

WOLF CREEK STATION INSURANCE MEMORANDUM

This Insurance Memorandum, effective as of January 1, 1987, by Kansas Gas and Electric Company (KG&E), Kansas City Power & Light Company (KCPL) and Kansas Electric Power Cooperative, Inc. (KEPCo), (collectively, the "Owners") and the Wolf Creek Nuclear Operating Corporation (WCNOC), provides the parameters required by the Owners for the insurance program for the Wolf Creek Station (Insurance Program) and is consistent with the insurance provisions of Article 8 of the Wolf Creek Generating Station Operating Agreement, executed April 15, 1986, and encompasses the property and operations defined as "Station" in that Agreement at page two thereof.

I. Administration. The Insurance Program shall be administered by the WCNOC Board of Directors Legal and Insurance Committee or its designee, (hereinafter referred to as the "Committee") for the economic protection and benefit of the Owners.

II. Decontamination and/or Property Insurance

The Committee shall direct the purchase, management and administration of decontamination and/or property insurance and related programs for all property interests included in Unit #1 and the Common Facilities of the Wolf Creek Station in compliance with the provisions of Section 3.6 of the Wolf Creek Generating Station Ownership Agreement.

III. Operating Insurance

The Insurance Program may, in the discretion of the Committee, provide Operating Insurance including, without limitation, the following:

- A. Workers' Compensation and Employers' Liability covering employees of WCNOC.
- B. General Liability and Automobile Liability for vehicles assigned to WCNOC.
- C. Blanket Crime Insurance (which includes employee fidelity).
- D. Insurance for other perils or risks.

IV. Nuclear Energy Hazard Insurance

The Committee shall direct the purchase, management and administration of the primary nuclear financial protection presently referred to as the "Facility Form" in the amount then prescribed by law. WCNOC and each Owner shall also comply with the legal requirements to purchase Secondary Financial Protection and shall arrange for the available contingent liability. The Committee shall also acquire the Government Indemnity Agreement as required by NRC regulation. The Committee may also purchase a Supplier's and Transporter's Liability Policy for offsite liability exposure not otherwise covered.

V. Extra Expense Insurance

Extra Expense Insurance may be purchased by all Owners who wish to participate. The maximum limits available will be shared by each Owner in proportion to its undivided ownership interest in the Wolf Creek Station. Any unused limits available may be utilized by the remaining Owners on the basis of the insurable interest of such Owners. An Owner may decide to participate or change its amount of participation, subject to insurance policy limitations, in which case the limits will be reapportioned among the Owners proportionate to their insurable interests. Each participating Owner will share pro rata the cost of and recoveries from the coverage based on their proportionate share of the applicable limits.

VI. General

- A. For the purposes of this Memorandum, all policies acquired for the joint benefit of the Owners and WCNOG shall be termed "joint policies". The term "policies" shall include certificates and other insurance and re-insurance treaties, binders, endorsements and memoranda issued in lieu and/or augmentation of policies.
- B. An Owner may, insofar as the Insurance Program allows, at its sole election, risk and expense, insure its individual undivided ownership interest or any portion thereof, in the Wolf Creek Station, with other insurance coverage accruing to the sole benefit of such Owner; such policies to be termed "separate policies". If

such a separate policy would afford equal or better coverage for an equal or better cost, the Committee may provide, with prior approval of that Owner, that such policy may be utilized to provide part of the insurance for the Wolf Creek Station, in which case, it will be appropriately endorsed or amended and referred to as a "joint policy".

- See Amend. #1*
- C. All joint policies, except the Extra Expense policy, shall provide that any benefit shall be due each covered Owner in proportion to its undivided ownership interest in the damaged property or other loss. Each Owner shall have the right to name any mortgagee, trustee or secured party as loss payee to the extent that such naming does not invade or impair the ownership interest of any other Owner(s), and entitlement of any Owner under insurance policies.
 - D. Any and all proceeds of a joint policy paid directly to an Owner on account of a loss, shall be applied to paying for that particular loss.
 - E. The Committee may purchase additional coverages as it may from time to time deem appropriate.
 - F. The Committee shall request that all joint policies be noncancellable by the insurer for any reason whatsoever without at least thirty (30) days' prior written notice to the Owners and WCNOC. If any insurer will not include this provision, the Committee will cause immediate notice of any and all cancellations to be given to the Owners and WCNOC.

VII. Notice of Claims

The Committee shall direct the giving of all notices of loss or claims as required by the various insurance policies. WCNOC shall notify, as required by procedures to be established by the Committee, the Committee and all Owners, in writing, of all losses or claims relating to the Insurance Program and cooperate with the Committee in the administration of the Insurance Program. The Committee shall have the authority to settle, on behalf of the Owners, any loss under joint coverage. Losses under a separate policy shall be settled directly by the affected Owner.

VIII. Recordkeeping and Administration

The Committee shall supervise the retention of the originals of all policies and shall distribute copies of each to the Owners and WCNOC. The Committee shall direct the preparation of a written statement of all joint policies. Such statement shall include the names of insurers, names of brokers or agents, policy limits, deductibles, premiums, expiration dates, and a brief summary of each coverage. The statement shall be submitted to the Committee and the Owners' insurance managers by February 1 each year. Updated statements shall be prepared and issued as significant changes are made to any information provided in the report, or if additions or deletions are made thereto.

IX. Owner Liability

Failure of an Owner to carry adequate insurance of any kind shall not relieve such Owner of its responsibilities under Section 6.4 of the Wolf Creek Generating Station Ownership Agreement and similar responsibilities and consequences flowing therefrom.

X. Subrogation Cross Liability

All joint policies shall name the Owners and WCNOG as Named Insureds and shall contain cross-liability endorsements and/or mutual waivers of subrogation. All separate policies shall contain waiver of subrogation clauses among and running to WCNOG and the Owners.

XI. Waiver of Liability

Each of the Owners hereby expressly waives any rights it may have, or may obtain, to recover from WCNOG or any Owner any and all losses, damages, liabilities, penalties, fines, claims or expenses related to the operation of the Wolf Creek Station. This waiver of liability shall not relieve any Owner of its responsibilities under Section 6.4 of the Wolf Creek Generating Station Ownership Agreement and similar responsibilities and consequences flowing therefrom.

This Wolf Creek Insurance Memorandum shall replace in all respects, the terms, conditions and provisions of the Wolf Creek Station Insurance Memorandum executed by the parties on December 28, 1981.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized officers.

KANSAS GAS AND ELECTRIC COMPANY

By *Raymond J. ...*
Date 3-10-88

KANSAS CITY POWER & LIGHT COMPANY

By *[Signature]*
Date _____

KANSAS ELECTRIC POWER COOPERATIVE, INC.

By *Charles L. Rose*
Date 3-18-88

WOLF CREEK NUCLEAR OPERATING CORPORATION

By *[Signature]*
Date 3/28/88