

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 20th
day of July, 1990.

In the matter of the application of Kansas City)
Power & Light Company for approval of amendments) CASE NO. EO-91-6
to its Nuclear Decommissioning Trust Agreement)
with Boatmen's Trust Company of Kansas City.)

ORDER GRANTING APPLICATION APPROVING AMENDMENTS
TO NUCLEAR DECOMMISSIONING TRUST AGREEMENT

On July 10, 1990, Kansas City Power & Light Company (KCPL) filed an application seeking approval of certain amendments to its Nuclear Decommissioning Trust Agreement with Boatmen's Trust Company of Kansas City.

Upon consideration of the verified application, the exhibits attached thereto, and the recommendation of the Commission Staff, the Commission is of the opinion that a hearing is unnecessary to resolve the issues herein and finds and concludes as follows:

KCPL is a Missouri corporation duly organized and existing under the laws of the State of Missouri with its principal place of business located at 1330 Baltimore Avenue, Kansas City, Missouri 64105, from which it engages in the business of supplying electricity in certain portions of Missouri, subject to the jurisdiction of this Commission. KCPL is a 47% co-owner of the Wolf Creek Nuclear Generating Station (Wolf Creek). As such, KCPL is required by the Nuclear Regulatory Commission (NRC) and this Commission to provide a funding mechanism for the costs of the generating station's eventual decommissioning.

By Report and Order in Case Nos. EO-85-185 and EO-85-224, this Commission required the funding mechanism to be in the form of an external trust. Pursuant to that requirement, KCPL established a Trust Agreement with Centerre Bank as the trustee. Subsequently, Centerre Bank merged with Boatmen's Bank and Boatmen's Trust

Company of Kansas City, as the surviving entity, was substituted as trustee under the Trust Agreement.

On approximately May 24, 1990, the NRC issued a document entitled "Assuring the Availability of Funds for Decommissioning Nuclear Reactors" which is intended to provide assurance of the availability of funds for nuclear reactor decommissioning. NRC document states that an external trust fund, such as the one established by the Trust Agreement, is an acceptable method as long as the trust assets are beyond KCPL's administrative control.

In light of the provisions of the NRC document, the Trust Agreement was submitted by KCPL to independent counsel for an opinion as to compliance. In response to an opinion that the Trust Agreement was not in full compliance with the NRC requirements, KCPL immediately started negotiations with Boatmen's Trust Company to amend the Trust Agreement to reduce KCPL's administrative control to a level acceptable to the NRC. A copy of the proposed restated and amended Trust Agreement was furnished with the application as Attachment A.

KCPL is required to provide certification to the NRC by July 26, 1990, that its trust complies with NRC regulations and the recently issued Regulatory Guide. The proposed changes to the Trust Agreement are intended to accomplish:

- (a) Substitution of Boatmen's Trust Company of Kansas City as trustee;
- (b) Modifications required by NRC regulations;
- (c) Addition of indemnification language identical to that contained in Union Electric Company's nuclear decommissioning trust agreement.

Based on a review of the documents submitted and the response of KCPL to numerous data requests, the Commission Staff has recommended approval of the application as sought.

The Commission Staff's investigation indicates that failure of KCPL's furnishing the July 26, 1990 certification of financial assurance to the NRC would result in action by the NRC ranging from shutting down the plant to issuing a show cause letter requiring an explanation as to why there is no certification of

financial assurance. Although the plant may not be shut down there is a possibility that inability to certify compliance would affect the performance rating of the plant and impair the operator's working relationship with the NRC Staff.

The Commission is of the opinion that granting the authority sought herein is consistent with the finding and conclusion of the Commission that an external fund should be utilized for the purpose of decommissioning Wolf Creek to ensure that the moneys paid by ratepayers over the life of the plant would be available when it is time for decommissioning the facility. *Re Kansas City Power & Light Co., Case Nos. EO-85-185 and EO-85-224, Report and Order, 29 Mo. P.S.C. (N.S.) 228, 276-77 (April 23, 1986).*

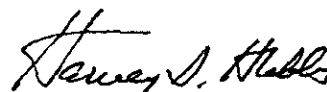
Based on the Staff's recommendation the Commission is also of the opinion that the granting of the authority sought is consistent with our recently adopted rule on decommissioning trust funds, 4 CSR 240-20.070.

IT IS THEREFORE ORDERED:

1. That the Application of Kansas City Power & Light Company for Approval of Amendments to its Nuclear Decommissioning Trust Agreement with Boatmen's Trust Company of Kansas City filed herein on July 10, 1990, be approved and Kansas City Power & Light Company be authorized to execute the amended and restated Trust Agreement substantially in the form of Attachment A to the application filed herein.
2. Within ten (10) days of execution of the agreement herein approved, Kansas City Power & Light Company will file with the Commission a correct executed copy.
3. That this Order shall become effective on the date hereof.

(S E A L)

BY THE COMMISSION


Harvey G. Hubbs
Secretary

Steinmeier, Chm., Mueller, Rauch,
McClure and Letsch-Roderique, CC.,
concur.