

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of)	
Kansas City Power & Light Company)	
for an Accounting Authority Order)	Case No. _____
Regarding Accounting for Pension)	
Benefits Recorded Under Statement of)	
Financial Accounting Standards No. 88.)	

**APPLICATION OF KANSAS CITY POWER & LIGHT COMPANY
FOR AN ACCOUNTING AUTHORITY ORDER REGARDING
ACCOUNTING FOR PENSION BENEFITS RECORDED UNDER
STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 88**

Comes now Kansas City Power & Light Company ("KCPL"), pursuant to Section 393.140(4), RSMo, and 4 CSR 240-2.060 and 2.080, and respectfully applies for an Accounting Authority Order regarding KCPL's accounting for pension costs recorded under Statement of Financial Accounting Standards No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits* ("FAS 88"). KCPL requests approval from the Missouri Public Service Commission ("Commission") to set up a regulatory asset or liability effective January 1, 2006, in Account 182.3 or 254 as appropriate, to track the difference in FAS 88 pension expense recorded for financial purposes and the level of FAS 88 pension expense built into rates. KCPL further requests that the Commission authorize KCPL to include such regulatory asset or liability in rate base and amortize such difference over five (5) years in its next rate case. Neither this regulatory asset nor its related amortization expense is included in the current KCPL rate case, which is pending in Case No. ER-2006-0314. If this application is approved, these items will be included in the next rate case filed by KCPL pursuant to the terms of the Stipulation and Agreement approved by the Commission in Case No. EO-2005-0329. In support of its application, KCPL states as follows:

1. KCPL is a corporation duly organized and existing under and by virtue of the laws of the State of Missouri, with its principal office located at 1201 Walnut, Kansas City,

Missouri 64106: web site; www.kcpl.com; telephone: (816) 556-2200; fax (816) 556-2787.

KCPL is an “electrical corporation” and a “public utility” as defined in Sections 386.020(12) and (32), RSMo. KCPL is engaged in the generation, transmission, distribution and sale of electric energy to the public in portions of Kansas and Missouri.

2. KCPL has filed its Certificate of Good Standing in Case No. EF-2004-0265, which is incorporated herein by reference.

3. Communications and correspondence in regard to this Application should be addressed to:

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4. On July 28, 2005, the Commission issued its Report and Order approving the Stipulation and Agreement in Case No. EO-2005-0329. Section III.B.1.e.6 of the Commission-approved Regulatory Plan Stipulation and Agreement authorizes KCPL to use a regulatory asset or liability to record the annual difference in pension expense calculated for ratemaking purposes under Statement of Financial Accounting Standards No. 87, Employers’ Accounting for Pensions, (“FAS 87”) and the level of pension expense built into rates for that period. The

Commission-approved Stipulation and Agreement also states that the regulatory asset or liability will be included in rate base and amortized over five (5) years during KCPL's next rate case.

5. Unlike FAS 87, which allows for the delayed recognition in net periodic pension cost of certain gains and losses, FAS 88 requires immediate recognition of certain gains and losses arising from settlements and curtailments of defined benefit plans. FAS 88 applies to an employer that sponsors a defined benefit pension plan accounted for under the provisions of FAS 87 if all or part of the plan's pension benefit obligation is settled or the plan is curtailed. The Company requests Commission approval to follow the same accounting for FAS 88 pension costs as has been approved for FAS 87 pension costs by setting up a regulatory asset or liability to track the difference in FAS 88 pension expense recorded for financial reporting purposes and the level of FAS 88 pension expense built into rates. The regulatory asset or liability would be applied as of January 1, 2006 and would be included in rate base and amortized over five (5) years in the next rate case following the rate case currently pending in Case No. ER-2006-0314, as set forth in the Stipulation and Agreement approved by the Commission in its order in Case No. EO-2005-0329. There is currently \$0 for FAS 88 pension expense included in the cost of service filed in Case No. ER-2006-0314.

6. KCPL included the above request in item 20.B. of its Application for Approval to Make Certain Changes in Its Charges for Electric Service to Begin the Implementation of Its Regulatory Plan, as filed with the Commission on February 1, 2006 and assigned Case No. ER-2006-0314. In that application, KCPL requested that the proposed accounting be applied as of the first day of the calendar year in which the associated rate and order are issued. However, KCPL anticipates that significant FAS 88 pension costs will be incurred in 2006 prior to the issuance of an order in Case No. ER-2006-0314. Because an order in EO-2006-0314 is not expected until late 2006, and to establish consistent accounting throughout the calendar year,

KCPL asks the Commission to accelerate consideration of the request and to issue a separate Order approving this Application for Accounting Authority Order.

7. Under the terms of KCPL's management and joint trustee pension plans, vested employees may choose to receive lump-sum cash payments at the time of retirement or earlier departure in exchange for their rights to receive monthly pension benefits following retirement. As a result of the number of vested employees who either have or are expected to leave KCPL employment during 2006 and the anticipated increase in interest rates that would decrease the value of future lump-sum payments, KCPL anticipates that a significant number of departing participants in the management and joint trustee pension plans will elect to receive lump-sum payments during 2006, resulting in significant settlement charges. Current estimates place anticipated 2006 settlement charges in excess of \$11 million, before the impact of income taxes.

8. The high number of vested employees who either have left or are expected to leave KCPL employment in 2006, in conjunction with the expectation that a substantial portion of these departing employees will elect to receive a one-time, lump sum payment in lieu of a lifetime of monthly payments, will result in recognition on the financial statements of the significant settlement costs identified above. This recognition is an acceleration required under FAS 88 of pension costs that would otherwise be recognized over time under FAS 87. KCPL believes that the regulatory treatment for pension costs should be consistent, regardless of whether the costs are recognized over time under FAS 87 or immediately under FAS 88.

9. KCPL requests an order from the Commission authorizing KCPL to set up a regulatory asset or liability, in Account 182.3 or 254 as appropriate, to track the difference in FAS 88 pension expense recorded for financial purposes and the level of FAS 88 pension expense built into rates, effective January 1, 2006, and to include such amounts in rate base and

amortize them over a five (5) year period at its next rate case following KCPL's pending rate case in Case No. ER-2006-0314.

10. KCPL 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 the Application, except as identified on Exhibit A, attached hereto and incorporated herein. No annual report or assessment fees are overdue.

WHEREFORE, KCPL respectfully requests an Accounting Authority Order that allows both for the deferral of FAS 88 pension costs and for their subsequent amortization over five years as described above.

Respectfully submitted,




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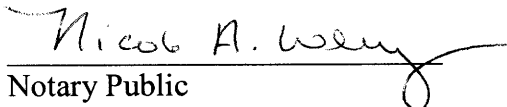
STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

Terry Bassham, being first duly sworn, on his oath and in his capacity as Chief Financial Officer 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.



Terry Bassham

Subscribed and sworn to before me this ___ day of June 2006.



Notary Public

My commission expires:

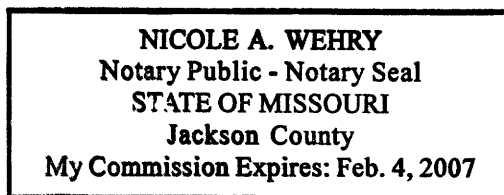


EXHIBIT A

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. *Vandora R. Henry v. Kansas City Power & Light Co.*, MPSC Case No. EC-2006-0412.
2. *Tony Walker v. Kansas City Power & Light Co.*, MPSC Case No. EC-2006-0451.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served either by electronic mail or by first class mail, postage prepaid, on this 30th day of June 2006, upon:

Dana K. Joyce
Missouri Public Service Commission
P.O. Box 360
200 Madison St., Suite 800
Jefferson City, MO 65102

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

A handwritten signature in black ink, appearing to read "C.D. Blanc", written over a horizontal line.

Curtis D. Blanc