

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

In the Matter of Kansas City Power & Light)
Company’s Request for Authority to Implement) Case No. ER-2016-0285
A General Rate Increase for Electric Service)

NON-UNANIMOUS PARTIAL STIPULATION AND AGREEMENT

COME NOW Kansas City Power & Light Company (“KCP&L” or “Company”), KCP&L Greater Missouri Operations Company, the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), and Midwest Energy Consumers Group (“MECG”), by and through their respective counsel, and for their Partial Stipulation and Agreement (“Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

AGREEMENTS

1. SETTLEMENT OF SPECIFIC ISSUES

Staff’s January 11, 2017 EMS run has a negative \$12.942 million value (at 8.65% return on equity). The value will be increased by \$1.140 million to resolve several issues. This increase would put Staff’s January 11, 2017 EMS run at negative \$11.802 million. Additionally, the adjustment values for the issues listed below would be frozen in Staff’s future EMS runs at the level contained in the January 11, 2017 EMS run. This settlement resolves the following issues on the January 31, 2017 List of Issues filed in this case: Transmission Fees Expense and Transmission Revenues (IV, sections B, C, D, F, H, and I), Transmission Revenue ROE adjustment (V), Property Tax Expense (VI, sections B and C), Incentive Compensation (VII) , SERP (VIII) , Severance (IX), Kansas City Earnings Tax (X), Trackers in Rate Base (XI), Bad debt gross up (XII), Dues and Donations(Including EEI and EPRI) (XIII), Credit Card Acceptance Fees (XIV), Bank Fees (XV), Depreciation Study expense (XVII), Greenwood

Solar Energy Center (XIX), Management Expense (XXV), Economic Relief Pilot Program (XXIII), CAM (XXIV), Rate Case Expense (XVI), and Customer Disclaimer (XXVI). Moreover, the parties state that they believe Issues IV, sections A, E, and G as well as Issue VI, section A may be resolved once the Staff true-up is complete. As such, the parties do not believe that it is necessary to hear these issues as scheduled on February 21. Instead, any unresolved differences may be addressed in the context of a true-up hearing.

2. HEDGING & CROSS-HEDGING

The Signatories agree KCP&L may resume its natural gas fuel hedging activities should the market place and/or other factors change such that resuming natural gas fuel hedging activities would be warranted. KCP&L agrees to notify Staff and OPC if KCP&L decides to resume its natural gas fuel hedging activities. In the event KCP&L resumes natural gas fuel hedging activities, KCP&L will record all hedging gains to FERC Account 254, Regulatory Liability and hedging losses to FERC Account 182.3 Other Regulatory Assets or FERC Account 186, Deferred Debits. This deferral is agreed upon for purposes solely described in this paragraph and does not apply to or set precedent for any other case or expense. All parties are free to argue for the ratemaking treatment of any amounts deferred under this language and the ongoing treatment of hedging costs.

3. PROSPECTIVE TRACKING OF REGULATORY ASSET AND LIABILITY RECOVERY

In each future KCP&L general rate case, the Signatories agree that the balance of each amortization relating to regulatory assets or liabilities that remains, after full recovery by KCP&L (regulatory asset) or full credit to KCP&L customers (regulatory liability), shall be applied as offsets to other amortizations which do not expire before KCP&L's new rates from that rate case take effect. In the event no other amortization expires before KCP&L's new rates

from that rate case take effect, then the remaining unamortized balance shall be a new regulatory liability or asset that is amortized over an appropriate period of time. For example, the Demand Side Management (“DSM”) amortizations, once fully recovered, will be used to offset (reduce) other vintages of DSM amortizations, each reducing other vintages as those become fully recovered and, in the event no other vintages remain to be amortized, the DSM amortizations will be applied to other amortizations that do not end before new rates take effect. (A schedule of the list of deferred assets/liabilities is attached as Exhibit A)

4. PENSIONS

A separate Stipulation and Agreement which establishes level of recovery in rates will be developed based on the amount reflected in the True-up Staff and Company’s revenue requirement models.

5. ECONOMIC RELIEF PILOT PROGRAM (“ERPP”)

The Signatories agree that, for the purposes of this case, the ERPP will be funded at \$1,260,000 annually (50% will come from shareholders), with \$630,000 to be included in the final revenue requirement and already incorporated into the dollar settlement contained in Paragraph 1. KCP&L will file updated tariff language that removes the maximum number of customers language from the tariff and adds language that any excess funds will be spent until exhausted. KCP&L Greater Missouri Operations Company (“GMO”) will file for expedited tariff revisions or will file substitute tariffs that removes the maximum number of customers language from the tariff and adds language that any excess funds will be spent until exhausted.

6. ADVANCED METER INFRASTRUCTURE (“AMI”) METER OPT-OUT PROGRAM

KCP&L will allow customers the option of not having an AMI meter at the customer’s residence. Initial and monthly charges set at the following levels: Initial set-up charge of

\$150.00 per initial set-up; and a monthly recurring charge of \$45.00 per month for a meter reading charge in addition to the normal tariffed charges.

7. **CUSTOMER DISCLAIMER** Company will work with OPC to adopt tariffs with disclosures similar to those agreed to in the GMO rate case (ER-2016-0156).

8. **MANAGEMENT EXPENSE** KCP&L has recently implemented management controls regarding the reimbursement of expenses. The Company expects these controls to resolve OPC's Management Expense issue raised in this case, prospectively.

9. **FAC** KCP&L agrees, for the purposes of this case, that it is not requesting to include in its FAC costs that are currently excluded. KCP&L agrees, for the purposes of this case, that it is only requesting recovery in its FAC of non-SPP transmission expenses and SPP transmission expenses calculated in the manner that was ordered in Case No. ER-2014-0370. KCP&L further agrees, for the purposes of this case, that it is not requesting recovery in its FAC of administration charges, FERC assessment charges and NERC assessment charges.

10. **CAM** The Signatories agree that the CAM attached as Exhibit B to this Stipulation should be approved by the Commission with the effective date of rates in this case. After approval, the Signatories agree that the Commission should close Docket No. EO-2014-0189.

11. KCP&L agrees that, through this settlement, it is withdrawing its request for tracking or use of forecasted costs for transmission costs/revenues as well as property taxes.

12. **STIPULATION CONTINGENT ON AGREEMENT OR NON-OPPOSITION BY ALL PARTIES**

The Signatories agree that this Stipulation shall be void and of no effect whatsoever if it is opposed by any party to this proceeding.

GENERAL PROVISIONS

1. Contingent upon Commission approval of this Stipulation without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the testimony of their witnesses on the issues that are resolved by this Stipulation.

2. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case 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, method of cost determination or cost allocation or revenue-related methodology.

3. 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.

4. 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.

5. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

6. 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.

7. 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.

8. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to 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.

REPRESENTATIONS REGARDING NON-SIGNATORIES

9. Missouri Industrial Energy Consumers (“MIEC”), Missouri Division of Energy (“MODOE”), Union Electric Company d/b/a Ameren Missouri (“Ameren”), and Consumers Council of Missouri (“CCM”) have authorized the Signatories to represent in this Stipulation that that they do not oppose this Stipulation.

WHEREFORE, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Nicole Mers

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**ATTORNEYS FOR
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MISSOURI OPERATIONS COMPANY**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 10th day of February, 2017.

Roger W. Steiner

Roger W. Steiner

KCPL MO Regulatory Assets & Liabilities Amortizations Schedule (Case No. ER-2016-0285)

Account	Description	Adj #	Vintage	Original Balance	Amort Period	Amort Begin	Amort End	Annual Amort Amount	Per Rate Case unamortized balance
182502	latan 2 Reg Asset	RB-26, CS-112	1	17,042,591	47.7	May-11	Jan-59	357,287	15,017,965
			2	11,619,121	45.95	Feb-13	Jan-59	252,864	10,628,735
									25,646,700
182426	latan 1 and Common Reg Asset	RB-25, CS-111	1	11,543,066	26	May-11	Apr-37	443,964	9,027,269
			2	1,745,634	24.25	Feb-13	Apr-37	71,985	1,463,693
									10,490,962
182429	WCNOC Refuel	CS-36	n/a	4,036,325	5	Feb-13	Jan-18	807,265	874,537
182440	DSM Programs	RB-100, CS-100	1	2,396,665	10	Jan-07	Dec-16	0	0
			2	4,486,251	10	Jan-08	Dec-17	448,625	448,625
			3	6,705,008	10	Sep-09	Aug-19	670,501	1,788,002
			4	21,138,337	10	May-11	Apr-21	2,113,834	9,159,946
			5	15,096,165	6	Feb-13	Jan-19	2,516,027	5,241,724
			6	20,115,013	6	Oct-15	Sep-21	3,352,502	15,924,385
			7	1,479,822	6	Jun-17	May-23	246,637	1,479,822
									34,042,504
182496	DSM Advertising Costs	CS-91	n/a	279,521	10	Sep-09	Aug-19	27,952	74,539
182498	DSM Advertising Costs	CS-91	n/a	230,341	10	May-11	Apr-21	23,034	99,814
182512	latan2 And Common O&M Tracker	CS-48	1	1,085,916	3	Feb-13	Jan-16	0	0
			2	1,054,983	3				0
	(applied prospective tracking from Vin 1)			(331,808)					
				723,175	3	Jun-17	May-20	241,058	283,599
			3	(241,898)	3	Oct-15	Sep-18	(80,633)	(141,107)
			4	1,065,909	3	Oct-15	Sep-18	355,303	621,780
			5	780,196	3	Oct-15	Sep-18	260,065	455,115
									1,219,387
182513	Renewable Energy Standards	CS-116	1	3,514,048	3	Feb-13	Jan-16	0	0
		CS-116	2	31,273,056	5	Oct-15	Sep-20	6,254,611	23,454,792
		CS-116	3	6,866,569					
	(applied prospective tracking from Vin 1)			(1,073,739)					
				5,792,831	2.7	Jun-17	Feb-20	2,132,854	5,792,831
									29,247,623
182514	2011 Flood AAO Amortization	CS-110		1,412,290	5	Feb-13	Mar-18	282,458	305,996
182540	Pre-MEEIA Opt-outs	RB-100, CS-100	1	1,117,464	6	Oct-15	Sep-21	186,244	884,659
			2	2,309,668	6	Jun-17	May-23	384,945	2,309,668
									3,194,327
182550	LaCygne Obsolete Inventory	CS-114	n/a	475,574	5	Oct-15	Sep-20	95,115	356,681
182555	Wolf Creek Mid - Cycle Outage	CS-35	n/a	2,464,322	5	Oct-15	Sep-20	492,864	1,848,241
182999	Prospective Tracking (Lease Abatement)	CS-109	n/a	216,562	3	Jun-17	May-20	72,187	216,562
254000	Emission Allowance	RB-55, CS-22	n/a	(48,345,488)	21	May-10	Apr-31	(2,302,166)	(35,271,034)
254545	Low Income Weatherization	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1,259,897)
254551	Transource Account Review	CS-107	n/a	(136,880)	3	Oct-15	Sep-18	(45,627)	(79,847)
254553	Flood Reimbursement	CS-99	n/a	(542,520)	3	Oct-15	Sep-18	(180,840)	(316,470)
									70,690,626
						SUBTOTAL Assets + Liabilities			70,690,626

Kansas City Power & Light Company

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Kansas City Power & Light Company

INTRODUCTION

1 Great Plains Energy Incorporated (“GPE”), headquartered in Kansas City, Missouri, is a
2 registered public utility holding company with two wholly-owned direct utility
3 subsidiaries—Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater
4 Missouri Operations Company (GMO) and three direct non-regulated subsidiaries. All
5 GPE subsidiaries and affiliates are shown on the four (4) pages of Appendix 1 entitled
6 GREAT PLAINS ENERGY INCORPORATED Organizational Structure. Only KCP&L
7 employees operate and manage the business and properties of GPE and its affiliates as
8 well as the non-regulated activities of KCP&L and GMO.

9 KCP&L is a regulated electric utility serving approximately 515,000 customers as of
10 November 2013 in western Missouri and eastern Kansas and owns Kansas City Power
11 & Light Receivables Company (“KREC”), a wholly-owned subsidiary to whom all its
12 retail electric accounts receivables are sold through an affiliate transaction.

13 KCP&L is regulated by the Public Service Commission of the State of Missouri
14 (“MoPSC”) and The State Corporation Commission of the State of Kansas (“KCC”) with
15 respect to retail rates, certain accounting matters, standards of service and, in certain
16 cases, the issuance of securities, certification of facilities and service territories. KCP&L
17 is classified as a public utility under the Federal Power Act and is subject to regulation
18 by the Federal Energy Regulatory Commission (“FERC”). KCP&L has a 47%

1 ownership interest in Wolf Creek Generating Station (“Wolf Creek”), which is regulated
2 by the Nuclear Regulatory Commission. KCP&L also has a 47% ownership interest in
3 Wolf Creek Nuclear Operating Corporation (“WCNOC”), which operates Wolf Creek.

4 GMO operates two separate Missouri-based rate jurisdictions—Missouri Public Service
5 (“MPS”) and St. Joseph Light and Power (“L&P”). GMO also wholly owns GMO
6 Receivables Company (“GREC”), a wholly-owned subsidiary to whom all its retail
7 electric accounts receivables are sold through an affiliate transaction and MPS
8 Merchant Services, Inc., an unregulated subsidiary which has certain long-term natural
9 gas contracts, and several unregulated subsidiaries some of which no longer have
10 active operations. These unregulated subsidiaries are:

MPS Gas Pipeline Corporation
MPS Platt County Power LLC
MOPUB Group Inc.
Golden Bear Hydro Inc.
Energia Inc.
LoJamo, LLC MO
MPS Finance Corp.
SJLP Inc.
Trans MPS, Inc.
MPS Europe, Inc.
MPS Canada Holdings, Inc.
Missouri Public Service Company
MPS Networks Canada Corp.
MPS Canada Corp.
MPS Sterling Holdings, LLC

11

12 GMO serves approximately 315,000 customers as of November 2013 and is regulated
13 by the MoPSC and FERC. In addition to providing electrical services, L&P also

1 provides industrial steam to a limited number of customers in the St. Joseph service
2 area.

3 In 2012, Transource Energy, LLC (“Transource”) was formed as a non-MoPSC
4 regulated joint venture between GPE and American Electric Power Company (“AEP”) to
5 pursue competitive transmission projects. GPE owns 13.5% of Transource through its
6 wholly-owned non-MoPSC regulated direct subsidiary GPE Transmission Holding
7 Company, LLC (“GPTHC”) with AEP owning the remaining 86.5%. Transource
8 Missouri, LLC, a wholly-owned subsidiary of Transource, was formed for regional
9 transmission projects in Missouri and is in part MoPSC regulated. AEP will operate
10 Transource and intends to provide the majority of staff and services through its service
11 company. However, KCP&L provides certain services to Transource and will be
12 reimbursed consistent with the Stipulation and Agreement approved by the MoPSC in
13 File No. EA-2013-0098. A copy of the relevant pages of that Report and Order is
14 attached as Appendix 4 for ease of reference.

15 GPE has two other non-regulated subsidiaries—KLT Inc. and Great Plains Energy
16 Services Incorporated (“GPES”). KLT Inc. is an intermediate holding company that has
17 investments in affordable housing limited partnerships, KCP&L Solar, Inc., a solar
18 supplier and various wholly-owned unregulated companies that have no active
19 operations and only receive corporate governance services from KCP&L at this time.
20 Refer to Appendix 1 for the organizational chart identifying GPE and its affiliates.

1 This Cost Allocation Manual (“CAM”) is a requirement of the MoPSC Affiliate
2 Transactions Rule (4 CSR 240-20.015). This rule is intended to prevent MoPSC
3 regulated utilities from subsidizing their non-regulated operations. KCP&L will include in
4 its annual CAM the criteria, guidelines, and procedures it will follow to be in compliance
5 with this rule.

6 In its July 1, 2008, Report and Order in File No. EM-2007-0374 the MoPSC granted
7 GMO and KCP&L a variance to 4 CSR 240-20.015. The MoPSC granted the variance
8 to all regulated transactions between GMO and KCP&L except for wholesale power
9 transactions, which would be based on rates approved by FERC. This variance is
10 referenced below in TAB F – Transfer Pricing.

11 Also in its July 1, 2008, Report and Order in File No. EM-2007-0374 the MoPSC
12 required GMO and KCP&L to execute a joint operating agreement within ninety (90)
13 days of the effective date of its July 1, 2008, Report and Order approving GPE’s
14 acquisition of Aquila Inc. (“GMO”). On October 10, 2008, GMO and KCP&L filed with
15 the MoPSC a Joint Operating Agreement (“JOA”) dated October 10, 2008. The purpose
16 of the JOA is to provide the contractual basis for the coordinated planning, construction,
17 acquisition, disposition, operation and maintenance of GMO’s and KCP&L’s business
18 and properties to achieve synergies, consistent with reliable electric service and all legal
19 and other requirements. A copy of the JOA is included as Appendix 5.

20 In July 2013, GPE completed a major upgrade of its accounting systems and
21 processes. The upgrade resulted in significant revisions to the accounting chart field

1 codes and to certain cost assignment allocations. These revisions were, effective
2 July 1, 2013. Work will be completed by March 15, 2016 to identify all accounting
3 needed to support the Affiliate Transactions Rule and will be reported in the KCP&L
4 CAM filed by that date.

5 It is the objective of the KCP&L CAM to provide a high level of assurance that KCP&L
6 has implemented and is monitoring a set of criteria, guidelines, and procedures that also
7 provides a high level of assurance that KCP&L is not subsidizing its affiliated activities
8 or non-regulated operations to the detriment of its regulated electric customers in
9 Missouri.

10 KCP&L established a fully-functioning KCP&L CAM Team in January 2015 consisting of
11 a necessary number of trained employees to oversee the operations and management
12 of KCP&L's affiliate transactions. The KCP&L CAM Team will ensure that all affiliate
13 transactions are either consistent with the MoPSC's Affiliate Transactions Rule or
14 KCP&L has followed the required variance procedures to allow KCP&L to participate in
15 non-complying affiliate transactions.

16 KCP&L will apply for a waiver from applicable affiliate transaction requirements
17 consistent with the process specified in 4 CSR 240-20.015(10) or it will not participate in
18 the noncomplying affiliate transaction as required in 4 CSR 240-20.015(2)(D).

19 Future KCP&L CAM submittals will identify the KCP&L management position that is
20 responsible for the overall governance and enforcement of the KCP&L CAM preparation

1 and implementation of criteria, guidelines, and procedures necessary to provide full
2 compliance with the MoPSC's Affiliate Transactions Rule.

3 The KCP&L CAM Team will be involved in decision-making regarding all affiliate
4 transactions to the extent necessary to ensure that these decisions will be based
5 on information regarding complying with the MoPSC's Affiliate Transactions Rule.

6 Anytime there is 1) an addition or 2) a deletion of an affiliated entity or non-
7 regulated activity, the KCP&L CAM Team will be notified within the day of the
8 event.

9 All additions to or deletions of affiliated entities / non-regulated activities will be
10 submitted in writing to the MoPSC Staff Counsel's Office and the Office of the Public
11 Counsel ("OPC") within thirty (30) days of the event occurring.

Kansas City Power & Light Company**OVERVIEW OF COSTING METHODOLOGY &
SERVICE AGREEMENTS**

1 KCP&L provides information, assets, goods and services to GPE and its
2 subsidiaries/affiliates. Related costs are collected and assigned directly or indirectly to
3 a business unit when applicable, with business unit referring to a legal entity or
4 regulatory jurisdiction within GPE.

5 Costs are assigned on a fully distributed cost ("FDC") basis to reflect all costs incurred
6 in providing goods, assets, information, and services. Costs specifically related to one
7 business unit are billed directly to that unit while costs related to more than one
8 business unit are allocated or assigned based on a cost causative relationship as well
9 as in the aggregate by a general allocator of truly common costs. Since GPE and all its
10 subsidiaries/affiliates are operated and managed by KCP&L employees, KCP&L will be
11 required to bill out labor charges and related loadings incurred by and benefiting other
12 business and operating units. The allocation and billing of costs is designed to reflect
13 benefits received as closely as practical and to prevent subsidization of any business
14 unit and ensure equitable fair market price ("FMP") or fully distributed cost distributions,
15 as applicable, among GPE and its affiliates.

16 KCP&L realizes that failure to fully charge affiliates or non-regulated activities for the
17 relevant fully distributed cost or fair market price of goods, services, assets, or
18 information provided to or on the behalf of these affiliated entities or non-regulated

1 operations is expressly prohibited by the MoPSC's Affiliate Transactions Rule.

2 The regulated utility's billing of direct assigned, and allocated fully distributed cost or fair
3 market price, if higher, is designed to prevent providing a financial advantage to or
4 subsidization of any business unit or non-regulated activity while also ensuring equitable
5 charges among GPE and its subsidiaries/affiliates.

6 Affiliates are billed on an FDC basis which includes all direct and indirect costs,
7 including cost of capital and overheads, or at the fair market price, whichever is higher.

8 The following three types of cost assignments are utilized to determine proper FDC
9 billings:

10 1) **Billing between Business Units (TAB C)** – Applies to balance sheet and income
11 statement costs between KCP&L and affiliates. The billing of costs between business
12 units is based on the operating unit field charged in the account code. The operating
13 unit field identifies what business unit is benefiting from the cost and is required on all
14 capital and expense transactions. For billing purposes, costs are grouped into two
15 basic groups: (a) direct billed projects and (b) indirect billed projects. Direct billed
16 projects are assigned directly to a business unit based on the operating unit, while the
17 indirect billed projects are allocated based on relevant cost allocation factors. In
18 addition, affiliates will be charged for the use of common plant and for the use of capital
19 whenever such charges are appropriate.

1 2) **Clearings and Loadings (TAB D)** – Applies to types of costs that are assigned
2 based on the usage related to other costs. In some applications, costs are distributed,
3 or “cleared” over a distribution of direct costs, such as fleet clearings. In other
4 applications, costs are distributed, or “loaded” onto a related cost, such as paid
5 absence, and distributed based on a payroll distribution.

6 3) **Specific Assignment Method (TAB E)** – Applies to costs that can be assigned to
7 the benefiting business unit based on a statistical analysis, usage study, or association
8 with the underlying asset or liability. For instance, depreciation expense is assigned
9 based on the related plant asset.

10 KCP&L will rely upon its Accounting Department or the group responsible for control of
11 the costs to determine the specific assignments. KCP&L and affiliates shall enter into
12 service agreements which establish the terms and conditions for affiliate transactions,
13 including a general description of goods and services provided, pricing, billing and
14 payment methods and dispute resolution. Refer to Appendix 2 for a listing of services.
15 Additional services may be provided if needed. Appendix 2 and Service Agreements
16 will be updated if additional services are provided or removed. The agreements will
17 comply with all applicable MoPSC rules and orders and to prevent any preferential
18 treatment among the affiliates.

Kansas City Power & Light Company**SHARED SERVICE BILLINGS BETWEEN BUSINESS UNITS**

1 KCP&L provides goods, services, assets, and information to other entities within GPE
2 including GPE. When goods are provided or services are performed for the benefit of
3 these entities, the fully distributed cost of providing the good or service is accumulated
4 and billed to the affiliate. On a monthly¹ basis, these accumulated fully distributed
5 costs are then compared with the fair market price of the good or service. After the
6 comparison is made, if the fair market price is higher than the fully distributed cost an
7 adjustment will be made for the difference and billed by KCP&L, to the benefiting
8 business unit on a monthly basis.

9 Since KCP&L is the only business unit among all GPE business units that has
10 employees, KCP&L must bill out labor charges and related loading costs (such as
11 pensions, OPEBs and other loadings) incurred for the benefit of other business units.
12 KCP&L employees enter their time by account code in a time-entry system which allows

¹ Staff supports a two-year variance ending March 16, 2019 from KCP&L billing its affiliates, except GMO and Transource, the higher of cost (FDC) or market (FMP) at the time KCP&L bills its affiliates for the provision of assets, goods, information, and services on a monthly basis. KCP&L is to be allowed to bill its affiliates at cost for the first two months of each calendar quarter with true-up bills in the third month of each calendar quarter for market price to the extent market price is higher than cost. These true-up bills are to include an interest charge at the late payment charge rate for the period KCP&L delayed receiving its money if the initial bill would have reflected the higher market price. The variance described in this paragraph is to expire March 16, 2019, or sooner if KCP&L chooses to implement monthly billing, except as provided in section 4 CSR 240-20.015(10).

1 for payroll to be accurately assigned in one-tenth hour increments. Below is a
2 description of the various billings between business units.

3 **Income Statement Billings** – Income and expenses are classified into the following
4 two groups for billings purposes—direct and indirect. Costs are accumulated at the
5 operating unit level of the account code with the operating unit indicating the allocation
6 group where the cost belongs.

7 **1. Direct Billings** – These are costs incurred by KCP&L to provide a specific
8 service (e.g., filing federal income tax returns, satisfying filing requirements at a
9 specific state or other level) to a specific business unit. There is a direct
10 relationship between the cost incurred and the business unit receiving the benefit
11 of the cost. These costs are billed to the business unit based on the owner of the
12 operating unit charged.

13 **2. Indirect Billings** – These are costs incurred by KCP&L to provide services
14 benefiting more than one business unit. These costs are billed to the business
15 units based on predefined allocation factors or the results of periodic allocation
16 studies. The allocation factors are determined based on a cost causative
17 relationship as well as in the aggregate by a general allocator of truly common
18 costs. KCP&L is aware that all costs are to be directly or indirectly charged to
19 GPE or its affiliates to the maximum extent possible. Common costs result from
20 residual costs that could not reasonably be directly or indirectly assigned. Refer
21 to Appendix 3 for a list of allocation factors and how the factors are calculated.

1 The Utility Massachusetts Formula will only be used as a general allocator to
2 allocate common costs that apply only to KCP&L and GMO regulated operations
3 and activities. All other residual common costs will be allocated using the new
4 General Allocator calculation. The General Allocator allocates costs based on
5 an entity's relative ratio of direct and assigned expenses to total direct and
6 assigned expenses incurred.

7 **Balance Sheet Billings** – All costs incurred by a business unit for the benefit of
8 another business unit that are charged to a construction, undistributed stores expense
9 or clearing account, are then billed to the benefiting business unit based on the
10 operating unit designations. These costs are primarily direct billings from one business
11 unit to another, however, there may be charges to undistributed stores expense or
12 clearing accounts that are billed out based on an assignment or allocation factor.

13 **Common Use Plant and Asset Transfers**

14 Common Use Plant – In the ordinary course of business, assets belonging to KCP&L
15 may be used by another entity. This property, referred to as common use plant, is
16 primarily service facilities, telecommunications equipment, network systems and
17 software. In order to ensure the regulated entities do not subsidize GPE and its other
18 companies, KCP&L charges costs for the use of its common assets. Monthly billings
19 are based on the depreciation and/or amortization expense of the underlying asset and
20 a rate of return applied to the net plant. The total cost is then assigned or allocated on
21 an applicable factor to the business unit benefiting from the use of the asset. All direct

1 costs incurred to common plant are directly charged to the GPE entity causing those
2 costs.

3 Asset Transfers – KCP&L will not sell, lease, assign, mortgage, transfer, or otherwise
4 dispose or encumber the whole or any part of its franchise, works, or system, necessary
5 or useful in the performance of its duties to the public, nor by any means, direct or
6 indirect, merge or consolidate such works or system, or franchises, or any part thereof,
7 with any other corporation, person, or public utility, without having first secured from the
8 MoPSC an order authorizing it so to do. (Section 393.190 RSMo).

9 **Compensation for the Use of Capital** -- Transactions between legal entities result in
10 the creation of intercompany receivables or payables with settlement due in the
11 following month. In addition to the above charges, a charge for the use of capital based
12 on the outstanding intercompany receivable balance and the daily Commercial Paper
13 Rate published by the Board of Governors of the Federal Reserve System for A2/P2
14 non-financial issuers will be applied. Any receivables outstanding after thirty (30) days
15 from month end will result in a late payment fee which will be based on the late
16 payment fee charged to KCP&L's regulated customers.

Kansas City Power & Light Company**CLEARINGS & LOADINGS**

1 **Paid Absence Loadings** – KCP&L is required to follow the FERC Uniform System of
2 Accounts ("USOA") that describes how the various paid absence costs will be allocated
3 over the "at work" activities. Monthly, costs charged to the various paid absence
4 accounts are allocated to capital and expense accounts based on each account's
5 respective straight-time payroll activity for the month. KCP&L employees will directly or
6 indirectly¹ charge labor to GPE and its affiliates for each and every activity performed
7 by KCP&L that benefits GPE and its affiliates, including KCP&L based on the goods or
8 services provided by KCP&L to these entities. Paid absence loading will be assigned to
9 these labor charges at the time of these direct and indirect charges.

10 **Payroll Tax Loadings** – Payroll taxes are loaded to labor charged to expense
11 accounts, work orders and clearing accounts based on a projected rate applied to direct
12 labor charged to these accounts. This process allows for payroll taxes to follow the
13 original labor distribution and to be included in construction costs. KCP&L employees
14 will directly or indirectly² charge labor to GPE and its affiliates and non-regulated
15 operations for each and every activity benefitting GPE and its affiliates and non-

16

¹ Employees will directly charge labor that can be directly assigned to an affiliate. Employees will indirectly charge labor that cannot be directly assigned.

² See footnote 1.

1 regulated operations. Payroll taxes will be assigned to these labor charges at the time
2 of these direct and indirect charges.

3 **Pensions and Other Benefits Loadings** – Pension, post-retirement, employee
4 insurance and other benefits are applied to labor costs to ensure that an appropriate
5 portion of benefits is capitalized and to provide management with costs per project.
6 Loadings are based on a projected rate applied to direct labor. KCP&L employees will
7 directly or indirectly³ charge labor to GPE and its affiliates for each and every activity
8 benefitting GPE and its affiliates and non-regulated operations. Pensions and other
9 benefit costs will be assigned to these labor charges at the time of these direct and
10 indirect charges.

11 **Material and Tool Loading** – The FERC USOA requires the use of undistributed
12 stores expense accounts (163 accounts) to accumulate purchasing and store keeping
13 costs of inventory materials. These costs are cleared based on historical loading rates.
14 The rates are applied to materials issued to O&M and capital projects.

15 **Administrative and General (“A&G”) Loading** – The purpose of this loading is to
16 capitalize a portion of the various A&G costs that are incurred in support of capital
17 activities. Based on a time study, specific departments monthly labor charges are
18 allocated to all open construction projects.

³ See footnote 1.

1 **T&D Division Overheads** – The purpose of this loading is to capitalize a portion of the
2 delivery division service costs that are related to construction and removal activity but
3 impractical to charge directly. Certain capital projects are loaded with a flat rate per
4 labor dollar using account 184780 to accumulate and clear the applicable charges.

5 **Generation Division Clearing** – The purpose of this clearing is to capitalize a portion
6 of the generation service costs that are related to construction and removal activity but
7 impractical to charge directly. The overhead costs are cleared through account 184781
8 based on current month generation labor charges.

9 **Flyash Clearings** – This clearing distributes general costs in account 502010, Steam
10 Operations Solid By-Products, to the appropriate coal fired plants. Current month
11 activity in this account is cleared to expense plant projects based on a twelve months
12 ended MMBTU's factor.

13 **Unit Train Maintenance Clearing** – The purpose of this clearing is to distribute general
14 unit train maintenance charges to coal fired plants. Labor and non-labor in account
15 151601, Unit Train Maintenance, are spread to specific coal fired plant expense
16 projects based on train cars assigned to each plant.

17 **Combustion Turbine (“CT”) Fuel Clearing** – The purpose of this clearing is to
18 distribute general charges in fuel expense and CT expense accounts 547101-554000,
19 to the appropriate combustion turbines. This allocation transfers the monthly activity of

1 general projects in these accounts to specific CT projects based on the twelve months
2 ended MMBTU's factor.

3 **Fuel Clearing** – This clearing distributes general charges in fuel expense and steam
4 accounts 500000 and 501500-514001, to the appropriate coal fired plants. This
5 allocation transfers the monthly activity of general projects in these accounts to specific
6 coal fired plant projects based on the twelve months ended MMBTU's factor.

7 **Fleet Clearings** – The purpose of this clearing is to spread the cost of vehicles to the
8 appropriate departments and capital and expense accounts. Fleet vehicles are owned
9 by specific departments with a vehicle rate assigned to each department based on the
10 type and number of vehicles. Account 184004, Transportation, is used to accumulate
11 the operations and maintenance expenses. The monthly charges are then cleared from
12 this account to each departmental owner with the clearing following labor.

Kansas City Power & Light Company
SPECIFIC ASSIGNMENT METHOD

1 Specific assignment of costs among business units is used 1) when a statistical analysis
2 of the underlying cost indicates the benefiting business unit or 2) when the cost can be
3 assigned based on the ownership of the related assets or liabilities. Specific
4 assignment methods could be used for such transactions as property insurance
5 premiums which are allocated based on an appropriate cost causative driver or
6 depreciation expense which follows the ownership of the related assets.

7 For example, property insurance premiums may provide coverage to more than one
8 business unit but the premiums are billed with one invoice. Under the FDC method, to
9 allocate the premium to the benefiting business units, an analysis is done to determine
10 the appropriate cost causative driver which determines the amount related to each
11 business unit. The invoice amount is then charged to all applicable business units.

12 In addition, the specific assignment method may be utilized to track costs that are or
13 potentially will benefit non-regulated activities. When a potential new non-regulated
14 activity is identified, a project may be assigned to help identify and accumulate costs
15 associated with the new non-regulated activity. Ultimately, these projects will be used
16 to segregate those costs from regulated activities.

Kansas City Power & Light Company**TRANSFER PRICING**

1 Affiliate transactions between regulated and non-regulated affiliates follow a "best for
2 the business" transfer pricing policy designed to prevent cross subsidization between
3 affiliates. For example, a business would not provide a good, service, information, or
4 asset below fully distributed cost unless it was operating under distressed
5 circumstances. Also, a business would not provide a good, service, information, or
6 asset at fully distributed cost if the fair market price was greater than the cost to create
7 or provide the good or service. The MoPSC's Affiliate Transactions Rule is predicated
8 on the utility acting in the utility's best interests when dealing with affiliates or its non-
9 regulated activities. If a utility provides a good, service, asset, or information to an
10 affiliate at cost when the fair market value is greater than fully distributed cost, the utility
11 will experience the opportunity loss while the affiliate or non-regulated activity extracts
12 the higher fair market value that the utility forfeited when it charged the affiliate the lower
13 fully distributed cost-based price. All information, assets, goods or services provided by
14 a regulated GPE affiliate to a non-regulated affiliate/product will be charged at the
15 greater of fair market price or the fully distributed cost incurred to provide the good or
16 service.

17 Information, assets, goods or services provided by a non-regulated affiliate to a
18 regulated affiliate will be priced at the lower of fair market price or the fully distributed
19 cost. The regulated affiliates will document the fair market price either through

1 competitive bids or other measures and will analyze the fully distributed costs to
2 determine appropriate pricing. KCP&L can and should acquire the good or service at
3 fair market price from a non-affiliate source whenever it is below the fully distributed
4 cost to produce the good or service itself. KCP&L should acquire the good or service at
5 its fully distributed cost when fair market price is higher.

6 **Transactions between GMO and KCP&L**

7 As noted above in TAB A, in its July 1, 2008 Report and Order in File No. EM-2007-
8 0374 the MoPSC granted GMO and KCP&L a variance to the Affiliate Transactions
9 Rule for all transactions between GMO and KCP&L except for wholesale power
10 transactions, which would be based on rates approved by FERC. At paragraph 589,
11 page 187, of the MoPSC Report and Order, the MoPSC noted that "[r]ather than the
12 asymmetrical pricing prescribed in the rule, the Applicants request that the Commission
13 grant a waiver from the rules to the extent necessary to allow KCPL and Aquila to
14 provide services at fully distributed costs, except for wholesale power transactions,
15 which would be based on rates approved by FERC." [Footnote omitted].

16 The MoPSC explained the variance at page 264 of its Report and Order:

17 G. Conclusions of Law Regarding the Commission's Affiliate Transactions

18 Rule

19 * * * *

20 3. Final Conclusions Regarding the Affiliate Transactions Rule

21 The Commission determines that substantial and competent evidence in the
22 record as a whole supports the conclusions that: (1) the Commission's
23 Affiliate Transactions Rule, 4 CSR 240.015, applies to KCPL and Aquila
24 because these entities meet the Rule's definition of "affiliates"; (2) the

1 purpose of the Commission's Affiliate Transactions Rule is to prevent cross-
2 subsidization of regulated utility's non-regulated operations, not to prevent
3 transactions at cost between two regulated affiliates; (3) to the extent that the
4 Affiliate Transactions Rule is applicable to transactions between KCPL and
5 Aquila, a variance shall be granted; and (4) more specifically, the variance
6 shall be granted for all transactions except for wholesale power transactions,
7 which would be based on rates approved by FERC.

8 Finally, at page 265 of the Report and Order the Commission noted that:

9 ...although both KCPL and Aquila will continue to be subject to the
10 Commission's recordkeeping requirements for regulated electrical
11 corporations, the sections of 4 CSR 240.015 which relate to recordkeeping
12 will not be waived. . . .

13 **Fully Distributed Costs ("FDC"):** FDC as described in this CAM include all costs to
14 produce a product or service including direct, indirect, capital and overhead costs. First,
15 labor and non-labor costs that are directly assignable to an affiliate are billed to that
16 affiliate. These include costs that directly benefit the affiliate or product. Secondly,
17 indirect costs are billed. These include costs attributable to affiliates which are allocated
18 based on a cost causative relationship and general service costs that are allocated
19 using the general allocator. The general allocator will be used with the exception of
20 transactions that only benefit directly or indirectly KCP&L's or GMO's regulated
21 operations between KCP&L and GMO. In transactions only between KCP&L and GMO,
22 the Utility Massachusetts Formula may be used in lieu of the General Allocator. The
23 Utility Massachusetts Formula is currently based on a three-factor formula which
24 includes investments/net fixed assets, operating revenues and labor charged to
25 operations and maintenance. The specific components of the Utility Massachusetts
26 Formula should be adjusted as necessary to more closely fit (result in a more
27 reasonable allocation) the type of cost that is being allocated based on the

1 characteristics of the entities receiving the allocation. Refer to Appendix 3 for more
2 information on the allocation factors.

3 FDC includes but is not limited to billings for the following:

- 4 1) Labor-the cost of human capital associated with the service provided.
- 5 2) Loadings-the benefits, pensions, OPEBs, insurance, paid absences, payroll
6 taxes, etc. associated with labor and capital loadings associated with functional
7 parts of the organization.
- 8 3) Plant, including Common Use Plant, which includes the use of common facilities
9 such as telecommunication and network systems used in support of the
10 organization.
- 11 4) Non-Labor-all other charges for materials, services and overheads.

12 **Fair Market Price (“FMP”):** The fair market price is the price that would be received to
13 sell or acquire a good or service in an orderly transaction (i.e., not a forced liquidation or
14 distressed sale) between market participants at or near the measurement date, under
15 current market conditions. The fair market price will be used to document the pricing
16 of goods and services to KCP&L’s affiliates, with the exception of GMO’s MoPSC
17 regulated operations. In the absence of current comparable market prices,
18 benchmarking, if approved by the MoPSC, may be used. The transaction to sell a good
19 or provide a service is a hypothetical transaction at the measurement date, considered
20 from the perspective of a market participant that holds the good or provides the

1 service. The objective is to determine the price that would be received to sell or paid
2 to acquire the good or service at or near the measurement date (an exit price).

3 **Fair Value Measurement (“FMV”):** Fair value measurement guidelines under
4 generally accepted accounting principles ("GAAP") can be found in Accounting
5 Standards Codification 820 (“ASC 820,” formerly “FAS 157”).

6 For purposes of this CAM, assets and liabilities in this definition will be the same for
7 goods and services. Also for the purposes of this CAM, the term "fair value" or "fair
8 value measurement" as used in this CAM and ASC 820 has the same meaning as "fair
9 market price" as used in this CAM and the MoPSC’s Affiliate Transactions Rule.

10 KCP&L shall use a valuation technique that is appropriate for the circumstances and
11 for which sufficient data is available to measure the fair market price, maximizing the
12 use of relevant observable inputs and minimizing the use of unobservable inputs. The
13 objective of using a fair market valuation technique, such as the one reflected in this
14 CAM, is to determine the price at which an orderly transaction to transfer or acquire
15 goods or provide or acquire services would take place between market participants at
16 the measurement date under current market conditions. KCP&L will use the market
17 approach described in this CAM to determine fair market prices. The market approach
18 is described in ASC 820.

19 The market approach is a valuation technique that uses prices and other relevant
20 information generated by market transactions involving identical or comparable
21 (i.e., similar) goods and services. (A quoted price in an active market provides the

1 most reliable evidence of fair value.) A fair market price is a market-based
2 measurement that should be determined based on the assumptions that market
3 participants would use in pricing the good or service. As a basis for considering market
4 participant assumptions in fair market price determinations, this CAM uses a fair value
5 hierarchy (described below) that distinguishes between:

- 6 1) market participant assumptions developed based on market data obtained from
7 sources independent of the regulated utility (observable inputs) and
- 8 2) the regulated utility's own assumptions about market participant assumptions
9 developed based on the best information available in the circumstances
10 (unobservable inputs).

11 The use of unobservable inputs is allowed only in situations in which there is little, if
12 any, market activity for the good or service at or near the measurement date. In those
13 situations, KCP&L need not undertake all reasonable efforts to obtain information about
14 market participant assumptions. However, KCP&L will not ignore information about
15 market participant assumptions that is reasonably available without undue cost and
16 effort.

17 The fair market price of the good or service shall be determined based on the
18 assumptions that market participants would use in pricing the good or service. In
19 developing those assumptions, KCP&L may, but need not identify specific market
20 participants. Rather, KCP&L should identify characteristics that distinguish market
21 participants generally, considering factors specific to:

- 1 a) the good or service,
- 2 b) the principal (or most advantageous) market for the good or service, and
- 3 c) market participants with whom KCP&L would transact in that market.

4 Market participants are buyers and sellers in the principal (or most advantageous)
5 market for goods or services that are:

- 6 a) Not related parties,
- 7 b) Knowledgeable, having a reasonable understanding about the good or
8 service and the transaction based on all available information, including
9 information that might be obtained through due diligence efforts that are usual
10 and customary,
- 11 c) Able to transact for the good or service, and
- 12 d) Willing to transact --motivated but not forced or otherwise compelled to do so.

13 Inputs refer broadly to the assumptions that market participants would use in pricing a
14 good or service. Inputs may be observable or unobservable:

- 15 a) Observable inputs are inputs that reflect the assumptions market participants
16 would use in pricing the good or service developed based on market data
17 obtained from sources independent of the regulated utility.
- 18 b) Unobservable inputs are inputs that reflect the regulated utility's own
19 assumptions about the assumptions market participants would use in pricing

1 the good or service developed based on the best information available in the
2 circumstances.

3 **Fair Market Pricing Process:** In the process of determining the fair market price for a
4 good or service provided to or received from an affiliate, KCP&L will use a process
5 based on obtaining the highest quality of information reasonably available to determine
6 the fair market price of an affiliate transaction. The process for determining fair market
7 price prioritizes the inputs to valuation techniques used to measure fair market price into
8 three broad levels based on quality of information. The process used by KCP&L gives
9 the highest priority to quoted prices (unadjusted) in active markets for identical goods
10 and services and the lowest priority to unobservable inputs.

11 **High Quality inputs (observable)**

12 High quality inputs are quoted prices (unadjusted) in active markets for identical goods
13 or services that the regulated utility has the ability to access at or near the
14 measurement date (date of the transaction). An active market for a good or service is a
15 market in which transactions for the good or service occur with sufficient frequency and
16 volume to provide pricing information on an ongoing basis. A quoted price in an active
17 market provides the most reliable evidence of a fair market price and shall be used to
18 measure the fair market price (as required by 4 CSR 240-20.015(2)(A) whenever
19 available. The MoPSC's Affiliate Transactions Rule requires at 4 CSR 240-20.015(3)(A)
20 that when a utility purchases information, assets, goods or services from an affiliate, the
21 utility shall either obtain competitive bids or demonstrate why competitive bids were
22 neither necessary nor appropriate. Assuming a reasonably-designed bidding process,

1 the obtaining of competitive bids for the purchase of goods or services by the utility may
2 constitute a high quality input for the purposes of this CAM.

3 **Medium Quality inputs (observable)**

4 Medium quality inputs are inputs other than quoted prices that are observable for the
5 good or service, either directly or indirectly. If the good or service has a specified
6 (contractual) term, a medium quality input must be observable for substantially the full
7 term of the good or service. Medium quality inputs include the following:

- 8 a) Quoted prices for similar goods or services in active markets.
- 9 b) Quoted prices for identical or similar goods or services in markets that are
10 not active.
- 11 c) Inputs other than quoted prices that are observable for the good or
12 service.
- 13 d) Inputs that are derived principally from or corroborated by observable
14 market data by correlation or other means (market-corroborated inputs).

15 Depending on the nature of the benchmark, benchmarking practices that have the
16 characteristics of medium quality inputs (if approved by the MoPSC - 4 CSR 240-
17 20.015(3)(D)), can constitute a medium quality input.

18 **Lower Quality inputs (unobservable)**

19 Lower quality inputs are unobservable inputs for the good or service. Unobservable
20 inputs shall be used to measure the fair market price to the extent that relevant

1 observable inputs are not available, thereby allowing for situations in which there is little,
2 if any, market activity for the good or service at or near the measurement date.

3 Unobservable inputs shall reflect the regulated utility's own assumptions about the
4 assumptions that market participants would use in pricing the good or service.

5 Unobservable inputs shall be developed based on the best information available in the
6 circumstances, which might include the regulated utility's own data. Due to the lower
7 quality nature of these unobservable inputs, greater effort will be made to ensure the fair
8 market price determination using this data reviewed closely for reasonableness using
9 the Conservatism Principle of Accounting. In developing unobservable inputs, KCP&L
10 need not undertake all possible efforts to obtain information about market participant
11 assumptions. However, KCP&L shall not ignore information about market participant
12 assumptions that is reasonably available without undue cost and effort. Therefore,
13 KCP&L's own data used to develop unobservable inputs shall be adjusted if information
14 is reasonably available without undue cost and effort that indicates that market
15 participants would use different assumptions.

16 **KCP&L's Labor Costs**

17 Since GPE and all its subsidiaries/affiliates are operated and managed by KCP&L
18 employees, KCP&L will be required to bill out labor costs benefiting affiliates and non-
19 regulated activities. To determine the fair market price of a good or service provided by
20 KCP&L to an affiliate, the market approach as described above will be used.

21 KCP&L's CAM Team, which includes representatives across several KCP&L functions,
22 including KCP&L's Procurement Department, will conduct current fair market pricing

1 analysis which will determine whether the appropriate amount to record an affiliate
2 transaction is at FDC or fair market price.

3 **KCP&L's Non-Labor Purchases**

4 For all non-labor affiliate purchases exceeding corporate established competitive bid
5 Policies (\$100,000 for all purchases for the Transource affiliate, \$75,000 for all other
6 affiliates), KCP&L will do the following:

7 The KCP&L Procurement Department will solicit and obtain three competitive bids from
8 non-affiliated vendors in addition to the bid from the affiliate. Prior to awarding the bid to
9 an affiliate, the Procurement Department will review the bids received and use its
10 procurement expertise to determine if the price proposed by the affiliate is within the
11 range of the responsive bids received from the non-affiliated vendors. For transactions
12 that are below the referenced competitive bid thresholds, the market approach as
13 described in this Tab will be used.

14 **Allocation of Costs Between KCP&L / GMO**

15 The above language is subject to the Commission variance from the Affiliate
16 Transactions Rule granted to KCP&L and GMO in File No. EM-2007-0374.

17 KCP&L provides goods, services, assets, and information to other entities within GPE,
18 including GPE. When goods are provided or services are performed for the benefit of
19 these entities, the fully distributed cost of providing the good or service is accumulated

1 and billed to the affiliate. On a monthly¹ basis, these accumulated fully distributed costs
2 are then compared with the fair market price of the good or service. After the
3 comparison is made, if the fair market price is higher than the fully distributed cost an
4 adjustment will be made for the difference and billed to the benefiting business unit on a
5 monthly basis.

¹ Staff supports a two-year variance ending March 16, 2019 from KCP&L billing its affiliates, except GMO and Transource, the higher of cost (FDC) or market (FMP) at the time KCP&L bills its affiliates for the provision of assets, goods, information, and services on a monthly basis. KCP&L is to be allowed to bill its affiliates at cost for the first two months of each calendar quarter with true-up bills in the third month of each calendar quarter for market price to the extent market price is higher than cost. These true-up bills are to include an interest charge at the late payment charge rate for the period KCP&L delayed receiving its money if the initial bill would have reflected the higher market price. The variance described in this paragraph is to expire March 16, 2019, or sooner if KCP&L chooses to implement monthly billing, except as provided in section 4 CSR 240-20.015(10).

Kansas City Power & Light Company
AFFILIATE MARKETING MATERIALS

1 Any marketing materials or advertisements for the unregulated affiliates with similar
2 names, logos or trademarks to regulated affiliates will state in a font size no smaller
3 than the smallest font size on the page and will clearly display that it is “Not Regulated
4 by the Missouri Public Service Commission.” Copies of all such material for each
5 reporting period will be available for review on or before the submittal date of the CAM.

Kansas City Power & Light Company
RECORD KEEPING REQUIREMENTS

1 KCP&L's affiliate transactions policies and procedures are governed by the rules and
2 regulations of FERC and the MoPSC. KCP&L will maintain each affiliate's books and
3 records separately and each will be maintained so affiliate transactions are auditable on
4 KCP&L's books. Affiliate transaction records will document the cost of transactions, the
5 methods used to assign costs and descriptions of the services provided. Affiliate
6 transactions will be retained for a period of at least six years or as required to meet
7 MoPSC rules. Any non-assignment of affiliate costs or variances from the costing
8 methods outlined in the CAM will be tracked and provided for MoPSC regulatory review
9 on an annual basis.

10 An Affiliate Transactions Report will be submitted annually for review or as required to
11 meet all regulatory requirements. The annual filing will include the following:

- 12 1) A list of affiliate entities
- 13 2) A description and dollar amount of all affiliate transactions
- 14 3) A list of all contracts between affiliates
- 15 4) A list of affiliate transactions without a written contract
- 16 5) The basis used for pricing the affiliate transactions (FDC or fair market price)
- 17 6) A Code of Conduct which discusses training, enforcements and audits
- 18 7) Cost Allocation Manual

1 KCP&L will conduct periodic audits to review affiliate transactions for compliance with
2 the CAM's documented policies and procedures and with FERC and MoPSC rules and
3 orders.

Kansas City Power & Light Company**TRAINING**

1 Annually, employees are required to complete GPE's Code of Ethical Business Conduct
2 which includes training and proper compliance with accounting and record keeping rules
3 and procedures, antitrust regulations, fair trading and various ethical issues. The on-
4 line training is mandatory for all employees and requires passage of an on-line test
5 following completion of the training and a compliance questionnaire and certification.

6 New supervisors are required to complete Supervisor's Training. Beginning in 2016, a
7 portion of the training will be dedicated to the rules governing affiliate transactions to
8 ensure new supervisors are properly trained and informed regarding KCP&L's affiliate
9 transaction policies and procedures and how they impact their departments.

10 KCP&L will identify the functional areas that will be involved in the provision of goods,
11 services, information, or assets to GPE and its affiliates per executed written
12 agreements.

13 All KCP&L employees (including supervisors and executives) who will be involved in the
14 provision of goods, services, information, or assets to GPE, its affiliates, and non-
15 regulated operations are to receive overall training regarding the MoPSC's Affiliate
16 Transactions Rule.

1 All KCP&L employees (including supervisors and executives), who will be involved
2 in the provision of goods, services, information, or assets to GPE, its affiliates, and non-
3 regulated operations, will be given training materials that (1) identifies all of the goods,
4 services, information, or assets identified in service agreements with affiliates they may
5 provide to GPE and its affiliates and (2) indicates that goods, services, information, or
6 assets are not to be provided in the absence of a service agreement.

7 In addition, employees (including supervisors and executives) are to be trained as to the
8 proper recording required for the goods, services, information, or assets they will be
9 providing to GPE and its affiliates. The training materials are maintained to provide
10 continued support for affiliate transactions reporting and recording questions and
11 issues. KCP&L will provide individual training as needed.

12 Beginning in 2014, training courses will be enhanced to include detailed information
13 regarding the MoPSC Affiliate Transactions Rule and expectations to each designated
14 employee (including supervisors and executives) regarding the specific goods, services,
15 information, or assets he/she provides to GPE and its affiliates. Employees will be
16 requested to certify if they have knowledge of any potential abuses specific to affiliate
17 transactions, and that those abuses have been communicated in writing to the KCP&L
18 CAM Team. Internal communications, department Intranet sites and new employee
19 orientation will be updated and maintained to provide additional information on affiliated
20 entities and affiliate rules and requirements. Internal communications may include
21 company-wide leadership meetings, various staff meetings, manager-specific

- 1 | communications, company-wide e-mail announcements and printed communications
- 2 | regarding the MoPSC's Affiliate Transactions Rule and related topics.

Kansas City Power & Light Company**VARIANCES**

1 The Affiliate Transactions Rule variance process is described in 4 CSR 240-20.015(10).
2 KCP&L understands that with limited exceptions an exemption needs to be granted by
3 or be in process before the MoPSC from an applicable standard pursuant to the Affiliate
4 Transactions Rule, 4 CSR 240-20.015, before KCP&L may participate in an affiliate
5 transaction that is not consistent with the MoPSC's Affiliate Transactions Rule. The
6 limited exception as outlined in the rule is related to the affiliated transaction pricing
7 standard and only when KCP&L believes complying with the standards set out in the
8 Affiliate Transactions Rule would to its best knowledge and belief not be in the best
9 interests of its regulated customers. If any such pricing variance were to occur, KCP&L
10 must request a variance through a written application to the MoPSC or provide notice to
11 the Secretary of the MoPSC and the OPC within ten (10) days of the non-complying
12 transaction.

13 To comply with Missouri Affiliate Transactions Rule 4 CSR 240-20.015(2)(D) and
14 (10)(A)2, KCP&L will file notice of any non-complying affiliate transaction occurrence.
15 The notice will contain a detailed explanation of why the affiliate transaction was exempt
16 from affiliate requirements and why the variance was in the best interest of regulated
17 customers.

1 At this time, KCP&L has variances/waivers granted by the MoPSC regarding
2 transactions with GMO (File No. EM-2007-0374) and the provision of goods, services,
3 information, and assets to Transource and Transource Missouri (File No. EA-2013-0098
4 – See Appendix 4 in Tab O). KCP&L has no variances pending before the MoPSC or
5 noticed in accordance with the requirements of 4 CSR 240-20.015(10)(A)(2).

6 Any revisions, additions and deletions, to the CAM will be filed with the Secretary of the
7 MoPSC and OPC within ten (10) days of the occurrence of the change as either a
8 variance application: (1) in accordance with 4 CSR 240-20.015(10)(A)1 and 4 CSR 240-
9 2.060(4), KCP&L cannot act in accordance with the variance application until the
10 request receives MoPSC approval; or (2) in accordance with 4 CSR 240-
11 20.015(10)(A)2, KCP&L can operate under the revised CAM before final MoPSC
12 determination as explained below. The notice shall explain in detail the reasons for the
13 change and explain why the change is in the best interest of regulated customers.
14 Within thirty (30) days of the notice, Staff, OPC, or any entity shall have the right to
15 request a hearing on the change. The MoPSC may grant or deny a request for a
16 hearing. If the MoPSC denies a request for hearing, the denial shall not in any way
17 prejudice an entity's ability to challenge the revision at the time of the annual KCP&L
18 CAM filing. At the time of the filing of KCP&L's CAM, KCP&L shall provide to the
19 Secretary of the MoPSC a listing of all revisions, additions and deletions, which
20 occurred between the period of the last filing and the current filing. Any revisions shall
21 remain interim, pending final MoPSC determination on whether each revision is in the
22 best interests of the regulated customers.

Kansas City Power & Light Company**REPORTING PERIOD RESULTS**

1 Reporting period results should include:
2

- 3
- 4 • A summary of charges by absolute total with the amount charged to or billed
5 from each subsidiary or affiliate of GPE including KCP&L. The KCP&L portions
6 should identify charges to both regulated and each of its non-regulated
7 activities.
 - 8 • "Affiliate Transactions Report" (the document titled "kcpl affiliate transaction filing
9 2013.pdf" in KCP&L's 2013 CAM filing) for KCP&L in its CAM.
 - 10 • "KCP&L Additional Affiliate Transaction Information" (the document titled "KCPL
11 Add'l Affiliate Transaction Information 2013.pdf" in KCP&L's 2013 CAM filing) for
12 KCP&L in its CAM.
 - 13 • A schedule listing all changes from prior CAM filing.
 - A listing of all CAM changes that have not been approved by MoPSC.

Kansas City Power & Light Company**GLOSSARY OF TERMS**

- 1 Cost Allocation Manual ("CAM") – a document that includes the criteria, guidelines and
2 procedures a regulated utility will follow to be in compliance with the MoPSC's Affiliate
3 Transactions Rule (4 CSR 240-20.015).
- 4 FERC – Federal Energy Regulatory Commission.
- 5 GAAP – Generally accepted accounting principles. As used in this CAM, GAAP refers
6 to FASB Statement 157 and ASC 820 (Codification Topic 820) *Fair Value*
7 *Measurements and Disclosures* (on July 1, 2009, FASB Statement 157 was codified
8 into ASC Topic 820).
- 9 General Allocator – A "last resort" allocation method only used when neither direct nor
10 indirect measures of cost causation can be found to charge a cost to a specific entity.
11 KCP&L may use a three factor formula made up of operating revenues, labor charged
12 to O&M and Net Plant as an allocator for costs allocated between KCP&L and GMO.
13 For all other costs, KCP&L uses a General Allocator which allocates based on an
14 entity's relative ratio of direct and assigned expenses to total direct and assigned
15 expenses incurred.
- 16 GMO – KCP&L Greater Missouri Operations Company, a wholly-owned subsidiary of
17 Great Plains Energy Incorporated, whose primary purpose is to provide electricity to
18 customers within its regulated Missouri territories of MPS and L&P.
- 19 GPE – Great Plains Energy Incorporated, the holding company. GPE subsidiaries
20 include: KCP&L, GMO, GPES, GPTHC and KLT.
- 21 GPE's Code of Ethical Business Conduct – a document together with GPE's "Guiding
22 Principles" provides GPE the structure for decisions it makes and how it deals with legal
23 and ethical issues. In addition, these documents, located on GPE's website, describe
24 how GPE treats its employees, customers, shareholders, regulators, legislators and
25 communities.
- 26 GPES – Great Plains Energy Services Incorporated, a wholly-owned subsidiary of GPE.
- 27 GPTHC – GPE Transmission Holding Company, LLC, a wholly-owned subsidiary of
28 GPE.
- 29 IRS Form 7004 (Rev Dec 2012) – *Application for Automatic Extension of Time To File*
30 *Certain Business Income Tax, Information, and Other Returns* for GPE's and
31 Subsidiaries' Affiliated Group Information Statement 1 which lists the name and address
32 of each member of the affiliated group.

1 KCC – The State Corporation Commission of the State of Kansas.

2 KCP&L – Kansas City Power & Light Company, a wholly-owned subsidiary of GPE,
3 whose primary purpose is to provide electricity to customers within its regulated service
4 territory in Missouri and Kansas.

5 KCP&L CAM Team – Team made up of KCP&L employees to implement and supervise
6 the KCP&L CAM.

7 KCP&L Receivables Company (“KREC”) – a wholly-owned subsidiary of KCP&L to
8 whom all regulated retail electric accounts receivables are sold through an affiliate
9 transaction.

10 KCP&L Solar, Inc. – a subsidiary of KLT.

11 KLT – KLT Inc. is a wholly-owned non-regulated subsidiary of GPE.

12 L&P – St. Joseph Light & Power, a regulated division within GMO.

13 MoPSC – Public Service Commission of the State of Missouri.

14 MPS – Missouri Public Service, a regulatory division within GMO.

15 MPS Merchant Services, Inc. – a wholly-owned subsidiary of GMO which has certain
16 long-term natural gas contracts, and several unregulated subsidiaries some of which no
17 longer have active operations.

18 Service Agreement – a written agreement detailing the scope of any information,
19 assets, goods or services that KCP&L is obligated to provide to any affiliated entity or
20 KCP&L is obliged to receive and compensate any affiliated entity.

21 Transource Energy, LLC (“Transource”) – formed in 2012 by GPE and American
22 Electric Power Company (“AEP”) to pursue competitive transmission projects. GPE
23 owns 13.5% of Transource through its wholly-owned direct subsidiary GPE
24 Transmission Holding Company, LLC (“GPTHC”) with AEP owning the remaining
25 86.5%.

26 Transource Missouri, LLC – a wholly-owned subsidiary of Transource Energy LLC
27 formed for regional transmission projects in Missouri.

28 Variance – A variance from the standards of the MoPSC's Affiliate Transactions Rule
29 may be obtained by compliance with paragraphs (10)(A)1 or (10)(A)2 of the MoPSC
30 Affiliate Transactions Rule (4 CSR 240-20.015).

31 Wolf Creek Generating Station (“Wolf Creek”) – a nuclear generating station located
32 near Burlington Kansas in which KCP&L has a 47% ownership interest.

1 Wolf Creek Nuclear Operating Corporation (“WCNOC”) – the Company that operates
2 the Wolf Creek Generating Station. The ownership is divided among KCP&L (47%),
3 Westar Energy (47%) and Kansas Electric Power Cooperative, Inc. (6%).

Kansas City Power & Light Company

TESTS

1 KCP&L will complete the following tests and report the results of the tests in its annual
2 CAM filing as a function of quality control for each future reporting period:

3 • Employees who complete or assist in the completion of IRS Form 7004 are to
4 notify the KCP&L CAM Team within five business days of any material changes from
5 KCP&L's prior year tax return filing. The KCP&L CAM will be checked to see whether
6 entities identified in the Form 7004 are addressed in the CAM or an explanation is
7 included in the CAM justifying why no costs were assigned to entities that are included
8 on the Form 7004.

9 • Annual charges to GPE and each of its subsidiaries will be identified in a
10 Summary Schedule and included in Tab K Reporting Period Results. An explanation
11 must be given as to the appropriateness of the absence of any charges to GPE or any
12 of its affiliates.

13 • The controller will affirm that he/she has examined the Affiliate Transactions
14 Report and to the best of his/her knowledge, information and belief, all statements,
15 information and material contained in the Affiliate Transactions Report are complete and
16 correct in compliance with the MoPSC's Affiliate Transactions Rule 4 CSR 240-20.015.

17 • The KCP&L CAM Team, under the direction of the controller, will be responsible
18 to ensure that:

- 19 1) all contracts that exist are reported in the CAM;
- 20 2) all contracts reported in the CAM are currently in effect;
- 21 3) all contracts no longer in effect have been removed from the CAM;
- 22 4) all affiliates that engage in transactions with KCP&L have a current contract
23 or the CAM includes an explanation of why no contract exists and a
24 certification that this treatment (engaging in transactions with no written
25 contract) is consistent with the treatment KCP&L provides to non-affiliated
26 entities;
- 27 5) to the extent KCP&L finds that contracts exist that were not reported and
28 contracts reported in the CAM are no longer effective, KCP&L will take action
29 to correct the discrepancies and institute appropriate controls to minimize the
30 likelihood of future discrepancies;
- 31 6) internal controls are created and employed to ensure that employees who
32 provide or assist in the provision of affiliate services are charging time to the
33 affiliates; and
- 34 7) all documents used to support affiliate transaction fair market price
35 determinations are reasonable and current.

- 1 • In all cases where GPE affiliates have no charges during the reporting year,
- 2 KCP&L will provide an explanation of how it did not provide any goods or services for
- 3 that entity to exist and/or that none of its employees or officers are employees or
- 4 officers of the affiliate.

Kansas City Power & Light Company**AUDITS****1 Audits Completed or Currently Pending:**

2 KCP&L shall list all audits completed or currently pending regarding affiliate transactions
3 or non-regulated utility activity. The list for KCP&L shall contain the title of the audits as
4 well as a reference to the location where each audit report is or will be retained. KCP&L
5 and GMO should consider that the MoPSC Staff and OPC will want to receive a copy of
6 each audit report in a mutually agreeable medium with work papers upon completion of
7 the audit.

8 Audits Planned:

9 KCP&L shall list all audits planned regarding affiliate transaction or non-regulated utility
10 activity that will occur in the upcoming year (or a longer period of time if consistent with
11 the audit planning horizon) following the reporting period. KCP&L shall provide a
12 description of the audit areas of each planned audit.

13 Independent Attestation:

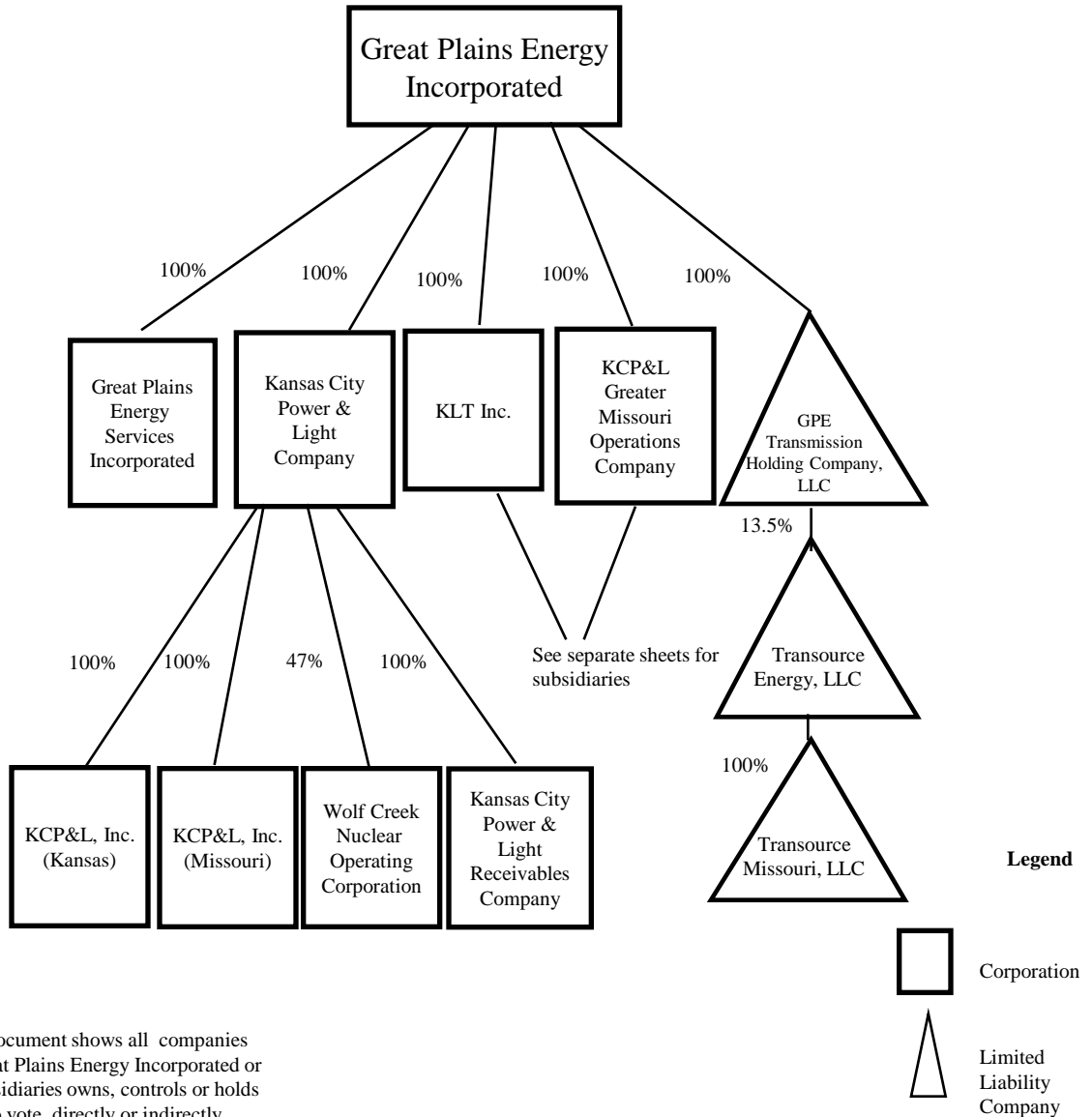
14 Staff or OPC may request the MoPSC establish an independent attestation engagement
15 of the CAM and propose a cost allocation for the engagement. This settlement
16 agreement in File No. EO-2014-0189 does not prohibit any party from opposing this
17 request and cost allocation proposal on any grounds.

Kansas City Power & Light Company

CUSTOMER INFORMATION

2 CSR 240-20.015(2)(C) requires that customer information be made available to “affiliated or unaffiliated” entities only with the consent of the customer or as otherwise allowed by Commission rules or orders. KCP&L will comply with the rule as explained by the Commission’s Report and Order, issued April 27, 2016, effective May 27, 2016, and the Commission’s Order Regarding Script Revisions, issued May 26, 2016, effective May 27, 2016, in File No. EC-2015-0309.

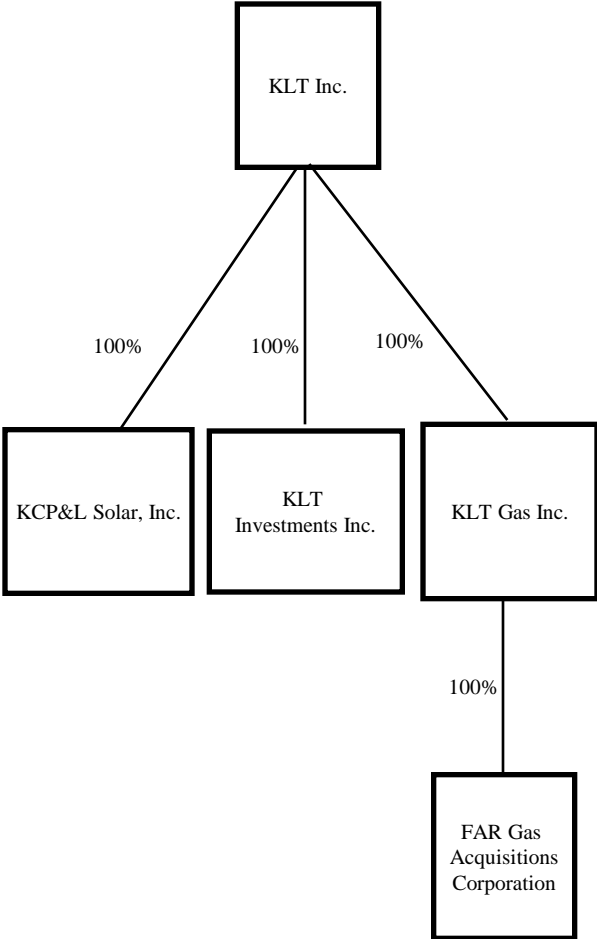
GREAT PLAINS ENERGY INCORPORATED Organizational Structure



Note: This document shows all companies in which Great Plains Energy Incorporated or one of its subsidiaries owns, controls or holds with power to vote, directly or indirectly, 10% or more of the voting securities. Interests with no or limited voting rights in general or limited partnerships are either omitted or described in notes.

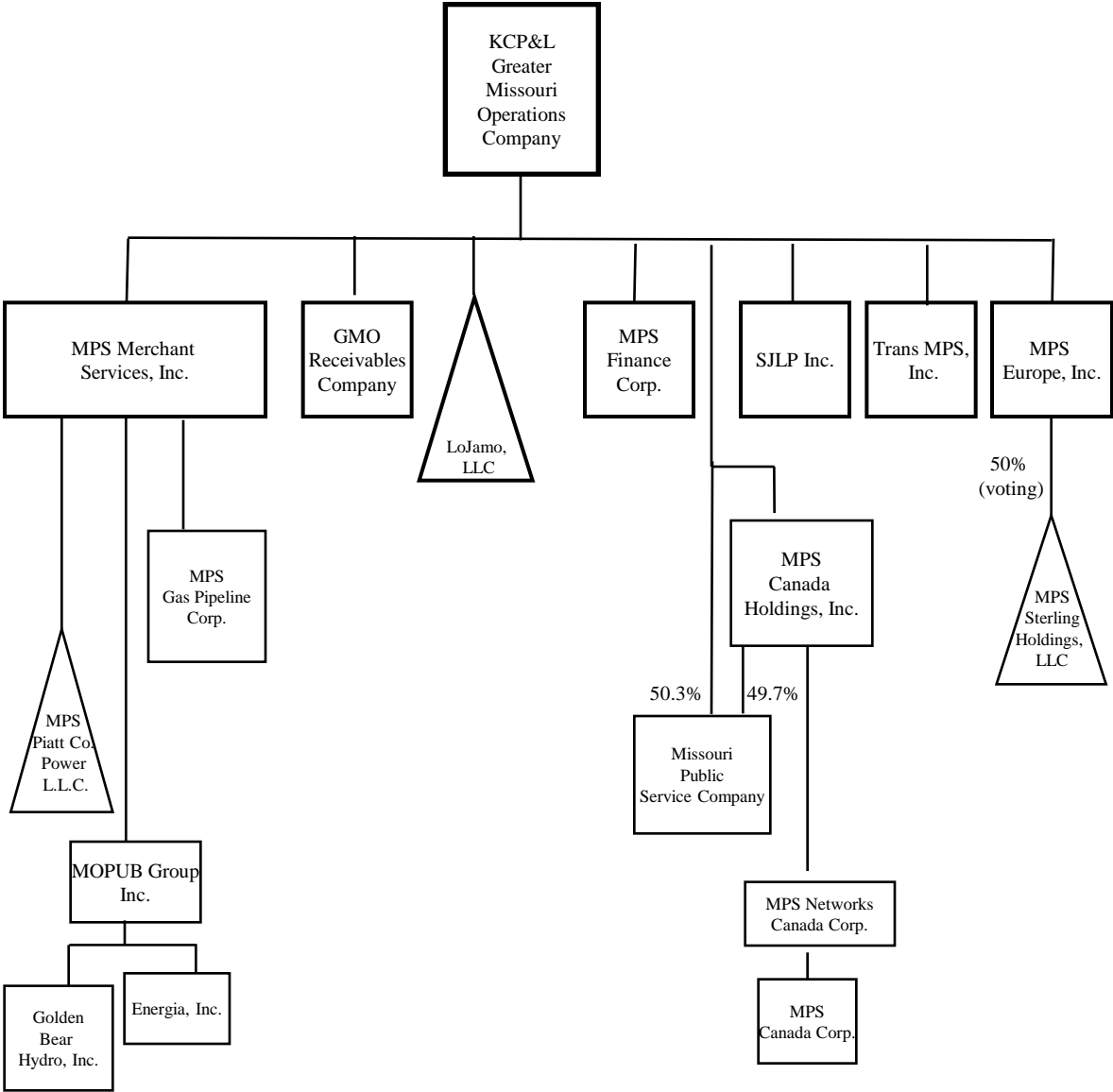
GREAT PLAINS ENERGY INCORPORATED

Organizational Structure



GREAT PLAINS ENERGY INCORPORATED

Organizational Structure



Notes: (a) All wholly-owned companies except where indicated
(b) Golden Bear Hydro, Inc. and Energia, Inc. hold a 0.5% general partnership and 99.0% limited partnership interest, respectively, in G.B. Hydro Partners L.P. which in turn holds a 50% partnership interest in Mega Renewables.

GREAT PLAINS ENERGY INCORPORATED

Organizational Structure

Revisions to Organizational Structure Chart:

1. Original Issuance on September 22, 2004.
2. Revised on February 11, 2005 to reformat and to reflect sale of Worry Free Service, Inc. and dissolution of Forest City Gathering, LLC.
3. Revised on March 14, 2005, to reflect that KLT Gas Inc. is not an Energy Affiliate.
4. Revised on October 12, 2005, to reflect dissolution of Advanced Measurement Solutions, Inc.
5. Revised on October 19, 2005, to reflect dissolution of Municipal Solutions, L.L.C. and Telemetry Solutions, L.L.C.
6. Revised on October 25, 2005, to reflect dissolution of Copier Solutions, LLC.
7. Revised on December 28, 2005 to reflect dissolution of Great Plains Power Incorporated and to correct the name of KLT Energy Services on slide 5.
8. Revised on May 24, 2006, to reflect dissolution of KLT Gas Operating Company.
9. Revised on June 6, 2006, to reflect merger of KLT Investments II Inc. into KLT Inc.
10. Revised on June 12, 2006, to reflect dissolution of Apache Canyon Gas, L.L.C.
11. Revised on June 26, 2006, to reflect merger of Forest City, LLC into KLT Gas Inc.
12. Revised on April 23, 2007, to reflect dissolution of Patrick KLT Gas, LLC.
13. Revised on June 11, 2007, to reflect issuance of stock by Gregory Acquisition Corp. to Great Plains Energy. Deleted slide depicting only KLT Inc. – KLT Telecom Inc.
14. Revised on October 1, 2007, to reflect creation of Strategic Receivables, LLC.
15. Revised on January 2, 2008, to reflect transfer of Home Service Solutions Inc. from Kansas City Power & Light to KLT Inc.
16. Revised on June 5, 2008, to reflect the sale of Strategic Energy and the dissolution of Custom Energy Holdings, L.L.C.
17. Revised on July 7, 2008, to reflect the merger of Innovative Energy Consultants, Inc. and KLT Energy Services Inc. into KLT Inc.
18. Revised on July 22, 2008, to reflect the acquisition of Aquila, Inc., effective July 14, 2008.
19. Revised on October 23, 2008, to reflect name changes of Aquila, Inc. and certain subsidiaries effective October 17, 2008.
20. Revised on December 31, 2008 to reflect dissolution of KLT Telecom Inc. effective December 31, 2008.
21. Revised on April 6, 2009, to reflect dissolution of Aquila Energy (Bermuda) Ltd. effective December 19, 2008, and to correct ownership interests in Missouri Public Service Company.
22. Revised on July 2, 2009, to reflect merger of MPS NZ, Limited into Trans MPS, Inc. on June 18, 2009, and the issuance of stock by KCP&L, Inc. (a Missouri corporation) and KCP&L, Inc. (a Kansas corporation) to Kansas City Power & Light Company.
23. Revised on November 20, 2009, to reflect merger of MPS Colorado, LLC into Trans MPS, Inc. effective August 21, 2009, termination of Levasy Jagdverein, LLC effective August 26, 2009, the pending liquidation of Aquila Energy Re Ltd., and clarification of interests in G.B. Hydro Partners, L.P. and Mega Renewables.
24. Revised on December 1, 2009, to reflect creation of GMO Receivables Company as a subsidiary of KCP&L Greater Missouri Operations Company.
25. Revised on December 7, 2009, to reflect the dissolution of Aquila Energy Re Ltd.
26. Revised on May 11, 2010, to reflect the merger of Everest Global Technologies Group LLC and Everest Holdings II, LLC into Trans MPS, Inc. effective March 31, 2010.
27. Revised on April 4, 2012, to reflect formation of Transource Energy, LLC with AEP Transmission Holding Company, LLC effective March 22, 2012, and the formation of GPE Transmission Holding Company, LLC effective April 2, 2012.
28. Revised on June 19, 2012, to reflect formation of Transource Missouri, LLC effective June 19, 2012.
29. Revised on August 23, 2013, to reflect name change of Home Service Solutions Inc. to KCP&L Solar, Inc., effective August 23, 2013, as well as to reflect the dissolution of MZ Nebraska Partners in 2012.

Kansas City Power & Light Company

DESCRIPTION OF SERVICES PROVIDED BY KCP&L¹

1 **Corporate Services**

2 Corporate Services is responsible for providing information technology, purchasing and
3 facilities and resource protection services.

4 Information Technology: Supports existing applications, technology and infrastructure
5 to ensure business continuity and leverage capabilities. Systems include Customer
6 Information System, PeopleSoft, desktop, real-time systems, radio and
7 telecommunications.

8 Purchasing: Provides procurement services in acquiring goods and services for
9 operations, maintenance and construction projects.

10 Facilities: Responsible for planning and management of existing company buildings
11 and grounds as well as new building construction and remodeling. Also provides print,
12 courier, mailroom and records management services.

13 **Delivery**

14 Delivery is responsible for providing customer, transmission and distribution services.
15 This includes business performance services, claims services, customer services, major
16 outage event management services, energy efficiency and demand response services,
17 metering, resource management, safety training and incident response services.
18 Delivery also includes transmission and distribution operations, maintenance and
19 construction, engineering, planning and compliance.

20 Business Performance Services: Develops and gathers data to create financial and
21 reliability delivery reports.

22 Claims Services: Administers claims received for property damage and/or service
23 issues.

24 Community Liaison and Communications Services: Acts as a liaison with government
25 agencies, civic organizations and other community stakeholders.

26 Customer Services: Receives and processes customer requests through all customer
27 contact channels; answers customer questions, creates and enters service orders,
28 educates customers and manages energy assistance programs. Also records meter

¹ KCP&L may not be providing all of these services.

- 1 data and manages field collection process at the customer premise, invoices customers,
2 manages payment process and investigates complaints.
- 3 Economic Development Services: Manages and administers business development
4 initiatives, and programs for retention, expansion and recruitment of customers.
- 5 Energy Efficiency and Demand Response Service (EE/DSM): Identifies and develops
6 EE/DSM projects including market analysis, technology reviews, load research and tariff
7 development. Also provides marketing and education of EE/DSM programs to
8 customers.
- 9 Major Outage/Catastrophic Event Management Services: Provides “command and
10 control” management including allocation of resources, communication with
11 stakeholders, coordination with the Mutual Assistance Group, and analysis of operation
12 and performance data.
- 13 Metering and Infrastructure Technology Services: Plans, designs and implements
14 integrated technologies to supply, manage, and enable more efficient use of energy for
15 utility and customers.
- 16 Resource Management: Provides supervision of resource procurement, including
17 strategic sourcing, vendor development, order and supplier management, consignment
18 systems and contract governance. Also manages vegetation, infrastructure and fleet
19 services.
- 20 Safety Training and Incident Response Services: Creates and presents public safety
21 education and training demonstrations and responds to incidents of personal injury and
22 property damage.
- 23 Transmission and Distribution Construction Maintenance Management: Analyzes,
24 coordinates and supports work for system expansion, system improvements,
25 construction and corrective and preventive maintenance. Also provides patrolling
26 services of infrastructure and acts as company liaison.
- 27 Transmission and Distribution Operations and Maintenance: Provides first response to
28 outage and irregular system operations and coordinates and supports work to restore
29 service.
- 30 Transmission, Distribution and Substation Engineering and Asset Management:
31 Analyzes, coordinates and supports work for delivery and substation system expansions
32 and improvements, and provides corrective and preventive maintenance. Also provides
33 engineering, planning, design, mapping services, right-of-way and zoning services.
- 34 Transmission Policy, Planning and Compliance Services: Develops policies, monitors
35 key developments, policies and procedures and participates in industry groups related
36 to transmission reliability, operations and policy issues including FERC, North American
37 Electric Reliability Corporation, Southwest Power Pool, Midcontinent Independent

1 System Operator, Inc., Edison Electric Institute, Kansas Electric Transmission Authority.
2 Services also include monitoring system reliability and security.

3 **Supply**

4 Supply is responsible for all aspects of providing the electric energy necessary to
5 reliably fulfill the electric demands of customers. Supply may provide the following
6 services: resource planning, plant operations and maintenance, fuel procurement,
7 generation dispatch, power purchases and sales, new construction and Black Start.

8 Resource Planning: Develops integrated resource plans, provides capacity testing,
9 reliability reporting and interconnection applications and maintains fleet generation
10 statistics.

11 Plant Operations and Maintenance: Conducts safety training and incident
12 investigations, manages plant operation and maintenance, maintains facilities and
13 equipment, manages inventory, environmental compliance and reporting.

14 Fuel Procurement and Logistics: Develops fuel procurement plans, arranges fuel
15 delivery handling and storage, and the sale or off-site disposal of coal combustion
16 products.

17 Generation Dispatch: Provides unit scheduling, maintenance of reserve requirements,
18 coordination with the Regional Transmission Organization (RTO) and coordination of
19 generation stations and load balancing.

20 Power Purchases and Sales: Manages day ahead and real time sales and/or
21 purchases to meet customer demand, secure transmission paths, manage wholesale
22 customers and tracks and manages RTO transactions.

23 New Unit Construction: Organizes and manages the construction efforts to place new
24 generating assets into service or to retro-fit existing facilities and also manages the
25 removal of abandoned equipment.

26 Black Start: Maintains and periodically tests the system black-start capability.

27 **Human Resources**

28 Human Resources (HR) is responsible for the planning, development and
29 implementation of all aspects of human capital.

30 Employee Relations: Provides generalists to work with operating groups as business
31 partners to support operating needs.

32 Labor Relations: Works with the International Brotherhood of Electrical Workers locals
33 in labor strategy, negotiations, grievances, arbitration, job bidding and other union
34 activities.

1 Staffing and Recruitment: Oversees the recruiting, interviewing, testing, placement and
2 on-boarding processing. Also manages internship and diversity programs.

3 Compensation and Benefits: Develops and maintains the overall reward programs
4 including base salary, incentives and benefits. Also oversees the Affirmative Action
5 programs.

6 Safety and Medical: Manages workers' compensation, return-to-work, Department of
7 Transportation and other health and safety programs.

8 Training and Development: Ensures an effective professional workforce through the
9 development and delivery of training programs, leadership development, work force
10 planning, surveys and performance management systems.

11 Human Resource Information System: Ensures secure and effective systems to report
12 employee-related information, provide employee self-service and other HR systems.

13 HR Strategy and Planning: Establishes goals, metrics and plans to enhance HR
14 services and implement workforce strategies.

15 **Finance and Accounting Services**

16 Finance and Accounting Services is responsible for all aspects of financial services to
17 KCP&L.

18 Accounting Systems: Provides system support operations and maintenance of all
19 financial systems including PeopleSoft financial and HR systems, CIS customer billings
20 systems, and PowerPlant.

21 Accounts Payable: Provides accounts payable transaction processing and reporting.

22 Audit Services: Examines and evaluates the adequacy and effectiveness of KCP&L's
23 governance and risk management processes and internal control structure. This
24 includes the review of reliability and integrity of financial and operation information,
25 compliance with Sarbanes-Oxley Act of 2002 and other laws and regulations and
26 safeguarding of assets.

27 Corporate Accounting: Maintains the accounting books and records of all GPE
28 companies and provides internal and external reporting and other financial support as
29 required.

30 Corporate Finance: Directs KCP&L's corporate finance function including development,
31 analysis and implementation of financial plans and capital structure. Corporate finance
32 is also responsible for the management of relationships with rating agencies and the
33 financial community.

34 Corporate Planning and Budgeting: Develops budgets and financial forecasts including
35 total company and department operating and capital budgets.

1 Corporate Treasury: Responsible for all cash management activities including short-
2 term financing facilities, cash monitoring and controls and customer remittance
3 activities.

4 Income and Transaction Taxes: Responsible for all aspects of maintaining the tax
5 books and records including the preparation and filing of consolidated and separate
6 federal, state and local income, franchise, sales, use, gross receipts, fuel excise,
7 property and other miscellaneous tax returns and payments

8 Insurance: Provides insurance services including management of insurance policies
9 and filing of claims.

10 Property Accounting: Maintains all fixed assets and intangible property records.

11 Risk Management: Provides credit risk management services related to wholesale
12 counterparties, reviews contracts, monitors credit markets and develops policies to
13 mitigate market risk.

14 Strategic Planning and Development: Provides long-term strategic development and
15 coordination for major asset decisions, renewable energy, climate change, nuclear
16 power, energy efficiency and other energy related issues.

17 **Legal and Environmental Services**

18 Legal and Environmental Services is responsible for providing legal advice and
19 representation and environmental services.

20 Legal Advice and Representation: Services include advising and representing KCP&L
21 on litigation matters, contract negotiations, regulatory compliance, security filings and
22 general corporate matters.

23 Environmental Services: Responsible for compliance with applicable environmental
24 laws and regulations and obtainment of environmental permits.

25 **Regulatory Affairs**

26 Regulatory Affairs is responsible for supporting and representing KCP&L in all
27 regulatory processes and procedures including developing regulatory strategies and
28 policies, filing for changes in rate levels, responding to MoPSC investigations and the
29 administration of tariff filings and rate designs.

30 **Corporate Secretary and Governance**

31 The Corporate Secretary and Governance area is responsible for compliance with
32 applicable corporate laws and regulations, development and maintenance of corporate
33 documents, compliance with corporate policies and procedures, and acts as a liaison
34 between KCP&L management and the Board of Directors.

1 **Management Services**

2 Management Services provides overall management advice, guidance and/or direction
3 concerning corporate functions and operations.

4 **Board Services**

5 Board Services provides oversight to the management of affiliates.

Kansas City Power & Light Company
Allocation Factors

Allocation Factor	Description
Customers/Transmission Miles	Company/business unit average of jurisdictional retail customers and transmission pole miles as a percent of total.
Number of Customers	Jurisdictional retail customers as a percent of total retail customers.
Plant Capacity Factor	Jurisdictional plant capacity as a percent of total plant capacity.
Transmission Miles	Jurisdictional transmission pole miles as a percent of total pole miles.
Utility Massachusetts Formula	Utility companies KCP&L, GMO (MPS & L&P) average of 1) Operating revenues, 2) Labor charged to O&M, and 3) Net plant. This is the Massachusetts Formula.
General Allocator	A “last resort” allocation method only used when neither direct nor indirect measures of cost causation can be found to charge a cost to a specific entity. KCP&L may use a three factor formula made up of operating revenues, labor charged to O&M and Net Plant as an allocator for costs allocated between KCP&L and GMO. For all other costs, KCP&L uses a General Allocator which allocates based on an entity’s relative ratio of direct and assigned expenses to total direct and assigned expenses incurred. See following page for an illustrative example.

(1) Factors are updated annually or as necessary if allocation basis changes significantly.

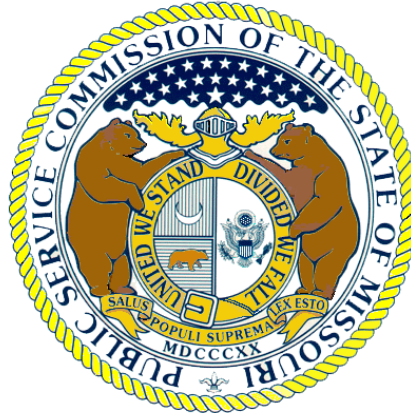
General Allocator Example for Illustrative Purposes Only

Total General Allocator Cost Pool \$20,000,000
(residual not assigned or allocated costs)

		Expenses Directly Charged	Expenses Assigned using causal factors	Total Direct and Causal Allocated	GEN Allocator Ratio	General Allocated Costs (\$20M)	Total Costs
HLDCO	Great Plains Energy Inc.	\$4,000,000	\$2,000,000	\$6,000,000	3.000%	\$600,000	\$6,600,000
GPES	Great Plains Energy Services	\$300,000	\$200,000	\$500,000	0.250%	\$50,000	\$550,000
GPTHC	Great Plains Transmission HLDG	\$500	\$75,000	\$75,500	0.038%	\$7,550	\$83,050
SJINV	SJLP Investments	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
TRNSU	Trans MPS Inc	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
MPSFC	MPS Finance Corp	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
MPSCH	MPS Canada Holdings	\$100,000	\$75,000	\$175,000	0.088%	\$17,500	\$192,500
MPSNC	MPS Networks Canada	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
MPSCC	MPS Canada Corp	\$100,000	\$20,000	\$120,000	0.060%	\$12,000	\$132,000
MPSMS	MPS Merchant Services	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
MPSGP	MPS Gas Pipeline	\$100,000	\$20,000	\$120,000	0.060%	\$12,000	\$132,000
MPSPC	MPS Piatt County Power LLC	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
MGI	MOPUB Group Inc.	\$100,000	\$20,000	\$120,000	0.060%	\$12,000	\$132,000
GBH	Golden Bear Hydro Inc.	\$50,000	\$75,000	\$125,000	0.063%	\$12,500	\$137,500
ENI	Energia Inc.	\$100,000	\$20,000	\$120,000	0.060%	\$12,000	\$132,000
KLT	KLT Inc.	\$10,000,000	\$500,000	\$10,500,000	5.250%	\$1,050,000	\$11,550,000
KLTG	KLT Gas Inc.	\$50,000	\$100,000	\$150,000	0.075%	\$15,000	\$165,000
KLTIV	KLT Investments Inc.	\$2,000	\$75,000	\$77,000	0.039%	\$7,700	\$84,700
FGAS	FAR Gas Acquisitions Corp	\$50,000	\$20,000	\$70,000	0.035%	\$7,000	\$77,000
SOLAR	KCPL Solar Inc.	\$50,000	\$175,000	\$225,000	0.113%	\$22,500	\$247,500
KCREC	KCPL Receivables Company	\$5,000,000	\$80,000	\$5,080,000	2.540%	\$508,000	\$5,588,000
GREC	GMO Receivables Company	\$2,000,000	\$70,000	\$2,070,000	1.035%	\$207,000	\$2,277,000
PARNT	GMO Parent Division	\$4,000	\$75,000	\$79,000	0.040%	\$7,900	\$86,900
KCPL	KCPL NonReg	\$102,000	\$75,000	\$177,000	0.089%	\$17,700	\$194,700
GMO	GMO NonReg	\$101,000	\$75,000	\$176,000	0.088%	\$17,600	\$193,600
MOPUB	Missouri Public Service Utility	\$20,000,000	\$7,000,000	\$27,000,000	13.500%	\$2,700,000	\$29,700,000
SJLP	Saint Joseph Power & Light Utility	\$40,000,000	\$13,800,000	\$53,800,000	26.900%	\$5,380,000	\$59,180,000
KCPL	Kansas City Power & Light Utility	\$67,490,500	\$25,000,000	\$92,490,500	46.245%	\$9,249,050	\$101,739,550
		\$150,000,000	\$50,000,000	\$200,000,000	100.000%	\$20,000,000	\$220,000,000

The above amounts are not reflective of actual expenses and are used only to provide an illustration of the general allocator calculation.

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



In the Matter of the Application of Transource Missouri)
Missouri, LLC for a Certificate of Convenience)
and Necessity Authorizing It to Construct,) File No. EA-2013-0098
Finance, Own, Operate, and Maintain the)
Iatan-Nashua and Sibley-Nebraska City)
Electric Transmission Projects)

REPORT AND ORDER

Issue Date: August 7, 2013

Effective Date: September 6, 2013

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 7th day of August, 2013.

In the Matter of the Application of Transource Missouri)
 Missouri, LLC for a Certificate of Convenience)
 and Necessity Authorizing It to Construct,) File No. EA-2013-0098
 Finance, Own, Operate, and Maintain the)
 Iatan-Nashua and Sibley-Nebraska City)
 Electric Transmission Projects)

REPORT AND ORDER

Issue Date: August 7, 2013

Effective Date: September 6, 2013

The Missouri Public Service Commission is approving disposition by settlement, granting the applications,¹ and incorporating the proposed conditions and terms. The applications relate to two transmission projects: the Iatan-Nashua line and the Sibley-Nebraska City line (“the projects”):

For authorization to	Applicant	Title
Transfer plant and operating rights for the projects	Kansas City Power & Light Company (“KCPL”), and KCP&L Greater Missouri Operations Company (“GMO”)	<i>Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company²</i> (“transfer application”)
Construct and operate the projects	Transource Missouri, LLC (“Transource Missouri”)	<i>Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity and Request for Waiver³</i> (“CCN application”)

¹ Consolidated under this file number is the action in File No. EO-2012-0367, *In the Matter of the Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company Regarding Arrangements for Approval to Transfer Certain Transmission Property to Transource Missouri, L.L.C. and for Other Related Determinations.*

² File No. EO-2012-0367, Electronic Filing and Information System (“EFIS”) No. 4. All other EFIS citations refer to File No. EA-2013-0098. EFIS is accessible at <http://psc.mo.gov/default.aspx>.

³ EFIS No. 1.

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I. Jurisdiction

The Commission has jurisdiction over the subject matter because the Commission's jurisdiction generally includes electrical corporations.⁴ That includes KCPL and GMO, because KCPL and GMO own electric plant, and will include Transource Missouri when it owns and operates transmission facilities.⁵ The Commission also has jurisdiction over the disposition of certain utility property,⁶ including operating rights,⁷ and the construction and operation of the utility projects⁸ proposed by Transource Missouri. The signatories cite other statutes supporting the Commission's jurisdiction over the applications as set forth in Appendix 2 of this report and order. Therefore, the Commission concludes that it has jurisdiction to rule on the applications.

II. Docket

KCPL, GMO, and Transource Missouri ("applicants") filed the transfer application and the CCN application ("applications").⁹ The Commission gave notice,¹⁰ and additional notice,¹¹ of the applications and set a deadline for filing applications to intervene. The

⁴ Sections 386.250(1) and 393.140(1), RSMo 2000; and 386.020(43), RSMo Supp. 2012.

⁵ Sections 393.110 and 386.020(15) and (14), RSMo Supp. 2012.

⁶ Sections 393.190.1 and 386.250(1), RSMo 2000.

⁷ Section 386.250(1), RSMo 2000, and 4 CSR 240-3.110(1)(A).

⁸ Section 393.170.1, RSMo 2000.

⁹ On August 31, 2012.

¹⁰ EFIS No. 7, *Order Directing Notice, Setting Intervention Deadline, Directing Filing and Scheduling a Conference*.

¹¹ EFIS No. 9, *Order Directing Additional Notice*; EFIS No. 60, *Order Directing Notice to County Clerks*.

Commission granted an application to intervene from Missouri Industrial Energy Consumers (“MIEC”).¹² The Commission issued notice of a contested case.¹³

Applicants, Staff, and the Office of the Public Counsel (“signatories”) filed a stipulation and agreement.¹⁴ The signatories also filed an amendment to the stipulation and agreement.¹⁵ No party filed any objection to the stipulation and agreement or amendment (“together, “settlement”) within the time provided by regulation.¹⁶ The Commission convened an evidentiary hearing.¹⁷ The signatories filed a proposed report and order,¹⁸ and a supporting memorandum.¹⁹

The Commission convened a settlement conference.²⁰ The signatories filed a proposed report and order and consent order²¹ with supporting suggestions.²² The

¹² EFIS No. 12, *Order Granting Requests to Intervene*.

¹³ EFIS No. 40, *Notice of Contested Case*.

¹⁴ EFIS No. 54, *Non-Unanimous Stipulation and Agreement*.

¹⁵ EFIS No. 92, *First Amendment to Non-Unanimous Stipulation and Agreement*.

¹⁶ 4 CSR 240-2.115(2)(C).

¹⁷ EFIS No. 61, Transcript volume 2.

¹⁸ EFIS No. 100, *Joint Proposed Order Approving Unanimous Stipulation and Agreement*.

¹⁹ EFIS No. 99, *Joint Memorandum in Support of the Stipulation*.

²⁰ EFIS No. 106, *Order Setting Conference*.

²¹ EFIS No. 110, *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*.

²² EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement*.

Commission ordered the record supplemented²³ with materials that Transource Missouri filed setting forth the final route for the Sibley-Nebraska City line.²⁴

III. Findings, Conclusions, and Orders

The Commission's decision must stand on the law.²⁵ The Commission must always state its conclusions of law.²⁶ The Commission makes each ruling on consideration of each party's allegations and arguments.

A. Procedure

In any Commission proceeding, formalities do not invalidate any order.²⁷ Specifically in a contested case, parties may waive any procedural formality up to the final decision.²⁸ Parties to a contested case may submit a proposed resolution of this action under the Commission's regulations: The parties may at any time file a stipulation and agreement as a proposed resolution of all or any part of a contested case. A stipulation and agreement shall be filed as a pleading.²⁹ A pleading includes the following.

Each pleading shall include a clear and concise statement of the **relief** requested, a specific reference to the statutory provision or other **authority** under which relief is requested, and a concise statement of the **facts** entitling the party to relief. [³⁰]

²³ EFIS No. 109, *First Order Supplementing Record*.

²⁴ EFIS No. 104, *Applicants' Supplemental Filing*.

²⁵ Mo. Const., Art. V, Section 18.

²⁶ Section 386.420.2, RSMo 2000.

²⁷ Section 386.410, RSMo 2000.

²⁸ Sections 536.060(3), RSMo 2000.

²⁹ 4 CSR 240-2.110(1)(A).

³⁰ 4 CSR 240-2.080(4) (emphasis added).

That regulation also allows the Commission to treat the settlement as unanimous when no party files an objection.³¹ The Commission is doing so, and for that reason the signatories refer to the settlement's components as "Unanimous."³² A stipulation of fact eliminates the need for evidence on the matter stipulated.³³ But that does not end the Commission's duty for the following reasons.

First, while a stipulation of fact conclusively establishes the matter stipulated,³⁴ no stipulation can control procedure, bind the Commission to a conclusion of law,³⁵ or contravene a statute.³⁶ A remedy statutorily committed to the commission's discretion is therefore not subject to stipulation.³⁷ The Commission must therefore independently make its conclusions of law and determine the relief that is due.

Second, the Commission is charged by statute with protecting the public interest. Also, unlike a private party or State agency, Staff has no authority of its own to settle an action. Therefore, Commission approval is necessary for Staff's participation in the settlement.

Third, the signatories premise their proposed resolution on a Commission determination that the settlement includes no term that is contrary to the public interest. The General Assembly has further specified what the public interest means for certain

³¹ 4 CSR 240-2.115(2) (emphasis added).

³² Which is why they carry that designation in Appendix 3 and Appendix 4.

³³ *Howard v. Missouri State Bd. of Educ.*, 847 S.W.2d 187, 191 (Mo. App., S.D. 1993).

³⁴ *Howard v. Missouri State Bd. of Educ.*, 847 S.W.2d 187, 191 (Mo. App., S.D. 1993).

³⁵ *Bull v. Excel Corp.*, 985 S.W.2d 411, 417 (Mo. App., W.D. 1999).

³⁶ *Tidwell v. Walker Const.*, 151 S.W.3d 127, 133 (Mo. App. S.D. 2004).

³⁷ *Tidwell v. Walker Const.*, 151 S.W.3d 127, 133 (Mo. App. S.D. 2004).

actions³⁸ in the statutes cited in the signatories' *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement*,³⁹ as set forth in Appendix 2. The signatories call the determination, that the settlement does not offend those standards, "approval."⁴⁰

Neither the Commission's procedural regulations in 4 CSR 240-2, nor any statute cited in the applications, define "approval" of a stipulation and agreement.⁴¹ As the signatories use that term, they explain, it means reviewing a document to determine whether it is contrary to the public interest. The signatories are correct that the public interest is a consideration in every action before the Commission. Therefore, the Commission rules on the applications accordingly.

B. Merits

The settlement seeks an order granting the applications subject to the provisions of the settlement.

i. Law

The applications are subject to statutory standards that describe the Commission's authority to grant the permissions sought.

³⁸ The courts have held that such a standard for Commission decisions is an expression of the public interest. *Public Serv. Comm'n of State v. Missouri Gas Energy*, 388 S.W.3d 221, 228 (Mo. App., W.D. 2012).

³⁹ EFIS No. 111.

⁴⁰ This does not tell the Commission what any other set of parties in any other action want when they ask the Commission to "approve" a stipulation and agreement.

⁴¹ The Commission expressly may approve a stipulation related to the Missouri Energy Efficiency Initiative Act under Section 393.1075(11), RSMo Supp. 2012. That statute provides a specific standard for approval. But those provisions do not apply to the applications in this case.

For the CCN application, the standard is public convenience and necessity, [⁴²]” which means that an additional service would be an improvement that justifies the cost,⁴³ and includes such conditions as the Commission “may deem reasonable and necessary.”⁴⁴

For the transfer application, the standard implicit in the applicable statute⁴⁵ is the absence of public detriment.⁴⁶ Like the standard, the authority to condition the transfer is not express. But guarding against public detriment implicitly includes conditions to that end, which is more efficient than denial of an imperfect application.

Among the proposed terms conditions are waivers of specified Commission regulations. For those regulations, the standard for waiver is good cause.⁴⁷ Good cause means a good faith request for reasonable relief.⁴⁸

The signatories also ask that no term or condition that is contrary to the public interest, on its face or as explained in the record, and as gauged by the standards in Appendix 2, find its way into the Commission’s order.

ii. Fact

Meeting those standards requires evidence, or a substitute for evidence like stipulated facts, on the record.⁴⁹ Applicants have the burden of proof.⁵⁰ The quantum of

⁴² Section 393.170.3, RSMo 2000.

⁴³ State ex rel. Intercon Gas, Inc., v. Public Serv. Comm’n, 848 S.W.2d 593, 597 (Mo. App., W.D. 1993).

⁴⁴ Section 393.170.3, RSMo 2000

⁴⁵ Section 393.190.1, RSMo 2000.

⁴⁶ State ex rel. City of St. Louis v. Public Service Comm’n of Missouri, 73 S.W.2d 393, 395 (Mo. 1934).

⁴⁷ 4 CSR 240-2.060(4)(B).

⁴⁸ American Family Ins. Co. v. Hilden, 936 S.W.2d 207, 210 (Mo. App., W.D. 1996).

⁴⁹ Mo. Const., Art. V, Section 18.

proof necessary to carry that burden is the preponderance of the evidence⁵¹ or reasonable inferences from the evidence.⁵² Generally in any proceeding, technical rules of evidence do not bind the Commission.⁵³

This record includes evidence relevant to the standards. All findings needed to support this decision stand on the facts stipulated in the settlement and in the *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*, the testimony provided at the evidentiary hearing,⁵⁴ and the prepared testimony of the parties received into the record. That testimony is in the record pursuant to the signatories' waiver of procedural formalities.⁵⁵

The Commission has considered the substantial and competent evidence on the whole record. Where the evidence conflicts, the Commission determines which evidence is the most credible, and this report and order reflects the Commission's determinations of credibility implicitly.⁵⁶ No law requires the Commission to make any statement as to what portions of the record the Commission accepted or rejected.⁵⁷ The Commission need not separately state any finding of fact when a stipulation, agreed settlement, or a consent

⁵⁰ *Central Cnty. Emergency 911 v. International Ass'n of Firefighters Local 2665*, 967 S.W.2d 696, 699 (Mo. App., W.D. 1998).

⁵¹ *State Board of Nursing v. Berry*, 32 S.W.3d 638, 641 (Mo. App., W.D. 2000).

⁵² *Farnham v. Boone*, 431 S.W.2d 154 (Mo. 1968).

⁵³ Section 386.410, RSMo 2000.

⁵⁴ EFIS No. 61, Transcript volume 2.

⁵⁵ EFIS No. 54, *Non-Unanimous Stipulation and Agreement* page 16.

⁵⁶ *Stone v. Missouri Dept. of Health & Senior Servs.*, 350 S.W.3d 14, 26 (Mo. banc 2011).

⁵⁷ *Stith v. Lakin*, 129 S.W.3d 912, 919 (Mo. App., S.D. 2004).

order disposes of the case.⁵⁸ Nevertheless, a brief description of the projects illustrates the factual basis for this report and order.

Transource Missouri is a Delaware limited liability corporation qualified to conduct business in Missouri, with its principal place of business in Columbus, Ohio. Transource Missouri is a wholly-owned subsidiary of Transource Energy, LLC (“Transource”). Transource was established by Great Plains Energy Incorporated (“GPE”), the Companies’ parent corporation, and American Electric Power Company, Inc. (“AEP”) to build wholesale regional transmission projects within SPP, as well as other regional transmission organizations.

The two projects are regional, high-voltage, wholesale transmission projects approved by Southwest Power Pool, Inc. (“SPP”) known as the Iatan-Nashua 345kV transmission project (“Iatan-Nashua Project”) and the Sibley-Nebraska City 345kV transmission project (“Sibley-Nebraska City Project”) (collectively, the “Projects”).

The plant that the Companies requested be transferred to Transource Missouri is property of GMO. KCP&L and GMO previously requested and received authorization from the Commission to transfer at cost from KCP&L to GMO certain transmission property owned and operated by KCP&L between GMO’s Alabama Substation and KCP&L’s Nashua Substation (“Alabama-Nashua Line”). The southern portion of the Alabama-Nashua Line will be retired and removed, and the corridor will be used to construct the East Segment of the Iatan-Nashua Project. The remaining portion of this existing 161kV line, which runs to GMO’s Alabama Substation near St. Joseph, Missouri, will remain the

⁵⁸ Section 536.090, RSMo 2000.

property of GMO and is not to be transferred. This line will continue intact and energized at 161kV as a radial line and will not be a part of the new 345kV facilities.

There is a need for the service to be rendered by the Projects based upon studies performed by SPP in 2009 and 2010. These studies demonstrated that the Projects will improve electric grid reliability, minimize transmission congestion effects, bring economic benefits to SPP members, and help support public policy goals regarding renewable energy. The studies also demonstrated that the Projects will provide estimated benefits and savings that exceed the Projects' estimated costs.

Transource Missouri is qualified to construct, finance, own, operate, and maintain the Projects given the support by the transmission and related expertise of KCP&L and of American Electric Power Company, Inc. ("AEP"). Transource Missouri will have the financial ability to construct, own, operate and maintain the Projects given the equity funding that the subsidiaries of Great Plains Energy Incorporated ("GPE"), the parent corporation of KCP&L and GMO, and AEP will provide to Transource Missouri, and Transource Missouri's plan to issue debt. Furthermore, Transource Missouri will fully recover the cost of the Projects once completed, as the Projects' costs are regionally allocated under the FERC-approved SPP Tariff Schedule 11. Transource Missouri's construction of the Projects is economically feasible by virtue of the cost/benefit analysis conducted by SPP, as well as its FERC-approved cost allocation methodology under its Tariff Schedule 11.

The Projects as proposed to be built by Transource Missouri are in the public interest, given all the above, as well as the agreement of KCP&L, GMO, and Transource

Missouri to follow the provisions of Paragraphs 27, 28, and 29 of the stipulation and agreement regarding the final route of the Sibley-Nebraska City Project.

iii. Ruling

The record weighs in favor of granting the applications with the provisions proposed, including the proposed waivers. The Commission finds no term or condition of the settlement contrary to the public interest. Therefore, the Commission will grant the applications subject to the settlement's provisions as set forth in Appendix 3 and Appendix 4.

C. Consent Order

Appendix 4 sets forth the settlement's provisions that are outside the Commission's authority to mandate. The signatories have clarified that they seek no resolution on the merits for those terms,⁵⁹ and the law encourages freedom of contract and settlements in lieu of litigation.⁶⁰ In that spirit, the statutes provide that any contested case is subject to disposition by consent order as follows.

i. Authority

The signatories argue that a consent order is not authorized for any matter except as described in one statute that does not apply to the Commission. In support, the signatories rely on a reading of Section 536.060, RSMo 2000. That statute's history refutes the signatories' reading.

⁵⁹ EFIS No. 110, *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*, page 2 third paragraph. EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement* page 3 paragraph 6.

⁶⁰ Walley v. La Plata Volunteer Fire Dep't, 368 S.W.3d 224, 231 (Mo. App., W.D. 2012).

Section 536.060's current language is the result of a 1995 amendment. The amendment deleted language (in brackets and italics below) and added language (underscored below) as follows.

[Nothing contained in sections 536.060 to 536.095 shall preclude the informal disposition of] Contested cases and other matters involving licensees and licensing agencies described in section 621.045, RSMo, may be informally resolved by consent agreement or agreed settlement or may be resolved by stipulation, consent order, or default, or by agreed settlement where such settlement is permitted by law. Nothing contained in sections 536.060 to 536.095 shall be construed (1) to impair the power of any agency to take lawful summary action in those matters where a contested case is not required by law, or (2) to prevent any agency authorized to do so from assisting claimants or other parties in any proper manner, or (3) to prevent the waiver by the parties (including, in a proper case, the agency) of procedural requirements which would otherwise be necessary before final decision, or (4) to prevent stipulations or agreements among the parties (including, in a proper case, the agency). [61]

Informal disposition of all agencies' contested cases was the original subject of that statute as the bracketed and italicized language shows.⁶² The amendment simply added the specified "noncontested cases and other matters [.]"⁶³

⁶¹ 1995 Mo. Laws 1032, 1246 (88th Gen. Assem., 1st Reg. Sess., S.B. 3, Section 536.060).

⁶² The original language provided that the opportunity for hearing:

. . . shall not preclude the informal disposition of such case by stipulation, consent order or default, or by agreed settlement where such settlement is permitted by law.

1945 Mo. Laws 1504, 1505 (63rd Gen. Assem., S.B.196, Section 6). Similar language appears in the 1961 Model State Administrative Procedure Act adopted by many states:

Unless precluded by law, informal disposition may be made of any contested case by stipulation, agreed settlement, consent order, or default.

15 U.L.A. 1961 *Model State Administrative Procedure Act*, Section 9(d).

⁶³ In response to the amended judgment in *Bodenhausen v. State Bd. of Regis'n for the Healing Arts*, Case No. CV192-1105CC (Jan. 6, 1994, Cir. Ct. Cole Cnty), McHenry, J.; and the affirming opinion in *Bodenhausen v. State Bd. of Regis'n for the Healing Arts*, WD 48914, 1994 WL 532696 (Mo. App., W.D. Oct. 4, 1994). As to the latter action, the Missouri Supreme Court ordered transfer on January 30, 1995. In each action, the court

Section 536.060, original and current, is expansive. It offers remedies in conformance with the public policy favoring settlement by contractual arrangement. If there were any ambiguity on this issue, the law would require the Commission to read the statute generously in the direction of the intended remedy. The signatories' reading bars resolution by "consent order, or default, or by agreed settlement" in all contested cases, except the specified matters, which furthers no conceivable beneficial end. Therefore, the Commission concludes that a contested case before the Commission is subject to disposition by consent order—just as it is subject to disposition by stipulation, default, or agreed settlement—under Section 536.060.

ii. Characteristics

The signatories describe the properties of a consent order by comparison to a consent judgment. The analogy is correct. The analogous properties, as described by the signatories, include the following.

Missouri courts have held that a judgment by consent "is based on an agreement between the parties as to the terms, amount or conditions of the judgment to be rendered." In this context it is important to recognize: "Consent decrees do not arise from a judicial determination of the rights of the parties or the merits of the case [.]" It is also important to note: "A consent judgment needs no cause or consideration other than an adjustment of differences and a desire to set at rest all possibility of litigation. In exchange for the saving of cost and elimination of risk, the parties each give up something that they might have won had they proceeded with litigation." [64]

barred informal resolution of contested cases and other matters involving licensees and licensing agencies under section 621.045, RSMo. The Missouri Supreme Court issued its decision on May 30, 1995, also affirming the judgment. *Bodenhausen v. Missouri Bd. of Regis'n for the Healing Arts*, 900 S.W.2d 621 (Mo. banc 1995).

⁶⁴ EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement* page 6 paragraph 13.

Also, a judgment issued pursuant to the parties' agreement does not aggrieve any such party so, if aggrevement is necessary for standing to appeal, no appeal is available to any such party.⁶⁵ In Missouri, a consent judgment has the same force and effect as any other judgment.⁶⁶

In Missouri, whenever the issue has arisen, the courts have applied the analogy between a consent judgment and a consent order. For example, the courts hold that a consent order does not constitute the agency's decision on the merits but, at most, a review as to whether a parties' agreement comports with the public policy entrusted to the respective agencies.⁶⁷ Further, where the General Assembly has comprehensively delegated the regulation of a subject matter to an agency, that agency is the first resort for enforcing settlement of an action before that agency.⁶⁸

iii. Ruling

As the signatories note, chapter 536, RSMo, applies when chapters 386 and 393 provide nothing to the contrary.⁶⁹ The signatories also note that "approval of the [settlement] here would not be inconsistent with the concept of a consent order [.]"⁷⁰ Therefore, the Commission will order memorialize the proposed provisions that are beyond the Commission's authority as a consent order, as set forth in Appendix 3. As explained in

⁶⁵ *Strawhun v. Strawhun*, 164 S.W.3d 536 (Mo. App., S.D. 2005).

⁶⁶ *Household Fin. Corp. v. Jenkins*, 213 S.W.3d 194, 196 (Mo. App., E.D. 2007).

⁶⁷ *Seifner v. Treasurer of State-Custodian of Second Injury Fund*, 362 S.W.3d 59, 65 (Mo. App., W.D. 2012).

⁶⁸ *State ex rel. St. Joseph School Dist. v. Missouri Dept. of Elem. And Sec. Educ.*, 307 S.W.3d 209, 213-17 (Mo. App., W.D. 2010). filing

⁶⁹ *State ex rel. Praxair, Inc. v. Missouri Pub. Serv. Comm'n*, 344 S.W.3d 178, 184 (Mo. 2011).

⁷⁰ EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement* page 6 paragraph 13.

part III.A of this report and order, the approval procedure that the Commission applies in this action is based on the approval that the parties asked for, the authorities that they cited, and the documents that they filed. That procedure does not necessarily apply under any other relief, law, or facts.

THE COMMISSION ORDERS THAT:

1. Disposition of the applications by settlement is approved.
2. Transfer Application. The *Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company* (“transfer application”) is granted. The transfer of the items as described in the transfer application is authorized. This paragraph includes the notices to construct as described in the transfer application.
3. The *Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity and Request for Waiver* (“CCN application”) is granted. A certificate of convenience and necessity for the projects, as described in the CCN application, shall issue to Transource Missouri, LLC.
4. The following are incorporated into this report and order as if fully set:
 - a. *Non-Unanimous Stipulation and Agreement*;
 - b. *First Amendment to Non-Unanimous Stipulation and Agreement*; and
 - c. *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*.
5. Ordered paragraphs 1, 2, 3, and 4, are subject to the provisions of Appendix 3 and Appendix 4.

6. This order shall become effective on September 6, 2013.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Jarrett, Stoll, and
W. Kenney, CC., concur;
and certify compliance with the
provisions of Section 536.080, RSMo.

Dated at Jefferson City, Missouri,
on this 7th day of August, 2013.

Appendix 1: Appearances

<i>Party</i>	<i>Counsel</i>	<i>Counsel's Address</i>
A. Applicants		
Kansas City Power & Light Company KCP&L Greater Missouri Operations Company	Roger W. Steiner	1200 Main, PO Box 418679, Kansas City, MO 64141-9679
Transource Missouri, LLC	Karl Zobrist	4520 Main, Suite 1100, Kansas City, MO 64111
	Lisa A. Gilbreath	
	Larry W. Brewer	400 West 15 th Street, Suite 1500, Austin, TX 78701
B. Parties under 4 CSR 240-2.010(10)		
Staff of the Commission	Steven Dottheim	200 Madison Street, Suite 800, Jefferson City, MO 65102
	Nathan Williams	
Office of the Public Counsel	Lewis Mills	P.O. Box 2230, 200 Madison Street, Suite 650, Jefferson City, MO 65102
C. Intervenors		
AG Processing, Inc. a Cooperative and Midwest Energy Users' Group	Stuart Conrad	3100 Broadway, Suite 1209, Kansas City, MO 64111
Midwest Energy Consumers Group	David Woodsmall	807 Winston Court, Jefferson City, MO 65101
Missouri Department of Natural Resources	Jessica L. Blome	221 W. High Street P.O. Box 899 Jefferson City, MO 65102
Missouri Industrial Energy Consumers	Diana M. Vuylsteke	211 N. Broadway, Suite 3600 St. Louis, MO 63102

Appendix 2: Statutes cited by the Signatories

386.250. The jurisdiction, supervision, powers and duties of the public service commission herein created and established shall extend under this chapter:

(1) [To] electric plants, and to [entities] owning, leasing, operating or controlling the same;

* * *

(7) To such other and further extent, and to all such other and additional matters and things, and in such further respects as may herein appear, either expressly or impliedly.

386.310. 1. The commission shall have power, after a hearing . . . to require every . . . public utility to maintain and operate its . . . plant . . . in such manner as to promote and safeguard the health and safety of its employees, customers, and the public, and to this end to prescribe . . . appropriate safety and other devices or appliances, to establish uniform or other standards of equipment, and to require the performance of any other act which the health or safety of its employees, customers or the public may demand [.]

386.610. . . . The provisions of this chapter shall be liberally construed with a view to the public welfare, efficient facilities and substantial justice between patrons and public utilities.

393.130. 1. [E]very electrical corporation . . . shall furnish and provide such service instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable. All charges made or demanded by any such . . . electrical corporation . . . for . . . electricity . . . rendered or to be rendered shall be just and reasonable and not more than

allowed by law or by order or decision of the commission. Every unjust or unreasonable charge made or demanded for . . . electricity . . . or in connection therewith, or in excess of that allowed by law or by order or decision of the commission is prohibited.

2. No . . . electrical corporation . . . shall directly or indirectly by any special rate, rebate, drawback or other device or method, charge, demand, collect or receive from any person or corporation a greater or less compensation for . . . electricity . . . or for any service rendered or to be rendered or in connection therewith, except as authorized in this chapter, than it charges, demands, collects or receives from any other person or corporation for doing a like and contemporaneous service with respect thereto under the same or substantially similar circumstances or conditions.

3. No . . . electrical corporation . . . shall make or grant any undue or unreasonable preference or advantage to any person, corporation or locality, or to any particular description of service in any respect whatsoever, or subject any particular person, corporation or locality or any particular description of service to any undue or unreasonable prejudice or disadvantage in any respect whatsoever [.]

393.140. The commission shall:

(1) Have general supervision of all . . . electrical corporations . . . having authority under any special or general law or under any charter or franchise to lay down, erect or maintain wires, pipes, conduits, ducts or other fixtures in, over or under the streets, highways and public places of any municipality, for the purpose of . . . transmitting electricity for light, heat or power, or maintaining underground conduits or ducts for

electrical conductors, . . . , and all . . . electric plants . . . owned, leased or operated by any . . . electrical corporation [.]

(2) [E]xamine or investigate the methods employed by such persons and corporations in manufacturing, distributing and supplying . . . electricity for light, heat or power and in transmitting the same, . . . , and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such . . . electricity, . . . and those employed in the manufacture and distribution thereof, and have power to order reasonable improvements and extensions of the works, wires, poles, pipes, lines, conduits, ducts and other reasonable devices, apparatus and property of . . . electrical corporations [.]

(3) Have power . . . to prescribe from time to time the efficiency of the electric supply system, of the current supplied and of the lamps furnished by the persons or corporations generating and selling electric current [.]

(4) Have power, in its discretion, to prescribe uniform methods of keeping accounts, records and books, to be observed by . . . electrical corporations . . . engaged in the manufacture, sale or distribution of . . . electricity for light, heat or power [.]

(5) [To determine whether] rates or charges or the acts or regulations of any such persons or corporations are unjust, unreasonable, unjustly discriminatory or unduly preferential or in any wise in violation of any provision of law, [and] determine and prescribe the just and reasonable rates and charges thereafter to be in force for the service to be furnished, notwithstanding that a higher rate or charge has heretofore been authorized by statute, and the just and reasonable acts and regulations to be done and observed; and whenever the commission shall be of the opinion, after a hearing had upon its own motion

or upon complaints, that the property, equipment or appliances of any such person or corporation are unsafe, insufficient or inadequate, the commission shall determine and prescribe the safe, efficient and adequate property, equipment and appliances thereafter to be used, maintained and operated for the security and accommodation of the public and in compliance with the provisions of law and of their franchises and charters.

* * *

(8) Have power . . . after hearing, to prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited.

* * *

(11) Have power to require every . . . electrical corporation . . . to file with the commission and to print and keep open to public inspection schedules showing all rates and charges made, established or enforced or to be charged or enforced, all forms of contract or agreement and all rules and regulations relating to rates, charges or service used or to be used, and all general privileges and facilities granted or allowed by such . . . electrical corporation [.] The commission shall have power to prescribe the form of every such schedule, and from time to time prescribe by order such changes in the form thereof as may be deemed wise [.]

Appendix 3: Conditions Determined on the Merits

The Commission grants the CCN application and the transfer application subject to the following provisions, as drawn verbatim from the *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*,⁷¹ which are subject to the report and order. The parties refer to the settlement, defined in the body of this report and order, as the “Unanimous Stipulation and Agreement” the “Unanimous First Amendment [.]”

1. The Unanimous Stipulation and Agreement, attached hereto as Attachment 1, and the Unanimous First Amendment to that Stipulation, attached hereto as Attachment 2, are approved and adopted, and the signatory parties are ordered to comply with their terms. The Commission is not a party to the Stipulation and only approves the agreements that have been entered into by the Signatories.

2. KCP&L and GMO’s Transfer Application is granted conditioned upon the terms of the Unanimous Stipulation and Agreement and the Unanimous First Amendment, including the Commission making specific findings after the final selection of the Sibley-Nebraska City route.

3. KCP&L and/or GMO shall file a copy of the final purchase agreement, detail of the costs included in CWIP, and detail of the property to be transferred at the time of transfer of the Projects’ facilities.

4. To the extent that the SPP NTCs regarding the Projects are assets, the Commission approves KCP&L and GMO’s plans to novate those NTCs.

⁷¹ EFIS No. 110, page 14 through 16, part I.D., paragraphs 1 through 11.

5. The Commission's Affiliate Transactions Rule sections 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 are waived with respect to:

- a. The transfer, license, or assignment of transmission assets, easements, or right of ways (or use thereof) owned by GMO or KCP&L associated with the Projects;
- b. Materials and services provided by KCP&L or GMO to Transource, Transource Missouri, or a subsidiary for the Projects prior to novation or transfer of the cost of the Projects to Transource Missouri; and
- c. Information, assets, goods, and services provided by KCP&L or GMO to Transource, Transource Missouri, or a subsidiary until the Projects are in service.

6. The Commission's Affiliate Transactions Rule sections 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 are waived to the extent necessary to allow KCP&L and GMO to use a 20% markup to their fully distributed cost methodology in lieu of using the fair market value under the Rule with respect to:

- a. Non-Project goods and services (if the Signatories cannot agree regarding the reasonableness of these charges, this matter shall be taken to the Commission for resolution);⁷² and

⁷² Although the Signatories have not expressly requested a waiver of the Rule in Paragraph 6 of the Stipulation, the Commission finds that the provisions of Paragraph 6 propose treating non-Project goods and services in a manner different from the requirements of the Rule and, therefore, the Commission will treat Paragraph 6 as requesting a waiver of the Rule to the extent of its provisions.

b. Information, assets, goods, and services provided by KCP&L or GMO to Transource, Transource Missouri, or a subsidiary for the Projects after they are in service.

7. KCP&L and GMO shall file for Commission approval of their cost allocation manuals (“CAMs”) before providing any information, assets, goods, and services to Transource or Transource Missouri after either the novation or transfer of the cost of the Projects, whichever occurs first, but KCP&L and GMO may provide to Transource or Transource Missouri information, assets, goods, and services in a manner consistent with the provisions of the Stipulation prior to Commission approval of their CAMs.⁷³

8. Transource Missouri’s CCN Application is granted conditioned upon the terms of the Unanimous Stipulation and Agreement and the Unanimous First Amendment, including the Commission making specific findings after the final selection of the Sibley-Nebraska City route.

9. Transource Missouri shall provide the Commission with the 4 CSR 240-3.105 information for the Sibley-Nebraska City route as soon as that information is available.

10. The reporting requirements of 4 CSR 240-3.175, Submission Requirements For Electric Utility Depreciation Studies, are waived subject to the Stipulation’s provision regarding Staff’s and OPC’s access to documents.

11. Subsections 4 CSR 240-3.190 (1), (2), and (3)(A)-(D), Reporting Requirements For Electric Utilities And Rural Electric Cooperatives, are waived for Transource Missouri.

⁷³ Transcript, Vol. 2 at 108-10; 4 CSR 240-20.015(3)(D), 4 CSR 240-20.015(10)(A)2.B.

Appendix 4: Consent Order

The Signatories agree to a grant of the CCN application and the transfer application subject to the following provisions, drawn verbatim from the *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*,⁷⁴ and the settlement, which are subject to the provisions of the report and order.

1. The Stipulation contains a series of agreements among the Signatories that, among other things, require them (particularly the Applicants) to fulfill certain obligations. The Stipulation also specifies the establishment of certain regulatory liabilities and the manner of their future treatments. The Stipulation provides a process for administering affiliate transactions between the Signatories and related parties.

2. In particular, Section II(A) of the Stipulation provides for certain rate treatment respecting costs allocated to KCP&L or GMO by SPP involving FERC items such as authorized return on equity (“ROE”), capital structure, construction work in progress (“CWIP”), or other FERC transmission rate incentives for the Iatan-Nashua Project and the Sibley-Nebraska City Project facilities located in KCP&L’s and GMO’s respective service territories that are constructed by Transource Missouri. KCP&L and GMO have agreed to make these adjustments in all rate cases so long as the transmission facilities are in service.

A. Rate Treatment – Affiliate Owned Transmission

1. With respect to transmission facilities located in KCP&L certificated territory that are constructed by Transource Missouri that are part of the Iatan-Nashua and Sibley-Nebraska City Projects, KCP&L agrees that for ratemaking purposes in Missouri the costs allocated to KCP&L by SPP will be adjusted by an amount equal to the difference between: (a) the SPP

⁷⁴ EFIS No. 110, page 16 through 18, section II, paragraphs 1 through 8.

load ratio share of the annual revenue requirement for such facilities that would have resulted if KCP&L's authorized ROE and capital structure had been applied and there had been no Construction Work in Progress ("CWIP") (if applicable) or other FERC Transmission Rate Incentives, including but not limited to Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities; and (b) the SPP load ratio share of the annual FERC-authorized revenue requirement for such facilities. KCP&L will make this adjustment in all rate cases so long as these transmission facilities are in service.

2. With respect to transmission facilities located in GMO certificated territory that are constructed by Transource Missouri that are part of the Iatan-Nashua and Sibley-Nebraska City Projects, GMO agrees that for ratemaking purposes in Missouri the costs allocated to GMO by SPP will be adjusted by an amount equal to the difference between: (a) the SPP load ratio share of the annual revenue requirement for such facilities that would have resulted if GMO's authorized ROE and capital structure had been applied and there had been no CWIP (if applicable) or other FERC Transmission Rate Incentives, including but not limited to Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities; and (b) the SPP load ratio share of the annual FERC-authorized revenue requirement for such facilities. GMO will make this adjustment in all rate cases so long as these transmission facilities are in service.

3. Sections II(B) and II(D) address issues under the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015 ("Rule"). The Signatories agreed that provisions of the Affiliate Transactions Rule, 4 CSR 240-20.015, should apply to transactions between KCP&L and GMO on the one hand, and GPE, Transource, and Transource's utility subsidiaries on the other hand, except for the waivers as provided for in Paragraphs 4 through 6, and 11 through 13 of the Stipulation. All Signatories reserved the right to seek or oppose additional waivers for other projects (i.e., projects other than the Iatan-Nashua

Project and the Sibley-Nebraska City Project) from the Affiliate Transactions Rule in the future.⁷⁵

B. Affiliate Transactions Rule

3. The provisions of the Affiliate Transactions Rule, 4 CSR 240-20.015, shall apply to transactions between KCP&L and GMO on the one hand, and GPE, Transource Missouri, and Transource Missouri's utility subsidiaries on the other hand, except for the waivers as provided for in paragraphs 4 through 6, and 11 through 13. All Signatories reserve the right to seek or oppose additional waivers for other projects (i.e., projects other than the Projects) from the Affiliate Transactions Rule in the future.

4. The Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to transfer, license, or assignment of easements or right of ways (or use thereof, including joint usage where KCP&L/GMO are using the easement or right of way and permit Transource Missouri to use the same easement or right of way) owned by GMO or KCP&L associated with the Projects. The affiliate transactions referenced in this paragraph are subject to the provisions of paragraph 7.

5. The Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to materials and services (including, but not limited to, usage of KCP&L/GMO employees, contracted labor/services, vehicles, equipment, and facilities) provided by KCP&L or GMO to Transource Missouri, Transource Missouri, or a subsidiary for the Projects prior to novation or transfer of the cost of the Projects to Transource Missouri. The providing entity shall be compensated for these materials and services including Allowance for Funds Used During Construction ("AFUDC") and capitalized property taxes at its fully distributed cost at the time of transfer of the cost of the Projects.

6. The Signatories agree that non-Project goods and services (defined as goods and services that are not directly related to the Projects) were to be provided and are to be

⁷⁵ Transcript, Vol. 2 (Apr. 16, 2013) at 103-09; 4 CSR 240-20.015(10); 4 CSR 240-2.060(4).

provided at the higher of fair market value or fully distributed cost by KCP&L to Transource Missouri, Transource Missouri, and GPE prior to the novation or transfer of the cost of the Projects. KCP&L and GMO will, by June 1, 2013, ensure that charges to Transource Missouri, Transource Missouri, and GPE regarding the development and formation of Transource Missouri and Transource Missouri reflect the higher of fair market value or the fully distributed cost. The Signatories agree that KCP&L and GMO can use a 20% markup to their fully distributed cost methodology for such goods and services in lieu of using the fair market value. If the Signatories cannot agree regarding the reasonableness of these charges, this matter will be taken to the Commission for resolution. In support of the resolution of the treatment for non-Project goods and services provided prior to the novation or transfer of the cost of the Projects, KCP&L and GMO will contribute a total of \$50,000 to the State School Fund or a mutually agreeable organization. This contribution will not be recovered from KCP&L and GMO customers. The Signatories agree that all outstanding issues related to the provision of non-Project goods and services to Transource Missouri, Transource Missouri, and GPE prior to the novation or transfer of the cost of the Projects are resolved, except as provided in this paragraph.

7. Transource Missouri will pay GMO the higher of \$5.9 million or net book value for transferred transmission assets, easements, and right-of-ways that have been previously included in the rate base and reflected in the retail rates of KCP&L and GMO customers. KCP&L and GMO agree to book a regulatory liability reflecting the value of this payment to the extent it exceeds net book value. This regulatory liability shall be amortized over three years beginning with the effective date of new rates in KCP&L's and GMO's next retail rate cases.

D. KCP&L Operations Specific to the Projects

11. If KCP&L assists Transource Missouri for the Projects in communicating with local landowners in the KCP&L and GMO certificated service territories, with local governmental authorities, and with other members of the public, or if KCP&L continues to provide ongoing construction management, cost control management, engineering services, construction services, procurement of materials, and related services for the Projects, the Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-

20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to information, assets, goods, and services (including, but not limited to, usage of KCP&L or GMO employees, contracted labor/services, vehicles, equipment, and facilities) provided by KCP&L or GMO to Transource Missouri, Transource Missouri, or a subsidiary until the Projects are in service. These materials and services will be provided at fully distributed cost until the Projects are in service. For the purposes of this paragraph and paragraph 12, “in service” is defined as the commercial operation date for each of the Projects.

12. If KCP&L provides operations and maintenance services and related capital for the Projects after they are in service, it will do so in a manner consistent with the application of the Commission’s Affiliate Transactions Rule, except that the Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to information, assets, goods, and services (including, but not limited to, usage of KCP&L or GMO employees, contracted labor/services, vehicles, equipment, and facilities) provided by KCP&L or GMO to Transource Missouri, Transource Missouri, or a subsidiary to the extent necessary to allow KCP&L and GMO to use a 20% markup to their fully distributed cost methodology in lieu of using the fair market value.

13. KCP&L and GMO shall file for Commission approval of their Cost Allocation Manuals (“CAM”) before providing any information, assets, goods, and services to Transource Missouri or Transource Missouri after either the novation or transfer of the cost of the Projects, whichever occurs first. The Signatories agree that KCP&L and GMO can provide information, assets, goods, and services to Transource Missouri or Transource Missouri in a manner consistent with the provisions of this Stipulation prior to Commission approval of the CAM.

4. The Signatories have agreed to certain payments to be made by Transource Missouri, KCP&L and GMO, including their regulatory treatment.⁷⁶ The Signatories have

⁷⁶ Stipulation, Paragraph II(B)(7) at p. 7: “Transource Missouri will pay GMO the higher of \$5.9 million or net book value for transferred transmission assets, easements, and right-of-ways that have been previously included in the rate base and reflected in the retail rates of KCP&L and GMO customers. KCP&L and GMO agree to book a regulatory liability reflecting the value of this payment to the extent it exceeds net book value. This regulatory liability shall be amortized over three years beginning with the effective date of new rates in

also agreed to other procedures that KCP&L, GMO, Transource Missouri, and their affiliates will follow with regard to the Projects.

5. The Stipulation contains provisions regarding the future operations of the Applicants in Section II(C), reporting requirements in Section II(E), and access by Staff and OPC to the books and records of Transource Missouri and Transource Energy in Section II(F). There are additional conditions in Section II(G) regarding the final selection of the route of the Sibley-Nebraska City Project, as well as public outreach efforts related to the siting, routing, easement acquisition and right-of-way acquisition for the Projects.

C. Transource Missouri Operations/Future Transfer

8. Transource Missouri will not pursue future transmission projects that are subject to a right of first refusal (“ROFR”) in the KCP&L and GMO respective certificated service territories.

9. KCP&L and GMO will pursue future transmission projects subject to ROFR in their respective certificated service territories. KCP&L or GMO may seek a waiver from the provisions of this paragraph from the Commission for good cause.

10. Transource Missouri agrees to seek approval from the Commission for any subsequent transfer of the Projects’ facilities.

E. Additional Reporting and Provision of Information Regarding the Projects

14. KCP&L will file a copy of the final purchase agreement, detail of the costs included in CWIP, and detail of the property to be transferred at the time of transfer of the Projects’ facilities.

15. KCP&L, GMO, and/or Transource Missouri will continue coordinated efforts with Omaha Public Power District

KCP&L’s and GMO’s next retail rate cases.” Stipulation, Paragraph II(B)(6) at p. 6: “... KCP&L and GMO will contribute a total of \$50,000 to the State School Fund or a mutually agreeable organization. This contribution will not be recovered from KCP&L and GMO customers.”

until the details of the routing and interception point for the Sibley-Nebraska City line are finalized.

16. KCP&L, GMO, and/or Transource Missouri will provide to Staff and OPC the Sibley-Nebraska City Project cost control budget estimate in the fourth Quarter of 2013.

17. KCP&L, GMO, and/or Transource Missouri will continue to file quarterly status reports on the Iatan-Nashua Project to the Commission, as KCP&L and GMO are doing in File No. EO-2012-0271.

18. KCP&L, GMO, and/or Transource Missouri will file in File No. EA-2013-0098, or other case as designated by the Commission, quarterly status reports on the Sibley-Nebraska City Project to the Commission consistent with those provided by KCP&L and GMO in File No. EO-2012-0271.

19. Updates to SPP regarding the Projects are now being entered on a quarterly basis directly into SPP's Transmission and Generation Interconnection Tracking ("TAGIT") project tracking database through a secure interface. SPP reviews the updates and includes them in its quarterly Project Tracking Reports, which are publicly available on SPP's website. Transource Missouri will provide to Staff and OPC any other periodic updates required by SPP regarding the Projects that are not included in the publicly available quarterly Project Tracking Reports.

F. Access to Books and Records Necessary for the Commission to Perform Its Statutory Duties

20. Transource Missouri will produce in Missouri, upon reasonable notice, duplicate copies of Transource Missouri's and Transource Missouri's books and records.

21. Transource Missouri will provide Staff and OPC access to the following documents, including but not limited to: (a) Meeting Minutes of, and Materials distributed at, the Transource Missouri Board of Managers and Members (including Committee Minutes and Materials); (b) Meeting Minutes of, and Materials distributed at, the Transource Missouri Board of Managers and Members (including Committee Minutes and Materials); (c) Workpapers of the external auditors of Transource Missouri; (d) Workpapers of the external auditors of Transource Missouri; (e) General

Ledger (provided electronically) of Transource Missouri; (f) General Ledger (provided electronically) of Transource Missouri; (g) Chart of Accounts and Written Accounting Policies of Transource Missouri; (h) Chart of Accounts and Written Accounting Policies of Transource Missouri; (i) Organizational Charts of Transource Missouri; (j) Organizational Charts of Transource Missouri; (k) Total Company and Missouri Jurisdictional Financial Statements (Income Statement, Balance Sheet, Statement of Cash Flows) on a Quarterly Basis of Transource Missouri; (l) Total Company and Missouri Jurisdictional Financial Statements (Income Statement, Balance Sheet, Statement of Cash Flows) on a Quarterly Basis of Transource Missouri; (m) Monthly Operating/Financial Reports of Transource Missouri (used for internal reporting of the utility ongoing operations and earnings results); (n) Monthly Operating/Financial Reports of Transource Missouri (used for internal reporting of the utility ongoing operations and earnings results); (o) Construction and Operating Budgets for the Current and Succeeding Three Years of Transource Missouri; (p) Construction and Operating Budgets for the Current and Succeeding Three Years of Transource Missouri; (q) Federal and Missouri Income Tax Returns of Transource Missouri; and (r) Federal and Missouri Income Tax Returns of Transource Missouri.

22. Transource Missouri will work with Staff to provide office space in Columbus, Ohio if it is more efficient for the Staff to perform its duties in Columbus, rather than by reviewing copies of books and records provided in Missouri.

23. New or updated agreements between the Applicants that are executed after the approval of the settlement agreement in this case will be provided to the Signatories as they become available.

G. Additional Conditions Agreed to for Approval of Applications

24. GMO agrees to establish a regulatory liability reflecting the amount collected in retail customer rates for the transferred property from the date of the novation or transfer of the costs of the Projects until new GMO rates are established. The treatment of the regulatory liability will be determined in GMO's next retail rate case.

25. Transource Missouri requested that the Commission grant approval of the CCN Application conditioned upon: (a) PSC approval of the transfer requests in File No. EO-2012-0367; (b) SPP's approval of Transource Missouri as a transmission owning member; (c) novation of the NTCs to Transource Missouri; and (d) FERC's acceptance of the novation agreements.

26. KCP&L and GMO requested that the Commission grant approval of the Transfer Application conditioned upon: (a) Transource Missouri obtaining the necessary approvals to construct the Projects; (b) Transource Missouri executing the SPP Membership Agreement as a Transmission Owner; (c) SPP's approval of the novation of the NTCs to Transource Missouri; and (d) FERC's acceptance of the novation agreements.

27. The Signatories agree that it would be reasonable for the Commission to grant conditional approval of KCP&L and GMO's Transfer Application and Transource Missouri's CCN Application prior to the final selection of route for the Sibley-Nebraska City Project. The Signatories request that the Commission grant approval conditioned upon the Commission making specific findings, through means determined at the Commission's discretion, after the final selection of the Sibley-Nebraska City route has been made, that the Transfer Application is not detrimental to the public interest and that the CCN Application is necessary and convenient for the public service. Transource Missouri shall provide the Commission with the 4 CSR 240-3.105 information for the Sibley-Nebraska City route as soon as that information is available.

28. Nothing in this Stipulation restricts any Signatory's right to request reasonable additional notice, local public hearings, or additional processes in these cases. No Signatory is restricted from opposing such request to the Commission.

29. KCP&L and GMO will provide the Commission with a report and information in File No. EA-2013-0098 within 90 days of the effective date of a Commission order approving this Stipulation outlining its public outreach efforts for siting, routing, easement acquisition and right-of-way acquisition for the Projects. KCP&L and GMO will update the report at least quarterly thereafter.

6. The Commission has thoroughly reviewed the terms of the Stipulation, as well as the Signatories' Joint Memorandum in Support of the Stipulation and other submissions which they have submitted jointly and individually. The Commission has also reviewed the hearing exhibits that have been entered into the record in this case. Based upon its review of the record and the Stipulation, the Commission independently finds and concludes that the Stipulation's proposed terms are in the public interest, and that they are necessary and convenient for the public service.

7. Although the Commission's review and approval of the Stipulation does not mean that it is issuing a decision on the merits of each of the individual elements of the Stipulation, the Commission finds that the agreement entered into by the Signatories is fair and reasonable, is not detrimental to the public interest, and serves the necessity and convenience of the public.

8. The Commission finds that the actions that the Stipulation requires the Applicants to take, and the process and procedures that the Signatories have agreed to follow as the Projects are constructed and operated all relate to the promotion of efficient facilities to serve the public, and they achieve substantial justice between patrons and public utilities. PSC v. Missouri Gas Energy, 388 S.W.3d 221, 228 (Mo. App. W.D. 2012), citing Section 386.610. Consequently, it is in the public interest for the Commission to approve the Stipulation as submitted by the Signatories.

JOINT OPERATING AGREEMENT

This Joint Operating Agreement (the "Agreement") is made and entered into this 10th day of October, 2008 by and between Kansas City Power & Light Company ("KCP&L") and Aquila, Inc., doing business as KCP&L Greater Missouri Operations Company ("KCP&L GMO").

WITNESSETH

WHEREAS, KCP&L is a wholly-owned subsidiary of Great Plains Energy Incorporated ("Great Plains Energy"); and

WHEREAS, Great Plains Energy acquired KCP&L GMO as of July 14, 2008, and

WHEREAS, to facilitate utility operations integration and to realize synergies, employees of KCP&L GMO were transferred to KCP&L, and employees of KCP&L will operate and manage the business and properties of both KCP&L and KCP&L GMO, and

WHEREAS, in Case No. EM-2007-0374 before the Missouri Public Service Commission (the "MPSC"), KCP&L and KCP&L GMO requested a waiver from the MPSC affiliate transaction rules to permit KCP&L to provide services and non-power goods to KCP&L GMO at fully distributed cost, and offered to execute and file a joint operating agreement to document the provision of such services and non-power goods, and

WHEREAS, the MPSC granted such waiver, authorized Great Plains Energy to acquire KCP&L GMO, and directed that such a joint operating agreement be filed with the MPSC, and

WHEREAS, KCP&L and KCP&L GMO have entered into this Agreement whereby each party agrees to provide and to accept and pay for various services and non-power goods.

NOW THEREFORE, in consideration of the promises and the mutual agreements herein contained, the parties to this Agreement covenant and agree as follows:

ARTICLE I – JOINT OPERATING SERVICES

Section 1.1 Purpose. This Agreement provides the contractual basis for the coordinated planning, construction, acquisition, disposition, operation and maintenance of KCP&L's and KCP&L GMO's business and properties to achieve synergies, consistent with reliable electric service and all legal and other requirements.

Section 1.2 KCP&L Designated Agent and Operator. KCP&L GMO hereby designates KCP&L as its agent and operator of its business and properties. KCP&L shall be responsible for and shall perform, through its employees, agents, and contractors, all such actions and functions (including, without limitation, the entry into contracts for the benefit of or as agent for KCP&L GMO) as may be required or appropriate for the proper design, planning, construction, acquisition, disposition, operation, engineering, maintenance and management of KCP&L GMO's business and properties in accordance with the terms of this Agreement (the "Services"). KCP&L GMO hereby delegates to KCP&L, and KCP&L hereby accepts responsibility and authority for the duties set forth in this Agreement.

Section 1.3 Description of the Services. The Services shall include all services required or appropriate for the design, planning, construction, acquisition, disposition, operation, engineering, maintenance and management of KCP&L GMO's business and properties. The Services exclude wholesale electricity and transmission service transactions between KCP&L and KCP&L GMO, which will be governed by applicable Federal Energy Regulatory Commission ("FERC") tariffs and rules. Such Services are more fully described in Appendix A hereto.

Section 1.4 Standards for Services. KCP&L shall provide the Services in accordance with its practices, methods, standards, guides, policies and procedures in effect from time to time which, as applicable, will be consistent with those that are generally accepted in the electric utility industry. KCP&L will comply with all applicable Federal, State and local laws, regulations, ordinances and other requirements in the provision of Services to KCP&L GMO.

Section 1.5 Facilities Services. KCP&L will use its properties, systems, agreements and other assets in providing Services (the "KCP&L Facilities Services"). KCP&L GMO consents to the use of its properties, systems and agreements by KCP&L in providing Services and in operating and managing KCP&L's own business (the "KCP&L GMO Facilities Services"). The KCP&L Facilities Services and the KCP&L GMO Facilities Services are collectively referred to as the "Facilities Services". The provision of, and payment for, the Facilities Services will be done pursuant to the terms of this Agreement.

Section 1.6 Compliance with Policies and Agreements. In connection with its receipt of the Services, each party shall comply with (i) all applicable policies and procedures of the other party, and (ii) all applicable terms and conditions of any third party agreements pursuant to which KCP&L GMO receives Services and KCP&L receives Facilities Services, including without limitation terms and conditions preserving the confidentiality and security of proprietary information of vendors.

Section 1.7 Adequacy of Personnel. KCP&L shall use commercially reasonable efforts to maintain a staff trained and experienced in provision of the Services. Notwithstanding the foregoing, KCP&L may (i) arrange for the services of nonaffiliated experts, consultants, attorneys and other third parties in connection with the performance of any of the Services or (ii) subcontract performance of the Services to one or more third parties.

Section 1.8 Parity of Services and Internal KCP&L Operations. KCP&L will at all times use its commercially reasonable efforts to provide the Services in scope, quality and schedule equivalent to those it provides to its own internal operations. In providing the Services, KCP&L will seek to maximize the aggregate synergies to both companies, and shall not take any action that would unduly prefer either party over the other party.

ARTICLE II - COMPENSATION

Section 2.1 Payment for Services. As compensation for the Services, KCP&L GMO shall reimburse KCP&L for all costs that reasonably can be identified and related to the Services performed by or on behalf of KCP&L for KCP&L GMO including, but not limited to, KCP&L's cost of salaries and wages, office supplies and expenses, third party vendor costs, property insurance, injuries and damages, employee pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital. Notwithstanding anything herein to the contrary, the price of the Services shall comply with all applicable rules and regulations of the FERC, the MPSC, all other applicable regulatory commissions, and the provisions of Great Plains Energy's Cost Allocation Manual, which includes KCP&L and KCP&L GMO cost allocation information, filed from time to time with the MPSC.

Section 2.2 Payment for Facilities Services. It is understood that KCP&L GMO Facilities Services may be used by KCP&L in providing Services to KCP&L GMO, as well as used by KCP&L for its own business. In order to avoid duplicate billing, the parties agree that KCP&L will be billed, and will reimburse KCP&L GMO, only for that portion of KCP&L GMO Facilities Services used by KCP&L for its own business. As compensation for Facilities Services, the receiving party shall reimburse the providing party for all costs that can reasonably be identified and related to the Facilities Services including, but not limited to, cost of salaries and wages, office supplies and expenses, third party vendor costs, property insurance, injuries and damages, employee pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, compensation for use of capital, and a return on capital associated with the assets used to provide Facilities Services. Costs recovered through Services billings shall be excluded from the costs of Facilities Services. Notwithstanding anything herein to the contrary, the price of Facilities Services shall comply with all applicable rules and regulations of the FERC, the MPSC, all other applicable regulatory commissions, and the provisions of Great Plains Energy's Cost Allocation Manual, which includes KCP&L and KCP&L GMO cost allocation information, filed from time to time with the MPSC.

Section 2.3 Billing. KCP&L shall render a monthly statement to KCP&L GMO setting forth a description of the Services and KCP&L Facilities Services rendered to KCP&L GMO in the previous month and KCP&L's costs in connection therewith. The monthly statement to KCP&L GMO will also set forth a description of KCP&L GMO Facilities Services used by KCP&L for its own business and KCP&L GMO's associated costs. KCP&L shall maintain reasonable supporting documentation in connection with costs. Payment shall be made by remittance of the amounts billed within thirty (30) days of the date of the statement or by making appropriate accounting entries on KCP&L's and KCP&L GMO's books.

Section 2.4 Dispute Resolution. In the event that a dispute arises between KCP&L and KCP&L GMO regarding the costs charged by the providing party to the receiving party for Services or Facilities Services hereunder, representatives of KCP&L and KCP&L GMO will attempt to resolve the issues. Unresolved disputes regarding costs or any other claim or dispute related to this Agreement shall be resolved by binding arbitration by the American Arbitration Association under the rules then in effect. Any award of the arbitrator(s) may be entered as a judgment in any court of competent jurisdiction.

Section 2.5 Records Inspection. KCP&L GMO at its own expense may examine KCP&L's pertinent books, records, data and other documents once each year for the purpose of evaluating the accuracy of KCP&L's statements to KCP&L GMO. Such examination shall begin no fewer than thirty (30) days after KCP&L receives a written notice requesting an examination and shall be completed no later than thirty (30) days after the start of such examination. Such examination shall be conducted by an independent auditor reasonably acceptable to both KCP&L GMO and KCP&L. If an independent auditor is used, KCP&L GMO shall cause the independent auditor to execute a nondisclosure agreement reasonably acceptable to KCP&L. Each audit shall be conducted on the premises of KCP&L during normal business hours. KCP&L shall cooperate fully in any such audit, providing the auditor reasonable access to any and all appropriate KCP&L employees and books, records and other documents reasonably necessary to assess the accuracy of KCP&L's invoices. The results of the examination shall be provided to KCP&L.

If KCP&L and KCP&L GMO agree that the amount of any statement should be adjusted as a result of the examination, the amount of the adjustment shall be paid or reimbursed, as applicable, promptly with interest at a rate equal to the applicable compensation for use of capital if the adjustment is related to Services provided, or at a rate equal to the applicable return on capital used for Facilities Services billings (as such rates are described in the Great Plains Energy Cost Allocation Manual) from the due date of the applicable invoice. Any unresolved dispute shall be submitted to arbitration pursuant to Section 2.3, and any resulting award shall include interest calculated on Services or Facilities Services as previously described from the due date of the applicable invoice.

ARTICLE III – TERM AND TERMINATION

This Agreement shall become effective as of the date first written above and shall continue in force until terminated pursuant to this Article III (the "Term"). This Agreement may be terminated by either party upon at least one year's prior written notice to the other party. This Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Agreement may conflict with any applicable law, rule, regulation or order of any regulatory body adopted before or after the date of this Agreement. Further, this Agreement shall automatically terminate in the event of a direct or indirect change of control of either KCP&L or KCP&L GMO. Sections 2.4, 2.5, 4.1, 4.2, 5.3 and 5.4 shall survive expiration or termination of this Agreement for any reason.

ARTICLE IV –

DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY

Section 4.1 EXCEPT AS SET FORTH IN SECTION 1.4, KCP&L MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE SERVICES AND HEREBY DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES AS TO MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE.

Section 4.2 Limitation of Liability. Except with respect to its indemnification obligations set out in this Section 4.2, KCP&L's aggregate liability to KCP&L GMO pursuant to this Agreement for any acts or omissions in any 12-month period during the Term shall not exceed the aggregate charges payable to KCP&L by KCP&L GMO pursuant to Section 2.1 and 2.2 in such 12-month period. Except with respect to its indemnification obligations set out in this Section 4.2, KCP&L GMO's aggregate liability to KCP&L pursuant to this Agreement for any acts or omissions in any 12-month period during the Term shall not exceed the aggregate charges payable to KCP&L GMO by KCP&L pursuant to Section 2.2 in such 12-month period. Notwithstanding the foregoing sentences, each party hereto will defend, indemnify and save harmless the other party hereto from and against any and all liability, loss, costs, damages and expenses, including reasonable attorney's fees, caused by or arising out of the gross negligence, willful misconduct or breach of this Agreement by such indemnifying party. In no event shall any party be liable to the other party for any punitive, exemplary, indirect, special or consequential damages in connection with this Agreement.

ARTICLE V - MISCELLANEOUS

Section 5.1 Amendments. No amendment, change, or modification of this Agreement shall be valid, unless made in writing and signed by the parties hereto.

Section 5.2 No Assignment. Neither party may assign this agreement, in whole or in part, without the prior written consent of the other party.

Section 5.3 Choice of Laws. This Agreement will be deemed to be made in and in all respects shall be interpreted, construed and governed by and in accordance with the laws of Missouri, without giving effect to rules concerning conflicts of laws.

Section 5.4 No Third Party Beneficiaries. This Agreement is not intended to, and does not, confer upon any party other than KCP&L and KCP&L GMO any rights or remedies hereunder.

Section 5.5 Regulatory Filings. KCP&L and KCP&L GMO shall make all necessary regulatory filings and seek all necessary regulatory approvals for this Agreement.

Section 5.6 No Effect on Other Agreements. This Agreement shall not modify the obligations of any party under any agreement with a third party, and shall not modify any agreement between the parties under any tariff or other agreement filed with the FERC, the

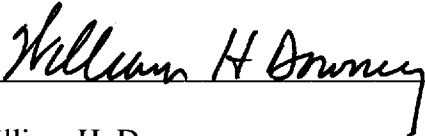
MPSC or other regulatory commission.

Section 5.7 Waivers. Any waiver at any time by a party of any of its rights with respect to a default by the other party under this Agreement shall not be deemed a waiver with respect to any subsequent default of similar or different nature, nor shall it prejudice its right to deny waiver of any other default by the other party.

Section 5.8 Independent Contractor. KCP&L and KCP&L GMO agree that for the purposes of this Agreement, each party is an independent contractor to the other party. KCP&L will be solely responsible for directing the work of its personnel. KCP&L is solely responsible for the compensation of its employees assigned to provide the Services hereunder, and payment of workers' compensation, disability and other similar benefits, unemployment and other similar insurance, and for withholding, income, social security and other taxes.

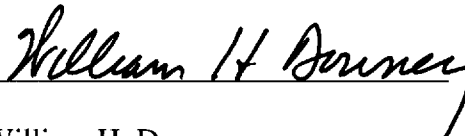
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

Kansas City Power & Light Company



William H. Downey
President and Chief Operating Officer

Aquila, Inc., doing business as KCP&L
Greater Missouri Operations Company



William H. Downey
President and Chief Operating Officer

Approved by Counsel:



William G. Riggins
General Counsel and Chief Legal Officer
Kansas City Power & Light Company
Aquila, Inc.

APPENDIX A

Description of Services

General descriptions of the Services to be provided by KCP&L to KCP&L GMO are detailed below. The descriptions are deemed to include services associated with, or related or similar to, the services contained in such descriptions. The descriptions are not intended to be exhaustive, and KCP&L will provide such additional services, whether or not referenced below, that are necessary or appropriate to meet the service needs of KCP&L GMO.

Corporate Services

Corporate Services is responsible for providing Information Technology, Purchasing, Facilities and Resource Protection services for KCP&L GMO operations. These services also apply to any new facilities that may be added from time to time.

Information Technology (“IT”): Support existing applications, technologies and infrastructure to ensure business continuity and leverage capabilities. Examples include CIS, PeopleSoft, desktop, real-time systems, radio and telecommunications. In addition, IT will work with KCP&L GMO to develop and deploy new applications and technologies as appropriate.

Purchasing: Acquire goods and services on behalf of KCP&L GMO operations, as well as for all construction projects; exercise governance and oversight over all procurement functions and ensure compliance with established policies and procedures.

Facilities: Responsible for the planning and management of existing company buildings and grounds, whether owned or leased, as well as for any new building construction or remodeling; and provide print, courier and mailroom services and records management.

Resource Protection: Responsible for the protection of the physical, human and information assets of KCP&L GMO, and for business continuity planning and adherence to applicable standards such as required by Homeland Security, etc.

Delivery

Delivery is responsible for providing customer, transmission and distribution services. This includes business performance services, claims services, customer services, major outage/catastrophic event management services, energy efficiency and demand response services, metering and infrastructure technology services, resource management, safety training and incident response services, transmission and distribution construction and maintenance management, transmission and distribution operations and maintenance, transmission, distribution and substation engineering and asset management, transmission policy, planning and compliance services to KCP&L GMO. These services also apply to any new facilities that may be added from time to time.

Business Performance Services: Develop, gather data, manage, create and maintain financial and reliability reports; provide financial analysis, training on financial systems and business support; oversee financial and accounting processes; direct the preparation of budgets and forecasts; draft certain regulatory reports and testimony; develop policies, monitor key developments in the electrical delivery arena and KCP&L GMO territories; prepare and file compliance related reporting; manage process and performance improvement; create and conduct process and performance training; and collect and analyze benchmarking and scorecard data.

Claims Services: Administer claims received relating to property damage and/or service issues in KCP&L GMO service territories; prosecute claims to recover damages for property damage against KCP&L GMO assets.

Community Liaison and Communication Services: Act as liaison with government agencies; federal, state and locally elected officials, civic organizations, and other community stakeholders affecting the KCP&L GMO service area; respond to media and governmental stakeholder requests for information; and create and present information to the public through press releases, advertising, public speaking and other available communication channels.

Community Relations Services: Identify and administer investment and membership support in KCP&L GMO's community organizations; administer contributions to nonprofit agencies identified in KCP&L GMO's service and operating territories that support at-risk youth, the environment and economic/workforce development; administer memberships with chambers, economic development corporations and other organizations in KCP&L GMO's service and operating territories; coordinate presentations and public speaking requests; identify and administer community sponsorships in coordination with partners; manage and provide support for KCP&L GMO's events, including town hall meetings and executive visits; identify and manage employees in KCP&L GMO community support roles, such as serving on boards and providing direct service to underserved people and communities.

Customer Services: Receive and process customer requests through all customer contact channels; answer customer questions, create and enter service orders, and educate customers about KCP&L GMO services; obtain and record meter data; process customer service orders; manage the field collection process at the customer premise, investigate potential revenue loss, and report irregular customer activities pertaining to their electric service; prepare and deliver accurate and timely statements and invoices to customers; manage the payment application process, reconcile payments received from customers, remit payments received, and conduct research on non-routine payments; collect amounts owed on delinquent accounts, bad debt recoveries, and bankruptcy; process and remit amounts recovered; manage and apply energy assistance payments; conduct fraud investigations, diversion investigations, and analyze customer usage and pricing for accuracy and timeliness of sending customer bills; investigate and manage commission complaints to resolution; design programs to increase funding to assist low income customers; manage programs targeted for the elderly and vulnerable (i.e., medical emergency) customers; create partnerships with energy assistance agencies; administer cold and hot weather rules; develop and present outreach programs designed to educate customers about energy usage and efficiency; design and use measurement and assessment tools to gauge

effectiveness and efficiency of customer contact work processes; and collect, verify and report statistics and data as requested by internal customers.

Economic Development Services: Manage and administer business development initiatives, strategies and programs associated with retention, expansion and recruitment of major customers in KCP&L GMO's service territory; manage and develop relationships with strategic state, regional and local development groups while being familiar with state and local incentives, and financing options; assist KCP&L GMO's communities in strategic planning, setting goals and priorities, and facilitate implementation of community and economic development programs; and represent KCP&L GMO on relevant community and state boards.

Energy Efficiency and Demand Response Services ("EE/DSM"): Identify and develop products for EE/DSM including market analysis, technology review, feasibility analysis, load research and tariff development/approval; provide marketing of EE/DSM to customers; act as liaison and support EE/DSM programs with large industrial and commercial users; create and present public education and training demonstrations on EE/DSM programs; provide eServices management; and develop and provide marketing, sales and product support for unregulated, revenue generating services.

Major Outage/Catastrophic Event Management Services: Provide "command and control" management including allocation of resources, communication with MPSC, internal and external stakeholders, coordination with the Mutual Assistance Group, and analysis of operational and performance data from KCP&L GMO systems; act as liaison with government agencies, municipalities and emergency response organizations; and create and conduct training with stakeholders .

Metering and Infrastructure Technology Services: Plan, design and implement integrated technologies to better supply, manage, and enable more efficient use of energy both by the utility and the customer; identify and evaluate existing and emerging technologies in the areas of advanced metering, distribution automation, grid communication networks, advanced control centers, demand response, energy efficiency, as well as the integration of renewable and distributed supply resources; and plan, design and implement metering and meter reading infrastructure.

Resource Management: Provide supervision of resource procurement, including strategic sourcing, vendor alliance development, order management, supplier management, consignment systems and contract governance; manage vegetation management services and infrastructure monitoring and improvements consistent with approved KCP&L GMO vegetation and infrastructure plans; provide supply chain management to drive optimum service, quality and innovation for material, services and fleet management in order to achieve operational excellence and lower operational and maintenance costs; develop policies and implement contract compliance practices to ensure value is captured; provide work management asset tracking services; provide meter procurement and maintenance services; and provide shop services that include equipment testing and reconditioning, welding, mechanical services, pipefitting, plumbing and carpentry.

Safety Training and Incident Response Services: Create and present public safety education and training demonstrations; respond to incidents of personal injury and/or property damage involving employees and/or KCP&L GMO assets; and develop operating and compliance guidelines.

Transmission and Distribution Construction and Maintenance Management: Analyze, coordinate and support work for system expansion, construction, system improvements, and corrective and preventive maintenance; provide patrolling services of infrastructure and equipment; and act as company liaison to customers, municipalities, community organizations and local stakeholders.

Transmission and Distribution Operations and Maintenance: Provide “first response” to outage and irregular system operation reports and analyze, coordinate and support work to restore service and return system to regular operating status.

Transmission, Distribution and Substation Engineering and Asset Management: Analyze, coordinate and support work for delivery and substation system expansion, improvements, and corrective and preventive maintenance; provide engineering, planning, design, trouble-shooting and mapping services; support field personnel in handling right-of-way purchases, right-of-way inquiries, zoning permits and crossing permits; and establish and monitor system-wide electrical standards.

Transmission Policy, Planning and Compliance Services: Develop policies, monitor key developments in the transmission arena, and participate in industry groups and forums relevant to transmission system reliability, operations and policy issues; act as liaison with FERC, NERC, Southwest Power Pool (“SPP”), Midwest Independent Transmission System Operator (“MISO”), Edison Electric Institute (“EEI”), Kansas Electric Transmission Authority (“KETA”), the Transmission Owners and Operators Forum and other organizations and stakeholders; perform analysis and planning of transmission system; negotiate agreements with transmission stakeholders; provide support for real-time transmission system analysis, monitor system reliability and security; respond to threats against system reliability and security; provide compliance review of relevant NERC and FERC standards and policies; administer transmission tariffs; and provide accounting of energy flowing across transmission system and monitor transmission revenues received.

Supply

Supply is responsible for all aspects of providing the electric energy necessary to reliably, and in compliance with applicable laws, fulfill the electric demands of KCP&L GMO customers. In order to effectively meet this obligation, Supply shall provide the following general services to KCP&L GMO: resource planning; plant operations and maintenance; fuel procurement and logistics; generation dispatch; power purchases and sales; new unit construction; and system black-start. These services shall apply to all present and future KCP&L GMO generating facilities. These services also include the optimization of all KCP&L GMO jointly owned units and all capacity and energy contracts that exist or may be entered into from time to time.

KCP&L and KCP&L GMO will be operated and planned for as separate control areas with wholesale transactions governed by applicable FERC tariffs and rules, until and unless otherwise determined by the parties and approved by all applicable regulatory bodies.

Resource Planning: Develop periodic integrated resource plans, capacity testing, reliability reporting, and interconnection applications; coordinate new source review as needed; and maintain fleet generation statistics.

Plant Operations and Maintenance: Conduct safety training, safety incident investigation, training of the operating and maintenance staff; develop/maintain operating procedures; manage operating staff; maintain planning (near term and long term); maintain facilities and equipment; outage planning; maintenance management; contractor management; inventory management; and environmental compliance and reporting.

Fuel Procurement and Logistics: Develop fuel procurement plan, fuel procurement for power production (coal, oil and natural gas); arrange for fuel delivery, nomination of required natural gas deliveries, procurement, delivery of all plant combustion reagents (lime, limestone, ammonia, urea, etc.); fuel handling and storage at the plants; and fuel inventory management, sale or off-site disposal of coal combustion products (including fly ash, bottom ash, and scrubber by-products).

Generation Dispatch: Unit scheduling; maintenance of reserve requirements; coordination with the RTO; and coordination with generating stations and load balancing.

Power Purchases and Sales: Manage day ahead and real time sales and/or purchases to effectively meet customer demand; secure transmission paths; cultivate wholesale customers on both the buy and sell side; track and manage RTO transactions and costs; and manage participation in RTO markets as they become available (energy imbalance market, ancillary services, etc.).

New Unit Construction: Organize and manage the construction efforts necessary to place new generating assets into service or to retro-fit existing facilities with new process equipment necessary to allow the unit to continue to operate, including the removal of abandoned equipment, as may be necessary.

Black Start: Maintain and periodically test the system black-start capability.

Human Resources

Services are provided to KCP&L GMO by employees of KCP&L. Human Resources (“HR”) is responsible for the planning, development, and implementation of all aspects of human capital strategy which complements and reinforces the strategies of KCP&L GMO and its affiliates. HR will meet KCP&L GMO’s needs through the general services categories described below.

Employee Relations – HR uses a Generalist model in working with operating groups as business partners to ensure close alignment with, and proactive support of, operating needs.

Labor Relations – Provide centralized leadership in working collaboratively with the IBEW locals, including labor strategy, negotiations, grievances, arbitrations, job bidding, and other activities.

Staffing and Recruitment – Ensure a robust pipeline of talent into the organization by creatively sourcing candidates and overseeing/coordinating the recruiting, interviewing, testing, placement, and on-boarding processes; and manage a variety to specialized sourcing programs ranging from college recruiting, internship programs, high programs, diversity programs, and other practices.

Compensation and Benefits – Recommend and develop the overall reward program to ensure the acquisition and retention of talent and effective cost management, including base salary, incentive, and all other benefit and recognition programs; and oversee Affirmative Action Programs.

Safety and Medical – Oversee worker’s compensation and return-to-work programs, DOT, and other health and safety programs.

Winning Culture – Work to ensure a workforce that is engaged, innovative, accountable, and high-performing.

Training and Development – Ensure an effective professional workforce through the development/delivery of programs through the GPE University; identify suitable external programs and leadership development opportunities; and identify, coaching, and development of high potential employees; and oversee an assessment center, workforce planning, periodic employee surveys, and effective performance management processes.

Human Resource Information System – Ensure secure and effective systems that allow accurate reporting of employee-related information; develop and implement systems and processes that enable increased employee and manager self-service; and promote and implement process improvements for HR.

HR Service Center - The HR Service Center provides a “one-stop shop” for efficient response to employees’ and retirees’ HR questions.

HR Strategy and Planning – Ensure awareness of best practices and adopts as appropriate; ensures goals, metrics, and plans are established to enhance service and efficiency; and craft and implement company-wide strategies to address chronic workforce challenges.

Finance and Accounting Services

Finance and Accounting Services (“F&A”) is responsible for all aspects of providing services across the organization necessary to support the operations of KCP&L GMO and all other corporate entities. These services are provided by KCP&L to the other entities. F&A will meet KCP&L GMO’s need for F&A services through the general services categories described below.

Accounting Systems: Provide system support of financial systems for all entities, including KCP&L GMO. Major financial systems include the PeopleSoft financial and HR systems, CIS+ customer billing system, and the property management system, PowerPlant. System support is categorized into operations and project management functions. The operations function includes; run the month-end financial close process; maintain PeopleSoft and PowerPlant security for the organization; update PeopleSoft chart fields; maintain the PeopleSoft allocation processes; maintain PeopleSoft trees for reporting, and nVision and query development for the organization; including support provided in gathering financial information to respond to regulatory, customer, or audit requests. The project management function includes upgrades and system enhancements and consists of gathering requirements, developing timelines, developing and maintaining test scripts for testing phases, and signoff during implementations.

Accounts Payable: Provide accounts payable transaction processing and reporting for all Great Plains Energy entities, including KCP&L GMO. Primary services provided include: Create/maintain vendor profiles; receive/process paper/electronic invoices and payments; prepare vendor 1099s; review/update invoice approval workflow; review/update voucher account coding; reconcile payment records and vendor balances; research/resolve purchase order payment exceptions; provide monthly reporting metrics; and receive/research/provide vendor and/or payment inquiries.

Audit Services: Examine and evaluate the adequacy and effectiveness of the organization's governance, risk management process, internal control system structure, and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. Primary services provided include: review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information; review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, including relevant provisions of the Sarbanes-Oxley Act of 2002, which could have a significant impact on operations and reports, and assessing whether the organization is in compliance; review the means of safeguarding assets and, as appropriate, verifying the existence of such assets; review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned; review specific matters at the request of the audit committee or management, as appropriate; monitor and evaluate the effectiveness of the organization's risk management system; and review, where contractually authorized, accounting and other relevant records of joint ventures, contractors, suppliers, and other third party business associates.

Corporate Accounting: Maintain the accounting books and records of all Great Plains Energy entities, including KCP&L GMO. Primary services provided include: establish and maintain accounting policies and procedures; establish and monitor internal controls; record revenues, operation and maintenance expenses, other income/expense and assets and liabilities, and analyze activity in accounts; and perform account monitoring and reconciliations, management reports, certain regulatory reports and provide financial support to operations, regulatory affairs and other internal customers, as requested.

Corporate Finance: Direct the Company's corporate finance function, which includes the development, analysis, and implementation of financial plans and capital structure so as to maintain continuous access to capital at the lowest overall cost. Primary services provided include: prepare documentation and satisfy the filing requirements associated with the Company's financing and lead negotiations of specific costs and terms of security issues and/or leases by working directly with the underwriters; minimize the cost of debt by managing the variable rate debt portfolio utilizing interest rate management products; support the Company's regulatory efforts, including cost of capital analysis / testimony preparation assistance; primary day-to-day management of relationships with rating agencies, members of the Company's bank group and any other investment banks; and preparation of financial materials for internal and external stakeholders as requested and required.

Corporate Planning & Budgeting: Develop budgets and financial forecasts for all Great Plains Energy entities, including KCP&L GMO. Primary services provided include: collection of departmental operating and capital budgets; allocation of budgeted pension and benefit costs, jointly owned facilities, and other allocable costs between business units; and development of forecasted financial statements as needed.

Corporate Treasury: Responsible for all cash management activities, including short-term financing facilities, for all Great Plains Energy entities, including KCP&L GMO. Primary services provided include: maintain an appropriate level of liquidity through supervision of cash management activities, maintenance of banking relationships and accessing of capital markets for longer-term funding; issue commercial paper or draw on credit facilities as needed, keeping an appropriate maturity ladder; conduct intra-company lending/borrowing to share liquidity within the corporation and minimize idle balances; oversee issuance of letters of credit and guarantees; assist Enterprise Risk in monitoring and maintaining credit support; maintain banking and brokerage relationships, negotiate lines of credit and determine banking/treasury management services to use; monitor and manage investment portfolios in compliance with the corporate investment policy; supervise remittance processing activities in coordination with the Customer Service division; establish and monitor external remittance processing agents (lockbox, direct debit, pay-stations, credit/debit cards, etc.) so to offer customers, reliable, lost cost service; assist in the issuance of capital market securities; provide input in the determination of desired capital structure through detailed cash forecasting; assure compliance with Sarbanes-Oxley requirements and maintenance of proper documentation and controls; provide information for rate cases, regulatory filings, financings and other applications; develop and maintain department policies; create and maintain a corporate wide investment policy; and oversee required accounting and record keeping to maintain the general ledger and reconcile cash accounts.

Income and Transaction Taxes: Responsible for all aspects of maintaining the tax books and records of all Great Plains Energy entities, including KCP&L GMO. Tax services can be categorized in five major functions providing the primary services as follows: prepare, review and file all consolidated and separate federal, state and local income, franchise, sales, use, gross receipts, fuel excise, property and other miscellaneous tax returns and payments; research tax issues and questions, including interpretation of rules and proceedings, develop short and long range planning for all types of taxes and monitor and review new or proposed tax laws,

regulations, court decisions and industry positions; provide tax data for budget estimates and rate cases, provide reports of tax activity and projected cash requirements and prepare, review and record tax data for financial reports; supervise and review tax audit activities; respond to vendor-related tax matters associated with tax compliance or tax saving opportunities and process customer tax refunds and adjustments to customer accounts.

Insurance: Provide the following insurance services: place and administer Property and Casualty insurance policies, including Property, Liability, Workers Compensation and Management Liability; file and manage Property insurance claims; review contracts and agreements as needed for adequacy of insurance provisions; issue Certificates of Insurance and other evidence of coverage; and place and administer bonds.

Property Accounting: Maintain all fixed asset and intangible property records for all Great Plains Energy entities, including KCP&L GMO. Primary services provided include: set up, maintain and close capital projects; provide analysis of capital projects; calculate, record and report AFUDC; maintain fixed assets and accumulated depreciation; perform month end close processes; support billing of joint owner projects; support construction projects, including those associated with the Comprehensive Energy Plan; and perform processes to support day-to-day property accounting activity and prepare necessary internal and external reports, and support regulatory filings and depreciation studies.

Regulatory Accounting: Serve as the primary liaison between the Regulatory Affairs and Accounting Services teams and provide Accounting Services support for all jurisdictional filings and regulatory reporting for the Company, including KCP&L GMO. Primary services provided include: primary accounting support of rate case process including accounting adjustment planning and preparation; primary accounting support and data request response preparation and review; support of rate case process for accounting focused issue areas; regulatory reporting preparation and filing for all jurisdictional areas including the preparation of the annual FERC Form 1 and quarterly FERC Form 3-Q and certain other monthly, quarterly and annual statistical reports and jurisdictional surveillance reporting; development, tracking and reporting of all merger synergies and transition costs created/incurred across the organization, as relates to the acquisition of KCP&L GMO; and maintenance, review and analysis of critical revenue requirement input components, including regulatory asset and liability tracking and maintenance, debt assignment process maintenance and tracking and FERC account activity analysis for rate case adjustment impacts.

Risk Management: Provide the following risk management services on behalf of KCP&L GMO: credit risk management to include complete credit reviews for wholesale counterparties; develop, gather data, manage, create and maintain financial, reliability and accounting reports; develop credit limits for wholesale counterparties and monitor credit exposure on an ongoing basis; manage collateral requirements with wholesale counterparties and manage daily margining requirements; review contracts and agreements for adequacy of credit risk provisions; monitor the external credit markets and develop policies and procedures to help mitigate potential credit risks; prepare and file compliance related reporting; market risk management which includes monitor wholesale commodity transactions and verify that transaction types are covered by risk control policies, monitor wholesale commodity transactions and monitor compliance with risk

control limits; develop market volatility curves for new transaction locations and commodities within the deal capture system; monitor the wholesale power and gas markets and develop policies and procedures to help mitigate market risks; and prepare and file compliance related reporting.

Strategic Planning and Development: Provide strategy development and coordination in the following areas: manage the development and approval process for the Company's long term strategic plans; coordinate strategic planning for major asset decisions; coordinate internal and public policy positions on renewable energy, climate change, nuclear power, energy efficiency and other energy related issues; and develop and manage renewable energy resource strategy and development of the renewable resource portfolio.

Legal and Environmental Services

Legal and Environmental Services is responsible for providing legal advice and representation and environmental services to KCP&L GMO. The following is a representative list of the types of services provided.

Legal Advice and Representation: Advise and represent KCP&L GMO concerning anticipated and pending litigation matters, contract negotiation and administration, general corporate matters and regulatory compliance, including the representation of KCP&L GMO before the MPSC, the FERC, and other regulatory bodies; provide legal advice and support for securities filings, financings and their administration; and provide legal advice and support for other transactions and matters as requested.

Environmental Services: Advise KCP&L GMO concerning compliance with all applicable environmental laws and regulations, including the obtainment of any requisite environmental permits related to KCP&L GMO's operations.

Regulatory Affairs

Regulatory Affairs is responsible for all aspects of providing services across the organization necessary to support the regulatory strategies that achieve corporate goals and which satisfy the requirements of regulatory policies, rules and procedures for KCP&L GMO. The following is a representative list of the types of services provided.

Maintain a working knowledge state and federal regulatory practices, rules and regulations, KCP&L GMO tariffs, regulatory affairs activities of other utilities, and regulatory trends; contribute to the achievement of corporate goals by developing regulatory strategies to enhance earnings, mitigate risk, and guide regulatory and legislative industry restructuring; provide justification for KCP&L GMO's need for changes in rate levels by directing the preparation of filing requirements and responses to Commission complaint investigations, and by submitting testimony; build relationships with state and federal regulators, and consumer counsels; represent KCP&L GMO by serving as a regulatory expert before regulatory commissions, legislatures, and other public forums; work with the Commission and staff of the Missouri Public Service Commission, FERC and legislative committees to establish regulatory policy; oversee economic,

engineering, and financial analysis in relation to revenues and costs, day-to day administration of rates, rules, regulations, and tariff filings, review and strategy of revenue requirements, determination of rate designs, and revenue verification; contribute to the development of revenue and resource planning by providing review of cost studies and by participating in the development and review of KCP&L GMO objectives and strategies; and provide information and training to other divisions (departments) on regulatory requirements, rates, rules, and regulations and provide assistance to operational departments in fulfilling regulatory requirements.

Corporate Secretary and Governance

These functions are primarily responsible for ensuring compliance with applicable corporation laws and regulations, the requirements of organizational documents, and appropriate corporate governance principles. These functions are also responsible for the design, maintenance and administration of director and officer compensation programs. The following is a representative list of the types of services provided: prepare and maintain Board and Committee communications, minutes, materials and other corporate documents; provide advice and analysis to directors and officers on current and emerging corporate governance matters, and recommend appropriate actions in light of those matters; prepare and file all documents necessary to maintain the corporate existence of KCP&L GMO and its subsidiaries; ensure that KCP&L GMO conducts its business in compliance with applicable corporate legal and organizational requirements; act as a liaison between management and the Board of Directors; design, maintain and administer director and officer compensation programs; and provide corporate compliance program management, support and training.