

Kansas City Power & Light Company

Risk Premium Analysis

| | MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1) | AUTHORIZED ELECTRIC RETURNS (2) | INDICATED RISK PREMIUM |
|---------|---|---------------------------------------|------------------------------|
| 1980 | 13.15% | 14.23% | 1.08% |
| 1981 | 15.62% | 15.22% | -0.40% |
| 1982 | 15.33% | 15.78% | 0.45% |
| 1983 | 13.31% | 15.36% | 2.05% |
| 1984 | 14.03% | 15.32% | 1.29% |
| 1985 | 12.29% | 15.20% | 2.91% |
| 1986 | 9.46% | 13.93% | 4.47% |
| 1987 | 9.98% | 12.99% | 3.01% |
| 1988 | 10.45% | 12.79% | 2.34% |
| 1989 | 9.66% | 12.97% | 3.31% |
| 1990 | 9.76% | 12.70% | 2.94% |
| 1991 | 9.21% | 12.55% | 3.34% |
| 1992 | 8.57% | 12.09% | 3.52% |
| 1993 | 7.56% | 11.41% | 3.85% |
| 1994 | 8.30% | 11.34% | 3.04% |
| 1995 | 7.91% | 11.55% | 3.64% |
| 1996 | 7.74% | 11.39% | 3.65% |
| 1997 | 7.63% | 11.40% | 3.77% |
| 1998 | 7.00% | 11.66% | 4.66% |
| 1999 | 7.55% | 10.77% | 3.22% |
| 2000 | 8.14% | 11.43% | 3.29% |
| 2001 | 7.72% | 11.09% | 3.37% |
| 2002 | 7.53% | 11.16% | 3.63% |
| 2003 | 6.61% | 10.97% | 4.36% |
| 2004 | 6.20% | 10.75% | 4.55% |
| 2005 | 5.67% | 10.54% | 4.87% |
| Sep-06 | 6.02% | 10.34% | 4.32% |
| AVERAGE | 9.35% | 12.48% | 3.13% |

INDICATED COST OF EQUITY

| | |
|--|--------|
| PROJECTED TRIPLE-B UTILITY BOND YIELD* | 6.30% |
| MOODY'S AVG ANNUAL YIELD DURING STUDY | 9.35% |
| INTEREST RATE DIFFERENCE | -3.05% |

| | |
|----------------------------------|---------|
| INTEREST RATE CHANGE COEFFICIENT | -42.20% |
| ADJUSTMENT TO AVG RISK PREMIUM | 1.29% |

| | |
|--------------------------|-------|
| BASIC RISK PREMIUM | 3.13% |
| INTEREST RATE ADJUSTMENT | 1.29% |
| EQUITY RISK PREMIUM | 4.42% |

| | |
|--|---------------|
| PROJECTED TRIPLE-B UTILITY BOND YIELD* | 6.30% |
| INDICATED EQUITY RETURN | 10.72% |

Sources:

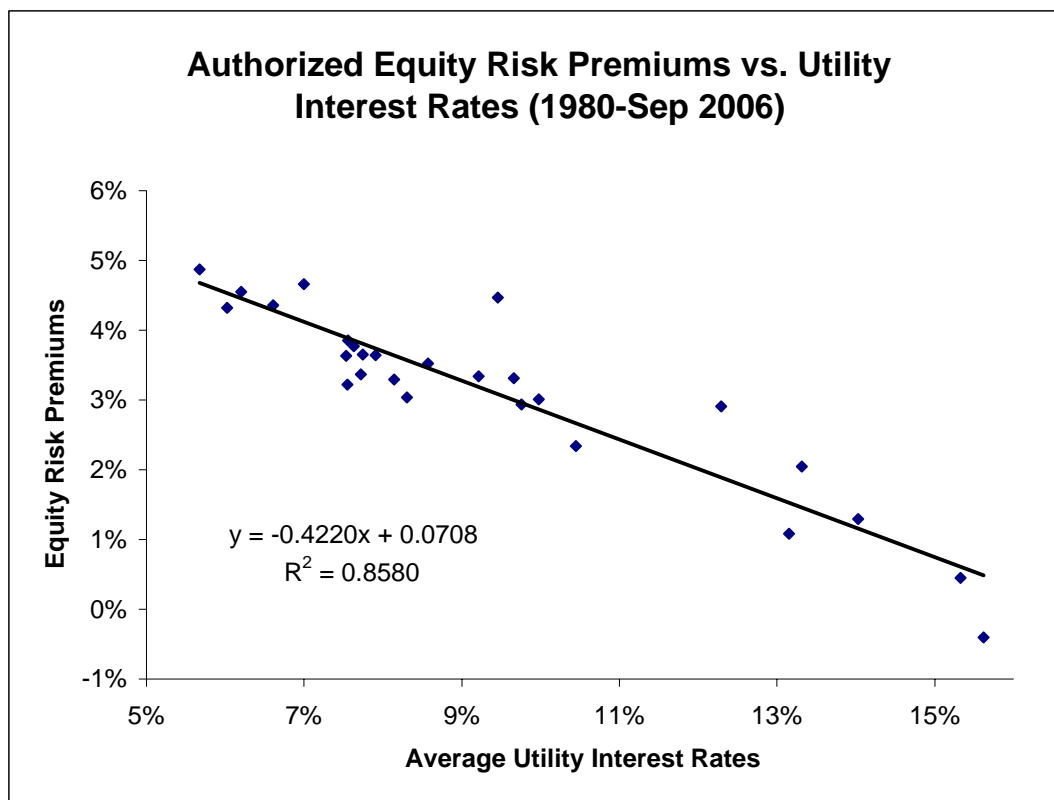
(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Projected triple-B utility bond yield is 130 basis points over projected long-term Treasury rate from page 3 of Schedule SCH-3. The average triple-B spread during 2006 was 133 basis points.

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Risk Premium Analysis



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Summary of DCF and Risk Premium ROE Estimates

| | |
|---|---------------------------|
| <u>DCF Analysis</u> | <u>Indicated Cost</u> |
| Constant Growth (GDP Growth) | 10.7%-10.8% |
| Multistage Growth Model | 10.5% |
| Reasonable DCF Range | <u>10.5%-10.8%</u> |
| <u>Risk Premium Analysis</u> | <u>Indicated Cost</u> |
| Utility Debt + Risk Premium | |
| Risk Premium (6.30% + 4.42%) | 10.72% |
| Ibbotson Risk Premium Analysis | |
| Risk Premium (6.30% + 4.5%) | 10.80% |
| Harris-Marston Risk Premium | |
| Risk Premium (6.30% + 5.13%) | 11.43% |
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| Reference Group Cost of Equity Estimate | <u>10.75%</u> |
| KCPL Cost of Equity Capital | <u>11.25%</u> |
