Annual Report
2012

KANSAS ELECTRIC POWER COOPERATIVE, INC.

In Memory

No farewell words were spoken, no time to say goodbye, you were gone before we knew it, and only God knows why.

Mr. Stephen E. Parr, Kansas Electric Power Cooperative, Inc. (KEPCo) Executive Vice President & Chief Executive Officer passed away on February 16, 2013 after a courageous battle with Amyotrophic Lateral Sclerosis (ALS). Mr. Parr served as EVP & CEO at KEPCo from 1996 until the time of his passing. Mr. Parr was a member of the Wolf Creek Nuclear Operating Company Board of Directors and the Southwest Power Pool Member's Committee.

Mr. Parr was the architect of many of the achievements attained by KEPCo during his tenure, several which will continue to be valued by KEPCo Members for decades to come, such as construction of KEPCo's headquarter building; installation of KEPCo's SCADA system; construction of the Sharpe Generating Station; the execution of a cost-based formula rate purchase power agreement with Westar Energy; and KEPCo's ownership-interest in Iatan 2, to name just a few.

Mr. Parr's dedication to KEPCo and KEPCo's Member Cooperatives was unparalleled. His tireless determination and resolve were examples of the cooperative principles he lived every day. Our friend is gone, but will never be forgotten.

Stephen E. Parr

Contents

Organization & Resources

Kansas Electric Power Cooperative, Inc. (KEPCo), headquartered at Topeka, Kansas, was incorporated in 1975 as a not-for-profit generation and transmission cooperative (G&T). It is KEPCo's responsibility to procure an adequate and reliable power supply for its nineteen distribution Rural Electric Cooperative Members at a reasonable cost.

Through their combined resources, KEPCo Members support a wide range of other services such as rural economic development, marketing and diversification opportunities, power requirement and engineering studies, rate design, etc.

KEPCo is governed by a Board of Trustees representing each of its nineteen Members which collectively serve more than 120,000 electric meters in two-thirds of rural Kansas. The KEPCo Board of Trustees meets regularly to establish policies and act on issues that often include recommendations from working committees of the Board and KEPCo Staff. The Board also elects a seven-person Executive Committee which includes the President, Vice President, Secretary, Treasurer, and three additional Executive Committee Members.

KEPCo was granted a limited certificate of convenience and authority by the Kansas Corporation Commission in 1980 to act as a G&T public utility. KEPCo's power supply resources consist of: 70 MW of owned generation from the Wolf Creek Generating Station; 30 MW of owned generation from the Iatan 2 Generating Unit; the 20 MW Sharpe Generating Station located in Coffey County; hydropower purchases of an equivalent 100 MW from the Southwestern Power Administration, and 14 MW from the Western Area Power Administration; plus partial requirement power purchases from regional utilities.

KEPCo is a Touchstone Energy® Cooperative. Touchstone Energy® is a nationwide alliance of more than 725 cooperatives committed to promoting the core strengths of electric cooperatives – integrity, accountability, innovation, personal service and a legacy of community commitment. The national program is anchored by the motto "The Power of Human Connections."

Kansas Electric
Power Cooperative, Inc.

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A Touchstone Energy® Cooperative

2012 Message

from

Kirk Thompson
KEPCo President

Stephen E. Parr
Executive Vice President
& Chief Executive Officer

Mr. Thompson and Mr. Parr

Challenges and opportunities are the very nature of every business. Addressing challenges and adapting to change is essential to business success, as well as seizing upon opportunities when presented. For KEPCo, 2012 presented both challenges and opportunities, and strategic decisions were made to capitalize on both.

Periodic assessment of a business is essential to success. Every company, even the largest ones in their markets, has a finite supply of manpower, production capacity and capital. Evaluating a company's strengths helps it determine how to allocate resources in a manner that will result in the highest possible potential for growth and profitability. The management team examines where the company can compete most effectively and often discovers it has competitive strengths that have not been fully utilized in the past.

In January, the KEPCo Board of Trustees enlisted the services of Luecal Consulting to assist with the development of a strategic planning exercise. KEPCo's mission and vision statements were reviewed, in addition to an in-depth analysis of KEPCo's strengths, weaknesses, opportunities and threats. A report was finalized and action items were developed to work toward meeting specific goals as outlined in the report. By performing this analysis, KEPCo will be able to better leverage its strengths, minimize its weaknesses, capitalize on opportunities, and deter potential threats.

KEPCo's fundamental responsibility is to procure a reliable and economical supply of electricity for its Members. Over the past few years, KEPCo has made significant advances in fulfilling this responsibility, most notably with its 38-year cost-based formula rate purchase power agreement with Westar Energy and with its ownership-interest in the Iatan 2 facility. In addition, KEPCo's hydropower resources, 100 MW from the Southwestern Power Administration (SWPA) and 14 MW from the Western Area Power Administration (WAPA) continue to be its least-cost resources. In August, KEPCo executed a 15-year contract extension with SWPA. The new contract will run to 2031 and provides KEPCo and its Members the security of firm, low-cost energy for the next 18 years.

Nationwide, the electric utility industry has invested billions of dollars in environmental controls to comply with the myriad of Environmental Protection Agency (EPA) emission regulations. Subsequently, utilities pass along the costs associated with compliance to ratepayers. U.S. carbon dioxide emissions have fallen since the beginning of the century. True, global emissions have risen by approximately one-third this century, but the United States has had a minute part in that global increase. Global carbon dioxide emissions have continued to rise because nations such as China and India continue to ramp up their industrialization. China, for example, emits more carbon dioxide than the entire Western Hemisphere and is increasing its carbon dioxide emissions by an average of 10 percent per year. Even if the United States theoretically eliminated all of its emissions today, such action would be rendered moot in less than a decade merely by the corresponding increase from China.

As a product of KEPCo's diverse power supply, KEPCo has been able to shield its Members from EPA regulatory compliance capital expenditures on over 40 percent of its power supply. Over the past five years, KEPCo's hydropower allocations have accounted, on average, for 18.5 percent of energy requirements and Wolf Creek has averaged 25 percent. Neither resource emits any greenhouse gas. This attribute will continue to be an economic advantage that only a few utilities in the United States can claim.

2011-12 KEPCo Executive Committee (seated): Kenneth Maginley; Larry Stevens; Robert Reece; (standing) Stephen Parr, Executive Vice President & CEO; Kevin Compton, Treasurer; Scott Whittington, Vice President; Kirk Thompson, President; and Dale Short, Secretary.

Several factors can influence the price of electricity, one of which is extreme weather. In 2012, the lack of rain, excessive heat, and protracted drought impacted rates. 2012 was recorded as the seventh driest year on record, as all Kansas counties were under a drought emergency. Droughts cause a host of problems for many industries, including agriculture, recreation, fish and wildlife, municipalities, and yes, utilities. Streams and rivers that feed into reservoirs within the SWPA footprint are at or near record lows. Reduced inflow has caused a drop in the reservoir water levels and operating efficiencies at the SWPA hydropower facilities. Water levels in the reservoirs were average for the first two months of the year and increased to well above average through April. Beginning in May, the levels declined dramatically. In December, energy storage in the reservoirs was at 66 percent, compared to the average level for December of 95 percent. The reduced availability of hydroelectric power negatively affected KEPCo's energy costs.

Extreme weather conditions also affected energy consumption and peak demand. KEPCo recorded a peak demand of 452 MW, just 3 MW shy of the record peak set in 2011. Kansas experienced a very mild and dry winter and summer arrived early. The result was an increase in irrigation and air conditioner load. Beginning in April and continuing through September, peak demand was higher than forecasted, and energy sales were higher than forecasted as well, just two percent less than the record amount set in 2011. High demand, along with high energy sales, impacted rates.

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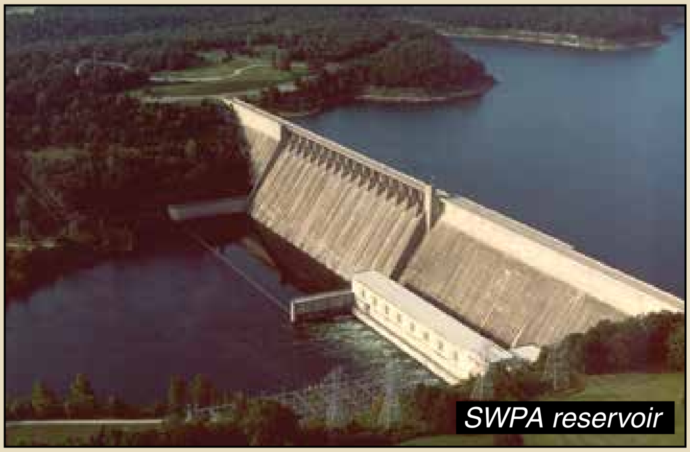
2012 KEPCo Highlights

The KEPCo Board of Trustees participated in the development of a new KEPCo Strategic Plan which will provide guidance for KEPCo staff in providing a reliable, economic power supply for the Members.


SWPA reservoir

A new Purchase Power Agreement was executed with the Southwestern Power Administration (SWPA) which will provide for the continued availability of 100 MW of hydroelectric capacity and the associated clean energy until 2031.

KEPCo worked with Members (Ark Valley, CMS, Ninnescah, Sumner-Cowley and Victory) in the south central and southwestern part of the state to secure new delivery points, transmission service and generation resources to serve significant load growth expected in the next few years due to oil exploration in the Mississippi Lime formation.


Catalyst installation at Sharpe

KEPCo oversaw the installation of Diesel Oxidation Catalysts and a monitoring system on each of the 10 diesel generators at the Sharpe Generating Station to comply with the EPA's RICE NESHAP rule.

KEPCo obtained Southwest Power Pool (SPP) approval to change the designated resource (power supply) for the KEPCo delivery points in the KCPL area to Westar Fleet. As a part of this transition, KEPCo assumes responsibility for the metering at these delivery points.


KSI relay project

KEPCo obtained network integration transmission service from the SPP for the CMS and Victory delivery points that allows the designated resource to be either Sunflower Fleet or Westar Fleet. KEPCo now has long term firm transmission service from the SPP for all of its delivery points.

For 15 years, KSI has provided valuable engineering services for KEPCo Members while covering its expenses and contributing to KEPCo overheads. This year, KSI was involved in over 51 projects for 12 KEPCo Members and two non-members.

KEPCo Staff continues to work diligently with KEC and Sunflower on legislative issues in Kansas and in Washington, D.C. Staff testified on several bills in 2012 and tracked numerous pieces of legislation. In Washington, D.C., Staff participated in the NRECA Legislative Conference.

Kansas State Capitol

Wind turbine on Kansas prairie

KEPCo staff provided on-going technical consultation to Members on renewable energy issues in areas such as generator interconnections, purchase power agreements, metering, regulatory and policy.

KEPCo continues to actively engage in developing transmission policy issues at the Southwest Power Pool through participation on key committees, such as the Board of Directors/Members Committee, the Corporate Governance Committee, the Markets and Operation Policy Committee, the Strategic Planning Committee, The Change Working Group, and the Transmission Working Group.

KEPCo continued to fund and assist Members in the promotion of KEPCo's Energy Efficiency Rebate Program. Since its inception, KEPCo has issued more than 16,000 water heater rebates and nearly 8,000 heating system rebates.

KEPCo SCADA Technicians

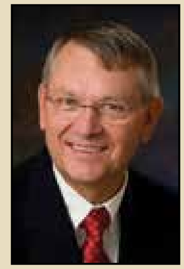
Safety of our employees is essential to the continued success of KEPCo. Safety meetings are conducted throughout the year, not only for KEPCo's SCADA Technicians, but for administrative personnel as well. KEPCo is proud to report there were no lost time accidents recorded in 2012.

KEPCo Member Cooperatives Trustees, Alternates and Managers


Joseph Seiwert

Ark Valley Electric Cooperative Assn., Inc.

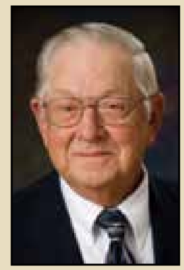
PO Box 1246, Hutchinson, KS 67504
620-662-6661
Trustee Rep. -- Joseph Seiwert
Alternate Trustee Rep. -- Bob Hall
Manager -- Bob Hall

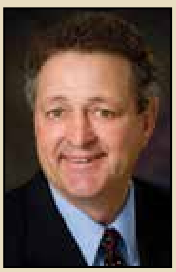

Bob Hall


Kenneth Maginley

Bluestem Electric Cooperative, Inc.

PO Box 5, Wamego, KS 66547   785-456-2212
PO Box 513, Clay Center, KS 67432 785-632-3111
Trustee Rep. -- Kenneth J. Maginley
Alternate Trustee Rep. -- Robert M. Ohlde
Manager -- Kenneth J. Maginley

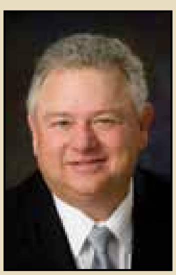

Bob Ohlde


Kevin Compton

Brown-Atchison Electric Cooperative Assn., Inc.

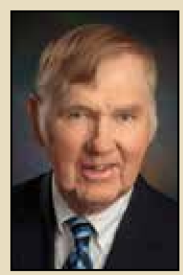
PO Box 230, Horton, KS 66439 785-486-2117
Trustee Rep. -- Kevin D. Compton
Alternate Trustee Rep. -- Robert Perry
Manager -- Robert Perry

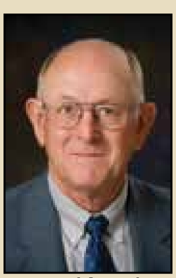

Robert Perry


Dale Short

Butler Rural Electric Cooperative Assn., Inc.

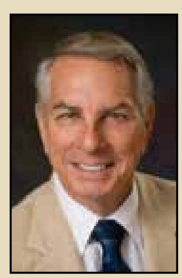
PO Box 1242, El Dorado, KS 67042 316-321-9600
Trustee Rep. -- Dale Short
Alternate Trustee Rep. -- Riley Walters
Manager -- Dale Short

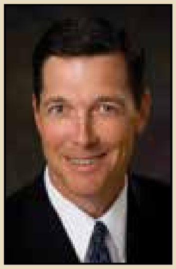

Riley Walters


Dwane Kessinger

Caney Valley Electric Cooperative Assn., Inc.

PO Box 308, Cedar Vale, KS 67024 620-758-2262
Trustee Rep. -- Dwane Kessinger
Alternate Trustee Rep. -- Allen A. Zadorozny
Manager -- Allen A. Zadorozny

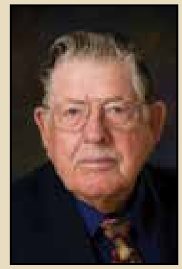

Allen Zadorozny



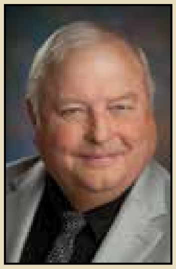
Kirk Thompson

CMS Electric Cooperative, Inc.

PO Box 790, Meade, KS 67864 620-873-2184
Trustee Rep. -- Kirk A. Thompson
Alternate Trustee Rep. -- Clifford Friesen
Manager -- Kirk A. Thompson



Cliff Friesen



Dean Allison

DS&O Electric Cooperative, Inc.

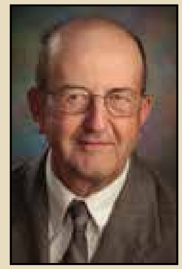
PO Box 286, Solomon, KS 67480 785-655-2011
Trustee Rep. -- Dean Allison
Alternate Trustee Rep. -- Donald E. Hellwig
Manager -- Donald E. Hellwig

Don Hellwig

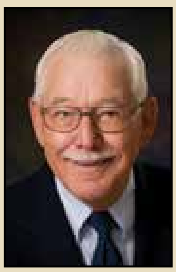
Bob Reece

Flint Hills Rural Electric Cooperative Assn., Inc.

PO Box B, Council Grove, KS 66846 620-767-5144
Trustee Rep. -- Robert E. Reece
Alternate Trustee Rep. -- William Hein
Manager -- Robert E. Reece



William Hein



Dennis Peckman

Heartland Rural Electric Cooperative, Inc.

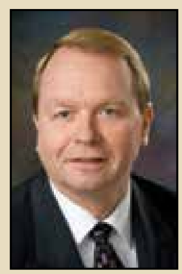
PO Box 40, Girard, KS 66743 620-724-8251
Trustee Rep. -- Dennis Peckman
Alternate Trustee Rep. -- Dale Coomes
Manager -- Dale Coomes

Dale Coomes

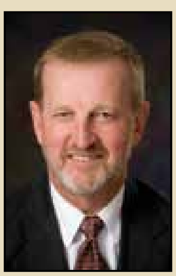
Larry Stevens

LJEC

PO Box 70, McLouth, KS 66054 913-796-6111
Trustee Rep. -- Larry H. Stevens
Alternate Trustee Rep. -- Steven Foss
Manager -- Steven Foss



Steven Foss



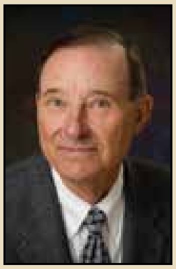
Scott Whittington

Lyon-Coffey Electric Cooperative, Inc.

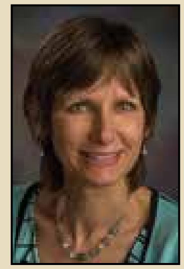
PO Box 229, Burlington, KS 66839 620-364-2116
Trustee Rep. -- Scott Whittington
Alternate Trustee Rep. -- Donna Williams
Manager -- Scott Whittington

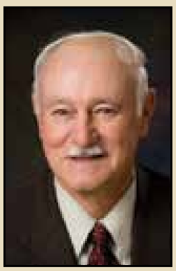
Donna Williams

KEPCo Member Cooperatives Trustees, Alternates and Managers

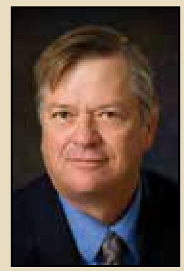

Gordon Coulter

Ninnescah Electric Cooperative Assn., Inc.
PO Box 967, Pratt, KS 67124   620-672-5538
Trustee Rep. -- Gordon Coulter
Alternate Trustee Rep. -- Teresa Miller
Manager -- Teresa Miller


Teresa Miller


Gilbert Berland

Prairie Land Electric Cooperative, Inc.
PO Box 360, Norton, KS 67654   785-877-3323
District Office, Bird City 785-734-2311
District Office, Concordia 785-243-1750
Trustee Rep. -- Gilbert Berland
Alternate Trustee Rep. -- Allan J. Miller
Manager -- Allan J. Miller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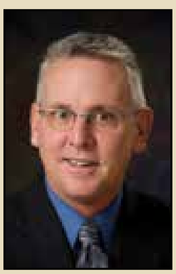
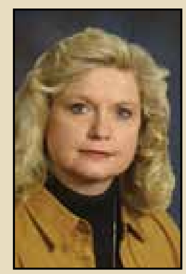
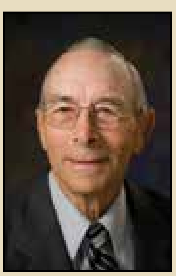

Dennis Duft

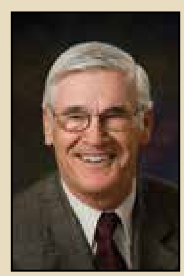
Radiant Electric Cooperative, Inc.
PO Box 390, Fredonia, KS 66736 620-378-2161
Trustee Rep. -- Dennis Duft
Alternate Trustee Rep. -- Don Songer
Administrative Manager -- Leah Tindle
Operations Manager -- Dennis Duft

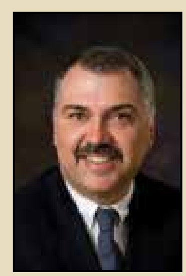

Don Songer


Leah Tindle


Melroy Kopsa

Rolling Hills Electric Cooperative, Inc.
PO Box 307, Mankato, KS 66956 785-378-3151
District Offices, Belleville 785-527-2251
Ellsworth 785-472-4021
Trustee Rep. -- Melroy Kopsa
Alternate Trustee Rep. -- Leon Eck
Manager -- Douglas J. Jackson


Leon Eck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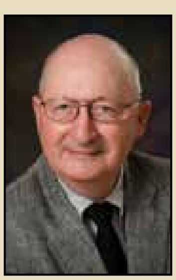
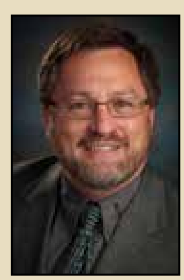

Donald Metzen

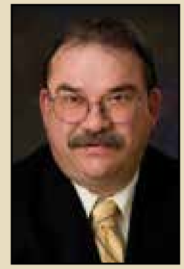
Sedgwick County Electric Cooperative Assn., Inc.
PO Box 220, Cheney, KS 67025 316-542-3131
Trustee Rep. -- Donald Metzen
Alternate Trustee Rep. -- Dave Childers
Manager -- Dave Childers


Dave Childers


Charles Riggs

Sumner-Cowley Electric Cooperative, Inc.

PO Box 220, Wellington, KS 67152 620-326-3356
Trustee Rep. -- Charles Riggs
Alternate Trustee Rep. -- Cletas Rains
Manager -- Cletas Rains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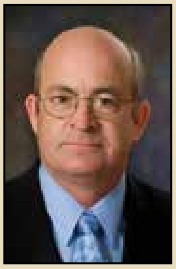
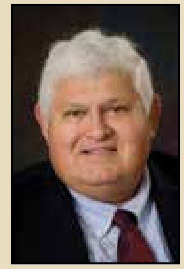
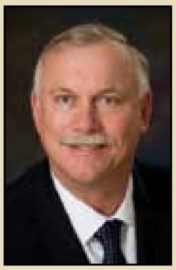

Bryan Coover

Twin Valley Electric Cooperative, Inc.

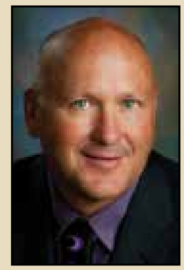
PO Box 368, Altamont, KS 67330 620-784-5500
Trustee Rep. -- Bryan W. Coover
Alternate Trustee Rep. -- Ron Holsteen
Manager -- Ron Holsteen


Ron Holsteen

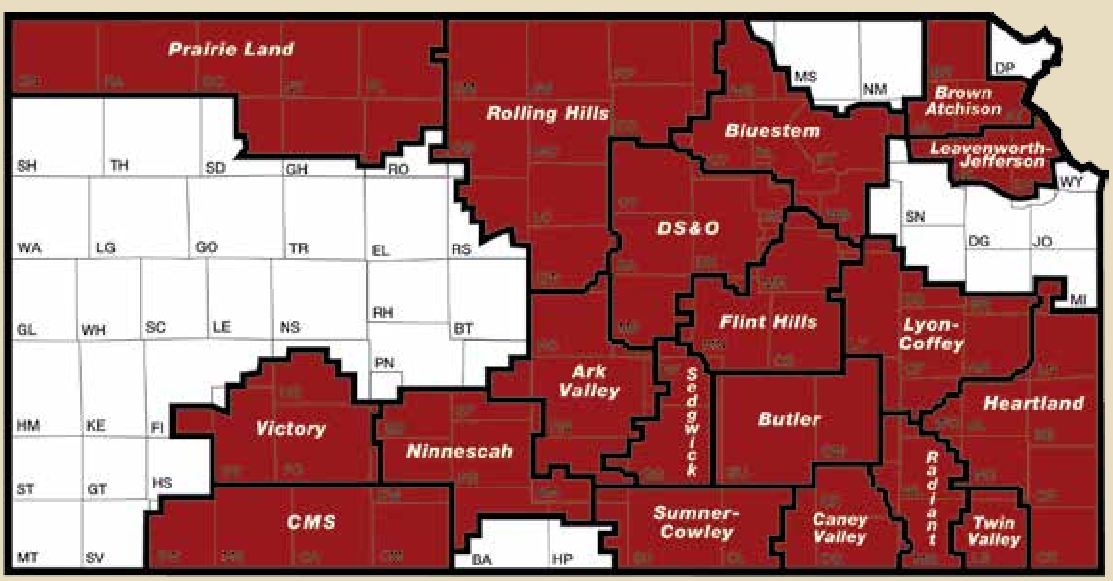

Terry Janson

Victory Electric Cooperative Assn., Inc.

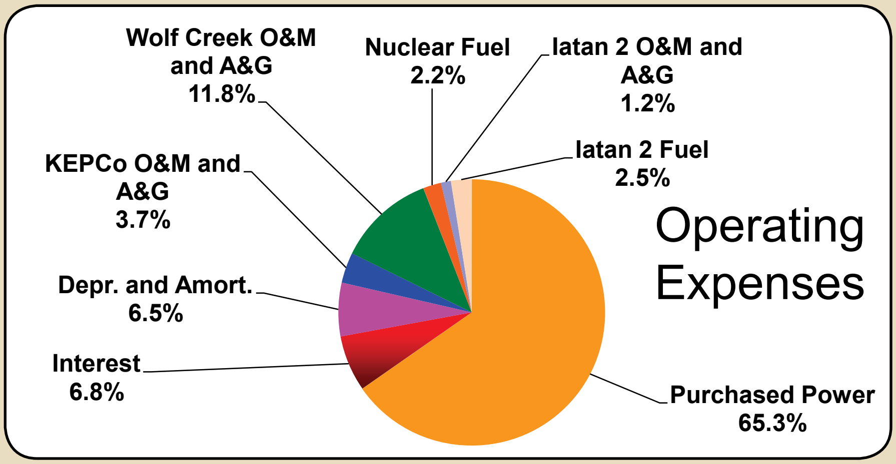
PO Box 1335, Dodge City, KS 67801 620-227-2139
Trustee Rep. -- Terry Janson
Alternate Trustee Rep. -- Daryl Tieben
Manager -- Terry Janson

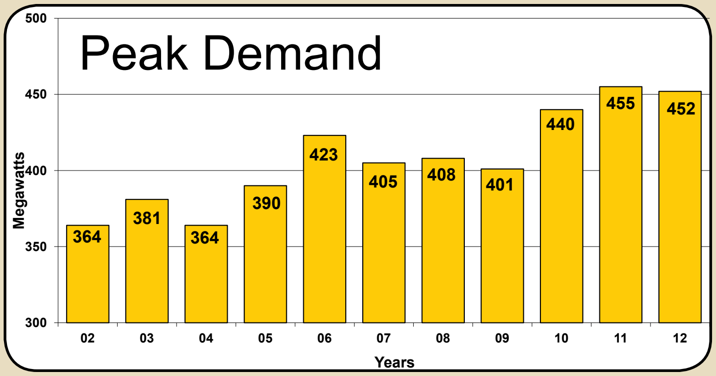

Daryl Tieben

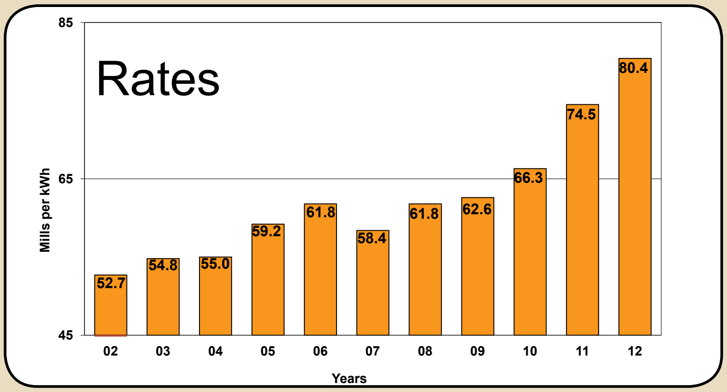
KEPCo Member Area Map

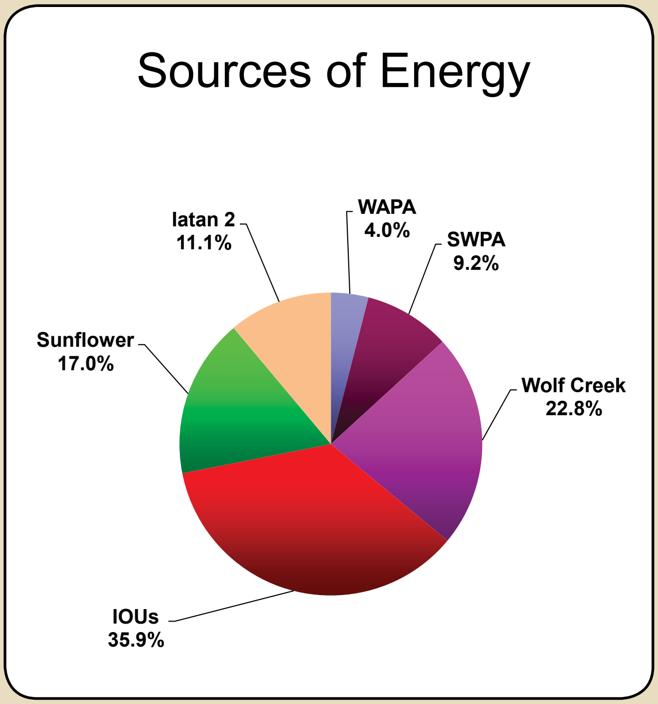


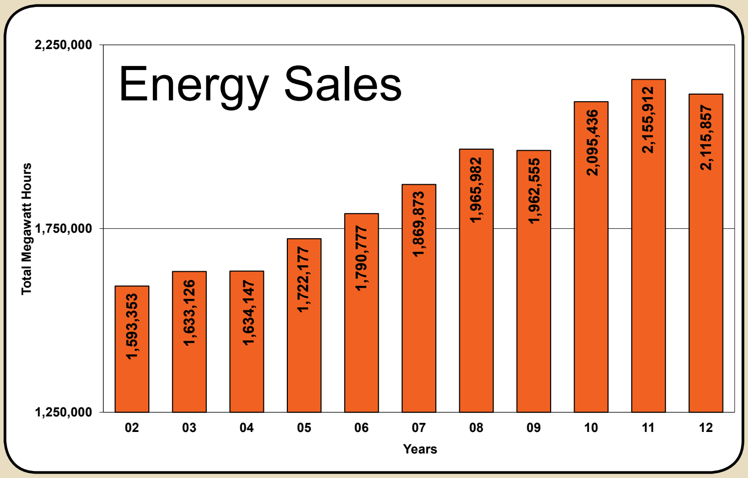
Operating Statistics











2012 Message

Continued from page 3

Iatan 2 performed exceptionally well in 2012, providing KEPCo and its Members with 11 percent of their energy requirements. The decision in 2005 to invest in the ownership of Iatan 2 has proven to be advantageous for KEPCo and its Members, both in owning firm, economical generation and in reducing exposure to EPA regulatory compliance capital expenditures. Iatan 2 became operational in December 2010, and was constructed with the latest, state-of-the-art environmental controls. As the industry continues to invest capital in order to comply with EPA emission regulations, Iatan 2 currently meets all EPA emission requirements.

Access to affordable capital is essential to the operations of KEPCo. Many companies throughout the U.S. have been hindered from considering capital investment projects due to tightened lending practices resulting from economic and regulatory uncertainty. KEPCo continues to have access to affordable capital through Rural Utilities Service (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC). This year, KEPCo received a loan guarantee from RUS for capital addition projects at Wolf Creek. Financing projects through RUS saves our Members a significant amount of money, due to interest rates being considerably less than those offered by commercial lenders. Low-cost capital for future capital expenditures will continue to be accessed in order to reduce KEPCo's debt service.

Rate economy and stability is of utmost importance to KEPCo. A culture was established long ago to continually seek out opportunities to improve efficiency and control costs. Implemented in 1990, KEPCo's load management program enables Members to save energy and reduce peak demand. This year, KEPCo was able to shed 38 MW, or nearly eight percent of its peak load.

The KEPCo Board of Trustees deserves a special thank you for their hard work and solid leadership during the past year. In addition, it has been a challenging year for KEPCo staff, who have done a remarkable job meeting the special project demands of 2012 while fulfilling the responsibilities necessary to operate an electric utility. Several of their joint accomplishments are detailed in this report.

Going forward, the electric utility industry is saddled with regulatory and economic uncertainty. The U.S. continues to lack a comprehensive energy policy, and appears unlikely to adopt one in the foreseeable future. Utility regulation in its present form remains burdensome and expensive, and has collared the industry with indecision. The sheer volume of regulatory rulemaking that is being contemplated as utilities develop strategic and operational plans is unprecedented. Wise and sensible regulation based on scientific and economic facts and greater reliance on cost-benefit analysis, along with risk versus risk analysis, should replace the present belief that regulation enables policy. Utilities cannot be certain of making the best decisions on critical infrastructure investments designed to last for decades based on rules that continually change. Until certainty is achieved and a comprehensive energy plan is adopted at the federal level, utilities will continue to be tested to supply affordable, reliable energy.

Kirk A. Thompson

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kansas Electric Power Cooperative, Inc.
Topeka, Kansas

We have audited the accompanying consolidated financial statements of Kansas Electric Power Cooperative, Inc. and subsidiary ("KEPCo"), which comprise the consolidated balance sheet as of December 31, 2012 and 2011, and the related consolidated statements of margin, patronage capital, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion
As more fully described in Note 3 to the financial statements, certain depreciation and amortization methods have been used in the preparation of the 2012 and 2011 consolidated financial statements which, in our opinion, are not in accordance with accounting principles generally accepted in the United States of America. The effects on the consolidated financial statements of the aforementioned departure are explained in Note 3.

Qualified Opinion
In our opinion, except for the effects of using the aforementioned depreciation and amortization methods as discussed in Note 3, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of KEPCo as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we also have issued our report dated April 8, 2013, on our consideration of KEPCo's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering KEPCo's internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
April 8, 2013

Consolidated Balance Sheets

December 31, 2012 and 2011

	December 31,	
Assets	**2012**	**2011**
Utility Plant		
In-service	$307,831,825	$306,611,301
Less allowances for depreciation	(137,817,916)	(132,653,611)
Net in-service	170,013,909	173,957,690
Construction work in progress	12,700,102	5,523,257
Nuclear fuel (less accumulated amortization of $19,473,196 and $16,468,205 for 2012 and 2011, respectively)	10,122,622	9,417,840
Total utility plant	192,836,633	188,898,787
Restricted Assets		
Investments in the National Utilities Cooperative Finance Corporation	12,130,495	12,442,030
Bond fund reserve	4,439,704	4,414,774
Decommissioning fund	14,902,017	12,935,122
Investments in other associated organizations	233,560	226,417
Total restricted assets	31,705,776	30,018,343
Current Assets		
Cash and cash equivalents	2,824,134	8,990,444
Member account receivables	13,274,272	7,649,870
Materials and supplies inventory	5,270,885	4,371,049
Other assets and prepaid expenses	841,441	535,665
Total current assets	22,210,732	21,547,028
Other Long-term Assets		
Deferred charges		
Wolf Creek disallowed costs (less accumulated amortization of $15,663,720 and $14,906,553 for 2012 and 2011, respectively)	10,319,201	11,076,368
Wolf Creek deferred plants costs (less accumulated amortization of $34,429,111 and $31,299,195 for 2012 and 2011, respectively)	12,519,682	15,649,598
Wolf Creek decommissioning regulatory asset	(4,328,140)	1,660,362
Deferred incremental outage costs	1,286,856	7,565,887
Other deferred charges (less accumulated amortization of $8,991,323 and $8,632,685 for 2012 and 2011, respectively)	1,184,847	1,263,029
Unamortized debt issuance costs	225,477	312,430
Other	676,008	644,219
Total long-term assets	21,883,931	38,171,893
Total assets	$268,637,072	$278,636,051

Consolidated Balance Sheets

December 31, 2012 and 2011

Liabilities and Patronage Capital	December 31, 2012	2011
Patronage Capital		
Memberships	$ 3,200	$ 3,200
Patronage Capital	67,431,537	55,514,966
Accumulated other comprehensive loss	(8,789,873)	(8,753,507)
Total patronage capital	58,644,864	46,764,659
Long-term Debt	149,068,800	170,480,243
Other Long-term Liabilities		
Wolf Creek decommissioning liability	11,810,322	16,298,800
Wolf Creek pension and postretirement benefit plans	11,487,819	11,609,229
Wolf Creek deferred compensation	1,035,171	959,392
Other deferred credits	41,432	33,986
Total other long-term liabilities	24,374,744	28,901,407
Current Liabilities		
Current maturities of long-term debt	20,070,937	18,781,858
Accounts payable	13,923,363	11,316,183
Payroll and payroll-related liabilities	345,883	328,352
Accrued property taxes	1,587,064	1,406,772
Accrued income taxes	(1,092)	(245)
Accrued interest payable	622,509	656,822
Total current liabilities	36,548,664	32,489,742
Total patronage capital and liabilities	$268,637,072	$278,636,051

Consolidated Statements of Margin

December 31, 2012 and 2011

	For the years ending December 31, 2012	2011
Operating Revenues		
Sale of electric energy	$170,131,188	$160,665,182
Operating Expenses		
Power purchased	104,171,556	98,753,310
Nuclear fuel	3,511,788	3,042,914
Plant operations	17,587,807	16,079,663
Plant maintenance	6,616,513	5,920,215
Administrative and general	6,021,574	5,743,089
Amortization of deferred charges	4,245,720	4,298,279
Depreciation and decommissioning	6,902,435	6,372,928
Total operating expenses	149,057,393	140,210,398
Net operating revenues	21,073,795	20,454,784
Interest and Other Deductions		
Interest on long-term debt	10,303,239	10,786,538
Amortization of debt issuance costs	86,954	95,244
Other deductions	79,752	79,744
Total interest and other deductions	10,469,945	10,961,526
Operating income	10,603,850	9,493,258
Other Income/(Expense)		
Interest income	974,021	871,618
Other income	338,700	505,376
Income tax	–	(7,516)
Total other income	1,312,721	1,369,478
Net margin	$11,916,571	$10,862,736
Net Margin	$11,916,571	$10,862,736
Other comprehensive income		
Net earnings arising during year	723,090	(715,020)
Less amortization of prior year service costs included in net periodic pension costs	(759,456)	(2,454,035)
Comprehensive income	$11,880,205	$7,693,681

Consolidated Statements of Patronage Capital

December 31, 2012 and 2011

	Memberships	Patronage Capital	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2010	$3,200	$44,652,230	$(5,584,452)	$39,070,978
Net margin	–	10,862,736	–	10,862,736
Defined benefit pension plans:				
Net loss arising during year	–	–	(715,020)	(715,020)
Less amortization of prior year service costs included in net periodic pension costs	–	–	(2,454,035)	(2,454,035)
Comprehensive income				
Balance at December 31, 2011	3,200	55,514,966	(8,753,507)	46,764,659
Net margin	–	11,916,571	–	11,916,571
Defined benefit pension plans:				
Net earnings arising during year	–	–	723,090	723,090
Less amortization of prior year service costs included in net periodic pension costs	–	–	(759,456)	(759,456)
Comprehensive income				
Balance at December 31, 2012	$3,200	$67,431,537	$(8,789,873)	$58,644,864

Consolidated Statements of Cash Flows

December 31, 2012 and 2011

	For the years ending December 31,	
Cash Flow From Operating Activities	**2012**	**2011**
Net margin	$11,916,571	$10,862,736
Adjustments to reconcile net margin to net cash flows from operating activities		
Depreciation and amortization	6,417,670	5,895,848
Decommissioning	1,500,024	47,317
Amortization of nuclear fuel	3,004,990	2,604,250
Amortization of deferred charges	4,245,720	4,298,277
Amortization or deferred incremental outage costs	7,179,415	7,965,177
Amortization of debt issuance costs	86,953	95,243
Changes in		
Member accounts receivable	(5,624,402)	4,542,945
Materials and supplies	(899,836)	(749,197)
Other assets and prepaid expense	(305,776)	(32,946)
Accounts payable	2,607,180	(754,741)
Payroll and payroll-related liabilities	17,531	3,054
Accrued property tax	180,292	6,482
Accrued interest payable	(34,313)	(107,769)
Accrued income taxes	(847)	(2,182)
Other long-term liabilities	(106,340)	(1,038,178)
Net cash flows from operating activities	30,184,832	33,636,316
Cash Flows From Investing Activities		
Additions to electrical plant	(9,658,692)	(5,684,518)
Additions to nuclear fuel	(3,709,772)	(2,330,827)
Additions to deferred charges	(280,455)	(21,452)
Additions to deferred incremental outage costs	(900,384)	(13,911,758)
Investments in decommissioning fund assets	(1,966,895)	(572,960)
Investments in associated organizations	304,392	(195,045)
Investments in bond reserve assets	(24,930)	(9,279)
Proceeds from the sale of property	7,958	20,504
Net cash flows from investing activities	(16,228,778)	(22,705,335)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(18,781,860)	(17,676,717)
Proceeds from issuance of long-term debt	1,048,000	8,523,204
Payments unapplied	(2,388,504)	2,863,733
Net cash flows from financing activities	(20,122,364)	(6,289,780)
Net (decrease) increase in cash and cash equivalents	(6,166,310)	4,641,201
Cash and Cash Equivalents, Beginning of year	8,990,444	4,349,243
Cash and Cash Equivalents, End of Year	$ 2,824,134	$ 8,990,444
Supplemental Disclosure of Cash Flow Information		
Interest paid	$10,417,400	$10,974,100

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(1) Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations - Kansas Electric Power Cooperative, Inc., and its subsidiary (KEPCo), headquartered in Topeka, Kansas, was incorporated in 1975 as a not-for-profit generation and transmission cooperative (G&T). KEPCo was granted a limited certificate of convenience and authority by the Kansas Corporation Commission (KCC) in 1980 to act as a G&T public utility. It is KEPCo's responsibility to procure an adequate and reliable power supply for its 19 distribution rural electric cooperative members pursuant to all requirements of its power supply contracts. KEPCo is governed by a board of trustees representing each of its 19 members, which collectively serve approximately 120,000 electric meters in rural Kansas.

System of Accounts - KEPCo maintains its accounting records substantially in accordance with the Rural Utilities Service (RUS) Uniform Systems of Accounts and in accordance with accounting practices prescribed by the KCC.

Rates - Under a 2009 change in Kansas state law, KEPCo has elected to be exempt from KCC regulation for most purposes, including the setting of rates. Rates are set by action of the Board, subject only to statutory review by the KCC if demanded by four or more members. KEPCo's rates were last set by the KCC by an order effective September 1, 2008. KEPCo's rates now include an Energy Cost Adjustment (ECA) mechanism, an annual Demand Cost Adjustment (DCA) mechanism and a Margin Stabilization Adjustment (MSA) mechanism, allowing KEPCo to pass along increases in certain energy and demand costs to its member cooperatives.

Principles of Consolidation - The consolidated financial statements include the accounts of KEPCo and its wholly owned subsidiary, KEPCo Services, Inc. Undivided interests in jointly owned generation facilities are consolidated on a pro rata basis. All material intercompany accounts and transactions have been eliminated in consolidation.

Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Utility Plant and Depreciation - Utility plant is stated at cost. Cost and additions to utility plant include contractual work, direct labor, materials and interest on funds used during construction. No interest has been capitalized in 2012 and 2011. The cost of repairs and minor replacements are charged to operating expenses as appropriate. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

The composite depreciation rate for electric generation plant for the years ended December 31, 2012 and 2011 was 3.63% and 3.50%, respectively.

The provision for depreciation computed on a straight-line basis for electric and other components of utility plant is as follows:

Transportation and equipment	25-33 years
Office furniture and fixtures	10-20 years
Leasehold improvements	20 years
Transmission equipment (metering, communication and SCADA)	10 years

Iatan 2 - Iatan 2 is an 850 MW high efficiency coal-fired power plant utilizing state-of-the-art environmental controls that became commercially operational December 31, 2010. KEPCo owns a 3.53% share of Iatan 2, or 30 MW. Iatan 2, located in Weston, MO, is operated and majority owned by KCP&L.

Wolf Creek Nuclear Operating Corporation - KEPCo owns 6% of Wolf Creek Nuclear Operating Corporation (WCNOC), which is located near Burlington, Kansas. The remainder is owned by the Kansas City Power & Light Company (KCPL) 47% and Kansas Gas & Electric Company (KGE) 47%. KGE is a wholly owned subsidiary of Westar Energy, Inc. KCPL is a wholly owned subsidiary of Great Plains Energy, Inc. KEPCo's undivided interest in WCNOC is consolidated on a pro rata basis. KEPCo is entitled to a proportionate share of the capacity and energy from WCNOC, which is used to supplement a portion of KEPCo's members' requirements. KEPCo is billed on a daily basis for 6% of the operations, maintenance, administrative and general costs, and cost of plant additions related to WCNOC.

WCNOC's operating license expires in 2045. Wolf Creek is regulated by the nuclear Regulatory Commission (NRC), with respect to licensing, operations and safety related requirements.

WCNOC disposes of all classes of its low-level radioactive waste at existing third-party repositories. Should disposal capability become unavailable, WCNOC is able to store its low-level radioactive waste in an on-site facility for up to four years under current regulations.

Nuclear Fuel - The cost of nuclear fuel in the process of refinement, conversion, enrichment and fabrication is recorded as a utility plant asset at original cost and is amortized to nuclear fuel expenses based upon the quantity of heat produced for the generation of electric power. The permanent disposal of spent fuel is the responsibility of the Department of Energy (DOE). KEPCo pays one dollar per net megawatt (MWh) of nuclear generation to the DOE for the future disposal service. These disposal costs are charged to nuclear fuel expense.

Nuclear Decommissioning - Nuclear decommissioning is a nuclear industry term for the permanent shutdown of a nuclear power plant and the removal of radioactive components in accordance with Nuclear Regulatory Commission (NRC) requirements. The NRC will terminate a plant's license and release the property for unrestricted use when a company has reduced the residual radioactivity of a nuclear plant to a level mandated by the NRC. The NRC requires companies with nuclear plants to prepare formal financial plans to fund nuclear decommissioning. These plans are designed so that sufficient funds required for nuclear decommissioning will be accumulated prior to the expiration of the license of the related nuclear power plant. Wolf Creek files a nuclear decommissioning site study with the KCC every three years.

The KCC reviews nuclear decommissioning plans in two phases. Phase one is the approval of the revised nuclear decommissioning study including the estimated costs to decommission the plant. Phase two involves the review and approval of a funding schedule prepared by the owner of the plant detailing how it plans to fund the future-year dollar amount of its pro rata share of the decommissioning costs.

In 2011, we revised the nuclear decommissioning study. Based on the study, our share of decommissioning costs, including decontamination, dismantling and site restoration, is estimated to be $37.8 million. This amount compares to the prior site study estimate of $35.6 million. The site study cost estimate represents the estimate to decommission Wolf Creek as of the site study year. The actual nuclear decommissioning costs may vary form the estimates because of changes in regulations and technologies as well as changes in costs for labor, materials and equipment.

We are allowed to recover nuclear decommissioning costs in our prices over a period equal to the operating license of Wolf Creek, which is through 2045. The NRC requires that fund sufficient to meet nuclear decommissioning obligations be held in a trust. We believe that the KCC approved funding level will also be sufficient to meet the NRC requirement. Our consolidated financial results would be materially affected if we were not allowed to recover in our prices the full amount of the funding requirement.

We recovered in our prices and deposited in an external trust fund for nuclear decommissioning approximately $0.5 million in 2012 and $0.5 million in 2011. We record our investment in the NDT fund at fair value, which approximated $14.9 million and $12.9 million as of December 31, 2012 and 2011, respectively.

Asset retirement obligation - KEPCo recognizes and estimates the legal obligation associated with the cost to decommission Wolf Creek. KEPCo initially recognized an asset retirement obligation at fair value for the estimated cost with a corresponding amount capitalized as part of the cost of the related long-lived asset and depreciated over the useful life.

A reconciliation of the asset retirement obligation for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Balance at January 1	$16,298,000	$15,356,672
Accretion	622,388	942,128
Decrease from 2011 study	(5,110,066)	–
Balance at December 31	$11,810,322	$16,298,000

Any net margin effects are deferred in the Wolf Creek decommissioning regulatory asset and will be collected from members in future electric rates.

Cash and Cash Equivalents - All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents and are stated at cost, which approximates fair value. Cash equivalents consisted primarily of repurchase agreements, money market accounts and certificates of deposit.

The Federal Deposit Insurance Corporation insures amounts held by each institution in the Company’s name in interest bearing accounts up to $250,000. For the period, December 31, 2010 through December 31, 2012, all noninterest-bearing transactional accounts are fully insured, regardless of the balance of the account at all FDIC-insured institutions. Beginning January 1, 2013, all amounts held by each FDIC-insured institution in the Company’s name are insured up to $250,000. At various times during the fiscal year, the Company’s cash in bank balances exceeded the federally insured limits.

KEPCo’s repurchase agreements have collateral pledged by a financial institution, which are securities that are backed by the federal government.

Accounts Receivable - Accounts receivable are stated at the amount billed to members and customers. KEPCo provides allowances for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Materials and Supplies Inventory - Materials and supplies inventory are valued at average cost.

Unamortized Debt Issuance Costs - Unamortized debt issue costs relate to the issuance of the floating/

fixed rate pollution control revenue bonds, mortgage notes payable to the National Rural Utilities Cooperative Finance Corporation (CFC) trusts and fees for re-pricing the Federal Financing Bank (FFB) debt. These costs are being amortized using the effective interest method over the remaining life of the bonds and notes.

Cash Surrender Value of Life Insurance Contracts - The following amounts related to Wolf Creek Nuclear Operating Corporation (WCNOC) corporate-owned life insurance contracts, primarily with one highly rated major insurance company, are included in other long-term assets on the consolidated balance sheets.

	2012	2011
Cash surrender value of contracts	$6,470,143	$6,121,449
Borrowings against contracts	(6,246,370)	(5,895,140)
	$ 226,773	$ 226,309

Borrowings against contracts include a prepaid interest charge. KEPCo pays interest on these borrowings at a rate of 5.00% and 5.81% for the years ended December 31, 2012 and 2011, respectively.

Revenues - Revenues are recognized during the month the electricity is sold. Revenues from the sale of electricity are recorded based on usage by member cooperatives and customers and on contracts and scheduled power usages as appropriate.

Income Taxes - As a tax-exempt cooperative, KEPCo is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended. Accordingly, provisions for income taxes have not been reflected in the accompanying consolidated financial statements. KEPCo is no longer subject to federal or state income tax examinations by taxing authorities for years prior to 2009.

KEPCo Services, Inc., a subsidiary of Kansas Electric Power Cooperative, Inc., is not exempt from income taxes. The organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, management believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the organization.

There has been no interest or penalties recognized neither in the statements of margin nor in the balance sheets related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months. Tax years with open statutes of limitations are 2009 and forward.

(2) Factors That Could Affect Future Operating Results

KEPCo currently applies accounting standards that recognize the economic effects of rate regulation and, accordingly, has recorded regulatory assets and liabilities related to its generation and transmission operations in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, Regulated Operations. In the event KEPCo determines that it no longer meets the criteria of ASC 980, the accounting impact could be a noncash charge to operations of an amount that would be material. Criteria that could give rise to the discontinuance of ASC 980 include: 1) increasing competition that restricts KEPCo's ability to establish prices to recover specific costs and 2) a significant change in the manner in which rates are set by regulators from a cost-based regulation to another form of regulation.

KEPCo periodically reviews these criteria to ensure the continuing application of ASC 980 is appropriate. Any changes that would require KEPCo to discontinue the application of ASC 980 due to increased competition, regulatory changes or other events may significantly impact the valuation of KEPCo's investment in utility plant, its investment in Wolf Creek and necessitate the write-off of regulatory assets. At this time, the effect of competition and the amount of regulatory assets that could be recovered in such an environment cannot be predicted.

The 1992 Energy Policy Act began the process of restructuring the United States electric utility industry by permitting the Federal Energy Regulatory Commission to order electric utilities to allow third parties to sell electric power to wholesale customers over their transmission systems. KEPCo has elected to deregulate its rate making for sales to its members under recent statutory amendments.

Subject to the possibility of KCC review, KEPCo's member rates are now set by action of the Board. KEPCo's ability to timely recover its costs is enhanced by this change.

(3) Departures From Generally Accepted Accounting Principles

Effective February 1, 1987, the KCC issued an order to KEPCo requiring the use of present worth (sinking fund) depreciation and amortization. As more fully described in Note 6, such depreciation and amortization methods constituted phase-in plans that did not meet the requirements of ASC 980-340 *Regulated Operation, Other Assets and Deferred Costs*.

Effective February 1, 2002, the KCC issued an order that extended the depreciable life of Wolf Creek from 40 years to 60 years. This order also permitted recovery in rates of the $53.5 million cumulative difference between historical present worth (sinking fund) depreciation and amortization and straight-line depreciation and amortization of the Wolf Creek generation plant and disallowed costs over a 15-year period. Recovery of these costs in rates is included in operating revenues, and the related amortization expense is included in deferred charges in the consolidated statements of margin.

The effect of these departures from accounting principles generally accepted in the United States of America is to overstate (understate) the following items in the consolidated financial statements by the following amounts:

	2012	2011
Deferred charges	$14,254,536	$17,818,171
Patronage capital	$14,254,536	$17,818,171
Net margin	$ (3,563,634)	$ (3,563,634)

(4) Investments in Associated Organizations

Investments in associated organizations are carried at cost. At December 31, 2012 and 2011, investments in associated organizations consisted of the following:

	2012	2011
Cooperative Finance Corporation		
Memberships	$ 1,000	$ 1,000
Capital term certificates	395,970	395,970
Patronage capital certificates	792,064	562,375
Equity term certificates	8,441,461	8,982,685
Member capital certificates	2,500,000	2,500,000
	12,130,495	12,442,030
Other	233,560	226,417
	$12,364,055	$12,668,447

(5) Bond Fund Reserve

KEPCo has entered into a bond covenant whereby KEPCo is required to maintain, with a trustee, a bond fund reserve of approximately $4.4 million. This stipulated amount is sufficient to satisfy certain future interest and principal obligations. The amount held in the bond fund reserve is invested by the trustee in tax-exempt municipal securities, pursuant to the restrictions of the indenture agreement, which are carried at amortized cost.

(6) Deferred Charges

Wolf Creek Disallowed Costs - Effective October 1, 1985, the KCC issued a rate order relating to KEPCo's investment in Wolf Creek, which disallowed $26.0 million of KEPCo's investment in Wolf Creek ($10.3 million net of accumulated amortization as of December 31, 2012). A subsequent rate order, effective February 1, 1987, allows KEPCo to recover these disallowed costs and other costs related to the disallowed portion (recorded as deferred charges) for the period from September 3, 1985 through January 31, 1987, over a 27.736-year period starting February 1, 1987. Pursuant to a KCC rate order dated December 30, 1998, the disallowed portion's recovery period was extended to a 30-year period. Through December 31, 2001, KEPCo used the present worth (sinking fund) method to recover the disallowed costs, which enabled it to meet the times-interest-earned ratio and debt service requirements in the KCC rate order dated January 30, 1987. The method used by KEPCo through 2001 constituted a phase-in plan that did not meet the requirements of ASC 980- 340, *Regulated Operations, Other Assets and Deferred Costs*.

Effective February 1, 2002, the KCC issued an order permitting recovery in rates of the $6.5 million cumulative difference between historical present worth (sinking fund) and straight-line amortization of Wolf Creek disallowed costs over a 15-year period. Such depreciation practice does not constitute a phase-in plan that meets the requirements of ASC 980-340.

If the disallowed costs were recovered using a method in accordance with U.S. generally accepted accounting principles, the costs would have been expensed in their entirety upon implementation of the KCC order, with a corresponding decrease in patronage capital.

Wolf Creek Deferred Plant Costs - Effective February 1, 2002, the KCC issued an order permitting recovery in rates of the $46.9 million cumulative difference between historical present worth (sinking fund) depreciation and straight-line depreciation of Wolf Creek generation plant over a 15-year period. Such depreciation practice does not constitute a phase-in plan that meets the requirements of ASC 980-340. In 2002, this cumulative difference was reclassified from utility plant allowance for depreciation to deferred charges on the consolidated balance sheets to reflect the amount as a regulatory asset.

Amortization of the Wolf Creek deferred plant costs is included in amortization of deferred charges and amounts to $3.1 million for each of the years ended December 31, 2012 and 2011.

If the deferred plant costs were recovered using a method in accordance with accounting principles generally accepted in the United States of America, the costs would have been expensed in their entirety upon implementation of the KCC order, with a corresponding decrease in patronage capital.

Deferred Incremental Outage Costs - In 1991, the KCC issued an order that allowed KEPCo to defer its 6% share of the incremental operating, maintenance and replacement power costs associated with the periodic refueling of Wolf Creek. Such costs are deferred during each refueling outage and are being amortized over the approximate 18-month operating cycle coinciding with the recognition of the related revenues. Additions to the deferred incremental outage costs were $0.9 million and $13.9 million in 2012 and 2011, respectively. The current year amortization of the deferred incremental outage costs was $7.2 million and $8 million in 2012 and 2011, respectively.

Other Deferred Charges - KEPCo includes in other deferred charges the early call premium resulting from refinancing. These early call premiums are amortized using the effective interest method over the remaining life of the new agreements.

(7) Line of Credit

As of December 31, 2012, KEPCo has a $20 million line of credit available with the Cooperative Finance Corporation. There were no funds borrowed against the line of credit at December 31, 2012. The line of credit requires the Cooperative to pay down the balance to zero annually. Interest rates vary and were 2.90% at December 31, 2012, and 3.20% at December 31, 2011. This line of credit expires in March 2014.

At December 31, 2012, KEPCo has a $10 million line of credit available with CoBank, ACB. There were no funds borrowed against the line of credit at December 31, 2012. Interest rate options, as selected by the Company, are a weekly quoted variable rate in which CoBank establishes a rate on the first business day of each week or a LIBOR option at a fixed rate equal to LIBOR plus 1.6%. This line of credit expires March 2013.

(8) Long-Term Debt

Long-term debt consists of mortgage notes payable to the United States of America acting through the Federal Financing Board, the CFC and others. Substantially all of KEPCo's assets are pledged as collateral. The terms of the notes as of December 31 are as follows:

	2012	2011
Mortgage notes payable to the FFB at fixed rates varying from .898% to 9.21%, payable in quarterly installments through 2043	$ 53,630,090	$ 63,367,854
Mortgage notes payable to the Grantor Trust Series 1997 at a rate of 7.522%, payable semi-annually, principal payments commencing in 1999 and continuing annually through 2017	23,240,000	27,540,000
Floating/fixed rate pollution control revenue bonds, City of Burlington, Kansas, Pooled Series 1985C, variable interest rate of .42%, payable annually through 2015	9,195,000	12,395,000
Mortgage notes payable, equity certificate loans and member capital security notes to the CFC at fixed rates of 3.10% to 7.70%, payable quarterly through 2034.	83,074,647	85,959,247
	169,139,737	189,262,101
Less current maturities	(20,070,937)	(18,781,858)
	$ 149,068,800	$170,480,243

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

2013	$ 20,070,937
2014	21,608,185
2015	20,870,676
2016	11,726,861
2017	10,213,039
Thereafter	84,650,039
	$ 169,139,737

Restrictive covenants require KEPCo to design rates that would enable it to maintain a times-interest earned ratio of at least 1.05 and debt-service coverage ratio of at least 1.0, on average, in the two best years out of the three most recent calendar years. The covenants also prohibit distribution of net patronage capital or margins until, after giving effect to any such distribution, total patronage capital equals or exceeds 20% of total assets, unless such distribution is approved by the Rural Utility Service. KEPCo was in compliance with such restrictive covenants as of December 31, 2012 and 2011.

In 1997, KEPCo refinanced its mortgage notes payable to the 1988 CFC Grantor Trust through the establishment of a new CFC Grantor Trust Series 1997 (the Series 1997 Trust) by CFC. This refinancing reduced the guaranteed interest rate payable on the mortgage notes to a fixed rate of 7.522%. The mortgage notes payable are pre-payable at any time with no prepayment penalties. The Trust holds certain rights the Cooperative assigned to the Trust under an interest rate swap agreement. The swap agreement was put into place in order to mitigate the interest rate risk inherent in the Trust, which holds a fixed rate asset with a variable rate obligation.

The swap agreement terminates in 2017, but is subject to early termination upon the early redemption of the debt. However, any termination costs relating to the termination of the assigned interest rate swaps is KEPCo's responsibility. At December 31, 2012, the termination obligation associated with the assigned swap agreement to early retire the mortgage notes payable is approximately $4.3 million.

This fair value estimate is based on information available at December 31, 2012, and is expected to fluctuate in the future based on changes in interest rates and outstanding principal balance.

KEPCo also is exposed to possible credit loss in the event of noncompliance by the counterparty to the swap agreement. However, KEPCo does not anticipate nonperformance by the counterparty.

(9) Benefit Plans

National Rural Electric Cooperative Association (NRECA) Retirement and Security Program - KEPCo participates in the NRECA Retirement and Security Program for its employees. THE NRECA is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by on employer may be used to provide benefits to employees of other participating employers.

KEPCo's contributions to the RS Plan in 2012 and 2011 represented less than 5 percent of the total contributions made to the plan by all participating employers. KEPCo's expense under this program was approximately $0.5 million, for both years ended December 31, 2012 and 2011. There have been no significant changes that affect the comparability of 2012 and 2011 contributions.

NRECA Savings 401(k) Plan - All employees of KEPCo are eligible to participate in the NRECA Savings 401(k) Plan. Under the plan, KEPCo contributes an amount not to exceed 5%, dependent upon each employee's level of participation and completion of one year of service, of the respective employee's base pay to provide additional retirement benefits. KEPCo contributed approximately $0.1 million to the plan for each of the years ended December 31, 2012 and 2011.

WCNOC Pension and Postretirement Plans - KEPCo has an obligation to the WCNOC retirement, supplemental retirement and postretirement medical plans for its 6% ownership interest in Wolf Creek. The plans provide for benefits upon retirement, normally at age 65. In accordance with the Employee Retirement Income Security Act of 1974, KEPCo has satisfied its minimum funding requirements. Benefits under the plans reflect the employee's compensation, years of service and age at retirement.

WCNOC uses a measurement date of December 31 for its retirement plan, supplemental retirement plan and postretirement plan (collectively, the Plans). Information about KEPCo's 6% of the Plans' funded status follows:

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Change in benefit obligation:				
Benefit obligation beginning of year	$ 20,603,780	$ 16,782,406	$1,293,078	$1,294,884
Service cost	773,872	632,826	24,483	21,132
Interest cost	962,263	940,792	52,432	58,514
Plan participants' contributions	–	–	77,589	78,334
Benefits paid	(1,094,009)	(387,117)	(126,126)	(124,969)
Actuarial losses (gains)	1,252,917	2,634,873	85,357	(45,977)
Amendments	83,034	–	–	–
Other	–	–	–	11,160
Benefit obligations, end of year	$ 22,581,857	$ 20,603,780	$1,406,813	$1,293,078

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Change in plan assets:				
Fair value of plan assets, beginning of year	$ 10,305,630	$ 9,713,047	$ 487	$ –
Actual return on plan plan assets	1,501,730	(329,141)	–	–
Employer contributions	1,772,810	1,277,849	49,748	47,123
Plan participants' contributions	–	–	77,589	78,333
Benefits paid	(1,063,016)	(356,125)	(126,126)	(124,969)
Fair value of plan assets, end of year	12,517,154	10,305,630	1,698	487
Funded status, end of year	$(10,064,703)	$(10,298,150)	$(1,405,115)	$(1,292,591)

Amounts recognized in the consolidated balance sheets:

	2012	2011
Other long-term liabilities		
Wolf Creek pension and postretirement benefit plans	$11,487,819	$11,609,229

Amounts recognized in accumulated other comprehensive income (loss) not yet recognized as components of net periodic benefit cost consist of:

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Net Loss	$ 8,238,528	$ 8,332,722	$ 465,118	$ 409,528
Prior service cost	86,195	3,875	–	–
Transition obligation	–	–	32	7,382
	$ 8,324,723	$ 8,336,597	$ 465,150	$ 416,910

Information for the pension plan with an accumulated benefit obligation in excess of plan assets:

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Projected benefit obligation	$ 22,581,857	$ 20,603,781	$ 1,406,813	$ 1,293,078
Accumulated benefit obligation	18,092,202	16,421,267	–	–
Fair value of plan assets	12,517,153	10,305,630	1,698	487

Weighted average actuarial assumptions used to determine net periodic benefit obligation:

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Discount rate	4.16%	4.55%	3.78%	4.10%
Annual salary increase rate	4.00%	4.00%	N/A	N/A

Wolf Creek uses a measurement date of December 31 for its pension and post-retirement benefit plans. The discount rate to determine the current year pension obligation and the following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality, non-callable corporate bonds that generate a sufficient cash flow to provide for the projected benefit payments of the plan. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
Components of net periodic cost (benefit):				
Service cost	$ 773,872	$ 632,826	$ 24,483	$ 21,132
Interest cost	962,263	940,792	52,432	58,514
Expected return on plant assets	(839,619)	(753,900)	–	–
Amortization				
Transition obligation, net	–	6,653	7,350	7,350
Prior service cost	714	2,087	–	–
Actuarial loss, net	685,000	457,736	29,767	29,054
Net periodic cost	1,582,230	1,286,194	114,032	116,050

	Pension Benefits 2012	Pension Benefits 2011	Postretirement Benefits 2012	Postretirement Benefits 2011
Other changes in plan obligations recognized in other comprehensive income:				
Current year actuarial loss (gain)	590,806	3,717,913	85,357	(45,977)
Amortization of actuarial loss	(685,000)	(457,736)	(29,767)	(29,054)
Current year prior service cost	83,034	–	–	–
Amortization of prior service cost	(714)	(2,087)	–	–
Amortization of transition obligation	–	(6,653)	(7,350)	(7,350)
Total recognized in other comprehensive income	(11,874)	3,251,437	48,240	(82,381)
Total recognized in net periodic cost and other comprehensive income	$ 1,570,356	$ 4,537,631	$ 162,272	$ 33,669
Weighted average actuarial assumptions used to determine net periodic cost:				
Discount rate	4.55%	5.45%	4.10%	4.90%
Expected long term return on plan assets	7.50%	7.50%	N/A	N/A
Compensation rate Increase	4.00%	4.00%	N/A	N/A

We estimate that we will amortize the following amounts from regulatory assets into net periodic cost in 2013:

	Pension Benefits	Postretirement Benefits
Actuarial loss	$ 691,980	$ 33,780
Prior service cost	7,440	–
Transition obligation	–	32
Total	$ 699,420	$ 33,812

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each asset class were selected after analyzing long-term historical experience and future expectations of the volatility of the various asset classes. Based on target asset allocations for each asset class, the overall expected rate of return for the portfolios was developed, adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

For measurement purposes, the assumed annual health care cost growth rates were as follows:

	2012	2011
Health care cost trend rate assumed for next year	8.0%	8.0%
Rate to which the cost trend rate is assumed to decline	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2019	2018

The health care cost trend rate affects the projected benefit obligation. A 1% change in assumed health care cost growth rates would have effects shown in the following table:

	One percentage point increase	One percentage point decrease
Effect on total of service and interest cost	(1,226)	1,239
Effect on post-retirement benefit obligation	(16,450)	16,353

In 2012, Wolf Creek changed its investment advisor resulting in the sale of its then existing levels 1, 2 and 3 investments and the purchase of other level 2 and 3 investments. Its pension and post-retirement plan investment strategy is to manage assets in a prudent manner with regard to preserving principal while providing reasonable returns. It has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long- term potential for appreciation of assets. Part of its strategy includes managing interest rate sensitivity of plan assets relative to the associated liabilities. The primary objective of the pension plan is to provide a source of retirement income for its participants and beneficiaries, and the primary financial objective of the plan is to improve its funded status. The primary objective of the post-retirement benefit plan is growth in assets and preservation of principal, while minimizing interim volatility, to meet anticipated claims of plan participants. Wolf Creek delegates the management of its pension and post-retirement benefit plan assets to independent investment advisors who hire and dismiss investment managers based upon various factors. The investment advisors strive to diversify investments across asset classes, sectors and manager styles to minimize the risk of large losses, based upon objectives and risk tolerance specified by Wolf Creek, which include allowable and/or prohibited investment types. It measures and monitors investment risk on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

The target allocations for Wolf Creek's pension plan assets are 31% to international equity securities, 25% to domestic equity securities, 25% to debt securities, 10% to real estate securities, 5% to commodity investments and 4% to other investments. The investments in both international and domestic equity include investments in large-, mid- and small-cap companies, private equity funds and investment funds with underlying investments similar to those previously mentioned. The investments in debt include core and high-yield bonds. Core bonds include funds invested in investment grade debt securities of corporate entities, obligations of U.S. and foreign governments and their agencies, and private debt securities. High-yield bonds include a fund with underlying investments in non-investment grade debt securities of corporate entities, private placements and bank debt. Real estate securities include funds invested in commercial and residential real estate properties while commodity investments include funds invested in commodity-related instruments.

All of Wolf Creek's pension plan assets are recorded at fair value using daily net asset values as reported by the trustee. However, level 3 investments in real estate funds and alternative funds are invested in underlying investments that are illiquid and require significant judgment when measuring them at fair value using market- and income-based models. Significant unobservable inputs for underlying real estate investments include estimated market discount rates, projected cash flows and estimated value into perpetuity. Alternative funds invest in a wide range of investments typically with low correlations to traditional investments.

Similar to other assets measured at fair value, GAAP establishes a hierarchal framework for disclosing the transparency of the inputs utilized in measuring pension and post-retirement benefit plan assets at fair value. From time to time, the Wolf Creek pension trust may buy and sell investments resulting in changes within the hierarchy. Where quoted market prices are available in an active market, plan assets are classified within

Level 1 of the valuation hierarchy. Level 1 plan assets include cash equivalents, equity and debt investments. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 investments include cash equivalents, equity, debt and commodity investments. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include certain real estate investments. Significant inputs and valuation techniques used in measuring Level 3 fair values include market discount rates, projected cash flows and the estimated value into perpetuity.

The following table provides the fair value of KEPCo's 6% share of Wolf Creek's pension plan assets and the corresponding level of hierarchy as of December 31, 2012 and 2011:

		Fair Value Measurements Using		
December 31, 2012	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 37,956	$ –	$ 37,956	$ –
Equity securities				
U.S. companies	3,102,797	–	3,102,797	–
International companies	3,891,671	–	3,891,671	–
Debt securities				
Core bonds	3,161,175	–	3,161,175	–
Commodities	611,305	–	611,305	–
Alternative investments	497,891		–	497,891
Real estate	1,214,360	–	634,695	579,665
Total	$12,517,155	$ –	$11,439,599	$1,077,556

		Fair Value Measurements Using		
December 31, 2011	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 250,792	$ –	$ 250,792	$ –
Equity securities				
U.S. companies	3,925,961	3,925,961	–	–
International companies	2,300,910	1,270,683	1,030,227	–
Debt securities				
Core bonds	2,282,188	–	2,282,188	–
High-yield bonds	523,603	523,603	–	–
Commodities	558,822	–	558,822	–
Real estate	463,355	–	–	463,355
Total	$10,305,631	$ 5,720,247	$ 4,122,029	$ 463,355

The following tables provides reconciliation of KEPCo's 6% share of Wolf Creek's pension plan assets measured at fair value using significant level 3 inputs for the years ended December 31, 2012 and 2011:

	Real Estate Securities	Alternative Investments
Balance at January 1, 2012	$ 463,355	$ –
Actual return on plan assets		
Relating to assets still held at the reporting date	(52,517)	2,891
Relating to assets sold during the year	96,384	–
Purchases, sales and settlements	72,443	495,000
Balance at December 31, 2012	$ 579,667	$ 497,891

	Real Estate Securities	Alternative Investments
Balance at January 1, 2011	$ 403,427	$ –
Actual return on plan assets		
Relating to assets still held at the reporting date	63,736	–
Relating to assets sold during the year	268	–
Purchases, sales and settlements	(4,076)	–
Balance at December 31, 2011	$ 463,355	$ –

Estimated future benefit payments as of December 31, 2012, for the Plans, which reflect expected future services, are as follows:

	Pension Benefits		Post-retirement Benefits	
	To/from trust	From company assets	To/from trust	From company assets
Expected contributions:				
2013	$ 1,200,000	$ 31,020	$ 79,800	$ –
Expected benefit payments:				
2013	466,980	31,020	81,480	–
2014	550,380	30,000	87,780	–
2015	643,020	28,920	95,220	–
2016	744,180	27,780	101,400	–
2017	850,620	26,640	107,580	–
2018-2022	5,984,460	114,720	572,580	–

(10) Commitments and Contingencies

Current Economic Environment - KEPCo considers the current economic conditions when planning for future power supply and liquidity needs. The current instability in the financial markets may have an impact on the Cooperative's members, which may impact the Cooperative's volume of future sales, which could have an adverse impact on the Cooperative's future operating results. The current economic climate may also affect the Cooperative's ability to obtain financing.

Given the volatility of the current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments that could negatively impact the Cooperative's ability to meet debt covenants or maintain sufficient liquidity. Currently under state statutes, the Cooperative's rate making is deregulated and, therefore, expects to be able to recover any economic losses through future rates.

Litigation - The Cooperative is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have an adverse effect on the consolidated financial position, results of operations and cash flows of the Cooperative.

There is a provision in the Wolf Creek operating agreement whereby the owners treat certain claims and losses arising out of the operations of Wolf Creek as a cost to be borne by the owners separately (but not jointly) in proportion to their ownership shares. Each of the owners has agreed to indemnify the others in such cases.

Nuclear Liability Insurance - Pursuant to the Price-Anderson Act, which was reauthorized through December 31, 2025 by the Energy Policy Act of 2005, KEPCo is required to insure against public liability claims resulting from nuclear incidents to the full limit of public liability, which is currently approximately $12.6 billion. This limit of liability consists of the maximum available commercial insurance of $375 million, and the remaining $12.2 billion is provided through mandatory participation in an industry wide retrospective assessment program. Under this retrospective assessment program, owners are jointly and severally subject to an assessment of up to $117.5 million ($7.1 million - KEPCo's share) at any commercial reactor in the country, payable at no more than $17.5 million ($1.1 million - KEPCo's share) per incident per year, per reactor.

This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. This assessment also applies in excess of the worker radiation claims insurance. The next scheduled inflation adjustment is scheduled for August 2013. In addition, Congress could impose additional revenue-raising measures to pay claims.

The owners of Wolf Creek carry decontamination liability, premature decommissioning liability and property damage insurance for Wolf Creek totaling approximately $2.8 billion ($168 million KEPCo's share). This insurance is provided by Nuclear Electric Insurance Limited (NEIL). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination in accordance with a plan mandated by the Nuclear Regulatory Commission. KEPCo's share of any remaining proceeds can be used to pay for property damage, decontamination expenses or, if certain requirements are met, including nuclear decommissioning the plant, toward a shortfall in the decommissioning trust fund.

The owners also carry additional insurance with NEIL to cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at Wolf Creek. If significant losses were incurred at any of the nuclear plants insured under the NEIL policies, KEPCo may be subject to retrospective assessments under the current policies of approximately $1.9 million.

Although KEPCo maintains various insurance policies to provide coverage for potential losses and liabilities resulting from an accident or an extended outage, KEPCo's insurance may not be adequate to cover the costs that could result from a catastrophic accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable through rates, would have a material adverse effect on KEPCo's financial condition and result of operations.

Decommissioning Insurances - KEPCo carries premature decommissioning insurance that has several restrictions, one of which can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC) and to pay for on-site property damages.

Once the NRC property rule requiring insurance proceeds to be used first for stabilization and decontamination has been complied with, the premature decommissioning coverage could pay for the decommissioning fund shortfall in the event an accident at Wolf Creek exceeds $500 million in covered damages and causes Wolf Creek to be prematurely decommissioned.

Nuclear Fuel Commitments - At December 31, 2012, KEPCo's share of WCNOC's nuclear fuel commitments was approximately $5.4 million for uranium concentrates expiring in 2017, $0.8 million for conversion expiring in 2017, $13.6 million for enrichment expiring at various times through 2045 and $4.6 million for fabrication through 2045.

Purchase Power Commitments - KEPCo has supply contracts with various utility companies to purchase power to supplement generation in the given service areas. KEPCo has a contract with Westar Energy, Inc., through December 2045. KEPCo has provided the Southwest Power Pool a letter of credit to help insure power is available if needed.

(11) Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements,* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Decommissioning Fund - The decommissioning fund consists of various mutual funds where fair value is determined by quoted market prices in an active market and, as such, are classified within Level 1 of the valuation hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at December 31, 2012:

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Decommissioning fund	$ 14,902,017	$ 14,902,017	$ -	$ -

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Cash and Cash Equivalents - Due to the short term maturity of cash and cash equivalents, the carrying amount approximates fair value.

Investments in CFC and Other Associated Organizations - KEPCo considers CFC and other associated organizations certificates to be a condition of borrowing and patronage capital certificates to be directly related to borrowing. As such, KEPCo management believes the fair value of these assets is not determinable and they are reflected at their carrying amount.

Bond Fund Reserve - The bond fund reserve consists of various held-to-maturity securities where the fair value is primarily based on quoted market prices.

Line of Credit and Long-Term Debt

Variable-Rate Debt - The carrying amount approximates fair value because of the short-term variable rates of those debt instruments.

Fixed-Rate Debt - The fair value of all fixed-rate debt is based on the sum of the estimated value of each issue, taking into consideration the current rate offered to KEPCo for debt of similar remaining maturities.

The following table presents estimated fair values of KEPCo's financial instruments at December 31, 2012 and 2011:

	December 31, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Cash and cash equivalents	$ 2,824,134	$ 2,824,134	$ 8,990,444	$ 8,990,444
Bond fund reserve	4,439,704	4,607,690	4,414,774	4,583,992
Financial liabilities				
Long-term debt	$169,139,737	$ 189,582,020	$189,262,101	$210,787,844

(12) Patronage Capital

In accordance with KEPCo's bylaws, KEPCo's current margins are to be allocated to members. KEPCo's current policy is to allocate to the members based on revenues collected from the members as a percentage of total revenues. If KEPCo's consolidated financial statements were adjusted to reflect accounting principles generally accepted in the United Stated of America, total patronage capital would be substantially less. As noted in the consolidated statements of changes in patronage capital, no patronage capital distributions were made to members in 2012 and 2011.

(13) Subsequent Events

The Company has evaluated subsequent events through April 8, 2013, which is the date the financial statements were available to be issued. No events were significant enough to warrant disclosures in the accompanying financial statements or notes.

KANSAS ELECTRIC POWER COOPERATIVE, INC.

A Touchstone Energy® Cooperative

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