Kansas City Power & Light®

February 20, 2001 10 CFR § 50.80

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

Subject: **Docket No. 50-482: Application for Consent to Indirect Transfer of Control of Operating License NPF-42 for the Wolf Creek Generating Station**

Dear Sir/Madam:

Pursuant to Section 184 of the Atomic Energy Act, as amended, and 10 C.F.R. § 50.80, Kansas City Power & Light Company ("*KCPL*") hereby submits an application ("*Application*") for the indirect transfer of Facility Operating License NPF-42 ("*NPF-42*") for the Wolf Creek Generating Station ("*Wolf Creek*"). The Application (i) sets out a proposed restructuring of KCPL into a corporate holding company structure and (ii) requests Nuclear Regulatory Commission ("*NRC*") consent to the indirect transfer of control of NPF-42 to a newly formed holding company ("*HoldingCo*")[1] of KCPL's possession-only license in Wolf Creek under NPF-42 and of its interests in the Wolf Creek Nuclear Operating Company ("*WCNOC*"), the licensed operator of Wolf Creek under NPF-42. The indirect transfer of NPF-42 occurs as a result of the proposed restructuring; as the transfer is indirect, no conforming amendments to NPF-42 are required.

Under the proposed restructuring, KCPL will cease to be publicly-traded and will become a wholly-owned Subsidiary of HoldingCo. KCPL's ownership interests in Wolf Creek and WCNOC will neither change nor be affected. As a result of the new corporate structure, KCPL and HoldingCo will be able to respond more effectively to

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[1] The actual name of HoldingCo is not yet finalized; KCPL will notify the NRC Staff when the name is determined.

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increased competition in the energy industry and pursue pending unregulated electric generation ventures.

In order to support closing of the proposed restructuring transaction, KCPL requests expeditious review of this application by the NRC and the issuance of consent under 10 C.F.R.§ 50.80. Expeditious review is needed to permit KCPL to pursue important pending transactions with respect to the development of an unregulated electric generation facility portfolio. In addition to the NRC, the proposed restructuring requires the approval of the Missouri Public Service Commission, the Kansas Corporation Commission, the Federal Communications Commission and the Federal Energy Regulatory Commission. The proposed restructuring is expected to be completed by May 1, 2001. Accordingly it is requested that the NRC consent to the requested indirect transfer of NPF-42 by May 1, 2001 with such consent to be effective through May 1, 2002 in the event of unexpected delays in receiving all required regulatory approvals.

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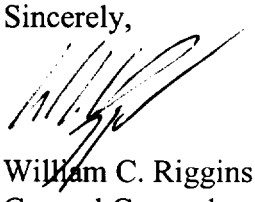
If you have any questions regarding this submittal or require additional information, please contact me at (816)556-2785, or Robert Warnement (202)371-7507 or William Hollaway (202)371-7819 of Skadden, Arps, Slate, Meagher & Flom.

Sincerely,



William C. Riggins
General Counsel

Attachments:

1. Application for Indirect Transfer of Control of Facility Operating License NPF-42
2. Affirmation of William C. Riggins

cc: E. W. Merschoff, Regional Administrator, NRC Region IV
F. L. Brush, Sr. Resident Inspector, Wolf Creek Generating Station
J. N. Donohew, NRR Project Manager, Wolf Creek Generating Station
R. W. Warnement, Esq., Skadden, Arps, Slate, Meagher & Flom
W. R. Hollaway, Esq., Skadden, Arps, Slate, Meagher & Flom

February 20, 2001 10 C.F.R. § 50.80

APPLICATION FOR CONSENT TO INDIRECT TRANSFER OF CONTROL OF FACILITY OPERATING LICENSE NPF-42

I. Introduction

Pursuant to 10 C.F.R. § 50.80, Kansas City Power & Light Company ("*KCPL*") submits this application (the "*Application*") for NRC's approval of an indirect transfer of Facility Operating License NPF-42 ("*NPF-42*"). Indirect transfer of control will result from the transfer of the ownership of KCPL to a holding company as part of corporate restructuring wherein KCPL will cease to be publicly-traded and will become a wholly-owned subsidiary of a new holding company ("*HoldingCo*").[1] Following the corporate restructuring, KCPL will retain ownership of its existing regulated electric generation, transmission and distribution assets, including its interests in the Wolf Creek Generating Station ("*Wolf Creek*") and the Wolf Creek Nuclear Operating Corporation ("*WCNOC*"), the operator of Wolf Creek.

KCPL is a co-owner of both Wolf Creek and WCNOC; owning a 47% undivided interest in each. The other co-owners also each hold identical shares in both Wolf Creek and WCNOC and are: Kansas Gas and Electric Company ("*KGE*") with a 47% undivided interest and Kansas Electric Power Cooperative, Inc. ("*KEPCO*") with a 6% undivided interest. In that regard, KCPL, KGE and KEPCO each hold a possession-only license under NPF-42 (authorizing each to possess an interest in Wolf Creek) and WCNOC holds the license to operate under NPF-42 (authorizing WCNOC to possess, use and operate Wolf Creek). This Application requests Nuclear Regulatory Commission ("*NRC*") consent to the indirect transfer of control to HoldingCo of both KCPL's possession-only license in Wolf Creek and its interests in WCNOC. As the transfer is indirect and the named licensees under NPF-42 will remain the same, amendments to conform NPF-42 are neither required nor requested.

The proposed indirect transfer of control has no effect on Wolf Creek or WCNOC. In particular, no changes will be made to Wolf Creek's physical characteristics or to any of its technical requirements, specifications or procedures that govern its operation and maintenance. Further, the management, organization, technical qualifications, personnel and funding of WCNOC are unaffected by the proposed transfer. Finally, KCPL will remain

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[1] The actual name of HoldingCo is not yet finalized; KCPL will notify the NRC Staff when the name is determined.

a rate-regulated electric utility and its ability to demonstrate that it meets the NRC's financial qualifications and decommissioning funding assurance requirements will be unaffected.

II. General Corporate Information

A. Licensee - KCPL

1. *Name*: Kansas City Power & Light Company.

2. *Address*: 1201 Walnut
Kansas City, Missouri 64106

3. *Description of Business*: KCPL is a corporation organized and existing under the laws of Missouri, with its principal office located in Kansas City, Missouri. KCPL is a vertically integrated electric utility company engaged in the generation, transmission, distribution and sale of electric energy in Missouri and Kansas.[2] KCPL owns approximately a total of 3700 MWs, including 564 MWs of nuclear generation from its 47% ownership interest in Wolf Creek. KCPL provides retail electric service to approximately 460,000 customers in Kansas and Missouri; serving an area located largely in and around the Kansas City metropolitan area. KCPL is subject to the regulatory jurisdiction of the Missouri Public Service Commission ("*MPSC*") and the State Corporation Commission of the State of Kansas ("*KCC*"). Further, KCPL also provides wholesale electric and transmission services to municipal customers and electric cooperatives located in Kansas and Missouri and, through interchange agreements, to surrounding integrated systems. KCPL is subject to the regulatory jurisdiction of the Federal Energy Regulatory Commission ("*FERC*").

4. *NRC Licenses Held*: KCPL holds a possession-only license for Wolf Creek under NPF- 42. KCPL holds a 47% indirect interest in WCNOC's license to operate Wolf Creek under NPF-42, through its 47% interest in WCNOC.

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[2] KCPL also currently has wholly-owned subsidiaries that are not involved in the provision of regulated utility service; these are Great Plains Power, Inc. ("*Great Plains*"), KLT Incorporated ("*KLT*") and Home Services Solutions ("*HSS*"). Pursuant to the corporate restructuring, KLT and Great Plains will each become a wholly-owned subsidiary of HoldingCo that is separate and apart from KCPL. It is anticipated that HSS will be sold or otherwise disposed of in the near future.

5. *Organization and Management*:

i. Directors: Members of the Board of Directors of KCPL and their respective business addresses are identified in Exhibit 1. Each director is a citizen of the United States.

ii. Officers: The principal officers of KCPL are identified in Exhibit 2. Each officer is a citizen of the United States. The business address for each officer is the address of KCPL's principal office, 1201 Walnut, Kansas City, Missouri 64106.

B. New Parent Company - HoldingCo

1. *Name*: HoldingCo

2. *Address*: 1201 Walnut
Kansas City, Missouri 64106

3. *Description of Business*: The business purpose of HoldingCo is to hold the regulated utility and each business line of non-utility assets of KCPL in separate wholly-owned subsidiaries, KCPL, KLT, Great Plains Power, Inc. ("*Great Plains*")[3] and a newly formed entity and a service company to provide shared services to HoldingCo's affiliated Companies ("*ServCo*")[4]. HoldingCo will be a publicly-traded holding company organized under the laws of Missouri; HoldingCo's principal office will be in Kansas City, Missouri. Further, HoldingCo will be a registered holding company subject to regulation by the Securities and Exchange Commission ("*SEC*") pursuant to the Public Utility Holding Company Act of 1935, as amended ("*PUHCA*"). An organization chart showing the relationship between HoldingCo and KCPL, KLT, and Great Plains is included in Exhibit 3 to this Application.

4. *NRC Licenses Held*: Following the corporate restructuring, HoldingCo will not hold directly any NRC license. HoldingCo will, however, hold through its wholly-owned subsidiary KCPL, an indirect ownership interest in KCPL's possession-

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[3] Great Plains is an unregulated subsidiary of HoldingCo recently formed for the purpose of acquiring and operating unregulated electric generating facilities apart from KCPL's regulated electrical generating assets. None of KCPL's current regulated electric generation, transmission or distribution assets have been or are being transferred to KCPL as a part of the proposed corporate restructuring.

[4] The actual name of ServCo is not yet finalized; KCPL will notify the NRC Staff when the name is determined.

only NRC license under NPF-42, and through KCPL's 47% interest in WCNOC, an indirect ownership interest in WCNOC's license to operate Wolf Creek under NPF-42.

5. *Organization and Management*: As of the effective date of the corporate restructuring, the directors of KCPL will also be the directors of HoldingCo; therefore, the directors of KCPL and of HoldingCo are identified in Exhibit 1. Further, all principal officers of HoldingCo will be named from the current ranks of KCPL principal officers; the principal officers of KCPL are identified in Exhibit 2. KCPL will provide NRC staff with the names of HoldingCo's principal officers after HoldingCo's slate of principal officers has been finalized.

III. Description of Proposed Restructuring

KCPL will initially form HoldingCo as a new subsidiary. HoldingCo will in turn form its own subsidiary ("*NewCo*") as a shell company to effect the restructuring. KCPL and NewCo will then merge with KCPL being the surviving corporation. As a part of the merger (i) current KCPL shareholders will trade shares of KCPL stock for shares of HoldingCo stock, (ii) KCPL will cease to be publicly-traded and become a wholly-owned subsidiary of HoldingCo and (iii) HoldingCo will become publicly-traded. Following the merger, Holding Co will form ServCo as a new wholly-owned subsidiary. This transactional structure minimizes tax issues and does not require shareholder approval.

Following the corporate restructuring, KCPL will continue to operate as a rate-regulated public utility under the jurisdiction of the MPSC, KCC and with respect to wholesale electric transactions, FERC. Further, KCPL will continue to provide the same electric energy generation, transmission, distribution, wholesale sales and retail sales services that it provided prior to the proposed corporate restructuring.

IV. Purpose of the Restructuring

The holding company structure permits KCPL to better respond to the growing wholesale electricity market in the United States in the aftermath of the passage of

the Energy Policy Act of 1992 ("*EPA of 1992*").[5] Restructuring gives KCPL and HoldingCo the flexibility to meet the challenges of coming competitive markets.

KCPL recognizes it must quickly change the way it does business to be successful and survive in this new marketplace. For the past nine months, KCPL has been attempting to obtain state regulatory approval to transfer existing generation from KCPL to Great Plains, KCPL's new subsidiary that focuses on the competitive generation market. Those attempts were unsuccessful, and Great Plains must now pursue its business plan without the benefit of those 3,700 megawatts of generation. Great Plains' assets currently consist of a contract for five combustion turbines that are not yet operational.

Focusing on the competitive generation market is a key to KCPL's success, if not its survival as a stand-alone family of companies. The current proposal will establish Great Plains as a subsidiary of a holding company, instead of a subsidiary of a public utility. This will provide numerous advantages to Great Plains including (i) access to more markets, and (ii) greater flexibility and speed in pursuing business opportunities. Great Plains will be able to take advantage of market-based prices, capture and keep savings from improved asset management, explore strategic partnerships to gain efficiencies, evaluate selected merchant generation development and joint ventures and expand affiliate relationships. With these advantages, Great Plains intends to quickly build a significant portfolio of competitive unregulated generation facilities apart from KCPL's rate-regulated facilities. In fact, Great Plains currently is pursuing several such opportunities; quick implementation of the proposed corporate restructuring is needed to facilitate these Great Plains' activities.

V. Restructuring on Nuclear Operations

The proposed indirect transfer of control of KCPL's interests in NPF-42 involves no changes to Wolf Creek's physical plant, current management, organization, technical requirements or personnel. Following the indirect transfer of control (i) KCPL will remain a 47% co-owner of both Wolf Creek and WCNOC and will hold a possession-only

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[5] The purpose of the EPA of 1992 was to encourage competition at the wholesale level by creating a new class of electric energy suppliers – exempt wholesale generators – outside of state rate regulation. For the first time, entities other than existing utility companies were able to sell electricity in the wholesale market. To further facilitate this process, FERC has since required utilities subject to its jurisdiction to file tariffs under which anyone could use their transmission system to gain access to serve wholesale electric customers. Consequently, over the past few years, trade in the wholesale electricity market has grown tremendously and many vertically-integrated utilities have restructured so as to permit an affiliate to fully participate as an unregulated supplier to this wholesale market.

license for Wolf Creek and (ii) WCNOC will remain the licensed operator for Wolf Creek and responsible for the plant's operation as established by ¶ 2.B(1) of NPF-42. WCNOC' s rights, responsibilities and obligations are unaffected by the proposed restructuring and indirect transfer of control. Thus, the proposed restructuring will have no impact on nuclear operations.

VI. Technical Qualifications

This Application requests only the NRC's approval of the indirect transfer of control to HoldingCo of each of (i) KCPL's possession-only license and (ii) through KCPL's 47% ownership interest in it, WCNOC's license to operate Wolf Creek under NPF-42. The proposed transfer will not result in any change in the operation of Wolf Creek, nor will it result in any changes in NPF-42's technical specifications and requirements. Further, there will be no change to either the management, organization or personnel of WCNOC, or the qualifications of its technical personnel responsible for operating and maintaining Wolf Creek as a result of the proposed indirect transfer of control. Additionally, as the transfer is indirect, KCPL and WCNOC remain named licensees in NPF-42. Thus, the proposed indirect transfer of control of NPF-42 requires (i) no review of the technical qualifications of the licensed operator for Wolf Creek and (ii) no conforming or technical amendments to NPF-42.

VII. Financial Qualifications

Following the restructuring, KCPL will continue to generate, transmit and distribute electricity and to recover the costs of such activities through rates authorized by separate state regulatory authorities, the MPSC and KCC. Therefore, KCPL will continue to meet the NRC's definition of "electric utility" set forth in 10 C.F.R. § 50.2. Accordingly, KCPL's financial qualifications are presumed under 10 C.F.R. § 50.33(f) and no specific demonstration of financial qualifications is required.

KCPL understands that, in connection with other recent corporate restructurings, the NRC has required that it be kept informed of subsequent asset transfers by the licensee to its parent or any affiliates of either exceeding a certain size. In the event NRC considers a similar requirement desirable with respect to the restructuring proposed by this Application, KCPL commits to provide the NRC Staff a copy of any application required to be filed with the MPSC or the KCC to transfer (excluding grants of security interests or liens) from KCPL to HoldingCo, or to any other affiliated company, facilities for the generation, transmission or distribution of electric energy having a depreciated book value

exceeding ten percent of KCPL's consolidated net utility plant, as recorded on KCPL's books of account.

VIII. Decommissioning Funding Assurance

NRC regulations require information showing "reasonable assurance ... that funds will be available to decommission the facility." 10 C.F.R. § 50.33(k). As an "electric utility" within the meaning of the NRC's regulations (see 10 C.F.R. § 50.2), KCPL currently provides financial assurance for the decommissioning of its pro rata ownership interest in Wolf Creek through the periodic funding of external sinking trust funds in which deposits are made at least annually. After the restructuring, KCPL will (i) remain an "electric utility" within the meaning of 10 C.F.R. § 50.2, (ii) remain responsible for the decommissioning liabilities associated with its ownership interest in Wolf Creek and (iii) continue to fund its decommissioning trusts in accordance with its historical practices, NRC regulations and the requirements of the MPSC and the KCC.

IX. Foreign Ownership, Control or Domination

The principal officers and directors of KCPL and HoldingCo are (or will be when named)[6] all citizens of the United States. Following the proposed corporate restructuring and indirect transfer of control of NPF-42, neither HoldingCo nor KCPL will be owned, controlled or dominated by an alien, a foreign corporation or a foreign government. Neither KCPL nor HoldingCo is acting as an agent or representative of any other person in filing this Application.

X. Antitrust Considerations

The Atomic Energy Act of 1954, as amended ("*AEA*"), only provides for an antitrust review in connection with a construction permit application and, where there have been significant changes from the time of the construction permit, in connection with the initial operating license application. 42 U.S.C. § 2135(c) (2001). Antitrust reviews of post-operating license transfer applications are neither required nor authorized by the AEA. See 10 CFR §§ 2.101, 50.42 & 50.80; and Antitrust Review Authority: Clarification, 65 Fed. Reg. 44,649 (2000). Accordingly, no antitrust review is required with respect to this Application's request for the post-operating indirect transfer of NPF-42.

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[6] As stated in Section II.B.5 above, HoldingCo's principal officers have not yet been named but will be drawn from the ranks of current KCPL principal officers.

XI. Environmental Considerations

NRC environmental review of the proposed restructuring is not required. The proposed restructuring involves only the indirect transfer of control of NPF-42 and does not involve any change to the (i) management, organization or personnel of WCNOC, (ii) Wolf Creek physical plant, or (iii) qualifications of WCNOC's technical personnel responsible for operating and maintaining Wolf Creek. Further, the proposed restructuring will neither increase the types or amounts of any effluents that may be released offsite nor will it cause any increase in individual or cumulative occupational radiation exposure at Wolf Creek. Consequently, the requested approval falls within the categorical exclusion in 10 C.F.R. § 51.22(c)(21) for which neither an Environmental Assessment nor an Environmental Impact Statement is required.

XII. Restricted Data

This Application neither involves any Restricted Data or classified National Security Information nor is it expected that any such information will become involved in the licensed activities. However, in the event that licensed activities do involve Restricted Data or classified National Security Information in the future, KCPL agrees that it will appropriately safeguard such information and it will not permit any individual to have access to such information until the appropriate organization has investigated and reported to the NRC on the character, associations and loyalty of such individual, and the NRC determines that permitting such person to have access to such information will not endanger the common defense and security of the United States.

XIII. Other Regulatory Approvals Required

In addition to NRC approval, the proposed restructuring of KCPL requires approvals from, and filing of registrations with, other federal and state agencies, including approvals from the FERC, the Federal Communications Commission ("*FCC*"), the MPSC and the KCC, and the filing of registration statement with the SEC.

FERC approval is needed for the reorganization and indirect transfer of jurisdictional assets to HoldingCo pursuant to Section 203 of the Federal Power Act. KCPL expects to submit its Section 203 application to FERC by February 23, 2001; FERC approval is also expected by May 1, 2001. KCPL will provide the NRC staff a copy of its filing with the FERC when it is made.

FCC approval is required for the indirect transfer of licenses currently held by KCPL. KCPL will provide to the NRC staff a copy of the FCC filing when it is made.

Following the completion of the transaction, HoldingCo will register with the SEC as a public utility holding company pursuant to PUHCA. However, no SEC authorizations, actions or approvals are sought in the registration form, and no SEC action is required to effect the registration. KCPL will provide to the NRC staff a copy of the registration filing with the SEC when it is made.

KCPL must submit applications to each of the MPSC and KCC requesting orders granting the authority to perform the corporate restructuring described in this Application. KCPL expects to submit such applications prior to the end of February 2001 and the approval of both the MPSC and KCC is expected by May 1, 2001. KCPL will provide the NRC staff with a copy of each application for restructuring submitted to either the MPSC or the KCC when it is made.

XIV. Effective Date of Restructuring and Indirect License Transfer

The corporate restructuring and indirect transfer of control of license NPF-42 are expected to occur on or before May 1, 2001, after all necessary regulatory approvals are obtained.

XV. Requested NRC Action

KCPL respectfully requests that the NRC review this Application on an expedited basis to support issuance of an order by May 1, 2001, consenting to the indirect transfer of NPF-42. Expedited review is requested to support closing of the proposed restructuring transaction on May 1, 2001 or as soon thereafter as all required regulatory approvals have been obtained. Expedited review is needed to permit KCPL and Great Plains to pursue important pending transactions as more further described in Section IV above. In the event there are unexpected delays in obtaining all required regulatory approvals, KCPL requests that the NRC's order be made effective through May 1, 2002. KCPL will keep the NRC Staff informed of any significant changes in the status of the schedule for the other required approvals or other developments that could have an impact on the schedule for the restructuring.

Exhibit 1
MEMBERS OF KCPL AND HOLDINGCO
BOARDS OF DIRECTORS

Board Member:	Business Address:
Bernard J. Beaudoin (Bernie)	Kansas City Power & Light Company 1201 Walnut, 21st Floor Kansas City, MO 64106-2124 (PO Box 418679; zip 64141-9697)
(Dr.) David L. Boddle	Henry W. Bloch School of Business & Public Administration University of Missouri - Kansas City 5110 Cherry Street, Rm. 321 Kansas City, MO 64110-2499
William H. Clark	The Urban League of Greater Kansas City 1710 Paseo Kansas City, MO 64108
Mark A. Ernst	H&R Block 4400 Main Street Kansas City, MO 64111
W. Thomas Grant II	Lab*One* Inc. 10101 Renner Blvd. Lenexa, KS 66219
William K. Hall	Procyon Technologies Inc. 200 West Adams, Suite 2905 Chicago, IL 60606
Drue Jennings	Kansas City Power & Light Co. 1201 Walnut, 21st Floor Kansas City, MO 64106-2124 (PO Box 418679; zip 64141-9679)
William C. Nelson	6521 Wenonga Terrace Mission Hills, KS 66208
(Dr.) Linda H. Talbott	Talbott & Associates PO Box 22322 Kansas City, MO 64113-3022
Robert H. West	Saint Lukes - Shawnee Mission Health System 4401 Wornall Road Kansas City, MO 64111

Exhibit 2

PRINCIPAL OFFICERS OF KCPL[7]

Name:	Title:
Drue Jennings	Chairman of the Board
Bernard J. Beaudoin	Chief Executive Officer and President
Marcus Jackson	Executive Vice President
Ronald G. Wasson	Executive Vice President
William H. Downey	Executive Vice President
Jeanie Sell Latz	Corporate Secretary and Senior Vice President - Corporate Services
Andrea Bielsker	Chief Financial Officer, Treasurer and Vice President - Finance
Frank L. Branca	Vice President - Generation
Nancy J. Moore	Vice President - Customer Services
Doug M. Morgan	Vice President - Information Technology and Support Services
Richard A. Spring	Vice President - Transmission & Environmental Services
Brenda Nolte	Vice President - Public Affairs
Neil Roadman	Controller
William Riggins	General Counsel

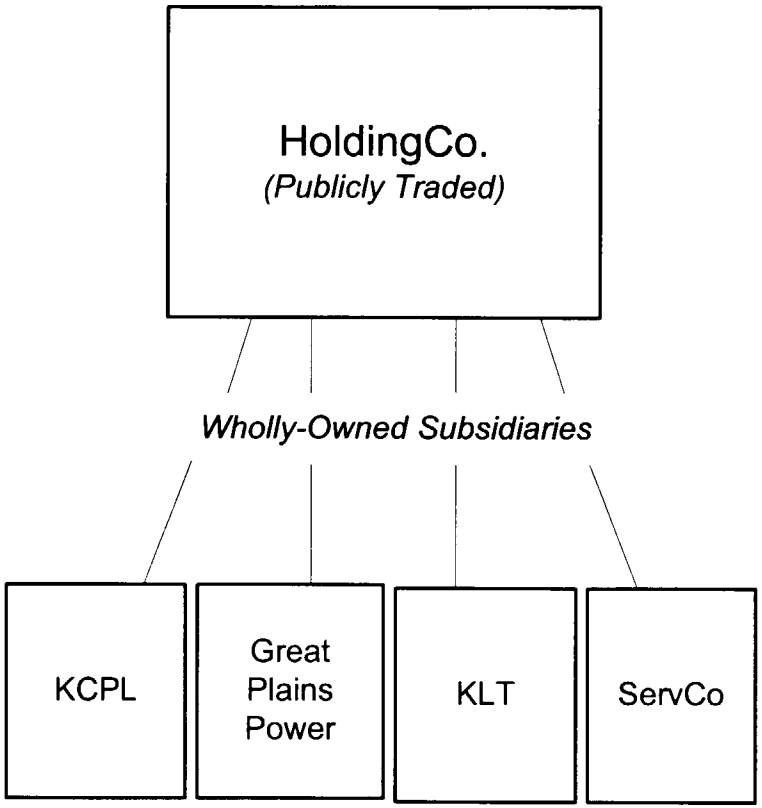
[7] Principal officers of HoldingCo will be named from this slate of KCPL principal officers.

Exhibit 3

HOLDINGCO ORGANIZATIONAL CHART

[See attached]

Exhibit 3 to KCPL Indirect Transfer Application



DISTRICT OF COLUMBIA) SS

I, William G. Riggins, being duly sworn, state that I am the General Counsel of Kansas City Power & Light Company, that I am authorized to sign and file this Application for Consent to Indirect Transfer of Control of Facility Operating License NPF-42 (the "*Application*") with the Nuclear Regulatory Commission on behalf of Kansas City Power & Light Company, that I have read the foregoing Application and know the content thereof, and that the statements made and the matters set forth therein pertaining to Kansas City Power & Light Company and HoldingCo are true and correct to the best of my knowledge, information, and belief.

Kansas City Power & Light Company

William G. Riggins
General Counsel

SUBSCRIBED and sworn to before me this 16th day of Febery, 2001.

Notary Public

My Commission Expires:

Febery 14th 2005