



Gerald A. Reynolds

(816) 556-2138
(816) 556-2787 (Facsimile)

FILED

JUL 1 1999

Missouri Public
Service Commission

June 30, 1999

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Dear Mr. Roberts:

E0-2000-2

Enclosed for filing with the Commission in the above-referenced matter are the original and 15 copies of Kansas City Power & Light Company's Application to Name a Successor Trustee for its Tax Qualified Nuclear Decommissioning Trust Fund. Please time stamp one of the copies and return it to Kansas City Power & Light Company in the enclosed self-stamped envelope.

Please bring this filing to the attention of the Commission.

Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in cursive script that reads "Gerald A. Reynolds".

Gerald A. Reynolds

Enclosures

cc: Office of the Public Counsel

KANSAS CITY POWER & LIGHT COMPANY

1201 WALNUT • P.O. BOX 418679 • KANSAS CITY, MO 64141-9679 • 816-556-2200 • WWW.KCPL.COM

FILED

JUL 1 1999

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

Missouri Public
Service Commission

In the Matter of the Application of Kansas City)
Power & Light Company for Approval to Name)
Successor Trustee for its Tax Qualified Nuclear)
Decommissioning Trust Fund, for Approval of)
Trustee Fee Schedule, and to Modify the Amended)
and Restated Trust Agreement)

Case No. *EO-2000-2*

**KANSAS CITY POWER & LIGHT COMPANY'S APPLICATION TO NAME A
SUCCESSOR TRUSTEE FOR ITS TAX QUALIFIED NUCLEAR DECOMMISSIONING
TRUST FUND, APPROVE TRUSTEE FEE SCHEDULE, APPROVE A
MODIFICATION TO THE AMENDED AND RESTATED TRUST AGREEMENT**

COMES NOW Kansas City Power and Light Company ("KCPL" or the "Company"), pursuant to 4 CSR 240-2.060 and 4 CSR 240-20.070(4)(A), and requests Commission approval of the following: 1) Bank of New York as successor trustee for KCPL's tax qualified nuclear decommissioning trust fund ("Nuclear Decommissioning Trust"); 2) a trustee fee schedule; and 3) a modification to the Amended and Restated Trust Agreement dated July 20, 1990 ("Trust Agreement") so that it incorporates the amendments contained herein. In support thereof, KCPL states:

1. KCPL is a corporation duly organized and existing under the laws of the State of Missouri, having its principal place of business at 1201 Walnut Street, Kansas City, MO 64106. KCPL is an electrical corporation and public utility as defined in § 386.020(12)(32), RSMo.

2. Currently, Bankers Trust serves as Trustee for KCPL's Nuclear Decommissioning Trust Fund having acquired the trust business of Nationsbank in 1998. In Case No. EO-99-164, the Public Service Commission of the State of Missouri ("Commission") authorized the appointment of Bankers Trust as trustee.

3. In a letter dated March 31, 1999, Bankers Trust notified KCPL that it was resigning as trustee for the Company's Decommissioning Trust Fund effective June 30, 1999. A copy of said letter is attached hereto as Exhibit A. Bankers Trust has since agreed to extend the effective date of its resignation to July 30, 1999.

4. KCPL is obligated under the terms of the Trust Agreement to appoint a Successor Trustee once the current Trustee has provided written notice of its resignation.

5. The Company reviewed proposals from Mellon Bank and the Bank of New York. During the 1997 search for a nuclear decommissioning trustee, which was precipitated by the merger of Boatmens and Nationsbank and the subsequent acquisition of the Boatmens trust business by Bankers Trust, Mellon Bank submitted a proposal for trust services. Mellon Bank has updated and submitted this proposal for KCPL's consideration.

6. During the past year, the Bank of New York has become a more significant participant in the financial sector relating to nuclear decommissioning trusts. Therefore, KCPL requested and received a proposal from the Bank of New York.

7. Key considerations in the review of the proposals were: 1) cost; 2) experience in the management of nuclear decommissioning trust funds; 3) commitment to nuclear decommissioning trust accounts; 4) flexibility; 5) speed; 6) accuracy in accounting and reporting; 7) performance in other business relationships with KCPL; and 8) comments received from nuclear decommissioning trust references for each bank.

8. Based on a review of nuclear decommissioning trustee service provider proposals, the Company seeks Commission approval to appoint the Bank of New York as successor trustee.

9. The Company believes that the Bank of New York should be approved as the successor trustee for KCPL's Nuclear Decommissioning Trust Fund for the following reasons:

- The Bank of New York submitted the proposal with the lowest overall cost. Exhibit B illustrates the economics of the proposals received from the Bank of New York and Mellon Bank at various portfolio sizes. The Bank of New York would currently be the lowest cost provider, with that advantage increasing as the Nuclear Decommissioning Trust Fund increases in value.
- The Bank of New York is one of the leading trust providers and has the expertise and experience to provide the required trust services and assume fiduciary responsibility for the Nuclear Decommissioning Trust fund. They have been providing master custody/master trust services for nuclear decommissioning trusts since 1986. They currently have twelve other nuclear decommissioning trust clients with over \$3 billion in assets. The Bank of New York's references were all complimentary as to their high level of service and responsiveness to customers' needs. In addition, it offers before and after-tax performance reporting which makes it possible to compare investment returns to benchmarks on a before and after-tax basis to ensure performance objectives are being met.
- Historically, The Bank of New York has been committed to KCPL's banking needs. This relationship will help insure that The Bank of New York will be committed to providing nuclear decommissioning trust services to the Company over the long-term.
- The Bank of New York's net worth exceeds the \$100 million net worth requirement imposed by the Federal Energy Regulatory Commission.

10. The Bank of New York, as successor trustee, has agreed to be bound by the terms of the present trust agreement except for an amendment to incorporate some provisions traditionally included in their trust agreements. The Company also seeks Commission approval of the amendment included as Exhibit C.

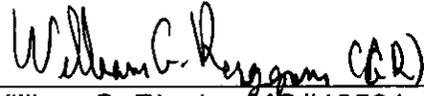
11. The Company also seeks Commission approval of a change to the trustee's fee schedule, a copy of which is attached hereto as Exhibit D.

12. While the fees will be greater than what Bankers Trust is currently charging, the reason Bankers Trust is resigning as Trustee is because they do not believe they are making enough money for providing the service to the Company. On a \$50 million portfolio it is estimated that the annual trust fee charged by The Bank of New York will be about \$35,000 – which is their minimum fee. While this is about \$15,000 more than what Bankers Trust is charging, it is at least \$5,000 less than Mellon Bank's proposal.

13. KCPL respectfully request that the Commission issue its order in this case in an expeditious manner to enable the parties to execute the applicable documents and complete an orderly transition of the trustee and investment manager responsibilities.

WHEREFORE, KCPL respectfully requests that the Commission 1) name Bank of New York successor trustee for KCPL's tax qualified nuclear decommissioning trust fund, 2) approve the revised trustee fee schedule, 3) approve the modification to the Amended and Restated Trust Agreement dated July 20, 1990, as amended, so that it incorporates the amendment contained in Exhibit C.

Respectfully submitted,

 (C.R.)

William G. Riggins MO#42501
Gerald A. Reynolds CT# 407871
Kansas City Power & Light Company
1201 Walnut Street
Kansas City, MO 64106
(816) 556-2138 (Telephone)
(816) 556-2787 Telecopy)

Attorney for Kansas City Power & Light Company



March 31, 1999

Andrea Bielsker
Treasurer
Kansas City Power & Light Co.
1201 Walnut
Kansas City, MO 64152

Dear Ms Bielsker:

Per your conversation with Norine Flaherty, Bankers Trust Company has determined that we can no longer service your account in a manner that offers mutual benefits to both organizations.

Pursuant to Section 7.02 of the July 20, 1990 Trust Agreement, please be advised that Bankers Trust Company hereby tenders notice of our intent to resign as Trustee of the Kansas City Power and Light Company Wolf Creek Decommissioning Trust. This resignation shall be effective on June 30, 1999.

We regret the inconvenience to you and we will work closely with you to affect a smooth and efficient transition of assets to your chosen successor trustee. Please provide us with the documentation evidencing the appointment of a successor, the successor's acceptance of appointment, and directions from an authorized individual to transfer the trust assets to the successor as soon as it is available so that we can coordinate the transfer of your assets.

If you need any assistance or additional information, please contact Norine Flaherty at 314-244-6844.

A second copy of this letter has been enclosed for your acknowledgement and signature. Please return it in the enclosed envelope.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert F. Karsch", written over a horizontal line.

Robert F. Karsch
Principal

I acknowledge the termination of Bankers Trust Company as Trustee of the Kansas City Power and Light Company Wolf Creek Decommissioning Trust, effective on June 30, 1999.

Signed _____

Date: _____

Exhibit B

Kansas City Power & Light Company
Nuclear Decommissioning Trust Fund
Analysis of Annual Trust Fees

Mellon Trust

Assets (Millions)		\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100
Account Manger Fee	\$3,500 per account	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Sub-Account Fee	\$1,000 per account	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Asset Fee		\$15,000	\$17,500	\$20,000	\$22,500	\$25,000	\$27,500	\$28,500	\$29,500
Transaction Fees (1)	\$20	\$4,320	\$5,760	\$7,200	\$8,640	\$10,080	\$11,520	\$12,960	\$14,400
Cash Sweep Fee	0.0012 1%	\$360	\$480	\$600	\$720	\$840	\$960	\$1,080	\$1,200
Perf. Measurement		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Annual Fee		\$33,680	\$37,740	\$41,800	\$45,860	\$49,920	\$53,980	\$56,540	\$59,100
Minimum Annual Fee if Applicable		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000

The Bank of New York (BONY)

Assets (Millions)		\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100
Account Manger Fee	\$4,000 per account	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Sub-Account Fee	\$1,000 per account / \$250 per jurisdiction	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Asset Fee		\$6,000	\$8,000	\$10,000	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000
Transaction Fees (1)	\$12	\$2,592	\$3,456	\$4,320	\$5,184	\$6,048	\$6,912	\$7,776	\$8,640
Cash Sweep Fee	0.0012 1%	\$360	\$480	\$600	\$720	\$840	\$960	\$1,080	\$1,200
Perf. Measurement		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Annual Fee		\$23,452	\$26,436	\$29,420	\$31,404	\$33,388	\$35,372	\$37,356	\$39,340
Minimum Annual Fee if Applicable		\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000

Difference Between Mellon and BONY \$5,000 \$5,000 \$6,800 \$10,860 \$14,920 \$18,608 \$19,184 \$19,760

(1) Number of transactions based on average of one transaction per \$140,000 in assets or approximately 360 transactions per year at \$50 million in assets.

AMENDMENT

AMENDMENT dated as of _____, 1999 by and between Kansas City Power and Light Company, a Missouri corporation (the "Company"), with its principal place of business at 1201 Walnut, Kansas City, Missouri 64106, and The Bank of New York, a New York banking corporation ("BONY"), with its principal place of business at One Wall Street, New York, New York 10286.

WHEREAS, the Company and Boatmen's Trust Company of Kansas City ("Boatmen's") entered into an Amended and Restated Trust Agreement dated as of July 20, 1990 for the Kansas City Power and Light Wolf Creek Decommissioning Trust (the "Trust") (as amended by a First Amendment dated December 31, 1996, the "Restated Trust Agreement"); and

WHEREAS, Bankers Trust Company ("Bankers") succeeded Boatmen's as trustee of the Trust pursuant to an amendment to the Restated Trust Agreement dated as of February 2, 1998 (the Restated Trust Agreement as so amended being hereinafter called the "Amended Restated Trust Agreement"); and

WHEREAS, the Company desires to have BONY succeed Bankers as trustee of the Trust; and

WHEREAS, BONY is agreeable to serving as trustee of the Trust but desires certain amendments made to the Amended Restated Trust Agreement;

NOW, THEREFORE, the Company and BONY hereby agree that the Amended Restated Trust Agreement is further amended as follows:

1. Effective _____, 1999 the trustee of the Trust shall be BONY and any references to Bankers shall be deemed to be references to BONY.

2. Section 3.01(E) of the Amended Restated Trust Agreement is amended so that it shall read as follows:

"The Trustee shall not engage in any act of self dealing or make any distribution of the Trust Fund so as to subject the Trust to tax under Section 4951 of the Internal Revenue Code of 1986. In order to permit the Trustee to fulfill its obligations under this Section 3.01(E), the Company shall furnish the Trustee with the identity of all persons and legal entities who are "disqualified persons" within the meaning of said Section 4951 by reason of their connection with the Company or their connection with a person or legal entity who has a connection with the Company, and the Trustee may conclusively rely thereon, and shall be fully protected, in acting hereunder."

3. Section 3.02(F) of the Amended Restated Trust Agreement is amended by adding the word "gross" before the word "negligence" in the parenthetical contained in the last sentence thereof.

4. Section 6.02(A) of the Amended Restated Trust Agreement is amended by adding three new sentences at the end thereof as follows:

"Upon the expiration of ninety (90) days from the date of filing of any such account, the Trustee, to the extent permitted by law, shall be forever released and discharged from any liability or accountability to anyone with respect to the matters reflected in such account, except as to those matters to which the Company files written objections with the Trustee within such ninety (90) day period. The failure of the Company to file written objections with the Trustee within such ninety (90) day period as to matters reflected in any such account shall not release or discharge any other person or organization with respect to such matters. Notwithstanding the foregoing, the Trustee shall not be entitled to retain any funds or other property in its possession that in fact belong to the Trust."

5. Section 9.04 of the Amended Restated Trust Agreement is amended by adding the words "or at the direction of the Company" at the end of the first sentence thereof; by adding the word "grossly" before the word "negligent" in the second sentence thereof; and by adding a new third sentence thereto to read as follows:

"In no event shall the Trustee be liable for special or consequential damages."

6. Section 9.05 of the Amended Restated Trust Agreement is amended so that it shall read as follows:

"This Agreement and all questions pertaining to its validity, construction and administration shall be interpreted, construed and determined in accordance with the internal substantive laws (and not the choice of law rules) of the State of New York to the extent not superseded by Federal law or a regulatory law of the States of Missouri or Kansas. All actions and proceedings brought by the Trustee relating to or arising from, directly or indirectly, this Agreement may be litigated in courts located in the State of New York and The Company hereby submits to the jurisdiction of such courts. The Company and the Trustee hereby waive the right to trial by jury in any action or proceeding brought hereunder."

IN WITNESS WHEREOF the Company and the Trustee have caused this Amendment to be executed by their duly authorized officers as of the day first above written.

Kansas City Power And Light Company,
as settlor

Attest: _____

By: _____

Title:

The Bank of New York, as Trustee

Attest: _____

By: _____

Title:

**Master Trust
Proposed Schedule of Fees
for
The Nuclear Decommissioning Trust of
Kansas City Power and Light Company**

The following schedule would apply for a period of three years from the date of appointment. Fees are rendered quarterly.

Market Value Administrative Fee

Computed at an annual rate, applied to the combined market value of the domestic funds (excluding the value of special assets, such as Company Stock, Commingled Funds, Mutual Funds, etc.) as of the end of the billing period.

2 basis points on the first \$50 MM
1 basis point on the remainder

Account Fee

\$4,000 per Actively Managed Domestic Portfolio
\$2,000 per Passively Managed Portfolio

Special Asset Fee

Special Assets are identified as those assets that are not included in our market based administrative fee.
\$1000 per Special Asset.

Transaction Fee

\$12 per Domestic Security Transactions
\$15 per Wire Transfer
\$15 per Expense Payment plus postage

Plant/Jurisdiction Accounting Fee

\$1,000 per investment pool
\$250 per nuclear plant and/or jurisdiction

Performance Measurement and Portfolio Analytics Fee

BASIC Performance (ROR reports hardcopy)

\$1,000 per custody portfolio

\$500 per commingled fund

InformPA analytics (on-line ROR's, characteristics, report writer, graphics)

\$1,000 per custody portfolio

\$500 per commingled fund

InformPA attribution analysis

\$1,000 per custody portfolio

Performance after fees (pick one of the following 2 options)

\$500 per portfolio (cash basis, i.e. as fees are paid, usually quarterly)

\$1,000 per portfolio (fees on a monthly accrual basis)

Performance after taxes

\$1,000 per portfolio

Executive Summary

Fee determined by client reporting requirements

\$10,000 minimum annual fee

Minimum Annual Fee

For above Master Trust services - \$35,000

Fees as quoted above do not include any direct out-of-pocket or legal expenses which would become payable in accordance with the Master Trust Agreements. There are no initial set up fees with the establishment/conversion of the Trusts to The Bank of New York.