

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 20th day
of June, 2012.

Joint Application of)	
Kansas City Power & Light Company,)	
KCP&L Greater Missouri Operations Company)	
and The Empire District Electric Company)	File No. EO-2012-0015
for Authority to Enter Into Certain Leases and)	
Agreements Regarding Existing Common)	
Facilities at the Iatan Generating Station)	

ORDER GRANTING APPLICATION

Issue Date: June 20, 2011

Effective Date: June 30, 2011

The Missouri Public Service Commission is granting the application,¹ and authorizing the transactions that are the subject of the application, with clarifications suggested by Staff.

A. Procedure

Kansas City Power & Light Company ("KCP&L"), KCP&L Greater Missouri Operations Company ("GMO"), and The Empire District Electric Company ("Empire") filed the application.² The Commission ordered notice of the application³ including notice to affected political subdivisions.⁴ The Commission received applications to intervene from Kansas Electric Power Cooperative, Inc. ("KEPCo"),⁵ and Missouri Joint

¹ *Joint Application of Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company and The Empire District Electric Company.*

² On March 9, 2012.

³ Order date March 14, 2012.

⁴ Order dated March 26, 2012.

⁵ On March 26, 2012.

Municipal Electric Utility Commission (“MJMEUC”),⁶ both of which the Commission granted.⁷ Staff filed its recommendation⁸ in favor of the application subject to certain conditions.

The Commission received no response to the recommendation within the time set by regulation.⁹ No law requires an evidentiary hearing on the unopposed application, and no person has sought one, so¹⁰ this action is not a contested case¹¹ and the Commission need not set out its findings of fact separately.

The application is within the Commission’s has jurisdiction under the following provision:

No . . . electrical corporation . . . shall hereafter . . . lease, transfer, . . . or otherwise dispose of . . . any part of its . . . works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system . . . , or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. [¹²]

The Commission will deny the application only if approval would be detrimental to the public interest.¹³

B. Merits

The transactions at issue address relationships among latan’s owners as altered by the agreement to build Unit 2 at latan. latan now includes:

⁶ On March 28, 2012.

⁷ Order dated April 12, 2012.

⁸ On June 4, 2012.

⁹ 4 CSR 240-2.080(15).

¹⁰ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm’n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

¹¹ Section 536.010(4), RSMo Supp. 2010.

¹² Section 393.190.1, RSMo 2000.

¹³ *State ex rel. City of St. Louis v. Public Serv. Comm’n of Missouri*, 73 S.W.2d 393, 400 (Mo. 1934).

- Unit 1, an older unit owned by KCPL, KCP&L Greater Missouri Operations (“GMO”), and Empire (“Unit 1 owners”).
- Unit 2, a newer unit owned by KCPL, GMO, Empire, MJMEUC, and KEPCo (“Unit 2 owners”).
- Common facilities, facilities that commonly serve both Unit 1 and Unit 2.
- The land initially acquired for latan (“site”), owned by the Unit 1 owners, as tenants in common.

In addition, adjacent to the site is:

- The Nower Property, owned solely by KCPL.

The transactions include payment for the rights transferred and proportionate shares of costs associated with the land and facilities at issue.

1. Unit 2 Site Lease

The Unit 2 owners hold no interest in the site. The Unit 1 owners will lease portions of the site covering Unit 2, and the common facilities, to the Unit 1 owners and Unit 2 owners. The result will be ownership and leasehold in the site, as to Unit 2 and common facilities, in the same proportion as ownership of Unit 2. In addition, the Unit 2 Site Lease will convey easements from the Unit 1 owners to the Unit 2 owners for access to Unit 2 and the common facilities.

2. Nower Property Lease

KCPL will lease the Nower property to the other Unit 2 owners for use as an ash landfill for latan and possibly other facilities. The result will be ownership and leasehold in the Nower Property in the same proportion as the “existing common facilities”¹⁴ after the transfer authorized in file no. EO-2011-0334. Possible use for other facilities is

¹⁴ Those in existence as of May 19, 2006, when the Unit 2 owners agreed to build Unit 2.

among the sources of Staff's concerns and clarifications as to accounting and ratemaking treatment set forth in the ordered paragraphs.

C. Ruling

The public interest will suffer no detriment from the transactions, according to the verified filings, and Staff's clarifications merely reserve any ruling related to accounting and rate-making. Therefore, the Commission will approve the application with Staff's clarifications. The unopposed resolution of this action constitutes good cause for this order's effective date to be less than 30 days from this order's issuance date.¹⁵

THE COMMISSION ORDERS THAT:

1. The Joint Application of Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company and The Empire District Electric Company ("application") is granted.

2. The leases and related transactions that are the subject of the application are authorized.

3. This order does not determine any matter related to accounting or ratemaking in File No. ER-2012-0174, File No. ER-2012-0175, and the next general rate action of The Empire District Electric Company. As to those actions, this order also does not restrict the Commission's staff ("Staff") from making any argument related to accounting or ratemaking. This paragraph includes the pro forma journal entries set forth in Kansas City Power & Light Company's response to Staff's data requests.

¹⁵ Section 386.490.2, S.B. 48, 96th Gen. Assem., 2nd Reg. Sess.

4. This order shall become effective on June 30, 2012.
5. This file shall close on July 2, 2012.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. Reed', is positioned above the printed name and title.

Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett, Kenney, and
Stoll, CC., concur.

Daniel Jordan, Senior Regulatory Law Judge