



Kansas City Power & Light®

April 22, 2002

FILED³

APR 24 2002

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
PO Box 360
Jefferson City, MO 65102-0360

RE: In the matter of the Application of Kansas City Power & Light Company
to Transfer Certain Assets to Great Plains Energy Services Incorporated.

Dear Mr. Roberts:

I have enclosed for filing an original and eight copies of the Application of Kansas City Power & Light Company to Transfer Certain Assets to Great Plains Energy Services Incorporated.

Copies of the Application have been served upon the Commission's General Counsel and the Office of Public Counsel.

Thank you for your consideration.

Very truly yours,

Mark G. English
Managing Attorney

cc: Dana K. Joyce, Esq.
John Coffman, Esq.

FILED³

APR 24 2002

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of the Application of)
Kansas City Power & Light Company)
to Transfer Certain Assets to Great)
Plains Energy Services Incorporated)

Case No. _____

Application of Kansas City Power & Light Company
to Transfer Certain Assets to Great
Plains Energy Services Incorporated

COMES NOW Kansas City Power & Light Company ("KCPL"), and respectfully requests the Order of the Missouri Public Service Commission (the "Commission"), pursuant to Section 393.190, RSMo, authorizing the transfer of certain assets to Great Plains Energy Services Incorporated ("GPES"). In support thereof, KCPL states as follows.

1. KCPL is a corporation duly organized and existing under the laws of the State of Missouri. Its principal office and place of business is located at 1201 Walnut, Kansas City, Missouri 64106; e-mail: www.kcpl.com; telephone: (816) 556-2200; fax: (816) 556-2787. It is engaged in the generation, transmission, distribution and sale of electric energy. Electric energy is distributed and sold to the public in KCPL's certified areas in the States of Missouri and Kansas. KCPL is a "public utility" subject to the jurisdiction, supervision and control of the Commission under Chapters 386 and 393, RSMo. KCPL's Certificate of Good Standing was provided in Case No. EF-2002-315, and is incorporated herein by reference.

2. KCPL has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates which has occurred within three (3) years of the date of this Application, except as identified in Exhibit 1 attached hereto and incorporated herein. No annual report or assessment fees are overdue.

3. Communications in regard to this matter should be addressed to:

Mark G. English
Managing Attorney
Kansas City Power & Light Company
1201 Walnut
Kansas City, MO 64106

Telephone: (816) 556-2608
Fax: (816) 556-2787
E-mail: mark.english@kcpl.com

4. Pursuant to the Commission's Order in Case No. EM-2001-464, on October 1, 2001, a reorganization occurred in which, among other things, KCPL became a wholly-owned subsidiary of Great Plains Energy Incorporated ("GPE"). GPE is a registered holding company, and KCPL is a "public utility" under the Public Utility Holding Company Act of 1935 (the "Act").

5. Prior to the reorganization, KCPL provided certain goods and services to its affiliates in accordance with the Commission's rules and regulations regarding affiliate transactions. However, as a public utility in a registered holding company system, KCPL's provision of goods and services to, and receipt of goods and services from, companies in the GPE system are subject to the Act, the associated Rules under the Act and orders of the Securities and Exchange Commission (the "SEC").

6. Generally, under Section 13(b) of the Act subsidiaries of GPE may not perform services or construction for, or sell goods to, KCPL except as authorized by SEC order or as exempted by Rule.¹ KCPL, as well, may not perform services or construction for, or sell goods to subsidiaries of GPE except incidentally to its business as a public utility² or pursuant to SEC

¹ Rule 87(b) provides limited exemptions for emergency situations and other situations.

² Rule 87(a)(3).

order or limited exceptions.³ However, so-called "service companies" may perform services or construction for, or sell goods to, other companies in the system pursuant to specific SEC authorization.

7. In the SEC order authorizing the holding company reorganization, the SEC authorized KCPL and the nonutility subsidiaries of GPE to provide support services on an interim basis, as well as sell goods, to each other and to GPE consistent with current practice, as well as services and goods of a substantially similar nature, until GPE's SEC service company application is approved. GPE filed this application on April 19, 2002.

8. GPE proposes in its SEC application to create Great Plains Energy Services Incorporated ("GPES") as the GPE system service company. GPES will be a Missouri corporation, wholly owned by GPE. GPES will provide goods and services to GPE, KCPL, and other companies in the GPE system pursuant to service contracts and procedures approved by the SEC. Among the various categories of services that GPES will provide are corporate governance services (such as corporate secretary, internal audit, investor relations, corporate finance, external reporting, corporate accounting and environmental services) and shared services (such as benefit programs, legal, safety and medical, information technology and telecommunication services). Pursuant to KCPL's commitment in the First Amended Stipulation and Agreement, accepted by the Commission in Case No. EM-2001-464, KCPL has met with the Commission Staff and the Office of Public Counsel and provided a listing of the service functions which GPE will propose to be performed by GPES. KCPL also provided draft copies of the service agreement and associated procedures. As provided in the First Amended Stipulation and Agreement, KCPL will provide Commission Staff and the Office of Public Counsel copies of all documents filed with the SEC relating to the creation of GPES.

³ Rule 87(b).

9. KCPL anticipates that GPES will be staffed initially through transfers of the KCPL associates currently providing the types of services to be performed by GPES. KCPL wishes to note that only those functions which currently provide, or may provide, services to both KCPL and other system companies will be transferred to GPES in order to realize economies. As KCPL is the only public utility in the GPE system, no economies would be achieved in transferring any core utility functions to GPES. Thus, all generation, transmission and distribution functions (including but not limited to operations and maintenance, fuel procurement, dispatching and regulatory affairs) will remain at this time with KCPL.

10. KCPL proposes to transfer to GPES, at the time that personnel transfer, a small amount of personal property which will be used by GPES in providing services to system companies. This property is comprised of leasehold improvements and general office equipment to be used in GPES' business, and certain enterprise-wide capitalized software costs. Exhibit 2 provides information respecting the nature and net book value of the capital assets proposed to be transferred by KCPL to GPES. KCPL anticipates that the transfer will be evidenced by a bill of sale in substantially the form attached hereto as Exhibit 3.

11. KCPL is currently the lessee of certain office space, computer hardware, other office equipment and vehicles, and is the licensee under certain software license agreements. It is anticipated that GPES, and perhaps other associate companies, will occupy portions of the leased office space and will use portions of the leased computer hardware, office equipment and vehicles. Further, GPES, and perhaps other associate companies, will also use portions of software currently licensed by KCPL. KCPL anticipates that, to the extent reasonably allowable under these leases and licenses, GPES will be substituted for KCPL as the lessee or licensee, as applicable. However, in certain situations in which KCPL is the predominant user of the leased

or licensed items, KCPL may remain the lessee and licensee and provide a portion of the leased or licensed items to GPES and other associate companies. GPES would then sublease or otherwise provide, at cost, office space, computer hardware, other office equipment and vehicles, and software to itself, GPE, KCPL and other associate companies. GPES will charge each affected associate company for the cost thereof pursuant to the applicable service agreements. Exhibit 2 describes the major leases anticipated to be transferred to GPES. No payment will be made on account of such transfers; each company will pay its proportionate share of costs under the transferred leases and licenses.

12. KCPL proposes that the assets be transferred to GPES at their net book value. KCPL submits that such purchase price is not detrimental to it, its customers or the public interest. As noted above, GPES is required under the Act and Rules to recover all of its costs (including capital costs) in providing services to system companies. KCPL, as the primary company in the GPE system, is anticipated to receive most of the services (and thus pay most of the costs) provided by GPES. Selling these assets at more than net book value would result in KCPL paying for GPES services based on the increased costs.

While KCPL has not performed a study to determine the market value of the assets to be transferred, KCPL submits that a market does not exist for the leasehold improvements or capitalized software costs and thus the net book value is a reasonable price. Further, KCPL submits that the net book value of the general office equipment (chairs, desks, filing cabinets, cubicles, etc.) is a reasonable price and avoids the expense to KCPL of individually appraising each item of equipment to be transferred.

13. KCPL proposes that the purchase price of the assets be paid by GPES either in cash or by a promissory note maturing in not more than three years and bearing interest at KCPL's effective cost of capital, at GPES' option.

14. KCPL submits that this sale will have a minimal, but positive, impact on the tax revenues of Missouri, Jackson County, and Kansas City, Missouri. It is anticipated that the taxing jurisdictions will receive increased revenues from property taxes on the sold property, as well as revenues from municipal occupational business license fees and state franchise taxes to be paid by GPES.

15. Pursuant to Section 393.190, RSMo and the First Amended Stipulation and Agreement, KCPL respectfully requests the Order of the Commission authorizing KCPL to transfer the capital assets shown on Exhibit 1 to GPES at net book value, to be paid by GPES either in cash or by a promissory note maturing in not more than three years and bearing interest at KCPL's effective cost of capital, at GPES' option. To the extent the substitution of GPES for KCPL on the leases and licenses, referenced above, is deemed to be a disposition of assets within the scope of Section 393.190, RSMo, KCPL respectfully requests the authorization of the Commission to carry out such transactions.

WHEREFORE, KCPL respectfully requests the Order of the Commission authorizing KCPL to transfer assets to GPES on the terms and conditions set forth in the Application.

Dated this 22nd day of April, 2002.

Kansas City Power & Light Company

By: Mark G. English
Mark G. English, MBN 31068
Managing Attorney
Kansas City Power & Light Company
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Kansas City, MO 64106
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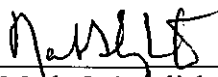
STATE OF MISSOURI)

)

ss

COUNTY OF JACKSON)

Mark G. English, being first duly sworn, on his oath and in his capacity as Managing Attorney of Kansas City Power & Light Company, states that he is authorized to execute this Application on behalf of Kansas City Power & Light Company, and has knowledge of the matters stated in this Application, and that said matters are true and correct to the best of his knowledge, information and belief.

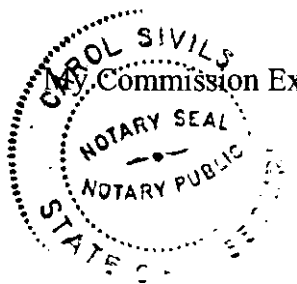


Mark G. English

Subscribed and sworn to before me this 22nd day of April, 2002.



Notary Public



Commission Expires:

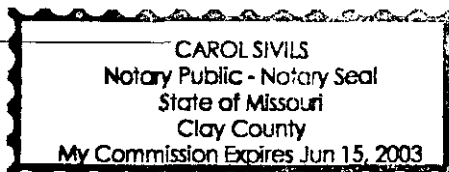


EXHIBIT 1

The following is a listing of Applicant's pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application:

1. GST Appeal of Missouri Public Service Commission Decision; Case No. EC-99-553 in the Circuit Court of Cole County, Missouri; Docket No. 00CV324891; further appealed to the Court of Appeals of the Western District of Missouri by GST.
2. Hawthorn Station Incident Investigation before the Missouri Public Service Commission; Case No. ES-99-581

Exhibit 2

Property to be Sold to Great Plains Energy Service Company
Balances as of January 31, 2002

	Gross Asset	Accumulated Depreciation	Book Value
General Plant - Buildings			
Bonfil Building	88,945	56,379	32,566
1201 Walnut	1,527,898	745,069	782,829
	<u>1,616,843</u>	<u>801,448</u>	<u>815,395</u>
 General Office Equipment	 3,961,078	 1,099,962	 2,861,116
Intangible Plant -Software			
Mapper Replacement	686,513	295,827	390,686
Reel Software Backup System	187,615	61,336	126,279
VIPS	132,623	21,702	110,921
HR Intranet	153,833	15,840	137,993
Financial Forecast System	158,010	11,178	146,832
E-Buy	381,368	18,812	362,556
	<u>1,699,962</u>	<u>424,695</u>	<u>1,275,267</u>
	<u>7,277,883</u>	<u>2,326,105</u>	<u>4,951,778</u>

Type	Lessor	Lease Terms Ending	Monthly Payment
Computers	Cisco Systems	8/02	\$ 1,588
Computers	Forsythe	8/03 through 8/04	23,761
Computers	Hewlett Packard	02/02 through 2/04	49,483
Computers	GECC	9/02	966
Computers	Varilease	9/02	12,222
Computers	MFP	9/02 through 3/04	136,508
Copiers/faxes	KONICA	Various	14,600
Copiers/faxes	IOS Capital	Various	22,940
Copiers/faxes	Xerox	12/02	24,659
Real Estate	TWP Partners	07/07	254,234
Real Estate	Copaken White & Blitt	07/08	6,337
Vehicles	Bankers Lease	12/09	22,725
Software*	Various	Various	Various
			<u>\$ 570,023</u>

*Various software and other licenses (including Microsoft, PeopleSoft and Oracle) used by multiple associate companies will also be assigned to GPES.

EXHIBIT 3

BILL OF SALE AND ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that Kansas City Power & Light Company, a Missouri corporation ("KCPL"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration to it, in hand paid by Great Plains Energy Services Incorporated ("GPES") the receipt and sufficiency of which is hereby acknowledged by these presents, does hereby (i) bargain, sell and convey unto GPES all of KCPL's interest in certain property, as more specifically listed and described in Exhibit A, attached hereto and incorporated herein by reference, and (ii) assign unto GPES all of KCPL's interests in and to certain contracts and contract rights, as more specifically listed and described in Exhibit B, attached hereto and incorporated herein by reference. The property listed in Exhibits A and B shall hereinafter collectively be referred to as "KCPL Assets". GPES shall have any and all rights of KCPL in and to any and all of the above property and contracts, which now exists or may hereafter arise.

KCPL further assigns, and GPES assumes, all obligations, duties and liabilities associated with the contracts and contract rights set forth in Exhibit B; provided, however, that GPES does not assume any liability for claims related to matters or events arising prior to _____, from said contracts and contract rights.

KCPL hereby expressly covenants to warrant and defend the title to the KCPL Assets, as more specifically listed and described in Exhibit A and Exhibit B attached hereto unto GPES against the lawful claim or claims of any and all persons whomsoever.

TO HAVE AND TO HOLD THE SAME, unto GPES, its successors and assigns forever, and KCPL hereby covenants with said GPES that it is the lawful owner of said personal property, and that it has good right to sell the same. **EXCEPT AS EXPRESSLY SET FORTH HEREIN, THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE DESCRIPTION, QUALITY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, PRODUCTIVENESS, OR ANY OTHER MATTER, ON OR CONCERNING THE FACILITIES, SAID FACILITIES ARE SOLD AND CONVEYED "AS IS", "WHERE IS", AND "WITH ALL FAULTS".**

GPES shall indemnify, defend and hold KCPL harmless from and against any and all loss, costs, claims, demands, charges and/or expenses arising out of any demand, claim, suit or judgment for damages to property and injury to or death of persons which may from and after the date hereof arise out of or be caused by the ownership, operation or use of the property described herein.

IN WITNESS WHEREOF, the parties have caused this Bill of Sale to be executed by its corporate officer thereunto duly authorized, on this ____ day of _____, _____.

Kansas City Power & Light Company

By _____

Attest:

Approved by Counsel:

Great Plains Energy Services Incorporated

By _____

Attest:

Exhibit A

Listing of Property

Exhibit B

Listing of Contracts