BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Implement its Regulatory Plan.	)))))	**Case No. ER-2010-0355** Tariff No JE-2010-0692
In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service.	))))	**Case No. ER-2010-0356** Tariff No. JE-2010-0693

NON-UNANIMOUS STIPULATION AND AGREEMENT
AS TO MISCELLANEOUS ISSUES

COME NOW Kansas City Power & Light Company ("KCPL"), KCP&L Greater Missouri Operations Company ("GMO"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC"), Praxair, Inc. and Midwest Energy Users Association ("Industrial Intervenors"), the Missouri Retailers Association , and, in File No. ER-2010-0356 only, the United States Air Force on behalf of itself and all other Federal Executive Agencies that take service from GMO, and state the following for this Non-unanimous Stipulation and Agreement ("Stipulation") to resolve certain issues in these cases. The terms "Signatory" or "Signatories" refer to those who have signed this Stipulation.

In this Stipulation the Kansas City area operations of GMO are referred to as "MPS" and the St. Joseph area operations of GMO are referred to as "L&P" since these areas have different rate designs and rate structures. Collectively, KCPL and GMO are referred to as "KCP&L," the registered service mark under which they both do business. Because the parties were unable to reach a Joint Statement of the Issues, the relevant portions of the Issues Lists of both Staff and the Companies are included.

A. SETTLEMENT OF ISSUES WITH A REVENUE REQUIREMENT IMPACT

The Signatories agree to settle their disputes in this case regarding the following issues for the sum of $2,300,000 in KCPL revenue requirement, $1,700,000 in MPS revenue requirement for GMO, and $600,000 in L&P revenue requirement for GMO:

1. Economic Relief Pilot Program ("ERPP")

KCP&L statement of the issue:

Should deferred ERPP costs be included in rate base and annualized amortization expense? (KCP&L Issue No. III.2)

Staff statement of the issue:

Should the Commission include the amortized balance of the deferred costs of KCPL's Economic Relief Pilot Program in KCPL's rate base for ratemaking purposes? (Staff Issue No. 2—Low Income Program (Economic Relief Pilot Program)

2. Severance

KCP&L statement of the issue:

What is the appropriate amount of severance cost to include in rates in this case? KCPL&L Issue No. III.6)

Staff statement of the issue:

Should employee severance costs be included in the costs of Iatan Unit 1 and Iatan Unit 2? (Staff Issue No. 35—Severance Adjustment)

and

What level of severance costs of KCPL employees terminated for reasons other than

KCPL's talent assessment program should be included in KCPL's and GMO's revenue requirements for setting their rates? (Staff Issue No. 64—Non-Talent-Severance Costs)

3. **SERP—Supplemental Executive Retirement Pension**

KCP&L statement of the issue:

What level of SERP costs should be included in the cost of service for purposes of setting rates? (KCP&L Issue No. III.4)

Staff statement of the issue:

What level of SERP costs should be included in KCPL's and GMO's revenue requirements for setting their rates? (Staff Issue No. 62—Supplemental Executive Retirement Pension (SERP) Costs)

4. **Advertising, including Connections**

KCP&L statement of the issue:

> What is the appropriate level of advertising costs to be included in KCP&L's cost of service in this proceeding? (KCP&L Issue No. III.14)
>
> and
>
> Should 50% of Connections program costs and certain other advertising costs be transferred from a recoverable expense to the DSM rate base balance? (KCP&L Issue No. III.1.b)

Staff statement of the issue:

> Should 50% of Connections advertising program costs and certain other advertising costs be recovered as an expense or included in the demand-side management program rate base balance? (Staff Issue Nos. 1.c., 10.b., 79.c., and 83.b.: Demand-Side Management and Demand-Side Amortization Expense)

5. **Bad Debts**

KCP&L statement of the issue:

Should bad debt expense and forfeited discount revenue included in rates in this case include a provision for the respective impacts resulting from the revenue increase in this case? (KCP&L Issue No. III.9)

Staff statement of the issue:

What is the appropriate level of bad debt expense to include in revenue requirement? (Staff Issue No. 56—Bad Debt)

6. **Cash Working Capital Gross Receipts Taxes and Injuries and Damages (KCPL only issue)**

KCPL statement of the issue:

a. Are the 6% gross receipts taxes paid to the City of Kansas City and the gross receipts taxes paid to other Missouri cities excluding Grain Valley prepayments or payments in arrears?

b. What should be the proper CWC expense lag?

c. What should be the proper CWC revenue lag?

(KCPL Issue No. II.1)

Should Injuries & Damages be a separate component of Cash Working Capital? If so, what are the appropriate lag days? (KCPL Issue No. 2.a)

Staff statement of the issue:

d. Are municipal gross receipts taxes collected from customers before or after they are paid?

e. What is the cash working capital expense lag?

f. What is the cash working capital revenue lag?

(Staff Issue No. 4—Gross Receipts Taxes)

Should injuries and damages be a component of cash working capital? If so, what is the appropriate number of days of lag? (Staff Issue No. 5—Injuries & Damages)

7. **Production Maintenance (KCPL only issue)**

KCPL statement of the issue:

What is the appropriate amount of production maintenance costs to include in rates in this case? (KCPL Issue No. II.6)

Staff statement of the issue

What is the appropriate level of non-labor Production, Maintenance expenses that should be included in KCPL's revenue requirement for setting KCPL's rates? (Staff Issue No. 9—Non-labor production, maintenance expenses)

8. **Allocation of Off-System Sales Margins (KCPL only issue)**

KCPL statement of the issue:

What methodology should be used for allocating off-system sales margins? (KCPL Issue No. II.10.a)

Staff statement of the issue:

What methodology should be used to allocate KCPL's off-system sales margins between the Missouri, Kansas and FERC jurisdictions? (Staff Issue No. 11—Allocation of Off-System Sales Margins)

Resolution of the issue: Staff's energy allocator of 56.94% shall be used for allocating off-system sales margins to the Missouri jurisdiction.

9. **Talent Assessment Program (KCPL only issue)**

KCPL statement of the issue:

Should the severance costs and related costs associated with the Talent Assessment program be amortized over a five-year period as authorized in Case No. ER-2007-0314, or should the amortization be terminated in this case? (KCPL Issue No. II.5.)

Staff statement of the issue:

Should the amortization of severance costs and related costs associated with the Talent Assessment program be included in KCPL's and GMO's (*sic*) revenue requirement for setting their rates? (Staff Issue No. 63—Talent Assessment)

10. **<u>Cash Working Capital Imputed Accounts Receivable Program (GMO only issue)</u>**

GMO statement of the issue:

Should revenue lag days be adjusted for an imputed accounts receivable sales program (and expenses accordingly adjusted)? (GMO Issue No. IV.4.a)

Staff statement of the issue:

Should GMO's accounts receivable sales program be a component of cash working capital? (Staff Issue No. 80—Accounts Receivables Sales Program)

B. **<u>SETTLEMENT OF ISSUES WITH NO REVENUE REQUIREMENT IMPACT</u>**

11. **<u>Proposition C</u>**

KCP&L statement of the issue:

a. Should Prop. C expenses be included in the cost of service in this proceeding?

b. Should KCP&L's 2010 Prop. C expenses be amortized over a two-year period beginning with the implementation of rates in this case?

(KCP&L Issue No. III.16)

Staff statement of the issue:

a. Should Proposition C expenses be included in cost of service?

b. Should 2010 Proposition C expenses be amortized over a two-year period beginning with the implementation of rates in this case?

(Staff Issue No. 61—RESRAM/Proposition C)

Resolution of the issue: KCPL and GMO shall account for all costs associated with Missouri Renewable Energy Standard (RES) compliance to facilitate future determination of retail rate impact in accordance with Electric Utility Renewable Energy Standard Requirements [4 CSR 240-20.100(5)].

12. **Call Center Reports**

KCP&L statement of the issue: This is not in KCP&L's List of Issues.

Staff statement of the issue: This issue is not in Staff's List of Issues.

Resolution of the Issue: KCP&L shall include their Virtual Hold Executive Report in their monthly call center and reliability reporting to Staff and the Office of the Public Counsel. That Virtual Hold Executive Report shall include, but not be limited to including, reporting of Virtual Hold Eligible Calls, Return Calls Selected, and Continue Hold Selected Calls. If KCP&L substitute theirs virtual hold with a similar technology, they shall within ten days before implementing the new technology notify the manager of the Engineering and Management Services department of the Utility Services Division of the Staff and the Office of the Public Counsel in writing, which may be delivered by e-mail, of the change and thereafter continue to include in its monthly report the same type of information for the new technology as KCP&L provided in its Virtual Hold Executive Report.

13. **Tracker for Iatan 2 and Iatan Common Operations and Maintenance Expenses:**

KCPL/GMO statement of the issue:

Should the Commission adopt an Iatan O&M tracker for the case and if so, how should it be structured?

Staff statement of the issue:

Should the Commission authorize the use of a tracker for Iatan 2 and Iatan Common operations and maintenance expenses?

Resolution of the issue: The Signatories do not oppose the use of a tracker for the Iatan 2 and Iatan Common operations and maintenance expenses in the accounts shown on Attachment A.

14. **Transmission Expense and Revenue Tracker**:

KCPL/GMO statement of the issue:

Should the Commission adopt a transmission tracker for the recovery of certain transmission expenses incurred by KCP&L? If so, should changes in wholesale transmission revenue be used to offset transmission expense as proposed by Staff?

Staff statement of the issue:

Should the Commission authorize the use of a tracker for changes in certain transmission-related expenses? If so, should changes in transmission related-revenues be included in that tracker?

Resolution of the issue: The Signatories agree that a tracker for changes in certain transmission-related expenses should not be implemented in this case.

15. **SO_2 emission allowance regulatory liability (KCPL only issue)**:

KCPL statement of the issue:

What is the appropriate amortization period?

Staff statement of the issue:

Should the SO_2 emission allowance regulatory liability be flowed back to ratepayers over 21 years as proposed by KCPL or 5 years as proposed by Public Counsel?

Resolution of the issue: The Signatories agree that the SO_2 emission allowance regulatory liability should be flowed back to ratepayers over 21 years as proposed by KCPL.

C. GENERAL PROVISIONS OF STIPULATION

16. This Stipulation is being entered into solely for the purpose of settling the issues in these cases explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, depreciation principle or method, method of cost determination or cost allocation or revenue-related methodology. Except as explicitly provided herein, none of the Signatories

shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, regardless of whether this Stipulation is approved.

17. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same.

18. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

19. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

20. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged

as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

21. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues of the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

WHEREFORE, for the foregoing reasons, the Signatories respectfully request that the Commission issue an Order approving the terms and conditions of this non-unanimous stipulation and agreement.

Respectfully submitted,

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KANSAS CITY POWER & LIGHT COMPANY and KCP&L GREATER MISSOURI OPERATIONS COMPANY
File Nos. ER-2010-0355 and ER-2010-0356

Settlement - Iatan 2 and Iatan Common Non-Payroll and Non-Fuel Operation and Maintenance Expense Tracker

IATAN 2	Summary by Acct	Total Plant 100% Share	KCPL (Total Company) KCPL 54.71% Ownership Share	GMO 18.00% Share
	500000	$ 38,300	$ 20,954	$ 6,894
	502000	2,052,000	1,122,649	369,360
	505000	649,600	355,396	116,928
	506000	665,400	364,040	119,772
	510000	314,000	171,789	56,520
	511000	744,000	407,042	133,920
	512000	3,529,750	1,931,126	635,355
	513000	415,000	227,047	74,700
	514000	42,000	22,978	7,560
	921000	150,000	82,065	27,000
TOTAL IATAN 2 COSTS		$ 8,600,050	**$ 4,705,087**	**$ 1,548,009**

COMMON	Summary by Acct	Total Plant 100% Share	KCPL (Total Company) KCPL 61.44% Ownership Share	GMO 18.00% Share
	500000	-	-	-
	502000	$ 3,032,444	$ 1,863,134	$ 545,840
	505000	300,000	184,320	54,000
	506000	(619,526)	(380,637)	(111,515)
	510000	-	-	-
	511000	250,000	153,600	45,000
	512000	1,709,930	1,050,581	307,787
	513000	-	-	-
	514000	-	-	-
	921000	-	-	-
TOTAL IATAN COMMON COSTS		$ 4,672,848	**$ 2,870,998**	**$ 841,113**

TOTAL IATAN 2 & COMMON	Summary by Acct	Total Plant 100% Share	KCPL (Total Company) KCPL Ownership Share	GMO 18.00% Share
	500000	$ 38,300	$ 20,954	$ 6,894
	502000	5,084,444	2,985,783	915,200
	505000	949,600	539,716	170,928
	506000	45,874	(16,596)	8,257
	510000	314,000	171,789	56,520
	511000	994,000	560,642	178,920
	512000	5,239,680	2,981,707	943,142
	513000	415,000	227,047	74,700
	514000	42,000	22,978	7,560
	921000	150,000	82,065	27,000
TOTAL IATAN 2 & COMMON COSTS		$ 13,272,898	**$ 7,576,085**	**$ 2,389,122**

The above amounts exclude Operation and Maintenance Cost categories for Fuel, KCPL Labor, property insurance, property taxes, depreciation and amortization. Thus, the above costs are referred to as non-wage, non-fuel O&M costs.

Attachment A