

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 26th
day of June, 1992.

In the matter of the Kansas Power and)
Light Company to change its corporate) Case No. GO-92-285
name to Western Resources, Inc.)

In the matter of the application of)
Western Resources, Inc., a Kansas) Case No. GF-92-286
Corporation, for authority to issue and)
sell additional first mortgage bonds.)

ORDER ACKNOWLEDGING NAME CHANGE AND APPROVING FINANCING

On May 22, 1992, Kansas Power and Light Company (KP&L) filed a notification that its shareholders had voted to change KP&L's name to Western Resources, Inc. Attached to its notification is a copy of the certificate issued by the Secretary of State of the State of Kansas evidencing the amendment to KP&L's Restated Articles of Incorporation. On May 22, 1992, KP&L, under the name of Western Resources, Inc. (hereinafter KP&L/Western Resources will be referred to as Applicant) filed an application requesting authority to issue and sell from time to time, in one or more series, up to \$350,000,000 principal amount of its First Mortgage Bonds (new bonds). On June 26, 1992, KP&L filed an Amended Certificate of Authority of a Foreign Corporation issued by the Secretary of State of the State of Missouri evidencing the amendment to KP&L's Certificate of Authority of a Foreign Corporation. Additionally, KP&L filed a Registration of Fictitious Name. KP&L states that it will be conducting business as Western Resources, Inc., d/b/a Gas Services.

In support of its application for financing, Applicant states that each series of new bonds will be issued under, and secured by, Applicant's Mortgage and Deed of Trust dated July 1, 1939 between Applicant and Harris Trust and

Savings Bank, as Trustee, as supplemented and amended by twenty-seven (27) supplemental indentures (the mortgage), and as to be supplemented and amended by one or more new supplemental indentures executed for each such series of new bonds (new supplemental indentures). Applicant states that the mortgage is on file with the Commission and incorporates it herein by reference. Applicant further states that all terms applicable to each series of new bonds are set forth in the mortgage and new supplemental indentures for such series. Additionally, Applicant states that the issue date, maturity date, interest rate, offering discount or premium, if any, underwriter's commission and redemption provisions shall be determined by agreement between Applicant and its underwriter(s), or in the case of private placement, between Applicant and the purchasers. Applicant intends to sell each series of the new bonds in any of the following ways: (1) in a public offering through an underwriter or underwriters, (2) in a private placement directly to a limited number of purchasers or to a single purchaser, or (3) in an offering through agents. Applicant further states that in the event of a public offering the new bonds will be the subject of a Registration Statement under the Securities Act of 1933 to be filed with the Securities and Exchange Commission.

Applicant proposes to add the proceeds of the sale of the new bonds to its general funds. Applicant states such funds will be used to repay short-term indebtedness, refinance certain long-term indebtedness or reimburse Applicant's treasury for construction costs incurred. Applicant, additionally, proposes to offer the new bonds for sale from time to time, in one or more series, as market conditions and Applicant's need for funds dictate. Applicant further states that it intends to amortize to income over the life of the new bonds the expense of issuance thereof and any premium or discount resulting from the sale of the new

bonds. Additionally, Applicant states that the new bonds will not be 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.

Applicant requests the Commission issue an order authorizing, among other things, the issue and sale of one or more series of new bonds, each with a maturity date of not less than one (1) year nor more than thirty-five (35) years, at an effective annual cost to Applicant of each such series of new bonds (calculated after adjustment, in accordance with generally accepted financial practice, for any premium received or discount granted, but exclusive of the Underwriter's commission and other expenses of the offering) not to exceed a rate of 150 basis points above the yield on United States Treasury Securities of like maturity as quoted in the actively-traded secondary market on the date the underwriting agreement relating to each such series of new bonds is executed. In no event, Applicant contends, will the Underwriter's commission for any series of new bonds exceed 7/8 of 1% of the principal amount.

On June 17, 1992, the Staff of the Missouri Public Service Commission (Staff) filed its memorandum in this case recommending that the Commission issue an order approving this application for financing. Staff states its recommendation is based on its review of current and pro-forma financial statements which indicated that the incremental changes to Applicant's capital structure will be immaterial, the ceiling proposed on the interest costs associated with the issuances is adequate, and the risk reduction impact resulting from the proposed reduction in variable portion of Applicant's debt portfolio is adequate. Staff recommends, however, that explicit language be included in the order detailing: (1) that the proceeds of the issuance will only

be to repay existing debt obligations or to refinance certain existing long-term debt, (2) that any refunding of any fixed rate of long-term debt obligations may only be transacted if doing so will result in a net interest savings for Applicant, calculated using generally accepted accounting practices as the basis of the analysis, and (3) that Applicant file the final terms and conditions associated with each individual issuance of the new bonds and that these documents should be directed to the Financial Analysis Department to allow for timely and on-going review of the appropriateness of each issuance. Staff states Applicant has agreed to these requirements.

The Commission has jurisdiction over this matter pursuant to Section 393.180, 393.190 and 393.200, RSMo 1986. The Commission is of the opinion that Applicant should be granted authority to issue and sell, from time to time, in one or more series, up to \$350,000,000 principal amount of its First Mortgage Bonds in accordance with this application, as the proceeds of this sale will be added to Applicant's general fund to be used to repay existing short-term debt obligations or to refinance certain existing long-term debt obligations. The Commission is of the opinion that the proceeds of the issuance should only be used to repay existing short-term debt obligations or to refinance certain existing long-term debt obligations, that any refunding of any fixed rate long-term debt obligations should be transacted only if doing so will result in a net interest savings for Applicant, calculated by using generally accepted accounting practices as the basis for the analysis and that Applicant file the final terms and conditions associated with each individual issuance of the First Mortgage Bonds for review by the Commission's Financial Analysis Department. The Commission further finds that such purposes are not, in whole or in part, chargeable to operating expense or to income.

The Commission further determines that its Internal Accounting Department should determine the amount of the fees to be collected pursuant to Section 386.300, RSMo 1986. The Commission finds that, to facilitate this determination, Applicant should file journal entries reflecting the uses to which the proceeds are applied. To the extent that the proceeds are applied to the refinancing of outstanding indebtedness, they are exempt from the fees imposed by Section 386.300. Furthermore, the Commission finds that on or before July 7, 1992, Applicant should file either an adoption notice for its current tariffs or a new tariff to reflect the new name in its company's tariffs.

IT IS THEREFORE ORDERED:

1. That Western Resources, Inc., d/b/a Gas Services, (formerly Kansas Power and Light Company) be, and is, hereby authorized to issue and sell, from time to time, in one or more series, up to \$350,000,000 principal amount of its First Mortgage Bonds. This authorization for financing is subject to the three (3) requirements described in this order.

2. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, or of the value of ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said properties by Western Resources, Inc., d/b/a Gas Services. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and their resulting cost of capital in any later proceeding.

3. That within thirty (30) days from the closing date of the transactions herein authorized, Western Resources, Inc., d/b/a Gas Services, shall file with the Commission reports verified by the appropriate company official reflecting both the final terms of closing, documentation showing same,

and journal entries relating to the issuance of the First Mortgage Bonds and the utilization of the proceeds from the issuance.

4. That on or before July 7, 1992, Western Resources, Inc., d/b/a Gas Services, will file with the with the Commission's Executive Secretary either an adoption notice or a new tariff designating the name change.

5. That this order shall become effective on July 7, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Rauch, Perkins,
and Kincheloe, CC., Concur.
McClure, Chm., Absent.