

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27,  
1999 (January 26, 1999)

KANSAS CITY POWER & LIGHT COMPANY  
(Exact name of registrant as specified in its charter)

1-707  
(Commission file number)

MISSOURI  
(State of other jurisdiction of  
incorporation or organization)

44-0308720  
(I.R.S. Employer  
Identification No.)

1201 Walnut  
Kansas City, Missouri 64106  
(Address of principal executive offices)

(816) 556-2200  
(Registrant's telephone number, including area code)

NOT APPLICABLE  
(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS

Missouri Earnings Stipulation and Agreement

On January 26, 1999, Kansas City Power & Light Company (Company), the Staff of the Missouri Public Service Commission (Commission Staff), and the Office of Public Counsel, filed with the Missouri Public Service Commission (Commission) a Stipulation and Agreement to resolve the Commission Staff's recent earnings audit. (A copy of the Stipulation and Agreement accompanies this Report on Form 8-K as Exhibit 99.) The components of the proposed settlement include:

- A reduction in annual Missouri revenues of 3.2% (approximately \$15 million) effective March 1, 1999.
- A moratorium on additional rate changes until the earlier of September 1, 2001, or closing of the merger of the Company and Western Resources, Inc. (KCPL/Western merger) with effective dates of March 1, 2002, or one year following the close of the KCPL/Western merger, whichever occurs first.
- In the KCPL/Western merger case filed before the Commission, the Commission Staff and Office of Public Counsel reserve the right to recommend (i) a rate reduction upon closing of the KCPL/Western merger as a condition to the Commission's approval of an alternative regulatory plan, and (ii) additional rate reductions that would be effective no sooner than one year following closing of the KCPL/Western merger.

The Commission must approve the Stipulation and Agreement. The Company is hopeful that Commission approval will occur in time for the rate reduction to be implemented by the March 1,

1999, effective date.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibit  
Number

99 Stipulation and Agreement entered into January 26, 1999, by  
and among Kansas City Power & Light Company, Staff of the  
Missouri Public Service Commission, and Office of Public Counsel.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KANSAS CITY POWER & LIGHT COMPANY

/s/Jeanie Sell Latz

Senior Vice President-Corporate Services

Date: January 27, 1999

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the ) Case No. ER-99-313  
Stipulation And Agreement )  
Reducing the Annual Missouri )  
Retail Electric Revenues of )  
Kansas City Power & Light )  
Company )  
)

In the Matter of the Joint ) Case No. EM-97-515  
Application of Western )  
Resources, Inc. and Kansas )  
City Power & Light Company )  
for Approval of the Merger )  
of Kansas City Power & Light )  
Company with Western )  
Resources, Inc. and Other )  
Related Relief )

STIPULATION AND AGREEMENT

Comes now the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), and Kansas City Power & Light Company ("KCPL") and submit this Stipulation And Agreement for Missouri Public Service Commission ("Commission") review, consideration and approval. As a result of discussions among the signatories hereto, said signatories have reached resolution respecting the results of an earnings review of KCPL performed by the Staff. (This review occurred in 1998, using a test year of the twelve (12) months ending December 31, 1997, updated through June 30, 1998, and included, among other things, review of KCPL's cost of capital, examination of KCPL's financial books and records, study of KCPL's fuel costs, and review of a depreciation study submitted in 1998 pursuant to 4 CSR 240-20.030(6).) The Staff will file with the Commission in the near future a memorandum providing the Staff's rationale for entering into this Stipulation And Agreement.

The Staff, Public Counsel and KCPL filed on October 7, 1998, in Case No. EM-97-515, a Joint Motion To Approve Procedural Schedule wherein the intervenors in Case No. EM-97-515 were advised of the Staff's earnings audit of KCPL because the earnings audit

affects the procedural schedule in the KCPL -  
Western Resources, Inc. merger case. Also, respecting any concern about notice, the merger case provided the convenience that all but two of the entities that in the past have intervened in KCPL rate proceedings are parties to Case No. EM-97-515. Trigen-Kansas City and the Missouri Retailers Association were

identified as entities that have intervened in prior KCPL rate proceedings but have not intervened in the merger case. The signatories are filing the instant Stipulation And Agreement in both the merger case docket and a new docket, Case No. ER-99-313, which will contain specimen tariff sheets that will be filed in the next several days. The signatories request that the intervenors in Case No. EM-97-515 and Trigen-Kansas City and Missouri Retailers Association (counsel for which are shown on the attached service list) [OMITTED FOR PURPOSES OF THIS FILING] be made parties in Case No. ER-99-313 without the necessity of their filing for intervention.

In support of this Stipulation and Agreement, the Staff, Public Counsel, and KCPL state as follows:

1. Commencing with electric service provided on and after March 1, 1999, KCPL shall reduce its annual Missouri electric revenues by applying an equal percentage decrease of 3.2% to every rate and charge on each electric rate schedule, excluding Special Contract Service (SCS), Special Interruptible Contracts (SIC), Incremental Energy Rider (IER); Additional Equipment Rental Charge (AE); Residential Conservation Service Program (RCS); program charges contained in both Two Part - Time of Use (TPP) and Real Time Pricing (RTP,RTP - Plus); Service Facilities Charge for Municipal Street Lighting Service (ML); Economic Development Rider (EDR) percentages; Transformation Equipment Rental (TER); Primary Equipment Service Agreement (PES); Urban Core Development Rider (UCD) percentages; Commercial Street Lighting (CL) percentages; Peak Load Curtailment Credit Rider (PLCC)

credits and penalties; Parallel Generation Contract Service Schedule (PG) payments; and charges contained in KCPL's General Rules And Regulations. This 3.2% decrease amounts to an approximate \$15.0 million decrease in revenues exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes. It is agreed by the signatories that (i) this decrease has nothing to do with merger savings alleged to result from the merger of KCPL and any other entity, including Western Resources, Inc. ("Western Resources"), and (ii) none of them will allege in the ongoing Western Resources - KCPL merger case (Case No. EM-97-515), or in future rate proceedings that alleged merger savings are reflected in rates as a result of the instant Stipulation And Agreement.

2. Signatories to this Stipulation And Agreement will not file any case with the Commission, or encourage or assist in filing any case with the Commission requesting, (i) a general increase or decrease in KCPL's Missouri retail electric rates, or (ii) rate credits or rate refunds respecting KCPL's Missouri retail electric rates, prior to the earlier of September 1, 2001, or the closing of the Western Resources - KCPL merger, unless there is the occurrence of a significant, unusual event, such as an act of God; a significant change in federal or state tax law; a significant change in federal or state utility law or regulation; or an extended outage or shutdown of a major generating unit(s) which has a major effect on KCPL or its successors.

3. Signatories to this Stipulation And Agreement will not request, or encourage or assist in any request for, (i) a general increase or decrease in KCPL's Missouri retail electric rates, or (ii) rate credits or rate refunds respecting KCPL's Missouri retail electric rates that would become effective for service rendered prior to March 1, 2002, or prior to one year after the closing of the Western Resources - KCPL merger, whichever occurs first.

4. Acceptance of this Stipulation And Agreement by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego, during the above identified periods, the use of any discovery, investigative or other power which the Commission presently has. For example, non-signatories to this Stipulation And Agreement may file or request, or encourage or assist in any filing of or request for, an earnings investigation of KCPL, and, in response or on its own motion, the Commission may direct the Staff to conduct an earnings investigation of KCPL. Thus, nothing in this Stipulation And Agreement is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right of access to information, or any statutory obligation. Nothing in this Stipulation And Agreement is intended to impinge, restrict or limit in any way Public Counsel's discovery powers, including the right to access information and to audit and investigate matters related to KCPL or its successors.

5. The specified period when the signatories to this Stipulation And Agreement will not request, or encourage or assist in any request for, a general increase or decrease in KCPL's Missouri electric rates, rate credits or rate refunds respecting KCPL's Missouri electric rates shall also apply to any filing with the Commission for a change in KCPL's electric rates pursuant to Section 393.292 RSMo 1994 to reflect a change in the projected level or annual accrual of funding for decommissioning the Wolf Creek nuclear plant. Signatories shall request that the Commission include in KCPL's 1999 decommissioning Report And Order, language substantially similar to that used in other such nuclear decommissioning funding Report And Orders, that the Wolf Creek decommissioning costs are included in KCPL's current cost of service and are reflected in its current electric service rates for ratemaking purposes.

6. Respecting any proposal in the ongoing Western Resources - KCPL merger case (Case No. EM-97-515) that the Commission should adopt an alternative regulation plan, the signatories reserve the right to take positions and argue that as a condition of Commission approval of the proposed alternative regulation plan, there should be additional rate reductions at the time the alternative regulation plan goes into effect.

7. Signatories reserve the right to take positions and argue in the ongoing Western Resources - KCPL merger case (Case No. EM-97-515) that as a condition of the proposed merger, there should be rate reductions commencing no sooner than one year after the closing of the Western Resources - KCPL merger.

8. KCPL will continue to book an amortization totaling \$3.5 million annually upon approval of this Stipulation And Agreement, which amortization shall continue until the Commission approves a change either (i) upon agreement of the parties made with due regard to KCPL's then existing situation, or (ii) in the course of a general rate proceeding. This does not preclude KCPL, the Staff, Public Counsel or any other party from requesting that this amortization be directed toward specific plant accounts or from requesting additional changes in depreciation rates that may result from depreciation studies. Any such accumulated amortization balance booked pursuant to this Stipulation And Agreement, or the Stipulation And Agreement from Case No. ER-94-199, will be used as an offset to rate base in future rate proceedings of KCPL, or its successors. Furthermore, a signatory may propose at any time that the Commission issue a depreciation authority order adopting new depreciation rates for KCPL or its successors.

9. Notwithstanding paragraphs 2 and 3 above, a signatory at any time may file a request with the Commission for consideration of changes in rate design and/or other tariff provisions which would be appropriate for the Commission to consider outside the context of a



customer class cost of service and comprehensive rate design docket or a rate or complaint case; provided, however that no such change shall result in any shift of revenues between/among classes, and provided further that if a request for consideration of changes in rate design and/or other tariff provisions is filed, a signatory may oppose such request and shall not be deemed to have consented to the establishment of a new docket to consider such request or to the proposals of the party making such request.

10. Drafts of this Stipulation And Agreement have been provided to all intervenors in Case No. EM-97-515 and to Trigen-Kansas City and Missouri Retailers Association which are entities identified by the signatories as usual intervenors in KCPL rate proceedings. The signatories have endeavored to make themselves available to answer questions and provide information. All but two of the parties to Case No. EM-97-515 have advised the signatories that they do not oppose the Stipulation And Agreement. The Commission's rules identify the procedure to be followed when a nonunanimous stipulation and agreement is filed with the Commission. In particular, 4 CSR 240-2.115(3) provides as follows:

When a nonunanimous stipulation and agreement is executed by the parties, the attorney for the applicant, company or other moving party shall file an original and fourteen (14) copies with the secretary of the commission and serve notice and a copy on all nonsignatory parties. Each party shall then have five (5) days from the receipt of the notice to file a request for hearing with the commission. Failure to file a timely request for hearing shall constitute a full waiver of the party's right to a hearing.

11. None of the parties to this Stipulation And Agreement shall be deemed to have approved or acquiesced in any question of Commission authority, decommissioning methodology, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence that may underlie this Stipulation And Agreement, or for which provision is made in this Stipulation And Agreement.

12. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation And Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of the Staff's memorandum, a responsive memorandum which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding, or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation And Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation And Agreement, whether or not the Commission approves and adopts this Stipulation And Agreement.

The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation And Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

13. This Stipulation And Agreement represents a negotiated settlement. Except as specified herein, the parties to this Stipulation And Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation And Agreement (i) in any future

proceeding; (ii) in any proceeding currently pending under a separate docket; and/or (iii) in this proceeding should the Commission decide not to approve the Stipulation And Agreement in the instant proceeding, or in any way condition its approval of same.

14. The provisions of this Stipulation And Agreement have resulted from extensive negotiations among the signatories signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation And Agreement in total, it shall be void and no party hereto shall be bound by, prejudiced, or in any way affected by any of the agreements or provisions hereof unless otherwise provided herein.

15. In the event the Commission accepts the specific terms of this Stipulation And Agreement, the signatories waive their respective rights to cross-examine witnesses; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1994; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1994. This waiver applies only to a Commission Report And Order respecting this Stipulation And Agreement issued in these this proceedings, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation And Agreement.

Wherefore the signatories request that the Commission grant intervenor status in Case No. ER-99-313 to the parties of record in Case No. EM-97-515 and to Trigen-Kansas City and the Missouri Retailers Association without the necessity of their filing for intervention and approve the instant Stipulation And Agreement.

Respectfully submitted,

KANSAS CITY POWER & LIGHT COMPANY

COMMISSION STAFF

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[END OF EXHIBIT]