

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 3<sup>rd</sup>  
day of May, 2017.

In the Matter of the Application of	)	
Kansas City Power & Light Company	)	File No. EF-2017-0242
For Authority to Issue Debt Securities	)	

**ORDER GRANTING APPLICATION IN PART**

Issue Date: May 3, 2017

Effective Date: May 15, 2017

The Missouri Public Service Commission is granting the application in part, as recommended by Commission staff ("Staff"), without prejudice to a future application for the remainder of the balance sought in the application.

**I. Procedure**

Kansas City Power & Light Company ("KCPL") filed the application.<sup>1</sup> Staff filed its recommendation.<sup>2</sup> KCPL filed a reply agreeing with Staff's recommendation.<sup>3</sup> The Commission has jurisdiction over KCPL because KCPL is a public utility doing business in Missouri.<sup>4</sup> The Commission has authority to decide the application because the KCPL seeks to incur debt secured by KCPL's Missouri assets.

KCPL's financing requires the Commission's authorization:

No gas corporation . . . shall hereafter . . . mortgage . . . or  
encumber the whole or any part of its franchise, works or  
system, necessary or useful in the performance of its duties

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<sup>1</sup> Electronic Filing Information System ("EFIS") No. 1 (April 22, 2017) *Application*.

<sup>2</sup> EFIS No. 5 (April 28, 2017) *Staff Recommendation*.

<sup>3</sup> EFIS No. 6 (May 1, 2017) *Kansas City Power & Light Company's Response to and Acceptance of Staff Recommendation*.

<sup>4</sup> EFIS No. 1 (April 22, 2017) *Application* page 1.

to the public . . . without having first secured from the commission an order authorizing it so to do.[<sup>5</sup>]

Such authorization constitutes, “a special privilege, the right of supervision, regulation, restriction and control of which is and shall continue to be vested in the state [<sup>6</sup>]” The state exercises that right through the Commission’s order.<sup>7</sup>

Neither the governing statute<sup>8</sup> nor any other law requires a hearing before approving the unopposed application,<sup>9</sup> and the applicant has not sought a hearing, so this action is not a contested case and the Commission need not separately state its findings of fact. The standard is whether granting the application is detrimental to the public interest.<sup>10</sup> Based on the verified filings, the Commission independently finds and concludes<sup>11</sup> as follows.

## **II. Merits**

The applicant seeks to issue debt securities in the principal amount of \$1,100,000,000 secured by Missouri assets, for new financing and refinancing for the period beginning on or about May 1, 2017 through June 30, 2019. Only that part of the application relating to KCPL’s financing needs for 2017 finds favor in Staff’s recommendation. The reason that Staff limits its support for the application is a recent ruling by the Kansas Corporations Commission (“KCC”).

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<sup>5</sup> Section 393.190.1.

<sup>6</sup> Section 393.180.

<sup>7</sup> Section 393.180.

<sup>8</sup> Section 393.190.1. All sections are in the 2016 Revised Statutes of Missouri unless otherwise stated.

<sup>9</sup> *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm’n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

<sup>10</sup> *State ex rel. City of St. Louis v. Public Service Comm’n of Missouri*, 73 S.W.2d 393, 400 (Mo.1934).

<sup>11</sup> Section 386.420.2.

In that ruling, the KCC denied an application (“the Kansas decision”) from KCPL’s parent company Great Plains Energy (“GPE-KCPL”) to merge with Westar Energy, Inc., a Kansas public utility.<sup>12</sup> The KCC decision affects KCPL’s financing plans, and remains subject to post-decision procedure. For that reason, Staff recommends granting the application only as to the \$350 million that KCPL seeks for 2017. KCPL’s reply agrees to that limitation.

The application also asked for the Commission’s ruling by May 8, 2017, but Staff’s recommendation relates that a Commission decision as recommended by Staff effective by May 15, 2017, will not interfere with KCPL’s financing. Staff relates that KCPL will file a separate application later in 2017 to address further financing.

The Commission will rule in accordance with Staff’s recommendation without prejudice to a future application addressing the remainder of the financing sought in the application.

KCPL agreed in advance to the following “supervision, regulation, restriction and control”<sup>13</sup> (“conditions”), which Staff also recommends.

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 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.

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<sup>12</sup> *In the Matter of the Joint Application of Great Plains Energy Inc., Kansas City Power & Light Co. & Westar Energy, Inc. for Approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Inc.*, Docket No. 16-KCPE-593-ACQ Order (Apr. 19, 2017).

<sup>13</sup> Section 393.180.

C. That the interest rate for any debt issuance covered by the Application is not to exceed the greater of (i) nine percent (9%) 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 in EFIS in this case 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 in EFIS under "Resources" - "Non-Case Related Query" - "Ordered Submission" any credit rating agency reports published on KCPL's or GPE's corporate credit quality or the credit quality of its securities.

F. That the amount of secured debt KCPL can issue be limited to an amount not to exceed net additions to plant in service; construction work in progress to the extent this is intended to be added to plant in service; and refinancing of existing long-term debt.

G. That to the extent that any non-regulated investments made by KCPL or GPE and affiliated companies may potentially impact KCPL's credit quality and resulting credit ratings, KCPL 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 but unissued funds.

Staff also recommends the following additional conditions.

H. The Company shall also provide the analysis, to include but not be limited to indicative pricing information provided by the lead investment banks, it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time;

I. That for the Authority to issue up to the remaining \$750.0 million in principal amount of debt securities and Authority to enter into interest rate hedging instruments in conjunction with the debt securities to be issued under the authorization originally requested by KCPL in this proceeding, KCPL will need to file one or more additional financing applications after:

(1) The question of whether any petitions for reconsideration are filed in KCC Docket No. 16-KCPE-593-ACQ,

(2) The KCC addresses any such petitions for reconsideration, and

(3) GPE-KCPL have had an opportunity to otherwise act respecting the April 19, 2017 Order of the KCC.

KCPL's reply agrees to those additional conditions.

### **III. Ruling**

The Commission independently finds and concludes that the financing recommended by Staff, subject to the conditions agreed by KCPL and Staff, and Staff's additional conditions, is not detrimental to the public, so the Commission will grant the application in part as Staff recommends and KCPL agrees.

#### **THE COMMISSION ORDERS THAT:**

1. The application is approved and the authorization sought in the application is granted in part, and subject to all conditions, as set forth in the body of this order.
2. This order shall become effective on May 15, 2017.
3. This file shall close after May 15, 2017.

#### **BY THE COMMISSION**



A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Hall, Chm., Stoll, Kenney, Rupp, and  
Coleman, CC., concur.

Daniel Jordan, Senior Regulatory Law Judge

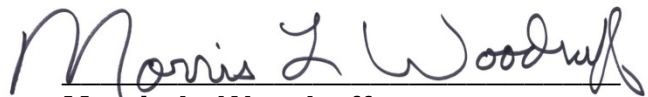
**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 3<sup>rd</sup> day of May 2017.**



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**May 3, 2017**

**File/Case No. EF-2017-0242**

**Missouri Public Service  
Commission**

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***Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).***

***Sincerely,***



**Morris L. Woodruff  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.