

to such Stipulation outlined Applicant's proposed Financing Plan for the 2005-2009 period, including the projected issuance of debt securities for new financing and refinancing requirements.

4. Communications in regard to this matter should be addressed to:

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5. Applicant has heretofore filed with this Commission a certified copy of the Articles of Consolidation under which it was organized and of all amendments thereto.

6. Applicant has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates which has occurred within three (3) years of the date of this Application, except as identified in Appendix 1 attached hereto and incorporated herein. No annual report or assessment fees are overdue.

7. The status of Applicant's Capital Stock outstanding at March 31, 2005, under its Articles of Consolidation, as amended, was as follows:

<u>Class of Stock</u>	<u>Number of Par Value Shares Authorized</u>	<u>Par Value</u>	<u>Number of Shares Without Par Value Authorized</u>	<u>Number of Shares Outstanding</u>
Common Stock	--	--	<u>1,000</u>	<u>1</u>
			<u>1,000</u>	<u>1</u>

As of March 31, 2005, Applicant's long-term indebtedness (excluding current maturities and including unamortized discounts and FAS 133 impacts) was \$642.6 million, represented by (i) \$144.7 million of Pollution Control Bonds, Series 1998A, 1998B, and 1998D; (ii) \$374.5 million of Senior Unsecured Notes; (iii) \$0.5 million of medium-term notes secured with General Mortgage Bonds; and (iv) \$122.9 million of General Mortgage Bonds pledged in support of Pollution Control Bonds.

8. Applicant had \$490.4 million of short-term indebtedness (including \$481.2 million of current maturities) outstanding on March 31, 2005.

9. None of the outstanding stock or stock certificates or bonds, notes or other evidences of indebtedness of Applicant have been issued or used in capitalizing its rights to be a corporation, or any franchise or permit, or the right to own, operate or enjoy any such franchise or permit, or any contract for consolidation or lease.

10. To meet the new financing and refinancing requirements outlined in Appendix B of the Stipulation, Applicant seeks authority to issue up to \$635 million principal amount of debt securities through December 31, 2009, and to enter into interest rate hedging instruments in connection with such debt securities. Applicant will issue such debt, up to the authorized amount, through one or a number of offerings to be determined from time to time by the Applicant. By providing flexibility and ability to take advantage of rapidly changing market conditions, such an approach allows the Applicant to obtain the most advantageous terms and

conditions at the time of issuance, thereby enabling the Applicant to maintain its low-cost debt structure.

11. The debt securities will have maturities of one year to 40 years and will be issued by the Applicant or through agents or underwriters for the Applicant in multiple offerings of differing amounts with different interest rates (including variable interest rates) and other negotiated terms and conditions. Interest rates on the debt securities, represented by either (i) the coupon on fixed rate debt securities or (ii) the initial rate on any variable or remarketed debt securities, will not exceed nine percent (9%).

12. The debt securities may be senior or subordinated and may be issued as unsecured or secured under the Applicant's existing general mortgage debt indentures, depending on cost differentials and market conditions at the time of issuance. The debt securities may take the form of "fall-away" mortgage debt in which it is initially secured debt but converts to unsecured debt based on certain conditions.

13. Applicant also requests authority to enter into interest rate hedging instruments in conjunction with debt securities to be issued under this authorization. Applicant anticipates potentially using such hedging instruments for two purposes: (1) To "lock in" the key underlying rate of an upcoming debt issuance in advance of the issuance itself; and (2) At the time of debt issuance, to change the interest rate mode on the issued security from floating to fixed or vice versa, depending on Applicant's desired mix of fixed and floating rate debt. Depending on investor appetite at the time of issuance, it is sometimes more economical to issue floating rate securities and swap them to a fixed rate or cap them at some interest rate, rather than issue fixed rate securities. Alternatively, it may be more economical to issue fixed rate securities and swap them to floating rather than issue floating rate securities. By having the flexibility to use hedging

instruments to alter the interest rate from that on the debt securities issued to the market, Applicant will be able to optimize the cost of the debt. Because the Applicant's decision to use interest rate hedging instruments is dependent on market conditions at the time the debt securities are issued, both the use and cost of hedging instruments is difficult to forecast. Interest rate swaps require no upfront costs, while any upfront costs associated with the use of interest rate caps and/or and collars, would be expected to be partially or fully offset by the economic savings resulting from their use. While Applicant has authority from the Commission provided in Case No. EF-2002-1094 (with renewed authority pending under Case No. EF-2005-0388) to enter into interest rate hedging instruments, the purpose of that authority is to manage the portfolio of variable rate debt, particularly pollution control bonds that the Applicant currently has outstanding. The authority requested in this application would be limited to using interest rate hedging instruments solely in conjunction with the debt securities approved herein. Applicant has taken this approach in its past two Financing Applications and has received Commission authority on that basis in both instances.

14. Proceeds of the securities will be used by Applicant to refinance outstanding long-term debt and to execute the Experimental Regulatory Plan described in the Stipulation.

15. On August 29, 2003, Applicant filed a registration statement with the Securities and Exchange Commission ("SEC") for up to \$255 million of debt and trust preferred securities, which is referenced in Exhibit 1 to this Application. As a registration statement is designed to register securities contemplated to be issued over two-year period, Applicant will need to file a new registration statement in 2005. Also, because of the two-year effectiveness standard for these registrations, Applicant will be unable to file a single registration statement which registers all of the debt securities for which it requests authority under this application. Applicant

therefore plans to file a new registration statement for \$450 million in the second quarter of 2005 to replace the soon-to-expire registration statement and anticipates filing its next such statement in 2007. The amount of that registration statement will be based upon unused authority granted by the Commission pursuant to this application.

16. Applicant is entitled, with the authorization of the Commission, to issue up to \$635 million of debt securities and related interest rate hedging instruments and to enter into the agreements necessary for the transactions. Applicant further submits that such issuance and execution are in the public interest.

17. Applicant believes that this verified Application and exhibits will provide the Commission with sufficient facts and information to make a proper disposition of this Application without a hearing.

18. Applicant will file with the Commission within ten (10) days of the issuance of any debt securities authorized in this case a report including the amount of debt securities issued, date of issuance, interest rate (initial rate if variable), maturity date, and redemption schedules or special terms, if any. Applicant will also file a statement of the portion of the issuance of the debt securities, if any, which is subject to the fee schedule in Section 386.300, RSMo 2000 and pursuant to 4 CSR 3.120(1)(F).

19. The following exhibits were filed with the Company's Application or are herewith filed and made a part hereof:

Exhibit 1 - Registration Statements filed by Applicant with the SEC on August 19, 2003, including forms of indentures, pursuant to 4 CSR 3.120(1)(C).

- Exhibit 2 - Certified copy of resolutions of the Applicant's Board of Directors authorizing, among other things, the issuance of the debt securities pursuant to 4 CSR 3.120(1)(D) (to be filed as a late-filed exhibit).
- Exhibit 3 - Revised *pro forma* financial statements of the Applicant as of March 31, 2005, giving effect to the transactions and accounting adjustments herein described pursuant to 4 CSR 3.120(1)(E).
- Exhibit 4 - Five-year capital expenditure schedule pursuant to 4 CSR 3.120(1)(G) and 393.200 RSMo. 2000.

The information presented in Exhibit 3 will include financial information which has not yet been publicly disclosed by the Applicant. Applicant filed a Motion for Protective Order contemporaneously with its Application in this case. Applicant will file Exhibit 3 in both proprietary and public formats as soon as practicable after the entry of the requested Protective Order.

WHEREFORE, Applicant requests the Commission enter an appropriate Order authorizing Applicant:

- (a) to issue during the period ending December 31, 2009, up to \$635 million principal amount of debt securities, which may take the form of secured or unsecured senior or subordinated debt, "fall away" mortgage debt, or subordinated debt issued to special purpose financing entities, and with fixed or variable interest rates

- not to exceed nine percent (9%) on (i) fixed-rate notes or (ii) the initial rate on any variable rate or remarketed notes;
- (b) to enter into interest rate hedging instruments with one or more counterparties in conjunction with the debt securities issued under this authorization; and
- (c) to execute all documents necessary for the issuance and take all other actions necessary for the issuance and maintenance of the debt securities authorized in this proceeding.

DATED at Kansas City, Missouri, this 21st day of June 2005.

KANSAS CITY POWER & LIGHT COMPANY

Respectfully submitted,

By: Michael W. Cline
Michael W. Cline
Assistant Treasurer
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ATTORNEY FOR
KANSAS CITY POWER & LIGHT COMPANY

VERIFICATION

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Michael W. Cline, being first duly sworn, on his oath and in his capacity as Assistant Treasurer of Kansas City Power & Light Company, states that he is authorized to execute this Application on behalf of Kansas City Power & Light Company, and has knowledge of the matters stated in this Application, and that said matters are true and correct to the best of his knowledge, information and belief.

Michael W. Cline
Michael W. Cline

Subscribed and sworn to before me this 21st day of June 2005.

Nicole A. Wehry
Notary Public

My Commission Expires:

NICOLE A. WEHRY
Notary Public - Notary Seal
STATE OF MISSOURI
Jackson County
My Commission Expires: Feb. 4, 2007

Appendix 1

Pending Actions or Final Unsatisfied Judgments or Decisions

The following is a listing of Applicant's pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application:

1. Rhonda Wesley v. KCP&L; Case No. EC-2005-0245. Formal Complaint filed by Rhonda Wesley concerning her residential electric service.
2. *Christian R. Atlakson v. KCP&L*; Case No. EC-2005-0420. Formal Complaint filed by Christian R. Atlakson concerning her residential electric service.

EXHIBIT 1

Registration Statement filed by Applicant with the Securities and Exchange Commission ("SEC")

Applicant's Registration Statement filed with the Securities and Exchange Commission ("SEC") on August 29, 2003, including forms of indentures, was provided in Case No. EF-2004-0265 (Exhibit 1 to Application) and is incorporated herein by reference.

Applicant's Registration Statement to be filed with the Securities and Exchange Commission ("SEC") in the second quarter of 2005, including forms of indentures, will be filed as a late-filed exhibit.

EXHIBIT 2

Certified copy of resolutions of the Applicant's Board of Directors

Applicant's Certified copy of resolutions of the Board of Directors authorizing, among other things, the issuance of the debt securities will be filed as a late-filed exhibit.

EXHIBIT 3

Pro forma financial statements of the Applicant

Applicant's revised pro forma financial statements as of March 31, 2005, giving effect to the transactions and accounting adjustments herein described will be filed as soon as practicable after the entry of the requested Protective Order.

EXHIBIT 4

Five-year capital expenditure schedule

Applicant's five-year capital expenditure schedule was provided in Case No. EO-2005-0329 (Appendix B to Stipulation and Agreement) and is incorporated herein by reference.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing application was served via first class mail, postage prepaid, on this 22nd day of June 2005, upon:

Dana K. Joyce
Missouri Public Service Commission
P.O. Box 360
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Jefferson City, MO 65102

Lewis Mills
Office of the Public Counsel
P.O. Box 2230
200 Madison St., Suite 650
Jefferson City, MO 65102

By: _____


Paul M. Ling

ATTORNEY FOR
KANSAS CITY POWER & LIGHT
COMPANY