

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 14th day of
July, 2005.

In the Matter of the Application of Kansas City)	
Power & Light Company, a Missouri Corporation, for)	
Authority 1) to Guarantee City of La Cygne, Kansas,)	
Revenue Refunding Bonds, Previously Authorized)	
by the Commission in Case No. EF-94-200, with a)	
Municipal Bond Insurance Policy, to Add an Auction)	<u>Case No. EF-2005-0387</u>
Rate Interest Rate Mode and to Extend the Maturity)	
of the Bonds and 2) to guarantee City of Burlington,)	
Kansas, Revenue Refunding Bonds, Previously)	
Authorized by the Commission in Case No. EF-98-578,)	
with a Municipal Bond Insurance Policy and to Extend)	
the Maturity of the Bonds)	

ORDER GRANTING FINANCING APPLICATION

Issue Date: July 14, 2005

Effective Date: July 24, 2005

On April 28, 2005, Kansas City Power & Light Company filed an application asking the Commission for additional authority relating to two previously approved bond issues. First, with regard to outstanding and previously issued City of La Cygne, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1994, in the aggregate principal amount of \$35,922,000, KCPL asks the Commission for authority to guarantee those bonds with a municipal bond insurance policy, to add an Auction Rate interest rate mode, and to extend the maturity of the bonds. Second, with regard to outstanding and previously issued Burlington, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1998A, B, C, and D, in the aggregate principal amount of

\$196,500,000, KCPL asks the Commission for authority to guarantee those bonds with a municipal bond insurance policy and to extend the maturity of the bonds. The application explains that both the La Cygne Authority and Burlington Authority bonds are subject to remarketing on September 1, 2005, and that the modifications requested in the application will improve the ratings of the bonds and allow KCPL to pay a lower interest rate on those bonds.

On June 28, the Commission's Staff filed a Recommendation and Memorandum regarding KCPL's application. Staff recommends that the Commission approve the application subject to three routine conditions. Specifically, Staff recommends that the Commission impose the following conditions:

- 1) That the Company shall file with the Commission any information concerning communication with credit rating agencies concerning credit rating changes as a result of this transaction.
- 2) That nothing in this order shall be considered a finding by the Commission of the value of these transactions for ratemaking purposes and that the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their results in cost of capital, in any later proceeding.
- 3) That the Company shall file annually with the Commission a report of the net interest cost savings achieved as a result of this transaction, with the first report being filed by December 31, 2005. The net interest cost savings shall include the expenses associated with securing the City of La Cygne, Kansas Revenue Refunding Bonds and the City of Burlington, Kansas Revenue Refunding Bonds debt and the insurance purchased to insure such debt.

Neither KCPL nor any other party has responded to Staff's recommendation.

The Commission has reviewed and considered KCPL's application and the Recommendation and Memorandum of Staff and concludes that the application should be granted. The Commission will require KCPL to comply with the conditions requested by

Staff. The annual report required as part of those conditions shall be provided to Staff and to Public Counsel but need not be filed in this case.

As required by Section 393.200, RSMo 2000, the Commission finds that the money, property or labor to be procured or paid for by the issuance of the bonds proposed in KCPL's application is or will be reasonably required for the purposes specified in the application and that such purposes are not in whole, or in part reasonably chargeable to operating expenses or to income.

IT IS THEREFORE ORDERED:

1. That Kansas City Power & Light Company is authorized to guarantee outstanding and previously issued City of La Cygne, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1994, in the aggregate principal amount of \$35,922,000 (La Cygne Refunding Bonds) with a municipal bond insurance policy, to add an Auction Rate interest rate mode, to extend the maturity of the bonds, and to execute all documents and take all other actions necessary for the issuance and maintenance of such municipal bond insurance policy, for the addition of an Auction Rate interest rate mode, and for the extension of the maturity of the bonds as authorized in this proceeding.

2. That Kansas City Power & Light Company is authorized to guarantee all or a portion of outstanding and previously issued Burlington, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1998A, B, C, and D, in the aggregate principal amount of \$196,500,000 (Burlington Refunding Bonds) with a municipal bond insurance policy, to extend the maturity of the bonds, and to execute all documents and take all other actions necessary for the issuance

and maintenance of such municipal bond insurance policy and for the extension of the maturity of the bonds as authorized in this proceeding.

3. That Kansas City Power & Light Company shall submit to the Commission's Staff and the Office of the Public Counsel any information concerning communication with credit rating agencies concerning credit rating changes as a result of the transactions approved in this order.

4. That nothing in this order shall be considered a finding by the Commission of the value of these transactions for ratemaking purposes and that the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their results in cost of capital, in any later proceeding.

5. That Kansas City Power & Light Company shall submit an annual report to the Commission's Staff and to the Office of the Public Counsel regarding the net interest cost savings achieved as a result of these transactions, with the first report being submitted by December 31, 2005. The net interest cost savings shall include the expenses associated with securing the City of La Cygne, Kansas Revenue Refunding Bonds and the City of Burlington, Kansas Revenue Refunding Bonds debt and the insurance purchased to insure such debt. The annual reports do not need to be filed in this case.

6. That this order shall become effective on July 24, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written in a cursive style.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Woodruff, Senior Regulatory Law Judge