Exhibit No.:	
Issue:	Financial Modeling
Witness:	Michael W. Cline
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	EO-2005-0329
Date Testimony Prepared:	April 4, 2005

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2005-0329

DIRECT TESTIMONY

OF

MICHAEL W. CLINE

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
April 2005

Certain Schedules Attached To This Testimony Designated "(P)" Contain "Proprietary" Information And Should Be Treated Confidentially Pursuant To The Protective Order In This Proceeding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Proposed Experimental Regulatory Plan of Kansas City Power & Light Company	)))	Case No. EO-2005-0329

AFFIDAVIT OF MICHAEL W. CLINE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Michael W. Cline, being first duly sworn on his oath, states:

1. My name is Michael W. Cline. I work in Kansas City, Missouri, and I am employed by Great Plains Energy, the parent company of Kansas City Power & Light Company, as Treasurer.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of nine (9) pages and Schedules MWC-1 through MWC-9, all of which having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Michael W. Cline

Michael W. Cline

Subscribed and sworn before me this 7th day of April 2005.

Jerri L. Vernetti

Notary Public

JERRI L VERNETTI
Notary Public - Notary Seal
STATE OF MISSOURI
CLINTON COUNTY
MY COMMISSION EXP. DEC. 7,2005

DIRECT TESTIMONY

OF

MICHAEL W. CLINE

Case No. EO-2005-0329

Q: Please state your name and business address.

A: My name is Michael W. Cline. My business address is 1201 Walnut, Kansas City, Missouri 64106.

Q: By whom and in what capacity are you employed?

A: I am employed by Great Plains Energy, Inc., the parent company of Kansas City Power & Light Company ("KCPL"), as Treasurer.

Q. What are your responsibilities?

A. My responsibilities include financing and investing activities, cash management, bank relations, rating agency relations, enterprise risk management, and insurance.

Q. Please describe your education, experience and employment history.

A. I graduated from Bradley University in 1983 with a B.S. in Finance, summa cum laude. I earned an MBA from Illinois State University in 1988. From 1984-1991, I was employed by Caterpillar Inc. in Peoria, Illinois and held a number of finance and treasury positions. From 1992-93, I was Manager, International Treasury at Sara Lee Corporation in Chicago, Illinois. From 1994-2000, I was employed by Sprint Corporation in Overland Park, Kansas, initially as Manager, Financial Risk Management and then as Director, Capital Markets. During most of 2001, I was Assistant Treasurer, Corporate Finance, at Corning Incorporated in Corning, New York. I joined Great Plains Energy in October

2001 as Director, Corporate Finance. I was promoted to Assistant Treasurer in November 2002. During 2004, I was assigned to lead the company's Sarbanes-Oxley compliance effort on a full-time basis, though I retained the Assistant Treasurer title during that time. I was promoted to Treasurer in April 2005.

Q. Have you previously testified in a proceeding at the Missouri Public Service Commission or before any other utility regulatory agency?

A. No.

Q. What is the purpose of your testimony?

A. The purposes of my testimony are as follows: (1) Discuss the importance of the acceptance of the Regulatory Plan by the financial community; (2) Explain KCPL's interaction with rating agencies during the development of the Regulatory Plan; (3) Provide background regarding the financial modeling of the Regulatory Plan; and (4) Explain KCPL's financial plan, and discuss the need for a Financing Authorization.

Q. Why is the financial community's acceptance of the Regulatory Plan important?

A. A favorable view of the Regulatory Plan by equity and debt investors, banks, and rating agencies is vital for three primary reasons. First, KCPL and its parent, Great Plains Energy, will need to rely on external financing for a significant portion of the Plan's funding. Of the total Plan expenditures of approximately $1.3 billion over the 2005 – 2011 period, KCPL estimates that approximately $600-$700 million will be raised through issuance of equity and debt. Investors will need to have confidence in KCPL's management and the regulatory process itself to feel comfortable making this capital available to KCPL on attractive terms, particularly given the number of investment alternatives otherwise available to them. Second, in addition to new funding required for the Regulatory Plan, KCPL will have a significant amount of debt subject to refinancing during the period of the Plan. Specifically, KCPL has $250 million and $225 million of senior notes maturing in December 2005 and March 2007, respectively. Further, KCPL has $342.9 million of tax-exempt debt that is either subject to remarketing during the Regulatory Plan period or is in a weekly or monthly "auction" mode and essentially refinanced at those intervals. KCPL's ability to refinance its debt efficiently, effectively, and on favorable terms will be heavily dependent on bondholder and rating agency views of the Regulatory Plan. Finally, equity investor views of the Regulatory Plan will be a major influence on the Great Plains Energy stock (NYSE ticker: GXP) price for the next several years. Clearly, a number of other factors will also impact the performance of GXP; however, the Regulatory Plan is a critical driver for KCPL, and because KCPL constituted nearly 80% of Great Plains Energy's earnings and nearly 90% of assets in 2004, this Regulatory Plan is, and will remain, very important to GXP investors.

Q. What has KCPL's interaction been with the rating agencies during the development of the Regulatory Plan?

A. For reasons outlined in the response to the preceding question, KCPL recognized from the outset of the Regulatory Plan's development that preserving the company's credit profile would be vital. KCPL's senior unsecured debt is currently rated A3 / Stable Outlook by Moody's and BBB / Stable Outlook by Standard & Poor's ("S&P"). The rating agencies' assessment of KCPL's creditworthiness is, of course, important to fixed income investors and banks, and therefore has a direct effect on the amount, cost, and other terms of KCPL's funding in the money and capital markets. Beyond that, credit ratings are important to a number of key stakeholders, including suppliers, customers, and regulators. From a Regulatory Plan perspective, KCPL was particularly keen on ensuring advance understanding and acceptance by S&P given that its rating of the company was two credit levels ("notches") below Moody's and only one notch above the minimum level to be considered "Investment Grade." A focus on S&P during the development of the Regulatory Plan was also logical for two additional reasons: (1) S&P was the only agency that, at the time, had published target ranges for its key credit metrics, based on the targeted rating (a copy of S&P's June 2004 report establishing these ranges is attached as Schedule MWC-1) and (2) S&P has a product called Rating Evaluation Service ("RES") that allowed for S&P to render an indicative credit rating assessment based upon financial and operating assumptions, and the draft Stipulation and Agreement ("S&A") provisions provided by KCPL. In recognition of the importance of maintaining credit quality, in the fall of 2004, KCPL began incorporating into the draft S&A, language related to regulatory support of KCPL in achieving levels of three key credit metrics – Funds Flow from Operations Interest Coverage, Funds Flow from Operations to Total Debt, and Debt as a Percent of Total Capitalization – consistent with the "upper third" of the S&P ranges for the "Triple-B" credit rating. In November 2004, negotiations on the S&A reached a point where KCPL felt it appropriate to utilize the RES product to determine S&P's viewpoint on the draft S&A terms and related 5-year financial projections. In addition to "base case" projections, KCPL provided an additional scenario with varying assumptions regarding how the Regulatory Plan would be financed, as well as key S&A terms still being negotiated. On November 22, 2004, KCPL senior management met with S&P to review KCPL's submission, a copy of which is attached as Schedule MWC-2 **(P)**. In early December 2004, S&P provided their RES assessment and concluded that neither of the scenarios would result in KCPL maintaining its current credit rating; the base case would result in a one-notch downgrade to BBB- and the other scenario would result in a two notch downgrade to BB+ (below investment grade). A copy of S&P's summary RES letter and full report are attached as Schedule MWC-3 **(P)**. KCPL viewed this outcome as unacceptable and shared the results with the Staff, Public Counsel, and other interested parties as a basis for continued negotiation. At that point, Staff and Public Counsel expressed an interest in talking with S&P directly to better understand how they had derived their conclusions. As such, a conference call was held on December 22, 2004 wherein all interested parties had an opportunity to ask questions of, and raise concerns with, the S&P analysts who had done the RES work (and who are also responsible for the "normal course" ratings assessment of KCPL). Following this call, negotiations continued until late January 2005, at which point KCPL believed that sufficient progress had been made to approach S&P again for another RES analysis. Again, two scenarios were provided, but the only difference between them was the timing of issuance of $100 million of common stock (2006 vs. 2008). A copy of KCPL's submission is attached as Schedule MWC-4 **(P)**. This time, S&P concluded that the scenario with equity issuance in 2006 would be sufficient to maintain the company's senior debt rating at BBB. A copy of S&P's summary RES letter and full report are attached as Schedule MWC-5 **(P)**. Following the receipt of the second RES analysis, KCPL had one brief discussion with S&P in mid-February regarding how KCPL's choice of partners for Iatan-2 would be viewed from a credit perspective, but no additional contact beyond that until the final S&A was announced on March 28, 2005. KCPL's senior management team met with S&P on March 30, 2005, to review the final S&A

terms and financial projections, and on April 1, 2005, S&P affirmed the company's ratings (copy of report attached as Schedule MWC-6). With respect to Moody's, for reasons described earlier, KCPL had no discussions concerning the Regulatory Plan during the negotiations. KCPL's senior management team met with Moody's on March 29, 2005, to review the final S&A terms and financial projections. Moody's expressed no concerns at the meeting. KCPL will continue to discuss this with Moody's as they review the company's credit ratings and prepare to issue their annual assessment in the coming weeks.

Q. Please provide background regarding the financial modeling of the Regulatory Plan.

A. The foundation of the financial model that represents KCPL's "base case" assumption for the Regulatory Plan is the company's 2005 Budget and 2006-2009 Long-Term Plan. The development of these projections occurs in the late third and fourth quarters of each fiscal year and the forecasts are approved by the company's Board of Directors, generally in February of each year. KCPL's financial statements will be impacted by several provisions of the Regulatory Plan. In all instances, these have been incorporated into the Budget and Long-Term Plan by KCPL's Financial Planning and Corporate Budget groups, based upon extensive consultation internally with KCPL Regulatory Affairs, Accounting, Legal, Energy Resource Management, Fuels, and other operating groups to ensure proper treatment. Due to the complexity and novelty of the "Additional Amortizations to Maintain Financial Ratios" (Section III.B.1.i of the final S&A), the modeling for this provision was both discussed in detail with Staff, Public Counsel and other interested parties as well as illustrated in Appendix F to the final S&A. KCPL's current 2005 forecast and 2006-09 Long-Term plan, along with key underlying assumptions, reflecting the final S&A terms, are attached as Schedule MWC-7 **(P)**. KCPL shared this package with the rating agencies during the week of March 28, 2005.

Q. Please explain KCPL's financial plan, and discuss the need for a financing authorization.

A. Attached as Schedule MWC-8 **(P)** to this testimony is an expanded version of Appendix B to the final S&A reflecting KCPL's sources and uses of funds during the 2005-2009 period. As Schedule MWC-8 indicates, KCPL expects the bulk of funding to come via roughly equal amounts of new debt and equity (from Great Plains Energy) totaling approximately $800 million. KCPL expects the balance of its requirements to be provided by internally-generated funds, projected rate increases, and $164 million of equity to be issued in 2007 upon conversion of Great Plains Energy's FELINE PRIDES, a mandatory convertible security issued in 2004. In developing this proposed financing plan, KCPL has attempted to balance the objectives of ratepayers, equity investors, and fixed income investors. We believe this plan both achieves that balance and maintains the focus on credit quality that has been paramount to KCPL throughout the negotiations related to the Regulatory Plan. With respect to debt financing in particular, KCPL expects to issue a total of $635 million of long-term debt in 2005-2009 for both new financing and refinancing purposes (*See* Schedule MWC-9). In the normal course, KCPL would be required to file various Applications For Authority to Issue Stock, Bonds, Notes and Other Forms of Indebtedness with the Missouri Public Service Commission ("MPSC") to cover estimated issuance over each two-year period. KCPL believes the long-term nature of the Regulatory Plan provides a good context for consideration of a longer term financing authorization. The MPSC's authorization for the aggregate amount of $635 million over five years would accomplish several objectives: (1) Maximize KCPL's flexibility to access the capital markets when most prudent and effective to do so; (2) Provide up-front visibility to the financial community as to the level of debt with which the MPSC is comfortable and eliminate uncertainty in later years; and (3) Reduce demand on KCPL and MPSC resources that would be required for multiple authorizations. The terms and conditions of the financing contemplated under the proposed 5-year authorization are reflected in Section 1.f. of the final S&A, "Financing Plan to be Subsequently Filed by KCPL for Commission Authorization."

Q. Are there other provisions in the Stipulation And Agreement related to KCPL's financing plans?

A. Yes. There are several specific agreements contained in the S&A related to KCPL's financing plans. For example, KCPL has agreed that the debt securities that subsequently would be issued under the Commission authorization that will be sought in the near term by KCPL will have maturities of from one (1) year to 40 years and will be issued by KCPL or through agents or underwriters for KCPL in multiple offerings of differing amounts at different times with different interest rates (including variable interest rates) and other negotiated terms and conditions. Interest rates on the debt securities will not exceed ten percent (10%) on (i) fixed rate debt securities or (ii) the initial rate on any variable or remarketed debt securities. The net proceeds from the issuance of these securities will be used for general corporate purposes, including the repayment of short-term debt.

The debt securities may be senior or subordinated and may be issued as unsecured or secured under KCPL's existing general mortgage debt indentures, depending on cost differentials and market conditions at the time of issuance. The debt securities may take the form of "fall-away" mortgage debt in which it is initially secured debt but converts to unsecured debt based on certain conditions. Finally, the debt securities may include subordinated debt securities to be sold to one or more special purpose financing entities, such as trusts, established by KCPL that, in turn, would issue preferred securities. KCPL will seek Commission authorization to guarantee the distributions, redemption price and liquidation payments respecting such preferred securities.

KCPL will also request Commission authorization to enter into interest rate hedging instruments in conjunction with the debt securities to be issued as a result of the Regulatory Plan. KCPL will continue to maintain separate Commission-granted authority to enter into interest rate hedging instruments to manage the portfolio of variable rate debt, particularly pollution control bonds, that KCPL currently has outstanding separate from the Regulatory Plan.

Q. Does this conclude your testimony?

A. Yes.

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New Business Profile Scores Assigned for U.S. Utility and Power Companies; Financial Guidelines Revised

Credit Analysts: Ronald M Barone, New York (1) 212-438-7662; Richard W Cortright, Jr. , New York (1) 212-438-7665; Suzanne G Smith, New York (1) 212-438-2106; John W Whitlock, New York (1) 212-438-7678; Andrew Watt, New York (1) 212-438-7868; Arthur F Simonson, New York (1) 212-438-2094

Standard & Poor's Ratings Services has assigned new business profile scores to U.S. utility and power companies to better reflect the relative business risk among companies in the sector. Standard & Poor's also has revised its published risk-adjusted financial guidelines. The new business scores and financial guidelines do not represent a change to Standard & Poor's ratings criteria or methodology, and no ratings changes are anticipated from the new business profile scores or revised financial guidelines.

New Business Profile Scores and Revised Financial Guidelines

Standard & Poor's has always monitored changes in the industry and altered its business risk assessments accordingly. This is the first time since the 10-point business profile scale for U.S. investor-owned utilities was implemented that a comprehensive assessment of the benefits and the application of the methodology has been made. The principal purpose was to determine if the methodology continues to provide meaningful differentiation of business risk. The review indicated that while business profile scoring continues to provide analytical benefits, the complete range of the 10-point scale was not being utilized to the fullest extent.

Standard & Poor's has also revised the key financial guidelines that it uses as an integral part of evaluating the credit quality of U.S. utility and power companies. These guidelines were last updated in June 1999. The financial guidelines for three principal ratios (funds from operations (FFO) interest coverage, FFO to total debt, and total debt to total capital) have been broadened so as to be more flexible. Pretax interest coverage as a key credit ratio was eliminated.

Finally, Standard & Poor's has segmented the utility and power industry into sub-sectors based on the dominant corporate strategy that a company is pursuing. Standard & Poor's has published a new U.S. utility and power company ranking list that reflects these sub-sectors.

There are numerous benefits to the reassessment. Fuller utilization of the entire 10-point scale provides a superior relative ranking of qualitative business risk. A simultaneous revision of the financial guidelines supports the goal of not causing rating changes from the recalibration of the business profiles. Classification of companies by sub-sectors will ensure greater comparability and consistency in ratings. The use of industry segmentation will also allow more in-depth statistical analysis of ratings distributions and rating changes.

The reassessment does not represent a change to Standard & Poor's criteria or methodology for determining ratings for utility and power companies. Each business profile score should be considered as the assignment of a new score; these scores do not represent improvement or deterioration in our assessment of an individual company's business risk relative to the previously assigned score. The financial guidelines continue to be risk-adjusted based on historical utility and industrial medians. Segmentation into industry sub-sectors does not imply that specific company characteristics will not weigh heavily into the assignment of a company's business profile score.

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Results

Previously, 83% of U.S. utility and power business profile scores fell between '3' and '6', which clearly does not reflect the risk differentiation that exists in the utility and power industry today. Since the 10-point scale was introduced, the industry has transformed into a much less homogenous industry, where the divergence of business risk--particularly regarding management, strategy, and degree of competitive market exposure--has created a much wider spectrum of risk profiles. Yet over the same period, business profile scores actually converged more tightly around a median score of '4'. The new business profile scores, as of the date of this publication, are shown in Chart 1. The overall median business profile score is now '5'.

Chart 1

Distribution of Business Profile Scores

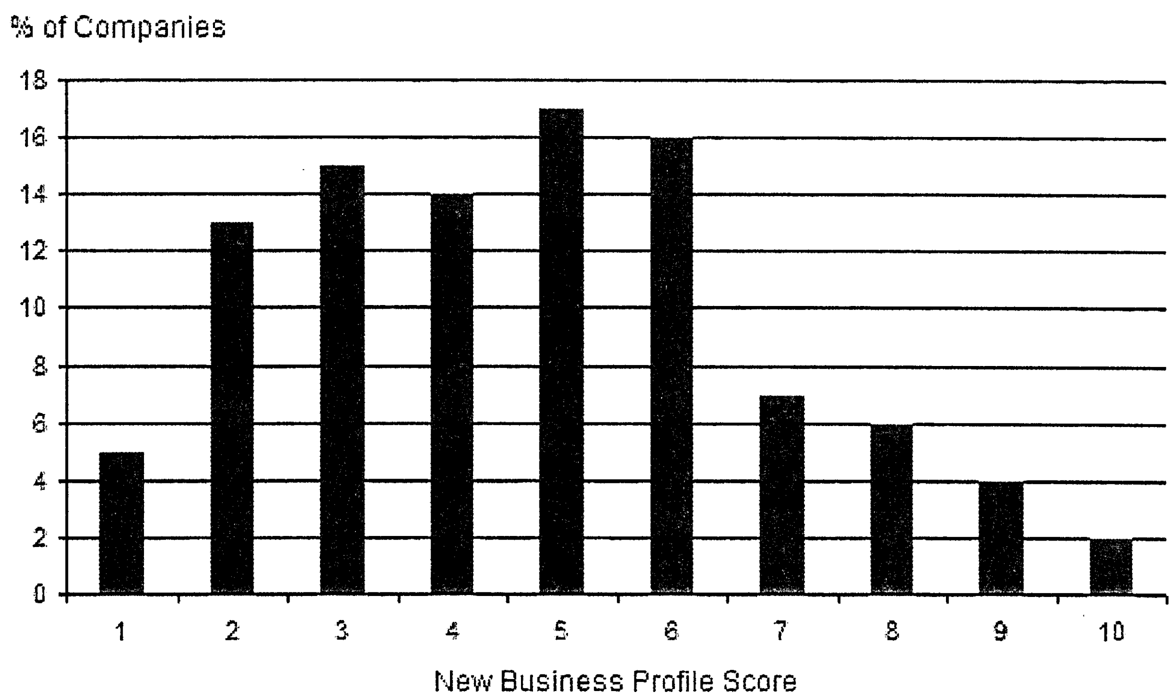


Table 1 contains the revised financial guidelines. It is important to emphasize that these metrics are only guidelines associated with expectations for various rating levels. Although credit ratio analysis is an important part of the ratings process, these three statistics are by no means the only critical financial measures that Standard & Poor's uses in its analytical process. We also analyze a wide array of financial ratios that do not have published guidelines for each rating category.

Table 1 Revised Financial Guidelines

Funds from operations/interest coverage (x)

Business Profile	AA		A		BBB		BB	
1	3	2.5	2.5	1.5	1.5	1		
2	4	3	3	2	2	1		
3	4.5	3.5	3.5	2.5	2.5	1.5	1.5	1
4	5	4.2	4.2	3.5	3.5	2.5	2.5	1.5
5	5.5	4.5	4.5	3.8	3.8	2.8	2.8	1.8
6	6	5.2	5.2	4.2	4.2	3	3	2
7	8	6.5	6.5	4.5	4.5	3.2	3.2	2.2
8	10	7.5	7.5	5.5	5.5	3.5	3.5	2.5
9			10	7	7	4	4	2.8
10			11	8	8	5	5	3

Funds from operation/total debt (%)

Business Profile	AA		A		BBB		BB	
1	20	15	15	10	10	5		
2	25	20	20	12	12	8		
3	30	25	25	15	15	10	10	5
4	35	28	28	20	20	12	12	8
5	40	30	30	22	22	15	15	10
6	45	35	35	28	28	18	18	12
7	55	45	45	30	30	20	20	15
8	70	55	55	40	40	25	25	15
9			65	45	45	30	30	20
10			70	55	55	40	40	25

Total debt/total capital (%)

Business Profile	AA		A		BBB		BB	
1	48	55	55	60	60	70		
2	45	52	52	58	58	68		
3	42	50	50	55	55	65	65	70
4	38	45	45	52	52	62	62	68
5	35	42	42	50	50	60	60	65

6	32	40	40	48	48	58	58	62
7	30	38	38	45	45	55	55	60
8	25	35	35	42	42	52	52	58
9			32	40	40	50	50	55
10			25	35	35	48	48	52

Again, ratings analysis is not driven solely by these financial ratios, nor has it ever been. In fact, the new financial guidelines that Standard & Poor's is incorporating for the specified rating categories reinforce the analytical framework whereby other factors can outweigh the achievement of otherwise acceptable financial ratios. These factors include:

- Effectiveness of liability and liquidity management;
- Analysis of internal funding sources;
- Return on invested capital;
- The record of execution of stated business strategies;
- Accuracy of projected performance versus actual results, as well as the trend;
- Assessment of management's financial policies and attitude toward credit; and
- Corporate governance practices.

Charts 2 through 6 show business profile scores broken out by industry sub-sector. The five industry sub-sectors are:

- Transmission and distribution--Water, gas, and electric;
- Transmission only--Electric, gas, and other;
- Integrated electric, gas, and combination utilities;
- Diversified energy and diversified nonenergy; and
- Energy merchant/power developer/trading and marketing companies.

Chart 2

Transmission and Distribution--Water, Gas, and Electric

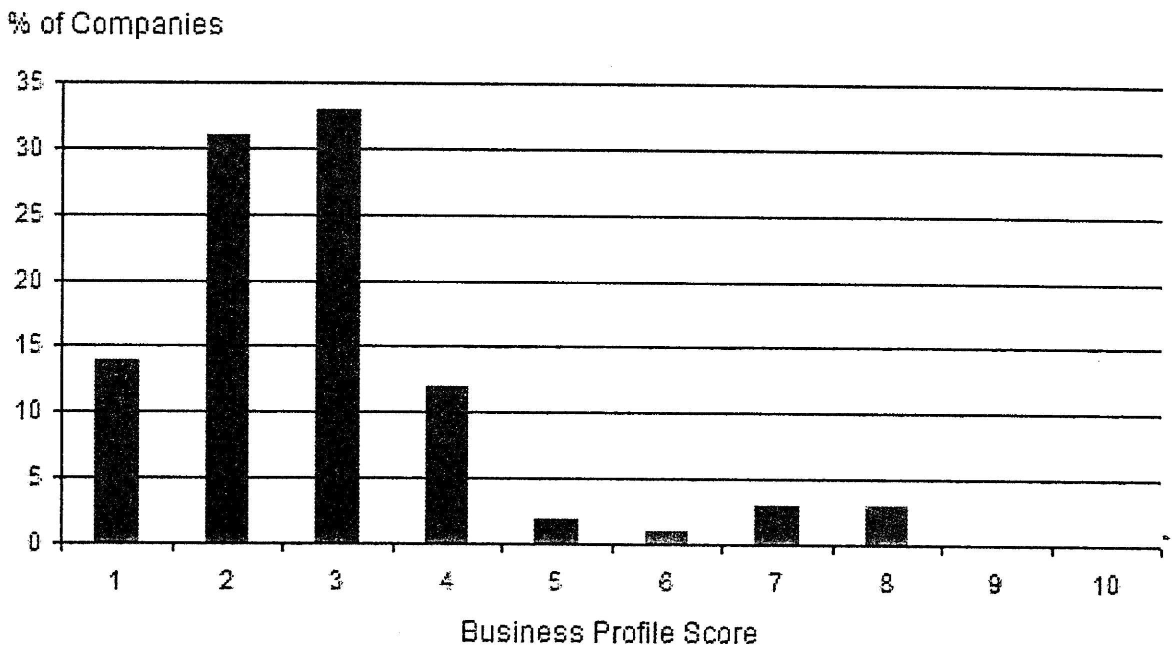


Chart 3

Transmission Only--Electric, Gas, and Other

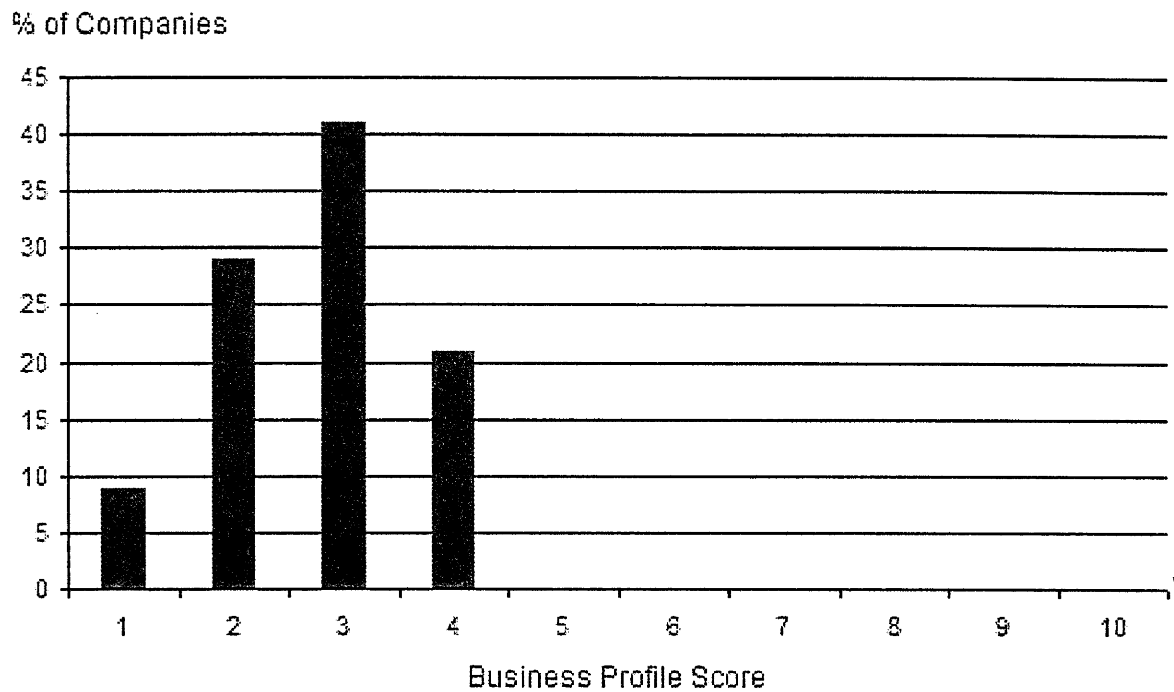


Chart 4

Integrated Electric, Gas, and Combination Utilities

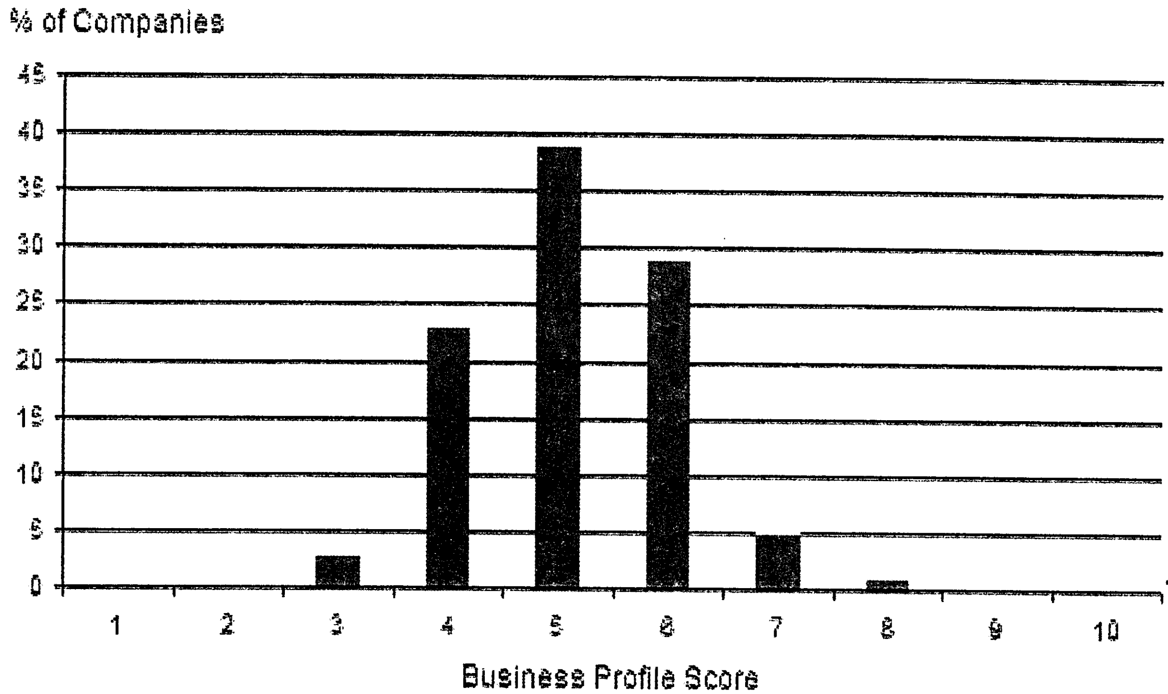
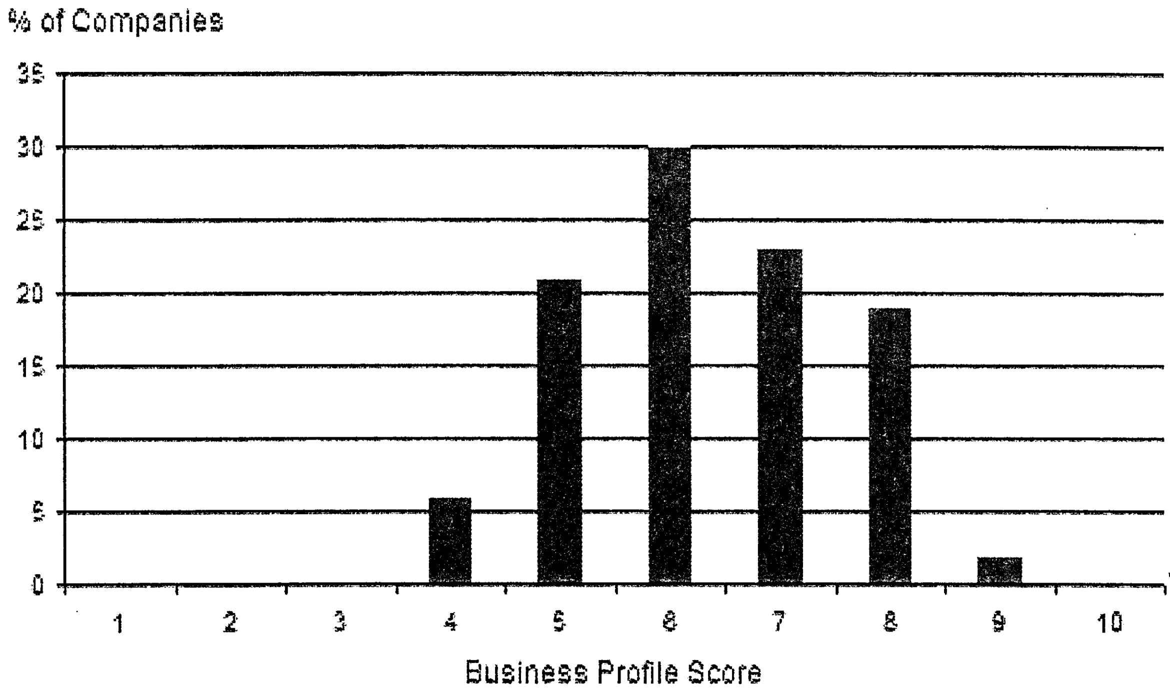
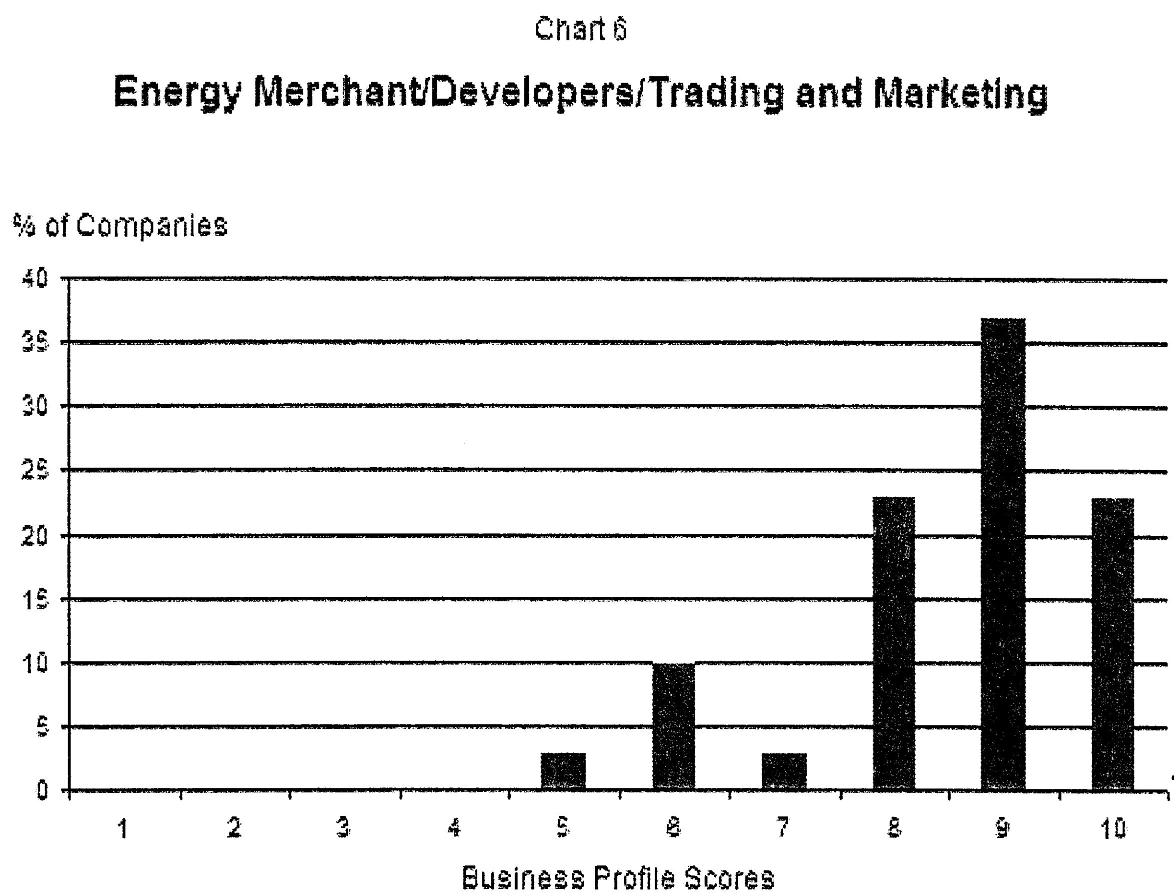


Chart 5

Diversified Energy and Diversified Non-Energy





The average business profile scores for transmission and distribution companies and transmission-only companies are lower on the scale than the previous averages, while the average business profile scores for integrated utilities, diversified energy, and energy merchants and developers are higher.

The Appendix provides the company list of business profile scores segmented by industry sub-sector and ranked in order of credit rating, outlook, business profile score, and relative strength.

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Business Profile Score Methodology

Standard & Poor's methodology of determining corporate utility business risk is anchored in the assessment of certain specific characteristics that define the sector. We assign business profile scores to each of the rated companies in the utility and power sector on a 10-point scale, where '1' represents the lowest risk and '10' the highest risk. Business profile scores are assigned to all rated utility and power companies, whether they are holding companies, subsidiaries or stand-alone corporations. For operating subsidiaries and stand-alone companies, the score is a bottom-up assessment. Scores for families of companies are a composite of the operating subsidiaries' scores. The actual credit rating of a company is analyzed, in part, by comparing the business profile score with the risk-adjusted financial guidelines.

For most companies, business profile scores are assessed using five categories; specifically, regulation, markets, operations, competitiveness, and management. The emphasis placed on each category may be influenced by the dominant strategy of the company or other factors. For example, for a regulated transmission and distribution company, regulation may account for 30% to 40% of the business profile score because regulation can be the single-most important credit driver for this type of company. Conversely, competition, which may not exist for a transmission and distribution company, would provide a much lower proportion (e.g., 5% to 15%) of the business profile score.

For certain types of companies, such as power generators, power developers, oil and gas exploration and production companies, or nonenergy-related holdings, where these five components may not be appropriate, Standard & Poor's will use other, more appropriate methodologies. Some of these companies are assigned business profile scores that are useful only for relative ranking purposes.

As noted above, the business profile score for a parent or holding company is a composite of the business profile scores of its individual subsidiary companies. Again, Standard & Poor's does not apply rigid guidelines for determining the proportion or weighting that each subsidiary represents in the overall business profile score. Instead, it is determined based on a number of factors. Standard & Poor's will analyze each subsidiary's contribution to FFO, forecast capital expenditures, liquidity requirements, and other parameters, including the extent to which one subsidiary has higher growth. The weighting is determined case-by-case.

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Appendix: U.S. Utility and Power Company Ranking List

U.S. Utility and Power Company Ranking List

Company	Corporate Credit Rating	Business Profile
1. Regulated Transmission and Distribution - Electric, Gas, and Water		
Baton Rouge Water Works Co. (The)	AA/Stable/--	1
Nicor Gas Co.	AA/Stable/A-1+	2
Nicor Inc.	AA/Stable/A-1+	3
Washington Gas Light Co.	AA-/Stable/A-1+	2
WGL Holdings Inc.	AA-/Stable/A-1+	3
New Jersey Natural Gas Co.	A+/Stable/A-1	1
Aqua Pennsylvania	A+/Stable/--	2
KeySpan Energy Delivery Long Island	A+/Negative/--	1
KeySpan Energy Delivery New York	A+/Negative/--	1
Elizabethtown Water Co.	A+/Negative/--	2
California Water Service Co.	A+/Negative/--	3
Questar Gas Co.	A+/Negative/--	3
Southern California Gas Co.	A/Stable/A-1	1
Boston Edison Co.	A/Stable/A-1	1

Commonwealth Electric Co.	A/Stable/--	1
Cambridge Electric Light Co.	A/Stable/--	1
NSTAR	A/Stable/A-1	1
Massachusetts Electric Co.	A/Stable/A-1	1
Narragansett Electric Co.	A/Stable/A-1	1
Northwest Natural Gas Co.	A/Stable/A-1	1
Connecticut Water Service Inc.	A/Stable/ --	2
Connecticut Water Co. (The)	A/Stable/ --	2
Aquarion Co.	A/Stable/--	2
Aquarion Water Co. of Connecticut	A/Stable/--	2
NSTAR Gas Co.	A/Stable/--	2
Piedmont Natural Gas Co. Inc.	A/Stable/A-1	2
National Grid USA	A/Stable/A-1	2
Consolidated Edison Co. of New York Inc.	A/Stable/A-1	2
Orange and Rockland Utilities Inc.	A/Stable/A-1	2
Rockland Electric Co.	A/Stable/--	2
Consolidated Edison Inc.	A/Stable/A-1	2
Laclede Gas Co.	A/Stable/A-1	3
Laclede Group Inc.	A/Stable/--	3
Atlantic City Sewerage Co.	A/Stable/--	3
Niagara Mohawk Power Corp.	A/Stable/--	3
Central Hudson Gas & Electric Co.	A/Stable/--	3
American Water Capital Corp.	A/Negative/	2
Boston Gas Co.	A/Negative/--	2
Colonial Gas Co.	A/Negative/--	2
Middlesex Water Co.	A/Negative/--	3
York Water Co. (The)	A-/Stable/--	2
Alabama Gas Corp.	A-/Stable/--	2
Atlanta Gas Light Co.	A-/Stable/--	2
Public Service Co. of North Carolina Inc.	A-/Stable/A-2	2
Wisconsin Gas Co.	A-/Stable/A-2	2
North Shore Gas Co.	A-/Stable/A-2	2
Peoples Gas Light & Coke Co.	A-/Stable/A-2	2
ONEOK Inc.	A-/Stable/A-2	6
Indiana Gas Co. Inc.	A-/Negative/--	1
Southern California Water Co.	A-/Negative/--	3
American States Water Co.	A-/Negative/--	3
United Water New Jersey	A-/Negative/--	4

United Waterworks	A-/Negative/--	4
PPL Electric Utilities Corp.	A-/Negative/--	4
Commonwealth Edison Co.	A-/Negative/A-2	4
PECO Energy Co.	A-/Negative/A-2	4
Central Illinois Public Service Co.	A-/CW-Neg/--	3
Western Massachusetts Electric Co.	BBB+/Stable/--	1
Cascade Natural Gas Corp.	BBB+/Stable/--	2
South Jersey Gas Co.	BBB+/Stable/--	2
Baltimore Gas & Electric Co.	BBB+/Stable/A-2	3
Connecticut Natural Gas Corp.	BBB+/Negative/--	3
Southern Connecticut Gas Co.	BBB+/Negative/--	3
Central Maine Power Co.	BBB+/Negative/--	3
Atlantic City Electric Co.	BBB+/Negative/A-2	3
Potomac Electric Power Co.	BBB+/Negative/A-2	3
Delmarva Power & Light Co.	BBB+/Negative/A-2	3
Yankee Gas Services Co.	BBB+/Negative/--	3
Connecticut Light & Power Co.	BBB+/Negative/--	3
UGI Utilities Inc.	BBB+/Negative/--	4
Bay State Gas Co.	BBB/Stable/--	2
AEP Texas Central Co.	BBB/Stable/--	2
AEP Texas North Co.	BBB/Stable/--	2
Southwest Gas Corp.	BBB-/Stable/--	3
Columbus Southern Power Co.	BBB/Stable/--	3
Ohio Power Co.	BBB/Stable/--	3
Public Service Electric & Gas Co.	BBB/Stable/A-2	3
Oncor Electric Delivery Co.	BBB/Negative/--	2
Southern Union Co.	BBB/Negative/--	3
Centerpoint Energy Houston Electric LLC	BBB/Negative/--	3
CenterPoint Energy Resources Corp.	BBB/Negative/--	3
Duquesne Light Co.	BBB/Negative/	4
Duquesne Light Holdings Inc.	BBB/Negative/ --	5
TXU Gas Co.	BBB/CW-Dev/--	3
Jersey Central Power & Light Co.	BBB-/Stable/--	4
Metropolitan Edison Co.	BBB-/Stable/--	4
Pennsylvania Electric Co.	BBB-/Stable/--	4
Texas-New Mexico Power Co.	BB+/Stable/--	4
AmeriGas Partners L.P.	BB+/Stable/--	7
NUI Utilities Inc.	BB/CW-Dev/--	4

Suburban Propane Partners L.P.	BB-/Stable/--	8
Star Gas Partners L.P.	BB-/Stable/--	8
SEMCO Energy Inc.	BB-/Negative/--	5
Ferrellgas Partners L.P.	BB-/Negative/--	8
Potomac Edison Co.	B/Stable/--	3
West Penn Power Co.	B/Stable/--	3
Illinova Corp.	B/Negative/--	7
NorthWestern Corp.	D/NM/--	7
2. Transmission Only - Electric, Gas, and Other		
Questar Pipeline Co.	A+/Negative/--	3
Mid-West Independent Transmission System Operator Inc.	A/Stable/--	1
American Transmission Co.	A/Stable/A-1	1
New England Power Co.	A/Stable/A-1	1
Colonial Pipeline Co.	A/Stable/A-1	3
Dixie Pipeline Co.	--/--/A-1	3
Plantation Pipeline Co.	--/--/A-1	3
Explorer Pipeline Co.	A/Stable/A-1	4
Northern Natural Gas Co.	A-/Positive/--	2
Buckeye Partners L.P.	A-/Stable/--	4
Kern River Gas Transmission Co.	A-/Negative/--	3
Northern Border Pipeline Co.	A-/CW-Neg/--	2
Texas Gas Transmission LLC	BBB+/Stable/--	3
Iroquois Gas Transmission System L.P.	BBB+/Stable/--	3
Florida Gas Transmission Co.	BBB/Stable/--	2
International Transmission Co.	BBB/Stable	2
ITC Holding Corp.	BBB/Stable	2
Texas Eastern Transmission L.P.	BBB/Stable/--	3
PanEnergy Corp.	BBB/Stable/--	3
TE Products Pipeline Co. L.P.	BBB/Stable/--	4
TEPPCO Partners L.P.	BBB/Stable/--	4
Panhandle Eastern Pipeline LLC	BBB/Negative/--	3
Noark Pipeline Finance LLC	BBB/Negative/--	4
Southern Star Central Gas Pipeline Inc.	BB/Stable/--	3
Transwestern Pipeline Co.	BB/CW-Dev/--	4
Transcontinental Gas Pipe Line Corp.	B+/Negative/--	2
Northwest Pipeline Corp.	B+/Negative/--	2
Colorado Interstate Gas Co.	B-/Negative/--	2
Southern Natural Gas Co.	B-/Negative/--	2

ANR Pipeline Co.	B-/Negative/--	3
Tennessee Gas Pipeline Co.	B-/Negative/--	3
El Paso Tennessee Pipeline Co.	B-/Negative/--	3
El Paso Natural Gas Co.	B-/Negative/--	4
Gas Transmission-Northwest Corp.	CC/CW-Pos/--	2
3. Integrated Electric, Gas, and Combination Utilities		
Wisconsin Public Service Corp.	AA-/Stable/A-1+	4
Madison Gas & Electric Co.	AA/Negative/A-1+	4
Southern Co.	A/Stable/A-1	4
Georgia Power Co.	A/Stable/A-1	4
Alabama Power Co.	A/Stable/A-1	4
Mississippi Power Co.	A/Stable/A-1	4
Gulf Power Co.	A/Stable/--	4
Savannah Electric & Power Co.	A/Stable/--	4
San Diego Gas & Electric Co.	A/Stable/A-1	5
MidAmerican Energy Co.	A/Stable/A-1	5
Questar Corp.	--/--/A-1	6
Equitable Resources Inc.	A/Stable/A-1	6
Florida Power & Light Co.	A/Negative/A-1	4
South Carolina Electric & Gas Co.	A-/Stable/A-2	4
SCANA Corp.	A-/Stable/--	4
Wisconsin Electric Power Co.	A-/Stable/A-2	4
AGL Resources Inc.	A-/Stable/A-2	4
Virginia Electric & Power Co. (Dominion Virginia)	A-/Stable/A-2	5
Idaho Power Co.	A-/Stable/A-2	5
IDACORP Inc.	A-/Stable/A-2	5
Energen Corp.	A-/Stable/--	6
Vectren Utility Holdings Inc.	A-/Negative/A-2	3
Wisconsin Power & Light Co.	A-/Negative/A-2	4
Atmos Energy Corp.	A-/Negative/A-2	4
Southern Indiana Gas & Electric Co.	A-/Negative/--	5
Montana-Dakota Utilities Co.	A-/Negative/--	5
PacifiCorp	A-/Negative/A-2	5
Northern Border Partners L.P.	A-/CW-Neg/--	4
Central Illinois Light Co.	A-/CW-Neg/--	5
CILCORP	A-/CW-Neg/--	5
Union Electric Co.	A-/CW-Neg/A-2	5
Ameren Corp.	A-/CW-Neg/A-2	5

Cincinnati Gas & Electric Co.	BBB+/Stable/A2-	4
Oklahoma Gas & Electric Co.	BBB+/Stable/A-2	4
Northern States Power Wisconsin	BBB+/Stable /A-2	5
Kentucky Utilities Co.	BBB+/Stable/A-2	5
Louisville Gas & Electric Co.	BBB+/Stable/A-2	5
Allete Inc.	BBB+/Stable/A-2	5
Wisconsin Energy Corp.	BBB+/Stable/A-2	5
PSI Energy Inc.	BBB+/Stable/A-2	5
Union Light Heat & Power Co.	BBB+/Stable/--	5
Hawaiian Electric Co. Inc.	BBB+/Stable/A-2	6
Enogex Inc.	BBB+/Stable/--	6
National Fuel Gas Co.	BBB+/Stable/A-2	7
Energy East Corp.	BBB+/Negative/--A2	3
RGS Energy Group Inc.	BBB+/Negative/--	4
Rochester Gas & Electric Corp.	BBB+/Negative/--	4
Michigan Consolidated Gas Co.	BBB+/Negative/A-2	4
Interstate Power & Light Co.	BBB+/Negative/A-2	5
Public Service Co. of New Hampshire	BBB+/Negative/--	5
Kaneb Pipe Line Operating Partnership L.P.	BBB+/Negative/--	5
Consolidated Natural Gas Co.	BBB+/Negative/A-2	6
Detroit Edison Co.	BBB+/Negative/A-2	6
Questar Market Resources Inc.	BBB+/Negative/--	8
Portland General Electric Co.	BBB+/CW-Neg./A-2	5
Columbia Energy Group	BBB/Stable/--	3
NiSource Inc.	BBB/Stable/--	4
Xcel Energy Inc.	BBB/Stable/A-2	5
Public Service Co. of Colorado	BBB/Stable /A-2	5
Northern States Power Co.	BBB/Stable /A-2	5
Southwestern Public Service Co.	BBB/Stable /A-2	5
Appalachian Power Co.	BBB/Stable/--	5
Kentucky Power Co.	BBB/Stable/--	5
Public Service Co. of Oklahoma	BBB/Stable/--	5
Southwestern Electric Power Co.	BBB/Stable/--	5
Northern Indiana Public Service Co.	BBB/Stable/--	5
Entergy Arkansas Inc.	BBB/Stable/--	5
Entergy Louisiana Inc.	BBB/Stable/--	5
Progress Energy Florida	BBB/Stable/--	5
Progress Energy Carolinas Inc.	BBB/Stable/A-2	5

Kansas City Power & Light Co.	BBB/Stable/A-2	6
PNM Resources Inc.	BBB/Stable/--	6
Southern California Edison Co.	BBB/Stable/A-2	6
Empire District Electric Co.	BBB/Stable/A-2	6
Entergy Mississippi Inc.	BBB/Stable/--	6
Entergy New Orleans Inc.	BBB/Stable/--	6
Duke Energy Field Services LLC	BBB/Stable/A-2	6
Arizona Public Service Co.	BBB/Negative/A-2	5
TXU U.S. Holdings Co.	BBB/Negative/--	5
Pinnacle West Capital Corp.	BBB/Negative/A-2	6
Cleco Power LLC	BBB/Negative/A-3	6
Puget Sound Energy Inc.	BBB-/Positive/A-3	5
Puget Energy Inc.	BBB-/Positive/--	5
Green Mountain Power Corp.	BBB-/Stable/--	5
Public Service Co. of New Mexico	BBB-/Stable/A-2	6
Pacific Gas & Electric Co.	BBB-/Stable/ --	6
Cleveland Electric Illuminating Co.	BBB-/Stable/--	6
Ohio Edison Co.	BBB-/Stable/--	6
Toledo Edison Co.	BBB-/Stable/--	6
Pennsylvania Power Co.	BBB-/Stable/--	6
El Paso Electric Co.	BBB-/Stable/--	6
Central Vermont Public Service Corp.	BBB-/Stable/--	6
Entergy Gulf States Inc.	BBB-/Stable/--	6
System Energy Resources Inc.	BBB-/Stable/--	7
Tampa Electric Co.	BBB-/Negative/A-3	4
Black Hills Power Inc.	BBB-/Negative/--	6
Westar Energy Inc.	BB+/Positive/--	5
Kansas Gas & Electric Co.	BB+/Positive/--	6
Indianapolis Power & Light Co.	BB+/Stable/--	4
IPALCO Enterprises Inc.	BB+/Stable/--	4
Enterprise Products Operating L.P.	BB+/Stable/--	6
Enterprise Products Partners L.P.	BB+/Stable/--	6
GulfTerra Energy Partners L.P.	BB+/CW-Neg/--	6
Consumers Energy Co.	BB/Negative/--	6
Tucson Electric Power Co.	BB/CW-Neg/--	6
Dayton Power & Light Co.	BB-/CW-Neg/ -	7
Monongahela Power Co.	B/Stable/--	5
Nevada Power Co.	B+/Negative/--	7
Sierra Pacific Power Co.	B+/Negative/--	7

Sierra Pacific Resources	B+/Negative/--	7
4. Diversified Energy and Diversified Non-Energy		
WPS Resources Corp.	A/Stable/A-1	5
KeySpan Corp.	A/Negative/A-1	4
FPL Group Inc.	A/Negative/--	6
Peoples Energy Corp.	A-/Stable/A-2	5
Vectren Corp.	A-/Negative/--	4
PacifiCorp Holdings Inc.	A-/Negative/--	5
Exelon Corp.	A-/Negative/A-2	7
MDU Resources Group Inc.	A-/Negative/A-2	7
Centennial Energy Holdings Inc.	A-/Negative/A-2	8
Otter Tail Corp.	A-/Negative/--	8
Kinder Morgan Energy Partners L.P.	BBB+/Stable/A-2	4
Northeast Utilities	BBB+/Stable/--	5
OGE Energy Corp.	BBB+/Stable/A-2	6
LG&E Energy Corp.	BBB+/Stable/--	6
Cinergy Corp.	BBB+/Stable/A-2	6
Constellation Energy Group Inc.	BBB+/Stable/A-2	7
Sempra Energy	BBB+/Stable/A-2	7
Pepco Holdings Inc.	BBB+/Negative/A-2	5
Conectiv	BBB+/Negative/--	5
Alliant Energy Corp.	BBB+/Negative/A-2	6
DTE Energy Co.	BBB+/Negative/A-2	6
Dominion Resources Inc.	BBB+/Negative/A-2	7
Kinder Morgan Inc.	BBB/Stable/A-2	5
American Electric Power Co. Inc.	BBB/Stable/A-2	6
Entergy Corp.	BBB/Stable/--	6
Hawaiian Electric Industries Inc.	BBB/Stable/A-2	6
Progress Energy Inc.	BBB/Stable/A-2	6
PPL Corp.	BBB/Stable/--	7
Public Service Enterprise Group Inc.	BBB/Stable/A-2	7
Great Plains Energy Inc.	BBB/Stable/--	7
Duke Energy Corp.	BBB/Stable/A-2	7
Duke Capital Corp.	BBB/Stable/A-2	8
TXU Corp.	BBB/Negative/--	5
Centerpoint Energy Inc.	BBB/Negative/--	5
Cleco Corp.	BBB/Negative/A-3	6
Potomac Capital Investment Corp.	BBB/Negative/--	8
MidAmerican Energy Holdings Co.	BBB-/Positive/--	5

FirstEnergy Corp.	BBB-/Stable/--	6
TECO Energy Inc.	BBB-/Negative/A-3	5
Black Hills Corp.	BBB-/Negative/--	8
Avista Corp.	BB+/Stable/--	6
Edison International	BB+/Stable/--	6
TNP Enterprises	BB+/Stable/--	6
New York Water Service Corp.	BB/Stable	7
CMS Energy Corp.	BB/Negative/--	7
DPL Inc.	BB- /CW-Neg/--	8
Williams Companies Inc. (The)	B+/Negative/--	8
Allegheny Energy Inc.	B/Stable/--	7
Dynegy Inc.	B/Negative/--	8
Dynegy Holdings Inc.	B/Negative/--	9
El Paso CGP Corp.	B-/Negative/--	6
Aquila Inc.	B-/Negative/--	8
El Paso Corp.	B-/Negative/--	8
5. Energy Merchants/Power Developers/Trading and Marketing		
Entergy-Koch L.P.	A/Stable/--	9
KeySpan Generation LLC	A/Negative/--	5
FPL Group Capital	A/Negative/A-1	8
Exelon Generation Co.	A-/Negative/A-2	8
AmerenEnergy Generating Co.	A-/CW-Neg/--	8
Southern Power Co.	BBB+/Stable/--	6
LG&E Capital Corp.	BBB+/Stable/A-2	9
Alliant Energy Resources Inc.	BBB+/Negative/--	9
American Ref-Fuel Co. LLC	BBB/Stable/--	6
PSEG Power LLC	BBB/Stable/--	8
PPL Energy Supply LLC	BBB/Stable/--	8
TXU Energy Co. LLC	BBB/Negative/--	7
Duke Energy Trading and Marketing LLC	BBB-/Negative/--	10
Northeast Generation Company	BB+/Negative/--	9
Cogentrix Energy	BB-/Stable/--	6
PSEG Energy Holdings Inc.	BB-/Stable/--	9
AES Corp.	B+/Stable/--	9
NRG Energy Inc.	B+/Stable	9
Allegheny Energy Supply Co. LLC	B/Stable/--	8
Reliant Resources Inc.	B/Negative/--	8
Calpine Corp	B/Negative/--	9
Edison Mission Energy	B/Negative/--	9

Orion Power Holdings Inc	B/Negative/--	9
Reliant Energy Mid-Atlantic Power Holdings LLC	B/Negative/--	9
Mirant Americas Generation Inc.	D/--/--	10
Mirant Americas Energy Marketing L.P.	D/--/--	10
Mirant Corp.	D/--/--	10
NEGT Energy Trading Holdings Corp	D/--/--	10
PG&E National Energy Group	D/--/--	10
USGen New England Inc.	D/--/--	10

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SCHEDULE MWC-2

PROPRIETARY INFORMATION REMOVED

SCHEDULE MWC-3

PROPRIETARY INFORMATION REMOVED

SCHEDULE MWC-4

PROPRIETARY INFORMATION REMOVED

SCHEDULE MWC-5

PROPRIETARY INFORMATION REMOVED

STANDARD &POOR'S	RATINGSDIRECT

Return to Regular Format

Research:

Research Update: Great Plains Energy And Unit Ratings Affirmed; Outlook Stable

Publication date: 01-Apr-2005
Primary Credit Analyst(s): Leo Carrillo, San Francisco (1) 415-371-5077; leo_carrillo@standardandpoors.com

Credit Rating: BBB/Stable/--

Rationale

On April 1, 2005, Standard & Poor's Ratings Services affirmed its 'BBB' corporate credit ratings on Great Plains Energy and its unit, Kansas City Power & Light Co. (KCPL). The outlook is stable.

As of Dec. 31, 2004, the Kansas City, Mo.-based company had $1.2 billion of debt and $164 million in mandatory convertible securities outstanding.

The rating affirmation follows KCPL's announcement of its stipulated agreement with the staff of the Missouri Public Service Commission (MPSC), the Missouri Office of Public Counsel, and other signatories that supports the regulated utility's $1.3 billion five-year capital investment program. The agreement is subject to the MPSC's review and approval.

Standard & Poor's considers the proposed regulatory plan as providing an adequate framework for rate relief both during and after the construction period. Although the agreement would freeze rates through 2006, it also incorporates an option to implement an interim power cost adjustment clause and the ability to file for annual rate cases for 2007 through 2009 without the risk of intervention by signatories to the agreement. Also noteworthy is the plan's explicit use of Standard & Poor's credit ratios as guidelines for awarding rate relief. Specifically, the plan calls for adjustments to the amortization of KCPL's regulatory assets to support funds from operations (FFO) interest coverage and FFO to total debt of 3.8x and 25%, respectively.

KCPL's ambitious capital plan includes a 500 MW investment in a proposed 800 to 900 MW Iatan 2 coal plant to be built by 2010, as well as 100 MW of wind generation by 2006, with an option for an additional 100 MW by 2008. The plan also requires installation of air quality control equipment on two existing coal facilities, Iatan 1 and LaCygne 1. These investments represent a 15% increase in total generating capacity for KCPL.

The proposed Iatan 2 coal plant poses both challenges and opportunities for KCPL. The company has consistently demonstrated the strategic value of maintaining a well-performing fleet of coal plants, which has allowed it to offer below average retail rates and earn significant margins from sales into the wholesale power market. However, the project also poses significant challenges for the utility, including execution risk inherent in the construction of a major baseload resource and counterparty risk related to other investors in the plant. Potential investors include Empire District Electric Co. (BBB/Stable/A-2), Aquila Inc. (B-/Negative/--), and the Missouri Joint Municipal Electric Utility Commission.

KCPL is pursuing a similar agreement with the staff of the Kansas Corporation Commission, the Citizens' Utility Ratepayer Board, and other signatories in relation to the company's Kansas service territory.

The ratings on Great Plains are based on the consolidated financial and business risk profiles of its family of companies. Great Plains is involved in vertically integrated electric operations through its main subsidiary, regulated electric utility KCPL, and in energy marketing and power supply coordination through nonregulated subsidiary Strategic Energy.

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Great Plains' consolidated financial profile is supported by strong cash flow coverage and adequate liquidity, offset by above average, but declining debt leverage. The company's 2004 adjusted FFO interest coverage was strong at 4.3x, and its adjusted FFO as a percentage of debt was adequate at 23.1%. Debt leverage improved to an above average 57%, versus 61% as of June 30, 2004, following the company's June 2004 issuance of $150 million of common stock and $164 million in mandatory convertible securities in order to retire outstanding trust preferred securities and to reduce debt at both the parent and KCPL. The company's financial flexibility is adequate, with a 12-month dividend payout ratio of 69%, a market to book ratio of 2x, and $171 million in unissued debt and preferred securities (under a universal shelf registration filed in April 2004) as of Dec. 31, 2004.

Liquidity

As of Dec. 31, 2004, Great Plains had about $522 million in unused capacity on its committed bank lines at the parent level, with an additional $106 million in cash and cash equivalents at the consolidated entity level, net of $21 million cash held in trust at Strategic Energy. Great Plains maintains a $550 million five-year revolving credit facility through December 2009. Great Plains' liquidity is sufficient to support the company's requirements, including those of its nonregulated subsidiary, Strategic Energy, whose liquidity requirements are significantly mitigated by its utilization of a lock-box arrangement for a high proportion of its long-term purchases from wholesale suppliers.

As of Dec. 31, 2004, Strategic Energy had $56 million in unused capacity under its $125 million three-year revolving credit facility, of which Great Plains has guaranteed $25 million. Great Plains' regulated utility, KCPL, has ample liquidity of its own, which includes a $250 million five-year revolving credit facility to support its undrawn commercial paper program through December 2009. As of Dec. 31, 2004, KCPL had $51 million in cash and cash equivalents, representing 48% of the $106 million in unrestricted cash at Great Plains.

Outlook

The stable outlook for Great Plains and its subsidiaries reflects the expectation of strong cash flow coverage, near-term reduction in debt leverage to more moderate levels, and a healthy economic outlook for the Kansas City area. The outlook also assumes implementation of both a fuel cost recovery mechanism and a regulatory framework in both Missouri and Kansas that are substantially similar to those under the current stipulated agreement to be approved by the MPSC. While adoption of the agreement alone does not ensure rating stability, it does provide KCPL with access to rate relief during implementation of the company's large capital program, which Standard & Poor's assumes will be prudently structured, funded, and executed in a manner that limits execution risk and maintains debt leverage at a moderate level. Standard & Poor's expects Great Plains to continue its debt reduction in anticipation of KCPL's large capital program, which will rely heavily on external funding..

Strategic Energy, while still secondary to KCPL in importance, remains a significant component of Great Plains' credit profile. The outlook also assumes that Strategic Energy will continue to deliver steady returns and operating cash flow, while conservatively managing operating, credit, and market risks as it expands sales volumes to counter pressure on gross margins due to high gas and power prices and heavy competition with both incumbent utilities and retail energy marketers. Standard & Poor's expects Strategic Energy's market environment to remain challenging for the near future.

Rate relief, timely equity offerings, and sound project execution at KCPL will be the primary drivers of Great Plains' consolidated financial performance and credit quality, assuming steady performance at Strategic

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Energy. Exceptionally strong regulatory support, project execution, and debt reduction could lead to an improved outlook for KCPL and Great Plains. In contrast, failure to secure adequate rate relief or a fuel cost recovery mechanism by 2007 could have negative credit implications. Rising fuel and purchased-power costs at KCPL could contribute to financial pressure through 2007, although the utility has taken proactive steps to hedge its exposure.

Ratings List

Great Plains Energy Inc.	
Corporate credit rating	BBB/Stable/--
Preferred stock	BB+
Kansas City Power & Light Co.	
Corporate credit rating	BBB/Stable/A-2
Senior secured debt	BBB
Senior unsecured debt	BBB
Preferred stock	BB+
Commercial paper	A-2

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

SCHEDULE MWC-7

PROPRIETARY INFORMATION REMOVED

SCHEDULE MWC-8

PROPRIETARY INFORMATION REMOVED

Anticipated Five-Year Budget Financing Plan Summary

Kansas City Power & Light

Anticipated 5-Year Budget Financing Plan Summary

($ in millions)

	Projected					
	2005	2006	2007	2008	2009	TOTAL
ISSUANCES						
KCP&L Debt						
Refinancings						
Existing Senior Notes	160.0	0.0	225.0	0.0	0.0	385.0
New Financings						
Commercial Paper	101.0	0.0	22.3	0.0	67.0	190.4
New Capital Expenditure Funding	0.0	0.0	0.0	250.0	0.0	250.0
KCP&L Equity (Contributed From GPE)						
New Capital Expenditure Funding	0.0	150.0	213.6	100.0	100.0	563.6
TOTAL ISSUANCES	**$261.0**	**$150.0**	**$460.9**	**$350.0**	**$167.0**	**$1,389.0**

Appendix B