described in the report. At the time of filing its annual report, each professional corporation shall pay the annual franchise tax prescribed by K.S.A. 1977 Supp. 17-7503, and any amendments thereto.

History: K.S.A. 17-2718; L. 1977, ch. 78, § 1; July 1.

Article 31.—MANAGEMENT OF PRIVATE CORPORATIONS

17-3101.

CASE ANNOTATIONS

6. Section is a codification not modification of common law. *Equity Investors, Inc. v. Amnest Group, Inc.*, 1 K.A.2d 276, 281, 563 P.2d 531.

Article 33.—STOCKHOLDERS' CONTROL OVER THE CORPORATION

17-3309.

CASE ANNOTATIONS

1. Referred to in noncompliance with 40-2106; did not bar stockholder from obtaining mandamus relief for stockholder list of corporate insurer under facts, limited purpose. *Lincoln American Corp. v. Victory Life Insurance Co.*, 375 F. Supp. 112, 117.

17-3310.

CASE ANNOTATIONS

2. Referred to in noncompliance with 40-2106; did not bar stockholder from obtaining mandamus relief for stockholder list of corporate insurer under facts, limited purpose. *Lincoln American Corp. v. Victory Life Insurance Co.*, 375 F. Supp. 112, 117.

Article 46.—ELECTRIC COOPERATIVE, NONPROFIT, MEMBERSHIP CORPORATIONS

17-4604. Powers. A cooperative shall have power:

POOR ORIGINAL

(a) To sue and be sued in its corporate name;

(b) to have perpetual existence;

(c) to adopt a corporate seal and alter the same;

(d) to generate, manufacture, purchase, acquire, accumulate and transmit electric energy, and to distribute, sell, supply, and dispose of electric energy to its members, and to governmental agencies, political subdivisions, and to other persons, who are not receiving central station service from facilities of existing public utilities;

(e) to assist members by the financing thereof to whom electric energy is or will be supplied by the cooperative, in wiring their premises and in acquiring and installing electrical and plumbing appliances, equipment, fixtures and apparatus, and for demonstration purposes such corporations may purchase, acquire, lease as lessor or lessee, electric and plumbing appliances, equipment, fixtures and apparatus and to sell same when it has served such purposes;

(f) to construct, purchase, lease, and to equip, maintain and operate, and to sell, assign, convey, lease, mortgage, pledge or encumber electric transmission and distribution lines or systems, electric generating plants, and lands, buildings, structures, dams, easements and rights-of-way, equipment, and any other real or personal property, tangible or intangible, necessary to accomplish the purpose for which the cooperative may be organized hereunder;

(g) to purchase, lease as lessee, or otherwise acquire, and to use, and exercise and to sell, assign, convey, mortgage, pledge or otherwise dispose of or encumber, franchises, rights, privileges, licenses and easements;

(h) to borrow money and otherwise contract indebtedness, and to issue notes, bonds, and other evidences of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust of, or any other encumbrance upon, any or all of its then-owned or after-acquired real or personal property, assets, franchises, revenues or income;

(i) to construct, maintain and operate electric transmission and distribution lines along, upon, under and across publicly owned lands and public thoroughfares, roads, highways, streets, alleys, bridges and

causeways in conformity with the laws of the state of Kansas;

(j) to exercise the power of eminent domain in the manner provided by the laws of this state for the exercise of such power by other corporations constructing or operating electric transmission and distribution lines or systems;

(k) to become a member of other cooperatives, and conduct its business and exercise its powers within this state;

(l) to adopt, amend and repeal bylaws; and

(m) to do and perform any other acts and things, and to have and exercise any other powers which may be necessary, to accomplish the purpose for which the cooperative is organized.

History: K.S.A. 17-4604; L. 1978, ch. 81, § 1; July 1.

17-4610. Meetings of members. (a) An annual meeting of the members of a cooperative shall be held at such time and place as shall be provided in the bylaws.

(b) Special meetings of the members may be called by the president, by the board of trustees, by any three (3) trustees, or by not less than ten percent (10%) of the members.

(c) Except as otherwise provided in this act, written or printed notice stating the time and place of each meeting of the members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member, either personally or by mail, not less than ten (10) days nor more than thirty-five (35) days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, addressed to the member at his or her address as it appears on the records of the cooperative.

(d) Unless the bylaws prescribe the presence of a greater percentage or number of the members for a quorum, a quorum for the transaction of business at all meetings of the members of a cooperative having not more than one thousand (1,000) members, shall be five percent (5%) of all members, who must be present in person, and of a cooperative having more than one thousand (1,000) members, shall be fifty (50) members, present in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

(c) Each member shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of the members.

Voting shall be in person, but, if the bylaws so provide, may also be by proxy or by mail, or both. If the bylaws provide for voting by proxy or by mail, they shall also prescribe the conditions under which voting shall be permitted. No person shall vote as proxy more than three (3) members at any meeting of the members.

History: K.S.A. 17-4610; L. 1978, ch. 81, § 2; July 1.

17-1612. Board of trustees; compensation, when; terms; quorum. (a) The business of a cooperative shall be managed by a board of not less than five (5) trustees, each of whom shall be a member of the cooperative. The bylaws shall prescribe the number of trustees, their qualifications, other than those prescribed in this act, the manner of holding meetings of the board of trustees and of electing successors to trustees who shall resign, die, or otherwise be incapable of acting. The bylaws may also provide for the removal of trustees from office and for the election of their successors. Trustees shall not receive any salaries for their services as trustees and except in emergencies, shall not be employed by the cooperative in any capacity involving compensation without the approval of the members. The bylaws may, however, provide that a fixed fee and expenses of attendance may be allowed to each trustee for attendance at each meeting of the board of trustees and for other functions duly authorized for and on behalf of the cooperative.

(b) The trustees of a cooperative named in any articles of incorporation, consolidation, merger or conversion, shall hold office until the next annual meeting of the members and until their successors are elected and qualify. At each annual meeting or, in case of failure to hold the annual meeting as specified in the bylaws, at a special meeting called for that purpose, the members shall elect trustees to hold office until the next annual meeting of the members, except as otherwise provided in this act. Each trustee shall hold office for the term for which elected and until a successor is elected and qualifies.

(c) Instead of electing all the trustees annually, the bylaws may provide that half of

them, or a number as near thereto as possible, shall be elected to serve until the next annual meeting of the members and that the remaining trustees shall be elected to serve until the second succeeding annual meeting. Thereafter, as trustees' terms expire, the members shall elect their successors to serve until the second succeeding annual meeting after their election.

(d) Instead of electing the trustees in the manner as provided in subsections (b) or (c) of this section, the bylaws may provide that the members shall be elected at such annual meetings to serve for terms of three (3) years, except that the terms of the first trustees elected pursuant to this subsection may be fixed in said bylaws for a number of years not exceeding three (3), and upon the expiration thereof all members thereafter to be elected for terms of three (3) years.

(e) A majority of the board of trustees shall constitute a quorum.

(f) If a husband and wife hold a joint membership in a cooperative, either one, but not both, may be elected a trustee.

History: K.S.A. 17-4612; L. 1978, ch. 81, § 3; July 1.

17-4620.

History: K.S.A. 17-4620; Repealed, L. 1978, ch. 81, § 4; July 1.

17-4630. Jurisdiction of the state corporation commission. Cooperatives doing business in this state pursuant to this act shall be subject to the jurisdiction and control of the corporation commission of this state as provided in those provisions of chapter 66 of Kansas Statutes Annotated applicable to electric utilities.

History: K.S.A. 17-4630; L. 1976, ch. 110, § 1; July 1.

17-4634. Annual report and franchise tax. (a) Every corporation organized under the electric cooperative act of this state shall make an annual report in writing to the secretary of state, showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if any such corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The report shall be filed on or before the tenth day of the fourth month following the

close of the tax year of the electric cooperative. An extension for filing the annual report may be granted upon the filing of a written application with the secretary of state prior to the due date of the report, except that no such extension may be granted for a period of more than ninety (90) days. The report shall be made on a form provided by the secretary of state, containing the following information:

- (1) The name of the corporation;
- (2) The location of the principal office;
- (3) The name of the president, secretary and treasurer and the names of directors with the residence address of each;
- (4) The number of memberships issued;
- (5) A balance sheet showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing; and
- (6) The change or changes, if any, in the particulars made since the last annual report.

(b) Such reports shall be signed by the president, vice-president or secretary of the corporation, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing such annual report, each such corporation shall pay an annual franchise tax of twenty dollars (\$20).

History: K.S.A. 17-4634; L. 1976, ch. 99, § 3; July 1.

Article 47.—URBAN RENEWAL LAW

ACT OF 1955 AND AMENDMENTS

17-1746.

CASE ANNOTATIONS

6. City commission's finding of existence of slum and blight conditions hereunder not arbitrary and capricious. *West v. City of Garden City*, 214 K. 473, 474, 520 P.2d 1290.

17-1748. Powers of municipality. Every municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act, including the following powers in addition to others herein granted:

(a) To undertake and carry out urban renewal projects within its area of operation; and to make and execute contracts and other instruments necessary or convenient to the exercise of its powers under this act; and to disseminate slum clearance and urban renewal information.

(b) To provide or to arrange or contract for the furnishing or repair by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities or other facilities for or in connection with an urban renewal project; to install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public improvements; and to agree to any conditions that it may deem reasonable and appropriate attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of an urban renewal project, and to include in any contract let in connection with such a project provisions to fulfill such of said conditions as it may deem reasonable and appropriate.

(c) Within its area of operation, to enter upon any building or property in any urban renewal area in order to make surveys, appraisals, soundings or test borings, and to obtain an order for this purpose from a court of competent jurisdiction in the event entry is denied or resisted; to acquire by purchase, lease, option, gift, grant, bequest, devise, eminent domain or otherwise, any real property (or personal property for its administrative purposes) together with any improvements thereon, except the acquisition by eminent domain of the property of public utilities, either publicly or privately owned, lying beyond the corporate limits of the municipality; to hold, approve, clear or prepare for redevelopment any such property; to mortgage, pledge, hypothecate or otherwise encumber or dispose of any real property; to insure or provide for the insurance of any real or personal property, or operations of the municipality against any risks or hazards, including the power to pay premiums on any such insurance; and to enter into any contracts necessary to effectuate the purposes of this act. No statutory provision with respect to the acquisition, clearance or disposition of property by public bodies shall restrict a municipality or other public body exercising powers hereunder, in the exercise of such functions with respect to an urban renewal project, unless the legislature shall specifically so state.

(d) To invest any urban renewal project reserve or sinking funds not required for