

# SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-28063; 70-9861)

**Great Plains Energy, Incorporated et al.**

## **Supplemental Order Authorizing Extension of Authorization Period and of Reservation of Jurisdiction**

**November 14, 2005**

Great Plains Energy Incorporated (“Great Plains Energy”), a Missouri corporation and a registered public utility holding company under the Public Utility Holding Company Act of 1935, as amended (the “Act”), Kansas City Power & Light Company (“KCP&L”), a Missouri corporation and a direct public utility subsidiary of Great Plains Energy, and the Great Plains Energy subsidiaries listed in Exhibit H to the Application (“Applicants”), have filed with the Securities and Exchange Commission (“Commission”) a post-effective amendment (“Application”) to their previous-filed application-declaration (“Initial Application”) under sections 6(a), 7, 9(a)(1), 10 12(b) and 12(c) of the Act and rules 45(a) and 46 under the Act. Applicants request a supplementary order extending to February 8, 2006<sup>1</sup> (i) the authorization period for certain transactions authorized in a previous order and (ii) the Commission’s reservation of jurisdiction over the retention of KLT Investments II.

By order dated September 7, 2001 (HCAR No. 27436) (“2001 Order”), the Commission authorized Great Plains Energy and its subsidiaries, among other things, to engage in: (i) a program of external financing; (ii) intrasystem credit support

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<sup>1</sup> The Energy Policy Act of 2005 repealed the Public Utility Holding Company Act of 1935 effective February 8, 2006. Therefore the Commission grants authorization in this matter only to the effective date of repeal.

arrangements; (ii) interest rate hedging measures; and (iv) other intrasystem transactions from time to time through December 31, 2004 (“Initial Authorization Period”). In that order the Commission also reserved jurisdiction over the retainability of KLT Investment II until October 1, 2004. By order dated December 29, 2003 (HCAR No 27784) (“2003 Order”) the Commission superseded and replaced certain authorizations contained in the September 7, 2001 Order by the following authorizations through December 31, 2005 (“Authorization Period”):

#### 1. External Financing

Great Plains Energy was authorized to issue and sell from time to time Common Stock and, directly or indirectly, short-term and long-term debt securities and other forms of preferred or equity-linked securities. The aggregate amount outstanding at any one time of all securities issued during the Authorization Period was limited to \$1.2 billion. Great Plains Energy was authorized to issue, directly or indirectly through one or more Financing Subsidiaries, preferred stock or other types of preferred or equity-linked securities including, without limitation, trust preferred securities and debt or preferred securities that are convertible, either mandatorily or at the option of the holder, into Common Stock or Great Plains Energy indebtedness and forward purchase contracts for common stock.

KCP&L was authorized to issue and sell from time to time during the Authorization Period notes and other evidences of indebtedness having a maturity of one year or less in an aggregate principal amount outstanding at any one time not to exceed \$500 million. That short-term financing could include, without limitation, commercial paper sold in established domestic or European commercial paper markets in a manner

similar to Great Plains Energy, bank lines of credit, and other debt securities. KCP&L was also authorized to continue with certain existing leases in accordance with their terms.

Great Plains Energy and its Non-Utility Subsidiaries were authorized to make loans to non wholly-owned associate company at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital.

Apart from securities issued either for intrasystem financings, or by KCP&L in the form of commercial paper or short-term bank facilities, no guarantees or other securities, other than common stock, could be issued in reliance upon the authorization granted by the Commission unless (i) the security to be issued, if rated, was rated investment grade; (ii) all outstanding securities of the issuer (except in the case of Great Plains Energy, its preferred stock) that were rated were rated investment grade; and (iii) all outstanding securities of Great Plains Energy (except for Great Plains Energy's preferred stock) that were rated were rated investment grade. For purposes of this provision, a security would be deemed to be rated investment grade if it was rated investment grade by at least one nationally recognized statistical rating organization. The Commission reserved jurisdiction over the issuance or any guarantee or other securities at any time that the conditions set forth in clauses (i) through (iii) above were not satisfied.

Issuances of guarantees or other securities are subject to the following conditions:

(i) Great Plains Energy will maintain common equity as a percentage of consolidated capitalization (as reflected on the balance sheets contained in its most recent filing on Form 10-K or Form 10-Q filed with the Commission pursuant to the Securities Exchange Act of 1934, and including short-term debt and current maturities of long-term debt) at

30% or higher at all times during the Authorization Period; and (ii) KCP&L will maintain common equity as a percentage of consolidated capitalization (determined in the same manner specified above) at 30% or higher during the Authorization Period. The Commission reserved jurisdiction over the issuance of guarantees or other securities in those circumstances where Great Plains Energy or KCP&L does not comply with the 30% common equity criteria.

## 2. Guarantees and Other Forms of Credit Support

Great Plains Energy was authorized to enter into guarantees and other forms of support agreements on behalf or for the benefit of any Subsidiary during the Current Authorization Period in an aggregate principal amount not to exceed \$600 million outstanding at any one time. Non-Utility Subsidiaries were also authorized to provide credit support on behalf and for the benefit of other Non-Utility Subsidiaries in an aggregate principal amount not to exceed \$300 million outstanding at any one time, exclusive of any guarantees and other forms of credit support exempt under rule 45(b)(7) or rule 52(b).

## 3. Hedging Transactions

Great Plains Energy and KCP&L (to the extent not exempt pursuant to rule 52) were authorized to enter into interest rate hedging transactions with respect to existing indebtedness, subject to certain limitations and restrictions, in order to reduce or manage interest rate cost.

## 4. Other Financing Transactions

Applicants were also authorized to engage in transactions, to the extent those transactions are not otherwise exempt under the Act, for (i) changes to any wholly-owned

Non-Utility Subsidiary's capital stock capitalization; (ii) the acquisition of the securities of financing subsidiaries and intermediate subsidiaries; (iii) the payment of dividends out of capital or unearned surplus by certain Non-Utility Subsidiaries; and, (iv) sales and service agreements between the subsidiaries, to the extent not otherwise permitted or exempt by rule.

Great Plains Energy was authorized to invest, directly or indirectly, up to \$10 million in the aggregate in Great Plains Power, Inc., to be used for specified types of preliminary project development and administrative activities. Great Plains Energy committed to seek the authorization of the Commission before it acquired, directly or indirectly, any securities of an independent power project.

#### 5. KLT Investments II Inc.

The Commission reserved jurisdiction over the retainability of KLT Investments II Inc. until December 31, 2005.

Applicants request an order extending until February 8, 2006, the effective date of repeal of the Act, (i) the Authorization Period and (ii) the reservation of jurisdiction over the retainability of KLT Investments II Inc.

As Great Plains Energy owns no “exempt wholesale generator” (“EWG”) or “foreign utility company” (“FUCO”), the proposed transactions are not subject to rule 54 under the Act.

Fees and expenses in an estimated amount not to exceed \$10,000 are expected to be incurred in connection with the filing of the Application. Applicants state that no state or federal commission, other than this Commission, has jurisdiction over the proposed transactions.

Due notice of the filing of the Initial Application has been given in the manner prescribed in rule 23 under the Act, and no hearing has been requested of or ordered by the Commission. On the basis of the facts in the record, it is found that the applicable standards of the Act and rules under the Act are satisfied, and no adverse findings are necessary.

IT IS ORDERED, under the applicable provisions of the Act and the rules under the Act, that, except as to matters as to which jurisdiction has been reserved, the Application of Great Plains Energy, Incorporated et al. (70-9861), as amended, be, and hereby is, granted and permitted to become effective immediately, subject to the terms and conditions prescribed in rule 24 under the Act.

IT IS FURTHER ORDERED that jurisdiction is reserved, pending completion of the record, over the retainability of KLT Investments II Inc.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz

Secretary