

**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) **File No. EF-2014-0346**

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through Staff Counsel's Office, in response to the May 15, 2014, filing by Kansas City Power & Light Company ("KCP&L") of an Application for authority, under Sections 393.180 and 393.200 RSMo. 2000, 4 CSR 240-3.120 and 4 CSR 240-2.060 to issue up to \$350,000,000 aggregate principal amount of debt securities through June 30, 2016, and to enter into interest rate hedging instruments in conjunction with the debt securities to be issued under the requested authorization. The Staff files its memorandum recommendation that the Missouri Public Service Commission grant approval of said Application subject to KCP&L agreeing to the conditions set out below and in the attached Staff memorandum recommendation. (See Appendix A). In support thereof, the Staff states as follows:

1. The Staff recommends the Commission grant approval of said Application subject to KCP&L agreeing to the following conditions which are set out at pages 6-7 of the Staff's memorandum recommendation:

- (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) 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.

WHEREFORE the Staff files its memorandum recommendation that the Commission grant authority to KCP&L to issue and sell up to \$350,000,000 aggregate principal amount of debt securities through June 30, 2016, and to enter into interest rate hedging instruments in conjunction with the debt securities to be issued under the requested authorization, subject to KCP&L agreeing to the conditions set out above and in the attached Staff memorandum recommendation.

Respectfully submitted,

/s/ Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing *Staff Recommendation* have been transmitted electronically to all counsel of record this 15th day of July, 2014.

/s/ Steven Dottheim