

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

In the matter of the Application of Kansas City)	
Power & Light Company, a Missouri corporation,)	
for authority 1) to guarantee City of La Cygne, Kansas)	Case No.
Revenue Refunding Bonds, previously authorized by the)	
Commission in Case No. EF-94-200, with a municipal)	
bond insurance policy, to add an auction rate interest rate)	
mode and to extend the maturity of the bonds and 2) to)	
guarantee City of Burlington, Kansas Revenue Refunding)	
Bonds, previously authorized by the Commission in Case)	
No. EF-98-578, with a municipal bond insurance policy)	
and to extend the maturity of the bonds.)	

APPLICATION

COMES NOW Kansas City Power & Light Company ("KCPL" or "Applicant") and pursuant to Sections 393.180 and 393.200, RSMo. 2000 and 4 CSR 240-3.120 and 4 CSR 240-2.060, and respectfully requests the Order of the Missouri Public Service Commission (the "Commission") for authority 1) to guarantee outstanding and previously issued City of La Cygne, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1994, in the aggregate principal amount of \$35,922,000 (La Cygne Refunding Bonds) with a municipal bond insurance policy, to add an Auction Rate interest rate mode and to extend the maturity of the bonds and 2) to guarantee all or a portion of outstanding and previously issued Burlington, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1998A, B, C and D in the aggregate principal amount of \$196,500,000 (Burlington Refunding Bonds) with a municipal bond insurance policy and to extend the maturity of the bonds. In support of its application, KCPL alleges and states:

1. KCPL is a corporation duly organized and existing under the laws of the State of Missouri, with its principal office and place of business located at 1201 Walnut, Kansas City, Missouri 64106. KCPL is an electrical corporation and public utility as defined in Section 386.020 RSMo. 2000. KCPL's Certificate of Good Standing was provided in Case No. EF-2004-0265 and is incorporated herein by reference.

2. KCPL holds Certificates of Convenience and Necessity from the Commission to transact business as an electric public utility in certain areas of the State of Missouri and is principally engaged in the generation, transmission, distribution and sale of electric power and energy.

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

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

5. 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 this Application, except as identified on Exhibit 1 attached hereto and incorporated herein. No annual report or assessment fees are overdue.

6. The La Cygne Refunding Bonds are outstanding and were issued by the City of La Cygne, Kansas (La Cygne Authority). Pursuant to authority granted to KCPL by the Commission *In the matter of the application of KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation, for authority to issue pollution control refunding bonds*, Case No. EF-94-200, KCPL issued \$35,922,000 million principal amount of its general mortgage bonds to secure the Refunding Bonds and entered into an Equipment Lease Agreement and Equipment Sublease Agreement with the La Cygne Authority as further support for the La Cygne Refunding Bonds. The La Cygne Refunding Bonds are currently outstanding in a one-year long-term interest rate mode where the bonds are subject to remarketing on September 1, 2005. KCPL seeks authority from the Commission to guarantee the La Cygne Refunding Bonds with a municipal bond insurance policy, if it proves economical to do so, and to add an Auction Rate interest rate mode. KCPL also seeks authority from the Commission to execute the appropriate documentation in connection therewith.

7. The Burlington Refunding Bonds are outstanding and were issued by the City of Burlington, Kansas (Burlington Authority). Pursuant to authority granted to KCPL by the Commission *In the Matter of the Application of Kansas City Power & Light Company, a Missouri Corporation, for Authority to Issue Environmental Improvement Revenue Refunding Bonds*, Case No. EF-98-578, KCPL issued \$196,500,000 million principal amount of its Series 1998A, B, C and D Burlington Refunding Bonds and entered into a Purchase Agreement,

Equipment Lease Agreement and Equipment Sublease Agreement with the Burlington Authority as further support for the Burlington Refunding Bonds. Of the Burlington Refunding Bonds, the Series 1998 A, B & D bonds are currently outstanding in a five-year long-term interest rate mode where the bonds are subject to remarketing on October 1, 2007. The Series 1998C bonds are currently outstanding in a one-year long-term interest rate mode where the bonds, like the La Cygne Refunding Bonds are subject to remarketing on September 1, 2005. KCPL seeks authority from the Commission to guarantee all or a portion of the Burlington Refunding Bonds with a municipal bond insurance policy, if it proves economical to do so. KCPL also seeks authority from the Commission to execute the appropriate documentation in connection therewith.

8. The original documentation associated with the La Cygne Refunding Bonds allows for several interest rate modes including daily, weekly, commercial paper and long-term interest rate determination methods. The La Cygne Refunding Bonds were initially issued in a long-term interest rate mode where the interest rate is periodically set through a remarketing process and the La Cygne Refunding Bonds have remained in this long-term interest rate mode since their original issuance. Since the bonds were initially issued in 1994, an alternate Auction Rate interest rate mode has been developed. KCPL currently has three bonds in this interest rate mode pursuant to authority granted to KCPL by the Commission *In the matter of the application of Kansas City Power & Light Company, a Missouri corporation, for authority to issue pollution control refunding bonds*, Case No. EF-94-95 and *In the Matter of the Application of Kansas City Power & Light Company, a Missouri Corporation, for Authority to Guarantee Environmental Improvement and Energy Resources Authority Revenue Refunding Bonds, Previously Authorized by the Commission in Case No. EF-93-13, with a Municipal Bond Insurance Policy and to Add*

an Auction Rate Interest Rate Mode, Case No. EF-2004-0512. The main benefit of this interest rate mode is that the Auction Rate mode allows KCPL to remarket the bonds under the most cost effective “floating” interest rate mode. The daily and weekly interest rate modes are the “floating” interest rate modes available to KCPL under current documentation. Under these interest rate modes, the interest rate on the bonds is periodically set through a daily or weekly remarketing process. Under these modes, KCPL is required to provide liquidity support for the La Cygne Refunding Bonds, in the form of a credit facility. This credit support provides liquidity in the event of a failed remarketing where investors are allowed to “put” their bonds back to KCPL. This liquidity risk, along with the incremental cost for the underlying credit facility, serves to make the weekly mode less attractive to KCPL than the Auction Rate mode. The Auction Rate mode does not have a “put” feature, thereby eliminating the need for, and the associated cost of, credit support. The Auction Rate mode allows for the interest rate on the La Cygne Refunding Bonds to be set periodically via a Dutch Auction process. The Dutch Auction structure does not require liquidity support as investors do not have the ability to “put” their bonds back to the issuer. As such, the Auction Rate mode allows KCPL to utilize the most cost effective and efficient form of variable rate tax-exempt financing. Therefore, KCPL seeks authority to add an Auction Rate interest rate mode as an additional interest rate determination mode to the LaCygne Refunding Bonds.

9. The La Cygne Refunding Bonds were initially issued without municipal bond insurance guaranteeing the La Cygne Refunding Bonds. The interest rate of the La Cygne Refunding Bonds is currently in a long-term interest rate mode whereby the interest rate on the bond is reset at the end of a long-term interest rate period, which is currently a one-year term for the La Cygne Refunding Bonds. KCPL has determined that it may be economical to purchase

municipal bond insurance to bolster the credit quality of the La Cygne Refunding Bonds and, thus, achieve a lower interest rate and borrowing cost. These bonds are currently rated A2/BBB and it is expected that the addition of municipal bond insurance will increase the credit rating on the bonds to Aaa/AAA and thus lower the expected average interest rate on the La Cygne Refunding Bonds. In anticipation of potential savings, KCPL seeks authority to obtain and maintain municipal bond insurance on the La Cygne Refunding Bonds to help achieve this lower interest rate, including the authority to enter into any documents necessary for the issuance of the municipal bond insurance. Such documents will include an obligation on the part of KCPL to reimburse the municipal bond insurance policy issuer for any amounts paid by the policy issuer under the insurance policy.

10. The Burlington Refunding Bonds were initially issued without municipal bond insurance guaranteeing the Burlington Refunding Bonds. The interest rate of the Burlington Refunding Bonds is currently in a long-term interest rate mode whereby the interest rate on the bond is reset at the end of a long-term interest rate period, which is currently a one-year term for the Burlington Refunding Bonds. KCPL has determined that it may be economical to purchase municipal bond insurance to bolster the credit quality of all or a portion of the Burlington Refunding Bonds and, thus, achieve a lower interest rate and borrowing cost. These bonds are currently rated A3/BBB and it is expected that the addition of municipal bond insurance will increase the credit rating on the bonds to Aaa/AAA and thus lower the expected average interest rate on the Burlington Refunding Bonds. In anticipation of potential savings, KCPL seeks authority to obtain and maintain municipal bond insurance on all or a portion of the Burlington Refunding Bonds to help achieve this lower interest rate, including the authority to enter into any documents necessary for the issuance of the municipal bond insurance. Such documents will

include an obligation on the part of KCPL to reimburse the municipal bond insurance policy issuer for any amounts paid by the policy issuer under the insurance policy.

11. KCPL has significant recent experience with guaranteeing outstanding Environmental Improvement Revenue Refunding bonds with municipal bond insurance and converting the bonds to an auction rate interest rate mode. KCPL performed this transaction on outstanding and previously issued City of Burlington, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1993A and Series 1993B, in the aggregate principal amount of \$79,480,000 (Burlington MATES Refunding Bonds) in 2002 and on outstanding and previously issued State of Missouri Environmental Improvement and Energy Resources Authority Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1992, in the aggregate principal amount of \$31,000,000 (Missouri EIERA Refunding Bonds) in 2004. As mentioned previously, the Auction Rate mode allows KCPL to utilize the most cost effective and efficient form of variable rate tax-exempt financing. Given Applicant's familiarity with the Auction Rate mode, Applicant expects to achieve significant savings from utilization of this interest rate mode. Applicant proposes to submit a Net Present Value Interest Savings Analysis with the Commission within thirty (30) days following execution of a transaction.

12. The La Cygne Refunding Bonds were issued to finance equipment used at KCPL's shared La Cygne Generating Station and are currently scheduled to mature in March 2015 and March 2018. The Applicant may have an opportunity to extend the maturity of the La Cygne Refunding Bonds, and the first mortgage bond given as security for the La Cygne Refunding bonds, for additional years. This maturity extension of the La Cygne Refunding Bonds is cost effective in that tax-exempt financing represents the lowest cost of borrowing for

the Applicant and it is advantageous to preserve such financing for as long a term as possible. Recently, the cost of tax-exempt debt has been approximately 70 basis points lower than comparable taxable debt. Should the Applicant not extend the maturity of the La Cygne Refunding Bonds, the Applicant will have to repay the principal amount of the bonds sooner, while financing this principal payment with more costly taxable debt. Maturity extension at this time would also protect the Applicant against possible tax law changes that may restrict or limit such maturity extensions in the future. Therefore, KCPL seeks authority to extend the maturity of the La Cygne Refunding Bonds.

13. The Burlington Refunding Bonds were issued to finance equipment used at KCPL's shared Wolf Creek Generating Station and are currently scheduled to mature in September 2015 and October 2017. The Applicant may have an opportunity to extend the maturity of the Burlington Refunding Bonds for additional years. This maturity extension of the Burlington Refunding Bonds is cost effective for the same reasons detailed in item 12 above. Therefore, KCPL seeks authority to extend the maturity of the Burlington Refunding Bonds.

14. Since the La Cygne Refunding Bonds have been issued, and KCPL has entered into related transactions and documents pursuant to authority previously granted by the Commission in Case No. EF-94-200, KCPL is not providing the statements and documents detailed in 4 CSR 240-3.120(B), (C), (D), (E), (F) and (G).

15. Since the Burlington Refunding Bonds have been issued, and KCPL has entered into related transactions and documents pursuant to authority previously granted by the Commission in Case No. EF-98-578, KCPL is not providing the statements and documents detailed in 4 CSR 240-3.120(B), (C), (D), (E), (F) and (G).

WHEREFORE, Applicant requests the Commission issue its Order on or before July 31, 2005, authorizing Applicant:

1. to guarantee outstanding and previously issued City of La Cygne, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1994, in the aggregate principal amount of \$35,922,000 (La Cygne Refunding Bonds) with a municipal bond insurance policy, to add an Auction Rate interest rate mode, to extend the maturity of the bonds and to execute all documents and take all other actions necessary for the issuance and maintenance of such municipal bond insurance policy, for the addition of an Auction Rate interest rate mode and for extension of the maturity of the bonds as authorized in this proceeding; and

2. to guarantee all or a portion of outstanding and previously issued Burlington, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1998A, B, C and D, in the aggregate principal amount of \$196,500,000 (Burlington Refunding Bonds) with a municipal bond insurance policy, to extend the maturity of the bonds and to execute all documents and take all other actions necessary for the issuance and maintenance of such municipal bond insurance policy and for extension of the maturity of the bonds as authorized in this proceeding.

DATED at Kansas City, Missouri, this 28th day of April 2005.

KANSAS CITY POWER & LIGHT COMPANY

Respectfully submitted,

By: Michael W. Cline

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ATTORNEY FOR
KANSAS CITY POWER & LIGHT COMPANY

VERIFICATION


STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss

Michael W. Cline, being first duly sworn upon his oath, deposes and states that he is Assistant Treasurer of Kansas City Power & Light Company, that he is authorized to act on its behalf, that he has read and is familiar with the foregoing Application, and that the statements therein are true and correct to the best of his knowledge, information and belief.



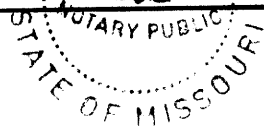
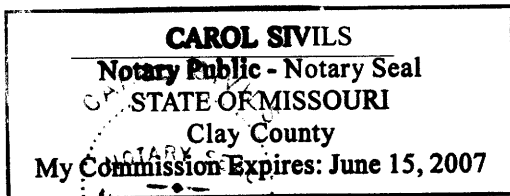
Michael W. Cline

Subscribed and sworn to before me this 28th day of April 2005.



Notary Public

My Commission Expires:



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing application was served via first class mail, postage prepaid, on this 28th day of April, 2005, upon:

Dana K. Joyce
Missouri Public Service Commission
P.O. Box 360
200 Madison St., Suite 800
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John B. Coffman
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By: _____


Paul M. Ling

ATTORNEY FOR
KANSAS CITY POWER & LIGHT
COMPANY

EXHIBIT 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.