BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City	)	
Power & Light Company's Request	)	Case No. ER-2012-0174
for Authority to Implement a General	)	
Rate Increase for Electric Service	)	

SECOND NON-UNANIMOUS STIPULATION AND AGREEMENT AS TO CERTAIN ISSUES

COME NOW the Staff of the Missouri Public Service Commission ("Staff"), Kansas City Power & Light Company ("KCPL"), Midwest Energy Consumers' Group ("MECG"), Praxair, Inc. ("Praxair") and the Missouri Industrial Energy Consumers ("MIEC") (collectively "Signatories"), and, in consideration of the following agreements, the Signatories have resolved the issues listed below as described in the list of issues Staff filed on October 11, 2012. It is important to remember that while many of the issues are common between the KCPL and GMO cases, the resolutions provided herein only apply to the KCPL case. The GMO portion of any of those common issues will either be litigated or the subject of a separate stipulation.

As recited in the General Provisions below, except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, regardless of whether the Commission approves this Stipulation. Where an issue listed in the list of issues Staff filed October 11, 2012, has a resolution that is specific to it, that resolution has been provided in Paragraph 4. Any resolution of a stated issue that is to have a binding effect in other proceedings is explicitly stated to do so as provided in Paragraph 4.

SPECIFIC PROVISIONS

1. **Revenue Requirement**: The Signatories agree that, except for the following items that shall be litigated (Paragraph 2) KCPL's revenue requirement shall be $53,500,440. This revenue requirement was filed by Staff in its November 8, 2012 true up direct filing. This revenue requirement reflects a Commission order that resolves the issues contained in the Non-Unanimous Stipulation and Agreement as to Certain Issues filed by Staff on October 19, 2012 for a revenue requirement of $6.14 million. If the Commission resolves those issues for any other value, this revenue requirement will have to be adjusted to reflect the Commission's value of those issues.

2. **Revenue Requirement Adjustments**: The Signatories agree that the following issues: (1) return on common equity (Issue II.3.a); (2) capital structure (Issue II.3.b) and (3) cost of debt (Issue II.3.c) shall be litigated and decided by the Commission. The revenue requirements of this stipulation that are set forth in Paragraph 1, are based upon Staff's rate of return, including Staff's capital structure, cost of debt and return on equity of 9.0% and shall be adjusted to implement the Commission's decision on those rate of return issues.

3. **Other Issues Reserved for Litigation**: In addition to the issues set forth in Paragraph 2, the parties shall litigate the Transmission Tracker (Issue II.11), Rate Design / Class Cost of Service Study (Issues I.6) issues except for those rate design and class cost of service issues that are resolved in the Non-Unanimous Stipulation and Agreement Regarding Class Cost of Service / Rate Design filed on October 29, 2012, and Resource Planning-LaCygne and Montrose (Issue I.9). The resolution of these issues by the Commission shall have no effect on the revenue requirement set forth in Paragraph 1.

4. **Resolution of Specific Issues**:

A. Off-System Sales Margins: The Signatories agree that the revenue requirement set forth in Paragraph 1 with no tracking of off-system sales margins resolves the off-system sales margins issue for this case.

B. Rate Case Expense: The revenue requirement set forth in Paragraph 1 resolves the rate case expense issue for this case regarding recovery of rate case expense arising out of this case, Case No. ER-2012-0174. KCPL agrees that it will not seek in any future rate case to recover rate case expenses arising out of this case.

C. 2011 Missouri River Flood Costs: The revenue requirement set forth in Paragraph 1 resolves this issue and KCPL agrees not to seek recovery of any costs related to the 2011 Missouri River Flood in the future.

D. Organizational Realignment / Voluntary Separation Costs (ORVS): The revenue requirement set forth in Paragraph 1 resolves this issue and KCPL agrees not to seek recovery of any of the 2011 ORVS costs in the future.

E. RES Expense and Tracker: The Signatories agree that for the purposes of this case the revenue requirement set forth in Paragraph 1 includes the amortization, over three years without rate base treatment of past Renewable Energy Standards ("RES") costs incurred through the true-up in this case. Recognizing that no ongoing amount of RES costs is included in the revenue requirement set forth in Paragraph 1, all costs incurred following the true-up in this case will be recorded in a deferred account. A carrying cost based on the short term debt rate will be applied to the unamortized deferred balance.

F. Property Tax Costs Tracker: The Signatories agree that the revenue requirement set forth in Paragraph 1 includes an annualized amount of property taxes and that property taxes will not be tracked.

G. Interim Energy Charge: KCPL agrees to withdraw its request for an Interim Energy Charge and the associated sharing of off-system sales margins.

H. Revenue Normalization: KCPL agrees to use Staff's revenues for the Large Power class.

I. Inventory Management: If there is sales tax on the transfer of inventory from Great Plains Energy Services to KCPL that was inventory originally transferred from KCPL or GMO to Great Plains Energy Services, then KCPL agrees to exclude that sales tax from its revenue requirement in future rate cases (i.e., KCPL will not collect or seek to collect in future rates sales tax on inventory originally transferred to Great Plains Energy Services).

5. **Issues Settled by this Stipulation**: With the acceptance of this Stipulation, the following issues are settled:

A. Deferral of 2011 Missouri River Flood Costs and Losses (Issue I.1) – including subissues a and b.

B. Off-System Sales (Issue I.2) – including subissues a, b, c and d.

C. Fuel and Purchased Power Expense (Issue I.7, Issue II.6) – including subissues a, b, c, d and e of Issue I.7 and subissue a of Issue II.6).

D. Interim Energy Charge (Issue I.8) – including subissues a, b and c).

E. Payroll (Issue II.4) – to the extent that this common issue is applicable to KCPL.

F. Bad Debt Expense (Subissue II.9(b)) – to the extent that this common issue is applicable to KCPL.

G. Rate Case Expense (Issue II.10) – including subissues a and b and to the extent that this common issue is applicable to KCPL.

H. Property Tax Tracker (Issue II.12) – to the extent that this common issue is applicable to KCPL.

I. RES and RES Tracker (Issue II.13) – including subissues a, b, c, and d and to the extent that this common issue is applicable to KCPL.

J. Organizational Realignment and Voluntary Separation Program (ORVS) (Issue II.16) – including subissues a and b and to the extent that this common issue is applicable to KCPL.

K. Revenue Normalization (Issue II.20) – to the extent that this common issue is applicable to KCPL.

L. Revenues (Issue II.21) – including subissues a and b and to the extent that this common issue is applicable to KCPL.

M. Distribution Field Intelligence Tech Support (DFITS) (Issue II.19) – to the extent that this common issue is applicable to KCPL.

N. Mutual Assistance Revenues (Issue II.22) – to the extent that this common issue is applicable to KCPL.

6. **Implementation of Stipulation**: Staff will consider input from the parties in this case and use those inputs into Staff's revenue requirement model that reflects the Commission's capital structure, cost of debt and return on equity decisions in this case. Staff shall then file in this case new Staff Accounting Schedules from the model run that reflects the Commission's capital structure, cost of debt and return on equity decisions, which will provide the parties an opportunity to raise any issues and concerns they may have with that model run.

GENERAL PROVISIONS

7. 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.

8. 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. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, regardless of whether this Stipulation is approved.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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

15. The Office of Public Counsel, City of Kansas City, Missouri, Dogwood Energy LLC, AARP, Consumers Council of Missouri and Southern Union Company d/b/a Missouri Gas Energy have authorized the Signatories to represent in this Stipulation that they do not oppose this Stipulation; they hereby do so.

WHEREFORE, for the foregoing reasons, the Signatories respectfully request that the Commission issue an Order approving the terms and conditions of this Non-Unanimous Stipulation and Agreement.

Respectfully submitted,

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 8th day of November 2012.

/s/ Roger W. Steiner
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