

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 9th day of
December, 2009.

In the Matter of the Application of Kansas City)
Power & Light Company for Approval to Update)
the Investment Guidelines, Add an Investment)
Manager and Enter into a New Agreement with the)
Existing Investment Manager for the Kansas City)
Power & Light Company Nuclear Decommissioning)
Trust Fund)

File No. EO-2009-0439

ORDER APPROVING APPLICATION

Issue Date: December 9, 2009

Effective Date: December 19, 2009

Background

Kansas City Power & Light Company is an electrical corporation,¹ subject to the jurisdiction of the Missouri Public Service Commission,² serving approximately 272,000 customers in western Missouri and 239,000 in Kansas. KCPL owns 47% of Wolf Creek Nuclear Generating Station. Westar Energy, Inc., also owns 47% with Kansas Electric Power Cooperative owning the remaining 6%. As required,³ KCPL established and is funding a Trust Fund to ensure that adequate funds are available to decommission Wolf Creek. Pursuant to authority granted by the Nuclear Regulatory Commission, Wolf Creek is licensed to operate until March 2045. Currently, this Commission has

¹ Section 386.020 (15), RSMo 2000.

² Section 386.250 (1), RSMo 2000.

³ 4 CSR 240-20.070.

estimated the cost of decommissioning to be \$593,542,000, with an annual accrual of \$1,281,264.⁴

KCPL has now filed with this Commission an application seeking authorization to: (1) adopt revised investment guidelines for the Wolf Creek Nuclear Decommissioning Trust Fund; (2) retain an investment manager to manage the equity portion of the Trust Fund assets; (3) amend the agreement with its current investment fund manager so that the current manager manages only the fixed income portion of the Trust Fund assets; and (4) to execute with both investment fund managers agreements that reflect the revised investment guidelines.

Staff Memorandum

The Staff of the Commission filed its memorandum on December 4, 2009, recommending that the Commission grant the application with the following conditions:

1. That subsequent to KCPL's execution of the changes proposed under its Application and First Amended Application, KCPL or its trustee shall amend/revise on a going forward basis future quarterly Nuclear Decommissioning Trust Fund Performance Reports to include sub-accounts for each investment manager with performance data for each proposed asset class beginning with the establishment of the sub-account.
2. That the amended/revise future quarterly Nuclear Decommissioning Trust Fund Reports shall include performance data for the Performance Benchmarks identified in Attachment C of the KCPL Wolf Creek Nuclear Decommissioning Trust Fund Investment Guidelines.
3. That in addition to the aggregate "since inception" performance data of the Nuclear Decommissioning Trust Fund, the amended/revise quarterly Nuclear Decommissioning Trust Fund Reports shall disaggregate performance of the Nuclear Decommissioning Trust Fund to show performance from the execution date of the changes proposed under this Application to the most recent reporting period.

⁴ See Commission Case No. EO-2009-0072.

Conclusion

Commission rule 4 CSR 240-20.070 governs KCPL's application. Staff informs the Commission that under the proposed changes, KCPL will remain in compliance with the Commission's rule. Also, in its response filed on December 7, KCPL informs the Commission that it does not object to the conditions suggested by Staff. The Commission has reviewed KCPL's application and Staff recommendation and memorandum and will approve the application with the conditions suggested by Staff.

THE COMMISSION ORDERS THAT:

1. Kansas City Power & Light Company is authorized to adopt the KCPL Wolf Creek Nuclear Decommissioning Trust Investment Guidelines in the form attached as Appendix A to the application.
2. Kansas City Power & Light Company is authorized to retain Duff & Phelps Investment Management Co. to manage the equity portion of the Trust Fund assets.
3. Kansas City Power & Light Company is authorized to retain Columbia Management Advisors, LLC, to manage the fixed income portion of the Trust Fund assets.
4. Kansas City Power & Light Company is authorized to execute the proposed Investment Management Agreement with Columbia Management Advisors, LLC, which incorporates the updated Investment Guidelines, as attached to the application as Attachment B.
5. Kansas City Power & Light Company is authorized to execute the proposed Investment Advisory Agreement with Duff & Phelps Investment Management Co., which incorporates the update Investment Guidelines, attached to the application as Attachment C.

6. That the above authority is granted under the following conditions:
 - a. That subsequent to KCPL's execution of the changes proposed under its Application and First Amended Application, KCPL or its trustee shall amend/revise on a going forward basis future quarterly Nuclear Decommissioning Trust Fund Performance Reports to include sub-accounts for each investment manager with performance data for each proposed asset class beginning with the establishment of the sub-account.
 - b. That the amended/revise future quarterly Nuclear Decommissioning Trust Fund Reports shall include performance data for the Performance Benchmarks identified in Attachment C of the KCP&L Wolf Creek Nuclear Decommissioning Trust Fund Investment Guidelines.
 - c. That in addition to the aggregate "since inception" performance data of the Nuclear Decommissioning Trust Fund, the amended/revise quarterly Nuclear Decommissioning Trust Fund Reports shall disaggregate performance of the Nuclear Decommissioning Trust Fund to show performance from the execution date of the changes proposed under this Application to the most recent reporting period.
7. This order shall become effective on December 19, 2009.
8. This case shall be closed on December 20, 2009.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

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

Jones, Senior Regulatory Law Judge