

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 3rd day of
November, 2005.

In the Matter of the Application of Kansas City Power &) **Case No. EF-2005-0498**
Light Company for Authority to Issue Debt Securities.)

ORDER APPROVING FINANCING

Issue Date: November 3, 2005

Effective Date: November 13, 2005

On June 22, 2005, Kansas City Power & Light Company (KCPL) filed its Application for authority to issue certain debt securities and to enter into Interest Rate Hedging Instruments. KCPL seeks the Commission's authority to:

- (a) issue up to \$635 million principal amount of debt securities through December 31, 2009, into interest in which may take the form of secured or unsecured senior or subordinated debt, "fall away" mortgage debt, or subordinated debt issued to special purpose financing entities, and with fixed or variable interest rates not to exceed 9% on fixed-rate notes or the initial rate on any variable rate or remarketed notes;
- (b) to enter into interest rate hedging instruments with one or more counter parties in conjunction with the debt securities issued under this authorization; and
- (c) to execute all documents necessary for the issuance and take all other action necessary for the issuance and maintenance of the debt securities authorized in this proceeding.

KCPL notes that it is a signatory party to the Stipulation and Agreement in Case No. EO-2005-0329, and that Appendix B to that agreement outlines the Company's proposed financing plan for the 2005-2009 period. Thus, KCPL's application is directly related to KCPL's Experimental Regulatory Plan which the Commission approved on

August 5, 2005, in Case No. EO-2005-0329. The Commission later approved amendments to that Plan on August 24, 2005.

On August 9, 2005, the Company submitted several late-filed exhibits in Case No. EF-2005-0498, one of which includes a statement of how the securities are to be sold. KCPL also filed revised *pro forma* financial statements as of March 31, 2005, giving effect to the transactions and accounting adjustments described in the Application.

The Commission's Staff filed its Recommendation and Memorandum on August 31, 2005. Staff recommends that the Commission approve KCPL's proposed Financing Plan for the 2005-2009 period, relating to the KCPL Experimental Regulatory Plan filed and approved in Case No. EO-2005-0329, subject to the following conditions:

1. That the Company shall submit to the Financial Analysis Office of the Commission any information concerning deviations from the stated use of the funds or any information that would materially change the pro-forma capitalization and financial ratios.
2. That the interest rate for any debt issuance covered by the Application is not to exceed nine (9) percent.
3. That the Company shall submit to the Financial Analysis Office of the Commission any information concerning communication with credit rating agencies concerning these issuances.
4. That the Application is approved for the purposes stated in the Application and not for operating expenses.
5. That at no time are the Company's total borrowings, including all instruments, to exceed its regulated rate base.
6. That the Company shall submit to the Financial Analysis Department of the Commission the three key financial ratios discussed in the Stipulation and Agreement in Case No. EO-2005-0329 on a quarterly basis and after each issuance of long-term debt and/or common stock as defined in the Staff's Recommendation and in Appendix E-1 attached to the Stipulation and Agreement in Case No. EO-2005-0329.

7. That KCP&L shall file with the Commission within ten (10) days of the issuance of any debt securities authorized pursuant to this proceeding, a report including the amount of debt securities issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, portion subject to the fee schedule and loan or indenture agreement concerning each issuance. With regard to such debt, KCP&L shall abide by the conditions and restrictions set forth by the Federal Energy Regulatory Commission in its Order issued February 21, 2003, in Docket No. ES02-51-000.
8. That nothing in the Commission's order is to 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 these financing transactions and their results in cost of capital, in any later proceeding.

No party filed an objection to Staff's Recommendation and Memorandum.

Based upon consideration of the verified application, and the recommendation of its Staff, the Commission determines that the Company's request is reasonable and not detrimental to the public interest. Accordingly, the Commission will approve the application subject to the conditions recommended by Staff.

IT IS THEREFORE ORDERED:

1. That Kansas City Power & Light Company is authorized to consummate the transactions contemplated in the application, subject to the conditions recommended by the Staff of the Commission and listed in the body of this order.
2. That nothing in this order shall be considered a finding by the Commission of the value of these transactions for ratemaking purposes, and that the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their results in cost of capital, in any later proceeding.

3. That this order shall become effective on November 13, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Gaw, Clayton,
and Appling, CC., concur.
Murray, C., absent.

Ruth, Senior Regulatory Law Judge