

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 29th day of February, 2012.

In the Matter of the Application of)
Kansas City Power & Light Company)
for Authority to Issue Debt Securities)

File No. EF-2012-0187

ORDER GRANTING APPLICATION

Issue Date: February 29, 2012

Effective Date: March 9, 2012

On December 16, 2011, Kansas City Power & Light Company (“Company”) filed an application seeking authority from the Missouri Public Service Commission (“Commission”) to issue up to \$300,000,000 of debt securities through December 31, 2013 and to enter into interest rate hedging instruments in connection with such debt securities.¹ On February 16, 2012, the Staff of the Commission filed a recommendation to approve the application subject to conditions. On February 24, 2012, the Company filed its reply to the Staff recommendation in which it agreed to the conditions suggested by Staff. Neither the governing statute² nor any other law requires a hearing before approving the unopposed application.³

The Company proposes to use the proceeds from the issuance and sale of the new indebtedness for refinancing outstanding long-term debt and to fund capital expenditures.

¹ Kansas City Power & Light Company's application was filed pursuant to Sections 393.180, and 393.200, RSMo 2000, and Commission Rules 4 CSR 240-2.060 and 4 CSR 240-3.120.

² Section 393.200, RSMo. All sections are in the 2000 Revised Statutes of Missouri unless otherwise stated.

³ State ex rel. Rex Deffenderfer Ent., Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

The Company explains its proposed issuance of the debt securities in paragraphs 12 through 13 of its application, as follows:

12. The debt securities will have maturities of one year to 40 years and will be issued by the Applicant or through agents or underwriters for the Applicant in multiple offerings of differing amounts with different interest rates (including variable interest rates) and other negotiated terms and conditions. Interest rates on the debt securities, represented by either (i) the coupon on fixed rate debt securities or (ii) the initial rate on any variable debt securities, will not exceed nine percent (9%).

13. The debt securities may be senior or subordinated and may be either unsecured or secured under the Applicant's existing general mortgage debt indentures, depending on cost differentials and market conditions at the time of issuance. The debt may also take the form of "fall-away" mortgage debt in which it is initially secured but then converts to unsecured based on certain conditions.

The Company also requests authority to enter into interest rate hedging instruments in conjunction with the issuance of debt securities in order to "lock in" the key underlying rate of all or a portion of an upcoming debt issuance and to change the interest rate mode on the issued security from floating to fixed, or vice versa, depending on which is more economical. The Company does not anticipate that any financing granted would be subject to fees associated with the fee schedule found in Section 386.300, RSMo.

Staff recommends that the Commission approve the application subject to the following conditions:

1. 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;
2. 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;

3. 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;
4. That the Company shall file with the Commission any information concerning communication with credit rating agencies concerning this issuance;
5. 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;
6. That the amount of secured debt KCP&L 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; and,
7. 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 but unissued funds.

The Commission has reviewed and considered the Company's verified application and response and the Staff's verified recommendation and memorandum and concludes that the application should be granted. The Commission will require the Company to comply with the conditions requested by Staff. As required by Section 393.200, RSMo, the Commission finds that the proposed issuance of debt securities 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.

THE COMMISSION ORDERS THAT:

1. Kansas City Power & Light Company's application filed on December 16, 2011 is granted subject to the conditions recommended by the Commission's Staff, which are delineated in the body of this order.

2. Kansas City Power & Light Company is authorized to enter into interest rate hedging instruments with one or more counterparties in conjunction with the debt securities issued under the authority of this order.

3. Kansas City Power & Light Company is authorized to execute all documents and take all actions necessary for the above-described transactions.

4. Nothing in this order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to the capital structure, and the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any later proceeding or proceedings.

5. Nothing in this order shall constitute an opinion of prudence on the overall structure of Kansas City Power & Light Company and that Company's current credit facility.

6. This order shall become effective on March 9, 2012.

7. This file may be closed on March 10, 2012.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. Reed', is positioned above the printed name of the Secretary.

Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett and Kenney,
CC., concur.

Bushmann, Regulatory Law Judge