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Daniel M Runion

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**REDACTED**

To: Michael J Stadler/WRI@ Richard D Terill/WRI@  
cc: Bruce E Anderson/WRI@ , Jean Ranabargar/WRI@ Carlene L Barkley/WRI@ Martin  
Bregman/WRI@

Subject: status of inquiry re Company's jets

You asked that I contact John Mark to discuss issues relating to the Company's jet aircraft. I anticipate a return call from him this morning.

My research thus far indicates that Part 135 of the Federal Aviation Regulations (14 CFR 135.1 et seq.) is generally applicable where a shell entity employing pilots receives compensation for flights taken on aircraft by employees of entities related to that shell entity (eg Westar Capital and Westar Aviation, the current lessors of jet aircraft receiving compensation from other WR entities). If Part 135 applies then an appropriate operating certificate must be obtained from the FAA. Compliance with Part 135, if applicable, would minimize the possibility of denial of related insurance coverage on the basis that they were not operated in accordance with law.

If Part 135 is applicable, then flights may be subject to certain federal excise taxes. This may also be an appropriate time to review certain imputed income issues related to personal use of the jets by company personnel and others.

I will follow up with you once I hear from John Mark. In the interim I will contact Bruce Anderson, and Jean Ranabargar to gather additional relevant information.

Please let me know if you have additional questions or need clarification in the mean time. Best regards.

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