

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

In the Matter of the Application of Kansas City)
Power & Light Company for Authority to Issue)
Debt Securities.)
Case No. EF-2010-0178

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its Staff Recommendation states as follows:

1. On December 8, 2009, Kansas City Power & Light Company (“KCP&L” or “the Company”) filed with the Missouri Public Service Commission (“the Commission”) an Application, seeking authority to issue up to \$650 million principle amount of debt securities through December 31, 2011, and to enter into interest rate hedging instruments in connection therewith.

2. On February 2, 2010, the Commission issued its Order Granting Requests for Extension of Time to File Staff Recommendation, ordering Staff to file no later than February 24, 2010, Staff’s recommendation regarding approval or denial of the Company’s Application.

3. The Commission has jurisdiction over KCP&L’s issuance of debt pursuant to Sections 393.180 and 393.200, RSMo (2000)¹. Commission Rule 4 CSR 240-3.120, with which the Company’s Application complies, outlines the filing requirements for electric utility applications for authority to issue indebtedness.

4. Staff has engaged in an investigation related to the Company’s request and has conducted an analysis of the anticipated financial effects resulting from Commission approval of the Company’s Application. In the Memorandum and related schedules, attached hereto as

¹ Unless otherwise noted, all references to statute refer to the Missouri Revised Statutes (2000), as currently supplemented.

Appendix A (HC and NP Versions) and incorporated by reference herein, Staff recommends the Commission conditionally approve KCP&L's Application, subject to the following eight (8) conditions:

- A. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in any future proceeding;
- B. That the Company shall file with the Commission within ten (10) days of the issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of secured indebtedness issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance;
- C. That the interest rate for any debt issuance covered by the Application is not to exceed the greater of (i) 9 percent or (ii) a rate that is consistent with similar securities of comparable credit quality and maturities issued by other issuers;
- D. That the Company shall file with the Commission any information concerning communication with credit rating agencies concerning this issuance;
- E. That the Company shall file with the Commission as a non-case related submission any credit rating agency reports published on KCP&L's or GPE's corporate credit quality or the credit quality of its securities;
- F. That any secured debt issued under this authority shall not exceed net additions to plant in service or construction work in progress not yet reflected in plant in service over the period of the authority or for the refinancing of existing long-term debt;
- G. That the amount authorized under the Commission's Order be \$450 million rather than the \$650 million requested; and

- H. That to the extent that any non-regulated investments made by KCP&L or GPE and affiliated companies may potentially impact KCP&L's credit quality and resulting credit ratings, KCP&L shall notify Staff of such possibility and provide a status report to the Commission regarding the amount of financing used under this authority and the intended use of any remaining authorized funds.

WHEREFORE, Staff recommends the Commission conditionally approve KCP&L's Application, subject to the eight (8) conditions contained in the attached Memorandum and restated above.

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5472 (Telephone)
(573) 751-9285 (Fax)
eric.dearmont@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 24th day of February, 2010.

/s/ Eric Dearmont