

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

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KANSAS CITY POWER & LIGHT COMPANY

330 BALTIMORE AVENUE
KANSAS CITY, MISSOURI 64105

LAW DEPARTMENT
(913) 396-2783

October 1, 1986

Stanfield

Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

RE: 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. Hubbs:

Enclosed for filing are the original and fourteen copies of
KCPL's Application in the above matter. Two copies of the
Application have also be served upon Public Counsel this day.

Please bring this matter to the Commission's attention.

Very truly yours,

Mark G. English
Mark G. English

MGE:cb
Enc.
cc: Office of the Public Counsel

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PUBLIC SERVICE COMMISSION

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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)

Case No. EF-87-29

APPLICATION

Comes now Kansas City Power & Light Company (KCPL), and requests authority from and approval of this Commission to acquire certain shares of stock of Wolf Creek Nuclear Operating Company. KCPL states in support that:

1. KCPL is a corporation duly organized and existing under the laws of the State of Missouri, with its principal office at 1330 Baltimore Avenue, Kansas City, Missouri 64105, and is an electrical corporation and public utility as defined in Section 386.020, RSMo 1978. KCPL is engaged principally in the generation, transmission, distribution and sale of electric energy and power in Missouri and Kansas, and to a lesser extent in the furnishing of steam heating service in downtown Kansas City, Missouri.

2. Communications regarding this matter should be addressed to:

A. Drue Jennings
Senior Vice President
Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64103
(816)556-2788

3. KCPL has a 47 percent undivided ownership interest in Wolf Creek Generating Station (Wolf Creek), located near Burlington, Kansas. The other owners of Wolf Creek are Kansas Gas and Electric Company (KGE), a 47% owner, and Kansas Electric Power Cooperative, Inc. (KEPCO), a 6% owner. The owners have caused to be incorporated under Delaware law on April 14, 1986, Wolf Creek Nuclear Operating Corporation (WCNOC), for the purpose of operating, maintaining, repairing, decommissioning and decontaminating Wolf Creek. WCNOC will not own any electric plant, as that term is defined in Section 386.020.5, RSMo 1978.

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It will also not engage in the sale or transmission of electricity. The ownership of Wolf Creek equipment, plant and generating machinery shall continue to reside in the owners, while responsibility for the operation of Wolf Creek shall be transferred to WCNOG upon the receipt of all necessary authorizations and approvals.

4. A true copy of WCNOG's Certificate of Incorporation and Bylaws are attached as Exhibits A and B, respectively. WCNOG, KCPL, KGE, KEPCo have entered into an Operating Agreement (a true copy of which is attached as Exhibit C), setting forth WCNOG's responsibilities, as operating agent for the Owners, of continuing the safe operation, maintenance and repair of Wolf Creek and for its eventual decontamination and decommissioning. WCNOG will charge no fees and make no profit; its actual costs will be reimbursed by the owners in proportion to their ownership interests.

5. WCNOG does not now have outstanding any securities. During 1986, it 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, all of which will be owned by KGE, 47 shares of Class B Common Stock, all of which will be owned by KCPL, and 6 shares of Class C Common Stock, all of which will be owned by KEPCo. Thus, the owners of all the shares of the Common Stock of WCNOG will be identical with the owners, and their respective ownership shares of undivided interests as tenants-in-common, in Wolf Creek.

6. WCNOG's Certificate of Incorporation provides that its board of directors shall consist of 13 individuals, 5 of whom shall be elected by the holders of WCNOG's Class A Common Stock (the "Class A" directors), 5 of whom shall be elected by the holders of WCNOG's Class B Common Stock (the "Class B" directors), 2 of whom shall be elected by the holders of WCNOG's Class C Common Stock (the "Class C" directors), and the 13th of whom (who shall also be Applicant's chief executive officer) shall be elected by all shares of WCNOG's Common Stock voting as a single

class. The names and mailing addresses of each of WCNOC's twelve initial directors, each of whom is a citizen of the United States, are set forth in Article Fourth of said Certificate of Incorporation. The 13th Director and chief executive officer has not yet been selected and elected to office.

7. The formation of WCNOC will accomplish a transfer of the direct responsibility for operating, maintaining, repairing, decontaminating and decommissioning Wolf Creek from the Owners' present Operating Agent (KG&E) to WCNOC. To enable WCNOC 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 WCNOC.

8. In order to undertake and perform the responsibilities set forth in the Operating Agreement, WCNOC and/or its prospective shareholders require the following governmental authorizations or filings:

(a) the issuance by the Kansas Corporation Commission of a Certificate of Public Convenience and Authority to WCNOC; an Application for such was filed on July 29, 1986

(b) the issuance by the Nuclear Regulatory Commission of an amendment to the operating license for Wolf Creek under the Atomic Energy Act, permitting WCNOC to assume the operating responsibilities for Wolf Creek now held by KGE; an application for such was filed on April 15, 1986. and notice of such was given in Volume 51, No. 156, p. 29002 of the Federal Register dated August 13, 1986.

(c) the exemption of KCPL and KGE from the provisions of the Public Utility Holding Company Act of 1935 (PUHCA) other than Section 9(a)(2) thereof; Section 3(a)(2) of PUHCA 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

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

9. KCPL is aware that Section 393.190.2, RSMo 1978 requires approval of the Commission for any electric utility within its jurisdiction to "acquire the stock or bonds of any other corporation incorporated for, or engaged in, the same or a similar business". KCPL does not believe, however, that its proposed

acquisition of the Class B Common Stock of WCNOC falls within the terms of that requirement. That requirement in Section 393.190.2, RSMo 1978 is part of a statutory scheme which was promulgated to confer jurisdiction by the Commission over purchases of stock by electric utilities or holding companies which can determine, change or affect the nature of the corporate entities providing electric utility service within Missouri. Because WCNOC will not own any utility property and will not engage in the business of selling electricity, either at wholesale or retail, WCNOC will not be engaged in "the same or a similar business" within the meaning of Section 393.190.2, RSMo 1978. In addition, because WCNOC has been established solely to assume operating responsibility for Wolf Creek, and is not located in Missouri, KCPL's acquisition of its Class B Common Stock will not be an acquisition of stock of the kind that Section was intended to cover.

10. However, KCPL has filed this Application to resolve any possible question in that regard in light of the provisions of Section 393.190.2, RSMo 1978 which make void any stock transfer in contravention of that Section. KCPL simply will not be able to participate in the ownership and management of WCNOC if its purchase of WCNOC's Class B Common Stock, necessary for that participation, is ever voided for a failure to comply with Section 393.190.2, RSMo 1978. Accordingly, without waiving its interpretation of the inapplicability of that Section to its intended purchase of the Class B Common Stock to be issued by WCNOC, KCPL hereby makes the instant Application for authority to purchase that stock.

11. For the reasons indicated in paragraphs 12 and 13 below, KCPL's acquisition of the Class B Common Stock to be issued by WCNOC will not be detrimental to the public interest and will, in fact, be in the public interest.

12. Given the size and importance of Wolf Creek for each of its three owners and the State of Missouri, 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 owners' 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 station.

13. The formation and operation of WCNOG do not have the intent or effect of insulating Wolf Creek's investment or operation from this Commission's jurisdiction and oversight. While WCNOG is a separate corporation, all of its activities will be carried out as an agent for the owners. Under Article 7 of the Operating Agreement, WCNOG cannot own any utility property; a unanimous vote of the owners is required to amend the Operating Agreement, and KCPL will provide to this Commission 30 days' advance written notice of proposed amendments to the Certificate of Incorporation, Bylaws and Operating Agreement. KCPL will also provide the Commission with a copy of any proposed changes to the Wolf Creek Operating License. In addition, KCPL would be required to obtain Commission approval pursuant to Section 393,190.1, RSMo 1978 for any future transfer of Wolf Creek ownership to WCNOG (not currently contemplated), and hereby commits to do so in that eventuality. Finally, KCPL, and thus this Commission, has the right under the Operating Agreement to inspect the books, records and memoranda prepared and kept by WCNOG.

14. A certified copy of the resolution of the Board of Directors of KCPL authorizing all necessary, proper or convenient actions for the transfer of operating responsibility to WCNOG is attached as Exhibit D. A certified copy of a certain resolution

adopted by the Board of Directors of WCNOC at a regularly scheduled meeting on September 26, 1986, is attached as Exhibit E. Once all requisite approvals and authorizations are obtained, WCNOC will issue 47 shares of Class A Common Stock to KGE, 47 shares of Class B Common Stock to KCPL, and 6 shares of Class C Common Stock to KEPCo, at a purchase price of \$1.00 per share.

15. As noted in paragraph 7, the assumption by WCNOC of responsibility for the operation of Wolf Creek requires other regulatory authorizations. Therefore, KCPL requests that the Commission promptly process and approve this Application. KCPL will keep the Commission informed of the progress of the other regulatory proceedings.

WHEREFORE, KCPL prays an Order of the Commission authorizing the acquisition by KCPL of 47 shares of Class B Common Stock of WCNOC, and such other and further relief as to the Commission appears just and reasonable.

KANSAS CITY POWER & LIGHT COMPANY

By *A. Drue Jennings*
A. Drue Jennings

Mark G. English
Mark G. English
1330 Baltimore Avenue
Kansas City, Missouri 64105
(816)556-2784

ATTORNEY FOR
KANSAS CITY POWER & LIGHT COMPANY

VERIFICATION

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

On this 29th day of September, 1986, before me, the undersigned, a notary public in and for the county and state aforesaid, came A. Drue Jennings, Senior Vice President-Marketing and Public and Employee Relations of Kansas City Power & Light Company, a corporation duly organized, incorporated and existing under and by virtue of the laws of the State of Missouri, and who is personally known to me to be the same person who executed the within instrument on behalf of said corporation, and such person duly acknowledged the execution of the same to be the free act and deed of said corporation.

In witness whereof, I have hereunto set my hand and affixed my seal the day and year last above written.

Patricia A. Weaver
Notary Public

My Commission Expires:

PATRICIA A. WEAVER
NOTARY PUBLIC STATE OF MISSOURI
JACKSON CO.
MY COMMISSION EXP. FEB. 26, 1989
ISSUED THRU MISSOURI ROTARY ASSOC.



CERTIFICATE OF INCORPORATION OF
WOLF CREEK NUCLEAR OPERATING CORPORATION

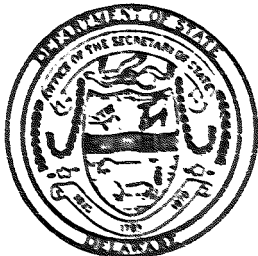
Exhibit A



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 A.D. 1966

Robert J. Lonsberry

RECORDER

BY-LAWS OF WOLF CREEK NUCLEAR OPERATING CORPORATION

EXHIBIT B

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.

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 15th 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

EXHIBIT C

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. Proctor
Asst. Secretary

By: Wilson K. Cochran

ATTEST:

KANSAS CITY POWER & LIGHT COMPANY

A. J. [unclear]
Secretary

By: Arthur J. Doyle

ATTEST:

KANSAS ELECTRIC POWER COOPERATIVE, INC.

R. D. Speece
Secretary

By: Charles J. Ellis

ATTEST:

WOLF CREEK NUCLEAR OPERATING CORPORATION

A. J. [unclear]
Secretary

By: Forest G. [unclear]

KANSAS CITY POWER & LIGHT COMPANY

CERTIFICATE OF SECRETARY

I, Jeanie Sell Latz, Assistant Secretary of Kansas City Power & Light Company (the "Company"), do hereby certify that attached hereto is a true and correct copy of a resolution duly adopted by the Board of Directors of said Kansas City Power & Light Company at a meeting held on March 11, 1986, at which a quorum for the transaction of business was present and acting throughout, which resolution has not been amended nor rescinded and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of this 19th day of August, 1986.


Assistant Secretary
Kansas City Power & Light Company



EXCERPTS FROM MINUTES OF A
MEETING OF THE BOARD OF DIRECTORS
OF KANSAS CITY POWER & LIGHT COMPANY

March 11, 1986

RESOLVED, that the Certificate of Incorporation of the Wolf Creek Nuclear Operating Corporation, the By-laws of the Wolf Creek Nuclear Operating Corporation, and the Wolf Creek Generating Station Operating Agreement, each in the form heretofore presented at this meeting be, and they hereby are, approved; and in the case of the Certificate of Incorporation of the Wolf Creek Nuclear Operating Corporation the officers of the Company are hereby authorized to make the necessary and appropriate filings with the Secretary of State of the State of Delaware, and that the appropriate officers of the Company be, and each of them hereby is, authorized to execute and deliver the Operating Agreement in substantially the form heretofore approved at such time or times as the officers executing and processing the same shall determine, but with such changes therein as the officers executing the same approve, their approval to be conclusively evidenced by their execution or filing thereof.


FURTHER RESOLVED, that the officers of this Company be, and hereby severally are, authorized and empowered to take or cause to be taken any and all such further action (including Nuclear Regulatory Commission licensing proceedings and Kansas Corporation Commission certification proceedings), to make or cause to be made all such payments, and to execute, acknowledge and deliver all such additional instruments as may, in the judgment of said officers, be necessary, proper or convenient in order to carry out the intent and purposes of the resolution adopted at this meeting.

WOLF CREEK NUCLEAR OPERATING CORPORATION

CERTIFICATE OF SECRETARY

I, A. Drue Jennings, Secretary of Wolf Creek Nuclear Operating Corporation (the "Company"), do hereby certify that attached hereto is a true and correct copy of an excerpt from the minutes and a resolution duly adopted by the Board of Directors of said Wolf Creek Nuclear Operating Corporation at a meeting held on September 26, 1986, at which a quorum for the transaction of business was present and acting throughout, which resolution is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of this 29th day of September, 1986.



Secretary
Wolf Creek Nuclear Operating Corporation



As the next item of business, the Chairman called upon Arthur J. Doyle, a member of the Board and Chairman of the Board of Kansas City Power & Light Company (KCPL). Mr. Doyle requested that the Board confirm the extent of KCPL's right to access to the books, accounts, memoranda and other records of Wolf Creek Nuclear Operating Corporation (the "Corporation") and the extent of its access to the plant facilities and certain personnel. Mr. Doyle further requested the Board to confirm its commitment regarding ownership of plant facilities.

There ensued discussion of the intent, purpose and commitments of the Owners, individually and collectively, in forming this Corporation, and a review of the Corporation's Certificate of Incorporation and By-Laws, and the Wolf Creek Generating Station Operating Agreement entered into on April 15, 1986 (Operating Agreement). Thereupon, on motion duly made by Mr. Wilson K. Cadman, a member of the Board and Chairman of the Board of Kansas Gas and Electric Company (KGE), seconded by Mr. Charles L. Ross, a member of the Board and Executive Vice President of Kansas Electric Power Cooperative, Inc. (KEPCo), and unanimously adopted, it was:

RESOLVED, that the Corporation is an Operating Agent for KCPL and the other Owners of the Wolf Creek Generating Station (WCGS). The Plant facilities are owned jointly by KCPL with a 47% ownership interest, KGE with a 47% ownership interest and KEPCo with a 6% ownership interest. The Corporation will not own any property associated with WCGS. The Corporation will purchase and account to the Owners, for all materials and services, as agent for the Owners of WCGS, by disbursing the funds of the Owners for such materials and services as well as other expenses.

RESOLVED, that as a joint Owner of the Corporation, KCPL jointly owns all books, accounts, memoranda and other records of the Corporation both now in existence or hereafter created which are or will be in the custody of the Corporation held for all Owners jointly, and the Corporation will not interfere with KCPL's access to such records, including KCPL's facilitation of lawful, reasonable access to such records by governmental agencies having jurisdiction over KCPL's joint ownership of WCGS.

RESOLVED, that as a joint Owner of WCGS, KCPL is entitled to have access to plant facilities provided that its designated representatives are in compliance with the policies, procedures, terms and conditions of the Corporation's access procedures. Subject to such policies, procedures, terms and conditions, the Corporation will not interfere with KCPL's access to plant facilities, including KCPL's facilitation of lawful, reasonable access to plant facilities by governmental agencies having jurisdiction over KCPL's joint ownership of WCGS.

RESOLVED, that as joint Owner of WCGS, KCPL is entitled to attend meetings of the Corporation, and to meet with employees of the Corporation, contractors and consultants. The Corporation will not interfere with KCPL's access thereto. Neither will the Corporation interfere with KCPL's facilitation of reasonable access to plant status meetings and employees of the Corporation, contractors and consultants by governmental agencies having jurisdiction over KCPL's joint ownership of WCGS, when in the judgment of the President of the Corporation said access will not interfere with the safe and efficient operation of WCGS nor encumber the decision making process of the Corporation with respect to said operation.