

PUBLIC HEARING AND COMMENT PERIOD

Westar Energy's Rate Case

Westar Energy, Inc. and Kansas Gas and Electric Company (collectively referred to herein as "Westar") filed an Application with the Kansas Corporation Commission ("Commission" or "KCC") on February 1, 2018, seeking approval to make certain changes in its charges for electric services.

Public Hearing

The Commission has scheduled a public hearing concerning Westar's application. This hearing will provide information about Westar's proposed changes in its charges for electric services and provide an opportunity for customers to ask questions and to present testimony or comments for the Commission's consideration.

The public hearing will consist of two parts: During the first part, representatives of Westar, KCC Staff and CURB will be available to answer customers' questions pertaining to the proposed rate changes. In the second part of the public hearing, customers may make formal statements to the Commission concerning the rate changes.

The date, time and place of the public hearing are:

Tuesday, May 22, 2018, beginning at 6:00 p.m. (CDT)

Washburn Institute of Technology, Main Conference Center, Building A
5724 SW Huntoon
Topeka, Kansas 66604

Those unable to attend in person can watch the hearing live and can submit written comments through the Commission's website: www.kcc.ks.gov. In the event of technical difficulty or for those unable to watch the public hearing live, a recording of the hearing will be available on the Commission's website beginning May 29, 2018.

In addition, the Commission will accept written comments from the public until 5:00 p.m. (CDT), July 28, 2018. Comments regarding this case should reference Docket No.18-WSEE-328-RTS. The public can mail their comments to the Kansas Corporation Commission Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027. The public can also submit comments through the Commission's website www.kcc.ks.gov and click on the "Your Opinion Matters" link or with a toll-free call to 1-800-662-0027.

A complete copy of Westar's application and supporting testimony is available on the Commission's website at:

<http://estar.kcc.ks.gov/estar/portal/kscv/page/docketdocs/PSC/DocketDetails.aspx?DocketId=f448f637-8f92-4aab-b5a9-253b33a6096d>

The KCC has until September 27, 2018 to make a decision on the proposed rate increase.

Westar's Proposed Rate Changes

Westar proposes to implement a rate change in two steps:

1. A rate decrease of \$1.56 million to be effective in September 2018, arising out of the reduced revenue requirement that occurs as a result of the reduction in the federal corporate tax rate as a result of the Tax Cuts and Jobs Act of 2017, and other matters.
2. A rate increase of \$54.2 million to be effective on February 1, 2019, principally arising out of the following:
 - a. The expiration of federal income production tax credits associated with Westar's initial investment in wind generation 10 years ago;
 - b. The expiration of a wholesale electricity agreement; and
 - c. Revenue requirements emanating from Westar's \$417 million investment in its 280 megawatt Western Plains wind farm.

Part of the rate increase stems from a proposal by Westar for a rate of return on equity equal to 9.85% on Westar capital investments which, when combined with Westar's cost of debt, results in an overall pretax rate of return equal to 7.334%. The rate of return on equity is the percentage of gain that an investor hopes to earn on money he or she invests in Westar common stock. In Westar's previous rate case (15-WSEE-115-RTS) the Commission accepted a settlement agreement between Westar, KCC staff, CURB and other parties in which no stated return on equity was included in the settlement, but Westar was authorized to use 10.926% as its overall pretax rate of return for regulatory accounting purposes.

If the Commission grants the two-step rate increase proposed by Westar, average residential customers (who use a monthly average of 900 kWh or less) will see their Westar bills increase approximately \$5.90 per month (\$4.00 of which Westar proposes to add to the residential service charge). It is important to note that this increase takes into account the corporate tax savings brought about by the Tax Cuts and Jobs Act, which reduces Westar's corporate income obligations from 35% to 21%.

The rate increase proposed by Westar in its application predates the proceedings under the merger application filed by Westar, Kansas City Power & Light Company and Great Plains Energy ("joint applicants"). Thus, the proposed rate increase does not take into account merger savings negotiated by Commission staff and CURB that could reduce the proposed rate increase if the Commission approves the merger. Until the Commission rules on the merger application, the total effect of the potential merger savings upon this application is not certain.

However, it is significant that CURB, KCC staff, the joint applicants and other parties entered into a settlement agreement with respect to the merger. That settlement agreement provides that parties will recommend approval of the merger by the Commission subject to certain conditions. These conditions include an agreement of the joint applicants to provide an immediate bill credit to Westar customers equal to \$23,065,299. In addition, the merger is subject to the condition of additional annual bill credits for years 2019-2022 in the amounts of \$8,649,487 for Westar customers. In addition to these bill credits, Westar also agreed to pass-through to its Kansas ratepayers a minimum of merger savings equal to \$22.5 million. Westar agreed to a rate case moratorium for five years, meaning that it cannot file for a rate increase that would be effective

until at least five years has passed after the final order date of KCP&L's 2018 base rate review. Under the settlement agreement, Kansas ratepayers will get all of the benefit of Westar's federal corporate tax rate reduction from 35% to 21% under the Tax Cuts and Jobs Act. Moreover, the Westar agreed to accept an authorized rate of return of 9.3% rather than the rate of return recommended by Westar (9.85%).

Westar also proposes a number of rate design concepts. Among these, Westar is proposing to revise its Residential Service Distributive Generation tariff to add a demand charge, reduce the energy charge and eliminate the block structure. Westar also proposes a rate schedule for public electric mass transit, to accommodate charging of metropolitan electric buses during off-peak periods. Westar also proposes a new tariff for electric vehicle charging stations, expecting growth and customer interest in electric vehicles. Westar also proposes a new rate offering called the RPER rate, an optional three-part rate that provides an incentive for residential customers to shift demand to off-peak hours.

Evidentiary Hearing

An evidentiary hearing on Westar Energy's request is scheduled to begin Monday, July 23, 2018*, at 9:00 a.m., at the Kansas Corporation Commission Offices, 1500 SE Arrowhead Road, Topeka, KS.

Additional Information is available from the KCC and CURB

For more information about Westar's proposed changes, the public hearing or the technical hearing, contact the Kansas Corporation Commission Office of Public Affairs and Consumer Protection at 1-800-662-0027. Any persons requiring special accommodations at the hearing site under the Americans with Disabilities Act must give notice to the Commission at least 10 days prior to the scheduled hearing date by calling 1-800-662-0027.

The Citizens' Utility Ratepayer Board (CURB) can also be contacted 785-271-3200 for further information.

**These dates are contingent on approval of the proposed merger between Westar Energy and Great Plains Energy. If the merger is not completed, these dates will change.*