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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 19th
day of June, 1997.

In the matter of the Application of Kansas)
City Power & Light Company for authority to)
sell electric distribution facilities to)
the City of Independence, Missouri; for)
modification of its service territory; and)
for a Certificate of Convenience and)
Necessity authorizing it to own and operate)
electric transmission and distribution)
facilities in territory served by the)
Independence Power & Light Department, in)
Jackson County, Missouri.)

Case No. EM-97-283

ORDER GRANTING AUTHORITY TO SELL CERTAIN FACILITIES,
MODIFY SERVICE TERRITORY, AND GRANTING A CERTIFICATE OF
CONVENIENCE AND NECESSITY

On January 21, 1997 Kansas City Power & Light Company (KCPL) filed an Application with the Commission requesting authority to sell certain electrical facilities to the City of Independence, Missouri (the City) and to modify its service territory to reflect the proposed sale. KCPL also seeks a certificate of convenience and necessity to serve areas which will be located outside its service territory as a result of the sale but which KCPL will continue to serve.

On May 7 the Staff of the Commission (Staff) filed its recommendation in this matter. After Notice, neither the City nor KCPL objected to the Staff's recommendation.

The file reflects that KCPL and the City have cooperated in serving customers along the border of their service territories for a number of years. KCPL has also served customers inside the city limits of Independence since 1982, pursuant to a franchise agreement between KCPL and

the City. Today KCPL serves approximately 1400 customers in areas which have been annexed by the City.

The City itself is a municipal utility and, per the terms and conditions of the proposed agreement, will serve most or all of the customers currently being served by KCPL with the exception of the Lake City Arsenal, which will continue to be served by KCPL although it is inside the Independence city limits as the result of annexations. Border customers will continue to be served by either the City or KCPL. The Staff states that the proposed agreement allows economical and efficient use of existing facilities to serve the border customers.

The Staff states in its recommendation that KCPL has agreed to sell the facilities that provide electric service to the customers being transferred to the City for \$1,707,152. This is slightly above the net book value of these facilities as of March 31, 1997, plus the cost to complete cut-over requirements and actual net additions after July 1, 1996. No significant gain or loss is anticipated. It is anticipated that average reductions in rates for residential and commercial customers from KCPL to the City will be 11.6 percent and 18.3 percent, respectively.

The Staff states that, in its opinion, KCPL's request is in the best interest of the public and will not be detrimental to KCPL's remaining customers. The Staff recommends that the Commission approve KCPL's request.

The Commission finds that the terms of the agreement are satisfactory and contribute to the economical and efficient operation of the KCPL system. The Commission further finds that the proposed agreement will not be detrimental to the public interest and will not have an adverse impact on the remaining KCPL ratepayers. The Commission will approve the KCPL request together with the additional recommendations of the Staff.

IT IS THEREFORE ORDERED:

1. That Kansas City Power & Light Company is hereby authorized to sell certain electric distribution facilities to the City of Independence, Missouri, as specified, and for the price and in accordance with the terms and conditions as set out in Kansas City Power & Light Company's Application, agreement with the City of Independence, and attachments as filed in this case.

2. That Kansas City Power & Light Company's service territory is hereby modified to reflect the altered service territory boundaries resulting from the operation of the above-stated agreement between Kansas City Power & Light Company and the City of Independence.

3. That a certificate of convenience and necessity is hereby granted to Kansas City Power & Light Company to operate certain electrical transmission and distribution facilities, and to serve certain customers who will be outside its service territory as a result of the operation of the above-stated agreement, as set out in the Application, terms and conditions of the above-stated agreement, and the attachments as filed in this case.

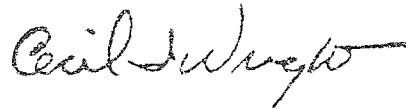
4. That Kansas City Power & Light Company will file tariffs in accordance with the Commission's findings, and including a concise description of the newly defined service territory, its boundaries and the transmission/distribution line corridors reflected in the new certificate of convenience and necessity, bearing an effective date reflecting when the transfer of property, customers, and cut-over will take effect.

5. That the Commission makes no finding as to the ratemaking treatment to be afforded this transaction and reserves the right to consider the ratemaking treatment of the approved transaction in any appropriate rate proceeding.

6. That Kansas City Power & Light Company's accounting treatment of this transaction will be in conformance with the Uniform System of Accounts for Electrical Utilities and that Kansas City Power & Light Company will file a copy of all journal entries made in connection with this sale no later than 90 days after the completion of the sale.

7. As Kansas City Power & Light Company has waived the 10-day effective date of this order, this order will become effective June 24, 1997.

BY THE COMMISSION

A handwritten signature in dark ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., Crumpton, Drainer,
Murray, and Lumpe, CC., Concur.

ALJ: Derque