

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

In the Matter of the Application of)	
Kansas City Power & Light Company)	<u>File No. EF-2012-0187</u>
For Authority to Issue Debt Securities)	

STAFF RECOMMENDATION TO APPROVE APPLICATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its recommendation on the Application of Kansas City Power & Light (KCP&L) that initiated the above case, states:

1. On December 16, 2011, KCP&L filed an Application with the Missouri Public Service Commission (“Commission”) requesting authority to issue up to \$300 million in debt securities before December 31, 2013 and to enter into interest rate hedging instruments in conjunction with those securities. According to Exhibits 4 and 5 to the Application and KCP&L’s response to Staff discovery, the preponderance of the proposed financing will be used to repay other indebtedness issued for new capital expenditure funding. The proposed financing will also be used to refinance tax-exempt Environmental Improvement Revenue Refunding (EIRR) Bonds and for debt issuance expenses.

2. On January 3, 2012, the Commission issued an Order directing its Staff to file a recommendation on the Application no later than February 16, 2012.

3. In its Memorandum recommendation, attached hereto as Appendix A, Staff recommends the Commission approve KCP&L’s Application with conditions. Specifically, Staff recommends the Commission: (a) order that nothing in the Commission’s order of authorization shall be considered a finding by the Commission of the value of this transaction for rate making purposes; (b) direct the Company to file with the Commission,

within ten (10) days of the issuance of any financing authorized in this proceeding, a report concerning each issuance; (c) direct that the interest rate for any debt issuance covered by the Application not 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; and (d) limit the amount of secured debt KCP&L may issue to an amount not to exceed net additions to plant in service, construction work in progress to the extent it is intended to be added to plant in service, and refinancing of existing long-term debt.; and (d)

4. Additional conditions recommended by Staff are discussed and set out in Staff's Memorandum.

5. KCP&L does not anticipate that any financing granted in this proceeding would be subject to fees associated with Section 386.300 RSMo. 2000, which authorizes the Commission to charge fees for approving the issuance of evidences of indebtedness, with certain exceptions.

6. Because KCP&L has provided all the information necessary for disposition of its Application, pursuant to 4 CSR 240-3.120 and 4 CSR 240-2.060, and because KCP&L's intentions for the indebtedness it has requested authority to issue falls within the purposes of Sections 393.180 and 393.200, RSMo. 2000, Staff recommends the Commission approve KCP&L's Application with conditions, as enumerated in Staff's Memorandum.

WHEREFORE, the Staff recommends that the Commission approve with conditions Kansas City Power & Light's Application for authority to issue up to \$300 million in debt securities before December 31, 2013 and to enter into interest rate hedging instruments in conjunction with those securities.

Respectfully submitted,

/s/ Amy E. Moore

Amy E. Moore

Legal Counsel

Missouri Bar No. 61759

Attorney for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-4140 (Telephone)

(573) 751-9285 (Fax)

amy.moore@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 16th day of February, 2012.

/s/ Amy E. Moore