

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Application of Kansas City Power & Light)	
Company for Approval of the Transfer of)	
Existing Common Facilities and Permit Interests, and)	Case No. EO-2011-0334
Materials and Supplies Inventory Administration)	
at the Iatan Generating Station.)	

APPLICATION

Pursuant to 4 CSR 240-2.060 and 4 CSR 240-3.110, Kansas City Power & Light Company (“KCP&L” or “Applicant”) respectfully submits this application (“Application”) for (1) approval of the transfer of existing common facilities located at the Iatan Generating Station to the Kansas Electric Power Cooperative, Inc. (“KEPCo”) and the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”); (2) approval of the transfer of interests in permits to other owners of the new Iatan Unit 2 electric generating facility (“Unit 2”); and (3) approval, if deemed necessary, for the sale of an interest in utility materials and supplies inventory to KEPCo and MJMEUC.

In support of its Application, KCP&L states as follows:

I. APPLICANT

1. KCP&L is a Missouri corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. KCP&L is primarily engaged in the business of generating, transmitting, distributing, and selling electric energy in portions of eastern Kansas and western Missouri. KCP&L is an electrical corporation and public utility as defined in Section 386.020, Mo. Rev. Stat. (2000), as amended.¹ KCP&L provided its Certificate of Good Standing in Case No. EF-2002-315 which is incorporated herein by reference.

¹ All statutory references are to the Missouri Revised Statutes (2000), as amended to date.

2. KCP&L holds Certificates of Convenience and Necessity from the Commission to transact business as an electric public utility in certain areas of the State of Missouri and is principally engaged in the generation, transmission, distribution and sale of electric power and energy. KCP&L has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court that involves customer service or rates, which has occurred within three years of the date of this Application other than the following: *Briarcliff Development Company v. Kansas City Power & Light Company*, Case No. EC-2011-0383. No annual report or assessment fees are overdue.

3. Pleadings, notices, orders and other correspondence and communications concerning this Application should be addressed to the following, as well as undersigned counsel:

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II. TRANSFER OF EXISTING COMMON FACILITIES

4. KCP&L, KCP&L Greater Missouri Operations Company (herein referred to as “GMO” and formerly known as “Aquila, Inc.”), and The Empire District Electric Company (“Empire”) (collectively “Unit 1 Owners”) own as tenants in common, each with an undivided ownership interest, a coal-fired electric generating facility known as Unit 1 at the Iatan Generating Station (“Unit 1”). Unit 1 is located adjacent to Unit 2. Both units are located at the Iatan Generating Station in Platte County, Missouri (“Iatan Station”).

5. The Iatan Station was designed and constructed to provide expansion capability for future units. Certain property and facilities, such as the roads, a railroad spur, coal storage and handling facilities, and a substation, were intended for and are capable of joint use by Unit 1 and Unit 2. The facilities at the Iatan Station that are capable of being used by both Unit 1, Unit 2, and possibly other units are referred to as “Common Facilities.”

6. The Iatan Unit 2 and Common Facilities Ownership Agreement (“Unit 2 Agreement”), Exhibit A, defines Existing Common Facilities as Common Facilities in existence on May 19, 2006, the date of the Unit 2 Agreement. Existing Common Facilities are currently jointly owned by KCP&L, GMO and Empire in proportion to their ownership interests in Unit 1 (70%, 18% and 12%, respectively). The ownership interests in Unit 2 are as follows:

Iatan Unit 2 Ownership Shares				
<u>KCP&L</u>	<u>GMO</u>	<u>Empire</u>	<u>MJMEUC</u>	<u>KEPCo</u>
54.71%	18.00%	12.00%	11.76%	3.53%

7. The Unit 1 and Unit 2 owners have agreed in the Unit 2 Agreement to allocate Existing Common Facilities among the owners in proportion to the respective capacities of the two units (670 MW for Unit 1 and 850 MW for Unit 2). Applying these factors to the respective ownership interests in both units results in the following Common Facility ownership percentages:

Interests in Common Facilities				
<u>KCP&L</u>	<u>GMO</u>	<u>Empire</u>	<u>MJMEUC</u>	<u>KEPCo</u>
61.45%	18.00%	12.00%	6.58%	1.97%

8. As GMO’s and Empire’s ownership percentages in Unit 1, Unit 2 and the Common Facilities are the same, no adjustment in their respective ownership interests in Common Facilities is necessary. Section 2.2(f) of the Unit 2 Agreement thus provides that

KCP&L will convey a 6.58% and a 1.97% portion of its share of the Existing Common Facilities to MJMEUC and KEPCo, respectively.

9. A description of the Existing Common Facilities and their net book value as of August 31, 2010 is provided in Exhibit B. KCP&L proposes to convey ownership interests in its portion of Existing Common Facilities to MJMEUC and KEPCo at depreciated original cost, consistent with Commission precedent concerning inter-utility transfers of facilities and the intent of the Unit 2 Agreement. KCP&L requests Commission approval, pursuant to Section 393.190.1, to convey the indicated interests in Existing Common Facilities to MJMEUC and KEPCo at the specified depreciated original cost. Because this cost has continued to depreciate since August 31, 2010, the value of the transferred facilities will be less at the time of the conveyance to MJMEUC and KEPCo.

III. TRANSFER OF INTEREST IN PERMITS

10. As the owner charged with the construction of Unit 2, KCP&L acquired various permits as described in Exhibit C. All Unit 2 owners paid their proportionate share of the costs of acquiring these permits. Section 1.16 of the Unit 2 Agreement provides that KCP&L is to convey proportionate interests in these permits to the other Unit 2 owners. As the Unit 2 owners have already paid their proportionate share of the cost, the conveyances will be made at no additional cost. KCP&L requests Commission approval, pursuant to Section 393.190.1, to convey proportionate interests in the specified permits to the other Unit 2 owners.

IV. MATERIALS AND SUPPLIES INVENTORY ADMINISTRATION

11. The Unit 2 accounting manual contemplates that there would be three separate materials and supplies inventories: one for Unit 1, one for Unit 2 and one for Common Facilities. However, maintaining three separate inventories would have been more expensive,

and in certain cases respecting bulk purchases of materials, impracticable to administer. The owners have in practice combined the materials and supplies inventories for Unit 1, Unit 2 and Common Facilities. Purchases of inventory are billed to the owners in accordance with their Common Facilities ownership interests. When inventory items are issued, they are charged to the owners in accordance with their ownership interests in the applicable destination – Unit 1, Unit 2 or Common Facilities.

12. KCP&L has a 70% undivided ownership interest in the pre-existing Unit 1 inventory. As issuances of pre-existing Unit 1 inventory for use in Unit 2 and Common Facilities, and issuances of recent inventory purchases for use in Unit 2 may be deemed to be a sale of an interest in utility property by KCP&L to MJMEUC and KEPCo, KCP&L requests Commission authorization for such transactions to the extent that the Commission deems such transactions to be jurisdictional.

V. CONCLUSION

13. The proposed transaction, including the sale and lease of the property, is not detrimental to the public interest since it will promote the continued provision of safe and adequate electric service by the Iatan Station Owners to their respective customers.

14. Pursuant to 4 CSR 240-3.110(1)(F), KCP&L believes that there will be no impact of the sale, assignment, lease or transfer of the assets on the tax revenues of the political subdivisions in which any structures, facilities or equipment are located.

WHEREFORE, for the foregoing reasons, KCP&L respectfully requests that the Commission grant it the authority to transfer the assets to MJMEUC and KEPCo as more fully described herein.

Respectfully submitted,

/s/ Roger W. Steiner

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 9th day of March, 2012, to all counsel of record.


/s/ Roger W. Steiner

Attorney for Kansas City Power & Light Company

AFFIDAVIT

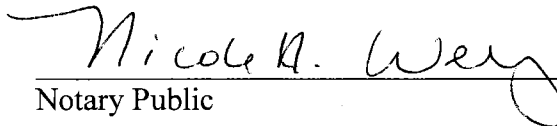
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, Tim M. Rush, having been duly sworn upon my oath, state that I am the Director, Regulatory Affairs of Kansas City Power & Light Company ("KCP&L"), that I am duly authorized to make this affidavit on behalf of KCP&L, and that the matters and things stated in the foregoing application and appendices thereto are true and correct to the best of my information, knowledge and belief.



Tim M. Rush

Subscribed and sworn before me this 9th day of March, 2012.



Notary Public

My commission expires: Feb. 4, 2015

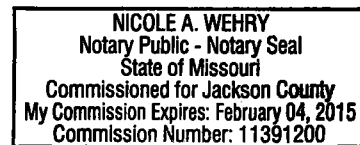


EXHIBIT A

Iatan Unit 2 and Common Facilities Ownership Agreement

EXHIBIT B

A description of the Existing Common Facilities and their net book value as of August 31, 2010

EXHIBIT C

List of permits