

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

In The Matter of the Application of Kansas)
City Power & Light Company for)
Authorization to Manage its Sulfur Dioxide) Case No. EO-2012
(SO₂) Emission Allowance Inventory.)

**MOTION TO EXTEND AUTHORITY TO THE DISPOSITION OF
NO_x ALLOWANCES AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Kansas City Power & Light Company ("Company" or "KCP&L"), pursuant to 4 CSR 240-2.080, and hereby submits a Motion to Extend Authority to the Disposition of NO_x Allowances and Motion for Expedited Treatment. In support thereof, the Company respectfully states as follows:

1. On June 22, 2000, in case number EO-2000-357 the Missouri Public Service Commission ("Commission") issued its *Order Granting Authority, Approving Stipulation and Agreement, and Closing Case* ("Order") in this case. Pursuant to the Commission's Order, KCP&L was authorized to manage its inventory of sulfur dioxide ("SO₂") emissions allowances, which were issued under the Federal Clean Air Act and administered by the United States Environmental Protection Agency ("EPA"). Under the authority issued by the Commission, the Company was permitted to sell and trade SO₂ allowances subject to certain restrictions. The Company was required to keep detailed records of each transaction, and file an annual report with the Commission enumerating all of its transactions. The prudence of any allowance transaction was subject to review and adjustment as part of any audit and/or examination in a future rate case.¹

¹ SO₂ emission allowances were subsequently addressed in the KCP&L Experimental Regulatory Plan Stipulation and Agreement, Case No. EO-2005-0329.

2. In 2005 the EPA issued its Clean Air Interstate Rule ("CAIR") and created Nitrogen Oxide ("NOx") emissions allowances. KCP&L has not previously sought nor received authority to sell or trade those allowances.

3. On July 6, 2011, the EPA finalized the Cross-State Air Pollution Rule ("CSAPR"), which replaced the CAIR. Under the CSAPR, new NOx emissions allowances will be issued, which will replace the NOx emissions allowances created when the CAIR was adopted. The CSAPR takes effect on January 1, 2012. Under the CSAPR, the NOx allowances issued under the CAIR will no longer be useable for compliance. Specifically, after the compliance certification filing dates applicable to 2011 seasonal and annual NOx compliance (late November, 2011 and early March, 2012, respectively), NOx emissions allowances created by the CAIR will no longer be usable.

4. KCP&L is in possession of approximately 500 Annual NOx allowances and approximately 840 Seasonal NOx allowances which it does not need to satisfy its own emissions allowance requirements for 2011. If KCP&L does not sell or trade these allowances, they are likely to become worthless by the beginning of March, 2012 and the end of November, 2011, respectively. The market for these NOx allowances is not liquid. However, it is very possible that the Company might be able to sell some or all of these excess NOx allowances if it had authority to do so. As a consequence, KCP&L is requesting that the Commission extend its existing authority to sell and trade SO₂ emissions allowances to the NOx emissions allowances that will no longer be useable for compliance post-December 31, 2011, and record such sales proceeds in FERC account 254, to be flowed to customers over an amortization period to be determined in the next rate case with the unamortized balance to be used as an offset to ratebase. KCP&L does not believe any restrictions on the sale of these NOx allowances are warranted, but

agrees that it should be required to maintain detailed records of each transaction, and provide an annual report similar to the report that it is currently providing for its SO₂ emissions allowance transactions. The authority sought is limited to the NO_x allowances created by the CAIR; if KCP&L seeks authority to sell or trade NO_x allowances created under the CSAPR, it will file a separate application.

5. KCP&L is requesting expedited treatment of its Motion. Specifically, KCP&L requests that the Commission issue an order granting this Motion as soon as it reasonably can, but in no event later than November 23, 2011. Customers will benefit if KCP&L is permitted to attempt to sell its excess NO_x allowances at the earliest possible time. KCP&L filed this motion as soon as reasonably possible after it determined that there were potential purchasers for excess NO_x allowances. There will be no harm from expediting approval of the extension of authority sought herein because the Company does not need these NO_x emissions allowances for compliance in 2011 and the allowances will not be useable for compliance in 2012.

6. KCP&L has contacted the Commission Staff and the Office of the Public Counsel, the only parties to the EO-2000-357 case, and has been authorized to represent that they support this Motion. Although the Staff has no objection to the Company's request for an order from the Commission by November 23, 2011, the Staff asked the Company to make clear that it is the Company that is requesting action by the Commission by a date certain. KCP&L is also serving copies of this Motion on counsel for every party to its most recent electric rate case, Case No. ER-2010-0355.

WHEREFORE, KCP&L respectfully requests that the Commission promptly issue its order authorizing KCP&L to sell or trade the excess NOx emissions allowances which will no longer be usable for compliance post-December 31, 2011 due to the adoption of the CSAPR, subject to the same prudence review and adjustment and record-keeping and reporting requirements that are applicable to its SO₂ emissions allowances.

Respectfully submitted,

/s/ **Roger W. Steiner**

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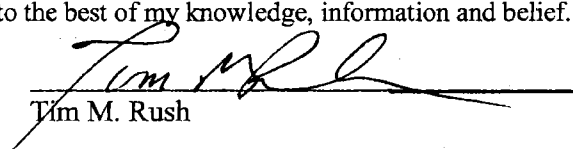
STATE OF MISSOURI

COUNTY OF JACKSON

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} SS.

VERIFICATION

I, Tim M. Rush, of lawful age, being duly sworn, deposes and says that: I am the Director Regulatory Affairs for Kansas City Power & Light Company ("KCP&L"); that I am duly authorized to and did sign the foregoing Motion on behalf of "KCP&L"; that I have knowledge of the facts stated in the foregoing Motion; and that said facts are true to the best of my knowledge, information and belief.

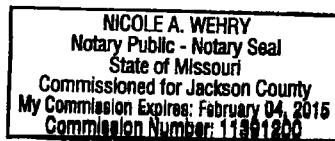

Tim M. Rush

Subscribed and sworn to before me this 10th day of November, 2011.


Notary Public

My commission expires:

Feb 4, 2015



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all parties of record in this proceeding and in Case No. ER-2010-0355 on this 10th day of November, 2011.

/s/ Roger W. Steiner

Roger W. Steiner