

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Resource Plan of)	
Kansas City Power & Light Company)	Case No. EO-2007-0008
Pursuant to 4 CSR 240-22)	

NON-UNANIMOUS STIPULATION AND AGREEMENT

Pursuant to 4 CSR 240-22.080(8), Kansas City Power & Light Company ("KCPL" or the "Company"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC"), and the Missouri Department of Natural Resources ("DNR") (collectively, the "Signatories") hereby submit to the Missouri Public Service Commission ("Commission") a Non-unanimous Stipulation and Agreement (the "S&A") to remedy all alleged deficiencies in the resource plan KCPL submitted in this proceeding on July 5, 2006.

In support hereof, the Signatories offer as follows:

BACKGROUND

On July 5, 2006, KCPL submitted to the Commission KCPL's compliance filing with Chapter 22 of the Commission's regulations concerning KCPL's resource planning. Concurrently with that submission, KCPL also submitted an application for extensions of time and waivers concerning certain filing requirements.

Pursuant to 4 CSR 240-22.080(5), on November 15, 2006, Staff submitted its report concerning the adequacy of KCPL's July 5 compliance submission and related application. Staff's report alleges certain deficiencies in KCPL's compliance filing.

The Commission's resource planning regulations provide that "If the staff, public counsel or any intervenor finds deficiencies, it shall work with the electric utility and the other parties to reach, within forty-five (45) days of the date that the report or comments were submitted, a joint

agreement on a plan to remedy the identified deficiencies.” 4 CSR 240-22.080(8). KCPL, Staff, the Office of Public Counsel and the Missouri Department of Natural Resources have been working together to develop such a joint plan. KCPL filed a motion requesting that the time for filing an agreement be extended. On January 8, 2007, the Commission issued an order extending until February 13, 2007 the deadline for the submission of a joint agreement on a plan to remedy the deficiencies noted in KCPL’s Integrated Resource Plan.

Extension of Time and Waiver Requests

In its Report Staff recommends that the Commission allow KCPL the extension of time for the provision of the filing requirements for Supply-Side Analysis (4 CSR 240-22.040(9)), Integrated Resource Analysis (4 CSR 240-22.060(6)) and Risk Analysis and Strategy Selection (4 CSR 240-22.070(11)) with certain conditions. Staff Report, at pp. 8-9. KCPL agrees to comply with the eight bullet point conditions provided in Staff’s Report.

KCPL will submit its Integrated Resource Planning (IRP) analysis on August 5, 2008 (the “2008 Filing”). KCPL’s next three year IRP filing will be filed on November 5, 2011 (the “2011 Filing”), assuming there are no changes to the Electric Utility Resource Planning Rules, 4 CSR 240-22 (Chapter 22), that preempt this filing schedule. The goal of the 2008 Filing is full compliance with the Commission’s Chapter 22, except where the Commission has pursuant to a request by KCPL approved waivers of those rules prior to the 2008 Filing.

ALLEGED AREAS OF DEFICIENCIES

In its Report Staff enumerates 31 alleged deficiencies in KCPL’s July 5 resource planning compliance filing. Staff Report, at pp. 9-11. For clarity, provided below is each alleged

deficiency followed either by KCPL's explanation of the allegation or the remedy to the alleged deficiency.

Load Analysis and Forecasting (4 CSR 240-22.030)

1. *Subclass forecasts 4 CSR 240-22.030 (1)(A)1. and 2. - KCPL did not forecast by subclass or provide an explanation for why it did not forecast at subclass level.*

Through discussions with the other parties, KCPL further explained its forecast methodology. KCPL believes that the parties are now in agreement that KCPL did forecast by subclass. KCPL will continue to forecast by subclass in the same manner in its future resource planning submissions.

2. *Weather normalization 4 CSR 240-22.030(1)(D)1. - KCPL has not shown that it has actual and weather-normalized monthly class and system energy usage and actual hourly net system loads from 1982 forward.*

Through discussions with the other parties, KCPL further explained its weather normalization methodology. KCPL believes that the Staff and Company are now in agreement that KCPL complied with the requirement of 4 CSR 240-22.030(1)(D)1. KCPL will continue to conduct its weather normalization in the same manner in its future resource planning submissions.

3. *Nonlinear weather response function 4 CSR 240-22.030(1)(C)2.A. - KCPL has asked for a waiver from providing its nonlinear response function.*

KCPL will explore its potential use of the nonlinear weather response function for its next resource planning submission in 2008. Should KCPL find, through its analysis, a need for a waiver from this requirement, KCPL will request a waiver.

4. *Load analysis and forecasting reporting requirements 4 CSR 240-22.030(8) - KCPL has asked for a waiver from providing a report containing plots of number of units, energy usage per unit and total class energy usage.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

Supply-Side Resources Analysis (4 CSR 240-22.040)

5. *Supply-side cost estimates 4 CSR 240-22.040(1)(A-L) - KCPL did not show that its generic cost estimates include all required costs.*

In its next resource planning submission in 2008 KCPL will include the available cost data required by the Commission's regulations and will submit an application for waiver of any specific cost items that the company cannot reasonably ascertain.

6. *Analysis of supply-side options 4 CSR 240-22.040(1)(A-L) - KCPL did not show that it analyzed all supply-side options identified.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

7. *Busbar costs 4 CSR 240-22.040(2)(A) - Staff could not determine if busbar costs were included in KCPL's analysis.*

KCPL provided busbar costs in Table 1: Supply-Side Busbar Costs in Attachment 4, Integrated Resource Analysis for some of the identified technologies. KCPL will include available busbar costs for all technologies in its next resource planning submission in 2008. Should busbar costs for a specific technology be unavailable, KCPL will request a waiver from the requirement for that specific technology.

8. *Evaluation of environmental costs 4 CSR 240-22.040(2)(B) - KCPL's evaluation of environmental costs is incomplete.*

In its next resource planning submission in 2008 KCPL will include the available cost data required by the Commission's regulations and will submit an application for waiver of any specific cost items that the Company cannot reasonably ascertain.

9. *Ranking of supply-side options 4 CSR 240-22.040(2)(C) - KCPL's ranking of supply-side options is incomplete.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

10. *Interconnection of potential resource options 4 CSR 240-22.040(3)(A-C) - KCPL provided no documentation of its analysis of existing and planned interconnection of potential resource options.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

11. *Life extension and refurbishment of existing plants 4 CSR 240-22.040(4) - KCPL's documentation of its analysis of life extension and refurbishment of existing plants is incomplete.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

12. *Request for Proposals (RFP) documentation 4 CSR 240-22.040(5)(A-G) - KCPL's documentation of its RFP is incomplete.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

13. *Transmission and distribution efficiency improvements 4 CSR 240-22.040(7) - KCPL provided no information regarding efficiency improvements in existing transmission and distribution facilities.*

The Federal Energy Regulatory Commission's Standards of Conduct for Transmission Providers (Order No. 2004) ("Standards of Conduct") imposes significant restrictions on the transmission-related data that KCPL's transmission group can share with KCPL's supply-side group. KCPL's transmission group cannot, for example, share with the energy resource management group transmission system upgrades or improvements under consideration that are not a matter of public record on KCPL's OASIS. Given such restrictions, the Signatories agree that KCPL's transmission group will submit non-public information about KCPL's transmission system upgrades or improvements under consideration to the parties (the "Transmission Submission") at the time KCPL makes its 2008 Filing. If requested, KCPL will make individuals from its transmission group available to discuss the Transmission Submission with the parties. KCPL will seek waiver of this requirement as it relates to transmission in its future resource planning submissions, should these restrictions and the provision in this S & A regarding the "Transmission Submission" make such a waiver necessary. It is also important to note that as a member of the Southwest Power Pool, Inc. (SPP), KCPL participates in regional transmission planning efforts conducted by SPP, and will continue to do so. KCPL's 2008 filing will reference and summarize the portion of these SPP regional transmission planning efforts that are in the public record.

KCPL systematically examines its distribution system, looking for cost-effective ways to maintain and increase the efficiency of the distribution system. These efficiency improvements that are under consideration and the improvements that are planned will both be described in

KCPL's next resource planning submission in 2008. To the extent a waiver is required, KCPL will request a waiver and supply appropriate analysis to support the request.

14. *Uranium fuel pricing 4 CSR 240-22.040(8)(A) - KCPL failed to include a discussion of uranium fuel pricing.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

15. *Documentation of costs 4 CSR 240-22.040(8)(B)&(C) - KCPL did not provide comprehensive documentation of all costs.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

16. *Emission allowances 4 CSR 240-22.040(8)(D) - KCPL's analysis of forecasts of emission allowances is incomplete.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

17. *Leased or rented facilities 4 CSR 240-22.040(8)(E) - KCPL provided no documentation regarding annual fixed costs for leased or rented facilities.*

KCPL will include information concerning any leased or rented generation facilities in its next resource planning submission in 2008.

18. *Supply-side reporting requirements 4 CSR 240-22.040(9) - KCPL asked for an extension for the reporting requirements until June 5, 2008.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

Demand-Side Resource Analysis (4 CSR 240-22.050)

19. *Demand-side analysis 4 CSR 240-22.050 - KCPL did not meet the specific requirements of the demand-side rule or provide an explanation of why the Commission should grant it a waiver from the specific requirements.*

In its current resource planning submission KCPL used a best practices approach rather than screening all end uses as required by the Commission's regulations. KCPL has found that utilities are quite willing to share data derived from their experiences with demand-side programs. KCPL is evaluating the best practices approach vs. an end-use evaluation as required by the Commission's regulations. Based upon the foregoing, should KCPL continue to use the best practices approach in its next resource planning submission any necessary waivers will be requested.

20. *Market research 4 CSR 240-22.050(5) - KCPL did not document any market research.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

21. *End-use screening and avoided costs 4 CSR 240-22.050(1), 4 CSR 240-22.050(2)(A)1. - 2., (2)(C)2.A.-B. - KCPL did not conduct end-use screening or calculate avoided costs as required by the rule.*

As described above, KCPL will seek a waiver of the requirement to use an end-use evaluation. Nonetheless, in its next resource planning submission in 2008 KCPL will include the available avoided cost data and will submit an application for waiver of any costs that it cannot reasonably ascertain.

22. *Load building evaluation 4 CSR 240-22.050(10) - KCPL did not evaluate the load building aspects of its demand-side programs.*

KCPL will examine the load building aspects of its demand-side programs and evaluate those programs. To the extent waivers are required, KCPL will request a waiver and supply appropriate analysis to support the request.

Integrated Resource Analysis (4 CSR 240-22.060)

23. *Development of alternative resource plans 4 CSR 240-22.060(3) - Deficiencies in Supply-side and Demand-side analysis limits the development of alternative resource plans.*

KCPL will include an expanded group of scenarios in its alternative resource plans in its next resource planning submission in 2008.

24. *Alternative resource plans 4 CSR 240-22.060(3) - The alternative resource plans that were developed were limited.*

As stated above, KCPL will include an expanded group of scenarios in its alternative resource plans in its next resource planning submission in 2008.

25. *Analysis of Load-Building Programs 4 CSR 240-22.060(5) - KCPL provided no documentation that it did any analysis of load building programs.*

To the extent KCPL implements load-building programs, KCPL will include the information required to satisfy the Commission's regulations in its next resource planning submission in 2008. Moreover, KCPL will keep load-building programs separate from demand side management programs.

26. *Integration Analysis filing requirements 4 CSR 240-22.060(6) - KCPL asked for an extension for the reporting requirements until June 5, 2008.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

Risk Analysis and Strategy Selection (4 CSR 240-22.070)

27. *Decision-Makers Assessment of Risk 4 CSR 240-22.070(1) - KCPL provided no documentation on decision-makers consideration of the results of the resource plan or the decision makers determination that the assessments of these uncertainties were reasonable.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

28. *Expected Value of Better Information 4 CSR 240-22.070(8) - KCPL did not include any documentation of its analysis of the value of better information.*

KCPL will examine the need for and value of better information, and will include this information. To the extent a waiver is required, KCPL will request a waiver and supply appropriate analysis to support the request.

29. *Environmental Compliance 4 CSR 240-22.070(10) - KCPL needs to conduct additional analysis on environmental compliance.*

KCPL is in the process of conducting additional analysis regarding environmental compliance and will incorporate the results of this analysis in the 2008 submission.

30. *Contingency Analysis 4 CSR 240-22.070(10) KCPL did not develop an adequate set of contingency options.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

31. *Risk Analysis and Strategy Selection filing requirements 4 CSR 240-22.070(11) - KCPL asked for an extension for the reporting requirements until June 5, 2008.*

KCPL will include the information required to satisfy the Commission's regulations concerning this issue in its next resource planning submission in 2008.

AGREEMENTS CONCERNING KCPL'S INTEGRATION AND RISK ANALYSIS

KCPL agrees that demand-side resources considered in integration and risk analysis in its next resource planning submission in 2008 will reflect:

- a) information from demand-side management ("DSM") evaluations that is available in time to use for adjusting, if necessary, the demand-side resources that are analyzed in integrated and risk analysis,
- b) any changes in the portfolio of KCPL's ongoing and planned programs and any changes in program designs of KCPL's ongoing and planned programs.

KCPL agrees that some of the alternative plans that are assessed in integration and risk analysis in its next resource planning submission in 2008 should be designed to address future risks of:

- a) additional environmental regulations and
- b) adverse changes in the price and/or availability of fossil fuels.

To the extent the following pass the technical screening and analysis, integrated and risk analysis should assess the long run cost and risk mitigation benefits of:

- a) nuclear generation,
- b) IGCC with sequestration,
- c) renewables,
- d) a more aggressive portfolio of DSM programs than KCPL has in its current plans
- e) thermal storage
- f) generation from landfill gas

AGREEMENTS NOT LINKED TO A SPECIFIC SECTION OF 4 CSR 240-22

1. KCPL agrees that, if it seeks any waivers for the 2008 Filing it will make a good faith effort to do so at least 12 months prior to the filing. In the event that KCPL is unable to request waivers at least 12 months prior to the filing and determines that it will seek a waiver in a shorter time frame, KCPL will provide prompt notice of its determination to the Signatories and file a waiver request with the Commission no later than 6 months prior to the filing. KCPL agrees that it will seek waivers for any and all sections of the current IRP rules that its filing will not comply with.
2. KCPL agrees that if the Commission removes or lessens the requirements of Chapter 22 prior to KCPL's 2008 Filing, such changes will not affect KCPL's commitments in this S&A regarding the 2008 Filing.
3. The non-KCPL Signatories agree that should future changes to Chapter 22 result in additional or differing requirements, the non-KCPL Signatories will support KCPL in seeking a waiver or exemption from the additional or differing requirements for the 2008 Filing.
4. This S&A does not restrict any of the Signatories from taking the position of its choice in any Commission case to review the Chapter 22 rules or in any KCPL rate proceeding.
5. KCPL's agreement to take any particular action or to provide any particular analysis in the 2008 filing does not constitute an admission on the part of KCPL that its 2005 filing contained any deficiencies.
6. The Signatories agree to hold semi-annual resource planning meetings until the 2008 Filing. The meetings will be open to all parties in this case. At these meetings, KCPL will provide an update on the incorporation of the terms of the S&A into the 2008 Filing. The meetings will also be used to facilitate discussion and gather input from participants on specific

aspects of the IRP process. The first meeting will be held within a month of the Commission's approval of this S&A.

7. The Staff may file suggestions, a memorandum or other pleading in support of this S&A and any of the Signatories shall have the right to file responsive suggestions, memorandum or other pleading in response.

8. None of the Signatories shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, 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 S&A, or for which provision is made in this S&A.

9. This S&A represents a negotiated settlement. Except as specified herein, the parties to this S&A shall not be prejudiced, bound by, or in any way affected by the terms of this S&A: (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 S&A in the instant proceeding, or in any way condition its approval of same.

10. The provisions of this S&A have resulted from extensive negotiations between the parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this S&A in total, it shall be void and none of the Signatories shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise agreed to by the Signatories.

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

12. This S&A does not constitute a contract with the Commission. Acceptance of this S&A by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this S&A is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

13. If the Commission does not unconditionally approve this S&A without modification, and notwithstanding its provision that it shall become void thereon, neither this S&A, 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 to a hearing on the issues presented by the S&A, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this S&A had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this S&A shall thereupon 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 further purpose whatsoever, unless otherwise agreed to by the Signatories.

14. In the event the Commission accepts the specific terms of the S&A, 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 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510 RSMo 2000. This waiver applies only to a Commission Order Approving this S&A issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this S&A.

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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Office of the Public Counsel

Dated: February 13, 2007

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing response was served via e-mail or first class mail, postage pre-paid, on this 13th day of February 2007, upon:

/s/ James M. Fischer
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