



# Missouri Public Service Commission

Area Code 314  
751-3234

November 12, 1986

P.O. BOX 360  
JEFFERSON CITY  
MISSOURI 65102

## FILED

NOV 13 1986

PUBLIC SERVICE COMMISSION

Mr. Daniel J. Redel  
Acting Secretary  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Re: Case No. EF-87-29 - In The Matter Of The Application Of  
Kansas City Power & Light Company For Authority To Acquire  
Certain Shares Of Stock Of Wolf Creek Nuclear Operating  
Company

Dear Mr. Redel:

Enclosed for filing in the above-captioned case is an original and fourteen (14) conformed copies of the Staff's recommendation regarding Kansas City Power & Light Company's Application for authority to acquire 47 shares of the Class B Common Stock of the Wolf Creek Nuclear Operating Corporation.

Very truly yours,

Steven Dottheim  
Deputy General Counsel

SD/mjm

Enclosures

cc: A. Drue Jennings  
Office of the Public Counsel

**Commissioners:**

WILLIAM D. STEINMEIER

Chairman

CHARLOTTE MUSGRAVE

ALLAN G. MUELLER

CONNIE B. HENDREN

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Staff Director

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Secretary

WILLIAM C. HARRELSON

General Counsel

**FILED**

NOV 12 1986

MEMORANDUM

PUBLIC SERVICE COMMISSION

TO: Official Case Papers

FROM: Gordon L. Persinger, Director, Utility Division *GP*  
Steven Dottheim, Deputy General Counsel *SD*

DATE: November 12, 1986

SUBJECT: Staff Recommendation In Case No. EF-87-29 -- In The Matter Of The Application Of Kansas City Power & Light Company For Authority To Acquire Certain Shares Of Stock Of Wolf Creek Nuclear Operating Company

The Staff has reviewed the Application of Kansas City Power & Light Company (KCPL) in Case No. EF-87-29 and has no objection to the Commission granting KCPL the authority to acquire 47 shares of Class B Common Stock of the Wolf Creek Nuclear Operating Company (WCNOC). The Staff's recommendation is based upon detailed discussions with KCPL over a span of several months. These discussions culminated in the application filed by KCPL on October 1, 1986, docketed by the Commission as Case No. EF-87-29, and a resolution of the Board of Directors of WCNOC adopted on September 26, 1986. Said resolution is attached as Exhibit E to KCPL's Application in Case No. EF-87-29. Based upon the Staff's review of the formation of WCNOC and the assurances specifically provided by KCPL relating to the formation and operation of WCNOC, it would appear that the acquisition by KCPL of 47 shares of Class B Common Stock of WCNOC would not be detrimental to the public interest.

In order to memorialize the discussions that occurred between the Staff and KCPL and identify the concerns which prompted these discussions, attached hereto are various correspondence and other documents:

- 1) Staff Data Request No. 1244 in Case No. ER-85-128 and KCPL's responses dated December 11 and 23, 1985 (KCPL stated in its response of December 23, 1985 that no formal cost/benefit analysis had been performed regarding the formation of WCNOC, but it was not anticipated that the formation of WCNOC would result in any increase in costs as compared to continuing with Kansas Gas & Electric Company as the Operating Agent) (WCNOC's Application before the Kansas State Corporation Commission states that initially there will be some minor increase in costs resulting from the formation of WCNOC, but in the long-run no material increase in costs is expected; no such statement appears in KCPL's Application before this Commission);
- 2) Letter of January 15, 1986 from A. Drue Jennings to William C. Harrelson;
- 3) Letter of July 17, 1986 from Arthur J. Doyle to William D. Steinmeier;

- 4) Cover letter and Application for a Certificate of Public Convenience and Authority to Operate Wolf Creek Generating Station filed by WCNOG on July 29, 1986 before the Kansas State Corporation Commission (KCC) (attachments included because certain items appended to the Application before the KCC are not appended to the Application before the Missouri Commission, e.g., the Application To Amend Facility Operating License No. NPF-42);
- 5) Letter of July 30, 1986 from William C. Harrelson to A. Drue Jennings (minus attachments);
- 6) Letter of August 6, 1986 from A. Drue Jennings to William C. Harrelson;
- 7) Letter of August 18, 1986 from William C. Harrelson to A. Drue Jennings;
- 8) Letter of August 25, 1986 from A. Drue Jennings to Steven Dottheim;
- 9) Letter of September 22, 1986 from A. Drue Jennings to William C. Harrelson.

Despite KCPL's assertions in paragraphs 9 and 10 of its Application that the first sentence of Section 393.190.2 RSMo 1978 is not applicable to KCPL's acquisition of 47 shares of Class B Common Stock of WCNOG, the Staff believes otherwise. KCPL is seeking the Commission's authorization to acquire said shares of WCNOG capital stock without waiving its interpretation of the inapplicability of the first sentence of Section 393.190.2 to the instant situation. The Staff believes that the clear meaning of the first sentence of Section 393.190.2 and case law indicate that said statutory provision is applicable to the instant situation.

KCPL has addressed the Staff's most immediate concerns relating to the formation and operation of WCNOG. Those concerns are whether the formation or operation of WCNOG might limit the Commission's authority over and access to the Wolf Creek Nuclear Generating Station (Wolf Creek) for ratemaking and other regulatory purposes. Even though KCPL has allayed the Staff's most immediate concerns, the Staff believes that future developments respecting WCNOG must be carefully reviewed and analyzed.

The Staff would suggest to the Commission that although there is no present need to litigate the question of whether the Commission has jurisdiction in the instant matter, the Commission in its order respecting KCPL's Application should make it clear that it believes it has jurisdiction over the transaction pursuant to the first sentence of Section 393.190.2. The Staff would also recommend that in authorizing KCPL to acquire 47 shares of Class B Common Stock of WCNOG, the Commission should state in its order that it is not making any ratemaking determination. The Commission should note in its order that KCPL has asserted in correspondence to the Chairman of the Commission and to the Staff that the formation and operation of

WCNOC does not have the intent or effect of either insulating KCPL's investment in Wolf Creek or the operation of Wolf Creek from the Commission's jurisdiction and oversight. The Commission should state in its order that it considers the formation and operation of WCNOC as not diminishing its investigatory and ratemaking powers respecting KCPL's ownership of 47% of Wolf Creek and the operation said unit. In fact, KCPL has stated that it expects the formation of WCNOC to improve KCPL's ability to respond to the Commission's regulatory responsibilities, and KCPL has committed itself to strive to accomplish that end.

The Staff has been advised by the Staff of the KCC that it will recommend approval of WCNOC's Application for a Certificate of Public Convenience and Authority. That matter is still pending before the KCC.

SD/mjm  
Attachments

No. 1244  
Class \_\_\_\_\_

Data Information Request  
Kansas City Power & Light Company  
Case No. ER-85-128

Requested From: 12-4-85  
Date Requested: STEVE CATTON  
Information Requested: PLEASE PROVIDE A COPY OF ALL CORRESPONDENCE KCPL OR KGE HAS HAD WITH MERRILL LYNCH OR ~~BY~~ MERRILL LYNCH HAS SENT TO KCPL OR KGE CONCERNING THE ATTACHED ARTICLE. ALSO, PLEASE LIST THE 20 OR 30 STEPS RECOMMENDED BY MERRILL LYNCH.

IN ADDITION, PROVIDE A COST BENEFIT ANALYSIS OF FORMING AN OPERATING COMPANY TO RUN WOLF CREEK OPPOSED TO THE OWNERS RUNNING THE PLANT

Requested By: Kent Kaiser  
Information Provided: In response to the first paragraph, KCPL and KGE have had no correspondence or discussions with Merrill Lynch regarding the subject of the December 3, 1985 article in the Wall Street Journal. We have no knowledge of the list of the 20 or 30 steps referenced in the article.

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. ER-85-128 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the KCP&L Kansas City, Missouri office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Kansas City Power & Light Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By: B. J. Beaudoin 12/11/85

Date Received: \_\_\_\_\_



12/1/86  
B. J. C. SKW 12/1/86

No. 1244  
Class \_\_\_\_\_

Data Information Request  
Kansas City Power & Light Company  
Case No. ER-85-128

Requested From: 12-4-85

Date Requested: STEVE CATTON

Information Requested: PLEASE PROVIDE A COPY OF ALL CORRESPONDENCE KCP&L OR KGE HAS HAD WITH MERRILL LYNCH OR MERRILL LYNCH HAS SENT TO KCP&L OR KGE CONCERNING THE ATTACHED ARTICLE. ALSO, PLEASE LIST THE 20 OR 30 STEPS RECOMMENDED BY MERRILL LYNCH.

IN ADDITION, PROVIDE A COST BENEFIT ANALYSIS OF FORMING AN OPERATING COMPANY TO RUN WOLF CREEK OPPOSED TO THE OWNERS RUNNING THE PLANT

Requested By: Kent Kaiser

Information Provided: Please see the attached response to the second part of this Data Request as indicated.

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. ER-85-128 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the KCP&L Kansas City, Missouri office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Kansas City Power & Light Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By: [Signature]  
12/23/85

Date Received: 1-2-86 SKW

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## Wolf Creek Owners To Form Company For Nuclear Plant.

By BILL RICHARDS

Staff Reporter of THE WALL STREET JOURNAL  
WICHITA, Kan. — A group of utility owners of the financially troubled Wolf Creek nuclear plant said they plan to form an operating company to run the facility. Kansas Gas & Electric Co. and Kansas City Power & Light Co., which each own 47% of Wolf Creek, and Kansas Electric Power Cooperative, which owns the remaining 6%, said they will seek federal and state approval to establish the new operating company.

State regulators in Kansas and Missouri have criticized construction management of the \$3 billion plant, which began operation in September. The Kansas Corporation Commission ordered sharp cuts in rate increases sought by the utilities in September to pay for Wolf Creek. Missouri's regulatory staff has recommended similar cuts. Kansas Gas has warned that without most of its proposed rate increase it will "probably go bankrupt."

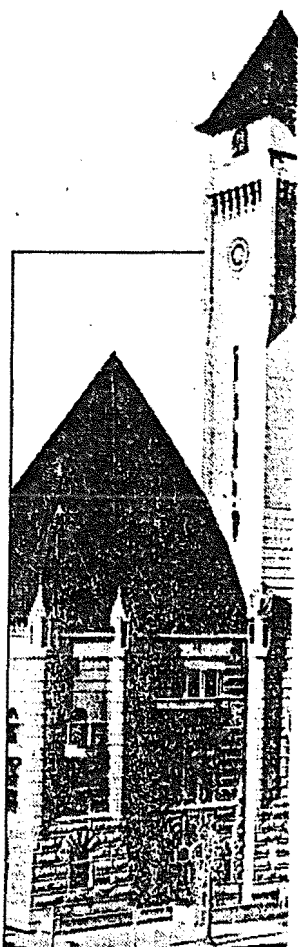
Officials of the utilities involved in Wolf Creek, which is about 50 miles south of Topeka, Kan., said yesterday that the proposed new operating company wasn't an attempt to distance themselves from the plant's financial burden. Federal and state regulators would continue to oversee power sales from the plant, they said.

Under the proposed plan, Kansas Gas, which has acted as construction supervisor and operating agent for Wolf Creek, would continue to supply operations and support employees for the new company. In addition, some non-nuclear support work will be contracted by the new company to the owners.

Robert G. Hildreth Jr., managing director of Merrill Lynch Capital Markets' utility group, a unit of Merrill Lynch & Co., said his company has been working closely with the Wolf Creek utilities. Last year Merrill Lynch helped owners of the Seabrook nuclear plant set up a separate financing unit for that troubled project in New Hampshire.

Mr. Hildreth said the proposed Wolf Creek operating company is one of "20 or 30 steps" recommended by Merrill Lynch, but that the company wasn't designed to avoid hostile regulation. "It will streamline Wolf Creek management and give the owners additional flexibility," Mr. Hildreth said.

The proposed operating company must be approved by both the Federal Energy Regulatory Commission and the Kansas Corporation Commission. Spokesmen for the federal and state commissions said formal plans hadn't been filed and declined to comment further.



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RESPONSE TO MPSC STAFF DATA REQUEST NO. 1244

**INFORMATION REQUESTED:** In addition, provide a cost benefit analysis of forming an Operating Company to run Wolf Creek opposed to the Owners running the plant.

**RESPONSE:** No formal cost benefit analysis has been performed associated with the formation of the Wolf Creek Operating Company. It is not anticipated that formation of the Operating Company will result in any increase in costs as compared to continuing with the existing Operating Agent arrangement.

Given the size and importance of Wolf Creek Generating Station for each of its three Owners, there has always been clear recognition of the need for a formally-structured, single purpose operating entity. The proposed Wolf Creek Operating Company would reemphasize this need and would enhance the coordination of policies and responsibilities for operation of the plant among the Owners. Specifically, incorporation would provide for more clearly defined, centralized control of the management and operations of the plant, concepts clearly consistent with good management practices and regulatory guidelines.

The formation of the Operating Company represents a transfer of operations from the Operating Agent to the new Corporation. This will be accomplished by transferring existing Wolf Creek employees who are currently involved in the operation and support of the plant, both at the site and in the home office, to the new Operating Company. As a result, it is not anticipated that formation of the new Operating Company will result in any increased costs to the Owners.

**KANSAS CITY POWER & LIGHT COMPANY**

1330 BALTIMORE AVENUE

P. O. BOX 679

KANSAS CITY, MISSOURI 64141

January 15, 1986

**A. DRUE JENNINGS**

VICE PRESIDENT

AND

GENERAL COUNSEL

**RECEIVED**

Mr. William C. Harrelson  
General Counsel  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102

JAN 17 1986

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION

Dear Bill:

As you know, Wolf Creek Generating Station is jointly owned by Kansas City Power & Light Company (47%), Kansas Gas and Electric Company (47%) and Kansas Electric Power Cooperative, Inc. (6%) in the undivided ownership percentages parenthetically noted. An Ownership Agreement and several Memoranda currently provide the legal framework for Wolf Creek's ownership and operation. Under that framework, KG&E acts as agent for all the owners in operating Wolf Creek, which became commercially operable on September 3, 1985.

In early December, the Wolf Creek owners announced their intent to form a separate corporation--Wolf Creek Operating Corporation (WCOC)--for the sole purpose of operating Wolf Creek on their behalf. You have asked whether KCPL plans to seek formal Missouri Public Service Commission approval and permission to carry out the plans related to WCOC's formation and its assumption of Wolf Creek operating responsibilities. Based upon our current thinking and research to date, KCPL will not seek formal MPSC approval of these plans, but will certainly keep you, your Staff and the Commission apprised of our actions and progress. My research has simply not revealed Missouri statutory provisions under which we could invoke, or the Commission could exercise, such formal approval authority.

In order for you to more fully appreciate my reasoning, an explanation (in general terms) of some of the details surrounding WCOC and its intended role at Wolf Creek may be useful.

WCOC will probably be incorporated in Delaware, and authorized to do business as a foreign corporation in Kansas; its principal place of business will be the Wolf Creek site, near Burlington, Kansas. It will be owned by the Wolf Creek owners in percentages identical to their ownership of the station itself. Its board of directors will be comprised of representatives of all three owners, plus a president and chief executive officer yet to be named.

Mr. William C. Harrelson  
January 15, 1986  
Page 2

WCOC will operate Wolf Creek for the owners; it will own no interest whatsoever in Wolf Creek or any other utility property. Neither will it own or sell any of the power generated by Wolf Creek. An Operating Agreement among the three owners and WCOC will govern the terms and conditions of operating responsibilities. WCOC will charge no fees and will make no profit; its actual costs will be reimbursed by the owners in accordance with their ownership shares. Initially, WCOC will be staffed for the most part by employees currently on KG&E's payroll, who will be transferred to the new corporation.

Application will be made to the NRC to transfer Wolf Creek's operating license to WCOC. Additionally, the provisions of KSA 66-104 and 66-131 probably require that a limited certificate of public convenience and authority be obtained from the Kansas Corporation Commission.

I examined the provisions of Chapters 386 and 393, RSMo, and at your suggestion specifically Sections 393.170 (Certification), 393.190 (Sales of Property) and 393.250 (Corporate Reorganizations). I also reviewed the record in MPSC Case No. 17,754, the 1973 proceeding dealing with questions raised by the Commission surrounding the decision of KCPL and KG&E to build Wolf Creek in Kansas rather than Missouri. A March 13, 1973, Spencer, Fane, Britt & Browne legal opinion (copy enclosed) relied upon by KCPL in that case concluded that the consent of the MPSC was not necessary for the construction of Wolf Creek because of its location outside the State of Missouri. The Commission apparently agreed with that opinion, for it concluded its investigatory show-cause proceeding simply by dismissal without further order.

I believe the legal analysis in the March 13, 1973, opinion remains valid today, particularly as it pertains to the necessity for specific MPSC consent to matters and operations to be located and carried on outside the State of Missouri. Even though Section 386.250 has been amended since 1973, it continues to confine the Commission's jurisdiction, supervision, powers and duties to companies, activities and facilities "within the state." Recall that WCOC will be incorporated, headquartered and operated outside the State of Missouri. I thus do not believe a Missouri certificate of convenience and necessity under Section 393.170 is necessary for WCOC.

Neither do I believe specific MPSC approval to be required under Sections 393.190 or 393.250. None of the owners will sell, transfer or assign an interest in Wolf Creek (or any other utility property) to WCOC, nor will WCOC otherwise acquire interests therein by ownership or lease. KCPL will not reorganize itself in order to carry out the activities contemplated.

Mr. William C. Harrelson  
January 15, 1986  
Page 3

The formation and operation of WCOC will in no respect compromise or diminish the jurisdiction of the MPSC over KCPL, and particularly its jurisdiction over retail electric service rates as they are affected by KCPL's interest in Wolf Creek's ownership and operation. Recall that WCOC will own neither utility property nor electrical output therefrom. Even though it may require limited certification in Kansas, it will issue no rate schedules. The reasonableness of its costs of operation will continue, as now, under the jurisdiction of the Missouri and Kansas commissions to the extent of their jurisdiction over the three Wolf Creek owners' electric service rates.

Bill, as I mentioned to you and Steve Dottheim by telephone, I will endeavor to keep you apprised of our progress, and to provide you with copies of relevant documents as they are finalized. I would appreciate hearing from you with any questions or comments you may have. Should you wish to reach me by telephone, please call (816) 556-2788.

Sincerely,



A. Drue Jennings

ADJ:cg  
Enc.

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COUNSEL  
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FILE NO. 04-00-09

March 13, 1973

Mr. Robert A. Olson  
Chairman of the Board  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141

Dear Mr. Olson:

You have asked that we review the opinion expressed by the Public Service Commission of the State of Missouri (the Commission) in a letter written on behalf of the Commission by Chairman James F. Mauze on February 27, 1973, to the effect that Section 393.170(1)\* requires the Commission's consent for the construction by Kansas City Power & Light Company (KCPL) of a nuclear power plant in Kansas as a joint project with Kansas Gas and Electric Company.

The relevant portion of the statute cited by the Commission as requiring its prior consent to the construction of the nuclear power plant provides as follows:

No . . . electric corporation . . . shall begin construction of . . . electric plant . . . without first having obtained the permission and approval of the commission. Section 393.170(1).

One cannot look exclusively at this subsection to determine its meaning; the whole statutory scheme must be examined.

Section 393.120 makes the definitions of phrases and terms contained in section 386.020 applicable to and determinative

\*All statutory references are to RSMo, 1969, unless otherwise indicated.

Mr. Robert A. Olson

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March 13, 1973

of the meaning of all words, phrases or terms in section 393.170(1). The term "electric plant" used in section 393.170(1) is defined in section 386.020(5) as follows:

The term 'electric plant,' when used in this chapter, includes all real estate, fixtures and personal property operated, controlled, owned, used or to be used for or in connection with or to facilitate the generation, transmission, distribution, sale or furnishing of electricity for light, heat or power; and any conduits, ducts or other devices, materials, apparatus or property for containing, holding or carrying conductors used or to be used for the transmission of electricity for light, heat or power; . . .

If KCPL is required to obtain Commission consent under section 393.170(1) prior to beginning construction of that portion of its "electric plant" consisting of the proposed nuclear power plant, it follows that KCPL is and would be required to obtain the Commission's consent before it may begin construction of any other portion of its "electric plant" - including meters and service lines - whether within or without the State of Missouri or within or without KCPL's certificated area.

We respectfully disagree with the letter opinion of the Commission and are of the opinion that section 393.170(1) does not require the Commission's consent for the construction of the nuclear power plant, since the addition would be located outside the State of Missouri. The opinion expressed herein is expressly limited to the question of whether the Commission's consent is required by section 393.170(1) of the proposed nuclear power plant as set forth in Chairman Mauzé's letter referred to above, and is based on the following analysis.

I. Scope of Legislature's Authority to Delegate.

The Commission was created by the Legislature by enactment of the Public Service Commission Law in 1913. It is fundamental "that the Legislature cannot confer more power upon one of its creatures . . . than it possesses itself." State ex rel. City of Sedalia vs. Public Service Commission of Missouri, 275 Mo 201, 204 SW 497 at 499 (Supreme Court of Missouri, 1918). The principle is almost too well established to require citation that the legislative power vested by the Constitution in the General Assembly of the State of Missouri

Mr. Robert A. Olson

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March 13, 1973

does not extend beyond the boundaries of the State and the people and property within those boundaries. See, however, Stanley v. Wabash, St. L. & P. Ry. Co., 100 Mo. 435, 13 SW 708 (1890), wherein the Supreme Court of Missouri construed a Missouri statute requiring railroad companies to furnish double-decked cars for the shipment of sheep. The Court held that "(i)t will not be intended that this statute was to have any extraterritorial force, since this would be beyond the power of the legislature of this state." 13 SW at 710.

Even if the Legislature had attempted in the Public Service Commission Law to delegate to the Commission extra-territorial jurisdiction (which, as will be seen, it has not), such delegation would have been in excess of the Legislature's power and therefore unlawful. It is submitted at the outset, therefore, that the Legislature could not lawfully vest the Commission with authority to require KCPL to obtain its consent prior to construction of the proposed nuclear power plant in Kansas.

## II. General Jurisdiction of The Commission.

The first step in determining what jurisdiction and power has been delegated by the Legislature to the Commission is recognition of the fundamental principle that "the Public Service Commission is a body of limited jurisdiction and has only such powers as are expressly conferred upon it by the Statutes and powers reasonably incidental thereto." State ex rel. and to use of Kansas City Power & Light Co. vs. Buzard, 168 SW 2d 1044 (Supreme Court of Missouri, en Banc, 1943). See also State of Missouri ex rel. Harline vs. Public Service Commission of Missouri, 343 SW 2d 177 at 181 (Kansas City Court of Appeals, 1960).

The express limited statutory jurisdiction delegated by the Legislature to the Commission is very clearly set forth in Section 386.250. That section extends the "jurisdiction, supervision, powers and duties of the Public Service Commission" to the following within the state: railroads, street railroads, common carriers, gas and electric utilities, telephone and telegraph companies, water corporations and sewer systems. The limitation of "within the state" is applicable, although applied in slightly different wording, to each of the enumerated enterprises.

This limitation was recognized by the Commission in one of its earliest cases decided in 1914. The case involved

Mr. Robert A. Olson

-4-

March 13, 1973

questions of the exercise of state authority over an interstate train, and the Commission stated the elementary rule "that our jurisdiction does not extend beyond the limits of this State." Public Service Commission Case No. 151, In the Matter of the Complaint of Retail Merchants' Association of St. Joseph vs. Chicago Burlington & Quincy Railroad Company, 1 Mo P.S.C. 278 at 282 (1914).

We find no Missouri authority (or decision elsewhere) which casts in doubt this rule against extraterritorial jurisdiction.

There are other statutory indications of legislative restriction of Commission authority to facilities within the state. For example, Section 393.180 provides for the "supervision, regulation, restriction and control . . ." of the creation of liens by electrical corporations ". . . upon their property situated in this state . . ." (emphasis supplied).

Even in the absence of such express statutory limitations, the general rule is that no legislation is presumed to be intended to operate outside the territorial jurisdiction of the state enacting it. "To the contrary, the presumption is that the statute is intended to have no extraterritorial effect, but to apply only within the territorial jurisdiction of the state or country enacting it, and it is generally so construed." 50 Am.Jur., Statutes, Section 487, p. 510.

It is submitted, therefore, that not only was the Legislature powerless to lawfully delegate jurisdiction to the Commission over the proposed nuclear power plant, it did not and would not have attempted so to do. For these reasons, consent of the Commission for construction of the proposed nuclear power plant to be located in Kansas is not required.

### III. Scope of Commission Jurisdiction under Sec. 393.170(1).

The specific section of the statute cited to KCPL for authority in support of the requirement for Commission consent to the construction of the nuclear power plant is Section 393.170(1). This is the so-called "certificate of convenience and necessity" section of the chapter regulating electric utilities.

In short, section 393.170 requires the permission and approval of the Commission prior to beginning construction by an "electrical corporation" of an "electric plant." The Commission

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has the power to grant such permission and approval when it determines after hearing that such construction is necessary or convenient for the public service, and it may impose such condition or conditions as it may deem reasonable and necessary.

This section and the nature of a certificate of convenience and necessity have been interpreted and clarified by the Commission and the courts since shortly after the Commission was created. According to the law, KCPL would not need "permission and approval" from the Commission to add to its plant by constructing the proposed nuclear power plant within its certificated service territory in Missouri. That law has developed in the manner set forth below.

First, the usual certificate of convenience and necessity pertains to the determination of geographic area to be served by a particular utility. One of the primary functions of the Commission "in its regulation of electric utilities is to allocate territory in which they may render service." State ex rel. Harline vs. Public Service Commission of Missouri, supra at 182. Such certificates grant no new powers, but rather operate to permit KCPL to exercise the rights and privileges previously conferred upon it by state charter and municipal consent. State ex inf. Shartel ex rel City of Sikeston vs. Missouri Utilities Co., 331 Mo 337, 53 SW 2d 394, 89 ALR 607.

Since almost the beginning of its existence, the Commission has executed "area certificates" granting defined operating territory to each utility in which such utility is the sole supplier. In 1914, the Commission determined that a utility legally serving the public under a certificate is not required by section 393.170 to obtain a new certificate for every extension of its lines to render additional service within that area. Missouri Valley Realty Co. vs. Cupples Station Light, Heat & Power Co., 2 Mo P.S.C. 1 (1914). In essence, the only certificate of permission required from the Commission was that required before KCPL began construction of its electric plant.

The "area certificate" concept has been incorporated in the Commission's own Rules of Practice and Procedure. Rule 5 pertaining to Applications for Certificates of Public Convenience and Necessity requires applicants to submit "(a) legal description of area to be served with plat of area" and "(b) . . . a list of all utilities with which it is likely to compete." Rule 5.02.

The New York Commission interpretation of the New York

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statute (almost identical to Missouri's) has been the same as that of the Missouri Commission. In 1967, the New York Commission held that the applicable section of New York law "is concerned with the prevention of ruinous competition between different public service companies in a community and it is intended to insure as best as possible that the utility authorized to serve a particular area be one that is fit, willing and is able properly to do so. It was never intended as a requirement for a Commission approval for each and every addition to a plant already authorized and in existence." Re Long Island Lighting Company, 71 PUR 3d 369 at 375 (NY P.S.C., 1967).

The consistent Commission interpretation of section 393.170 has been that certificates of convenience and necessity were intended to divide and allocate territory among the utilities, and that a utility certificated and operating in an area did not need further authority to construct additional electric plant within that area.

The Commission's interpretation of the certificate section, as well as the general jurisdiction of the Commission over electric plant construction, was challenged in the appellate courts of Missouri in 1960. In the Harline case, supra, Missouri Public Service Company (MPS) proposed to construct a 69 KV transmission line within its certificated area, and to acquire by condemnation, right-of-way easements over appellant's land, all without an additional certificate of public convenience and necessity, and otherwise without further Commission permission and approval.

Consistent with its views expressed in the Cupples case, supra, the Commission held (and was affirmed by the Circuit Court of Cole County, Missouri) that MPS was authorized to construct the transmission line under the certificate of convenience and necessity issued to it in 1938 and that no additional authority was necessary to comply with the statutes governing the matter.

The question decided by the appellate court was whether a public utility must obtain an additional certificate of convenience and necessity from the Commission to construct each extension or addition to its existing transmission lines and facilities within a territory allocated to it under a determination of public convenience and necessity. The Court of Appeals affirmed the decision and interpretation of the Commission that further consent was not required, and, in so doing, expressed several points relevant to this opinion.

First, the Court analyzed the corporate power of the electric utility as derived from the state by its charter, which includes

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all enacted statutes. Generally, an electric utility has "all powers necessary or convenient to effect any or all of the purposes for which it was formed." Section 351.385. Specifically, it has ". . . full power to manufacture and sell and to furnish electricity." Section 393.010. And it is under a specific duty to "furnish and provide such service instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable." Section 393.130. 343 SW 2d at 180.

The court held that the certificate of convenience and necessity granted by the Commission was a license for and sanction of the use of existing corporate privileges. Furthermore, the Court held that the only way in which MPS could perform its duty to render electric service to the area in which it was the certificated electric utility was "by a process of extending and building new lines and facilities as required, which the evidence shows has been done almost daily since 1938." 343 SW 2d at 181.

With reference to the "area certificate" concept, the Court held that "if additional Commission authority other than the area certificate be necessary, such requirement must affirmatively appear in the statutes." 343 SW 2d at 181. No such requirement was found by the Court. In the Court's analysis of the nature of the Commission's power which followed, it enunciated the principle that "the statute provided regulation which seeks to correct the abuse of any property right of a public utility, not to direct its use. . . . The law has conferred no such power upon the Commission. State ex rel. Kansas City vs. Public Service Commission of Missouri, 301 Mo 179, 257 SW 462." 343 SW 2d at 181 (emphasis, the Court's).

In reconciling the relationship between utility ownership and the right of control and management, and the power of regulation delegated to the Commission, the Court noted that the Commission's powers "are comprehensive and extend to every conceivable source of corporate malfeasance." 343 SW 2d at 182. But the limitation on those general powers was described as follows:

Those powers do not, however, clothe the Commission with the general power of management incident to ownership. The utility retains the lawful right to manage its own affairs and conduct its business as it may choose, as long as it performs its legal duty, complies with lawful regulation and does no harm to public welfare. See State ex rel. City of St. Joseph vs. Public Service Commission, 325 Mo 209, 30 SW 2d 8. 343 SW 2d at 182.

The United States Supreme Court subscribed to that principle in an earlier case involving the Missouri Commission by saying that

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"(i)t must never be forgotten that, while the state may regulate with a view to enforcing reasonable rates and charges, it is not the owner of the property of public utility companies, and is not clothed with the general power of management incident to ownership." State of Missouri ex rel. Southwestern Bell Telephone Co. vs. Public Service Commission of Missouri, 262 US 276 at 289, 43 S.Ct. 544 at 547, 67 L.Ed. 981.

The Court of Appeals applied the principles outlined above in the Harline case and determined that the Commission's practice of issuing area certificates and not requiring further certification for additional construction of electric plant within that area rested upon "sound legal principles and correctly state(d) the intended effect of the statute." 343 SW 2d at 183.

The Court also noted that no case had been cited to it and that it was unable to find any holding that an electrical utility must secure any certificate of approval, in addition to the initial area certificate, for additions, extensions or construction of electric plant within its certificated area. 343 SW 2d at 183.

In summary, the court in the Harline case thoroughly examined applicable principles of regulatory law, and determined that the Commission's interpretation of the certificate statute was and had been correct. Briefly stated, that interpretation is that once certificated, electric utilities needed no further approval for additions, extensions or construction within their service area - including additional generation facilities.

#### IV. Utility Facilities Outside Missouri or Certificated Area.

The Court in the Harline case emphasized the principle that the legal construction of the Public Service Commission Law by the Commission "is entitled to great consideration and should not be disregarded or disturbed, unless clearly erroneous - particularly when that construction has been followed and acted upon for many years." 343 SW 2d at 182. See also State ex rel. Union Electric Light & Power Co. vs. Baker, 316 Mo 853, 293 SW 399.

In this regard, no case has been found in which the Commission attempted to require utilities with facilities in another state to obtain its consent for construction of such facilities. Union Electric Company has generation and transmission facilities in the States of Illinois and Iowa. Empire District Electric Company has generation facilities in Kansas and transmission facilities in the States of Kansas, Oklahoma and Arkansas. Kansas City Power & Light Company has transmission and distribution facilities, and also has generation facilities nearly ready for commercial operation, in the State of Kansas. Southwestern Bell Telephone Company has

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facilities in at least four other states. Some of the railroads operating in Missouri have facilities all the way to the West Coast. None of these companies has been required, to our knowledge, to obtain the Commission's consent for construction of such out of state facilities.

In the electric utility field, large portions of the area of Missouri have been certificated to various companies under section 393.170. Therefore, applications for certificates to construct electric plant are limited to those few instances of transmission line and generation facility construction in Missouri by electric utilities outside of the constructing utility's certificated area and within the certificated area of another utility. The Commission has established a practice of considering applications for limited certificates of convenience and necessity to construct or maintain and operate necessary facilities outside the utility's certificated area in Missouri.

For example, KCPL applied for and received from the Commission limited certificates of convenience and necessity authorizing it to construct, operate and maintain a generating station and related transmission lines in Henry County, Missouri, outside its certificated area and within the area of MPS. See Kansas City Power & Light Company, Case No. 13,058 (1955) and Case No. 13,203 (1955).

Similarly, KCPL sought and received limited certificates of convenience and necessity to construct, own, operate and maintain extra-high voltage transmission lines outside its certificated area. See for example, In the Matter of the Application of Kansas City Power & Light Company, 13 Mo P.S.C. (NS) 322 (1967).

The scope of the Commission's review in those cases has been (1) to authorize utility construction for limited purposes in another utility's territory (always with that utility's permission) and (2) to impose safety requirements. It is clear that in the event KCPL proposed construction of the nuclear power plant in Missouri outside its certificated area, these cases and others similar to them pertaining to other utilities, set forth the scope of the Commission's concern under those circumstances.

#### V. Other Jurisdictions and Pending Legislation.

The law of the State of Kansas in which KCPL also operates is similar to that in Missouri as it pertains to "certificates of convenience and authority." In Kansas, KCPL is not required to obtain a certificate from the State Corporation Commission of the State of Kansas (the Kansas Commission) for construction of electric plant within its certificated area. For example, La Cygne Generating

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Station in Linn County, Kansas, is located within KCPL's certificated area in Kansas, and no further authorization of the Kansas Commission was or will be required for its construction by KCPL.

On the other hand, KCPL's transmission lines in Kansas outside its certificated area have been built pursuant to limited certificates of convenience and authority issued by the Kansas Commission. It is contemplated that KCPL will seek a limited certificate of convenience and authority from the Kansas Commission for the proposed nuclear power plant to be built in Kansas.

A review of decisions of cases in other jurisdictions has not revealed any case in which a utility sought or was required to seek state regulatory commission consent or approval for the construction of a power plant or other utility facility in a state other than that in which the plant or facility was located.

Until 1968, the law of the State of Maryland was consistent with the laws of Missouri, Kansas and New York, as well as other jurisdictions, in that utilities were not required to obtain additional certification or consent for construction of power plants within their certificated service areas. In that year, the Maryland legislature expanded the jurisdiction of the Maryland Public Service Commission (the Maryland Commission) over power plant construction by enacting a so-called "siting" statute. The construction of power plants or major transmission lines anywhere within the state of Maryland begun on and after July 1, 1968, requires authorization by a special certificate of public convenience and necessity from the Maryland Commission. Baltimore Gas and Electric Company had a nuclear power plant in the preliminary stages of construction on the effective date of the siting statute and, as the Maryland Commission held, "if construction had begun prior to that date, the company would not be required to seek a certificate from the Commission." In Re Baltimore Gas and Electric Company, 88 PUR 3d 118 at 120 (1971).

Senate Bill No. 196 now pending before the 77th General Assembly of the State of Missouri is a "siting" statute which would expand the scope of the Commission's jurisdiction over utility construction within Missouri. The proposed "Utility Environmental Protection Act" would require a special "certificate of environmental compatibility and public need" prior to construction of "a major utility facility" as defined in the Act. Section 3.1 of the Act specifically limits the Commission's jurisdiction

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thereunder to major utility facilities in the State of Missouri. We believe the limitation contained in the bill, reflecting the most current public concerns, reiterates the rule of territorial limitation which has always been observed by the Commission and which is mandated by long-established principles.

Yours very truly,

SPENCER, FANE, BRITT & BROWNE

By



IF:dem

# KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P.O. BOX 679

KANSAS CITY, MISSOURI 64141

July 17, 1986

ARTHUR J. DOYLE  
CHAIRMAN OF THE BOARD  
AND  
PRESIDENT

The Honorable William D. Steinmeier  
Chairman  
Missouri Public Service Commission  
Post Office Box 360  
Jefferson City, Missouri 65101

Dear Chairman Steinmeier:

Recall that in December 1985 the owners of Wolf Creek Generating Station announced their intent to form a separate corporation, wholly owned by them in proportion to their ownership of Wolf Creek itself, for the purpose of operating, maintaining, decontaminating and decommissioning Wolf Creek. The new corporation--Wolf Creek Nuclear Operating Corporation (WCNOC)--has been incorporated in Delaware, and has obtained authority to do business in Kansas.

An Application has been filed with the Nuclear Regulatory Commission to amend the Wolf Creek Operating License, by transferring it from KG&E to WCNOC as Operating Agent. I understand that the NRC Staff has recommended approval of the Application and the NRC has ordered publication in the Federal Register.

Within the next week, an Application to the Kansas Corporation Commission will be filed seeking a Certificate of Public Convenience and Authority for WCNOC. We are pleased with the progress made to date toward our goal of operating Wolf Creek under the new arrangement commencing on January 1, 1987.

Since our announcement in December, we have supplied copies of several documents to your Staff, and have had numerous conversations with them concerning WCNOC. Your Staff has shown particular interest in the extent to which WCNOC might somehow restrict Missouri Commission jurisdiction over KCPL's interest in Wolf Creek, or impede Staff access to records, data and the site itself. While our employees have provided assurances to your Staff that WCNOC will not impair your ability to regulate or oversee Wolf Creek's operation, I want to reiterate and underscore those assurances.

The formation of, and assumption of Wolf Creek operating responsibilities by, WCNOC will not impair or restrict MPSC regulatory

Page 2  
July 17, 1986

authority with respect to KCPL generally, or its interest in Wolf Creek specifically. I am aware of the distinction in Federal versus State jurisdiction concerning rate regulation of electric power and energy sold "at wholesale for resale." WCNOC will not own any utility property at Wolf Creek; it will not own any of the electrical generation from Wolf Creek. KCPL will continue to own its undivided interest in Wolf Creek and will own its related proportionate share of the capacity and electrical energy production of Wolf Creek. Thus, WCNOC will not sell electric power or energy "at wholesale for resale" to which any Federal jurisdiction could attach. We have very carefully designed WCNOC to be an operating company, only, representing merely a formal incorporation of the existing informal Wolf Creek management arrangement.

In order to carry out your continued jurisdiction over KCPL and Wolf Creek, certainly you and your Staff will have access to Wolf Creek records, data and the site, subject only to compliance with site security restrictions applicable to all individuals. In fact, I would expect Staff access to records and financial data concerning Wolf Creek to actually be facilitated by the formation of WCNOC, and the specific provisions of the Operating Agreement directly obligating it to respond to the regulatory oversight requirements of all owners, irrespective of situs or jurisdiction represented.

It is my expectation that WCNOC's formation will improve our ability to respond to your regulatory responsibilities, and we will certainly strive to accomplish that end.

Sincerely,



AJD:be

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P.O. BOX 879

KANSAS CITY, MISSOURI 64141

A. DRUE JENNINGS  
SENIOR VICE PRESIDENT  
MARKETING  
AND  
PUBLIC AND EMPLOYEE RELATIONS

July 29, 1986

RECEIVED

JUL 29 1986

Ms. Judith A. McConnell  
Executive Secretary  
State Corporation Commission  
State Office Building, 4th Floor  
Topeka, Kansas 66612

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION

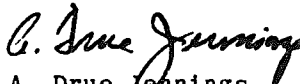
Re: In the Matter of the Application of  
Wolf Creek Nuclear Operating Corpora-  
tion for a Certificate to Operate  
the Wolf Creek Generating Station  
located near Burlington, Kansas.

Dear Ms. McConnell:

Transmitted herewith for filing with the Commission, pursuant to Rule 82-1-215 of the Commission's Rules of Practice and Procedure, are the original and five copies of the Application of Wolf Creek Nuclear Operating Corporation for a Certificate to operate the Wolf Creek Generating Station.

Extra copies of this filing are being furnished to counsel for the Commission's Staff.

Very truly yours,



A. Drue Jennings  
General Counsel,  
Wolf Creek Nuclear Operating  
Corporation

ADJ:cg

Enc.

cc: Brian Moline  
Steve Dottheim

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the matter of the Application of )  
Wolf Creek Nuclear Operating Corporation )  
for a Certificate to Operate the Wolf ) Docket No.  
Creek Generating Station Located Near )  
Burlington, Kansas )

APPLICATION FOR A CERTIFICATE OF PUBLIC  
CONVENIENCE AND AUTHORITY TO OPERATE  
WOLF CREEK GENERATING STATION

Comes now Wolf Creek Nuclear Operating Corporation (hereinafter referred to as "Applicant") and hereby applies to the Commission pursuant to K.S.A. 66-131 for a Certificate of Public Convenience and Authority to operate, maintain, repair, decommission and decontaminate the Wolf Creek Generating Station (hereinafter referred to as "Wolf Creek"). In support hereof, Applicant respectfully states that:

1. Applicant is a corporation incorporated on April 14, 1986 under the laws of Delaware and authorized on April 17, 1986 to do business within the State of Kansas, for the purpose of operating, maintaining, repairing, decommissioning and decontaminating Wolf Creek. Applicant does not now own, and does not expect to own, any public utility property as that term is defined in K.S.A. 66-104, and the granting of this application will not permit Applicant to own any public utility property. The ownership of the Wolf Creek equipment, plant and generating machinery shall continue to reside in the co-owners of Applicant identified in the following paragraph, but Wolf Creek's operation shall be Applicant's responsibility.

2. Applicant does not now have outstanding any securities. During 1986, Applicant expects to issue 100 shares of Common Stock of the par value of \$1 per share, consisting of 47 shares of Class A Common Stock of the par value of \$1 per share, all of which will be owned by Kansas Gas and Electric Company ("KG&E"), 47 shares of Class B Common Stock of the par value of \$1 per share, all of which will be owned by Kansas City Power & Light Company ("KCPL"), and 6 shares of Class C Common Stock of the par value of \$1 per share, all of which will be owned by Kansas Electric Power Cooperative, Inc. ("KEPCo"). Thus, the owners of all the shares of the Common Stock of Applicant will be identical with the owners, and their respective ownership shares of undivided interests as tenants-in-common, in Wolf Creek.

3. Applicant's principal place of business and mailing address are:

Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

4. Copies of Applicant's Certificate of Incorporation, Bylaws and Certificate of Qualification to do business in Kansas are annexed as Exhibits A-1, A-2 and A-3, respectively.

5. Applicant's Certificate of Incorporation provides that its board of directors shall consist of 13 individuals, 5 of whom (the "Class A" directors) shall be elected by the holders of Applicant's Class A Common Stock, 5 of whom (the "Class B" directors) shall be elected by the holders of Applicant's Class B Common Stock, 2 of

whom (the "Class C" directors) shall be elected by the holders of Applicant's Class C Common Stock, and the 13th of whom (who shall also be Applicant's chief executive officer) shall be elected by all shares of Applicant's Common Stock voting as a single class. The names and mailing addresses of each of Applicant's twelve initial directors, each of whom is a citizen of the United States, are set forth in Article Fourth of Applicant's Certificate of Incorporation. Applicant's 13th Director and chief executive officer has not yet been selected and elected to office.

6. Applicant has been formed for the purpose of continuing the safe operation, maintenance and repair of Wolf Creek and for the ultimate decommissioning and decontamination of that unit. To that end, Applicant has entered into an Operating Agreement with KG&E, KCPL and KEPCo, a true copy of which is annexed as Exhibit A-4. In order to undertake and perform these responsibilities, Applicant and/or its stockholders will require the following governmental authorizations or filings with governmental agencies:

(a) the issuance by the Commission of the Certificate of Public Convenience and Authority for which this Application is being filed;

(b) the issuance by the Nuclear Regulatory Commission ("NRC") of an amendment to the operating license for Wolf Creek under the Atomic Energy Act, permitting Applicant to assume the operating responsibilities for Wolf Creek now held by KG&E; copies of the application, dated April 15, 1986, to the NRC for

the issuance of such an amendment and related letter of transmittal to the NRC of such application are annexed as Exhibits A-5 and A-6;

(c) The exemption of KG&E and KCPL from the provisions of the Public Utility Holding Company Act of 1935 ("PUHCA") other than Section 9(a)(2) of PUHCA; Section 3(a)(2) of PUCHA and Rule 2 thereunder provide that such exemption shall be effective upon the filing in good faith of exemption statements with the Securities and Exchange Commission ("SEC") on Form U-3A-2. \*

(d) authorization under Section 305(b) of the Federal Power Act for certain of Applicant's officers and directors to hold such positions and also to hold positions as officers or directors of KG&E or KCPL.

7. Applicant will not engage in the sale or transmission of electricity. Instead, it will operate and maintain Wolf Creek (and render the other services relating to that station that are covered by the Operating Agreement annexed hereto as Exhibit A-4) for the account of the co-owners of the station (at cost and without profit) which costs will be borne by the owners of the station in proportion to their ownership interests in the station.

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\*Since KEPCo will not own, or hold with power to vote, 10% or more of the voting securities of Applicant, and for other reasons, KEPCo need not file an exemption statement under the PUHCA.

8. Given the size and importance of Wolf Creek for each of its three Owners and to the State of Kansas, the public interest and convenience will be served by the consolidation and integration of the resources of the Owners relating to Wolf Creek into a single organization, dedicated solely to the safe and economic operation of Wolf Creek and accountable to the Owners, and by integrating and centralizing responsibility for the operation of Wolf Creek into that single organization. The consolidation of resources and responsibility into such a single accountable organization will enhance the coordination of the Owner's policies and responsibilities for the operation, maintenance and repair of Wolf Creek. The Owners have examined various institutional arrangements at other multi-owner nuclear stations, finding general concurrence in and support for the advisability of establishing a single accountable organization formally structured to take responsibility for the day-to-day management and operation of such nuclear stations. As a result, the certification of Applicant by the Commission to operate Wolf Creek is in the public interest.

9. The formation and certification of Applicant will accomplish a transfer of the direct responsibility for operating Wolf Creek from the Owners' present Operating Agent (KG&E) to the Applicant. To enable Applicant to carry out that responsibility, most employees who are currently involved in the operation and support of the plant, both at the site and in the home offices of both KG&E and KCPL, will be transferred to the Applicant. As a result, it is anticipated that formation and certification of the Applicant will not result, in the long-run, in any material increase

in costs to the Owners. Initially, however, the Owners expect that there will be some minor increase in costs associated with the establishment and start-up of Applicant and the requisite transfer of personnel.

10. As previously noted in paragraph 6, the assumption by Applicant of responsibility for the operation of Wolf Creek requires other regulatory authorizations in addition to that of the Commission. Therefore, Applicant requests that the Commission promptly process and approve this application. Applicant will keep the Commission's Secretary informed of the progress of the proceedings before the other agencies.

11. Communications in this matter should be addressed to the following officers of the Applicant:

Forrest Rhodes  
Vice President - Nuclear Operations  
Wolf Creek Nuclear Operating Corporation  
P. O. Box 411  
Burlington, Kansas 66839

A. Drue Jennings  
General Counsel and Secretary  
Wolf Creek Nuclear Operating Corporation  
c/o 1330 Baltimore Avenue  
Kansas City, Missouri 66205

WHEREFORE, Applicant prays that the Commission (i) issue its order finding and concluding that Applicant's operation of Wolf Creek will promote the public convenience and that Applicant should be, and is, issued a certificate permitting it to transact business in the State of Kansas as a public utility (but limited to the activities as herein set forth for the account of the owners of Wolf Creek); and (ii) grant Applicant such other and further relief as the Commission deems just and reasonable.

Respectfully submitted,

WOLF CREEK NUCLEAR OPERATING  
CORPORATION

By Forrest Rhodes  
Forrest Rhodes  
Vice President

A. Drue Jennings  
A. Drue Jennings  
General Counsel and Secretary  
Wolf Creek Nuclear Operating Corporation  
c/o 1330 Baltimore Avenue  
Kansas City, Missouri 64105

James B. Liberman (adj)  
James B. Liberman  
Bishop, Liberman & Cook  
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New York, New York 10036

John P. DeCoursey (adj)  
John P. DeCoursey  
Kansas Gas and Electric Company  
201 N. Market  
P. O. Box 208  
Wichita, Kansas 67201

Philip Kassebaum (adj)  
Philip Kassebaum  
Kassebaum & Johnson  
125 North Market  
Wichita, Kansas 67202

Attorneys for Wolf Creek  
Nuclear Operating Corporation

CERTIFICATE OF INCORPORATION OF  
WOLF CREEK NUCLEAR OPERATING CORPORATION

State of Delaware



Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF WOLF CREEK NUCLEAR OPERATING CORPORATION FILED IN THIS OFFICE ON THE FOURTEENTH DAY OF APRIL, A.D. 1986, AT 9:30 O'CLOCK A.M.

| | | | | | | | | |



686104003

*Michael Harkins*  
Michael Harkins, Secretary of State

AUTHENTICATION: 10787578

DATE: 04/14/1986

CERTIFICATE OF INCORPORATION

OF

WOLF CREEK NUCLEAR OPERATING CORPORATION

ARTICLE FIRST

The name of the Corporation is Wolf Creek Nuclear Operating Corporation.

ARTICLE SECOND

Its registered office in the State of Delaware is to be located at 229 South State Street, in the City of Dover, County of Kent. The name of its registered agent at such address is United States Corporation Company.

ARTICLE THIRD

The nature of the business or purposes to be conducted or promoted is to operate, maintain, repair, decontaminate and decommission the Wolf Creek Generating Station and to engage in any other lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE FOURTH

(1) The aggregate number of shares of capital stock which this Corporation shall have authority to issue shall be 100 shares of Common Stock. No additional shares of capital stock of the Corporation shall be authorized and issued.

(2) The shares of capital stock of the Corporation will be divided into three classes of Common Stock as follows: forty-seven (47) shares of "Class A Stock", with a par value of One Dollar (\$1) per share; forty-seven (47) shares of "Class B Stock", with a par value of One Dollar (\$1) per share; and six (6) shares of "Class C Stock", with a par value of One Dollar (\$1) per share.

(3) The shares of all classes of Common Stock shall be entitled in all respects to equal rights and privileges, except for voting rights as expressly set forth in this Article.

- (i) The Board of Directors shall consist of thirteen (13) directors. With respect to the election of directors, holders of Class A Stock shall vote as a separate class and be entitled to elect five (5) directors (the "Class A Directors"); holders of Class B Stock shall vote as a separate class and be entitled to elect five (5) directors (the "Class B Directors"); and holders of Class C Stock shall vote as a separate class and be entitled to elect two (2) directors (the "Class C Directors"). Each class shall act by a majority vote of its shareholders in electing directors for the class. The remaining director (the "Thirteenth Director") shall be elected by the unanimous vote of all shareholders of all classes of Common Stock voting together as a single class.
- (ii) Each of the Class A, Class B and Class C directors shall serve for a term of one (1) year and until his respective successor shall be elected and shall qualify. The holders of any class of Common Stock may, voting as a separate class, remove, with or without cause, any individual director who was originally elected by the shareholders of such class, voting as a separate class. The Thirteenth Director shall serve at the pleasure of the shareholders. At a meeting of shareholders called for such purpose, the Thirteenth Director may be removed with or without cause by the holders of a majority of shares of all classes of Common Stock voting together as a single class.
- (iii) In the event a vacancy occurs on the Board of Directors, that vacancy shall be filled only by a separate vote of the holders of that class of Common Stock which had elected the original director, except for filling a vacancy in the position held by the Thirteenth Director, which shall be filled in the same manner as the Thirteenth Director was elected.
- (iv) The holders of Class A Stock, Class B Stock, and Class C Stock shall in all matters, except as provided for in the General Corporation Law of Delaware, this Certificate of Incorporation or the By-Laws, vote together as a single class with each such share entitled to one vote.
- (4) All one hundred (100) shares of Common Stock shall be issued to the owners of the Wolf Creek Generating Station

proportionately in accordance with their respective ownership interests in Wolf Creek Generating Station Unit No. 1 under the Wolf Creek Station Ownership Agreement dated December 28, 1981, as the same may be amended from time to time.

(5) No shareholder shall have the right or power to pledge, hypothecate, sell or otherwise dispose of any shares of stock in this Corporation (except as additional security under the provisions of any mortgage indenture with respect to its ownership interest in Wolf Creek Generating Station Unit No. 1) unless and to the same extent its respective ownership share in the Wolf Creek Generating Station Unit No. 1 should change. In such event, the holder will surrender or cause to be surrendered, its certificate representing shares of Common Stock to the Corporation for reissuance in accordance with Section (4) of this Article and the Corporation's By-Laws. Unless and until its respective ownership interest in the Wolf Creek Generating Station Unit No. 1 should change (in which case such holder will surrender or cause to be surrendered its certificate representing shares of Common Stock to the Corporation for reissuance in accordance with Section (4) of this Article and the Corporation's By-Laws), each of the following entities shall own and hold all of the following classes of shares of Common Stock of the Corporation:

Kansas Gas and Electric Corporation - Class A Shares  
Kansas City Power & Light Company - Class B Shares  
Kansas City Power Cooperative, Inc. - Class C Shares

#### ARTICLE FIFTH

The name and mailing address of each incorporator is:

James B. Liberman 1155 Avenue of the Americas  
New York, NY 10036

Douglas E. Davidson 1155 Avenue of the Americas  
New York, NY 10036

#### ARTICLE SIXTH

(1) The name and mailing address of each person who is to serve as an initial Class A, Class B and Class C Director until the first annual meeting of stockholders or until his successor is elected and shall qualify is:

Class A Directors

Kent R. Brown	P. O. Box 208, Wichita, Kansas	67201
Wilson K. Cadman	P. O. Box 208, Wichita, Kansas	67201
James T. Clark	P. O. Box 208, Wichita, Kansas	67201
James S. Haines, Jr.	P. O. Box 208, Wichita, Kansas	67201
Glenn L. Koester	P. O. Box 208, Wichita, Kansas	67201

Class B Directors

Bernard J. Beaudoin	P. O. Box 679, Kansas City, Missouri	64141
Arthur J. Doyle	P. O. Box 679, Kansas City, Missouri	64141
J. Michael Evans	P. O. Box 679, Kansas City, Missouri	64141
A. Drue Jennings	P. O. Box 679, Kansas City, Missouri	64141
Charles J. Ross	P. O. Box 679, Kansas City, Missouri	64141

Class C Directors

Charles L. Ross	P. O. Box 4877, Topeka, Kansas	66604
Charles W. Terrill	P. O. Box 4877, Topeka, Kansas	66604

The initial Thirteenth Director shall be elected in accordance with the provisions of paragraph (3)(i) of Article Fourth of this Certificate of Incorporation.

Thereafter, the number of directors to constitute the Board of Directors shall be fixed by, or in the manner provided in, Article Fourth of this Certificate of Incorporation.

(2) At all meetings of the Board of Directors, a majority of the full number of directors prescribed by Article Fourth of this Certificate of Incorporation shall be required to constitute a quorum for the transaction of business, even though there may be one or more vacancies on the Board of Directors. All actions taken by the Board of Directors shall require a majority vote of the directors present at any meeting of the Board of Directors at which there is a quorum, provided that such majority must include the votes of directors who have been elected by the holders of two (2) or more different classes of Common Stock voting as separate classes.

ARTICLE SEVENTH

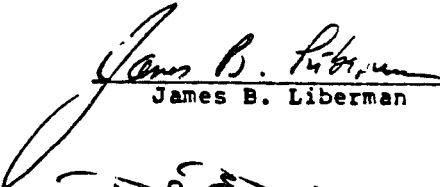
The Corporation is to have perpetual existence.

ARTICLE EIGHTH

Subject to the provisions of the laws of the State of Delaware, the following provisions are adopted for the management of the business and for the conduct of the affairs of the Corporation, and for defining, limiting and regulating the powers of the Corporation, the directors and the stockholders:

- (a) The books of the Corporation may be kept outside the State of Delaware at such places or places as may from time to time be designated by the Board of Directors.
- (b) The business and affairs of the Corporation shall be managed by its Board of Directors.
- (c) The Corporation reserves the right to amend, alter, change, add to or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute; and all rights herein conferred are granted subject to this reservation; provided, that no such amendment, alteration, change, addition to or repeal of any provision hereof shall be made without the unanimous approval of the holders of all shares of all classes of Common Stock of the Corporation.

IN WITNESS WHEREOF, we have hereunto set our hands and seals, this 14th day of April, 1986.

  
\_\_\_\_\_  
James B. Liberman (L.S.)

  
\_\_\_\_\_  
Douglas E. Davidson (L.S.)

RECEIVED FOR RECORD

April 14 AD. 1966

Robert J. Lonaway

RECORDER

BY-LAWS OF WOLF CREEK NUCLEAR OPERATING CORPORATION

BY-LAWS  
OF  
WOLF CREEK NUCLEAR OPERATING CORPORATION

ARTICLE I

Offices

Section 1. The registered office in the State of Delaware shall be at 229 South State Street, in the City of Dover, County of Kent, Delaware.

Section 2. The Corporation also may have offices at such other places both within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

Shareholders

Section 1. All meetings of shareholders shall be held at such place within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of meeting.

Section 2. Annual meetings of shareholders shall be held on the first Wednesday in December in the year 1986 and in each year thereafter, if not a legal holiday, and if a legal holiday, then on the first succeeding day which is not a legal holiday, at ten o'clock a.m. for the purpose of electing directors of the Corporation and transacting such other business as may properly be brought before the meeting.

Section 3. Special meetings of the shareholders, for any purpose or purposes, may be called by the owners of a majority of those shares entitled to vote thereat, on ten (10) days written notice to each shareholder which notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

Section 4. Notice of the time and place of every meeting of shareholders shall be delivered personally or mailed not less than ten (10) days or more than sixty (60) days before the date of the meeting to each shareholder of record entitled to vote at the meeting.

Section 5. Subject to the provisions in the Certificate of Incorporation, each holder of Common Stock in this Corporation shall be entitled at each shareholders' meeting to one (1) vote for each share of Common Stock held by such shareholder.

Section 6. A shareholder entitled to vote may vote in person or by proxy. A proxy shall not be valid after three (3) years from its date, unless the proxy provides for a longer period.

Section 7. The presence, in person or by proxy, of the holders of a majority of the shares of all classes of Common Stock shall constitute a quorum for the transaction of business at meetings of shareholders except as otherwise provided by the General Corporation Law of Delaware, by the Certificate of Incorporation or by these By-Laws. With respect to any issue which is to be acted upon by the holders of a class of stock voting as a separate class, the presence, in person or by proxy, of the holders of a majority of the shares of a given class shall constitute a quorum of the class and the shareholders of the class shall be authorized to act on any such issue at any meeting of shareholders. A duly organized meeting of shareholders present can continue to do business until adjournment even though enough shareholders withdraw to leave less than a quorum.

The holders of a majority of the shares of Common Stock represented in person or by proxy at any meeting of the shareholders shall have the right successively to adjourn the meeting without notice, other than announcement at the meeting, to a specified date not longer than thirty (30) days after any such adjournment, whether or not a quorum be present.

Section 8. All elections and all other questions shall be approved by a majority vote of all holders of the shares of all classes of Common Stock voting together as a single class, unless the question is one on which by express provisions of the General Corporation Law of Delaware, these By-Laws or the Certificate of Incorporation a different vote is required.

Section 9. Unless otherwise provided by law or by the Certificate of Incorporation or by these By-laws, any action required to be taken by shareholders may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by the holders of outstanding stock, entitled to vote with respect to the subject matter thereof, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than the unanimous written consent shall be given to those shareholders who have not consented in writing.

## ARTICLE III

### Board of Directors

Section 1. The Board of Directors of the Corporation shall consist of that number of directors as is provided in the Certificate of Incorporation. Directors shall be elected in the manner and for the terms set forth in the Certificate of Incorporation.

Section 2. In the event a vacancy occurs on the Board of Directors, that vacancy shall be filled in the manner provided in the Certificate of Incorporation.

Section 3. Regular meetings of the Board of Directors may be held without special notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 4. Special meetings of the Board of Directors may be called by the Chairman of the Board, Vice Chairman of the Board, the Chief Executive Officer or three (3) members of the Board of Directors on five (5) days' notice to each director by written notice or by means of telephone or similar communications equipment.

Section 5. At all meetings of the Board of Directors, a majority of the full number of directors prescribed by the Certificate of Incorporation shall be required to constitute a quorum for the transaction of business, even though there may be one or more vacancies on the Board of Directors. All actions taken by the Board of Directors shall require a majority vote of the directors present at any meeting at which there is a quorum, provided that such majority must include the votes of directors who have been elected by the holders of two (2) or more different classes of Common Stock voting as separate classes. If a quorum shall not be present at any meeting of the directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Section 6. A director may be removed in the manner set forth in the Certificate of Incorporation.

Section 7. No compensation shall be paid to the directors, but their reasonable and necessary expenses shall be reimbursed by the Corporation.

Section 8. If all the directors consent in writing to any action, such action shall be as valid as though it had been authorized by a meeting of the Board of Directors.

Section 9. At the first meeting of the Board of Directors following each annual meeting of shareholders, the Board of Directors shall appoint, from its membership, a Chairman and a Vice Chairman. The initial Chairman of the Board shall be a Class A Director who shall serve as Chairman until the first meeting of the Board of Directors following the second annual meeting of stockholders. The initial Vice Chairman of the Board shall be a Class B Director who shall serve as Vice Chairman until the first meeting of the Board of Directors following the second annual meeting of stockholders. Annually thereafter, the appointed Chairman and Vice Chairman shall alternate between Class A Directors and Class B Directors.

Section 10. There is hereby created an Executive Committee of the Board of Directors of the Corporation, which shall serve at the pleasure of the Board of Directors and, during the intervals between the meetings of said Board, shall possess and may exercise any or all of the powers of the Board of Directors vested in the Board which may lawfully be delegated, subject to such limitations as may be provided by the Certificate of Incorporation, the By-Laws or by resolution of the Board.

Section 11. The Executive Committee shall consist of four (4) directors, who shall be the Thirteenth Director, who shall be the Chairman of the Executive Committee, one Class A Director, one Class B Director and one Class C Director.

The Board may designate a Class A, Class B and Class C Director as alternate members of the Executive Committee, who may replace an absent or disqualified Director of the same class at any meeting of the Committee.

Section 12. Meetings of the Executive Committee shall be held whenever called by the Chairman of the Executive Committee or by any two (2) of the members of the Committee, and shall be held at such time and place as shall be specified in the notice of such meeting. The Secretary or an Assistant Secretary shall

endeavor to give at least one (1) day's notice of the time, place and purpose of each such meeting to each Committee member by means of telephone or similar communications equipment. Members of the Executive Committee may participate in a meeting of the Committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Section 13. At all meetings of the Executive Committee, three (3) of the Committee members shall constitute a quorum. All actions taken by the Executive Committee shall require a vote of at least three of the members of the Committee. All action by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action.

Section 14. Notwithstanding any provisions in these By-Laws to the contrary, any action taken by the Board of Directors, the Executive Committee, or any other committee of the Board shall require an affirmative vote of directors who have been elected by the holders of two (2) or more different classes of Common Stock voting as separate classes.

#### ARTICLE IV

##### The Officers

Section 1. The officers of this Corporation shall consist of a President who shall also be the Chief Executive Officer, one or more Vice Presidents, a Secretary and a Treasurer, all of whom shall be appointed by the Board of Directors and shall serve at the pleasure of the Board. In addition, the Board of Directors may elect such Assistant Secretaries, Assistant Treasurers and other officers and agents as they may deem proper or advisable with such terms of office, powers and duties as shall be determined from time to time by the Board. Any one person, except the President, may hold two or more offices.

Section 2. At its first meeting after each annual meeting of the shareholders, the Board of Directors shall appoint the officers of the Corporation. The Thirteenth Director shall be appointed the President and Chief Executive Officer of the Corporation. Any officer appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, or if any new office shall be created, the vacancy may be filled by the Board of Directors.

Section 3. The Chairman of the Board, and in his absence the Vice Chairman of the Board, shall preside at all meetings of the shareholders and at all meetings of the Board of Directors, and they shall perform such other duties as the Board of Directors shall from time to time prescribe.

Section 4. The President shall be the Chief Executive Officer of the Corporation, shall have general supervision of the business and affairs of the Corporation, and shall perform whatever other duties the Board of Directors may from time to time prescribe, provided all actions taken by the President and Chief Executive Officer shall be in accordance with policies approved by the Board of Directors.

Section 5. A Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of President. A Vice President also shall perform whatever duties and have whatever powers the President or Board of Directors may from time to time assign.

Section 6. The Secretary shall attend all meetings of the directors or the shareholders and shall keep or cause to be kept a true and complete record of the proceedings of those meetings. The Secretary shall give, or cause to be given, notice of all meetings of the directors or of the shareholders and shall perform whatever additional duties the Board of Directors and President may from time to time prescribe. He shall have custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the directors or the President, and attest the same.

Section 7. The Treasurer shall have custody of corporate funds. He shall keep full and accurate accounts of receipts and disbursements and shall, in general, perform all duties incident to the office of Treasurer and such other duties as may from time to time be prescribed by the Board of Directors.

Section 8. Assistant Secretaries and Assistant Treasurers, if appointed by the Board of Directors, shall exercise such powers and duties and perform such functions as the Board of Directors shall assign to them from time to time.

Section 9. Contracts, documents and instruments shall be executed by the President or a Vice President unless the Board of Directors shall designate another procedure for their execution.

Section 10. Whenever an officer is absent or whenever for any reason the Board of Directors may deem it desirable, the Board may delegate the powers and duties of an officer to any other officer or officers or to any director or directors.

Section 11. The salaries, if any, of all officers of the Corporation shall be set by the Board of Directors.

## ARTICLE V

### Certificates for Stock and Their Transfer

Section 1. The interest of each shareholder of the Corporation shall be evidenced by a certificate for shares of Common Stock in such form as the Board of Directors may from time to time prescribe. Each certificate shall be signed by the President or any Vice President and the Secretary.

Section 2. In accordance with the provisions in the Certificate of Incorporation, shares of the Corporation shall only be transferred upon the surrender to the Corporation of the share certificates duly endorsed and accompanied by proper evidence of a transfer of an ownership interest in the Wolf Creek Generating Station Unit No. 1 pursuant to the Wolf Creek Station Ownership Agreement dated December 28, 1981, as the same may be amended from time to time. In that event, the surrendered certificates shall be canceled and new certificates issued to the person or entity entitled to them based on their respective ownership interests in the Wolf Creek Generating Station Unit No. 1.

Section 3. In case of the loss or destruction of any certificate of shares of the Corporation, a new certificate may be issued in lieu thereof under such regulations and conditions as the Board of Directors may from time to time prescribe.

## ARTICLE VI

### Inspection of Books

A shareholder shall have the right to inspect books of the Corporation to the extent such right may be conferred by law, by these By-Laws, by the Certificate of Incorporation, or by resolution of the Board of Directors.

## ARTICLE VII

### Corporate Seal

The Corporate Seal of the Corporation shall have inscribed thereon the name of the Corporation and the words "Corporate

Seal", "Delaware", and "1986". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

#### ARTICLE VIII

##### Waiver of Notice

Whenever by law or by the Certificate of Incorporation or by these By-Laws, any notice whatever is required to be given, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

#### ARTICLE IX

##### Fiscal Year

Section 1. The fiscal year of the Corporation shall be the calendar year.

Section 2. As soon as practical after the close of each fiscal year, the Board of Directors shall cause a report of the business and affairs of the Corporation to be made to the shareholders.

#### ARTICLE X

##### Amendments

The By-Laws of the Corporation may be amended, added to, rescinded or repealed at any meeting of shareholders by the unanimous vote of the shares of all classes of Common Stock voting together as one class if notice of such meeting is properly given.

#### ARTICLE XI

##### Emergency Provisions

Section 1. Notwithstanding any different provisions in the preceding Articles of these By-Laws, the emergency By-Laws

provided herein shall be operative during any emergency resulting from an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of its Board of Directors or its stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors cannot readily be convened for action.

Section 2. During any such emergency, a meeting of the Board of Directors may be called by any director or, if necessary, by any officer who is not a director. The meeting shall be held at such time and place, within or without the State of Delaware, specified by the person calling the meeting and in the notice of the meeting which shall be given to such of the directors as it may be feasible at the time. Such advance notice shall be given as, in the judgment of the person calling the meeting, circumstances permit. Two (2) directors shall constitute a quorum for the transaction of business. To the extent required to constitute a quorum at the meeting, the officers present shall be deemed, in order of rank and within the same rank in order of seniority, directors for the meeting.

Section 3. To the extent not inconsistent with the foregoing emergency provisions, the By-Laws of the Corporation shall remain in effect during any emergency, or until such time when (i) a quorum of the Board of Directors, or (ii) a quorum of the Executive Committee, becomes available for the transaction of business, at which time the emergency provisions of these By-Laws shall cease to be operative.

## ARTICLE XII

### Indemnification

The Corporation shall indemnify to the full extent authorized or permitted by The General Corporation Law of the State of Delaware, as now in effect or as hereafter amended, any person who was or is or is threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or serves or served any other enterprise as such at the request of the Corporation. Such indemnification may, in the discretion of the Board of Directors of the Corporation, include advances of expenses incurred in defending any such action, suit or proceeding in advance of final disposition

thereof, subject to the provisions of the General Corporation Law of the State of Delaware.

The foregoing right of indemnification shall not be deemed exclusive of any other rights to which such persons may be entitled apart from this Article XII. The foregoing right of indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

CERTIFICATE OF QUALIFICATION FOR WOLF CREEK NUCLEAR OPERATING  
CORPORATION TO DO BUSINESS IN KANSAS

# STATE OF KANSAS



OFFICE OF SECRETARY OF STATE  
JACK H. BRIER • SECRETARY OF STATE

**To Whom it May Concern:**

THIS IS TO CERTIFY That Wolf Creek Nuclear Operating Corporation,  
a foreign corporation, organized under the laws of DELAWARE,  
has complied with the laws of the State of Kansas relating to such corporations, and is authorized to engage in  
business in this State as a foreign corporation.

Witness my hand and seal.

A handwritten signature in cursive script, reading "Jack H. Brier", is written over a horizontal line.

Jack H. Brier, Secretary of State.

DONE AT THE CITY OF TOPEKA, THIS Seventeenth DAY

OF April, 19 86

WOLF CREEK GENERATING STATION OPERATING AGREEMENT  
AMONG  
KANSAS GAS AND ELECTRIC COMPANY  
KANSAS CITY POWER & LIGHT COMPANY  
KANSAS ELECTRIC POWER COOPERATIVE, INC.  
AND  
WOLF CREEK NUCLEAR OPERATING CORPORATION

WOLF CREEK GENERATING STATION  
OPERATING AGREEMENT

among

KANSAS GAS AND ELECTRIC COMPANY  
KANSAS CITY POWER & LIGHT COMPANY  
KANSAS ELECTRIC POWER COOPERATIVE, INC.

and

WOLF CREEK NUCLEAR OPERATING CORPORATION

This AGREEMENT made and entered into on this 15<sup>th</sup> day of April, 1986 among Kansas Gas and Electric Company ("KG&E"), Kansas City Power & Light Company ("KCPL"), Kansas Electric Power Cooperative, Inc. ("KEPCo") and Wolf Creek Nuclear Operating Corporation ("Operating Corporation").

W I T N E S S E T H :

WHEREAS, KG&E, KCPL and KEPCo (hereinafter referred to collectively as "Owners" and individually as an "Owner") each own, as tenant in common with the others, an undivided interest in the Wolf Creek Generating Station (hereinafter referred to as the "Station") in accordance with the provisions of the Wolf Creek

Station Ownership Agreement (the "Ownership Agreement") executed on December 28, 1981, the present undivided tenant in common interests ("Ownership Shares") being 47% in the case of KG&E, 47% in the case of KCPL and 6% in the case of KEPCo;

WHEREAS, for the purpose of this Operating Agreement, the term "Station" shall mean (i) the Site as defined in the Ownership Agreement, (ii) all common facilities at the Wolf Creek Station Site, (iii) Wolf Creek Unit #1 and (iv) all functions related to the operation, maintenance, repair, decommissioning and decontamination of (i) through (iii) above including, without limitation, all design, engineering, safety, licensing, fueling, security, technical, corporate and general services, both on and off-Site, it being understood that for purposes of this Operating Agreement, the term "Station" shall not include any Additional Unit(s) as provided under Section 1.1(d) of the Ownership Agreement; and

WHEREAS, it is desirable and to the mutual advantage of the Owners that the Operating Corporation be engaged, under the terms and conditions hereinafter set forth, to operate, maintain, repair, decontaminate and decommission the Station and make any necessary modifications and additions thereto and retirements therefrom on behalf of the Owners.

NOW, THEREFORE, in consideration of these premises, the parties hereto do hereby agree as follows:

ARTICLE 1

Sharing of Capacity and Energy; Scheduling

Section 1.01. The Ownership Agreement specifies, subject to the conditions therein set forth, the respective Capacity Entitlement and Energy Entitlement of each Owner. Subject to those provisions and the policies adopted by the Board of Directors of the Operating Corporation, each Owner (i) may schedule up to its pro rata share of the maximum operating capability of the Station which shall be determined by the Operating Corporation in accordance with Section 1.02 hereof and (ii) shall schedule its share of the minimum operating capability of the Station, all in accordance with the provisions of this Article of the Agreement.

Section 1.02. The Operating Corporation shall determine the maximum and minimum operating capability of the Station at all times, taking into consideration regulatory requirements and the characteristics of the Station. An Owner's pro rata share of the maximum and minimum operating capability of the Station shall be equivalent to its Ownership Share in the Station.

Section 1.03. An Owner may schedule less than its pro rata share of the minimum operating capability of the Station, provided that another Owner has agreed to schedule, and does

schedule, more than its share of the minimum operating capability of the Station in an amount sufficient to offset such deficiency, and has so advised the Operating Corporation.

Section 1.04. The Operating Corporation shall make available for scheduling and dispatch the Station operating capability in accordance with standard dispatching methods customary in the industry. The Operating Corporation shall make a good faith effort to provide energy to each Owner in accordance with the schedules provided by each Owner. Scheduled load changes will be permitted when it would not jeopardize the safe operation of the Station. If a reduction in the maximum operating capability occurs at the Station, for whatever reason, then each Owner's schedule shall be adjusted to take into account, in accordance with its respective Ownership Share, such reduction in operating capability.

Section 1.05. If the net hourly output of the Station is negative, then each Owner shall provide (from other energy resources available to it or by prearranged purchases from another Owner) its share of the hourly Wolf Creek Station electricity used, based upon its Ownership Share. If the net hourly output of the Station is positive, the Station's hourly electricity uses shall be allocated among the Owners on the basis of each Owner's scheduled deliveries divided by total scheduled deliveries. The Station's use

of electricity shall include transformer losses at the Station. So long as the Station has only one unit installed, energy entitlements under Section 4.2 of the Ownership Agreement shall be measured on the basis of the net output at the transmission side of the step-up transformers in the substation of the Station.

Section 1.06. Operating capability of the Station available to but not scheduled by an Owner shall be subject to the interchange provisions of Section 4.5 of the Ownership Agreement.

Section 1.07. The Operating Corporation shall, to the extent consistent with safe and reliable operation of the Station, coordinate the scheduled maintenance and fueling outages of the Station with each of the Owners.

## ARTICLE 2

### Services to be Provided by the Operating Corporation

Section 2.01. Consistent with its duties and responsibilities (i) under the Operating License for the Station issued by the Nuclear Regulatory Commission, (ii) as Operating Agent under the Ownership Agreement and (iii) pursuant to the policies of the Owners as reflected by actions taken by the Board of Directors of the Operating Corporation, the Operating Corporation shall provide and be responsible for the operation, maintenance, repair, deconta-

mination and decommissioning of the Station in a safe and reliable manner in accordance with all applicable, lawful licenses and permits and requirements of state and federal regulatory agencies and the generation of power and energy at the Station as economically as is reasonably practicable to meet the Owners' system requirements and economics. The Operating Corporation shall make such further modifications of and additions to and retirements from the Station as shall be consistent with such operation, maintenance, repair, decontamination and decommissioning. Such services and construction may be provided by the Operating Corporation through its own personnel or in part by others under contractual or other arrangements. In furtherance of the foregoing, the Operating Corporation shall, on behalf of the Owners, among other things and without limitation:

(a) Select, hire, control and discharge personnel, who will be employees solely of the Operating Corporation, and select and retain the services of contractors and consultants and/or direct, supervise and control certain employees of one or more of the Owners if such Owner or Owners shall agree to such direction, supervision and control;

(b) Arrange for the procurement on behalf

of the Owners of nuclear fuel including uranium and provide for the enrichment, conversion and fabrication thereof and storage and/or disposal or reprocessing of such fuel (as permitted by law or regulation);

(c) Arrange for the purchase on behalf of the Owners of materials, services and supplies for the Station;

(d) Design, construct, start-up and test modifications of, and additions to, the Station;

(e) Determine and stipulate inventory levels of material and equipment for the Station;

(f) Keep the Owners informed in a reasonable and timely manner concerning the operation, maintenance, repair, decontamination and decommissioning activities at the Station and of additions or modifications to the Station and retirements therefrom;

(g) Prepare, or arrange for the preparation of, in accordance with normal and customary procedures, annual budgets and forecasts for the Station costs, capital expenditures and retirements to be submitted to the Owners. Such budgets and forecasts shall be revised from time to time to reflect material changes in circumstances;

(h) Perform any services and take any action, on behalf of the Owners where appropriate, related to the operation, maintenance, repair, decontamination, and decommissioning of the Station and of additions, modifications and retirements pertaining to the Station as may be necessary or appropriate to comply with the provisions of the Atomic Energy Act, as amended or as it may be amended, or any other applicable statute, rules, regulations, guidelines or similar criteria, and any provisions or conditions of construction permits and operating licenses or similar authorizations granted or that may be granted in connection with the Station and as such permits, licenses or other authorizations may hereafter be amended;

(i) In its capacity as operator of the Station and as agent for the Owners, provide communications to, and receive communications from, the Nuclear Regulatory Commission and/or any successor governmental agency, as well as any other governmental agency having jurisdiction with respect to any aspect of the station's operation, maintenance, repair, decontamination and decommissioning and of additions thereto and retirements therefrom and, in such capacities, represent (or engage others to represent) the Owners;

(j) Perform, or, if deemed desirable by the Operating Corporation, contract on behalf of the Owners with others (including agencies of Government or their contractors) for materials or services required to place and/or keep the Station in safe and efficient operating condition, to protect the Station property, to conduct research and development with respect thereto and disburse or receive funds in connection therewith. Such work shall be subject to normal and customary review and approval procedures of the Operating Corporation;

(k) Arrange for the maintenance, in accordance with normal and customary procedures, of such necessary books of record, books of account and memoranda of transactions and for the provision of such reports with respect thereto to the Owners as each Owner shall desire to meet its accounting and statistical requirements and to conform to the applicable lawful rules, regulations and requirements of all regulatory bodies having jurisdiction over the Owners. The costs for the Station shall be accumulated in a separate set of accounts;

(l) Provide, or arrange for the provision of, such other data or information with respect to the Station as may be reasonably requested by the Owners from time to time; and

(m) Perform any additional services pertaining to the Station, or any portion thereof, all of which shall be consistent with the intent of this Section 2.01, as may be approved by the Board of Directors of the Operating Corporation.

Section 2.02. Matters and questions arising in connection with the Station which are not within the scope of the authority delegated to the Operating Corporation under this Agreement and are not specifically provided for in this Agreement shall be determined from time to time by the Owners pursuant to Section 3.3 of the Ownership Agreement.

Section 2.03. During operating conditions which the Operating Corporation in its sole judgment deems abnormal, the Operating Corporation shall take such action as it deems appropriate for the public health and safety and the safety of personnel and equipment.

Section 2.04. In order that the safe operation of the Station is assured, the Owners shall not effect any operating or physical changes to their respective transmission and distribution facilities which may affect the safe operation of the Station without prior consultation and concurrence of the Operating Corporation.

### ARTICLE 3

#### Working Fund

Section 3.01. The Owners shall establish and maintain a Working Fund from which the Operating Corporation shall make

payments for all costs pursuant to its services and responsibilities hereunder. The Owners, in consultation with the Operating Corporation, shall determine, initially and from time to time during the term of this Agreement, the amount or amounts required to maintain a satisfactory balance in the Working Fund, and shall be liable in proportion to their respective Ownership Shares for any such additional amounts required to maintain the agreed-upon balance. The Owners shall reimburse the Working Fund promptly on receipt of notice from the Operating Corporation of their respective obligations for reimbursement.

Section 3.02. On termination of this Agreement, as hereinafter provided, any residual unexpended balance in the Working Fund shall be credited to the Owners in proportion to their respective Ownership Shares.

#### ARTICLE 4

##### Charges, Financial Statements and Billings

Section 4.01. The Operating Corporation shall arrange for reporting to the Owners for each month, promptly following the end of such month, by written statements the following:

- (a) The costs on an accrual basis of operation, maintenance, repair, decontamination and decommissioning of the Station, and the cost

of any Station additions, modifications and retirements including applicable cost of removal and salvage, classified as required to meet the Operating Corporation's obligations under Section 2.01(k) above.

(b) A summary statement of the operation during that month of the Working Fund, showing beginning balance, receipts, disbursements and closing balance.

Section 4.02. Except as otherwise provided in Sections 1.05 and 4.03 hereof, the costs incurred or accrued from all sources during each calendar month in operating, maintaining, repairing, decontaminating and decommissioning the Station and in making additions or modifications to, and retirements from, the Station shall be liabilities of the Owners when incurred or accrued and shall be borne by the Owners in proportion to their Ownership Shares. All such costs shall be determined in accordance with sound accounting practices, and shall include reasonable and appropriate indirect costs including overheads. All of the services rendered hereunder by the Operating Corporation will be at actual cost thereof, without profit to the Operating Corporation. Direct charges will be made for services where a direct allocation of cost is appropriate and equitable.

Section 4.03. When the net hourly output of the Station is positive, nuclear fuel costs and spent fuel disposal costs will be shared among the Owners on the basis of the percentage take of kilowatt hours by each Owner. The percentage take of kilowatt hours shall be calculated by dividing the number of kilowatt hours delivered to that Owner by the total number of kilowatt hours delivered to all Owners. A true up shall be carried out periodically (but not less frequently than annually) which shall adjust each Owner's inventory of nuclear fuel to equal each Owner's Ownership Share. In truing up accounts among the Owners at the end of each period, an Owner or Owners whose percentage take during the period after adjustment for scheduled interchanges under Section 4.5 of the Ownership Agreement, is higher than its Ownership Share (hereinafter "Debit Owner(s)"), shall reimburse an Owner or Owners whose percentage take is less than its Ownership Share (hereinafter "Credit Owner(s)"), for using their fuel. The price to be charged to the Debit Owner shall be the Credit Owner's nuclear fuel cost. "Nuclear fuel cost" is defined as the amortization of costs described by the Federal Energy Regulatory Commission in its Uniform System of Accounts, Account 120, adjusted by adding back (i) the income tax effect of the debt component of Allowance for Funds Used During Construction (AFUDC) and (ii) the benefits realized by reason of such Credit Owner's share in the Uranium Agreement of Settlement among KG&E, KCPL and Westinghouse Electric Corporation, dated February 21, 1980, and shall include DOE disposal costs.

Section 4.04. In recognition of the fact that each Owner has an interest in being assured that the other Owners have made adequate provision for the funding of its Ownership Share of the Station decommissioning costs as contemplated by Section 4.02, each Owner undertakes to utilize its best efforts to provide such assurance to the other Owners, recognizing that there are at the present time some impediments toward achieving that objective. Each Owner shall provide to each other Owner within four months after the end of its fiscal year a report identifying the provision it has made for that year and on a cumulative basis for its share of Station decommissioning costs. If, and to the extent that, requirements have been or are hereafter imposed on an Owner by a federal or state authority in a final order or regulation which specifies that provision be made for decommissioning costs for the Station in a particular manner or manners, such Owner will promptly take such action on its part as may be necessary to comply with such requirements.

Section 4.05. It is the intent of the Owners that so far as possible each Owner shall separately report, file returns with respect to, be responsible for and pay all real property, franchise, business or other taxes, except payroll and sales or use taxes, arising out of its Ownership Share of the Station and that such taxes shall be separately levied and assessed against each Owner. However, to the extent that such taxes may be levied on or assessed against the Station, or its operation, or the

Owners in such a manner as, in the opinion of the Owners, to make impossible or inequitable the carrying out of said intent, then such taxes shall be deemed a part of the costs of operating and maintaining the Station and shall be apportioned among the Owners under this Agreement in accordance with their respective Ownership Shares; provided that the Operating Corporation shall join with the Owners in executing and filing with the Internal Revenue Service such documents as may be appropriate to effect the election required by Section 6.5 of the Ownership Agreement.

Section 4.06. The Owners shall have the right, during the term of this Agreement and thereafter as long as the books, records and memoranda referred to in Section 2.01 shall be preserved, to inspect all such items and to make reasonable audits thereof at their own cost as they may deem necessary to protect their interests.

Section 4.07. In the event an Owner shall question any statement rendered according to the provisions of Sections 4.02 or 4.03 hereof, it shall nevertheless promptly pay the amount indicated in such statement but such payment shall not be deemed to prevent such Owner from claiming or pursuing an adjustment of any statement rendered.

Section 4.08. If it shall be determined that an Owner has paid more or less than its proper share of the operating and capital costs of the Station for the month covered by such statement, an appropriate correcting credit or charge shall be made by the Operating Corporation to the accounts of each of the Owners.

#### ARTICLE 5

##### Compliance with Provisions of Permits and Requirements of Governmental Agencies

Section 5.01. Without limiting in any way the authority and responsibility of the Operating Corporation under Section 2.01, the Owners and the Operating Corporation shall cooperate in taking whatever action may be necessary to comply with the terms and provisions of permits and licenses for the Station and with all applicable lawful requirements of any Federal or State agency or regulatory body having jurisdiction in the premises.

#### ARTICLE 6

##### Transfers of Personnel from Owners to Operating Corporation

Section 6.01. The employees of the Operating Corporation initially will consist of (i) those KG&E employees who are assigned to its Nuclear Department, (ii) such other KG&E employees who are not in its Nuclear Department but are assigned full-time to Station matters, (iii) such KCPL and KEPCo employees who are assigned full-time to the Station and (iv) such other KG&E em-

ployees who perform, on a part-time basis, services related to KG&E's Nuclear Department if any such employee performing part-time services is requested by the Operating Corporation and is willing to accept transfer to the Operating Corporation and KG&E is willing to transfer such employee to the Operating Corporation; provided that nothing herein shall prohibit the Operating Corporation from contracting with any Owner or with any other party for any services required for the operation, maintenance, repair, decontamination and decommissioning of the Station or any portion thereof; provided, further, that any such services provided by an Owner and charged to the Operating Corporation shall be at the Owner's cost thereof, for which the Owner shall be reimbursed by the Operating Corporation, and the costs for such services provided by an Owner shall be determined in accordance with sound accounting practices, shall include reasonable and appropriate indirect costs, including overheads, and shall be provided without profit to that Owner.

Section 6.02. It is the objective of the Owners that the Operating Corporation will assume, as of the date when an individual is transferred from the employ of an Owner to the Operating Corporation, the obligations, if any, of such Owner to such employee for accrued benefits under the Owner's employee benefit plans in effect at the time of such transfer and the transferring employer will make appropriate provision (by the transfer of funds to a trustee under a plan established by the Operating Corporation, the reservation of funds in its existing

trust fund or otherwise) for the payment of such accrued benefits to the extent that they have been funded as of the date approximating the date of such transfer. Consistent with that objective, the Owners anticipate that, in determining benefits payable by the Operating Corporation under any employee benefit plan established by it to an employee transferred to it by an Owner, the Operating Corporation will give credit for service by such employee with such transferring Owner as if such service had been performed by such transferred employee for the Operating Corporation unless the transferring Owner shall make provision for the direct payment by it of such benefits to the transferred employee. The plans and documentation to achieve this objective shall be established by the boards of directors of the Owners and of the Operating Corporation.

#### ARTICLE 7

##### Ownership of Property Related to Station; Other Property

Section 7.01. The Operating Corporation shall own no property which is, or could properly be, classified as "utility property" within the meaning of K.S.A. 66-104. Any and all utility property related to the Station which is now owned by one or more of the Owners shall continue to be owned by such Owner or Owners subject to the provisions of the Ownership Agreement, and this Agreement shall not effect any change in such ownership.

Section 7.02. Any non-utility property utilized in the operation, maintenance, repair, decontamination and decommissioning of the Station may be transferred to the Operating Corporation

upon the approval of the transferring Owner and the Operating Corporation, after obtaining such regulatory authorization, if any, as shall be required.

Section 7.03.(a) Any contract covering the design, engineering, procurement, construction and installation services and major components of the Station and all other contracts relating to operation, maintenance, repair, decontamination and decommissioning of the Station, including contracts for the acquisition of materials, inventories, supplies, spare parts, equipment, fuel or services therefor, heretofore executed solely by KG&E in its own name or as Operating Agent or by all Owners shall be assigned to the Operating Corporation to the extent allowed by those contracts.

(b) Any contract which cannot be assigned to the Operating Corporation shall be administered by the Operating Corporation, and all rights, duties and responsibilities associated with said contract shall be carried out by the Operating Corporation as if the contract had been assigned to the Operating Corporation. Each Owner shall support the Operating Corporation to the extent necessary to protect and defend the Owners' interest in said contract. Any Owner incurring costs to provide such support shall be reimbursed by the Operating Corporation and the other Owners in the manner provided by Section 4.02 hereof.

(c) Future contracts executed by the Operating Corporation will be signed in the name of the Operating Corporation, as agent for the Owners, and Owners will be severally, but

not jointly, obligated by such contracts in proportion to their Ownership Shares.

ARTICLE 8

Insurance; Damages to Persons or Property; Penalties; Fines

Section 8.01. Each Owner and the Operating Corporation will procure and maintain such physical damage, public liability and workers compensation insurance with respect to all losses, damages, liabilities and claims arising out of its ownership interest or the construction or operation of the Station and provision of services hereunder (other than losses, damages, liabilities and claims in the name and/or on behalf of such Owner, hereafter collectively referred to in this Article 8 as a "derivative claim") and the premium costs thereof shall be Station costs to be borne by the Owners separately (but not jointly) in proportion to their Ownership Shares, or, in the alternative upon concurrence of each party hereto, the Owners and the Operating Corporation will jointly procure and maintain such physical damage, public liability, workers compensation and other insurance as they may deem appropriate with respect to all losses, damages, liabilities and claims arising out of their respective ownership interests or the construction or operation of the Station and provision of services hereunder other than derivative claims and the premium costs thereof shall be Station costs to be borne by the Owners

separately (but not jointly) in proportion to their Ownership Shares. All insurance shall contain a waiver of subrogation clause against the other parties hereto.

Section 8.02. Claims cognizable under workers compensation acts or temporary disability benefits laws or any other benefits under workers compensation or analogous statutes and the expenses of defending or disposing of the same, attributable to the ownership or operation of the Station, which are not covered in full by insurance procured in accordance with the preceding paragraph shall (to the extent not covered by such insurance) be treated as Station costs to be borne by the Owners separately (but not jointly) in proportion to their Ownership Shares.

Section 8.03. All losses, damages, expenses, penalties, liabilities and claims (including those in respect of property damages and personal injury but not including derivative claims) asserted by third parties in connection with, or arising out of, the construction, operation, maintenance, repair, decontamination and decommissioning of the Station or any portion thereof, and the expenses of defending against or disposing of the same, attributable to any property, policy, system, design or process in existence at or prior to the time that responsibility for the operation, maintenance, repair, decontamination or decommissioning of the Station is transferred to the Operating Corporation or is developed

after the transfer, or which is attributable to any employee transferred to the Operating Corporation by any Owner, or by any employee hired by the Operating Corporation after the transfer of authority to the Operating Corporation, and which are not covered in full by insurance procured in accordance with the Insurance Memorandum executed by the Owners on December 28, 1981 (or any successor insurance arrangement) shall (to the extent not covered by such insurance) be treated as Station costs to be borne by the Owners severally (but not jointly) in proportion to their Ownership Shares.

Section 8.04. The Owners have heretofore been acting for their mutual benefit, at cost and without opportunity for profit, in connection with the Station, pursuant to the terms of the Ownership Agreement. In recognition of that fact, the Owners accept "AS IS" the condition of the property of the Station, the employees transferred to the Station and any policy, system, design or process developed for the construction, operation, maintenance, repair, decontamination and decommissioning of the Station. Each of the Owners hereby expressly waives (on behalf of itself and its successors and assigns and anyone claiming an interest on behalf of or through said Owner) any right it may have to recover for any cause (including negligence), from any other Owner for any losses, damages, liabilities, penalties, fines, claims or expenses (including, without limitation, damages to the property of the Station, purchase of replacement power, and the costs of

repairing, decontaminating or decommissioning such property) including, but not limited to, those caused by any property, policy, system, design or process in existence at or prior to the time that responsibility for the operation, maintenance, repair, decontamination or decommissioning of the Station is transferred to the Operating Corporation, or by any employee transferred to the Operating Corporation by any Owner.

Section 8.05. Each Owner shall take all action necessary and appropriate to provide indemnification proportionate to its Ownership Share to the Operating Corporation and to all directors, officers, employees and agents of the Operating Corporation to the full extent permitted by law. The action taken by each Owner shall be subject to the approval of the other Owners.

Section 8.06. If any Owner, by reason of joint or several liability or otherwise, shall be required to make any payment or incur any obligations attributable to the construction, operation, maintenance, repair, decontamination or decommissioning of the Station in excess of its respective Ownership Share, the other Owners shall indemnify and reimburse such Owner proportionately to their Ownership Shares to the extent of any such excess together with interest on such excess (for the period between the payment by the Owner to be so indemnified and its receipt of such indemnification), at a rate substantially equivalent and pursuant

to the indemnified Owner's overall rate of return allowed in the last rate case of such Owner; except that with respect to KEPCo (inasmuch as it has no overall rate of return) such rate shall be substantially equivalent and pursuant to KEPCo's total cost of funds.

## ARTICLE 9

### Miscellaneous

Section 9.01. Nothing in this Agreement shall be deemed to create or constitute a partnership, joint venture or association among the parties hereto or any of them, the sole purpose of this Agreement being limited to provision for the orderly and efficient operation, maintenance, repair, decontamination and decommissioning of the Owners' respective separate and undivided tenancy-in-common interests in the Station.

Section 9.02. Any notice, demand, or request for consent, provided for in this Agreement or made in connection herewith, shall be deemed to be properly served upon an Owner or the Operating Corporation if given in writing and delivered in person or sent by registered or certified mail, postage prepaid, addressed to the chief executive officer of the Owner or the Operating Corporation at its then principal office.

Section 9.03. Each Owner shall determine the basis and method it will use for purposes of depreciation and other matters where investment in Station property is relevant.

## ARTICLE 10

### Binding Effect; Amendments and Modifications

Section 10.01. This Agreement shall become effective as provided for in Section 10.03 hereof. This Agreement shall terminate concurrently with the termination of the Ownership Agreement, unless it shall have been previously terminated by the unanimous agreement of the Owners; provided, however, that this Agreement shall be amended and modified as necessary or appropriate to accommodate an Additional Unit(s) at the Station Site if Ownership Interests in the Common Facilities at the Station are to be adjusted to reflect the Additional Unit(s) pursuant to the provisions of the Ownership Agreement.

Section 10.02. Any Owner may propose in writing an amendment, modification or supplement to this Operating Agreement. No amendments, modifications or supplements shall be effective unless and until so proposed to and considered by the Owners, reduced to writing, approved and executed by all the Owners and the Operating Corporation, and each of the Owners and the Operating Corporation shall have obtained, in form satisfactory to it and to the other parties hereto, any and all authorization from governmental bodies having jurisdiction over it (or them) for such of the matters provided for in such amendment, modification or supplement as such Owner and/or the Operating Corporation shall deem necessary or appropriate. No amendments affecting the Operating License of the Station shall be effective unless and until approved by the Nuclear Regulatory Commission or any successor agency.

Section 10.03. This Agreement shall become effective upon its execution and when the boards of directors and/or executive committees of each of the Owners and of the Operating Corporation shall have authorized or ratified this Agreement and authorized its implementation, but this Agreement shall not become operative until

I. each of the Owners and the Operating Corporation shall have obtained any and all authorization from governmental bodies having jurisdiction over it (or them) for such of the matters provided for in this Agreement as such Owner and/or the Operating Corporation shall deem necessary or appropriate; or

II. 12:01 A.M., January 1, 1987, whichever shall last occur. Each of the Owners shall advise the other Owners and the Operating Corporation when these conditions applicable to said Owner shall have been satisfied.

#### ARTICLE 11

##### Successors and Assigns

Section 11.01. This Agreement shall inure to the benefit of and be binding upon the successor and assigns of each Owner, and of the Operating Corporation, provided, however, that rights and obligations of an Owner in, or arising from, this Agreement shall not be assigned except in connection with the transfer by an Owner

of an Ownership Share in all or any portion of the Station, in which event the Owner shall assign and shall cause such transferee to assume the related portion of its rights and obligations under this Agreement, all as provided for in Paragraph 3.8 of the Ownership Agreement, and to acquire from such Owner the related shares of capital stock of the Operating Corporation.

ARTICLE 12

Governing Law

Section 12.01. This Agreement has been executed and delivered in the State of Kansas and is intended to be construed in accordance with, and to be governed by, the laws of that State.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed and delivered as of the day and year first above written.

ATTEST:

KANSAS GAS AND ELECTRIC COMPANY

Clarence A. ...  
Asst. Secretary

By: Wilson K. ...

ATTEST:

KANSAS CITY POWER & LIGHT COMPANY

...  
Secretary

By: Arthur J. ...

ATTEST:

KANSAS ELECTRIC POWER COOPERATIVE, INC.

R. D. Speece  
Secretary

By: Charles J. Ellis

ATTEST:

WOLF CREEK NUCLEAR OPERATING CORPORATION

C. ...  
Secretary

By: Forest Y. ...

APRIL 15, 1986 LETTER TO HAROLD R. DENTON, U.S. NUCLEAR  
REGULATORY COMMISSION FROM GLENN L. KOESTER, KANSAS GAS AND  
ELECTRIC COMPANY, REGARDING APPLICATION TO AMEND FACILITY  
OPERATING LICENSE NO. NPF-42



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

April 15, 1986

Mr. Harold R. Denton, Director  
Office of Nuclear Reactor Regulation  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

KMLNRC 86-065

Re: Docket No. STN 50-482

Subj: Transfer of Facility Operating License No. NPF-42

Dear Mr. Denton:

Kansas Gas and Electric Company, on behalf of all the Wolf Creek Owners, herewith transmits three (3) original and forty (40) conformed copies of an application for amendment to Facility Operating License No. NPF-42.

This application requests that the Wolf Creek Operating License and Appendix A to the Operating License be revised to allow licensed activities to be under the control of the Wolf Creek Nuclear Operating Corporation, a new corporation jointly established by the Wolf Creek Owners. The Owners intend that the Operating Corporation will assume all responsibilities for operating Wolf Creek now held by KG&E under the operating license.

The Enclosure is the application to amend the Operating License and contains the information specified as necessary by 10CFR50.80 and 10CFR50.90 to effect the requested transfer and amendment. The Enclosure contains the proposed changes to Appendix A of the Operating License (the Wolf Creek Technical Specifications) which shows the management structure of the Operating Corporation.

Information in Wolf Creek Final Safety Analysis Report Chapters 13.0 and 17.0 describes the management structure of the Wolf Creek Project. Amended FSAR material conforming to the requests of this application has not been provided herewith. Such updated FSAR material will be provided in the first annual Wolf Creek FSAR update as required by 10CFR50.71(e).

As discussed in the Enclosure, the assumption of responsibilities for operation of Wolf Creek by the Operating Corporation requires approval of other regulatory agencies in addition to the Nuclear Regulatory Commission. Therefore, KG&E requests that the NRC process and approve the enclosed amendment but delay the effectiveness of the amendment until January 1, 1987. KG&E will keep the NRC's Project Manager for Wolf Creek informed of the progress of the other agencies and inform the NRC in writing should it subsequently appear that the other regulatory approvals cannot be attained by January 1, 1987.

Mr. H.R. Denton  
Page Two

A check for the \$150.00 amendment application fee as required by  
10CFR170.21 is enclosed.

Very truly yours,



Glenn L. Koester

Enclosures

cc: P O'Connor (2) w/a  
J Cummins, w/a  
G Allen, w/a  
R Martin, w/a

STATE OF KANSAS )  
                  ) SS  
CITY OF WICHITA )

Glenn L. Koester, of lawful age, being first duly sworn upon oath says that he is Vice President - Nuclear and an Officer of Kansas Gas and Electric Company; that he has read the foregoing document and knows the content thereof; that he has executed the same for and on behalf of said Company with full power and authority to do so; and that the facts therein stated are true and correct to the best of his knowledge, information and belief.

By Glenn L. Koester  
Glenn L. Koester  
Vice President - Nuclear

SUBSCRIBED and sworn to before me this 15th day of April, 1986.

Kristi Chamberlain  
Notary Public  
Commission expires 4-25-88



APPLICATION TO AMEND FACILITY OPERATING LICENSE NO. NPF-42

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of )  
 )  
KANSAS GAS AND ELECTRIC )  
COMPANY, et al. )  
 )  
 )  
Wolf Creek Generating )  
Station, Unit No. 1 )

Docket No. SIN 50-482

APPLICATION TO AMEND FACILITY  
OPERATING LICENSE NO. NFF-42

Kansas Gas and Electric Company ("KG&E"), Kansas City Power & Light Company ("KCPL") and Kansas Electric Power Cooperative, Inc. ("KEPCO") (collectively "Owners") are the holders of Facility Operating License No. NFF-42, dated June 4, 1985 ("the operating license"). The operating license authorizes KG&E, KCPL and KEPCO to possess the Wolf Creek Generating Station, Unit No. 1 ("WCGS") and authorizes KG&E as agent for the Owners, to use and operate WCGS in accordance with the procedures and limitations set forth in the operating license.

The Owners have jointly established a new corporation, the Wolf Creek Nuclear Operating Corporation ("the Operating Corporation") to operate WCGS. The Owners intend that after receipt of all necessary regulatory approvals, the Operating Corporation at 12:01 A.M. January 1, 1987, will assume all responsibilities for operating WCGS now held by KG&E under the operating license. Ownership of WCGS will remain with the Owners and will not be transferred to the Operating Corporation.

Pursuant to 10CFR50.80 and 50.90, the Owners hereby request that the Nuclear Regulatory Commission amend the operating license to authorize the Operating Corporation to assume the operating responsibilities for WOGS now held by KG&E. The amendment would become effective on a date certain after receipt of all necessary regulatory approvals (see III. below).

Specifically, the Owners request that:

- (1) Pursuant to Section 103 of the Atomic Energy Act of 1954 as amended ("the Act") and 10 CFR Part 50 "Domestic Licensing of Production and Utilization Facilities," the Operating Corporation be authorized to possess, use and operate WOGS at the designated location in Coffey County, Kansas, in accordance with the procedures and limitations set forth in the operating license;
- (2) The Operating Corporation, pursuant to the Act and 10 CFR Part 70, be authorized to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (3) The Operating Corporation, pursuant to the Act and 10 CFR Parts 30, 40 and 70, be authorized to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (4) The Operating Corporation, pursuant to the Act and 10 CFR Parts 30, 40 and 70, be authorized to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

- (5) The Operating Corporation, pursuant to the Act and 10 CFR Parts 30, 40 and 70, be authorized to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of WOGS.

Set forth below is the information in support of this application.

I. GENERAL INFORMATION CONCERNING OPERATING CORPORATION

A. Name: Wolf Creek Nuclear Operating Corporation

B. Address: Post Office Box 411

Burlington, Kansas 66839

C. Description of Business or Occupation:

The Operating Corporation is a corporation established to operate, maintain, repair, decontaminate and decommission WOGS in accordance with the operating license. The Operating Corporation was established by the Owners to assume all responsibilities for operating WOGS now held by KG&E under the operating license.

D. Organization and Management of Operating Corporation:

The Operating Corporation is a corporation organized and existing under the laws of the State of Delaware. Its principal office is located in Burlington, Kansas.

All of the Operating Corporation's directors and principal officers are citizens of the United States. Their names and addresses are as follows:

Directors

1. Wilson K. Cadman  
Kansas Gas and Electric Company  
201 North Market Street  
Post Office Box 208  
Wichita, Kansas 67201
  
2. Arthur J. Doyle  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141

3. Charles L. Ross  
Kansas Electric Power Cooperative, Inc.  
Post Office Box 4877  
Topeka, Kansas 66604
  
4. Kent R. Brown  
Kansas Gas and Electric Company  
201 North Market Street  
Post Office Box 208  
Wichita, Kansas 67201
  
5. J. Michael Evans  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141
  
6. Charles W. Terrill  
Kansas Electric Power Cooperative, Inc.  
Post Office Box 4877  
Topeka, Kansas 66604
  
7. Glenn L. Koester  
Kansas Gas and Electric Company  
201 North Market Street  
Post Office Box 208  
Wichita, Kansas 67201
  
8. Charles J. Ross  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141
  
9. James S. Haines, Jr.  
Kansas Gas and Electric Company  
201 North Market Street  
Post Office Box 208  
Wichita, Kansas 67201
  
10. A. Drue Jennings  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141
  
11. James T. Clark  
Kansas Gas and Electric Company  
201 North Market Street  
Post Office Box 208  
Wichita, Kansas 67201

12. Bernard J. Beaudoin  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141

13. (To be designated)  
Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

Principal Officers

(To be designated)  
President and Chief Executive Officer  
Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

A. Drue Jennings  
General Counsel and Secretary  
Wolf Creek Nuclear Operating Corporation  
c/o Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141

Forrest T. Rhodes  
Vice President Nuclear Operations  
Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

Richard M. Grant  
Vice President Quality  
Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

John A. Bailey  
Vice President Engineering and Technical Services  
Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

The stock of the Operating Corporation is owned by KG&E, KCPL and KEPCO in proportion to their respective ownership shares of WOGS, i.e. KG&E (47%), KCPL (47%) and KEPCO (6%). Five members of the Board of Directors are designated by KG&E (Messrs. Cadman, Brown, Koester, Haines, and Clark), five members by KCPL (Messrs. Doyle, Evans, C.J. Ross, Jennings, and Beaudoin) and two by KEPCO (Messrs. C.L. Ross and Terrill). The thirteenth director is the President and Chief Executive Officer of the Operating Corporation as elected by the remaining members of the Board of Directors. The members of the Board of Directors elect one of their members as Chairman of the Board to preside at meetings of the Board.

E. Technical Qualifications:

The technical qualifications of the Operating Corporation to carry out its responsibilities under the operating license will be the same as the technical qualifications of KG&E. As of 12:01 A.M. January 1, 1987 (assuming prior receipt of necessary regulatory approvals), all KG&E Nuclear Department employees, all other KG&E employees assigned full-time to WOGS matters, and such KCPL and KEPCO employees who are assigned full-time to WOGS will automatically become employed by the Operating Corporation. Also, as of 12:01 A.M. January 1, 1987 (assuming prior receipt of necessary regulatory approvals), all KG&E employees who perform services related to the KG&E Nuclear Department on a part-time basis and who are requested by the Operating Corporation for transfer to it and agreed to by KG&E will automatically become employed by the Operating Corporation.

The same KG&E organization and staff which is currently responsible for operating WOGS will continue those responsibilities as part of the Operating

Corporation. The change in organization is shown by the comparison of Attachment 1 (Technical Specifications, Figure 6.2-1 as proposed in letter KMLNRC 86-037 dated 3/4/86) with Attachment 2 (which includes the proposed modifications to Technical Specifications Figure 6.2-1). As shown by this comparison, the changes between the current and proposed structure are that (1) the Directors of Nuclear Operations, Engineering and Technical Services and Quality, become Vice Presidents of the Operating Corporation; (2) a General Counsel and Secretary have been added to the Operating Corporation organization; (3) the Construction Division has been merged into the Engineering and Technical Services Branch; and (4) some other minor title changes are reflected. The Operating Corporation's Vice Presidents, the Director Administrative Services and the Nuclear Safety Review Committee (with the newly created General Counsel and Secretary) will report to the President and Chief Executive Officer of the Operating Corporation rather than to KG&E's Vice President Nuclear. The President and Chief Executive Officer of the Operating Corporation will report directly to the Chairman of the Board of the Operating Corporation rather than KG&E's Vice President Nuclear reporting to KG&E's Group Vice President Technical Services who in turn reports to KG&E's President and Chairman of the Board.

There will be no change in the numbers and qualifications of personnel who operate WGS as a result of the change. Therefore, implementation of the change proposed by this Application will cause no change in the current technical qualifications.

## F. Financial Qualifications

Pursuant to contractual agreements among the Owners, all costs for the operation, maintenance, repair, decontamination and decommissioning of WOGS incurred or accrued are liabilities of the Owners when incurred or accrued and are borne by KG&E, KCPL and KEPCO in proportion to their ownership interests in WOGS. This is the same arrangement that currently governs allocation and payment of WOGS costs. The only change as a result of the proposed arrangement is that the Owners will reimburse the Operating Corporation for the costs of operating WOGS in proportion to their ownership interest instead of KCPL and KEPCO reimbursing KG&E for the costs of operating WOGS in proportion to their ownership interests. Since the Operating Corporation is a jointly owned subsidiary of the Owners, there is no substantive difference between the proposed and current arrangements.

The Operating Corporation is a generating subsidiary of two investor-owned utilities (KG&E and KCPL) and a non-profit electric cooperative corporation (KEPCO). It is also an entity that generates electricity and recovers the costs of this electricity indirectly through rates established by separate regulatory authorities. Therefore, the Operating Corporation is an "electric utility" as defined in 10CFR50.2 and is not subject to the requirements of 10CFR50.33(f).

Even if the Operating Corporation were subject to those requirements, the contractual obligations discussed above give the Operating Corporation the same financial qualifications as KG&E, KCPL and KEPCO.

G. Statement of Purposes for Which Transfer is Requested

The Owners request that the authority to operate WOGS be transferred to the Operating Corporation in order to enhance the coordination of policies and responsibilities for operation of WOGS among the Owners and to centralize control of WOGS operation.

H. Nature of Transaction Necessitating or Making Desirable the License Transfer

An Ownership Agreement executed on December 28, 1981, by the Owners provided that WOGS would be operated by KG&E as Operating Agent for the Owners in accordance with the provisions of the operating license and the policies determined by Common Facilities and Management Committees. By agreement made as of April 15, 1986, the Owners agreed to establish the Operating Corporation to operate, maintain, repair, decontaminate and decommission WOGS.

I. Restricted Data

This Application does not contain any Restricted Data or other defense information, and it is not expected that any will become involved. However, the Operating Corporation agrees that it will appropriately safeguard such information if it does become involved and it will not permit any individual to have access to Restricted Data until the Civil Service Commission shall have made an investigation and report to the Nuclear Regulatory Commission on the character, associations and loyalty of such individual, and the Nuclear Regulatory Commission shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

## II. ANALYSIS OF NO SIGNIFICANT HAZARDS CONSIDERATION

The application to amend the operating license to authorize the Operating Corporation to assume responsibilities for operating WOGS involves no significant hazards consideration as demonstrated by the following analysis. The tests for determining whether a proposed amendment involves no significant hazards consideration are set forth in 10CFR50.92(c).

The proposed amendment involves no change in WOGS, the manner in which WOGS is operated, or the personnel who operate WOGS. The proposed change will involve no alterations to the facility itself and no substantive modifications to plant procedures. Therefore, the proposed amendment involves no increase in the probability or consequences of an accident previously evaluated. Nor does it create the possibility of a new or different kind of accident from any accident previously evaluated or involve any reduction in a margin of safety.

## III. EFFECTIVE DATE

The assumption of responsibilities for the operation of WOGS by the Operating Corporation requires the approvals of other regulatory authorities in addition to the Nuclear Regulatory Commission, including the Kansas Corporation Commission. Until all necessary approvals have been obtained, the transfer of responsibilities cannot be implemented. The Owners intend that the Operating Corporation will assume all responsibilities for operating WOGS now held by KG&E as of 12:01 A.M. January 1, 1987. The Owners will therefore seek to obtain all necessary approvals prior to that time. Therefore, the Owners request that the Nuclear Regulatory Commission approve the proposed operating license amendment but delay the effectiveness of the amendment until 12:01 A.M. January 1, 1987. Should it subsequently appear that other regulatory approvals cannot be obtained prior to that time, KG&E (on behalf of the Owners and the Operating Corporation) will promptly notify the Commission.

IV. CONSENT

KG&E, KCPL and KEPCo hereby consent to the assumption of responsibilities by the Operating Corporation as described above.

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It is requested that, after the effective date of the amendment, all communications be sent to:

(To be designated)

President and Chief Executive Officer  
Wolf Creek Nuclear Operating Corporation  
Post Office Box 411  
Burlington, Kansas 66839

Additionally, it is requested that copies of all such communications be sent to:

Mr. Glenn L. Koester  
Vice President Nuclear  
Kansas Gas and Electric Company  
201 North Market Street  
Post Office Box 208  
Wichita, Kansas 67201

Mr. J. Michael Evans  
Vice President - System Power Operations  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64141

Mr. Charles L. Ross  
Executive Vice President  
Kansas Electric Power Cooperative, Inc.  
Post Office Box 4877  
Topeka, Kansas 66604

Jay E. Silberg, Esquire  
Shaw, Pittman, Potts & Trowbridge  
1800 M Street, N. W.  
Washington, D. C. 20036

IN WITNESS WHEREOF, Kansas Gas and Electric Company has caused its name to be hereunto signed by Wilson K. Cadman, its Chairman of the Board and President, and its corporate seal to be affixed hereto by Eldred D. Prothro its Assistant Secretary, on this 15th day of April, 1986.

KANSAS GAS AND ELECTRIC COMPANY

Wilson K. Cadman  
By

Wilson K. Cadman  
Chairman of the Board  
and President

ATTEST:

Eldred D. Prothro  
Eldred D. Prothro  
Assistant Secretary

STATE OF KANSAS        )  
                                  )     ss  
COUNTY OF COFFEY    )

Wilson K. Cadman, being first duly sworn, on his oath, states that he is Chairman of the Board and President of Kansas Gas and Electric Company, that he is authorized on the part of said Corporation to sign and file with the Nuclear Regulatory Commission this application; that he has read all of the statements contained in such application; and that all such statements made and matters set forth herein are true and correct to the best of his knowledge, information and belief.

Wilson K. Cadman  
Wilson K. Cadman

Subscribed and sworn to before me, a Notary Public in and for the State and County above named this 15th day of April, 1986

Francis K. Keady  
Notary Public

My Commission Expires: 9-12-87

IN WITNESS WHEREOF, Kansas City Power & Light Company has caused its name to be hereunto signed by Arthur J. Doyle, its Chairman of the Board and President, and its corporate seal to be affixed hereto by Samuel P. Cowley, its Secretary, on this 15th day of April, 1986.

KANSAS CITY POWER & LIGHT COMPANY

By Arthur J. Doyle  
Arthur J. Doyle  
Chairman of the Board  
and President

ATTEST:

Samuel P. Cowley  
Samuel P. Cowley  
Secretary

STATE OF KANSAS        )  
                              )     ss  
COUNTY OF COFFEY    )

Arthur J. Doyle, being first duly sworn, on his oath, states that he is Chairman of the Board and President of Kansas City Power & Light Company, that he is authorized on the part of said Corporation to sign and file with the Nuclear Regulatory Commission this application; that he has read all of the statements contained in such application; and that all such statements made and matters set forth herein are true and correct to the best of his knowledge, information and belief.

Arthur J. Doyle  
Arthur J. Doyle

Subscribed and sworn to before me, a Notary Public in and for the State and County above named this 15th day of April 1986.

David L. Lodge  
Notary Public

My Commission Expires: 4 12 87

IN WITNESS WHEREOF, Kansas Electric Power Cooperative, Inc. has caused its name to be hereunto signed by Charles W. Ellis, its President, and its seal to be affixed hereto by R.D. Speece, its Secretary, on this 15th day of April, 1986.

KANSAS ELECTRIC POWER COOPERATIVE, INC.

By Charles W. Ellis  
Charles W. Ellis  
President

ATTEST:

R. D. Speece  
R.D. Speece  
Secretary

STATE OF KANSAS        )  
                              )     ss  
COUNTY OF COFFEY

Charles W. Ellis, being first duly sworn, on his oath, states that he is President of Kansas Electric Power Cooperative, Inc. that he is authorized on the part of said Cooperative to sign and file with the Nuclear Regulatory Commission this application; that he has read all of the statements contained in such application; and that all such statements made and matters set forth herein are true and correct to the best of his knowledge, information and belief.

Charles W. Ellis  
Charles W. Ellis

Subscribed and sworn to before me, a Notary Public in and for the State and County above named this 15th day of April, 1986.

Judith Kodge  
Notary Public

My Commission Expires: 9.12.87

IN WITNESS WHEREOF, Wolf Creek Nuclear Operating Corporation, has caused its name to be hereunto signed by Forrest T. Rhodes, its Vice President Nuclear Operations, and its corporate seal to be affixed hereto by A. Drue Jennings, its General Counsel and Secretary, on this 15th day of April, 1986.

WOLF CREEK NUCLEAR OPERATING CORPORATION

By Forrest T. Rhodes  
Forrest T. Rhodes  
Vice President Nuclear Operations

ATTEST:

A. Drue Jennings  
A. Drue Jennings  
General Counsel and Secretary

STATE OF KANSAS        )  
                              )     ss  
COUNTY OF COFFEY    )

Forrest T. Rhodes, being first duly sworn, on his oath, states that he is Vice President Nuclear Operations of Wolf Creek Nuclear Operating Corporation, that he is authorized on the part of said Corporation to sign and file with the Nuclear Regulatory Commission this application; that he has read all of the statements contained in such application; and that all such statements made and matters set forth herein are true and correct to the best of his knowledge, information and belief.

Forrest T. Rhodes  
Forrest T. Rhodes

Subscribed and sworn to before me, a Notary Public in and for the State and County above named this 15th day of April, 1986.

Lois Dodge  
) Notary Public

My Commission Expires:

9.12.87

ATTACHMENT 1



ATTACHMENT 2

Wolf Creek Technical Specification

Pages affected by the Operating

Corporation change.

PAGES

6-1  
6-3  
6-8  
6-9  
6-10  
6-12  
6-13  
6-14  
6-15

See Attachment 3 for  
Safety Evaluation

## ADMINISTRATIVE CONTROLS

### 6.1 RESPONSIBILITY

6.1.1 The Plant Manager shall be responsible for overall Unit operation and shall delegate in writing the succession to this responsibility during his absence.

6.1.2 The Supervising Operator, under the Shift Supervisor, shall be responsible for the control room command function. A management directive to this effect, signed by the ~~Vice President-Nuclear~~, shall be reissued to all station personnel on an annual basis.

*President and Chief Executive Officer*

### 6.2 ORGANIZATION

#### OFFSITE

*Operating Corporation*

6.2.1 The ~~offsite~~ organization for unit management and technical support shall be as shown in Figure 6.2-1.

#### UNIT STAFF

6.2.2 The Unit organization shall be as shown in Figure 6.2-2 and:

- a. Each on duty shift shall be composed of at least the minimum shift crew composition shown in Table 6.2-1;
- b. At least one licensed Operator shall be in the control room when fuel is in the reactor. In addition, while the Unit is in MODE 1, 2, 3 or 4, at least one licensed Senior Operator shall be in the control room;
- c. An individual from the Health Physics Group\*, qualified in radiation protection procedures, shall be on site when fuel is in the reactor;
- d. ALL CORE ALTERATIONS shall be observed and directly supervised by either a licensed Senior Operator or licensed Senior Operator Limited to Fuel Handling who has no other concurrent responsibilities during this operation;
- e. A site Fire Brigade of at least 5 members\* shall be maintained onsite at all times. The Fire Brigade shall not include the Shift Supervisor, and the two other members of the minimum shift crew necessary for safe shutdown of the Unit and any personnel required for other essential functions during a fire emergency; and

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\*May be less than the minimum requirements for a period of time not to exceed 2 hours in order to accommodate unexpected absence provided immediate action is taken to fill the required positions.

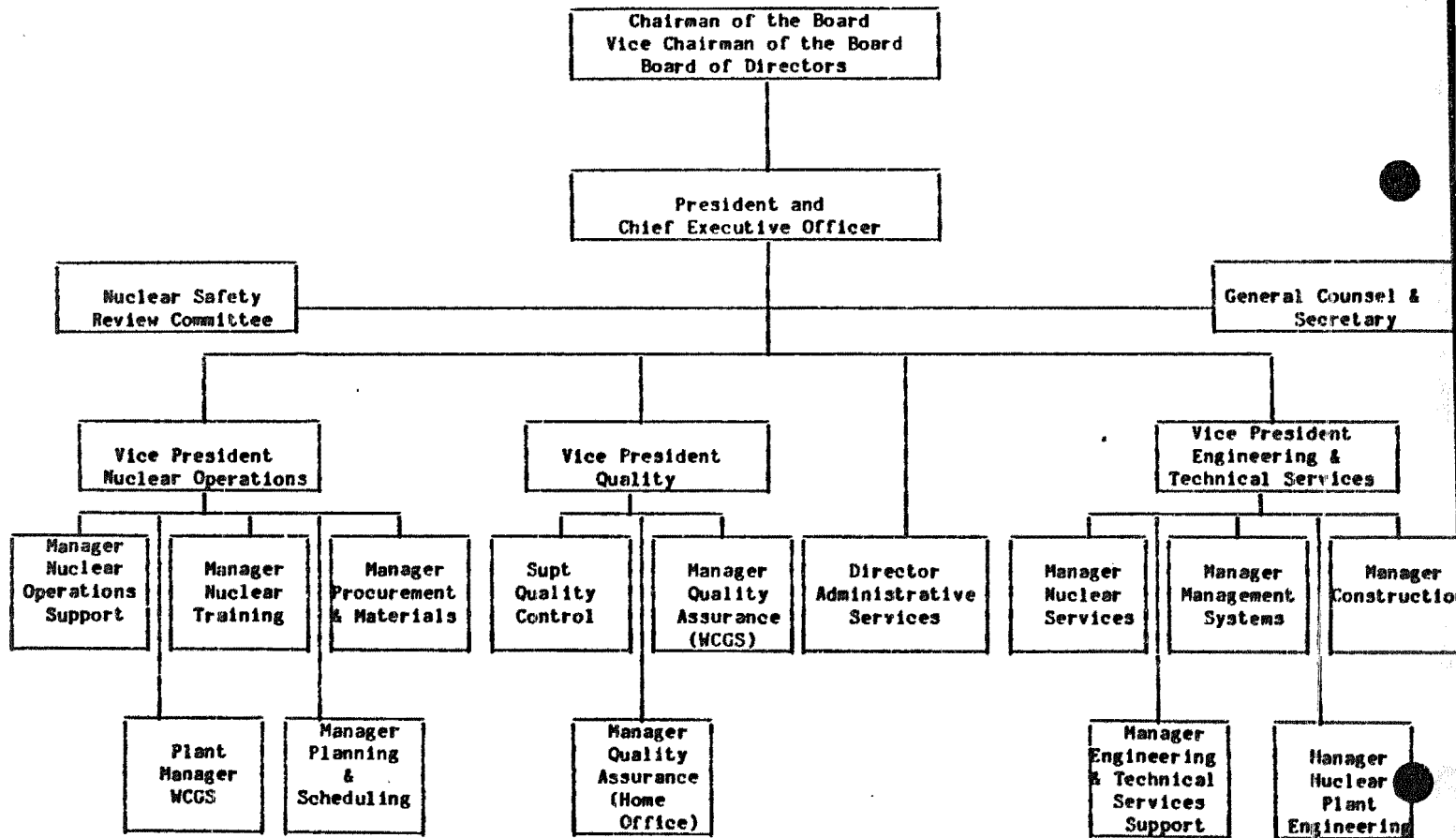


Figure 6.2-1 Operating Corporation Organization (Proposed)

## ADMINISTRATIVE CONTROLS

### MEETING FREQUENCY

6.5.1.4 The PSRC shall meet at least once per calendar month and as convened by the PSRC Chairman or his designated alternate.

### QUORUM

6.5.1.5 The quorum of the PSRC necessary for the performance of the PSRC responsibility and authority provisions of these Technical Specifications shall consist of the Chairman or his designated alternate and four members including alternates.

### RESPONSIBILITIES

6.5.1.6 The PSRC shall be responsible for:

- a. Review of: (1) all procedures required by Specification 6.8 and changes thereto, (2) all programs required by Specification 6.8 and changes thereto, and (3) any other proposed procedures or changes thereto as determined by the Plant Manager to affect nuclear safety;
- b. Review of all proposed changes, tests and experiments which may involve an unreviewed safety question as defined in Section 50.59, 10 CFR;
- c. Review of all proposed changes to Technical Specifications or the Operating License;
- d. Review of all safety evaluations performed under the provision of Section 50.59(a)(1), 10 CFR, for changes, tests and experiments;
- e. Investigation of all violations of the Technical Specifications including the preparation and forwarding of reports covering evaluation and recommendations to prevent recurrence to the ~~Director~~ Nuclear Operations, and to the Nuclear Safety Review Committee (NSRC);  
*Vice President*
- f. Review of all REPORTABLE EVENTS;
- g. Review of reports of operating abnormalities, deviations from expected performance of plant equipment and of unanticipated deficiencies in the design or operation of structures, systems or components that affect nuclear safety;
- h. Performance of special reviews, investigations or analyses and reports thereon as requested by the Chairman, NSRC;
- i. Review of the plant Security Plan and implementing procedures and shall submit recommended changes to the NSRC;
- j. Review of the Emergency Plan and implementing procedures and shall submit recommended changes to the NSRC;

## ADMINISTRATIVE CONTROLS

### RESPONSIBILITIES (Continued)

- k. Review of changes to the PROCESS CONTROL PROGRAM, the OFFSITE DOSE CALCULATION MANUAL and the Radwaste Treatment Systems, and
  - l. Review of any accidental, unplanned, or uncontrolled radioactive release including the preparation of reports covering evaluation, recommendations, and disposition of the corrective action to prevent recurrence and the forwarding of these reports to the Plant Manager and to the Nuclear Safety Review Committee.
- 6.5.1.7 The PSRC shall:
- a. Recommend in writing to the Plant Manager approval or disapproval of items considered under Specification 6.5.1.6a. through d. above,
  - b. Render determinations in writing with regard to whether or not each item considered under Specification 6.5.1.6a. through e. above constitutes an unreviewed safety question, and
  - c. Provide written notification within 24 hours to the <sup>Vice President</sup> ~~Director~~ Nuclear Operations and the Nuclear Safety Review Committee of disagreement between the PSRC and the Plant Manager; however, the Plant Manager shall have responsibility for resolution of such disagreements pursuant to Specification 6.1.1 above.

### RECORDS

6.5.1.8 The PSRC shall maintain written minutes of each PSRC meeting that, at a minimum, document the results of all PSRC activities performed under the responsibility provisions of these Technical Specifications. Copies shall be provided to the ~~Director~~ <sup>Vice President</sup> Nuclear Operations and the Nuclear Safety Review Committee.

### 6.5.2 NUCLEAR SAFETY REVIEW COMMITTEE (NSRC)

#### FUNCTION

6.5.2.1 The NSRC shall function to provide independent review and audit of designated activities in the areas of:

- a. Nuclear power plant operations,
- b. Nuclear engineering,
- c. Chemistry and radiochemistry,
- d. Metallurgy,
- e. Instrumentation and control,
- f. Radiological safety,

## ADMINISTRATIVE CONTROLS

### FUNCTION (Continued)

g. Mechanical and electrical engineering, and

h. Quality assurance practices.

The NSRC shall report to and advise the ~~Vice President Nuclear~~ <sup>President and Chief Executive Officer</sup> on those areas of responsibility specified in Specifications 6.5.2.7 and 6.5.2.8.

### COMPOSITION

6.5.2.2 The NSRC shall be composed of at least the following:

Chairman:	Manager Nuclear Services
Member:	<del>Vice President</del> <sup>Director</sup> Engineering and Technical Services
Member:	Manager Quality Assurance (Home Office)
Member:	<del>Vice President</del> <sup>Director</sup> Nuclear Operations
Member:	Manager Licensing and Radiological Services *
Member:	<del>Vice President Engineering</del> <sup>KCP&amp;L Senior Director of Nuclear</sup>
Member:	Manager Nuclear Safety <sup>Affairs *</sup>

Additional members and Vice Chairman may be appointed by the Chairman.

### ALTERNATES

\* Change previously proposed in KMLNRC 86-037 dated 3/4/86.

6.5.2.3 All alternate members shall be appointed in writing by the NSRC Chairman to serve on a temporary basis; however, no more than two alternates shall participate as voting members in NSRC activities at any one time.

### CONSULTANTS

6.5.2.4 Consultants shall be utilized as determined by the NSRC Chairman to provide expert advice to the NSRC.

### MEETING FREQUENCY

6.5.2.5 The NSRC shall meet at least once per calendar quarter during the initial year of unit operation following fuel loading and at least once per 6 months thereafter.

### QUORUM

6.5.2.6 The quorum of the NSRC necessary for the performance of the NSRC review and audit functions of these Technical Specifications shall consist of the Chairman or his designated alternate and at least two-thirds of the NSRC members including alternates. No more than a minority of the quorum shall have line responsibility for operation of the Unit.

## ADMINISTRATIVE CONTROLS

### AUDITS (Continued)

- d. The performance of activities required by the Operational Quality Assurance Program to meet the criteria of Appendix B, 10 CFR Part 50, at least once per 24 months;
- e. The fire protection programmatic controls including the implementing procedures at least once per 24 months by qualified licensee QA or ISEG personnel;
- f. The fire protection equipment and program implementation at least once per 12 months utilizing either a qualified offsite licensee fire protection engineer or an outside independent fire protection consultant. An outside independent fire protection consultant shall be used at least every third year;
- g. The Radiological Environmental Monitoring Program and the results thereof at least once per 12 months;
- h. The ODCM and implementing procedures at least once per 24 months;
- i. The PROCESS CONTROL PROGRAM and implementing procedures for processing and packaging of radioactive wastes at least once per 24 months;
- j. The performance of activities required by the Quality Assurance Program for effluent and environmental monitoring at least once per 12 months;
- k. The Emergency Plan and implementing procedures at least once per 12 months;
- l. The Security Plan and implementing procedures at least once per 12 months; and
- m. Any other area of Unit operation considered appropriate by the NSRC or the ~~Vice President Nuclear~~  
*President and Chief Executive Officer*

### RECORDS

6.5.2.9 Records of NSRC activities shall be prepared, approved, and distributed as indicated below:

- a. Minutes of each NSRC meeting shall be prepared, reviewed by participating members and forwarded to the ~~Vice President Nuclear~~ within 14 days following each meeting; *President and Chief Executive Officer*
- b. Reports of reviews encompassed by Specification 6.5.2.7 above, shall be prepared, reviewed by participating members and forwarded to the ~~Vice President Nuclear~~ within 14 days following completion of the review; and *President and Chief Executive Officer*

## ADMINISTRATIVE CONTROLS

### RECORDS (Continued)

*President and Chief Executive Officer*

- c. Audit reports encompassed by Specification 6.5.2.8 above, shall be forwarded to the ~~Vice President Nuclear~~ and to the management positions responsible for the areas audited within 30 days after completion of the audit by the auditing organization.

### 6.6 REPORTABLE EVENT ACTION

6.6.1 The following actions shall be taken for REPORTABLE EVENTS:

- a. The Commission shall be notified and a report submitted pursuant to the requirements of Section 50.73 of 10 CFR Part 50, and
- b. Each REPORTABLE EVENT shall be reviewed by the PSRC and submitted to the NSRC and the ~~Vice President Nuclear~~

*President and Chief Executive Officer*

### 6.7 SAFETY LIMIT VIOLATION

6.7.1 The following actions shall be taken in the event a Safety Limit is violated:

- a. The NRC Operations Center shall be notified by telephone as soon as possible and in all cases within 1 hour. The ~~Vice President Nuclear~~ and the NSRC shall be notified within 24 hours; *President and Chief Executive Officer*
- b. A Safety Limit Violation Report shall be prepared. The report shall be reviewed by the PSRC. This report shall describe: (1) applicable circumstances preceding the violation, (2) effects of the violation upon facility components, systems or structures, and (3) corrective ACTION taken to prevent recurrence;
- c. The Safety Limit Violation Report shall be submitted to the Commission, the NSRC and the ~~Vice President Nuclear~~ within 14 days of the violation; and *President and Chief Executive Officer*
- d. Critical operation of the Unit shall not be resumed until authorized by the Commission.

### 6.8 PROCEDURES AND PROGRAMS

6.8.1 Written procedures shall be established, implemented, and maintained covering the activities referenced below:

- a. The applicable procedures recommended in Appendix A, of Regulatory Guide 1.33, Revision 2, February 1978;
- b. The emergency operating procedures required to implement the requirements of NUREG-0737 and Supplement 1 to NUREG-0737 as stated in Section 7.1 of Generic Letter No. 82-33;
- c. Security Plan implementation;
- d. Emergency Plan implementation;

## ADMINISTRATIVE CONTROLS

### PROCEDURES AND PROGRAMS (Continued)

- e. Process Control Program implementation;
- f. ODCM implementation; and
- g. Quality Assurance Program implementation for effluent and environmental monitoring.

Major Procedures, supported by appropriate Minor Procedures (such as checkoff lists, operating instructions, data sheets, alarm responses, etc.), shall be provided for the above activities.\* A Major Procedure is a procedure which controls safety-related activities, and establishes one or more basic controls, overall responsibilities, authority assignments or administrative and operational ground rules at the Wolf Creek plant. Major Procedures are written to meet the requirements of ANSI N18.7-1975/ANS 3.2 and generally are supported by Minor Procedures which provide delineation of details such as for valve lineups, calibration procedures, operating instructions, data sheets, alarm responses, and other procedures identified as "supporting." Major Procedures require signature approval in all cases by the Plant Manager or a Call Superintendent in his absence. A Minor Procedure is a procedure which controls safety-related activities in support of a Major Procedure. It addresses a specific topic or sub-topic established by its 'parent' Major Procedure, expanding on it by providing working level instructions. Minor Procedures are not permitted to contradict requirements contained in their governing Major Procedure. Minor Procedures require signature approval by the Plant Manager, or a Call Superintendent in his absence, only at Revision '0.'

#### 6.8.2 Approval of Procedures

- a. All Major Procedures of the categories listed in Specification 6.8.1 and modifications to the intent thereof shall be reviewed by the PSRC and approved by the Plant Manager prior to implementation and reviewed periodically as set forth in Administrative Procedures.
- b. Minor Procedures (checkoff lists, operating instructions, data sheets, alarm responses, chemistry and analytical procedures, technical instructions, special and routine maintenance procedures, laboratory manuals, etc.) shall, prior to initial use, be approved by the PSRC or a Subcommittee thereof.
- c. Corporate Emergency Plan implementing procedures shall be reviewed by appropriate corporate and plant personnel and approved by the Vice ~~President-Nuclear~~, as set forth in General Procedures.

*President and Chief Executive Officer*

\*With the exception of Corporate Emergency Plan implementing procedures.

Corporate Emergency Plan implementing procedures shall be provided but shall not be designated as major or minor procedures.

## ADMINISTRATIVE CONTROLS

### PROCEDURES AND PROGRAMS (Continued)

#### 6.8.3 Changes to Procedures

- a. Temporary changes to Major Procedures, of the categories listed in Specification 6.8.1 which do not change the intent or generate an unreviewed safety question of the original or subsequent approved procedure, may be made provided such changes to operating procedures are approved by the Shift Supervisor (SRO licensed) and one of the Call Superintendents. For temporary changes to Major Procedures under the jurisdiction of Maintenance, Instrumentation and Control, Reactor Engineering, Chemistry, or Health Physics which do not change the intent or generate an unreviewed safety question, changes may be made upon approval of the Cognizant Group Leader and a Call Superintendent.

All temporary changes to Major Procedures (made by a Call Superintendent and either a Cognizant Group Leader or the Shift Supervisor) shall subsequently be reviewed by the PSRC and approved by the Plant Manager within 14 days, except that temporary changes to Major Procedures made during a refueling outage may be reviewed and approved at any time prior to initial criticality of the reload core. All permanent changes to Major Procedures shall be made in accordance with Specification 6.8.2.a.

- b. All temporary or permanent changes to Minor Operating Procedures (checkoff lists, alarm responses, data sheets, operating instructions, etc.) shall be approved by the Shift Supervisor, and shall be subsequently reviewed and approved by the Operations PSRC Subcommittee. All temporary or permanent changes to other Minor Procedures under the jurisdiction of Maintenance, Instrumentation and Control, Reactor Engineering, Chemistry, or Health Physics, shall be approved by a Cognizant Group Leader and shall be subsequently reviewed and approved by the appropriate PSRC Subcommittee.
- c. Temporary changes to Corporate Emergency Plan implementing procedures may be made provided that: (1) the intent of the original procedure is not altered, (2) the change is approved by the Emergency Planning Coordinator, and (3) the change is documented, reviewed by appropriate Corporate and plant personnel and approved by the ~~Vice President-Nuclear~~ *President and Chief Executive Officer* within 14 days of the implementation.

#### 6.8.4 The following programs shall be established, implemented, and maintained:

##### a. Reactor Coolant Sources Outside Containment

A program to reduce leakage from those portions of systems outside containment that could contain highly radioactive fluids during a serious transient or accident to as low as practical levels. The systems include the appropriate portions of the Containment Spray System, Safety Injection System, Chemical and Volume Control System, RHR System, and the Nuclear Sampling System (PASS only). The program shall include the following:

**ATTACHMENT 3**

**Safety Evaluation**

Safety Evaluation

The proposed changes to the Wolf Creek Generating Station (WCGS), Unit No. 1, Technical Specifications involve changes to titles and minor reporting relationship changes resulting from the formation of the Wolf Creek Nuclear Operating Company. The proposed changes are provided as Attachment 2.

The proposed amendment does not increase the probability of occurrence or the consequences of an accident or malfunction of equipment important to safety previously evaluated in the safety analysis report. These changes involve organizational enhancements and as such, have no effect on plant equipment or the technical qualifications of plant personnel.

The proposed amendment does not create the possibility for an accident or malfunction of a different type than any evaluated previously in the safety analysis report. These changes do not change the number or qualifications of personnel who operate WCGS, nor do they involve any change to installed plant systems or the overall operating philosophy of WCGS.

The proposed amendment does not reduce the margin of safety as defined in the basis for any technical specification. These changes do not involve any changes in overall organizational commitments or individual job responsibilities. Organizational modifications alone do not reduce any margin of safety.

Based on the above analysis, the proposed amendment to the WCGS Technical Specifications does not involve an unreviewed safety question.



# Missouri Public Service Commission

Area Code 314  
751-3234

July 30, 1986

P.O. BOX 360  
JEFFERSON CITY  
MISSOURI 65102

Commissioners:

WILLIAM D. STEINMEIER  
Chairman  
CHARLOTTE MUSGRAVE  
ALLAN G. MUELLER  
CONNIE B. HENDREN  
JAMES M. FISCHER

Mr. A. Drue Jennings  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64105

RE: Wolf Creek Nuclear Operating Corporation

Dear Mr. Jennings:

The Staff of the Missouri Public Service Commission (MPSC Staff) appreciates the efforts made to date by Kansas City Power & Light Company (KCPL) to address the MPSC Staff's concerns regarding the formation of the Wolf Creek Nuclear Operating Corporation (WCNOC). Nonetheless, as I indicated in our telephone conversation on Monday, July 28, 1986, the MPSC Staff's concerns have not been assuaged by verbal and written assurances received only from KCPL. Since the Kansas Gas & Electric Company (KGE) and Kansas Electric Power Cooperative, Inc. (KEPCO) elect a majority of the directors of the Board of Directors of WCNOC, it is possible for KCPL to be out-voted by its co-owners regarding the very matters of concern which KCPL alone has sought to provide assurances to the MPSC Staff and most recently to the Chairman of the MPSC.

The MPSC Staff has recommended to the Missouri Commissioners that certain commitments be sought from KCPL, KGE and KEPCO. The MPSC Staff has suggested to the Missouri Commissioners that since KGE and KEPCO may not want to provide these commitments to the MPSC because such an act might be mistakenly construed as some concession that the MPSC has jurisdiction over KGE and KEPCO, the MPSC should seriously consider filing an application for intervention before the Kansas State Corporation Commission (KCC) in the WCNOC application proceeding.

The MPSC Staff has also recommended to the Missouri Commissioners that a complaint proceeding be instituted against KCPL in Missouri in order to assert the MPSC's jurisdiction over KCPL's acquisition of 47 shares of the capital stock of WCNOC. As I stated in our conversation on Monday, July 28, 1986, although it is the MPSC Staff's evaluation that the mere formation of WCNOC does not result in a transfer of ratemaking jurisdiction to the Federal Energy Regulatory Commission

ROBERT J. SCRIBNER  
Staff Director

HARVEY G. HUBBS  
Secretary

WILLIAM C. HARRELSON  
General Counsel

(FERC), the MPSC Staff views a failure to observe the literal requirements of the first sentence of Section 393.190.2 RSMo 1978 as the means by which such a transfer of jurisdiction could conceivably be accomplished without the MPSC's authorization.

The written commitments that the MPSC Staff believes must be sought from KCPL, KGE and KEPCO based on its experience in the Wolf Creek rate case and its subsequent experience with Union Electric Company (UE) regarding access to the Callaway plant, personnel, and meetings are as follows:

- (a) WCNOG will not own any part of KCPL's franchise, works, or system necessary or useful in the performance of KCPL's duties to the public;
- (b) WCNOG will not market on a wholesale or retail basis any energy to which KCPL is entitled under KCPL's ownership share of Wolf Creek;
- (c) The Operating Agreement, Certificate of Incorporation, By-Laws, and Facility Operating License will be amended only after 90 days written notice is provided to the MPSC that an amendment is pending or will be proposed, and the nature of the amendment is fully and completely identified to the MPSC;
- (d) Specified MPSC Staff will be provided unescorted access to all areas of the Wolf Creek plant except those areas where WCNOG chooses to provide an escort. WCNOG will designate and identify to the MPSC Staff those individuals who are authorized to escort the MPSC Staff. A sufficient number of WCNOG personnel will be so authorized in order that an escort will be provided without unreasonable delay or inconvenience to the MPSC Staff. WCNOG will allow the MPSC Staff access to WCNOG meetings of a similar nature to those plant site meetings to which the MPSC Staff has previously been allowed access including meetings involving technical plant operations and/or maintenance management. WCNOG will allow the MPSC Staff to interview any WCNOG employee, contractor, or consultant on a timely basis.
- (e) The MPSC Staff will be provided access to the books of record, books of account, and memoranda of transactions of WCNOG and such reports and other data or information requested by an Owner or the Owners from WCNOG. The MPSC Staff will also be provided access to all documents not asserted to be protected by privilege or immunity. Respecting those documents that WCNOG asserts are protected by privilege or immunity,

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the MPSC Staff and the MPSC may seek discovery of said documents by any recourse provided by law.

These commitments should appear as amendments to the Operating Agreement and the Certificate of Incorporation or the By-Laws. At a minimum, these commitments should appear as a resolution of the Board of Directors.

The MPSC Staff takes no comfort in language in the Certificate of Incorporation, the Operating Agreement, the Application to amend Facility Operating License No. NPF-42, and the Application For Authority To Engage In Business In The State Of Kansas As A Foreign Corporation that the nature of the business or the purposes to be conducted and promoted by WCNOG is to operate, maintain, repair, decontaminate, and decommission Wolf Creek. The MPSC Staff notes that the Certificate of Incorporation further states that the nature of the business or purposes to be conducted or promoted by WCNOG is to engage in any other lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware. In addition, the Application For Authority To Engage In Business In The State Of Kansas As A Foreign Corporation also states that the full nature and character of the business that WCNOG proposes to conduct in Kansas is to engage in any other lawful act or activity.

The MPSC Staff is interested in resolving as clearly as possible at the outset of the formation of WCNOG the MPSC's and its Staff's rights of access to (1) the accounts, books, contracts, records, documents, memoranda, and papers of WCNOG; (2) the Wolf Creek plant site and facilities; (3) certain plant site meetings; and (4) WCNOG employees, contractors, or consultants. The MPSC Staff is not interested in having its requests for access to Wolf Creek documents, personnel, meetings, and facilities become a war-of-wills between KGE and KCPL or between KCPL and the MPSC Staff as occurred in the Wolf Creek rate case.

The MPSC Staff does not believe that the language of Section 2.01, paragraphs k and l, and Section 5.01 of the Operating Agreement or any other provision of the documents relating to WCNOG that the MPSC Staff has been provided is specific enough to address the MPSC Staff's concerns regarding access to the accounts, books, contracts, records, documents, memoranda, and papers of WCNOG. In Article VI of the By-Laws of WCNOG it is stated that a shareholder has the right to inspect the books of the Operating Corporation to the extent such right may be conferred by law, by the By-Laws, by the Certificate of Incorporation, or by resolution of the Board of Directors. The Operating Agreement and not the By-Laws or the Certificate of Incorporation allows for the provision of reports respecting books of record, books of account, and memoranda of transactions and allows for the provision of other data and information to the Owners. Neither the By-Laws nor

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the Certificate of Incorporation, nor any resolution of the Board of Directors of which the MPSC Staff is aware, confer on a WCNOG shareholder the right to inspect the books of WCNOG.

I indicated to you on Monday, July 28, 1986, that the MPSC Staff's concern regarding access to the Wolf Creek plant, certain plant site meetings, and WCNOG personnel was related in large part to a dispute between UE and the MPSC Staff regarding access to the Callaway plant, meetings, and personnel. I have enclosed copies of various documents from Case No. EO-86-126 which the MPSC Staff initiated in March of this year regarding said matter, and copies of pleadings in the Circuit Court of Cole County in a proceeding initiated by the MPSC also regarding said matter.

In the WCNOG documents that have been provided to the MPSC Staff, the only provision that even remotely addresses the MPSC Staff's concerns regarding access to Wolf Creek, certain plant site meetings, and WCNOG personnel is Section 5.01 of the Operating Agreement. The MPSC Staff considers this provision too vague to meet its very specific concerns. Also, the letter of May 21, 1986 from Charles J. Ross to C. J. Renken provides assurances from only one of the three Wolf Creek Owners.

The other item which I requested on Monday, July 28, 1986, that KCPL address in writing is the belief of the MPSC Staff that pursuant to the first sentence of Section 393.190.2 RSMo 1978 the MPSC has jurisdiction over KCPL's acquisition of 47 shares of the capital stock of WCNOG. Your letter of January 15, 1986 to me indicates that KCPL has interpreted this sentence of Section 393.190.2 differently. The MPSC Staff would like to be advised of the basis of KCPL's interpretation of this sentence. I suggest that you or some other KCPL attorney might want to review Brooklyn Union Gas Co. v. N.Y. Public Service Commission, 34 A.D.2d 71, 309 N.Y.S. 2d 520 (N.Y. App. Div. 1970), Re Brooklyn Union Gas Co., 82 PUR3d 67 (N.Y.P.S.C. 1969) and Re Brooklyn Union Gas Co., 83 PUR3d 158 (N.Y.P.S.C. 1969).

The Missouri Commissioners have specifically requested that I inquire of KCPL whether there is any possible resolution of these matters short of the MPSC intervening in the WCNOG Kansas application proceeding and the initiation of a complaint proceeding against KCPL in Missouri. It is not the desire of the Missouri Commissioners or the MPSC Staff to complicate, hinder, or delay KCPL's, KGE's and KEPCO's efforts to establish WCNOG. Nonetheless, the MPSC Staff has advised the Missouri Commissioners that there are certain commitments which should be sought from KCPL, KGE, and KEPCO, and the MPSC Staff has also recommended to the Missouri Commissioners that the MPSC's jurisdiction over KCPL's acquisition of capital stock in WCNOG should be established.

The Missouri Commissioners have requested that I report back to them regarding the results of this effort to obtain (1) the commitments related above and (2) KCPL's concurrence that

Mr. A Drue Jennings  
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the MPSC has jurisdiction over KCPL's acquisition of the 47 shares of capital stock of WCNOG.

If you need clarification of any matter discussed herein, do not hesitate to contact me.

I look forward to hearing from you.

Very truly yours,

*William C. Harrelson*  
William C. Harrelson  
General Counsel

SD/mjm

**KANSAS CITY POWER & LIGHT COMPANY**

1330 BALTIMORE AVENUE

P.O. BOX 679

KANSAS CITY, MISSOURI 64141

August 6, 1986

**A. DRUE JENNINGS**  
SENIOR VICE PRESIDENT  
MARKETING  
AND  
PUBLIC AND EMPLOYEE RELATIONS

Mr. William C. Harrelson  
General Counsel  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102

RE: Wolf Creek Nuclear Operating  
Corporation (WCNOC)

Dear Bill:

I appreciate the courtesy of your phone call last week apprising me of the contents of your July 30 letter, which I have now received. In my opinion, most of the concerns and requests you have enumerated can be addressed and accommodated to your satisfaction, with perhaps certain minor exceptions. I will be consulting with counsel and other representatives for KG&E and KEPCo this week, as well as KCPL officials, to discuss specifically your requests, but felt I should give you this preliminary response quickly.

I interpret your letter as reflection of an overriding concern for possible insulation of Wolf Creek and its operations from Public Service Commission jurisdiction and oversight, and specific concern for the potential frustration of PSC efforts to visit, observe and audit Wolf Creek's operations. Let me repeat our assurances that none of the owners harbor such intent, and further provide analysis of the detail of the Operating Agreement designed to accommodate the concerns of all our regulatory commissions.

Of all the documents underlying the formation of WCNOC, the Operating Agreement is most crucial, for it determines and prescribes the Corporation's reason for existence--its only "asset" other than the personnel involved. Recall that every aspect of Wolf Creek ownership remains with the individual utility owners, governed by the Wolf Creek Ownership Agreement. That concept is preserved in the Certificate of Incorporation (ARTICLE FOURTH (5)), the By-Laws (ARTICLE V, Section 2) and the Operating Agreement (ARTICLE 1; ARTICLE 2, ARTICLE 7); all those documents

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require unanimous agreement and action to amend. None of the owners can effect a change in Wolf Creek ownership absent appropriate Commission approval. (See Section 393.190 RSMo and K.S.A. 66-136.)

While WCNOC is in fact a separate corporation, all of its activities are to be carried out as an agent for the three Wolf Creek owners. (See ARTICLES 2 and 7 of the Operating Agreement.) WCNOC will obtain a Certificate of Public Convenience and Authority from the Kansas Corporation Commission solely because of the literal requirements of K.S.A. 66-104 and 66-131. It will own no utility property, sell no product, have no service territory, have no utility customers, issue no rate schedules--in short it will perform none of the functions of a typical "utility" beyond its operation of Wolf Creek on behalf of the owners.

Three provisions of the Operating Agreement need to be emphasized because of specific concerns raised in your letter. ARTICLE 5, Section 5.01 addresses compliance with the requirements of governmental agencies. This section was drafted as broadly as we lawyers could make it, to bind the owners and WCNOC. Please reread that section carefully, and I am sure you will agree that the commitment for regulatory cooperation is made.

Also see ARTICLE 4, Section 4.06, providing the owners the right to inspect and audit the books, records and memoranda of WCNOC.

You indicated concern with (i) KCPL being "out-voted" by the other owners on matters as fundamental as regulatory compliance/cooperation, and (ii) the absence of specific rights of KCPL to access to WCNOC books and records. I believe the referenced sections address both concerns, particularly in light of Section 10.02 of the Operating Agreement, requiring unanimous approval of any change. Recall, also, that in addition to formal approval of the Operating Agreement by the WCNOC Board of Directors, the Boards of Directors of each owner have approved it as well.

Thus, these commitments of KCPL, KG&E, KEPCo and WCNOC are in place to the extent they can lawfully be made by each. None of the owners can alter the present regulatory scheme absent specific KCC approval (in the case of all owners) or the MPSC (in the case of KCPL).

Let me next address the specifically enumerated requests found in items (a) through (e) at pages 2-3 of your letter. Your paragraph introducing and modifying each of the items requests the written commitment of KCPL, KG&E and KEPCo. My response to each is as follows:

Mr. William C. Harrelson  
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- (a) WCNOC will not own any part of KCPL's franchise, works, or system necessary or useful in the performance of KCPL's duties to the public.

RESPONSE:

Additional commitment from any of the owners is unnecessary. Under the present documentation, WCNOC cannot own any utility property; unanimous agreement of KCPL, KG&E, KEPCo and WCNOC is required to change that. Under present law, KCPL would be required to seek MPSC and KCC approval of the transfer of any utility property to WCNOC.

- (b) WCNOC will not market on a wholesale or retail basis any energy to which KCPL is entitled under KCPL's ownership share of Wolf Creek.

RESPONSE:

In order for this to occur, the action described in (a) must occur, and thus the response is the same.

- (c) The Operating Agreement, Certificate of Incorporation, By-Laws, and Facility Operating License will be amended only after 90 days written notice is provided to the MPSC that an amendment is pending or will be proposed, and the nature of the amendment is fully and completely identified to the MPSC.

RESPONSE:

KCPL will commit to 30 days' advance written notice of proposed amendments to the Operating Agreement, Certificate of Incorporation and By-Laws, any of which require unanimous approval. The 30 days is identical to that afforded for rate schedule filings, and should provide ample notice. Additional commitment from the other owners is thus unnecessary.

Concerning the Wolf Creek Operating License, which is strictly under NRC jurisdiction, we prefer instead to abide by NRC procedural requirements concerning amendments deemed necessary by either the owners and WCNOC, or the NRC itself.

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- (d) Specified MPSC Staff will be provided unescorted access to all areas of the Wolf Creek plant except those areas where WCNOG chooses to provide an escort. WCNOG will designate and identify to the MPSC Staff those individuals who are authorized to escort the MPSC Staff. A sufficient number of WCNOG personnel will be so authorized in order that an escort will be provided without unreasonable delay or inconvenience to the MPSC Staff. WCNOG will allow the MPSC Staff access to WCNOG meetings of a similar nature to those plant site meetings to which the MPSC Staff has previously been allowed access including meetings involving technical plant operations and/or maintenance management. WCNOG will allow the MPSC Staff to interview any WCNOG employee, contractor, or consultant on a timely basis.

RESPONSE:

I have asked KCPL personnel to review in detail the arrangements made between your staff and Union Electric Company for Callaway, and to compare them with those presently in place at Wolf Creek. I am confident we will have no problems in this area, but will have to provide you a more definitive response later, hopefully within the next few days.

- (e) The MPSC Staff will be provided access to the books of record, books of account, and memoranda of transactions of WCNOG and such reports and other data or information requested by an Owner or the Owners from WCNOG. The MPSC Staff will also be provided access to all documents not asserted to be protected by privilege or immunity. Respecting those documents that WCNOG asserts are protected by privilege or immunity, the MPSC Staff and the MPSC may seek discovery of said documents by any recourse provided by law.

RESPONSE:

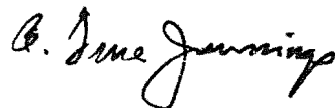
By virtue of your regulation of KCPL, and its right to access to WCNOG books, records, and memoranda found at Section 4.06 of the Operating Agreement, you have this commitment without need of further assurance from KG&E or KEPCo.

Mr. William C. Harrelson  
August 6, 1986  
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Finally, you identified Section 393.120.2 RSMo as a section of the law requiring Commission approval of KCPL's acquisition of 47 shares of Class B common stock in WCNO. It is my belief that that section was intended to address issues regarding holding companies and acquisitions, and probably was not intended for the instant situation. Further, aside from its power plant operating responsibilities, WCNO will not be engaged in "the same or a similar business" as KCPL, given the extremely limited scope of WCNO activities. (We anticipate receiving exemption from the provisions of the Public Utility Holding Company Act of 1935.) However, without necessarily conceding applicability of the Section, I believe it preferable to seek the authority from the Commission, and have requested our attorneys to begin preparing a draft application for that purpose. We will certainly review the application with you before its filing with the Commission.

While I hope this analysis provides you sufficient comfort to obviate any need for your intervention in our WCNO Certificate proceeding in Kansas, KCPL certainly will not oppose you in that intervention should you continue to deem it necessary. I intend to contact you as soon as possible concerning your requests for access to Wolf Creek, and would invite your comment to my responses. I will be happy to meet with you in Jefferson City to further discuss any of these matters.

Sincerely,



ADJ:cb

cc: Mr. John DeCoursey  
Mr. Philip Kassebaum  
Mr. James Liberman  
Mr. Brian Moline  
Mr. Mark Sholander



# Missouri Public Service Commission

Area Code 314  
751-3234

August 18, 1986

P.O. BOX 360  
JEFFERSON CITY  
MISSOURI 65102

**Commissioners:**

WILLIAM D. STEINMEIER

**Chairman**

CHARLOTTE MUSGRAVE

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CONNIE B. HENDREN

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ROBERT J. SCRIBNER

**Staff Director**

HARVEY G. HUBBS

**Secretary**

WILLIAM C. HARRELSON

**General Counsel**

Mr. A. Drue Jennings  
Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64105

RE: Wolf Creek Nuclear Operating Corporation

Dear Mr. Jennings:

Thank you for your letter of August 6, 1986 and your visit of August 8, 1986. The information and the positions of Kansas City Power & Light Company (KCPL) which you conveyed have been helpful to the Missouri Public Service Commission Staff (MPSC Staff) in resolving some of the questions and concerns which it has regarding the formation of the Wolf Creek Nuclear Operating Corporation (WCNOC). Nonetheless, certain concerns of the MPSC Staff still remain and unless they are resolved through the instant procedure of seeking and obtaining written commitments outside the context of a contested proceeding, the MPSC Staff will have to recommend to the MPSC that it intervene in the WCNOC application proceeding in Kansas.

In your conversations with me and other members of the MPSC Staff and in your letter of August 6, 1986 and Mr. Doyle's letter of July 17, 1986, representations have been made as to the purpose and the effect of the formation of WCNOC. In your letter of August 6, 1986, you provided KCPL's interpretation of various sections of the WCNOC Operating Agreement. Although the Kansas State Corporation Commission Staff (KCC Staff) has had the benefit of discussions with Kansas Gas & Electric Company (KGE) and Kansas Electric Power Cooperative, Inc. (KEPCO), in addition to discussions with KCPL, the MPSC Staff only has the representations of KCPL as to what the various documents relating to the formation and operation of WCNOC mean. The MPSC Staff is under the impression that at various times KCPL and KGE have had divergent views regarding various matters relating to Wolf Creek and the scope of the MPSC's authority. There is no reason at the present to believe that this is still not the case. As a consequence, KCPL's written assurances that certain provisions of the Operating Agreement mean "such and so" are not very comforting and, therefore, are not adequate minus similar assurances from KGE, KEPCO, and WCNOC.

The MPSC Staff's position should not be misinterpreted. The MPSC Staff does not question the sincerity of either Mr. Doyle or yourself in attempting to address the MPSC's and the MPSC Staff's concerns. Wolf Creek involves a very substantial portion of KCPL's rate base, it is located in a state other than Missouri, and it is co-owned by two additional companies which are not regulated by the MPSC. The MPSC Staff has great confidence in the KCC and the KCC Staff, but the Missouri Legislature has vested the MPSC and the MPSC Staff with certain responsibilities which cannot be ignored.

Turning to particulars, on August 8, 1986, I stated that the use of the word "Owners" rather than the words "each Owner" as found in Sections 2.01(k) and (l), 4.06, and 5.01 was of concern to the MPSC Staff. The words "each Owner" appear elsewhere in the Operating Agreement and it is the MPSC Staff's view that at various places throughout the Operating Agreement the word "Owners" is used to signify the owners collectively and not individually. The MPSC Staff desires a clear indication from KCPL, KGE, KEPCO, and WCNOC that the word "Owners" which appears in the third to last line of Section 2.01(k) and in Sections 2.01(l), 4.06, and 5.01 means the owners individually.

You stated on August 8, 1986 that the owners will own the books of record, books of account, memoranda of transactions, and other papers generated by WCNOC. Please provide references to the specific sections of the Operating Agreement which indicate this. If there are no statements in the Operating Agreement clearly stating this proposition, please provide support for this proposition.

Although the MPSC Staff has not previously requested in writing an explanation of why WCNOC was incorporated in the State of Delaware, please provide such an explanation. Also please identify what are the advantages to WCNOC, KCPL, KGE, and KEPCO, individually and collectively, of incorporating in Delaware? Finally, what is the impact on the MPSC's jurisdiction over WCNOC of WCNOC's incorporation in the State of Delaware?

I read your letter of August 6, 1986 to state that KCPL cannot effectuate a transfer of any of its 47% ownership share of Wolf Creek utility property to WCNOC or any other corporation, firm, entity, or individual without obtaining the MPSC's approval pursuant to Section 393.190. Respecting the requirement of Section 393.190 that MPSC authorization be obtained, does KCPL agree that the MPSC's authorization must be obtained regardless of the fact that the asset in this situation is outside the State of Missouri? Would KCPL agree that so long as the asset constitutes the whole or any part of KCPL's franchise, works or system, necessary or useful in the performance of KCPL's duties to its Missouri customers, the MPSC's authorization must be obtained for a transfer to be lawful and not void?

In your letter of August 6, 1986, you state that under the present documentation WCNOG will not and cannot own any utility property. Section 7.01 of the Operating Agreement refers to property classified as "utility property" within the meaning of K.S.A. 66-104 and Section 7.02 refers to "non-utility property." Although K.S.A. 66-104 defines the term "public utility", there is no definition of the term "utility property" per se in K.S.A. 66-104. There is in K.S.A. 66-104 what may be construed as a categorization of "utility property". "Utility property" pursuant to K.S.A. 66-104 could be interpreted to include any equipment, plant or generating machinery, or any part thereof, but this is not clear.

Section 393.190.1 does not refer to "utility property" or to "non-utility property". Said section only distinguishes between property that is necessary or useful in the performance of an electrical corporation's duties to the public, and property which is not necessary or useful in the performance of an electrical corporation's duties to the public. Section 386.020.5 RSMo Supp. 1985 defines the term "electric plant." I do not recall the use of the term "utility property" in Missouri statute. The MPSC Staff believes that it would be beneficial if KCPL, KGE, KEPCO, and WCNOG explained what the terms "utility property" and "non-utility property" are intended to mean as used in the Operating Agreement and under which term do books of record, books of account, memoranda of transactions, and other records, documents, memoranda, and papers of WCNOG fall, if they fall under either of these terms.

If I understood you correctly, the books of record, books of account, memoranda of transactions, and other records, documents, memoranda, and papers relating to the planning, construction, and operation of Wolf Creek that pre-date the existence of WCNOG will be made available to the MPSC Staff in the future at least on the same terms as occurred in the MPSC Staff's prior review of the planning, construction, and operation of Wolf Creek. The MPSC Staff would like an indication of whether this is KGE's understanding of this matter.

Article Eighth of the Certificate of Incorporation provides in part that the books of WCNOG may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors. It is the MPSC Staff's understanding that there has been no authorization for the books or other records, documents, memoranda, and papers of WCNOG to be kept at any place other than at the plant site. If this is not the case, I would like to be so notified.

In your letter of August 6, 1986, you reference Section 10.02 of the Operating Agreement. Is it the position of KCPL, KGE, and KEPCO that any change in the Operating Agreement regarding (1) the rights of the Owners to access WCNOG's books, records, and other data and information and (2) the requirement of cooperation must be authorized by the KCC because of K.S.A. 66-104 and 66-131. Presumably, if KCPL and WCNOG do not

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believe that KCPL or WCNOG are required by Missouri statute to file for a certificate of convenience and necessity for WCNOG before the MPSC, then KCPL and WCNOG do not believe that either is required to seek the MPSC's authorization of any change regarding the rights of KCPL to access WCNOG's books, records, and other data and information and (2) the requirement of cooperation.

As you are well aware, the MPSC Staff conducted a review of certain files at KCPL, the plant site, and KGE's offices in Wichita during the course of its audit in the Wolf Creek rate case. As previously noted, it is the MPSC Staff's understanding that at the plant site WCNOG will have possession of the books and other records, documents, memoranda, and papers of WCNOG. Will WCNOG and the Owners agree to provide the MPSC and the MPSC Staff access to said files, assuming access is otherwise lawful under Missouri Rules of Civil Procedure?

Regarding access to the plant site and unit, WCNOG meetings, and WCNOG employees, contractors, and consultants, it is difficult at this point to provide any more details than that which the MPSC Staff has already provided concerning the situation at Callaway which is still evolving. The MPSC Staff believes that as the investigatory arm of the MPSC it is entitled to access to the plant site of the same nature that access is provided to any Nuclear Regulatory Commission (NRC) resident inspector under 10 CFR §50.70(b)(3)(1986) and any other applicable statute or rule.

In the case of the Callaway plant, in an effort to gain access to Callaway while the first refueling outage was still in progress the MPSC Staff accepted something less than the level of access that the NRC resident inspector is apparently accorded. If the arrangements that have been stipulated to by the MPSC Staff and Union Electric Company regarding Callaway do not prove satisfactory, the MPSC Staff will return to the MPSC or the courts to seek resolution of the matter. The MPSC Staff is willing to accept at Wolf Creek arrangements similar to those which it has accepted at Callaway. As with the situation at Callaway, the MPSC Staff reserves the right to seek resolution before the MPSC or the courts of any dispute concerning access to the Wolf Creek plant site or unit, WCNOG meetings, and WCNOG employees, contractors, and consultants.

The Operating Agreement does not address the matter of access to the plant site and unit, WCNOG meetings, and WCNOG employees, contractors, and consultants by any state regulatory body having jurisdiction in the premises or more specifically by the MPSC and the MPSC Staff. KCPL's, KGE's, and KEPCO's Application To Amend Facility Operating License No. NPF-42 requests that WCNOG be authorized to possess, operate, maintain, repair, decontaminate, and decommission Wolf Creek. As a consequence, the MPSC Staff believes that at a minimum a Resolution of the WCNOG Board of Directors addressing the matter of MPSC Staff access to the plant site and the unit, WCNOG meetings, and WCNOG employees, contractors, and consultants is required.

If my memory serves me correctly, you indicated on August 8, 1986 that you would provide to the MPSC Staff a copy of the minutes of the first WCNOB Board of Directors meeting. The MPSC Staff hereby requests a copy of the minutes of all WCNOB Board of Directors meetings held to date and those to be held in the future. As recently indicated by the MPSC's General Counsel's Office on another matter, the MPSC Staff considers itself bound by Section 386.480 RSMo 1978 regarding documents that are not part of the public record which it receives from public utilities. If KCPL desires, the MPSC Staff will treat the WCNOB Board of Directors meeting minutes as proprietary and confidential in addition to adhering to the requirements of Section 386.480. If KCPL desires that these documents be treated as containing sensitive information, it would be advisable for KCPL to mark as proprietary and confidential the copies that I hereby request that you send to me following each Board of Directors meeting.

It is the MPSC Staff's understanding that KCPL by your letter of August 6, 1986 has officially committed itself to seek the MPSC's authorization of KCPL's acquisition of 47 shares of Class B common stock in WCNOB. The MPSC Staff does not concur with KCPL's interpretation that the first sentence of Section 393.190.2 is inapplicable to the instant situation. Furthermore, the MPSC Staff notes with interest the statement in your letter of August 6, 1986 that WCNOB will obtain a Certificate of Public Convenience and Authority from the KCC solely because of the "literal" requirements of K.S.A. 66-104 and 66-131. The MPSC Staff believes that the "literal" requirements of the first sentence of Section 393.190.2 require that KCPL seek the MPSC's authorization of KCPL's acquisition of 47 shares of Class B common stock in WCNOB.

The MPSC Staff is willing to accept KCPL's commitment to provide 30 days advance written notice of proposed amendments to the Operating Agreement, Certificate of Incorporation, and By-Laws. KCPL's proposal to abide by NRC procedural requirements concerning amendments to the Facility Operating License deemed necessary by either the owners and WCNOB or the NRC itself, and not provide 30 days notice to the MPSC, is acceptable to the MPSC Staff. Nonetheless, the MPSC Staff hereby requests that concurrent with the filing with the NRC of any Application To Amend The Facility Operating License that KCPL provide copies of said Application to the MPSC's General Counsel's Office and the MPSC's Generating Facilities Department.

Unless the MPSC Staff receives from KCPL, KGE, KEPCO, and WCNOB, satisfactory responses to the items raised in this letter, the MPSC Staff will continue to recommend to the MPSC that it seek to intervene in WCNOB's Application for a Certificate of Public Convenience and Authority pending before the KCC. Furthermore, to the extent that the MPSC Staff believes it is necessary, the MPSC Staff will seek to make KCPL's, KGE's, KEPCO's, and WCNOB's assurances on the matters denominated above a matter of record in KCPL's application proceeding in Missouri respecting authorization for KCPL to

Mr. A. Drue Jennings  
Page 6  
August 18, 1986

acquire the 47 shares of Class B common stock in WCNO. Assuming the MPSC Staff receives the requested assurances in writing, the proceedings for authority to acquire the stock will be extremely abbreviated, perhaps requiring only a responsive pleading by the MPSC Staff making certain documents exhibits in the proceeding.

Again, I and the rest of the MPSC Staff appreciate your willingness to discuss these matters and seek a resolution which addresses the concerns of all involved. Although this letter may sound a bit officious, I am sure you recognize the progress we have made to narrow and define our concerns. If you have any questions regarding any of the items contained herein, please call me. I look forward to hearing from you.

Very truly yours,

*William C. Harrelson*  
William C. Harrelson  
General Counsel

SD/mjm

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P.O. BOX 679

KANSAS CITY, MISSOURI 64141

August 25, 1986

File No. E.1.4

A. DRUE JENNINGS  
SENIOR VICE PRESIDENT  
MARKETING  
AND  
PUBLIC AND EMPLOYEE RELATIONS

RECEIVED

AUG 27 1986

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION

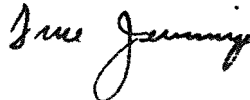
Steven R. Dottheim, Esq.  
Deputy General Counsel  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102

Dear Steve:

As I mentioned to you earlier today by telephone, the filings made by Kansas City Power & Light Company and Kansas Gas and Electric Company under the Hart-Scott-Rodino Act were withdrawn at the suggestion of counsel for the Federal Trade Commission, on the grounds that, under the circumstances surrounding our formation of Wolf Creek Nuclear Operating Corporation, no such filing was necessary. I enclose for your files copies of the forms and correspondence involved. I have not enclosed the attachments (Operating Agreement, Certificate of Incorporation, By-Laws, Application to Nuclear Regulatory Commission) because you have already received copies of them.

As I also mentioned, I am continuing to work on documents designed to address the concerns raised in Bill Harrelson's August 18 letter.

Sincerely,



ADJ:bb

Enclosures

**BISHOP, LIBERMAN & COOK**

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1155 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10036

MEMORANDUM

August 5, 1986

TO: Messrs.: DeCoursey, Kassebaum, Jennings and Terrell  
Ms. Latz

FROM: Douglas E. Davidson

Re: WCNOC - Hart-Scott-Rodino Act Filing

Enclosed for each of you is a copy of the submissions we filed on behalf of KCPL and KG&E on August 1, 1986 with the Department of Justice and the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvement Act of 1976. I have, however, omitted from the documentary attachments, copies of the KCPL and KG&E proxy statements, SEC annual, quarterly and periodic reports and the annual reports to shareholders.

Following conversations with the FTC staff on August 4, 1986, we have, with the concurrence of KCPL and KG&E, today withdrawn these filings. Copies of my letters to the FTC and the Justice Department are enclosed.

  
D.E.D.

DED:bb  
Enclosure

cc: J. B. Liberman

# BISHOP, LIBERMAN & COOK

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RICHARD A. WALKER\*  
MCNEILL WATKINS II\*

\*NOT ADMITTED IN NEW YORK

August 5, 1986

Director of Operations  
Antitrust Division  
Room 3218  
Department of Justice  
Washington, D.C. 20530

RE: Acquisition of Voting Securities of  
Wolf Creek Nuclear Operating Corporation  
by Kansas City Power & Light Company and  
Kansas Gas & Electric Company

Dear Sirs:

Enclosed for your information are copies of letters sent today to the Federal Trade Commission in connection with the above. For the reasons set forth in those letters, Kansas City Power & Light Company and Kansas Gas and Electric Company are withdrawing their filings made by letter dated July 31, 1986 under the Hart-Scott-Rodino Antitrust Improvement Act of 1976.

If you have any questions regarding the matter, please contact me.

Very truly yours,

  
Douglas E. Davidson

DED:bb  
Enclosure

cc: Premerger Notification Office  
Bureau of Competition  
Federal Trade Commission

# BISHOP, LIBERMAN & COOK

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RICHARD S. WALKER\*  
KENNELL WATKINS II\*

\*NOT ADMITTED IN NEW YORK

August 5, 1986

Premerger Notification Office  
Bureau of Competition  
Room 303  
Federal Trade Commission  
Washington, D.C. 20580

Attention: Linda Heban

RE: Acquisition of Voting Securities of  
Wolf Creek Nuclear Operating Corporation  
by Kansas City Power & Light Company

Dear Sirs:

By letter dated July 31, 1986, we submitted for filing on behalf of Kansas City Power & Light Company ("KCPL") and Kansas Gas and Electric Company ("KG&E") Notification and Report Forms under Section 7A of the Clayton Act, as added by Section 201 of the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (the "Act"), with respect to the acquisition by KCPL and KG&E of voting securities of the Wolf Creek Nuclear Operating Corporation ("WCNOC").

As described in the Notification and Report Forms, KCPL, KG&E and Kansas Electric Power Cooperative, Inc., the co-owners of the Wolf Creek Nuclear Generating Station, have formed WCNOC with the intent of transferring to WCNOC the

August 5, 1986

responsibility for the operation, maintenance, repair, decontamination and decommissioning of the Wolf Creek Station. The station owners believe that such a transfer of operating responsibility is in the best interests of the co-owners, their ratepayers and stockholders for the various reasons set forth in WCNOC's application to the Kansas Corporation Commission, a copy of which is included to Exhibit 2 to the documentary attachments.

In a telephone conversation on August 4, 1986 with the undersigned, Ms. Linda Heban of the Commission Staff advised that upon an initial review of the KCPL and KG&E filings, the Staff believed that the acquisitions of WCNOC's voting securities by KCPL and KG&E were exempt from the Act by virtue of Section 802.20 of the Commission's Premerger Notification Rules. That section exempts certain acquisitions of voting securities otherwise subject to the Act if the acquiring person would not hold either "(a) assets of the acquired person valued at more than \$15 million, or (b) voting securities which confer control of an issuer which, together with all entities which it controls, has annual net sales or total assets of \$25 million or more". Since WCNOC will have no sales or significant assets, the Commission Staff indicated that the transaction appeared to be exempt from the Act and suggested that KCPL and KG&E may therefore wish to withdraw their filings.

We noted in our July 31, 1986 letter transmitting the KCPL and KG&E submissions that it was not entirely certain in our view that the Act applied to the acquisition by KCPL and KG&E of WCNOC's voting securities, but that KCPL and KG&E were filing Notification and Report Forms as the matter was not wholly free from doubt. In light of the Staff's advise, it does not appear that the transaction is subject to the Act.

On behalf of KCPL, we are therefore withdrawing its filing with the Commission and the Department of Justice in accordance with the Staff's suggestion. By separate letter we are simultaneously withdrawing KG&E's filing as well.

Very truly yours,



Douglas E. Davidson

DED:bb

cc: Director of Operations  
Antitrust Division  
Department of Justice

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RICHARD H. WALKER\*  
MCNEILL WATKINS II\*

THOMAS C. WILLIAMS\*

\*NOT ADMITTED IN NEW YORK

August 5, 1986

Premerger Notification Office  
Bureau of Competition  
Room 303  
Federal Trade Commission  
Washington, D.C. 20580

Attention: Linda Heban

RE: Acquisition of Voting Securities of  
Wolf Creek Nuclear Operating Corporation  
by Kansas Gas and Electric Company

Dear Sirs:

By letter dated July 31, 1986, we submitted for filing on behalf of Kansas City Power & Light Company ("KCPL") and Kansas Gas and Electric Company ("KG&E") Notification and Report Forms under Section 7A of the Clayton Act, as added by Section 201 of the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (the "Act"), with respect to the acquisition by KCPL and KG&E of voting securities of the Wolf Creek Nuclear Operating Corporation ("WCNOC").

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August 5, 1986

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We noted in our July 31, 1986 letter transmitting the KCPL and KG&E submissions that it was not entirely certain in our view that the Act applied to the acquisition by KCPL and KG&E of WCNOG's voting securities, but that KCPL and KG&E were filing Notification and Report Forms as the matter was not wholly free from doubt. In light of the Staff's advice, it does not appear that the transaction is subject to the Act.

On behalf of KG&E, we are therefore withdrawing its filing with the Commission and the Department of Justice in accordance with the Staff's suggestion. By separate letter we are simultaneously withdrawing KCPL's filing as well.

Very truly yours,



Douglas E. Davidson

DED:bb

cc: Director of Operations  
Antitrust Division  
Department of Justice

# BISHOP, LIBERMAN & COOK

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RICHARD R. WALKER\*  
MCNEILL WATKINS II\*

\*NOT ADMITTED IN NEW YORK

## FEDERAL EXPRESS

Director of Operations  
Antitrust Division  
Room 3218  
Department of Justice  
Washington, D.C. 20530

RE: Acquisition of Voting Securities of  
Wolf Creek Nuclear Operating Corporation  
by Kansas City Power & Light Company and  
Kansas Gas & Electric Company

Dear Sirs:

On behalf of Kansas City Power & Light Company ("KCPL") and Kansas Gas & Electric Company ("KG&E") we enclose herewith for filing under Section 7A of the Clayton Act (15 USC §18A(d)), as added by Section 201 of the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (the "Act") two notarized copies of KCPL's and KG&E's Notification and Report Forms with respect to their proposed acquisition of voting securities of the Wolf Creek Nuclear Operating Corporation ("WCNOC"). There are also enclosed one set of the related documentary attachments to each such form and two copies of the affidavit required by Section 803.5(b) of the Premerger Notification Rules (the "Rules").

Antitrust Division  
July 31, 1986  
Page Two

Items 5 through 9 and the Appendix to the Notification and Report Forms have not been completed as the acquisition by KCPL and KG&E of the voting securities of WCNGC is exempt from the requirements of the Act by virtue of Section 7A(d)(B) of the Act and Section 802.20 of the Rules.

As more fully set forth in the Notification and Report Forms, KCPL, KG&E and Kansas Electric Power Cooperative, Inc. ("KEPCo") have formed WCNOG solely to operate, maintain, repair, decommission and decontaminate the Wolf Creek Nuclear Generating Station located in Burlington, Kansas. The Wolf Creek Station is jointly owned by the three companies in the following percentages: KCPL - 47%; KG&E - 47%; and KEPCo - 6%. The station owners will own voting securities of WCNOG in the same percentages as their respective ownership interests in the Wolf Creek Station. The filing by KEPCo of a Notification and Report Form is therefore not required under Section 7A(a)(3)(A) of the Act.

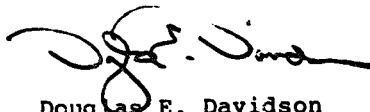
The formation of WCNOG involves, in essence, the transfer of operating responsibility for the Wolf Creek Station from the station owners (and, specifically, KG&E which has been operating the facility as agent for the owners) to a corporate joint venture which the station owners have organized for this limited purpose. As such, it is not entirely certain that this transaction involves an acquisition of voting securities to which the Act was intended to apply. The Act and Rules, however, do appear on their face to require the filing of a Notification and Report Form with respect to the formation of WCNOG and KCPL and KG&E are therefore submitting the enclosed filings.

Under the above circumstances and in view of the nature of the transaction involved, KCPL and KG&E do not believe that the full 30-day waiting period is either necessary or appropriate. We note in this connection that as set forth in response to Item 2 to the Notification and Report Form, certain regulatory approvals, including authorizations by the Nuclear Regulatory Commission and the Kansas Corporation Commission, will be required prior to WCNOG assuming operation of the Wolf Creek Station. Pursuant to Section 803.11(c) of the Rules, early termination of the 30-day waiting period is hereby requested.

Antitrust Division  
July 31, 1986  
Page Three

The requisite number of the enclosed materials are being simultaneously filed with the Premerger Notification Office of the Federal Trade Commission. If there are any questions, regarding the enclosed submission, please contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. E. Davidson", written in a cursive style.

Douglas E. Davidson

DED/win  
Enclosures

cc: John P. DeCoursey, Esq.  
Phillip Kassebaum, Esq.  
A. Drue Jennings, Esq.  
Jeanie S. Latz, Esq.  
Richard D. Terrell, Esq.

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July 31, 1986

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\*NOT ADMITTED IN NEW YORK

## FEDERAL EXPRESS

Premerger Notification Office  
Bureau of Competition  
Room 303  
Federal Trade Commission  
Washington, D.C. 20580

RE: Acquisition of Voting Securities of  
Wolf Creek Nuclear Operating Corporation  
by Kansas City Power & Light Company and  
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Premerger Notification Office  
July 31, 1986  
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Items 5 through 9 and the Appendix to the Notification and Report Forms have not been completed as the acquisition by KCPL and KG&E of the voting securities of WCNOG is exempt from the requirements of the Act by virtue of Section 7A(d)(B) of the Act and Section 802.20 of the Rules.

As more fully set forth in the Notification and Report Forms, KCPL, KG&E and Kansas Electric Power Cooperative, Inc. ("KEPCo") have formed WCNOG solely to operate, maintain, repair, decommission and decontaminate the Wolf Creek Nuclear Generating Station located in Burlington, Kansas. The Wolf Creek Station is jointly owned by the three companies in the following percentages: KCPL - 47%; KG&E - 47%; and KEPCo - 6%. The station owners will own voting securities of WCNOG in the same percentages as their respective ownership interests in the Wolf Creek Station. The filing by KEPCo of a Notification and Report Form is therefore not required under Section 7A(a)(3)(A) of the Act.

The formation of WCNOG involves, in essence, the transfer of operating responsibility for the Wolf Creek Station from the station owners, (and, specifically, KG&E which has been operating the facility as agent for the owners) to a corporate joint venture which the station owners have organized for this limited purpose. As such, it is not entirely certain that this transaction involves an acquisition of voting securities to which the Act was intended to apply. The Act and Rules, however, do appear on their face to require the filing of a Notification and Report Form with respect to the formation of WCNOG and KCPL and KG&E are therefore submitting the enclosed filings.

Under the above circumstances and in view of the nature of the transaction involved, KCPL and KG&E do not believe that the full 30-day waiting period is either necessary or appropriate. We note in this connection that as set forth in response to Item 2 to the Notification and Report Form, certain regulatory approvals, including authorizations by the Nuclear Regulatory Commission and the Kansas Corporation Commission, will be required prior to WCNOG assuming operation of the Wolf Creek Station. Pursuant to Section 803.11(c) of the Rules, early termination of the 30-day waiting period is hereby requested.

Premerger Notification Office  
July 31, 1986  
Page Three

The requisite number of the enclosed materials are being simultaneously filed with the Antitrust Division of the Justice Department. If there are any questions, regarding the enclosed submission, please contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. E. Davidson", written in a cursive style.

Douglas E. Davidson

DED/win  
Enclosures

cc: John P. DeCoursey, Esq.  
Phillip Kassebaum, Esq.  
A. Drue Jennings, Esq.  
Jeanie S. Latz, Esq.  
Richard D. Terrell, Esq.

**NOTIFICATION AND REPORT FORM FOR CERTAIN MERGERS AND ACQUISITIONS**

THE INFORMATION REQUIRED TO BE SUPPLIED ON THESE ANSWER SHEETS IS SPECIFIED IN THE INSTRUCTIONS

FOR OFFICE USE ONLY  
TRANSACTION NUMBER

☛ Attach the Affidavit required by § 803.3 to this page.

Is this Acquisition a CASH TENDER OFFER?  YES  NO

Do you request Early Termination of the Waiting Period?  YES  NO  
(Events of early termination are published in the Federal Register)

**ITEM 1**

(a) NAME AND HEADQUARTERS ADDRESS OF PERSON FILING NOTIFICATION (withhold parent entity)

Kansas City Power & Light Company, 1330 Baltimore Avenue, Kansas City, Missouri 64105

(b) PERSON FILING NOTIFICATION IS

an acquiring person  an acquired person  both

(c) LIST NAMES OF ULTIMATE PARENT ENTITIES OF ALL ACQUIRING PERSONS

NONE

(d) LIST NAMES OF ULTIMATE PARENT ENTITIES OF ALL ACQUIRED PERSONS

Kansas Gas and Electric Company  
Kansas Electric Power Cooperative, Inc  
Kansas City Power & Light Company

(e) THIS ACQUISITION IS (put an X in all the boxes that apply)

- an acquisition of assets
- a merger (see § 801.2)
- an acquisition subject to § 801.2(a)
- formation of a joint venture or other corporation (see § 801.40)
- an acquisition subject to § 801.30 (specify types: \_\_\_\_\_)
- other (specify): \_\_\_\_\_
- a consolidation (see § 801.2)
- an acquisition of voting securities
- a secondary acquisition
- an acquisition subject to § 801.31

(f) INDICATE HIGHEST NOTIFICATION THRESHOLD IN § 801.10(a) FOR WHICH THIS FORM IS BEING FILED (acquiring person only)

\$ 15 million  15%  25%  50%

(g) VALUE OF VOTING SECURITIES

\$47.00 (See 2(e)(v) below)

VALUE OF ASSETS

N/A (See 2(e)(v) below)

(h) PUT AN X IN THE APPROPRIATE BOX TO DESCRIBE ENTITY FILING NOTIFICATION

corporation  partnership  other (specify) \_\_\_\_\_

(i) DATA FURNISHED BY

calendar year  fiscal year (specify period: \_\_\_\_\_ (beginning) to \_\_\_\_\_ (ending))

(j) PUT AN X IN THE APPROPRIATE BOX AND GIVE THE NAME AND ADDRESS OF THE ENTITY FILING NOTIFICATION (if other than ultimate parent entity)

- NA
- This report is being filed on behalf of a foreign person pursuant to § 803.4.
- This report is being filed on behalf of the ultimate parent entity another entity within the same person authorized by it to pursuant to § 803.2(a).

NAME OF ENTITY FILING NOTIFICATION

ADDRESS

THIS FORM IS REQUIRED BY LAW and must be filed separately by each person which, by reason of a merger, consolidation or acquisition, is subject to § 7A of the Clayton Act, 15 U.S.C. § 12a, as added by Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, Pub. L. No. 94-435, 90 Stat. 1352, and rules promulgated thereunder hereinafter referred to as "the rules" or by section number. The statute and rules are set forth in the Federal Register at 43 FR 33482; the rules may also be found at 16 CFR Parts 801-803. Failure to file this Notification and Report Form, and to observe the required waiting period before consummating the acquisition, in accordance with the applicable provisions of 15 U.S.C. § 12a and the rules, subjects any "person," as defined in the rules, or any individuals responsible for noncompliance, to liability for a penalty of not more than \$10,000 for each day during which such person is in violation of 15 U.S.C. § 12a.

All information and documentary material filed in or with this Form confidential. It is exempt from disclosure under the Freedom of Information Act, and may be made public only in an administrative judicial proceeding, or disclosed to Congress or to a duly authorized committee or subcommittee of Congress.

Complete and return two notarized copies (with one set of documentary attachments) of this Notification and Report Form to Premises Notification Office, Bureau of Competition, Room 303, Federal Trade Commission, Washington, D.C. 20540, and three notarized copies (with one set of documentary attachments) to Director of Operations (Trust Division, Room 3216, Department of Justice, Washington, 20535). The central office for information and assistance with respect to matters in connection with this Notification and Report Form Room 301, Federal Trade Commission, Washington, D.C. 20540, ☎ (202) 523-3894.

AFFIDAVIT

STATE OF MISSOURI )  
 ) ss.:  
COUNTY OF JACKSON )

I, Samuel P. Cowley, being duly sworn, deposes and says:

1. I am Senior Vice President of Kansas City Power & Light Company ("KCPL") and am fully familiar with the facts and circumstances set forth herein.

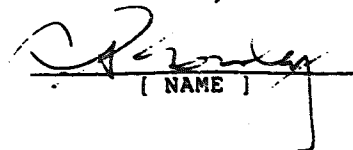
2. On April 14, 1986, KCP&L and Kansas Gas & Electric Company ("KG&E") and Kansas Electric Power Cooperative ("KEPCo") caused Wolf Creek Nuclear Operating Corporation ("WCNOC") to be incorporated in the State of Delaware.

3. The Certificate of Incorporation of WCNOC provides, among other things, that KCPL shall own 47 shares of Class B Common Stock of WCNOC.

4. At the first meeting of the Board of Directors of WCNOC held on April 15, 1986, WCNOC accepted, subject to receipt of necessary regulatory approvals, KCPL's offer to purchase 47 shares of Class B Common Stock for \$47.00.

5. On April 15, 1986, KCPL, KG&E and KEPCo entered into an agreement with WCNOC providing for WCNOC to operate, repair, maintain, decontaminate and decommission the Wolf Creek Nuclear Generating Station on behalf of KCPL, KG&E and KEPCo, as the co-owners thereof.

6. It is the good faith intention of KCPL to complete the acquisition of WCNOB Class B Common Stock.

  
[ NAME ]

[ ACKNOWLEDGEMENT ]

STATE OF MISSOURI    )  
                          )    ss  
COUNTY OF JACKSON    )

On this 23rd day of July, 1986, before me the undersigned, a Notary Public, personally appeared Samuel P. Cowley, to me known to be the person who executed the attached instrument, and who, being by me first duly sworn, acknowledged that he executed the same as his free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Reith Butler  
Notary Public in and for said  
County and State

My Commission Expires:  
August 17, 1989

NAME AND ADDRESS OF ENTITY MAKING ACQUISITION OR WHOSE ASSETS OR VOTING SECURITIES ARE BEING ACQUIRED IF DIFFERENT FROM THE LA  
PARENT ENTITY IDENTIFIED IN ITEM 1(b)

Wolf Creek Nuclear Operating Corporation, P.O. Box 411, Burlington, Kansas 66839

PERCENT OF VOTING SECURITIES HELD BY ENTITY IDENTIFIED IN ITEM 1(b)

None

ITEM 2

DESCRIPTION OF ACQUISITION

Kansas City Power & Light Company ("KCP&L") together with two non-affiliated electric utilities, Kansas Gas and Electric Company, P.O. Box 208, Wichita, Kansas 67201 ("KG&E") and Kansas Electric Power Cooperative, Inc., P.O. Box 4077, Topeka Kansas 66619 ("KEPCo") own Unit No. 1 of the Wolf Creek Generating Station ("Wolf Creek Station") in the following percentages: KCP&L - 47%, KG&E - 47% and KEPCo - 6%. KCP&L, KG&E and KEPCo caused Wolf Creek Nuclear Operating Corporation ("WCNOC") to be incorporated in Delaware on April 14, 1986 to operate, maintain, repair, decommission and decontaminate the Wolf Creek Station for the benefit of the Station owners. WCNOC will be owned by the Station owners in the same percentages as their ownership interests in the Wolf Creek Station, with KG&E to acquire 47 shares of Class A Common Stock, KCP&L to acquire 47 shares of Class B Common Stock and KEPCo to acquire 6 shares of Class C Common Stock. The Wolf Creek Station owners and WCNOC have entered into an Operating Agreement, dated April 15, 1986, providing for WCNOC to operate, maintain, repair, decontaminate and decommission the Wolf Creek Station on behalf of the Wolf Creek owners. A copy of that Agreement is annexed as Exhibit 1.

1(b) SCHEDULED DATE OF CONSUMMATION WCNOC will issue shares of its common stock promptly after termination of the waiting period.

1(c) MANNER IN WHICH THE ACQUISITION IS TO BE CARRIED OUT

WCNOC was incorporated on April 14, 1986. KCP&L, KG&E and KEPCo will acquire their respective shares of WCNOC Common Stock after termination of the waiting period. Article 10 of the Operating Agreement among WCNOC and the Wolf Creek Station owners provides that the Agreement shall not become effective until receipt of all necessary governmental authorizations or January 1, 1987, whichever shall last occur. In order to undertake its responsibilities under the Operating Agreement WCNOC and/or the Wolf Creek Station owners will require the following governmental authorizations:

Item 2(c) continued

(a) The issuance by the Kansas Corporation Commission ("KCC") of a Certificate of Public Convenience and authority. In July, 1986, WCNOG filed with the KCC an application for such a Certificate and the matter is pending before the KCC. A copy of that application is annexed as Exhibit 2. It is not known when the KCC will act on WCNOG's application.

(b) The issuance by the United States Nuclear Regulatory Commission ("NRC") of an amendment to the operating license for the Wolf Creek Station under the Atomic Energy Act of 1954, permitting WCNOG to assume the operating responsibilities for the Wolf Creek Station now held by KG&E. A copy of the application, dated April 15, 1986, to the NRC requesting issuance of such an amendment to the operating license is annexed as Exhibit 3.

(c) The exemption of KCP&L and KG&E from the provisions of the Public Utility Holding Company Act of 1935 (other than Section 9(a)(2) thereof). Section 3(a)(2) of that Act and Rule 2 of the Securities and Exchange Commission ("SEC") thereunder provide that such exemption shall be effective upon the filing in good faith of exemption statements with the SEC. Such exemption statements have not yet been filed with the SEC.

(d) Authorization under Section 305(b) of the Federal Power Act of 1935 for certain officers and directors of KCP&L and KG&E to hold such positions and also to hold positions as officers or directors of WCNOG. The requisite filings with the Federal Energy Regulatory Commission ("FERC") have not yet been made. It is believed, however, that Order No. 446 of the FERC, dated February 6, 1986, was intended to grant such authorization generally (and without entry of specific orders by the FERC) for officers and directors of entities similar to WCNOG although some ambiguity in this regard exists.

(202) ASSETS TO BE ACQUIRED (to be completed only for assets acquisitions)

N/A

## (203) ASSETS HELD BY ACQUIRING PERSON

N/A

## (204) VOTING SECURITIES TO BE ACQUIRED

## (a) LIST AND DESCRIPTION OF VOTING SECURITIES AND LIST OF NON-VOTING SECURITIES:

WCNOC will have three classes of voting securities - Class A Common Stock, Class B Common Stock and Class C Common Stock. Descriptions of the voting rights of each class are contained in WCNOC's Certificate of Incorporation and By-laws, copies of which are annexed as Exhibits 4 and 5 hereto. WCNOC will have no non-voting securities outstanding after the acquisition.

## (b) TOTAL NUMBER OF SHARES OF EACH CLASS OF SECURITY:

47 Shares of Class A Common Stock  
47 Shares of Class B Common Stock  
6 Shares of Class C Common Stock

## (c) TOTAL NUMBER OF SHARES OF EACH CLASS OF SECURITY BEING ACQUIRED:

47 Shares of Class B Voting Stock will be acquired by KCP&L.

IDENTITY OF PERSONS ACQUIRING SECURITIES.

KCP&L will acquire 47 shares of Class B Common Stock  
KG&E will acquire 47 shares of Class A Voting Stock  
KEPCo will acquire 6 shares of Class C Voting Stock

IDENTITY OF PERSONS ACQUIRING SECURITIES.

WCNOC will have no significant assets, its sole function being to operate, maintain, repair, decontaminate and decommission the Wolf Creek Station for the benefit of the Station's co-owners. WCNOC Common Stock may not be transferred to anyone other than an owner of the Wolf Creek Station. Shares of WCNOC Common Stock have therefore been assigned a nominal value of \$1.00 per share, equivalent to their par value.

TOTAL NUMBER OF EACH CLASS OF SECURITIES HELD BY ACQUIRING PERSON AS A RESULT OF THE ACQUISITION:

KCP&L will hold 47 shares of Class B Common Stock as a result of the acquisition.

PERCENTAGE OF EACH CLASS OF SECURITIES HELD BY ACQUIRING PERSON AS A RESULT OF THE ACQUISITION

As a result of the acquisition, KCP&L will own 100% of the Class B Common Stock representing 47% of the total voting power of all shares of WCNOC Common Stock to be outstanding.

DOLLAR VALUE OF SECURITIES TO BE HELD AS A RESULT OF THE ACQUISITION

The dollar value of the Class B Common Stock to be acquired by KCP&L is \$47 (see answer to 2(e)(v) above).

SUBMIT A COPY OF MOST RECENT VERSION OF CONTRACT OR AGREEMENT (or letter of intent to merge or acquire)

DO NOT ATTACH THIS DOCUMENT TO THIS PAGE

ATTACHMENT OR REFERENCE NUMBER OF CONTRACT OR AGREEMENT

1

INCLUDE AN INDEX OF ANCILLARY DOCUMENTS

INDEX OF ANCILLARY DOCUMENTS

<u>EXHIBIT NO.</u>	<u>DOCUMENT</u>
1	- Operating Agreement dated April 15, 1986 among Wolf Creek Station Owners and WCNOG
2	- Application to Kansas Corporation Commission for Certificate of Public Convenience and Authority
3	- Application to Nuclear Regulatory Commission for Amendment of Operating License for the Wolf Creek Station
4	- Certificate of Incorporation of WCNOG
5	- By-Laws of WCNOG
6	- Proxy Statement of KCPL, dated April 22, 1986
7	- KCPL Annual Report on Form 10-K for year ended December 31, 1985
8	- Quarterly Report on Form 10-Q for quarter ended March 31, 1986
9	- Current Reports on Form 8-K, dated February 26, 1986 and June 27, 1986
10	- 1985 Annual Report to Stockholders
11	- Balance Sheet of KCPL at March 31, 1986

**ITEM 3**  
ASSETS AND VOTING SECURITIES HELD AS A RESULT OF THE ACQUISITION

(a) PERCENTAGE OF ASSETS 47%

(b) PERCENTAGE OF VOTING SECURITIES 47%

(c) AGGREGATE TOTAL VALUE Since WCNOG is merely an operating corporation having no significant assets; the total value of assets and voting securities acquired will be nominal.

**ITEM 4** PERSONS FILING NOTIFICATION MAY PROVIDE BELOW AN OPTIONAL INDEX OF DOCUMENTS REQUIRED TO BE SUBMITTED BY ITEM 4. SEE ITEM 5 BY ITEM INSTRUCTIONS. THESE DOCUMENTS SHOULD NOT BE ATTACHED TO THIS PAGE.  
(a) DOCUMENTS FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

ATTACHMENT OR REFERENCE NUMBER

Proxy statement, dated April 22 , 1986	6
Annual Report on Form 10-K, for the year ended December 31, 1985	7
Quarterly Report on Form 10-Q for the quarter ended March 31, 1986	8
Current Reports on Form 8-K dated February 26, 1986 and June 27, 1986	9

(b) ANNUAL REPORTS, ANNUAL AUDIT REPORTS, AND REGULARLY PREPARED BALANCE SHEETS.

ATTACHMENT OR REFERENCE NUMBER

1985 Annual Report to Shareholders	10
Balance Sheet of KCP&L as at March 31, 1986	11

(c) STUDIES, SURVEYS, ANALYSES, AND REPORTS.

ATTACHMENT OR REFERENCE NUMBER

None

Kansas City Power &amp; Light Company

## ITEM 8

1987 DOLLAR REVENUES BY INDUSTRY

4-DIGIT  
INDUSTRY CODE

DESCRIPTION

1987 TOTAL  
DOLLAR REVENUE

The answers to Item 5 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KCP&L are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

NAME OF PERSON FROM NOTIFICATION

**Kansas City Power & Light Company**

DATE

7/23/86

8000 DOLLAR REVENUES BY MANUFACTURED PRODUCTS

7-DIGIT  
PRODUCT CODE

DESCRIPTION

1977 TOTAL  
DOLLAR REVENUE

NAME OF PERSON FILING NOTIFICATION  
Kansas City Power & Light Company

DATE 7/23/86

1986 PRODUCTS ADDED OR DELETED

DESCRIPTION (7-DIGIT PRODUCT CODE)

ADD

DELETE

YEAR  
OF  
CHANGE

TOTAL DOLLAR  
REVENUES

1986 DOLLAR REVENUES BY MANUFACTURED PRODUCT CLASS

5-DIGIT  
PRODUCT CLASS  
CODE

DESCRIPTION

YEAR  
TOTAL DOLLAR REVENUE

NAME OF PERSON FILING NOTIFICATION  
Kansas City Power & Light Company

DATE 7/23/86

5-DIGIT DOLLAR REVENUES BY MANUFACTURED PRODUCT CLASS - CONTINUED

3-DIGIT  
PRODUCT CLASS  
CODE

DESCRIPTION

YEAR  
TOTAL DOLLAR RE

5-DIGIT DOLLAR REVENUES BY NON-MANUFACTURING INDUSTRY

4-DIGIT  
INDUSTRY  
CODE

DESCRIPTION

YEAR  
TOTAL DOLLAR R

NAME OF PERSON OR NOTIFICATION  
Kansas City Power & Light Company

DATE 7/23/86

BE COMPLETE ONLY IF ACQUISITION IS THE FORMATION OF A JOINT VENTURE OR OTHER CORPORATION

NAME AND ADDRESS OF THE JOINT VENTURE OR OTHER CORPORATION

FORM

(A) CONTRIBUTIONS THAT EACH PERSON FORMING THE JOINT VENTURE OR OTHER CORPORATION HAS AGREED TO MAKE

(B) DESCRIPTION OF ANY CONTRACTS OR AGREEMENTS

(C) DESCRIPTION OF ANY CREDIT GUARANTEES OR OBLIGATIONS

(D) DESCRIPTION OF CONSIDERATION WHICH EACH PERSON FORMING THE JOINT VENTURE OR OTHER CORPORATION WILL RECEIVE

FORM DESCRIPTION OF THE BUSINESS IN WHICH THE JOINT VENTURE OR OTHER CORPORATION WILL ENGAGE

FORM SOURCE OF DOLLAR REVENUES BY 4-DIGIT SIC CODE

NAME OF PERSON FILING NOTIFICATION  
Kansas City Power & Light Company

DATE  
7/23/86

**ITEM 8**

**(a) ENTITIES WITHIN PERSON FILING NOTIFICATION**

WYMO Fuels, Inc.	1330 Baltimore Avenue, Kansas City, Missouri 64105
Red Hill Coal Company	" " "

**(b) SHAREHOLDERS OF PERSON FILING NOTIFICATION**

WYMO Fuels, Inc. and its wholly-owned subsidiary, Red Hill Coal Company, is 100% owned by KCP&L. KCP&L is unaware of any person owning 5% or more of KCP&L's Common Stock, its only class of outstanding voting securities.

NAME OF PERSON FILING NOTIFICATION  
Kansas City Power & Light Company

DATE 7/23/86

800 HOLDINGS OF PERSON FILING NOTIFICATION

NONE

**ITEM 7 DOLLAR REVENUES**  
**700 4-DIGIT SIC CODES AND DESCRIPTION**

The answers to Item 7 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOC acquired by KCP&L are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

**700 NAME OF EACH PERSON WHICH ALSO DERIVED DOLLAR REVENUES**

NAME OF PERSON FILING NOTIFICATION  
Kansas City Power & Light Company

DATE 7/23/86

701 GEOGRAPHIC MARKET INFORMATION

ITEM 8 VENDOR-VEHICLE RELATIONSHIP

YES  NO (if vendor, complete the following)

PRODUCT PURCHASES

VENDOR

DOLLAR AMOUNT

The answers to Item 8 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KCP&L are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

ITEM 9 PRIOR ACQUISITIONS (to be completed by acquiring person only)

The answers to Item 9 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KCP&L are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

NAME OF PERSON FILING NOTIFICATION  
Kansas City Power & Light Company

DATE  
7/23/86

ITEM 10 IDENTIFICATION OF PERSON TO CONTACT REGARDING THIS REPORT

10(a) NAME OF CONTACT PERSON  Douglas E. Davidson, Esq.	TITLE OF CONTACT PERSON  Attorney
FIRM NAME AND BUSINESS ADDRESS Bishop, Liberman & Cook 1155 Avenue of the Americas New York, New York 10024	BUSINESS TELEPHONE NUMBER  (212) 704-0100

10(b) IDENTIFICATION OF AN INDIVIDUAL LOCATED IN THE UNITED STATES DESIGNATED FOR THE LIMITED PURPOSE OF RECEIVING NOTICE OF ISSUANCE  
QUEST FOR ADDITIONAL INFORMATION OR DOCUMENTS. (See § 602.10B(2)(iv))

NAME  Jeanie Sell Latz	TITLE  Assistant Secretary
ADDRESS Kansas City Power & Light Company 1330 Baltimore Avenue Kansas City, Missouri 64105	BUSINESS TELEPHONE NUMBER  (816) 556-2936

CERTIFICATION

This NOTIFICATION AND REPORT FORM, together with any and all appendices and attachments thereto, was prepared and assembled under my supervision in accordance with instructions issued by the Federal Trade Commission. Subject to the recognition that, where indicated, reasonable estimates have been made because books and records do not provide the required data, the information is, to the best of my knowledge, true, correct, and complete in accordance with the statute and rules.

NAME (Please print or type)  A. Drue Jennings	TITLE  Senior Vice President
SIGNATURE  <i>A. Drue Jennings</i>	DATE  7-23-86

Subscribed and sworn to before me at the

City of Kansas City State of Missouri

this 23rd day of July 19 86

Signature Betty Bowsher  
My Commission expires September 28, 1988

BETTY BOWSHER  
NOTARY PUBLIC STATE OF MISSOURI  
CLAY CO.  
MY COMMISSION EXP. SEPT 28, 1988  
ISSUED THRU MISSOURI NOTARY ISSUES.

(SEAL)

**APPENDIX: INSURANCE**

**ITEM 1**

**A PREMIUM RECEIPTS**

YEAR

**1 LIFE INSURANCE**

AMOUNT

- 1a. ORDINARY LIFE INSURANCE
- 1b. GROUP LIFE INSURANCE (including Federal Employees' Group Life Insurance and Servicemen's Group Life Insurance, but excluding credit life insurance)

- 1c. INDUSTRIAL LIFE INSURANCE
- 1d. CREDIT LIFE INSURANCE

**2 ANNUITY CONSIDERATIONS**

- 2a. INDIVIDUAL ANNUITY CONSIDERATIONS
- 2b. GROUP ANNUITY CONSIDERATIONS

**3 HEALTH INSURANCE**

- 3a. INDIVIDUAL HEALTH INSURANCE
- 3b. GROUP HEALTH INSURANCE

The answers to the Appendix are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KCP&L are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission Rules.

**TOTAL**

**B NEW BUSINESS**

YEAR

AMOUNT

- 1 ORDINARY LIFE INSURANCE
- 2 GROUP LIFE INSURANCE
- 3 INDUSTRIAL LIFE INSURANCE
- 4 CREDIT LIFE INSURANCE

**TOTAL**

**ITEM 2 PROPERTY LIABILITY INSURANCE**

YEAR

LINE OF INSURANCE

A. DIRECT PREMIUMS

B. NET PREM

**ITEM 3 TITLE INSURANCE**

A. NET DIRECT PREMIUMS WRITTEN

B. DIRECT PREMIUMS EARNED

YEAR

**NOTIFICATION AND REPORT FORM FOR CERTAIN MERGERS AND ACQUISITIONS**

Approved by OMB  
3264-0088  
Expires 9-30-88

THE INFORMATION REQUIRED TO BE SUPPLIED ON THESE ANSWER SHEETS IS SPECIFIED IN THE INSTRUCTIONS

FOR OFFICE USE ONLY  
TRANSACTION NUMBER


☛ Attach the Affidavit required by § 803.5 to this page.

Is this Acquisition a CASH TENDER OFFER?  YES  NO

Do you request Early Termination of the Waiting Period?  YES  NO  
(Grants of early termination are published in the Federal Register)

**ITEM 1**

(a) NAME AND HEADQUARTERS ADDRESS OF PERSON FILING NOTIFICATION (affirmative parent entity)

Kansas Gas and Electric Company 201 North Market, Wichita, Kansas 67201

(b) PERSON FILING NOTIFICATION IS

an acquiring person  an acquired person  both

(c) LIST NAMES OF ULTIMATE PARENT ENTITIES OF ALL ACQUIRING PERSONS

NONE

LIST NAMES OF ULTIMATE PARENT ENTITIES OF ALL ACQUIRED PERSONS

Kansas Gas and Electric Company  
Kansas Electric Power Cooperative, Inc.  
Kansas City Power & Light Company

(d) THIS ACQUISITION IS (put an X in all the boxes that apply)

- an acquisition of assets
- a merger (see § 801.2)
- an acquisition subject to § 801.2(e)
- formation of a joint venture or other corporation (see § 801.40)
- an acquisition subject to § 801.30 (specify type: \_\_\_\_\_)
- other (specify) \_\_\_\_\_
- a consolidation (see § 801.2)
- an acquisition of voting securities
- a secondary acquisition
- an acquisition subject to § 801.31

(e) INDICATE HIGHEST NOTIFICATION THRESHOLD IN § 801.10(a) FOR WHICH THIS FORM IS BEING FILED (acquiring parent only)

\$ 15 million  15%  25%  50%

(f) VALUE OF VOTING SECURITIES

\$47.00 (See 2(e)(v) below)

VALUE OF ASSETS

N/A (See 2(e)(v) below)

(g) PUT AN X IN THE APPROPRIATE BOX TO DESCRIBE ENTITY FILING NOTIFICATION

corporation  partnership  other (specify) \_\_\_\_\_

(h) DATA FURNISHED BY

calendar year  fiscal year (specify period: \_\_\_\_\_ (month) to \_\_\_\_\_ (month))

(i) PUT AN X IN THE APPROPRIATE BOX AND GIVE THE NAME AND ADDRESS OF THE ENTITY FILING NOTIFICATION (if other than ultimate parent entity)

- NA
- This report is being filed on behalf of a foreign person pursuant to § 803.4.
- This report is being filed on behalf of the ultimate parent entity another entity within the same person authorized by it to file pursuant to § 803.2(e).

NAME OF ENTITY FILING NOTIFICATION

ADDRESS

THIS FORM IS REQUIRED BY LAW and must be filed separately by each person which, by reason of a merger, consolidation or acquisition, is subject to § 7A of the Clayton Act, 15 U.S.C. § 18a, as added by Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, Pub. L. No. 94-435, 90 Stat. 1389, and rules promulgated thereunder (hereinafter referred to as "the rules" or by section number). The statute and rules are set forth in the Federal Register at 43 FR 33450; the rules may also be found at 16 CFR Parts 801-83. Failure to file this Notification and Report Form, and to observe the required waiting period before consummating the acquisition, in accordance with the applicable provisions of 15 U.S.C. § 18a and the rules, subjects any "person," as defined in the rules, or any individuals responsible for noncompliance, to liability for a penalty of not more than \$10,000 for each day during which such person is in violation of 15 U.S.C. § 18a.

All information and documentary material filed in or with this Form confidential, it is exempt from disclosure under the Freedom of Information Act, and may be made public only in an administrative judicial proceeding, or disclosed to Congress or to a duly authorized committee or subcommittee of Congress.

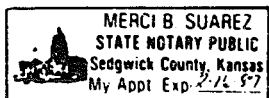
Complete and return two notarized copies (with one set of documentary attachments) of this Notification and Report Form to Primary Notification Office, Bureau of Competition, Room 303, Federal Trade Commission, Washington, D.C. 20580, and three notarized copies (with one set of documentary attachments) to Director of Operations, Trust Division, Room 3218, Department of Justice, Washington, D.C. 20530. The central office for information and assistance with respect to matters in connection with this Notification and Report Form Room 301, Federal Trade Commission, Washington, D.C. 20580, ph: (202) 325-3884.



6. It is the good faith intention of KG&E to complete the acquisition of WCNOG Class A Common Stock.

*James Haines*  
James Haines

Subscribed and sworn to before me, a Notary Public, in and for the State of Kansas, this 24th day of July, 1986.



*Merce B. Suarez*  
Notary Public

My Commission Expires:

*February 16, 1987*

NAME OF PERSON FILING NOTIFICATION

Kansas Gas & Electric Company

DATE

7/24/86

NAME AND ADDRESS OF ENTITY MAKING ACQUISITION OR WHOSE ASSETS OR VOTING SECURITIES ARE BEING ACQUIRED IF DIFFERENT FROM THE ULTIMATE PARENT ENTITY IDENTIFIED IN ITEM 1(b)

Wolf Creek Nuclear Operating Corporation, P.O. Box 411, Burlington, Kansas 66839

PERCENT OF VOTING SECURITIES HELD BY ENTITY IDENTIFIED IN ITEM 1(b)

NONE

ITEM 2

2(a) DESCRIPTION OF ACQUISITION

Kansas Gas & Electric Company ("KG&E") together with two non-affiliated electric utilities, Kansas City Power and Light Company, 1330 Baltimore Avenue, Kansas City, Missouri 64105 and Kansas Electric Power Cooperative, Inc., P.O. Box 4077, Topeka Kansas 66619 ("KEPCo") own Unit No. 1 of the Wolf Creek Generating Station ("Wolf Creek Station") in the following percentages: KCP&L - 47%, KG&E - 47% and KEPCo - 6%. KCP&L, KG&E and KEPCo caused Wolf Creek Nuclear Operating Corporation ("WCNOC") to be incorporated in Delaware on April 14, 1986 to operate, maintain, repair, decommission and decontaminate the Wolf Creek Station for the benefit of the Station owners. WCNOC will be owned by the Station owners in the same percentages as their ownership interests in the Wolf Creek Station, with KG&E to acquire 47 shares of Class A Common Stock, KCP&L to acquire 47 shares of Class B Common Stock and KEPCo to acquire 6 shares of Class C Common Stock. The Wolf Creek Station owners and WCNOC have entered into an Operating Agreement, dated April 15, 1986, providing for WCNOC to operate, maintain, repair, decontaminate and decommission the Wolf Creek Station on behalf of the Wolf Creek owners. A copy of that Agreement is annexed as Exhibit 1.

1(b) SCHEDULED DATE OF CONSUMMATION WCNOC will issue shares of its common stock promptly after termination of the waiting period.

1(c) MANNER IN WHICH THE ACQUISITION IS TO BE CARRIED OUT

WCNOC was incorporated on April 14, 1986. KCP&L, KG&E and KEPCo will acquire their respective shares of WCNOC Common Stock after termination of the waiting period. Article 10 of the Operating Agreement among WCNOC and the Wolf Creek Station owners provides that the Agreement shall not become effective until receipt of all necessary governmental authorizations or January 1, 1987, whichever shall last occur. In order to undertake its responsibilities under the Operating Agreement WCNOC and/or the Wolf Creek Station owners will require the following governmental authorizations:

## Item 2(c) continued

(a) The issuance by the Kansas Corporation Commission ("KCC") of a Certificate of Public Convenience and authority. In July, 1986, WCNOG filed with the KCC an application for such a Certificate and the matter is pending before the KCC. A copy of that application is annexed as Exhibit 2. It is not known when the KCC will act on WCNOG's application.

(b) The issuance by the United States Nuclear Regulatory Commission ("NRC") of an amendment to the operating license for the Wolf Creek Station under the Atomic Energy Act of 1954, permitting WCNOG to assume the operating responsibilities for the Wolf Creek Station now held by KG&E. A copy of the application, dated April 15, 1986, to the NRC requesting issuance of such an amendment to the operating license is annexed as Exhibit 3.

(c) The exemption of KCP&L and KG&E from the provisions of the Public Utility Holding Company Act of 1935 (other than Section 9(a)(2) thereof). Section 3(a)(2) of that Act and Rule 2 of the Securities and Exchange Commission ("SEC") thereunder provide that such exemption shall be effective upon the filing in good faith of exemption statements with the SEC. Such exemption statements have not yet been filed with the SEC.

(d) Authorization under Section 305(b) of the Federal Power Act of 1935 for certain officers and directors of KCP&L and KG&E to hold such positions and also to hold positions as officers or directors of WCNOG. The requisite filings with the Federal Energy Regulatory Commission ("FERC") have not yet been made. It is believed, however, that Order No. 446 of the FERC, dated February 6, 1986, was intended to grant such authorization generally (and without entry of specific orders by the FERC) for officers and directors of entities similar to WCNOG although some ambiguity in this regard exists.

KCP&L will acquire 47 shares of Class B Common Stock  
 KG&E will acquire 47 shares of Class A Voting Stock  
 KEPCo will acquire 6 shares of Class C Voting Stock

## (b)(1) DOLLAR VALUE OF SECURITIES IN EACH CLASS BEING ACQUIRED:

WCNOC will have no significant assets, its sole function being to operate, maintain, repair, decontaminate and decommission the Wolf Creek Station for the benefit of the Station's co-owners. WCNOC Common Stock may not be transferred to anyone other than an owner of the Wolf Creek Station. Shares of WCNOC Common Stock have therefore been assigned a nominal value of \$1.00 per share, equivalent to their par value.

## (b)(2) TOTAL NUMBER OF EACH CLASS OF SECURITIES HELD BY ACQUIRING PERSON AS A RESULT OF THE ACQUISITION:

KG&E will hold 47 shares of Class A Common Stock as a result of the acquisition.

## (b)(3) PERCENTAGE OF EACH CLASS OF SECURITIES HELD BY ACQUIRING PERSON AS A RESULT OF THE ACQUISITION

As a result of the acquisition, KG&E will own 100% of the Class A Common Stock representing 47% of the total voting power of all shares of WCNOC Common Stock to be outstanding.

## (b)(4) DOLLAR VALUE OF SECURITIES TO BE HELD AS A RESULT OF THE ACQUISITION

The dollar value of the Class A Common Stock to be acquired by KG&E is \$47 (see answer to 2(e)(v) above).

(b)(5) SUBMIT A COPY OF MOST RECENT VERSION OF CONTRACT OR AGREEMENT (or letter of intent to merge or acquire)

DO NOT ATTACH THIS DOCUMENT TO THIS PAGE

ATTACHMENT OR REFERENCE NUMBER OF CONTRACT OR AGREEMENT 1

(b)(6) INCLUDE AN INDEX OF ANCILLARY DOCUMENTS

## ITEM 3

## ASSETS AND VOTING SECURITIES HELD AS A RESULT OF THE ACQUISITION

(M) PERCENTAGE OF ASSETS 47%(N) PERCENTAGE OF VOTING SECURITIES 47%(O) AGGREGATE TOTAL VALUE Since WCNOC is merely an operating corporation having no significant assets; the total value of assets and voting securities acquired will be nominal.

## ITEM 4 PERSONS FILING NOTIFICATION MAY PROVIDE BELOW AN OPTIONAL INDEX OF DOCUMENTS REQUIRED TO BE SUBMITTED BY ITEM 4. (SEE ITEM 6) ITEM INSTRUCTIONS. THESE DOCUMENTS SHOULD NOT BE ATTACHED TO THIS PAGE.

## (M) DOCUMENTS FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

## ATTACHMENT OR REFERENCE NUMBER

Proxy statement, dated April 15 , 1986	6
Annual Report on Form 10-K, for the year ended December 31, 1985	7
Quarterly Report on Form 10-Q for the quarter ended March 31, 1986	8
Current Report on Form 8-K dated June 19, 1986	9

## (M) ANNUAL REPORTS, ANNUAL AUDIT REPORTS, AND REGULARLY PREPARED BALANCE SHEETS.

## ATTACHMENT OR REFERENCE NUMBER

1985 Annual Report to Shareholders	10
Balance Sheet of KG&E March 31, 1986	11

## (M) STUDIES, SURVEYS, ANALYSES, AND REPORTS.

## ATTACHMENT OR REFERENCE NUMBER

None

NAME OF PERSON FILING NOTIFICATION

Kansas Gas & Electric Company

DATE 7/24/86

**ITEM 5**

5(a) DOLLAR REVENUES BY INDUSTRY

4-DIGIT  
INDUSTRY CODE

DESCRIPTION

1987 TOTAL  
DOLLAR REVENUES

The answers to Item 5 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KG&E are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

NAME OF PERSON FILING NOTIFICATION

Kansas Gas & Electric Company

DATE

7/24/86

1977 DOLLAR REVENUES BY MANUFACTURED PRODUCTS

7-DIGIT  
PRODUCT CODE

DESCRIPTION

1977 TOTAL  
DOLLAR REVENUES

NAME OF PERSON FILING NOTIFICATION

Kansas Gas & Electric Company

DATE

7/24/86

1986 PRODUCTS ADDED OR DELETED

DESCRIPTION (7-DIGIT PRODUCT CODE)

ADD

DELETE

YEAR  
OF  
CHANGE

TOTAL DOLLAR  
REVENUES

1986 DOLLAR REVENUES BY MANUFACTURED PRODUCT CLASS

3-DIGIT  
PRODUCT CLASS  
CODE

DESCRIPTION

YEAR

TOTAL DOLLAR REVENUE

NAME OF PERSON FILING NOTIFICATION

Kansas Gas & Electric Company

DATE 7/24/86

2000 DOLLAR REVENUES BY MANUFACTURED PRODUCT CLASS - CONTINUED

5-DIGIT  
PRODUCT CLASS  
CODE

DESCRIPTION

YEAR  
TOTAL DOLLAR REVE

3000 DOLLAR REVENUES BY NON-MANUFACTURING INDUSTRY

4-DIGIT  
INDUSTRY  
CODE

DESCRIPTION

YEAR  
TOTAL DOLLAR REV

NAME OF THE PERSON OR COMPANY  
Kansas Gas & Electric Company

DATE  
7/24/86

IS COMPLETE ONLY IF ACQUISITION IS THE FORMATION OF A JOINT VENTURE OR OTHER CORPORATION

NAME AND ADDRESS OF THE JOINT VENTURE OR OTHER CORPORATION

NOTE

(A) CONTRIBUTIONS THAT EACH PERSON FORMING THE JOINT VENTURE OR OTHER CORPORATION HAS AGREED TO MAKE.

(B) DESCRIPTION OF ANY CONTRACTS OR AGREEMENTS.

(C) DESCRIPTION OF ANY CREDIT GUARANTEES OR OBLIGATIONS.

(D) DESCRIPTION OF CONSIDERATION WHICH EACH PERSON FORMING THE JOINT VENTURE OR OTHER CORPORATION WILL RECEIVE.

(E) DESCRIPTION OF THE BUSINESS IN WHICH THE JOINT VENTURE OR OTHER CORPORATION WILL ENGAGE.

(F) SOURCE OF DOLLAR REVENUES BY 4-DIGIT SIC CODE.

NAME OF PERSON FILING NOTIFICATION  
Kansas Gas & Electric Company

DATE 7/24/86

**ITEM 6**

**(a) ENTITIES WITHIN PERSON FILING NOTIFICATION**

NONE

**(b) SHAREHOLDERS OF PERSON FILING NOTIFICATION**

KG&E is unaware of any person owning 5% or more of its Common Stock, its only class of outstanding voting securities.

NAME OF PERSON FILING NOTIFICATION  
Kansas Gas & Electric Company

DATE 7/24/86

600 HOLDINGS OF PERSON FILING NOTIFICATION

NONE

**ITEM 7 DOLLAR REVENUES**

7100 4-DIGIT SIC CODE AND DESCRIPTION

The answers to Item 7 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KG&E are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

7800 NAME OF EACH PERSON WHICH ALSO DERIVED DOLLAR REVENUES

NAME OF PERSON FILING NOTIFICATION

Kansas Gas & Electric Company

DATE 7/24/86

700 GEOGRAPHIC MARKET INFORMATION

NAME OF PERSON FILING NOTIFICATION  
Kansas Gas & Electric Company

DATE 7/24/86

2(a)(2) ASSETS TO BE ACQUIRED (to be completed only for assets acquisitions)

N/A

2(a)(3) ASSETS HELD BY ACQUIRING PERSON

N/A

2(a)(4) VOTING SECURITIES TO BE ACQUIRED

(a)(i) LIST AND DESCRIPTION OF VOTING SECURITIES AND LIST OF NON-VOTING SECURITIES:

WCNOC will have three classes of voting securities - Class A Common Stock, Class B Common Stock and Class C Common Stock. Descriptions of the voting rights of each class are contained in WCNOC's Certificate of Incorporation and By-laws, copies of which are annexed as Exhibits 4 and 5 hereto. WCNOC will have no non-voting securities outstanding after the acquisition.

(a)(ii) TOTAL NUMBER OF SHARES OF EACH CLASS OF SECURITY:

47 Shares of Class A Common Stock  
47 Shares of Class B Common Stock  
6 Shares of Class C Common Stock

(a)(iii) TOTAL NUMBER OF SHARES OF EACH CLASS OF SECURITY BEING ACQUIRED:

47 Shares of Class A Voting Stock will be acquired by KG&E.

(Item 2 (a) continued on 1

ITEM 8 VENDOR/VENORSE RELATIONSHIP

YES  NO (If vendor, complete the following)

PRODUCT PURCHASES

VENDOR

DOLLAR AMOUNT

The answers to Item 8 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KG&E are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

ITEM 9 PRIOR ACQUISITIONS (to be completed by acquiring person only)

The answers to Item 9 are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOG acquired by KG&E are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

NAME OF PERSON FILING NOTIFICATION  
Kansas Gas & Electric Company

DATE  
7/24/86

ITEM 10 IDENTIFICATION OF PERSON TO CONTACT REGARDING THIS REPORT

1001 NAME OF CONTACT PERSON

Douglas E. Davidson, Esq.

TITLE OF CONTACT PERSON

Attorney

FIRM NAME AND BUSINESS ADDRESS

Bishop, Liberman & Cook  
1155 Avenue of the Americas  
New York, New York 10024

BUSINESS TELEPHONE NUMBER

(212) 704-0100

1002 IDENTIFICATION OF AN INDIVIDUAL LOCATED IN THE UNITED STATES DESIGNATED FOR THE LIMITED PURPOSE OF RECEIVING NOTICE OF ISSUANCE OR QUEST FOR ADDITIONAL INFORMATION OR DOCUMENTS. (See § 802.202(2)(B))

NAME

Richard D. Terrell

TITLE

Secretary

ADDRESS

201 North Market  
Wichita, Kansas 67201

BUSINESS TELEPHONE NUMBER

(316) 261-6568

CERTIFICATION

This NOTIFICATION AND REPORT FORM, together with any and all appendices and attachments thereto, was prepared and assembled under my supervision in accordance with instructions issued by the Federal Trade Commission. Subject to the recognition that, where indicated, reasonable estimates have been made because books and records do not provide the required data, the information is, to the best of my knowledge, true, correct, and complete in accordance with the statute and rules.

NAME (Please print or type)

James Haines

TITLE

Group Vice President

SIGNATURE

*James Haines*

DATE

7-24-86

Subscribed and sworn to before me at the

City of Wichita State of Kansas

this 24th day of July 1986

Signature

*Merci B. Suarez*

My Commission expires February 16, 1987



(SEAL)

**APPENDIX: INSURANCE**

**ITEM 1**

**A PREMIUM RECEIPTS**

YEAR

**1 LIFE INSURANCE**

AMOUNT

1a. ORDINARY LIFE INSURANCE

1b. GROUP LIFE INSURANCE (including Federal Employees' Group Life Insurance and Serviceman's Group Life Insurance, but excluding credit life insurance)

1c. INDUSTRIAL LIFE INSURANCE

1d. CREDIT LIFE INSURANCE

**2 ANNUITY CONSIDERATIONS**

2a. INDIVIDUAL ANNUITY CONSIDERATIONS

2b. GROUP ANNUITY CONSIDERATIONS

**3 HEALTH INSURANCE**

3a. INDIVIDUAL HEALTH INSURANCE

3b. GROUP HEALTH INSURANCE

The answers to the Appendix are omitted pursuant to Section 803.2(c)(2) of the Commission's Premerger Notification Rules as the voting securities of WCNOC acquired by KG&E are exempt from the provisions of the Act by virtue of Section 802.20 of the Commission's Rules.

**TOTAL**

**B NEW BUSINESS**

YEAR

AMOUNT

1 ORDINARY LIFE INSURANCE

2 GROUP LIFE INSURANCE

3 INDUSTRIAL LIFE INSURANCE

4 CREDIT LIFE INSURANCE

**TOTAL**

**ITEM 2 PROPERTY LIABILITY INSURANCE**

YEAR

LINE OF INSURANCE

A. DIRECT PREMIUMS

B. NET PREMIUM

**ITEM 3 TITLE INSURANCE**

A. NET DIRECT PREMIUMS WRITTEN

B. DIRECT PREMIUMS EARNED

YEAR

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P. O. BOX 678

KANSAS CITY, MISSOURI 64141

September 22, 1986

A. DRUE JENNINGS

SENIOR VICE PRESIDENT

MARKETING

AND

PUBLIC AND EMPLOYEE RELATIONS

RECEIVED

SEP 22 1986

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION

William C. Harrelson, Esq.  
General Counsel  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102

Brian J. Moline, Esq.  
General Counsel  
Kansas Corporation Commission  
State Office Building  
Topeka, Kansas 66612

Re: Wolf Creek Nuclear Operating Corporation (WCNOC)

Dear Bill and Brian:

Please recall that WCNOC was incorporated in Delaware in April 1986, and received its authority to do business in Kansas that same month. The Delaware General Corporation Law was amended in June, and the WCNOC Board of Directors will consider a proposal at its meeting of September 26 to adopt a restated Certificate of Incorporation to conform to the Delaware law changes, and to effect certain other minor technical revisions. None of the proposed revisions result in any structural change in the Corporation or in its intended purposes and activities.

I am enclosing for your reference and study a copy of the new Delaware law, a New York Times article, a letter from Mr. James B. Liberman, who has provided legal advice to WCNOC and its owners, and a draft of the proposed restated Certificate. In the event the WCNOC Board of Directors acts to effect these changes, or any of them, I will supply you with the final document, and certainly file it as an exhibit in any proceedings pending before your respective Commissions.

Please call me if you have any questions or concerns.

Sincerely,



ADJ:bb

Enclosures

cc: Mr. John P. DeCoursey  
Mr. Philip Kassebaum

Mr. Charles L. Ross



*Imprinted*  
6-10-86

SPONSOR: Sen. Sharp & Rep. Spence, Sponsors:  
Sen. Bennett, Clon, Carney,  
Wagner, Zimmerman, Ryan,  
Molter, Neubert, Reynolds,  
Van Sant

DELAWARE STATE SENATE  
133RD GENERAL ASSEMBLY

SENATE BILL NO. \_\_\_\_\_ 533 JUN 10 1986

AN ACT TO AMEND TITLE 8 OF THE DELAWARE CODE RELATING TO THE DELAWARE GENERAL CORPORATION LAW.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE Two-thirds of all members elected to each House thereof concurring therein:

- 1 Section 1. Amend subsection (b)(5) of Section 102, Title 8, Delaware Code, by deleting the period at
- 2 the end of the subsection and substituting therefor a semicolon.
- 3 Section 2. Amend subsection (b) of Section 102, Title 8, Delaware Code, by adding a new subsection
- 4 (7) to read as follows:
- 5 " (7) A provision eliminating or limiting the personal liability of a director to the corporation or
- 6 its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such
- 7 provision shall not eliminate or limit the liability of a director (i) for any breach of the director's
- 8 duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or
- 9 which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of this
- 10 Title, or (iv) for any transaction from which the director derived an improper personal benefit. No
- 11 such provision shall eliminate or limit the liability of a director for any act or omission occurring
- 12 prior to the date when such provision becomes effective. All references in this subsection to a
- 13 director shall also be deemed to refer to a member of the governing body of a corporation which is
- 14 not authorized to issue capital stock."
- 15 Section 3. Amend subsection (b) of Section 145, Title 8, Delaware Code, by deleting the phrase "for
- 16 negligence or misconduct in the performance of his duty."
- 17 Section 4. Amend the first sentence of subsection (c) of Section 145, Title 8, Delaware Code, by (a)
- 18 deleting the phrase "as authorized by the board of directors in the specific case;" (b) deleting the word
- 19 "value;" after the word "amount;" and substituting therefor the word "LC" and (c) by adding the word "or"
- 20 after the phrase "returned that he is"

1 Section 5. Amend subsection (f) of Section 143, Title 8, Delaware Code, by (a) adding to the first  
2 sentence thereof the words "and advancement of expenses" after the phrase "the indemnification", (b)  
3 adding to that sentence the phrase ", or granted pursuant to, the other subsections of" after the words  
4 "provided by", (c) adding to that sentence the phrase "or advancement of expenses" after the phrase  
5 "seeking indemnification", (d) deleting the comma after the word "office" and substituting therefor a  
6 period, and (e) deleting from that sentence the phrase "and shall continue as to a person who has ceased  
7 to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and  
8 administrators of such a person".

9 Section 6. Amend Section 145, Title 8, Delaware Code, by adding a new subsection (d) to read as  
10 follows:

11 "The indemnification and advancement of expenses provided by, or granted pursuant to, this  
12 section shall, unless otherwise provided when authorized or ratified, continue as to a person who has  
13 ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs,  
14 executors and administrators of such a person."

15 Section 7. This Act shall become effective on July 1, 1936.

#### SYNOPSIS

Section 102(b)(7) and the amendments to Section 145 represent a legislative response to recent changes in the market for directors' liability insurance. Such insurance has become a relatively standard condition of employment for directors. Recent changes in that market, including the unavailability of the traditional policies (and, in many cases, the unavailability of any type of policy from the traditional insurance carriers) have threatened the quality and stability of the governance of Delaware corporations because directors have become unwilling, in many instances, to serve without the protection which such insurance provides and, in other instances, may be deterred by the unavailability of insurance from making entrepreneurial decisions. The amendments are intended to allow Delaware corporations to provide substitute protection, in various forms, to their directors and to limit director liability under certain circumstances.

#### Commentary on Section 102(b)(7)

This provision enables a corporation in its original certificate of incorporation or an amendment thereto validly approved by stockholders to eliminate or limit personal liability of members of its board of directors or governing body for violations of a director's fiduciary duty of care. However, the amendment makes clear that no such provision shall eliminate or limit the liability of a director for breaching his duty of loyalty, failing to act in good faith, engaging in intentional misconduct or knowingly violating a law, paying a dividend or approving a stock repurchase which was illegal under 8 Del. c. §174, or obtaining an improper personal benefit. This provision would have no effect on the availability of equitable remedies such as an injunction or rescission, for breach of fiduciary duty.

Commentary on Section 145(b)

Paragraph (b) has been amended to conform the standard for indemnification under the statute with the recent holdings of the Delaware Supreme Court. No substantive change in the law is intended.

Commentary on Section 145(e)

The first amendment to Section 145(e) deletes the previous requirement for authorization of advancement of

litigation expenses, "as authorized by the board of directors in the specific case" so as to permit general authorization of advancement of expenses including a mandatory certificate of incorporation or by-law provision to that effect. The second amendment to Section 145(e) changes the undertaking required for the advancement of expenses to directors and officers so as not to create an obligation to repay unless a specific determination is made that the director or officer is not entitled to be indemnified as authorized in Section 145. Nothing in these changes to subsection (e) relieves the board of directors from its affirmative duty to see that the determination required by subsection (d) is made for any indemnification under subsections (a) and (b).

Commentary on Section 145(f)

The addition of the phrase "and advancement of expenses" is intended to make clear that the "other rights" provided for in Section 145(f) may include rights to have expenses advanced on terms other than those provided in Section 145(e). The phrase "and shall continue as to a person who has ceased to be a director, officer, employee or agent" has been relocated to a new subsection (j).

Commentary on Section 145(j)

New subsection 145(j) has been added to set forth the provision from Section 145(f) referred to above. No substantive change in the law is intended.

# Delaware Law Allows Eased Director Liability

By TAMAR LEWIN

The Governor of Delaware, home to many of the nation's major corporations, yesterday signed into law a provision that would allow corporations to eliminate the financial liability of their directors for some kinds of mistakes.

According to Anthony G. Flynn, counsel to Gov. Michael N. Castle, the new law is intended to help the many corporations that are having trouble getting people from outside the company to serve on boards of directors, because of a widespread, and growing, fear that directors will be held personally liable for bad decision making.

The law becomes effective July 1.

*Under the law, shareholders could vote to put into the certificate of incorporation a provision limiting — or eliminating — the directors' liability for their failure to live up to what is legally known as the duty of due care.*

## Stockholder Vote Required

"The important thing about this is that the stockholders would have to vote on it," said Rodman Ward, a partner at Skadden, Arps, Slate, Meagher & Fiom's Wilmington, Del., office. "It can't be done by the directors themselves. The other thing to

remember is that the law cannot be used to eliminate directors' liability for breach of faith or willful misconduct."

Because of the increasing unavailability of directors' and officers' insurance, and the difficulty many corporations are having in keeping independent board members, a handful of states have passed laws limiting directors' financial liability. The laws in other states have taken different approaches, either setting an automatic limit on directors' liability or providing for indemnification by the corporation. But other states have not required a shareholder vote and their laws are not likely to have as much effect as the new Delaware law, because so many businesses are incorporated in Delaware.

"We considered other approaches, such as indemnification, but we thought the idea of allowing the shareholders to vote on what they wanted to do about liability was better, since it fits in with the idea of corporate democracy and shareholder rights," Mr. Flynn said. "I expect that this issue will show up on a lot of proxies next year, since I know that many corporations are very concerned about it. The bottom line is that a lot of them have had their out-

Continued on Page D5

# Delaware Directors' Liability

Continued From First Business Page  
side directors resign because of the liability question."

Mr. Ward, too, expects that many corporations will seek to limit their directors' liability.

## 'A Financial Shield'

"It's a financial shield for directors at companies where the shareholders believe that the way to get decent directors is to assure them that if they slip up, they won't be sued for a million dollars," Mr. Ward said.

Delaware may be providing a partial solution to the liability problem now, Mr. Ward and others said, but it was also the Delaware courts that gave rise to most of the directors' fears, in a 1985 decision imposing individual liability on the directors of Trans Union for their failure to deliberate diligently enough about an offer to buy the company.

In that case, *Smith v. Van Gorkem*, the Supreme Court of Delaware said the directors should be personally liable because they had decided to sell the company two hours after receiving an offer, without even consulting an investment banker.

The court said they should pay the difference between the offer they accepted and the price the company might have commanded on the open market — and because that amounted to more than the company's insurance, the directors would have had to pay the money out of their pockets if the members of the Pritzker family, who bought the company, had not volunteered to pay it for them.

VIA FEDERAL EXPRESS

**BISHOP, LIBERMAN & COOK**

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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H. ORREN HERRICK\*  
CORNELIUS C. SHIELDS\*  
COUNSEL

BERLACH, ISRAELS & LIBERMAN  
1952-1982

KENNETH R. ASHER  
LEONARD W. BELTER  
JOHN E. BERNETT  
WAYNE S. BISHOP\*  
ROBERT H. BOW  
RICHARD C. BROWNE\*  
DONALD G. CLARK\*  
MARLOW W. COOK\*  
CHARLES S. CORBEN  
WILLIAM D. COSTON\*  
DONALD R. DARRNER\*  
DOUGLAS E. DAVIDSON  
MARK L. DAVIDSON  
BRUCE L. DOWNEY\*  
SCOTT M. DUBOFF\*  
M. JACK DURKIN  
LEONARD EPSTEIN  
H. LAWRENCE FOX\*  
WILLIAM G. HANDFIELD\*  
ERIC L. HIRSCHMORN  
JAMES R. JACKSON\*  
CHARLES R. JOHNSTON, JR.\*  
IRA H. JOLLES  
THOMAS C. WILLIAMS\*

THOMAS M. KEELING\*  
JOHN C. KIRTLAND\*  
ZAME ALBIN  
JOSEPH S. KNOTT, JR.\*  
MARC B. LASKY  
JAMES S. LIBERMAN  
RICHARD LITTELL  
RICHARD J. LUBASCH  
WILLIAM J. MADDEK, JR.\*  
J. MICHAEL MCGARRY, III\*  
ROBERT L. MCGEORGE\*  
JESSE R. MEER  
ROBERT M. MILLER  
ROSS O'DONOGHUE\*  
JOHN P. PROCTOR  
GRANAM S. PURCELL, JR.\*  
NICHOLAS S. REYNOLDS\*  
DAVID E. BATTERFIELD, III\*  
FREDERICK T. BEARLS\*  
HARTIN S. SIEGEL  
DAVID A. STRUMWASSER  
RICHARD R. WALKER\*  
MCNEILL WATKINS II\*

\*NOT ADMITTED IN NEW YORK

September 18, 1986

A. Drue Jennings, Esq.  
Secretary and General Counsel  
Wolf Creek Nuclear Operating Corporation  
c/o Kansas City Power & Light Company  
1330 Baltimore Avenue  
Kansas City, Missouri 64105

Dear Drue:

In accordance with your request, I have prepared and enclose several copies of a proposed Restated Certificate of Incorporation of Wolf Creek Nuclear Operating Corporation, one copy of which I have marked to indicate additions and deletions. The following comments may assist your review:

1. Page 2 - ARTICLE THIRD - In the third and fourth lines, I have added the phrase "as agent for the owners of that station."
2. Page 4 - ARTICLE FOURTH - Paragraph 4 - I have substituted the phrase "as amended prior to the date of such issuance" for the phrase "as the same may be amended from time to time" in the last line of that paragraph.

3. Page 4 - ARTICLE FOURTH - I have corrected the corporate name of Kansas Electric Power Cooperative, Inc. in the last line.

4. Page 4 - I have deleted ARTICLE FIFTH of the original certificate of incorporation (setting forth the names and addresses of the incorporators) since the Delaware law permits that omission in a restated certificate.

5. Page 5 - I have deleted the portion of ARTICLE SIXTH of the original certificate of incorporation giving the names and mailing addresses of the original directors since the Delaware law permits that omission in a restated certificate of incorporation. I have also deleted the paragraph dealing with the Thirteenth Director, immediately following the list of directors in the original certificate of incorporation, because that paragraph is now unnecessary (i.e. it was included only because the other twelve original directors were identified by name) and the subject is now dealt with in the last sentence of clause (i) of paragraph (3) of ARTICLE FOURTH. The next to last paragraph of ARTICLE SIXTH of the original certificate of incorporation (with the deletion of the word "Thereafter") is now paragraph (1) of ARTICLE FIFTH of the Restated Certificate and paragraph (2) of ARTICLE SIXTH of the original certificate is now paragraph (2) of ARTICLE FIFTH Of the Restated Certificate.

6. Pages 5 and 6 - ARTICLE SEVENTH - I have added a new paragraph (d) to include the provisions authorized by 1986 amendments to the Delaware law.

A. Drue Jennings, Esq.  
September 18, 1986  
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7. Page 5 - Assuming that WCNOG has not received any payment for its stock before the amendment is adopted, the restated certificate is to be adopted under § 241 of the Delaware Corporation Law by a majority of directors. I have assumed that it will be adopted by all the directors who are present at the meeting on September 26, 1986, but that it will not be filed with the Delaware Secretary of State until the notification requirements of the Missouri PSC have been satisfied.

Sincerely,

  
James B. Liberman

JBL/su  
Enclosure

RESTATED CERTIFICATE OF INCORPORATION  
OF  
WOLF CREEK NUCLEAR OPERATING CORPORATION

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We, Glenn L. Koester, Vice President and A. Drue Jennings, Secretary, of Wolf Creek Nuclear Operating Corporation, a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

FIRST: That the name of the corporation is Wolf Creek Nuclear Operating Corporation.

SECOND: That the Certificate of Incorporation of the Corporation was filed by the Secretary of State, Dover, Delaware, on the 14th day of April, 1986.

THIRD: The amendments to and the restatement of the Certificate of Incorporation have been duly adopted in accordance with the provisions of Sections 245 and 241 of the General Corporation Law of the State of Delaware and in the manner prescribed by Section 241 of the General Corporation Law, the Corporation not having received any payment for any of its stock.

FOURTH: That the text of the Certificate of Incorporation of said Wolf Creek Nuclear Operating Corporation is hereby amended and restated to read in full as follows:

CERTIFICATE OF INCORPORATION  
OF  
WOLF CREEK NUCLEAR OPERATING CORPORATION

ARTICLE FIRST

The name of the Corporation is Wolf Creek Nuclear Operating Corporation.

ARTICLE SECOND

Its registered office in the State of Delaware is to be located at 229 South State Street, in the City of Dover, County of Kent. The name of its registered agent at such address is United States Corporation Company.

ARTICLE THIRD

The nature of the business or purposes to be conducted or promoted is to operate, maintain, repair, decontaminate and decommission the Wolf Creek Generating Station as agent for the owners of that Station and to engage in any other lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE FOURTH

(1) The aggregate number of shares of capital stock which this Corporation shall have authority to issue shall be 100 shares of Common Stock. No additional shares of capital stock of the Corporation shall be authorized and issued.

(2) The shares of capital stock of the Corporation will be divided into three classes of Common Stock as follows: forty-seven (47) shares of "Class A Stock", with a par value of One Dollar (\$1) per share; forty-seven (47) shares of "Class B Stock", with a par value of One Dollar (\$1) per share; and six (6) shares of "Class C Stock", with a par value of One Dollar (\$1) per share.

(3) The shares of all classes of Common Stock shall be entitled in all respects to equal rights and privileges, except

for voting rights as expressly set forth in this Article.

- (i) The Board of Directors shall consist of thirteen (13) directors. With respect to the election of directors, holders of Class A Stock shall vote as a separate class and be entitled to elect five (5) directors (the "Class A Directors"); holders of Class B Stock shall vote as a separate class and be entitled to elect five (5) directors (the "Class B Directors"); and holders of Class C Stock shall vote as a separate class and be entitled to elect two (2) directors (the "Class C Directors"). Each class shall act by a majority vote of its shareholders in electing directors for the class. The remaining director (the "Thirteenth Director") shall be elected by the unanimous vote of all shareholders of all classes of Common Stock voting together as a single class.
- (ii) Each of the Class A, Class B and Class C directors shall serve for a term of one (1) year and until his respective successor shall be elected and shall qualify. The holders of any class of Common Stock may, voting as a separate class, remove, with or without cause, any individual director who was originally elected by the shareholders of such class, voting as a separate class. The Thirteenth Director shall serve at the pleasure of the shareholders. At a meeting of shareholders called for such purpose, the Thirteenth Director may be removed with or without cause by the holders of a majority of shares of all classes of Common Stock voting together as a single class.
- (iii) In the event a vacancy occurs on the Board of Directors, that vacancy shall be filled only by a separate vote of the holders of that class of Common Stock which had elected the original director, except for filling a vacancy in the position held by the Thirteenth Director, which shall be filled in the same manner as the Thirteenth Director was elected.
- (iv) The holders of Class A Stock, Class B Stock, and Class C Stock shall in all matters, except as provided for in the General Corporation Law of Delaware, this Certificate of Incorporation or the By-Laws, vote

together as a single class with each such share entitled to one vote.

(4) All one hundred (100) shares of Common Stock shall be issued to the owners of the Wolf Creek Generating Station proportionately in accordance with their respective ownership interests in Wolf Creek Generating Station Unit No. 1 under the Wolf Creek Station Ownership Agreement dated December 28, 1981, as amended prior to the date of such issuance.

(5) No shareholder shall have the right or power to pledge, hypothecate, sell or otherwise dispose of any shares of stock in this Corporation (except as additional security under the provisions of any mortgage indenture with respect to its ownership interest in Wolf Creek Generating Station Unit No. 1) unless and to the same extent its respective ownership share in the Wolf Creek Generating Station Unit No. 1 should change. In such event, the holder will surrender or cause to be surrendered, its certificate representing shares of Common Stock to the Corporation for reissuance in accordance with Section (4) of this Article and the Corporation's By-Laws. Unless and until its respective ownership interest in the Wolf Creek Generating Station Unit No. 1 should change (in which case such holder will surrender or cause to be surrendered its certificate representing shares of Common Stock to the Corporation for reissuance in accordance with Section (4) of this Article and the Corporation's By-Laws), each of the following entities shall own and hold all of the following classes of shares of Common Stock of the Corporation:

Kansas Gas and Electric Corporation	- Class A Shares
Kansas City Power & Light Company	- Class B Shares
Kansas Electric Power Cooperative, Inc.	- Class C Shares

#### ARTICLE FIFTH

(1) The number of directors to constitute the Board of Directors shall be fixed by, or in the manner provided in, Article Fourth of this Certificate of Incorporation.

(2) At all meetings of the Board of Directors, a majority of the full number of directors prescribed by Article Fourth of this Certificate of Incorporation shall be required to constitute

a quorum for the transaction of business, even though there may be one or more vacancies on the Board of Directors. All actions taken by the Board of Directors shall require a majority vote of the directors present at any meeting of the Board of Directors at which there is a quorum, provided that such majority must include the votes of directors who have been elected by the holders of two (2) or more different classes of Common Stock voting as separate classes.

#### ARTICLE SIXTH

The Corporation is to have perpetual existence.

#### ARTICLE SEVENTH

Subject to the provisions of the laws of the State of Delaware, the following provisions are adopted for the management of the business and for the conduct of the affairs of the Corporation, and for defining, limiting and regulating the powers of the Corporation, the directors and the stockholders:

- (a) The books of the Corporation may be kept outside the State of Delaware at such places or places as may from time to time be designated by the Board of Directors.
- (b) The business and affairs of the Corporation shall be managed by its Board of Directors.
- (c) The Corporation reserves the right to amend, alter, change, add to or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute; and all rights herein conferred are granted subject to this reservation; provided, that no such amendment, alteration, change, addition to or repeal of any provision hereof shall be made without the unanimous approval of the holders of all shares of all classes of Common Stock of the Corporation.
- (d) In implementation of the Laws of 1986 of the State of Delaware and of the amendments of Sections 102 and 145, of the General Corporation Law of the State of Delaware, effected by said Laws of 1986,

(1) directors of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director (i) for any breach of a director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of Title 8 of the Delaware Code, (iv) for any transaction from which the director derived an improper personal benefit, or (v) for any act or omission occurring prior to April 14, 1986.

(2) directors and officers of the Corporation shall receive indemnification and advancement of expenses to the fullest extent authorized by Section 145 of Title 8 of the Delaware Code as so amended.

this IN WITNESS WHEREOF, we have signed this Certificate day of October, 1986.

Glenn L. Koester, Vice President

[SEAL]

ATTEST:

A. Drue Jennings, Secretary