

**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)
Collateralize Existing Debt Securities.)

File No. EF-2018-0314

**STAFF RESPONSE TO COMMISSION ORDER AND REQUEST
FOR ADDITIONAL TIME TO FILE RECOMMENDATION**

COMES NOW Staff of the Missouri Public Service Commission (“Staff”), by and through Staff Counsel’s Office, in response to the Missouri Public Service Commission’s (“Commission”) September 12, 2018, Order Directing Staff To File Recommendation by no later than October 12, 2018, and files this Staff’s Request For Additional Time to November 2, 2018 to file its memorandum recommendation and its intention to otherwise keep the Commission advised of any timing developments of consequence respecting Staff’s November 2, 2018 filing. In support thereof, Staff states as follows:

1. On May 1, 2018, Kansas City Power & Light Company (“KCP&L”) filed its Notice of Intended Case filing, pursuant to 4 CSR 240-4.017(1) establishing File No. EF-2018-0314. KCP&L stated that it intended to file an application to issue debt securities and that issues regarding compliance with the provisions of 4 CSR 240-13 (Chapter 13 of the Commission’s Rules) may be before the Commission in this docket.

2. On September 11, 2018, KCP&L filed an Application with the Commission in File No. EF-2018-0314 requesting authority to issue debt securities (“General Mortgage Bonds”) under KCP&L’s General Mortgage Indenture and Deed of Trust. KCP&L explained that it was seeking Commission authorization to secure the currently outstanding unsecured debt.

3. The Application notes in Paragraph 3 at page 2 that Staff in its memorandum recommendation in File No. EF-2017-0242 indicated that it was interested in the cost differences between KCP&L's potential secured and unsecured debt offerings and KCP&L filed information that indicated a cost savings of 15-20 basis points with secured debt. Staff stated in its memorandum recommendation in KCP&L's most recently preceding financing case, File No. EF-2018-0114, that it was unaware of any benefit to KCPL's regulated utility operations to KCP&L not pledging its assets as collateral to obtain lower cost debt.

4. KCP&L further states in its Application in Paragraph 3 at page 2 that it plans to secure any future debt that will be issued under the Commission's remaining authorization in File No. EF-2018-0114,¹ and collateralize any existing debt previously authorized by the Commission in order to maintain positive bond holder relations and assure continued access to capital in the future. KCP&L relates that this collateralization will not increase the current amount of KCP&L's existing indebtedness nor change the cost of the currently outstanding debt.

5. KCP&L intends to collateralize currently outstanding unsecured senior notes totaling \$1.9 billion with the General Mortgage Bonds by December 31, 2019, and seeks the Commission's authorization to do so through six (6) separate issuances, each matching the six (6) series of currently outstanding Senior Notes previously issued by KCP&L.² KCP&L relates that the terms and conditions of the General Mortgage Bonds which will be issued will generally conform with the existing terms and conditions in the

¹ KCP&L currently has \$450 million of authorization remaining under the Commission's February 7, 2018 Order Granting Application in File No. EF-2018-0114.

² The six (6) issuances comprise the following Commission financing cases: File No. EF-2005-0498; File No. EF-2008-0214; File No. EF-2010-0178; File No. EF-2012-0187; File No. EF-2014-0346; and EF-2017-0242.

outstanding Senior Notes. The General Mortgage Bonds will be senior and will be secured debt as provided under KCP&L's General Mortgage Indenture. KCP&L has authority from its Board of Directors for the issuance of the General Mortgage Bonds pursuant to 4 CSR 240-3.120(1)(D).

6. The Staff in KCP&L's most recently preceding financing case, File No. EF-2018-0114, for authority to issue debt securities, in principal amount up to \$750 million through September 30, 2019, and to enter into interest rate hedging instruments in connection with such debt securities, recommended that the Commission approve the requested authority subject to seven (7) conditions. KCP&L in Paragraphs 12 and 20 in its pending Application agrees in advance to approximately six (6) of those seven (7) conditions that it agreed to in File No. EF-2018-0114.

7. KCP&L in the **WHEREFORE** section of its Application requests that the Commission enter an Order authorizing its Application with an effective date of November 30, 2018 or earlier.

8. Although Staff has been working on KCP&L's financing Application, Staff will require additional time to November 2, 2018, to file its memorandum recommendation. This need for additional time is due to the amount of time Staff requires to properly review and analyze a financing case of this nature and the fact that as of the time of filing this pleading, Staff has received this date responses to all of its outstanding Data Requests. Staff has started its review of those responses and assuming Staff does not need to conduct any further discovery, Staff should be able to file its memorandum recommendation by November 2, 2018. Should for any reason

Staff require any additional time, Staff will file a pleading with the Commission as soon as that becomes clear.

9. Undersigned counsel has advised counsel for KCP&L of this pleading and counsel for KCP&L stated that undersigned counsel could indicate that KCP&L has no objection to Staff's request for additional time to November 2, 2018, to file its recommendation.

WHEREFORE, Staff submits its Response To Order Directing Staff To File Recommendation by no later than October 12, 2018, and its Request For Additional Time to November 2, 2018, to file its memorandum recommendation and its intention to otherwise keep the Commission advised of any timing developments of consequence respecting Staff's November 2, 2018 filing.

Respectfully submitted,

/s/ Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 12th day of October, 2018.

/s/ Steven Dottheim