

**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     )     Case No. EO-2011-0088  
Encumber Certain SmartGrid Equipment.     )

**STAFF RECOMMENDATION TO APPROVE APPLICATION, WITH CONDITION**

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”) and for its *Recommendation to Approve Application, with Condition*, (“*Recommendation*”) states as follows:

1. On September 21, 2010, Kansas City Power & Light Company (KCPL) filed an *Application* requesting, on an expedited basis, authority from the Missouri Public Service Commission to encumber certain SmartGrid equipment in the amount of \$10,783,848.

2. The requested encumbrance would allow KCPL to receive up to \$23,940,112 from the Department of Energy in conjunction with KCPL’s SmartGrid Demonstration Project. According to KCPL’s Assistance Agreement with DOE, KCPL’s monetary contribution to the project is expected to be \$24,185,203.

3. Staff has reviewed KCPL’s September 21, 2010, *Application* and finds information in the *Application* to be consistent overall with the information presented and discussed in previous stakeholder meetings concerning the KCPL SmartGrid Demonstration Project.

4. While KCPL has not shown good cause for expedited review or approval of its *Application*, Staff has undertaken its review and made this *Recommendation* expeditiously, and does not consider expedited approval of the *Application* by the Commission to be contrary to the public interest.

5. Staff recommends that the Commission, subject to the condition in the following proposed ordered paragraph, approve KCPL’s request to encumber the equipment:

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 this transaction in any future proceeding.

WHEREFORE, Staff submits its *Recommendation* wherein it recommends the Commission approve KCPL's request to encumber certain SmartGrid equipment, conditioned as specified above.

Respectfully submitted,

/s/ Sarah Kliethermes

Sarah L. Kliethermes  
Associate Counsel  
Missouri Bar No. 60024

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Missouri Public Service Commission  
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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 5<sup>th</sup> day of October, 2010.

/s/ Sarah Kliethermes

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2011-0088, Kansas City Power & Light Company

FROM: David Murray, Acting Utility Regulatory Manager  
John Rogers, Utility Regulatory Manager

David Murray 10/05/10  
Financial Analysis Department / Date

John Rogers 10/05/10  
Energy Department / Date

Sarah Kliethermes 10/05/10  
Staff Counsel's Office / Date

SUBJECT: Staff's Recommendation to Approve, with condition, Kansas City Power & Light Company's Request for Commission Authority to Encumber Certain SmartGrid Equipment

DATE: October 5, 2010

On September 21, 2010, Kansas City Power & Light Company ("KCPL") filed an Application to request authority from the Missouri Public Service Commission to encumber certain SmartGrid equipment in the amount of \$10,783,848. This application is not a request to issue specific securities in conjunction with the proposed encumbrance of the SmartGrid equipment. The requested encumbrance would allow KCPL to receive up to \$23,940,112 from the Department of Energy (see Box 12 of the Assistance Agreement provided in Attachment No. 1) in conjunction with the KCPL's SmartGrid Demonstration Project (Project). According to the Assistance Agreement, KCPL's monetary contribution to the project is expected to be \$24,185,203.

KCPL received Commission authority to issue debt up to an amount of \$450 million in Case No. EF-2010-0178. KCPL's Financing Authority from that case does not expire until December 31, 2011. Consequently, Staff believes any funds needed for KCPL's share of the Project, to the extent it is funded by debt financing, is already covered under its current Commission Financing Authority. However, KCPL's "Assistance Agreement" with DOE requests specific encumbrance of certain SmartGrid equipment. Considering that this request does not include encumbering KCPL's general plant and equipment used to provide service to all customers, Staff does not believe the requested encumbrance will diminish KCPL's ability to raise debt capital under its existing Financing Authority.


During 2010, members of the Commission's Staff, the Office of Public Counsel and the Department of Natural Resources participated in a series of stakeholder meetings with KCPL to review and to provide advice on KCPL's plans for the Project. Staff has reviewed KCPL's September 21, 2010 Application and finds information in the Application to be consistent with the information KCPL presented and discussed in previous stakeholder meetings.

Staff recommends that the Commission, with the condition following presented as a proposed ordered paragraph, authorize KCPL to encumber the SmartGrid equipment described in its Application, as requested by KCPL in its application:

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 this transaction in any future proceeding.

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)  
)

STATE OF MISSOURI            )  
  )  
COUNTY OF COLE            )            ss.

  
David Murray

**NIKKI SENN**  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Osage County  
My Commission Expires: October 01, 2011  
Commission Number: 07287016

Nikki Sem  
Notary Public

**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 Encumber Certain	)	Case No. EO-2011-0088
SmartGrid Equipment	)	

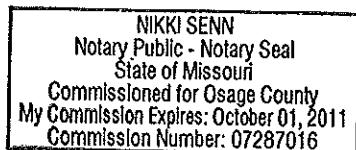
**AFFIDAVIT OF JOHN A. ROGERS**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

John A. Rogers, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
\_\_\_\_\_  
John A. Rogers

Subscribed and sworn to before me this 5<sup>th</sup> day of October, 2010.



  
\_\_\_\_\_  
Notary Public