



January 17, 2018

The Honorable Jeff Colyer, M.D.
Lieutenant Governor
Capitol Building
Room 241-South
Topeka, KS 66612

Dear Governor Colyer,

Thank you for your letter of January 16, 2018, regarding federal tax reform and its impact on utility rates. The Tax Cuts and Jobs Act decreased the corporate tax rate from 35 percent to 21 percent, and KCP&L is committed to passing 100 percent of the benefit from this tax cut on to our customers.

In the near future, it is our intention to file rate update cases with the Kansas Corporation Commission (KCC) and the Missouri Public Service Commission (MPSC). These cases will reflect approximately \$100 million in annual tax savings to customers, with roughly \$35 million allocated to our Kansas customers.

As you know, any proposed change to customer rates requires the approval of the KCC and MPSC. Accordingly, the impact of this tax change will take several months to resolve. In addition, in determining how the tax reduction will impact rates, the company will request that regulators review and update all costs necessary to serve its customers.

We are happy to discuss this issue further with you or members of your staff and look forward to working with regulators and other stakeholders to get these benefits to our customers as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Bassham', with a stylized, cursive flourish extending to the right.

Terry Bassham
President and Chief Executive Officer
KCP&L