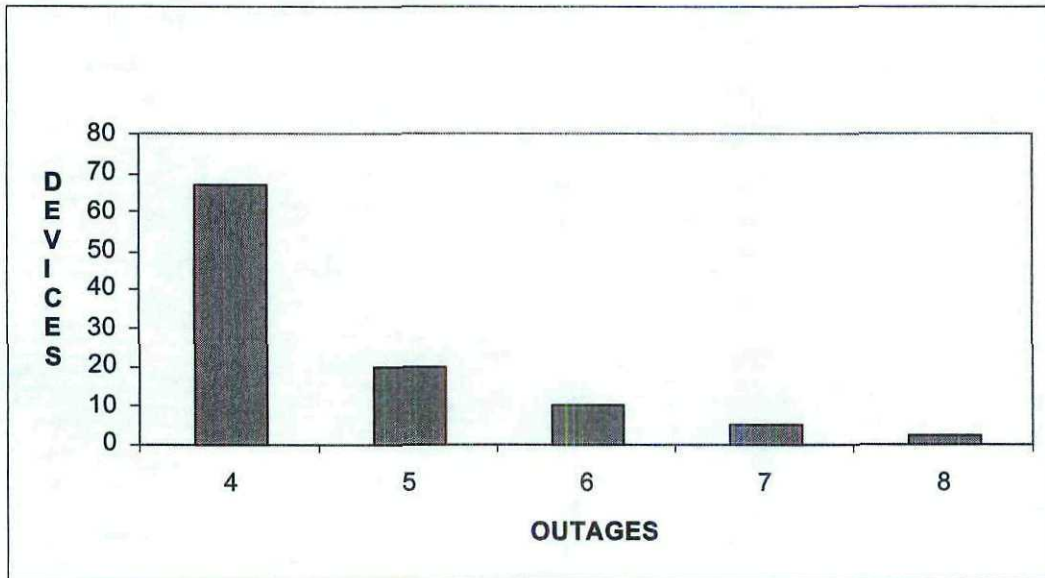


Proposed Asset Management Plan Capital Expenditures by Program 2005-2009

Budget Item	Program	2005	2006	2007	2008	2009	Thru 6/1/2010	2005-2010 Total
Original Plan								
KA50	Distribution Asset Management Strategic Intent	\$500,000	\$1,480,000	\$3,297,000	\$6,174,000	\$7,674,000	\$0	\$19,125,000
KA52	Distribution Automation Strategic Intent	\$1,000,000	\$1,720,000	\$2,703,000	\$2,626,000	\$2,626,000	\$0	\$10,675,000
BP01	Transmission & Substations Asset Management Strategic Intent	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$0	\$12,500,000
Original Total		\$4,000,000	\$5,700,000	\$8,500,000	\$11,300,000	\$12,800,000	\$0	\$42,300,000
Current Plan		2005	2006	2007	2008	2009	Thru 6/1/2010	2005-2010 Total
KA50	Distribution Asset Management Strategic Intent	\$500,000	\$1,720,000	\$3,536,000	\$6,062,000	\$7,307,000	\$0	\$19,125,000
KA52	Distribution Automation Strategic Intent	\$0	\$1,480,000	\$2,464,000	\$2,738,000	\$2,303,000	\$1,690,000	\$10,675,000
BP01	Transmission & Substations Asset Management Strategic Intent	\$0	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$12,500,000
Current Total		\$500,000	\$5,700,000	\$8,500,000	\$11,300,000	\$12,110,000	\$4,190,000	\$42,300,000

Schedule JRM-1

Devices With Four or More Multiple Outages - 2004



Delivery Business Plan

Customer Operations
Energy Solutions
Information Technology
Transmission Services

December 6, 2005

Schedule JRM-3



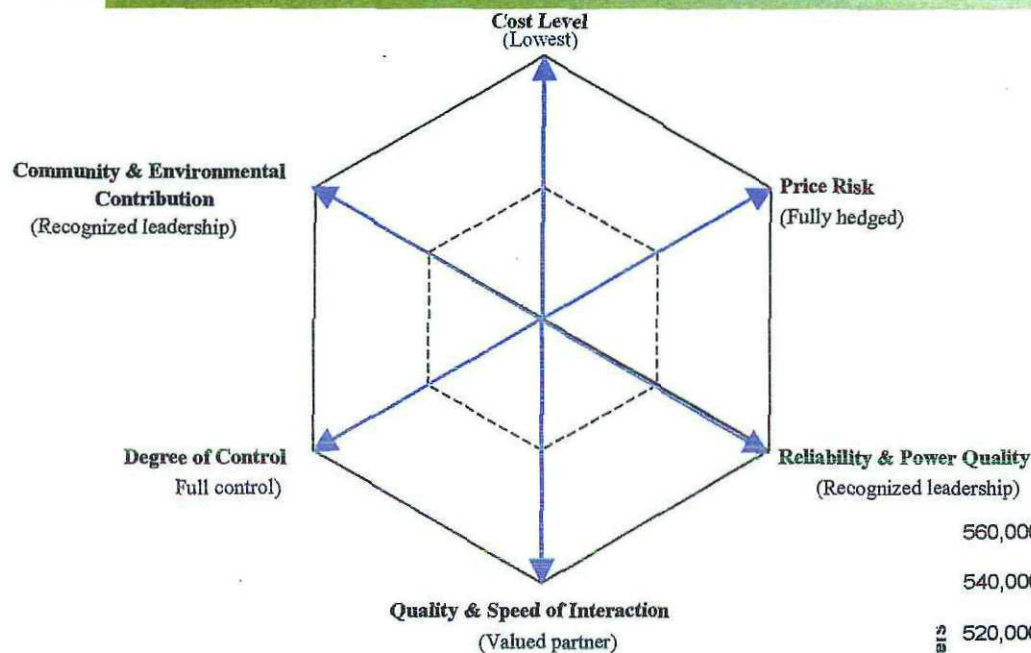
Introduction

The Delivery business plan focuses on:

- ❑ Achieving Tier 1 performance in safety, reliability, customer satisfaction and cost
- ❑ Partnering with customers to deepen our understanding of their needs and expanding the solutions we provide to meet those needs
- ❑ Participating in the communities we serve to build and strengthen customer loyalty and company image, and enhance customer satisfaction
- ❑ Supporting the overall implementation of the KCP&L Comprehensive Energy Plan and preparing for upcoming rate cases
- ❑ Maximizing regulatory opportunities resulting from the 2005 Energy Policy Act
- ❑ Achieving industry leadership by embracing demonstrated technology and best practices to best meet customer and system needs today and in the future
- ❑ Continued leadership and skills development, and employee engagement that will build high performance individuals and teams in an evolving Winning Culture

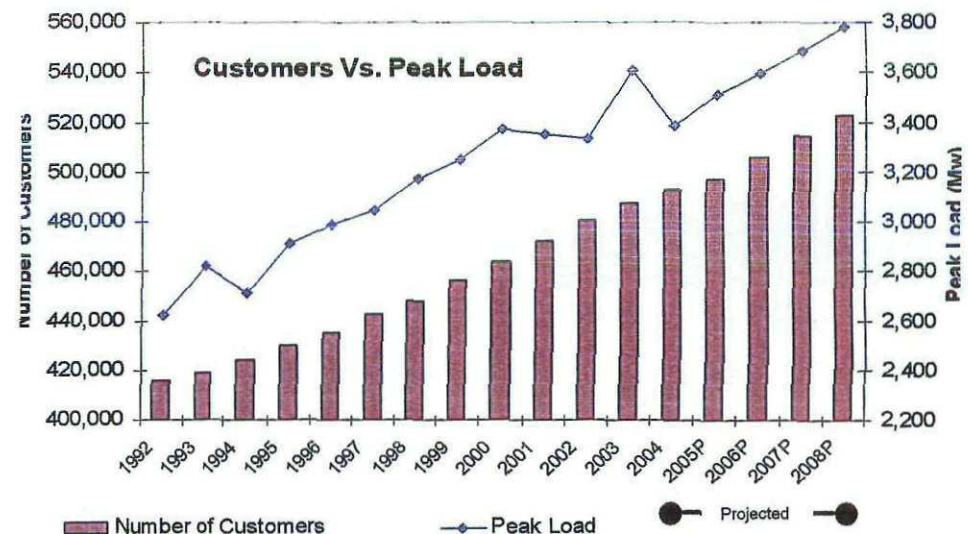
December 6, 2005

Customer needs continue to increase on multiple dimensions and load continues to grow while cost pressures are also increasing



- Our customer base has grown by 20% since 1992 and system peak load has increased 34%
- We will celebrate the 500,000 customer mark in early 2006

Cost Pressures	
✓	Labor costs – for KCP&L and contractors
✓	Benefits – healthcare and pensions
✓	Materials – steel based products
✓	Fuels – gasoline and diesel



December 6, 2005

Despite the challenges, we've made substantial progress and
Delivery will be Tier 1 or better by 2008

	2001	2002	2003	2004	2005	2006	Goal 2008
Safety	T4	T4	T2	T2	T1	T1	World-Class
Reliability	T2	T2	T1	T1	T1	T1	Tier 1
Customer Satisfaction	T3	T3	T2	T2	T2	T2	Tier 1
Cost	T4	T3	T3	T2	T2	T1	Tier 1

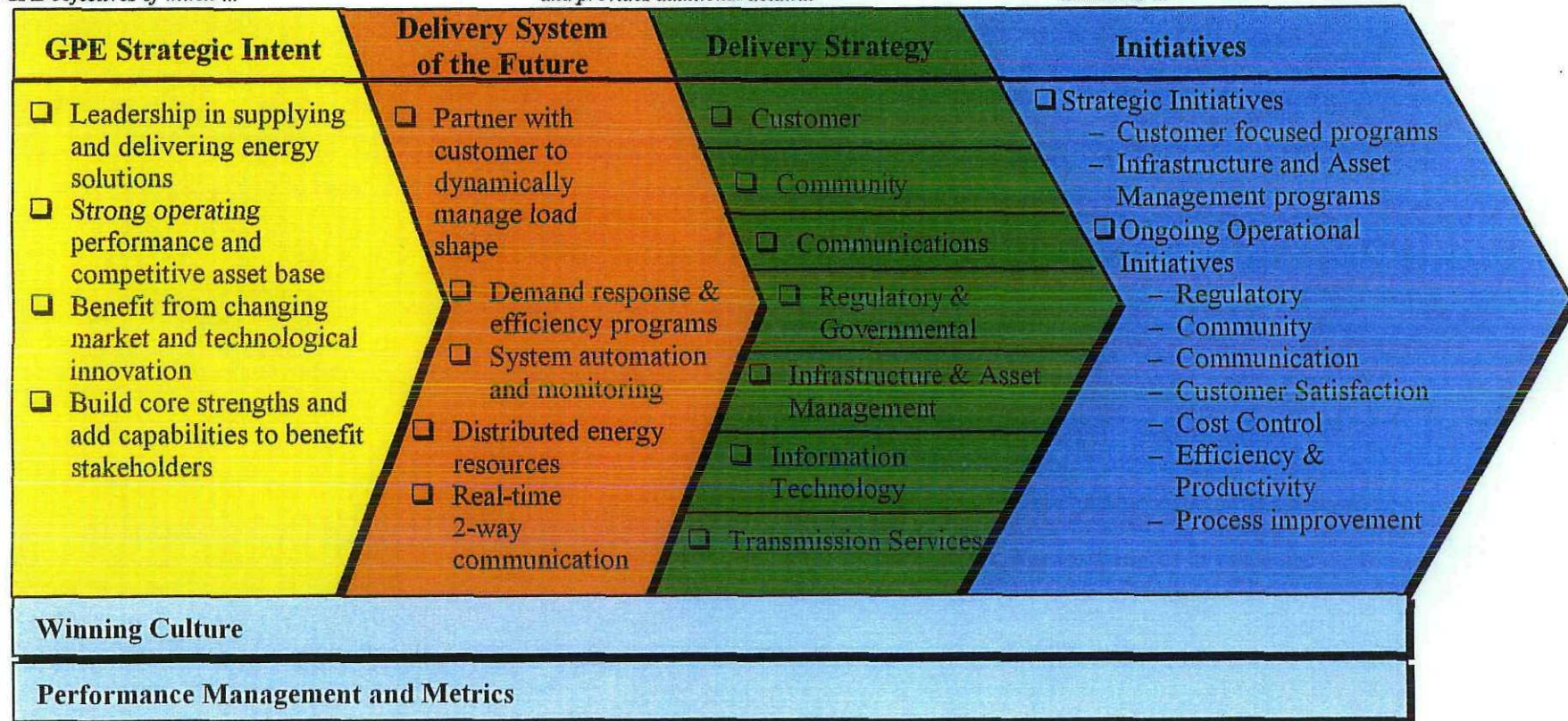
December 6, 2005

We have an integrated strategy that will drive our business forward

GPE Strategic Intent provides an overview of GPE objectives of which ...

... the Delivery Organization Strategy is consistent with and provides additional detail...

... and includes specific action plans and initiatives ...

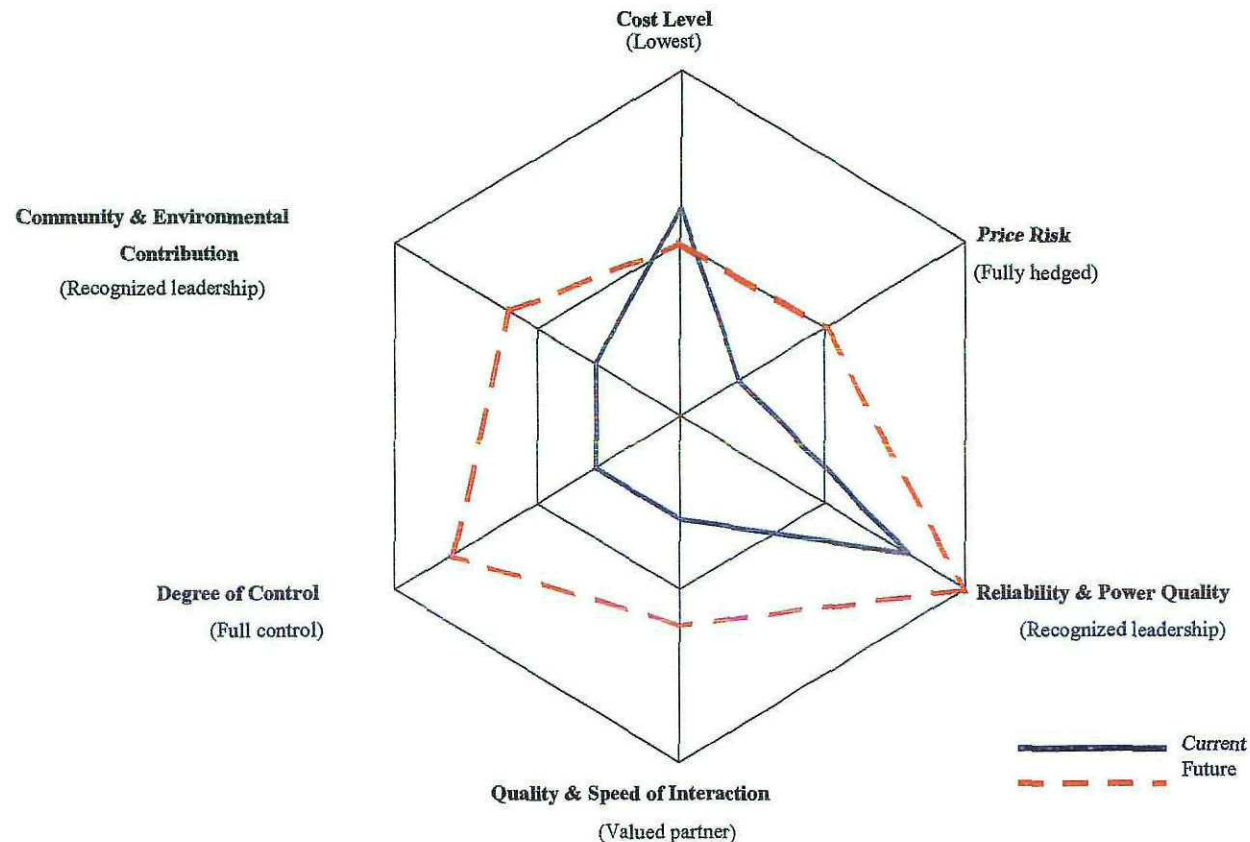


December 6, 2005

Understanding customer needs is a key first step in building the delivery system of the future

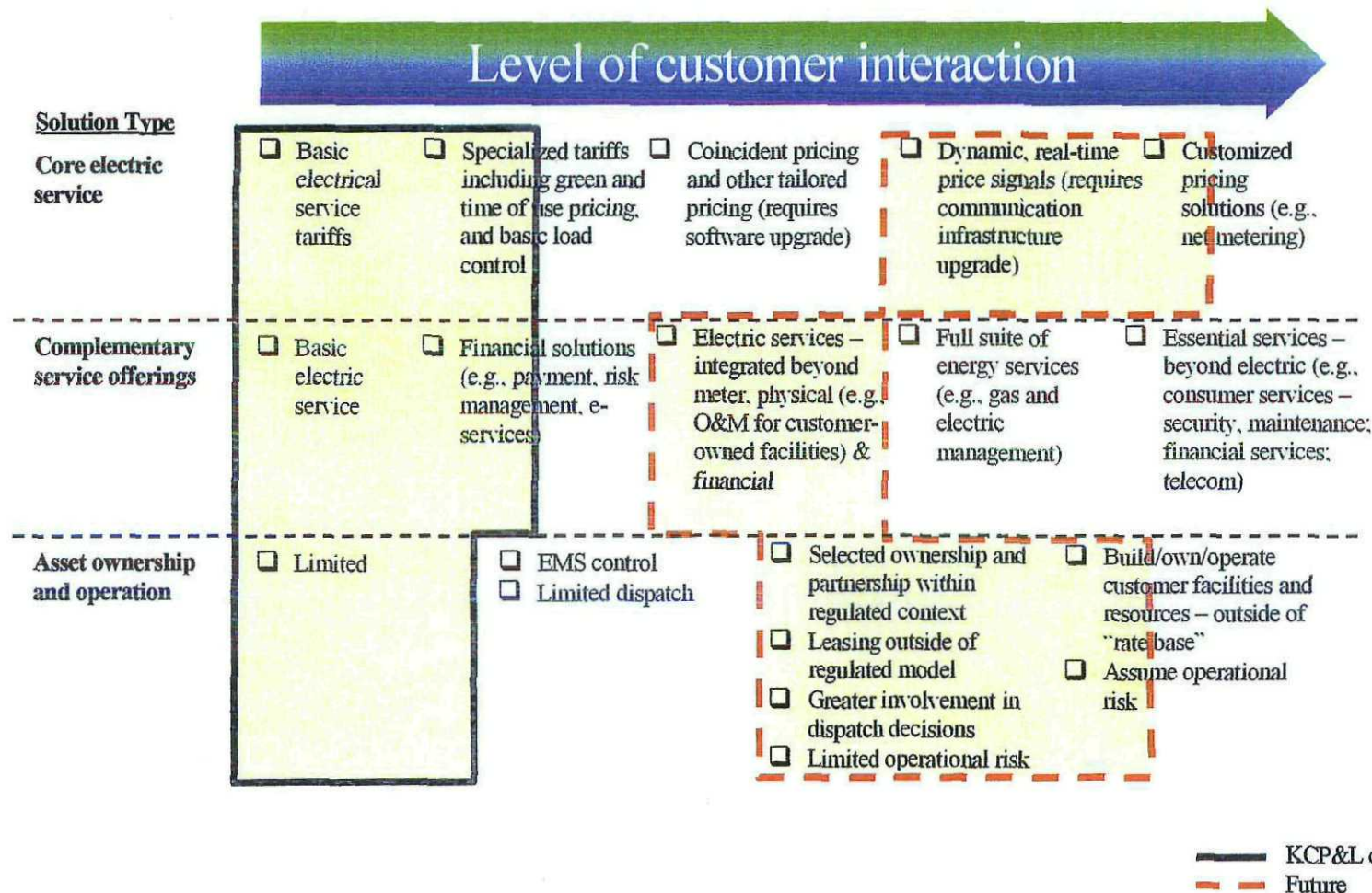


Components of KCP&L Retail Customer Value Proposition



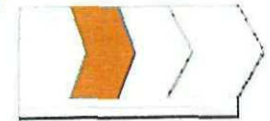
December 6, 2005

In the future, we will provide more value to each customer by offering a more robust set of products & services



December 6, 2005

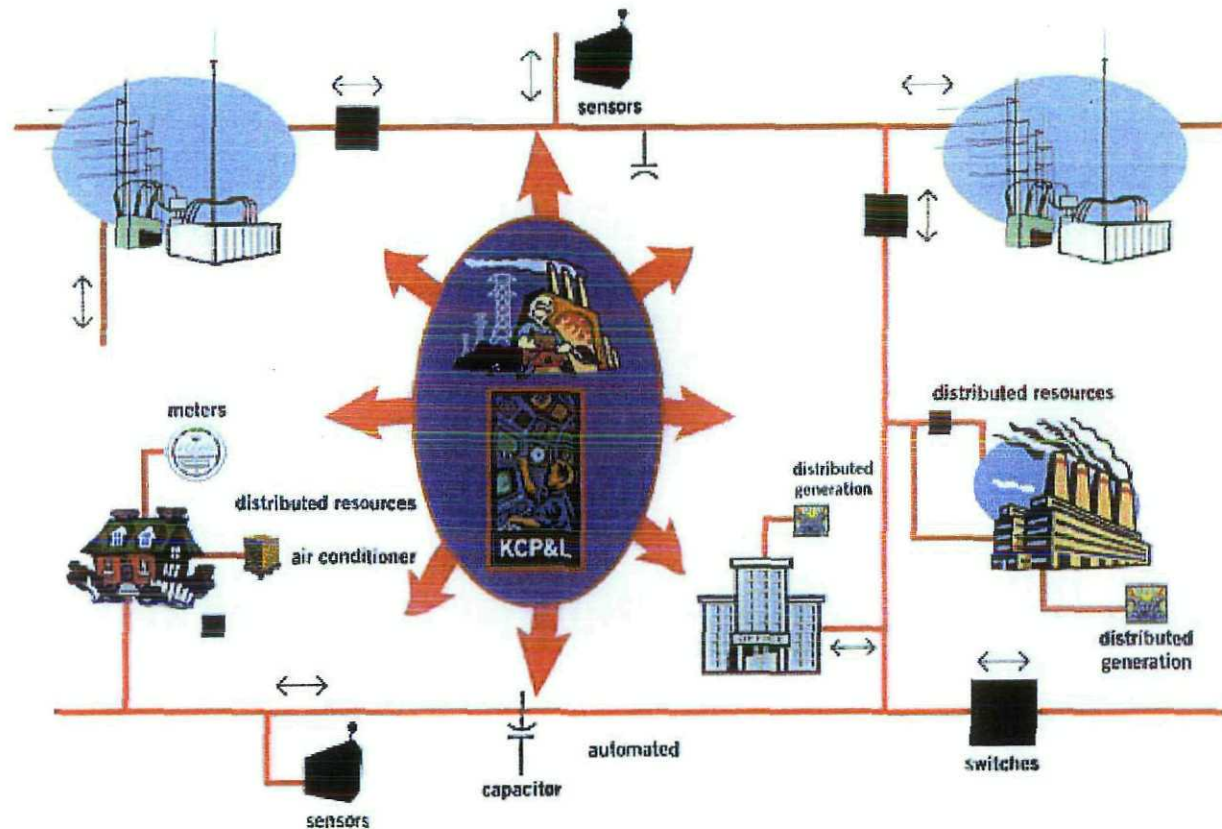
One means to provide this capability is through improvements to our electric and communications infrastructure – a set of changes we call “the circuit of the future”



KCP&L Circuit of the Future

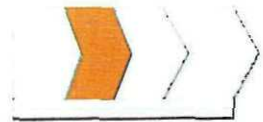
- The circuit of the future will optimize the utilization of our assets and yield significant operational improvements

- Reduced line loss
- Reduced momentary outages
- Optimized voltage levels
- Asset optimization/utilization
- Shift from reactive to predictive maintenance



December 6, 2005

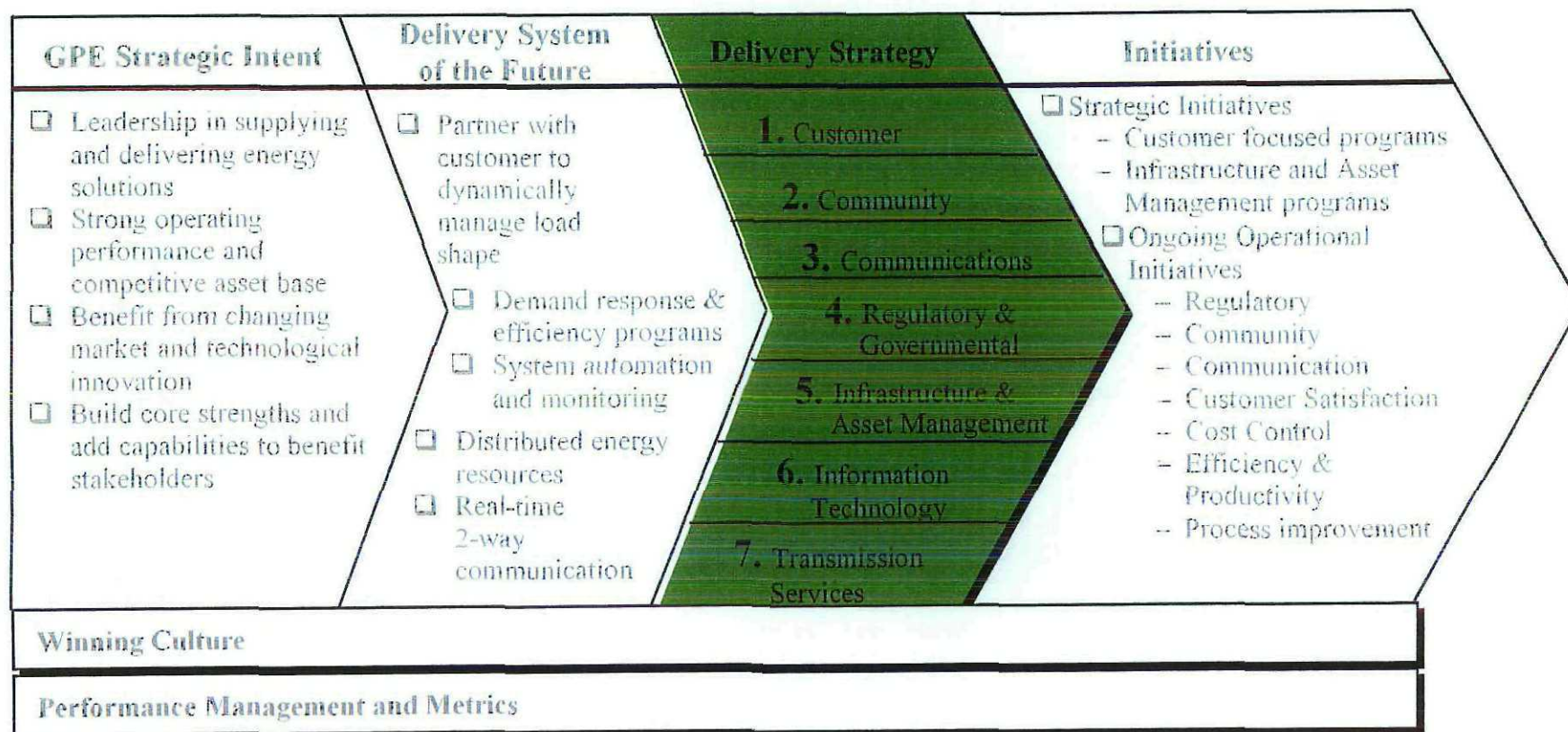
We will build on our history of technology innovation and leverage current investments as we evolve toward the "Delivery System of the Future"



<i>Future</i>	Real-time, two-way communication with customers	Distributed Generation	Distributed Resources	Information-based System Operations	Advanced Reliability Technologies
Additional Delivery system of the future programs and investments	<input type="checkbox"/> Customer portal <input type="checkbox"/> Advanced metering <input type="checkbox"/> Energy management <input type="checkbox"/> Information flow	<input type="checkbox"/> Diesel and natural gas fired internal combustion engines <input type="checkbox"/> Fuel cells	<input type="checkbox"/> Energy storage <input type="checkbox"/> Price response programs <input type="checkbox"/> Energy efficiency	<input type="checkbox"/> Distribution transformer monitoring <input type="checkbox"/> Real-time distribution load flow ("state estimator")	<input type="checkbox"/> Fault detection and fault anticipation
2006	Power quality monitors	Targeted Deployment of 12 & 34 Kv Switches	Circuit of the Future	Strategic Intent Demand-Side Management Programs	
Programs and investments planned for 2006	<input type="checkbox"/> Install ~ 100 power quality monitors on rural circuits in 2006 <input type="checkbox"/> Wireless reporting	<input type="checkbox"/> Monitoring <input type="checkbox"/> Fault detection <input type="checkbox"/> Automated remote switching & reconfiguration	<input type="checkbox"/> Install and implement integrated solution for technology applications including: <ul style="list-style-type: none"> – Switching/reconfiguration – Sensors for fault detection & anticipation – Voltage reduction – Distributed Generation – Demand Response 	<input type="checkbox"/> Air Conditioning Cycling <input type="checkbox"/> "MPower" program – curtailment for large C&I customers <input type="checkbox"/> Energy Efficiency	
Foundation	AMR (CellNet)	Automated Capacitor Banks	EMS/OMS -- SCADA	Network Automation	Relay Automation
Current programs and investments	<input type="checkbox"/> Fixed wireless radio network with ~485k automated meters <input type="checkbox"/> Provide daily billing reads <input type="checkbox"/> On-demand reads <input type="checkbox"/> Soft connects/disconnects <input type="checkbox"/> Outage alarms <input type="checkbox"/> Restoration verification <input type="checkbox"/> Interval data available (at add'l cost, not real time)	<input type="checkbox"/> ~ 900 units automated <input type="checkbox"/> Real-time monitoring and alarming <input type="checkbox"/> Remote control <input type="checkbox"/> Utilize CellNet system communication infrastructure in metro <input type="checkbox"/> Telemetric communication system is the rural solution	<input type="checkbox"/> Energy Management and Outage Management systems provide real-time monitoring, control, operation, and record keeping for Transmission and Distribution systems	<input type="checkbox"/> Automated relays provide monitoring of underground secondary networks (Downtown and Plaza) <input type="checkbox"/> Remote control and operation of network protectors <input type="checkbox"/> 46 of 144 network protectors automated through 9-2005 <input type="checkbox"/> Will complete all 144 protectors by 12-2006	<input type="checkbox"/> Automated relays (SCADA control) in substation busses <input type="checkbox"/> Reduces momentary outages on clear-day situation <input type="checkbox"/> 70 out of a total of 191 busses currently automated <input type="checkbox"/> Will automate remainder over next 6 years

December 6, 2005

Over the next three years, our gameplan will build on the following seven strategy areas



December 6, 2005

1. Customer Strategy



Define, develop, and implement high quality solutions that meet individual customer needs for reliability and value, and exceed their expectations of our performance. Build consumer satisfaction through reliability, quality, and service excellence.

KEY STRATEGIES

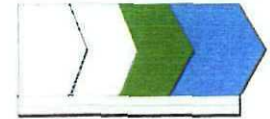
- ❑ Move from one-size-fits-all to a portfolio of segment-specific products and services and provide innovative billing options and new solutions to support the new services
- ❑ Drive customer satisfaction by enhancing customer self-service options on how we connect with customers, how they are billed, and how they communicate with us.
- ❑ Identify and recognize customers as part of the communities in which they live
- ❑ Develop deeper understanding of drivers and influences of customer satisfaction, and focus on the levers that have the greatest impact
- ❑ Devise metering strategies to meet the needs of various customer segments

MAJOR INITIATIVES

- ❑ Develop needs-based customer segments and rationalize product portfolio to meet customer needs
- ❑ Launch AC Cycling demand response program, obtain 10 MW capacity in 2006 and 15 MW in 2007
- ❑ Launch C&I curtailment program ("MPower") and secure 60 MW capacity in 2006 and 75 MW in 2007
- ❑ Establish and launch Energy Efficiency and Affordability programs
- ❑ Continue moving Customer Care Center from a transaction-based operation to a solutions-based provider including adding Spanish capability
- ❑ Improve receivable performance through increased automation, technology and proactive management processes
- ❑ Enhance the New Business process and shorten cycle time for connecting new services
- ❑ Enhance customer self-service options (eServices)

December 6, 2005

2. Community Strategy



Better define and understand the communities we serve, and communicate with them clearly, proactively, and frequently. Reinforce our commitment to the community by building on our long history of hands-on participation, and individual employee involvement

KEY STRATEGIES

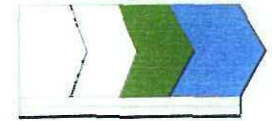
- ❑ Coordinate community involvement decisions for consistency
- ❑ Promote economic development efforts and successes
- ❑ Fund only events consistent with community strategy
- ❑ Clearly define role for GPE and KCP&L names in community activities
- ❑ Encourage employee involvement in community events, including civic board participation
- ❑ Build company loyalty through community involvement and opportunities to discuss concepts and issues with customers and community groups

MAJOR INITIATIVES

- ❑ Participate in the development of a company-wide community strategy and align contributions & employee involvement programs with the strategy
- ❑ Conduct preparedness drill for major storm event, including involvement/interaction with cities, counties, and local constituencies
- ❑ Leverage community involvement to help recruit new employees and diverse candidates
- ❑ Continue community outreach and collaborative approach
- ❑ Utilize the mobile command center to conduct targeted community outreach programs

December 6, 2005

3. Communication Strategy



Reinforce clear and simple messages about who we are and what we intend to do for customers and the community. Communicate consistently through multiple channels – traditional media, through listening to our customers, and community interaction. Focus on reinforcing fundamental messages including safety, reliability, environmental commitment, customer partnership, and the overall value provided by our services

KEY STRATEGIES

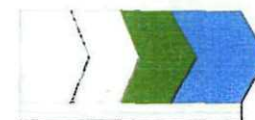
- ☐ Coordinate communications across all channels
- ☐ Ensure all messages reinforce KCP&L's image and GPE's strategic intent
- ☐ Create clear benefit messages to all audiences
- ☐ Leverage employees to communicate messages and serve as ambassadors
- ☐ Communicate through channels that are most convenient for our audiences
- ☐ Develop and implement brand strategy

MAJOR INITIATIVES

- ☐ Create an integrated communication plan to ensure consistency of messages across all audiences and channels
- ☐ Further leverage the KCPL-CAN program
- ☐ Improve consistency and quality of KCP&L signage
- ☐ Improve customer outage restoration communication
- ☐ Refresh Web site and create Energy Plan site to proactively address progress
- ☐ Revamp the Speaker's Bureau program

December 6, 2005

4. Regulatory & Governmental Strategy



Deliver on our commitments, communicating effectively with regulators and other participants throughout the process to ensure they understand our actions, and also to engage them in design of new tariffs, programs, and investments that support implementation of the delivery system of the future

KEY STRATEGIES

- ❑ Work closely with regulators to develop effective frameworks that balance needs of our customers, communities, employees, and investors
- ❑ Become actively involved in advancing federal and state legislation and regulation
- ❑ Coordinate and leverage GPE and KCP&L relationships with regulators and legislators at local, state, and federal levels
- ❑ Support rate cases and regulatory reporting requirements
- ❑ Discuss State (rather than current FCC) oversight of 3rd party attachers to facilitate more balanced treatment and better recovery of actual costs

MAJOR INITIATIVES

- ❑ Create new tariffs to support customer-centric strategy and quickly respond to customer needs
 - Overhead to underground conversion in existing neighborhoods
 - Residential critical peak pricing with home energy management system
 - Large C&I RTP with basic energy information system
 - Use of credit and debit cards for payment
 - Low income tariff
- ❑ Build strategy into rate case for major asset replacement (such as breakers, underground cable, and overhead line rebuilds), and a storm reserve fund
- ❑ Establish quarterly meetings between Delivery senior management and state commissions

December 6, 2005

5. Infrastructure & Asset Management Strategy



Better understand the assets and capabilities of our delivery system, and how they can be used to address customer needs. Operate and invest to improve performance through better processes and design, eliminating defects, and encouraging innovation. Look more broadly at means for collaborating on and financing innovation based on the value it will create, from customers, governmental, and private sources

KEY STRATEGIES

- ❑ Incorporate Distributed Utility model and concepts into system planning, design and construction
- ❑ Conduct a comprehensive system inventory and employ data to make effective repair/replace decisions
- ❑ Target reliability improvement projects for customers experiencing the most outages
- ❑ Make continual operational improvements and leverage technology to increase worker productivity
- ❑ Install automation technology across the system to improve monitoring and operation
- ❑ Leverage the supply chain to enhance asset management and utilization

MAJOR INITIATIVES

- ❑ Complete downtown redevelopment infrastructure improvements and the underground secondary network automation projects
- ❑ Implement mobile workforce management technology and install wireless networks to expand access and personnel productivity
- ❑ Continue relay automation to reduce momentary outages and begin targeted deployment of automated switches on 34 kV system and install power quality monitors on rural circuits
- ❑ Continue neighborhood meetings to address reliability concerns
- ❑ Install and implement integrated solution to demonstrate Circuit of the Future
- ❑ Build Midsize Utility Consortium and continue efforts to identify/share best practices and leverage purchasing power

December 6, 2005

6. Information Technology Strategy



Deliver and support enabling tools and technologies for business units and their customers. Leverage and rationalize existing IT assets and make strategic investments in new technologies that extend KCP&L's customer touch, enhance utility asset management, and support the utility growth strategy. This will require shifting emphasis within IT from a cost focus to meeting a full set of customer needs with the right capabilities at the lowest cost

KEY STRATEGIES

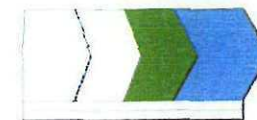
- ❑ Meet business needs through business and customer-centric approach
- ❑ Utilize package application solutions, minimize customization and extend business value with integration
- ❑ Keep current on software maintenance and maintain the applications and infrastructure on supported versions across the IT portfolio
- ❑ Extend IT asset life and lower total cost of ownership
- ❑ Rationalize the IT systems for lowest cost and best fit of our business requirements
- ❑ Improve communication capabilities of our substations and other key facilities

MAJOR INITIATIVES

- ❑ Upgrade microwave radio, data communication equipment, and telecommunication infrastructure
- ❑ Expand fiber infrastructure in conjunction with Transmission expansion and upgrades
- ❑ Implement new productivity tools such as Collaboration Tools, Portal, Messaging/Application Integration
- ❑ Evaluate Data Center proximity to address potential risks
- ❑ Continue with implementation of new business application needs, such as RTO Market Systems, Mobile Workforce Management, Outage Management and Communication, Customer Billing System Enhancements, Customer Self-Service Enhancements, and Revenue Management

December 6, 2005

7. Transmission Strategy



Participate in wholesale market development to compliment other Delivery strategies. Investigate alternative structures for the ownership and operation of the Eastern Interconnection. Optimize the value of KCP&L's transmission assets

KEY STRATEGIES

- ❑ Implement market settlement system for transmission revenues and regional expansion plan cost allocation
- ❑ Continue plans on SPP control areas consolidation
- ❑ Conversion of Grandfathered Transmission Service agreements to regional tariff
- ❑ Monitor and respond to FERC NOPRs and NOIs
- ❑ Continue leadership role on RTO committees, working groups, and task forces (Ancillary Services Market development and implementation, regional expansion plan)
- ❑ Participate in continued development of reliability criteria
- ❑ Continue development of 20 year updates of expansion plan for substation and transmission

MAJOR INITIATIVES

- ❑ Be prepared to begin the SPP imbalance market May 2006
- ❑ Participate in regional planning process
- ❑ Complete RTO driven transmission expansion projects
- ❑ Implement RTO settlement systems
- ❑ Prepare for North America Electric Reliability Organization oversight and audits
- ❑ Evaluate costs, benefits and hurdles to divesting KCP&L transmission assets and forming an Independent Transmission Company
- ❑ Propose formula rates for transmission service
- ❑ Complete EMS replacement in 2007
- ❑ Initiate discussion with transmission service customers who take service under KCP&L tariffs

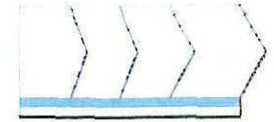
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Living the GPE IDEAL to its fullest is essential to creating a winning culture...



Inspired Leadership Initiatives

- ❑ GPE University matriculation for middle management beginning Q4 2005
- ❑ Identify common developmental needs and work w/ HR to develop appropriate GPE University programs
- ❑ Continue to evolve succession planning process to achieve bench strength in all key positions
- ❑ Leverage our association with Midwest Energy Association (MEA) to define and launch e-learning courses for all employees
- ❑ Evaluate and implement changes to improve the effectiveness of first line supervisors
- ❑ Hold monthly meeting with first line supervisors to address management issues and help them improve management techniques

Disciplined Performance Management Initiatives

- ❑ Adopt performance metrics employees understand – provide comparisons on crew productivity, fleet costs, revenue needs, reliability, customer care service levels, etc.
- ❑ Utilize balanced scorecard system and communicate results in regularly monthly group meetings with management as well as bargaining unit employees
- ❑ Apply project management approach to getting work done, and reviewing progress of major projects and initiatives on a monthly basis
- ❑ Improve the new-hire process to assure right people are brought on board

December 6, 2005

...and high performance workforce



Engaged Employees Initiatives

- ☐ Expand the IDEAL Partners program piloted at Dodson and Southland service centers, and IT Department to other areas
- ☐ Quarterly meeting with Locals 1464 & 1613 E-Boards
- ☐ Implement Dale Carnegie innovation projects and communicate results
- ☐ Cross-functional and joint management-bargaining unit teams will continue to solve business problems
- ☐ Adding new programs to the Continuous Learning Process applicable to both professional and trade employees

Accountability Initiatives

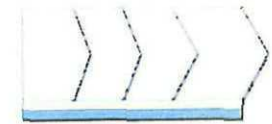
- ☐ Utilize diligent performance planning and appraisal process to establish clear expectations and measure performance, including semi-annual reviews with all employees
- ☐ Measure success in implementing Winning Culture through the OHS survey, 360 degree feedback, and monitoring of employee attendance, attrition rates, and involvement

Loyalty Initiatives

- ☐ Build trust and reinforce commitment through regular executive visits to worksites and increased senior management visibility & interaction at service centers, meetings, and group gatherings
- ☐ Inform the workforce of accomplishments and findings that create new areas of focus and celebrate successes
- ☐ Build company loyalty through community involvement and opportunities to discuss concepts and issues with customers and community groups

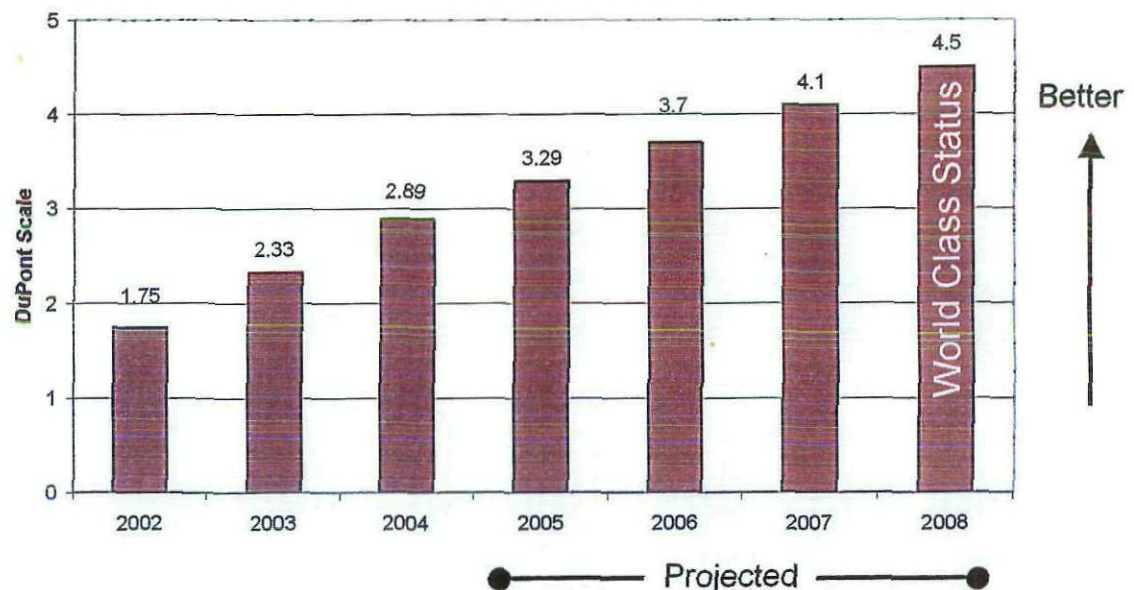
December 6, 2005

Safety is the cornerstone of our operations and achieving a world-class safety culture is within reach



- KCP&L's Safety Philosophy is based on the following beliefs:
- Safety **MUST** be the first priority at KCP&L
 - Safety training for employees is essential
 - Employees have the right to work under safe conditions
 - Employees have the right to insist that safe work procedures and safety rules be followed
 - No task is so important that an employee should degrade safety while performing his/her work
 - Prevention of accidents is good business

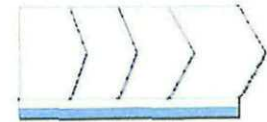
Annual Average Performance of Dupont's 12 Essential Elements of World-Class Safety Culture



Joint management and bargaining unit efforts have yielded the **best safety** performance in 15 years in 2005, including a reduction of 50% in vehicle accident rates

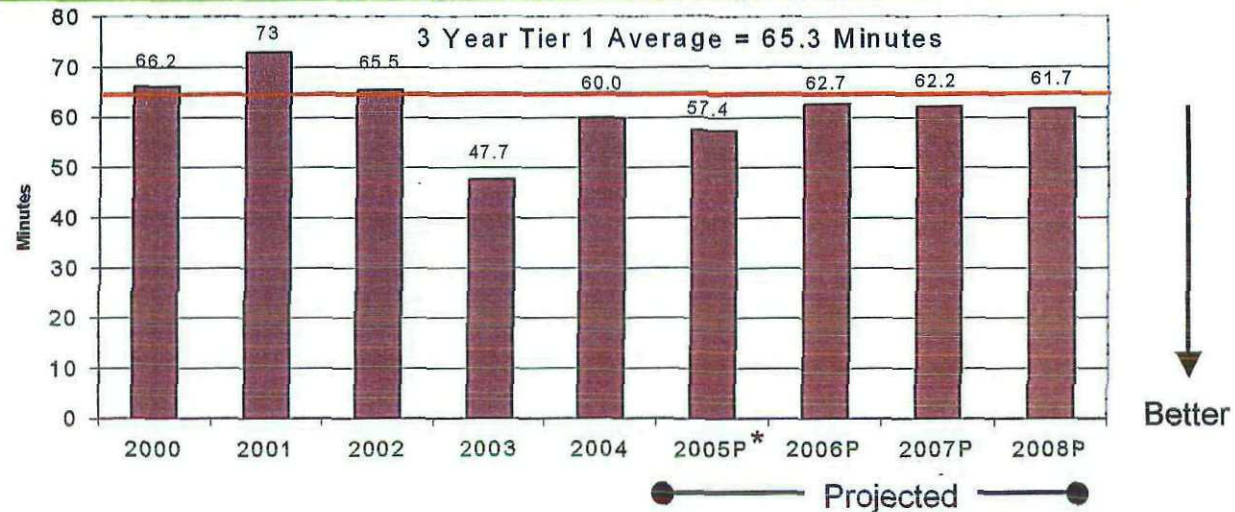
December 6, 2005

Reliability continues solid performance at Tier 1 levels despite a record number of storms in 2004 and 2005



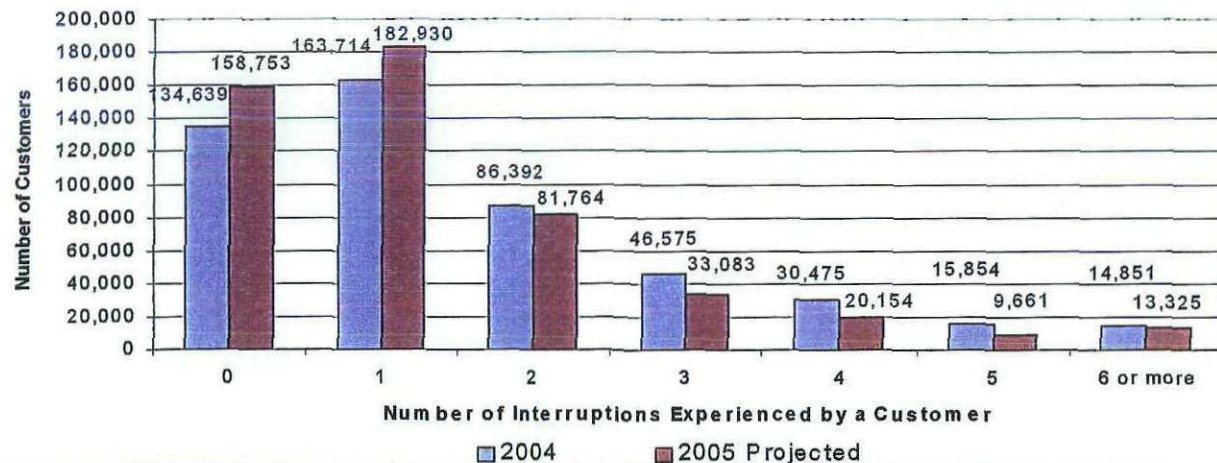
KCP&L SAIDI Performance (excluding major events)

- KCP&L System Average Interruption Duration Index consistently outpaces PA benchmarking peers



Customers Experiencing Multiple Outages

- The number of customers experiencing two or more interruptions has been reduced by over 18% over 2004



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Our goal is to attain Tier 1 performance in customer satisfaction benchmark by 2008



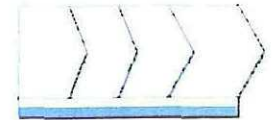
- In light of planned rate increases, customer and communication strategies will be crucial to improving customer satisfaction performance

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Pages 24-25

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The foundation of Delivery's performance management process will continue to be the Balanced Scorecard



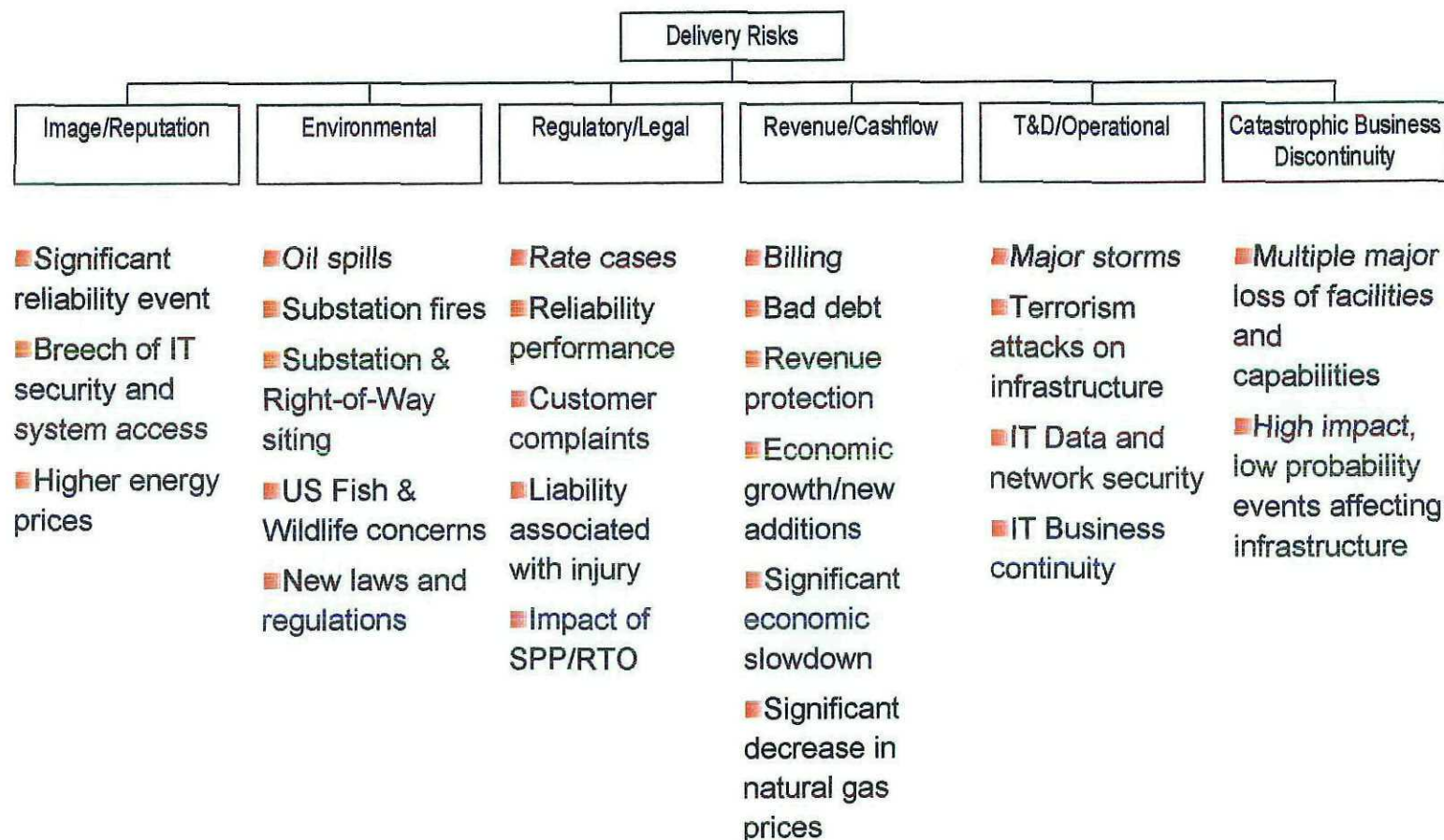
- ❑ Scorecards at the departmental, divisional, and overall Delivery level are closely aligned, and reviewed in monthly meetings at all levels of the organization to
 - monitor progress on key metrics,
 - identify metrics that are not on track,
 - and develop plans to improve performance where necessary
- ❑ Scorecard metrics are adjusted annually to reflect changing business needs
- ❑ Continuous improvement of our benchmarking and best practices capability
- ❑ In addition, industry proven project management techniques will be used across the organization to accomplish work

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There are a number of risks facing Delivery that must be managed and mitigated



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In summary, the Delivery Business has set the stage for change, and will create lasting shareholder value

- ❑ Achieving the goals detailed in this plan support GPE's strategic intent of demonstrating leadership and customer partnership
- ❑ The plan will create significant, measurable value and contribute stability and cash flow to KCP&L's comprehensive approach
- ❑ Investors will recognize our performance and differentiated capabilities, which will translate into greater shareholder value