

Exhibit No.:  
Issue: Stipulation and Agreement; Revenue Requirement; Rate Design; Customer Support  
Witness: Linda J. Nunn  
Type of Exhibit: Direct Testimony  
Sponsoring Party: KCP&L Greater Missouri Operations Company  
Case No.: HR-2018-0231  
Date Testimony Prepared: October 3, 2019

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: HR-2018-0231**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
October 2019**

**Certain Schedules Attached To This Testimony Designated CONFIDENTIAL  
Contain "Confidential" Information And Should Be Treated Confidentially  
Pursuant To 20 CSR 4240-2.135.**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**CASE NO. HR-2018-0231**

1 **Q: Please state your name and business address.**

2 A: My name is Linda J. Nunn. My business address is 1200 Main, Kansas City, Missouri  
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) and serve as  
6 Manager - Regulatory Affairs for KCP&L, KCP&L Greater Missouri Operations  
7 Company (“GMO” or “Company”) and Westar Energy, Inc., wholly-owned utility  
8 subsidiaries of Evergy, Inc.

9 **Q: What are your responsibilities?**

10 A: My responsibilities include the coordination, preparation and review of financial  
11 information and schedules associated with Company rate case filings and other  
12 regulatory filings.

13 **Q: Please describe your education.**

14 A: I received a Bachelor of Science Degree in Business Administration with a concentration  
15 in Accounting from Northwest Missouri State University.

16 **Q: Please provide your work experience.**

17 A: I became a Senior Regulatory Analyst with KCP&L in 2008, as a part of the acquisition  
18 of Aquila, Inc., by Great Plains Energy. In 2018, I was promoted to Manager -

1 Regulatory Affairs. Prior to my employment with KCP&L, I was employed by Aquila,  
2 Inc. for a total of eleven years. In addition to Regulatory, I have had experience in  
3 Accounting, Audit, and Business Services, where I had responsibility for guiding  
4 restructuring within the delivery division. In addition to my utility experience I was the  
5 business manager and controller for two area churches. Prior to that, I was an external  
6 auditor with Ernst & Whinney.

7 **Q: Have you previously testified in a proceeding before the MPSC or before any other**  
8 **utility regulatory agency?**

9 A: I have provided written testimony before the MPSC and the Kansas Corporation  
10 Commission and have testified before the MPSC.

11 **Q: What is the purpose of your testimony?**

12 A: The purpose of this testimony is to support the Stipulation and Agreement (“Stipulation”,  
13 appended hereto as Schedule LJJN-1) that is sponsored by GMO and supported by all of  
14 GMO’s steam service customers by explaining, generally, the background of this  
15 proceeding, GMO’s steam operations, the revenue requirement analysis reflected in the  
16 Stipulation which includes impacts from the Tax Cuts and Jobs Act of 2017 (“TCJA”),  
17 the rate design and customer impacts reflected in the Agreement and customer support  
18 for the Agreement.

19 **Q: How is your testimony organized?**

20 A: My Direct Testimony is organized as follows:

21 I. Background

22 II. Lake Road Generating Station Operating Description;

1 III. Revenue Requirement Analysis, including Impact of Tax Cut and Jobs Act of  
2 2017; and

3 IV. Rate Design, Customer Impacts and Customer Support.

4 **Q: Are you sponsoring any schedules?**

5 A: Yes. I am sponsoring the following schedules:

6 Schedule LJN-1: Stipulation and Agreement

7 Schedule LJN-2: Revenue Requirement Analysis;

8 Confidential Schedule LJN-3: Rate Design and Customer Impacts; and

9 Schedule LJN-4: Letters of Customer Support.

10 **I. Background**

11 **Q: When and how was this docket initiated?**

12 A: On February 22, 2018, the Commission opened this case, at the request of the  
13 Commission's Staff, for the purpose of determining whether GMO's rates for steam  
14 service should be adjusted to reflect the impact of the federal tax cuts implemented as a  
15 result of TCJA. In that order, the Commission directed GMO to quantify and track  
16 certain information and to show cause why its rates for steam service should not be  
17 adjusted as a result of TCJA.

18 **Q: When and how did GMO respond to the Commission's order of February 22, 2018?**

19 A: In its March 19, 2018, response to that Commission order, GMO committed to quantify  
20 and track information as directed by the Commission and further indicated that GMO had  
21 not increased rates for steam service since 2009. In addition, GMO indicated that it was

1 in an under-earnings position by an amount greater than the magnitude of the revenue  
2 requirement reduction that would result from TCJA.

3 In a subsequent filing, made herein on May 17, 2018, GMO reiterated its position  
4 that its under-earnings position exceeded the impact of TCJA, indicated that a  
5 Commission order directing GMO to defer TCJA impacts would likely cause GMO to  
6 file a general rate case for steam service sooner than would otherwise occur and further  
7 indicated its willingness to commit to filing a general rate case for steam service by  
8 March 31, 2019.

9 Following oral arguments held on May 24, 2018, in this proceeding and a number  
10 of companion TCJA proceedings for other utilities, the Commission, on October 10,  
11 2018, issued an Order Scheduling Procedural Conference directing, among other things,  
12 that a procedural conference be held on October 25, 2018. GMO filed a response to that  
13 order on October 24, 2018, submitting information requested by the Commission and  
14 further indicating that GMO had had preliminary discussions with its steam service  
15 customers regarding a possible resolution of this proceeding that could avoid both the  
16 filing of a general rate case and deferral of TCJA impacts. GMO further indicated that it  
17 would like to have an opportunity to explore that possibility further.

18 In a number of subsequent filings made herein (on January 22, April 15, June 14  
19 and August 15, all in 2019), GMO indicated that it was continuing active discussions  
20 with its steam service customers regarding the possibility of entering into an agreement  
21 to resolve this matter by stipulation without the need for an evidentiary hearing.

1 **Q: Has GMO been able to reach agreement with its steam service customers that may**  
2 **resolve this matter by stipulation without the need for an evidentiary hearing?**

3 A: Yes, GMO and all five of its steam service customers have agreed to the Stipulation  
4 appended to my direct testimony as Schedule LJM-1. The Stipulation calls for a revenue  
5 requirement increase for GMO's steam operations of 9% to become effective on January  
6 1, 2020, or as soon thereafter as reasonably practicable.

7 In the balance of my direct testimony I will describe: the Lake Road Generating  
8 Station (section II); the revenue requirement analysis, including TCJA impacts reflected  
9 in the Stipulation (section III); the rate design and customer impacts reflected in the  
10 Stipulation and the customer support for the Agreement (section IV)

11 **II. Lake Road Generating Station Operating Description**

12 **Q: Please describe the Lake Road generating facilities.**

13 A: The plant is located in south St. Joseph, Missouri, on the east bank of the Missouri River.  
14 The Lake Road plant provides GMO electric generation with multiple units which burn  
15 coal, natural gas and fuel oil. The Lake Road plant also serves five industrial steam  
16 customers that take steam service from the 900-lb. side of the plant. The 900-lb. side of  
17 the plant consists of 5 boilers, numbered 1, 2, 4, 5 and 8. Boiler 5 is capable of burning  
18 coal and natural gas. Boilers 1, 2, 4 and 8 can burn either natural gas or fuel oil. The  
19 900-lb. side also produces electricity from three electric turbines supported by the above-  
20 mentioned boilers. The 900-lb. steam header is used to provide steam for the 900-lb.  
21 turbine-generators, one industrial steam customer, and to the 200-lb. headers. The 200  
22 lb. headers provide steam for one turbine and the remaining industrial steam sales. The

1 Lake Road plant also has an 1800-lb. system that consists of one boiler and one turbine.  
2 The 1800-lb. system's primary fuel was coal until June 2016, when it ceased burning coal  
3 due to environmental regulation compliance issues. It is capable of burning natural gas  
4 or fuel oil. The remainder of the plant is made up of three combustion turbines.

5 **Q: Which production systems are dedicated to providing services to the steam**  
6 **customers?**

7 A: There are no dedicated production systems for these customers. The configuration of this  
8 plant has common facilities used for both electric and steam production. The 900-lb.  
9 system is common to multiple inputs and produces steam for multiple turbines as well as  
10 the steam customers. The 200-lb. system also has multiple steam sources and delivers  
11 steam to a turbine and steam customers.

12 **III. Revenue Requirement Analysis,**  
13 **including Impact of Tax Cuts and Jobs Act of 2017**

14 **Q: Please describe how GMO assessed the revenue requirement for its steam**  
15 **operations as reflected in the Stipulation.**

16 A: The revenue requirement analysis, set forth in Schedule LJM-2, started with surveillance  
17 data for the 12 months ended June 30, 2019, using the GMO actual capital structure  
18 (adjusted for Goodwill as was done in GMO's most recent electric general rate case) as  
19 of June 30, 2019, and a return on equity of 10% and then made adjustments to reflect  
20 ongoing operations.

1 **Q: How were TCJA impacts incorporated in that revenue requirement?**

2 A: The revenue requirement was calculated based upon the reduced federal income tax rates  
3 effective January 1, 2018, for the test year used. Additionally, the excess deferred  
4 income taxes (“EDIT”) amortizations were included as a reduction to the cost of service.

5 **Q: Please describe how amortization expense associated with EDIT was treated in the**  
6 **Stipulation?**

7 A: EDIT related to protected plant and net operating losses are being amortized over the  
8 Average Rate Assumption Method (“ARAM”). EDIT related to unprotected plant and  
9 miscellaneous non-plant EDIT are being amortized over 10 years.

10 **IV. Rate Design, Customer Impacts and Customer Support**

11 **Q: What rate design changes for GMO steam service customers are reflected in the**  
12 **Stipulation?**

13 A: The three rates under rate code MO981 (the Reserved Capacity Charge, the Energy  
14 Charge for the first 300 million BTUs (“MMBtus”) per MMBtus of reserved capacity,  
15 and the Energy Charge for all over 300 MMBtus per MMBtus of reserved capacity) have  
16 been updated based upon their individual contribution to the overall revenue as billed in  
17 the test year and adjusted for the rebasing of the Quarterly Cost Adjustment (“QCA”)  
18 base rate. As can be seen in the chart on page 1 of Confidential Schedule LJN-3 attached  
19 to this testimony, the Reserve Capacity Charge increased while the energy charges  
20 decreased due to the rebasing of the QCA from \$3.9500 per MMBtu to \$2.4854 per  
21 MMBtu.



1 **Q: Were there any other changes to the QCA other than the rebasing of the base**  
2 **energy charge?**

3 A: Yes, in addition to rebasing the QCA, the Stipulation provides that the minimum coal  
4 standard as well as the 85%/15% sharing mechanism will be removed.

5 **Q: What is the expected impact of the Stipulation on customers?**

6 A: Assuming customer loads in the future are similar to those used to set rates in the  
7 Stipulation, it is expected that no GMO steam service customer will experience an  
8 increase of more than 9% on an annual basis as a result of the Stipulation. This can be  
9 seen in Schedule LJM-3.

10 **Q: Please describe how GMO worked with its steam service customers to reach this**  
11 **Stipulation.**

12 A: Since the Fall of 2018, GMO personnel have undertaken numerous conversations with  
13 steam service customers concerning their operations as well as GMO's steam service  
14 operations and their mutual dependence. I am pleased to report that those discussions  
15 have allowed each of GMO's customers to authorize GMO to represent that they support  
16 the Stipulation appended to my direct testimony as Schedule LJM-1 and that they also  
17 support Commission approval of that Stipulation. See Schedule LJM-4 for letters of  
18 customer support for Commission approval of the Stipulation.

1 **Q: Have you made any administrative changes or corrections to the tariff sheets that**  
2 **were originally appended to the Stipulation?**

3 A: Yes, and I will explain those changes briefly, but I want to emphasize that those changes  
4 are not substantive and do not affect the 9% overall revenue requirement increase  
5 limitation. The administrative corrections are as follows:

- 6       ▪ Sheet No. 1 – Change to the Table of Contents to reflect the changes made to the  
7       individual tariff sheets
- 8       ▪ Sheet No. 4 – This was the second page of a rate that was to be discontinued  
9       according to the original tariffs proposed.
- 10       ▪ Sheet No. 6 – This change makes this tariff sheet, a sheet no longer in use,  
11       reserved for future use.

12 **Q: Does this conclude your direct testimony?**

13 A: Yes, it does.



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

In the Matter of the Propriety of the Rate )  
Schedules for Steam Service of KCP&L ) File No. HR-2018-0231  
Greater Missouri Operations Company )

**STIPULATION AND AGREEMENT**

COMES NOW KCP&L Greater Missouri Operations Company (“GMO”), by and through, and for this Stipulation and Agreement (“Stipulation”)<sup>1</sup>, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

**BACKGROUND**

1. This docket was established by the Commission to review the propriety of the rate schedules for GMO’s Steam Service in light of the corporate income tax rate reductions resulting from the Tax Cuts and Jobs Act of 2017 (“TCJA”). The Proponents met and discussed the impact of TCJA and the level of GMO’s current earnings, revenue requirement and rates for steam operations.

2. As a result of those discussions the Proponents have negotiated and authorized the filing of this Stipulation and GMO requests that the Commission approve it to resolve all issues in this proceeding and avoid both the near-term filing of a rate case and deferral of TCJA impacts in connection with GMO’s steam operations. GMO’s last steam rate increase became effective in 2009.

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<sup>1</sup> This Stipulation sets forth the agreement reached among GMO and all of its steam customers – AG Processing, Inc. (“AGP”), Triumph Foods, LLC (“Triumph”), Albaugh LLC (“Albaugh”), Nestle Purina PetCare (“Nestle”) and Omnium (Land O’Lakes Inc.) (“Omnium”). As stated in paragraph 8 herein, GMO has been authorized by each of its steam customers to file this Stipulation and to represent that each customer supports its approval by the Commission. Collectively, GMO and all of its steam customers constitute Proponents of this Stipulation and are referred to as such herein. Although GMO has apprised Commission Staff (“Staff”) of this Stipulation, Staff has not participated in the negotiations leading up to its filing.

## AGREEMENTS

3. The Proponents support GMO's request for Commission approval of a 9% rate increase for GMO's steam service operations effective January 1, 2020, or as soon thereafter as reasonably practicable. Sample tariff sheets designed to recover this increase are attached hereto as Exhibit A. This rate increase captures recovery of past expenses and the corporate income tax rate reductions resulting from TCJA.

4. The tariffs reflect the continuation of the Quarterly Cost Adjustment ("QCA"). The base fuel cost in the QCA is adjusted to reflect more current costs for providing steam service. Additionally, the Proponents agree to eliminate the minimum coal standard and the 85% sharing mechanism that currently exists in the current QCA.

5. The Proponents support GMO's request that the Commission order the filing of compliance tariff sheets substantially similar to those attached as Exhibit A for Commission approval to be effective January 1, 2020, or as soon thereafter as reasonably practicable.

6. GMO agrees to seek the input with the other Proponents in the development a new methodology for the allocation of joint and common costs GMO between electric and steam service consistent with the commitment made by GMO and approved by the Commission in Case Nos. ER-2018-0145 and ER-2018-0146 to work with Commission Staff, the Office of the Public Counsel and the Midwest Energy Consumers Group to develop new steam allocation procedures prior to GMO's next electric general rate case.

7. The Proponents agree that GMO should not defer or record to a regulatory liability account any impacts of the corporate income tax rate reductions resulting from TCJA in connection with GMO's steam operations. This is because the Proponents have concluded that current and expected future level of GMO's earnings, revenue requirement and rates are insufficient even

when the earnings-beneficial impacts of TCJA are considered. The Excess Accumulated Deferred Income Tax (“EDIT”) associated with the TCJA will be amortized consistent with the recently approved electric rate case (Case No. ER-2018-0146).

8. Each of GMO’s steam customers – AG Processing, Inc. (“AGP”), Triumph Foods, LLC (“Triumph”), Albaugh LLC (“Albaugh”), Nestle Purina PetCare (“Nestle”) and Omnium (Land O’Lakes Inc.) (“Omnium”) – has authorized GMO to represent that each steam customer supports Commission approval of this Stipulation.

### **GENERAL PROVISIONS**

9. Contingent upon Commission approval of this Stipulation without modification, the Proponents hereby stipulate to the admission into the evidentiary record of the testimony of their witnesses, and the witnesses of the parties who do not oppose this Stipulation, on the issues that are resolved by this Stipulation.

10. This Stipulation is being entered into solely for the purpose of settling the issues in this case explicitly set forth above. Unless otherwise explicitly provided herein, none of the Proponents of 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.

11. This Stipulation is a negotiated settlement. Except as specified herein, the Proponents of 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. No Proponent shall assert the terms of this agreement as a precedent in any future proceeding.

12. This Stipulation has resulted from extensive negotiations among the Proponents, 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 Proponent shall be bound by any of the agreements or provisions hereof.

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

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

15. 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 Proponent has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Proponents 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.

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

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



Respectfully submitted,

*/s/ Roger W. Steiner*

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Robert J. Hack, #36496  
Roger W. Steiner, #39586  
Kansas City Power & Light Company  
1200 Main Street, 16<sup>th</sup> Floor  
Kansas City, MO 64105  
Phone: (816) 556-2791  
Phone: (816) 556-2314  
Fax: (816) 556-2787  
[rob.hack@kcpl.com](mailto:rob.hack@kcpl.com)  
[roger.steiner@kcpl.com](mailto:roger.steiner@kcpl.com)

James M. Fischer, #27543  
Fischer & Dority, P.C.  
101 Madison Street—Suite 400  
Jefferson City MO 65101  
Phone: (573) 636-6758  
Fax: (573) 636-0383  
[Jfischerpc@aol.com](mailto:Jfischerpc@aol.com)

**ATTORNEYS FOR KCP&L GREATER  
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 this 3<sup>rd</sup> day of October 2019 to:

Kevin A. Thompson  
Chief Staff Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102  
573-751-6514 Voice  
573-526-6969 FAX  
[kevin.thompson@psc.mo.gov](mailto:kevin.thompson@psc.mo.gov)

Marc Poston  
Office of Public Counsel  
PO Box 2230  
Jefferson City, MO 65102  
573-751-5318-Phone  
537-751-5562-FAX  
[opcservice@opc.mo.gov](mailto:opcservice@opc.mo.gov)

Dave Wilwerding  
Senior VP and General Council  
Ag Processing Inc.  
12700 West Dodge Road  
P.O. Box 2047  
Omaha, NE 68103-2047

Mark S. Campbell  
Chief Executive Officer  
Triumph Foods, LLC  
5302 Stockyards Expy.  
St. Joseph, MO 64504

Stuart Feldstein  
Executive VP  
Albaugh LLC  
1525 NE 36<sup>th</sup> Street  
Ankeny, IA 50021

Nestle Purina PetCare  
1 Checkerboard Square  
St. Louis, MO 63164-0001

Omnium (Land O'Lakes Inc.)  
4001 Lexington Ave N  
Arden Hills, MN 55126-2998

***Roger W. Steiner***

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Roger W. Steiner

P.S.C. MO. No. 1 4th Revised Sheet No. 1  
 Canceling P.S.C. MO. No. 1 3rd Revised Sheet No. 1

For St. Joseph, MO & Environs

<p><b>TABLE OF CONTENTS</b> <b>STEAM</b></p>
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<u>Type of Service</u>	<u>Schedule</u>	<u>Sheet No.</u>
ADOPTION NOTICE .....	---	0.1
TABLE OF CONTENTS .....	---	1

**DESCRIPTION OF AUTHORIZED SERVICE TERRITORY**

Company provides steam service for heating and processing in the vicinity of Lake Road generating station in the City of St. Joseph, Missouri.

**RATES:**

Steam Service .....	MO981 .....	2
Reserved for Future Use .....	---	3-4
Contract Steam Service .....	MO982 .....	5
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Quarterly Cost Adjustment Rider .....	QCA .....	6.6-6.10

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Issued:  
Issued by: Darrin R. Ives, Vice President

Effective:  
1200 Main, Kansas City, MO 64105

P.S.C. MO. No. 1 3rd Revised Sheet No. 2  
Canceling P.S.C. MO. No. 1 2nd Revised Sheet No. 2

For St. Joseph, MO & Environs

STEAM SERVICE  
STEAM

**AVAILABILITY:**

Available for firm service from the Company's facilities to customers located in the vicinity of Lake Road Generating Station who shall contract to use this service for continuous periods of not less than two (2) years.

**BASE RATE: (MO981)**

Net two parts

1. Reserved Capacity Charge:  
For all BTU of Reserved Capacity, per month, per million BTU ..... \$466.56

Plus

2. Energy Charge per million BTU:  
For the first 300 million BTU's per million BTU's of reserved capacity ..... \$6.0165  
For all over 300 million BTU's per million BTU's of reserved capacity ..... \$4.7159

**QUARTERLY COST ADJUSTMENT:**

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

**LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES:**

See Company Rules and Regulations

**LATE PAYMENT CHARGE:**

See Company Rules and Regulations

**DETERMINATION OF RESERVED CAPACITY:**

The Reserved Capacity shall be the actual demand for the billing period but not less than eighty-percent (80%) of the highest actual demand established in the previous eleven (11) months, and in no case less than three (3) million BTU's per hour.

**SPECIAL RULES:**

The pressure, temperature and heat content of all service under this schedule shall be only as specified by the Company.

Service will be furnished under, and this schedule shall be subject to Company Rules and Regulations.

Issued:  
Issued by: Darrin R. Ives, Vice President

Effective:  
1200 Main, Kansas City, MO 64105

**P.S.C. MO. No.**     1         3rd     Revised Sheet No.     3      
Canceling **P.S.C. MO. No.**     1         2nd     Revised Sheet No.     3    

For St. Joseph, MO & Environs

**RESERVED FOR FUTURE USE**

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Issued:  
Issued by: Darrin R. Ives, Vice President

Effective:  
1200 Main, Kansas City, MO 64105

**P.S.C. MO. No.** 1 2nd Revised Sheet No. 4  
Canceling **P.S.C. MO. No.** 1 1st Revised Sheet No. 4

For St. Joseph, MO & Environs

**RESERVED FOR FUTURE USE**

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Issued:  
Issued by: Darrin R. Ives, Vice President

Effective:  
1200 Main, Kansas City, MO 64105

**P.S.C. MO. No.** 1 2nd Revised Sheet No. 6  
Canceling **P.S.C. MO. No.** 1 1st Revised Sheet No. 6

For St. Joseph, MO & Environs

**RESERVED FOR FUTURE USE**

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Issued:  
Issued by: Darrin R. Ives, Vice President

Effective:  
1200 Main, Kansas City, MO 64105

P.S.C. MO. No. 1 2nd Revised Sheet No. 6.6  
 Canceling P.S.C. MO. No. 1 1st Revised Sheet No. 6.6

For St. Joseph, MO & Environs

QUARTERLY COST ADJUSTMENT RIDER  
STEAM

**AVAILABILITY:**

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts that occur on or after the effective date of this tariff sheet.

The Company will file rate adjustments quarterly to reflect the actual fuel costs above or below a base amount of \$2.4854 per million BTU. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCAs, plus reconciling adjustments, if any, plus the Reconciliation Rate will be billed in addition to all other charges under applicable tariff provisions.

**CALCULATIONS:**

1. Current Quarterly Cost Adjustment: The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants, or

$$\frac{(FCPM_{pq} - FCPM_b) \times FI_{pq}}{BD_{p12} + BDA_{f12}}$$

or,  
 IF (OR (BD<sub>pq</sub> > BD<sub>pq-4</sub> \* 1.05, BD<sub>pq</sub> < BD<sub>pq-4</sub> \* .95), BD<sub>p12</sub> + BDA<sub>f12</sub>, BD<sub>p12</sub>)

when using spreadsheet software math conventions, except substituting variables for cell references.

Where,

- CQCA = Current Quarterly Cost Adjustment
- FCPM<sub>pq</sub> = Fuel Cost per million BTU for the preceding quarter
- FCPM<sub>b</sub> = Base Fuel Cost per million BTU = \$2.4854
- FI<sub>pq</sub> = Fuel Input (million BTUs of fuel input to the steam system) during the preceding quarter
- BD<sub>pq</sub> = Billing Determinants (million BTU delivered to retail customers) for the preceding quarter
- BD<sub>pq-4</sub> = Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter
- BD<sub>p12</sub> = Billing Determinants for the preceding four (4) quarters
- BDA<sub>f12</sub> = Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD<sub>pq</sub> varies by more than five percent (5%) up or down from BD<sub>pq-4</sub> and Company determines that an adjustment is appropriate.

Issued:  
 Issued by: Darrin R. Ives, Vice President

Effective:  
 1200 Main, Kansas City, MO 64105



P.S.C. MO. No. 1 1st Revised Sheet No. 6.7  
 Canceling P.S.C. MO. No. 1                      Original Sheet No. 6.7

For St. Joseph, MO & Environs

QUARTERLY COST ADJUSTMENT RIDER (Continued)  
STEAM

**CALCULATIONS:** (Continued)

2. Reconciling Adjustments and the Reconciliation Rate: At the end of the twelve (12) months of collection of each CQCA, the over- or under-collection of the intended revenues (the numerator of the CQCA) will be applied to customers' bills through a Reconciliation Rate. The Company shall use a collection/refund/credit amortization period of twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

**DETAILS:**

1. The cost of fuel will be the amounts expensed in account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in these accounts and on the currently used cost allocation methods, as explained in some additional detail: the cost of gas will include the cost of physical gas deliveries and financial instruments associated with gas delivered in the quarterly period. The cost of coal expenses to account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) including but not limited to the following:

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel expense is allocated based on the following equations:

$$F_s = [ S / ( E + S ) ] \times F$$

$$F_E = F - F_s$$

Where,

- F = total 900-PSI boiler fuel
- F<sub>s</sub> = 900-PSI boiler fuel allocated to industrial steam sales
- F<sub>E</sub> = 900-PSI boiler fuel allocated to the electric turbines
- S = industrial steam sales steam mmBtu from boilers
- E = 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

P.S.C. MO. No. 1 1st Revised Sheet No. 6.8  
 Canceling P.S.C. MO. No. 1                      Original Sheet No. 6.8

For St. Joseph, MO & Environs

QUARTERLY COST ADJUSTMENT RIDER (Continued) STEAM
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**DETAILS:** (Continued)

2. The Company will make quarterly rate filings with the Commission to adjust the Quarterly Cost Adjustment Rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The Current Quarterly Cost Adjustment factors will be calculated by dividing the fuel costs by the preceding twelve (12) month billing determinants; provided, however, that in the event that steam BTU billing units in a computation period increase or decrease by more than five percent (5%) compared to the corresponding period one year earlier Company may make an adjustment to the historic billing determinants for use in the denominator of the Current Quarterly Cost Adjustment rate computation. Each Quarterly Cost Adjustment will remain in effect for twelve (12) months.
3. There are provisions for prudence reviews and the true-up of revenues collected with costs intended for collection. The reconciliation account shall track, adjust and return true-up amounts and any prudence amounts not otherwise refunded. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.
4. The quarterly rate adjustments will not include carrying costs related to the timing of fuel cost recovery.
5. In consideration of the intent to rely on an alignment of customer and Company interests in efficient operations, a two (2) step approach to the review of prudence review will be followed. In Step One, Commission Staff will review to ascertain:
  - A. that the concept of aligning of Company and customer interests is working as intended; and,
  - B. that no significant level of imprudent costs is apparent.

Issued:  
 Issued by: Darrin R. Ives, Vice President

Effective:  
 1200 Main, Kansas City, MO 64105

P.S.C. MO. No. 1 1st Revised Sheet No. 6.9  
Canceling P.S.C. MO. No. 1                      Original Sheet No. 6.9

For St. Joseph, MO & Environs

QUARTERLY COST ADJUSTMENT RIDER (Continued)  
STEAM

**DETAILS:** (Continued)

- 6. This review may be entirely a part of surveillance activity. Customers will be given timely notice of the results of the Step One review no later than 75 days after the end of each year. In consideration of Step One results, the Staff may proceed with Step Two, a full prudence review, if deemed necessary. A full prudence review, if pursued, shall be complete no later than 225 days after the end of each year. Such full prudence review shall be conducted no more often than once every twelve (12) months and shall concern the prior twelve (12) month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.
- 7. Any customer or group of customers may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a full (Step Two) prudence review by Staff.
- 8. Pursuant to any prudence review of fuel costs, whether by the Staff process or the complaint process, there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10% of the total of the fuel costs incurred in an annual review period.

Issued:  
Issued by: Darrin R. Ives, Vice President

Effective:  
1200 Main, Kansas City, MO 64105

**KCP&L Greater Missouri Operations - Steam  
HR-2018-0231  
Revenue Requirement  
As of June 2019**

Description	12 Months Ended June 2019	Steam Rate Case Adjustments	12 Months Ended June 2019 Adjusted
Utility Plant	49,387,801	-	49,387,801
Accumulated Depreciation	11,786,667	-	11,786,667
<b>Net Plant in Service</b>	<b>37,601,134</b>	-	<b>37,601,134</b>
<i>Add:</i>			
Cash Working Capital	82,169		82,169
Fuels Stock	799,527		799,527
Fuel Stock-Undistributed			-
Plant Materials & Op Supplies			-
Stores Expense Undistributed (AC 163)			-
Prepayments - Pensions	0		-
Prepayments	-		-
GMO Minimum Tracker	133,513		133,513
	<b>1,015,208</b>	-	<b>1,015,208</b>
<i>Less:</i>			
Accum Dfrd Inc Taxes-Other Property	5,566,964		5,566,964
GMO Minimum Tracker			-
	<b>5,566,964</b>	-	<b>5,566,964</b>
Rate Base	33,049,378	-	33,049,378
Rate of Return	7.60%	7.60%	7.60%
Net Operating Income Required	2,511,246	-	2,511,246
Net Operating Income Available	1,507,338	<b>(79,973)</b>	<b>1,427,366</b>
Net Operating Income Needed	1,003,907	79,973	1,083,880
Revenue Requirement Effect	1,346,581	107,270	1,453,852
Expected Disallowances	-		-
Final Revenue Requirement	1,346,581	<b>107,270</b>	<b>1,453,852</b>
<b>Percentage Increase</b>			<b>9.00%</b>

**KCP&L Greater Missouri Operations - Steam  
HR-2018-0231  
Revenue Requirement  
As of June 2019**

Description	12 Months Ended June 2019	Steam Rate Case Adjustments	12 Months Ended June 2019 Adjusted	Adjustment Number
Operating Revenues				
Steam Revenues	16,319,424	(173,065)	16,146,359	Adj IS-3
Provision for Rate Refund	-		-	
Other Revenues	-		-	
<b>Total Revenues</b>	<b>16,319,424</b>	<b>(173,065)</b>	<b>16,146,359</b>	
<b>Operating/Maintenance Expenses:</b>				
Steam Power Generation - Fuel	8,284,045		8,284,045	
Other Power Generation - Fuel	-		-	
<b>Total Fuel Used for Generation</b>	<b>8,284,045</b>	<b>-</b>	<b>8,284,045</b>	
<b>Net Margin</b>	<b>8,035,380</b>	<b>(173,065)</b>	<b>7,862,315</b>	
Steam Power Generation	1,977,815		1,977,815	
Distribution Expenses	501,542		501,542	
<b>Total Operating Expenses</b>	<b>2,479,357</b>	<b>-</b>	<b>2,479,357</b>	
Steam Power Generation	1,267,300		1,267,300	
Distribution Expenses	230,222		230,222	
A&G General Plant Maintenance	30,782		30,782	
<b>Total Maintenance Expenses</b>	<b>1,528,304</b>	<b>-</b>	<b>1,528,304</b>	
A&G Operating	629,454	62,500	691,954	Adj IS-2
Depreciation & Amortization	1,123,002	-	1,123,002	Adj IS-1
<b>Taxes:</b>				
General Taxes	533,205		533,205	
Current Income Taxes	234,720	(59,946)	174,774	Adj IS-6
Deferred Income Taxes	-		-	
<b>Amortization of Excess Deferrals (EDIT)</b>		(95,647)	(95,647)	Adj IS-5
Investment Tax Credit	-		-	
<b>Total Income Taxes</b>	<b>234,720</b>	<b>(155,592)</b>	<b>79,128</b>	
Total O&M, A&G and Taxes Expense	14,812,086	(93,092)	14,718,994	
Earnings Before Interest & Taxes (EBIT)	1,742,058	(235,565)	1,506,493	
Net Operating Income	1,507,338	(79,973)	1,427,366	
Carrying Costs - AAO	-		-	
<b>Adjusted NOI</b>	<b>1,507,338</b>	<b>(79,973)</b>	<b>1,427,366</b>	

Adjustments		
<b>Plant Adjustment</b>		
Steam Allocator		
<b>Steam Plant Adds</b>	<u>0</u>	RB-1
Depreciation Rate		
<b>Annual Depreciation Expense</b>	<u>0</u>	IS-1
<b>2018 Rate Case Expense</b>	250,000	
Amortization Period - Years	4	
<b>Annual Rate Case Exp Amortization</b>	<u>62,500</u>	IS-2
<b>Adjust Revenue to match Bills</b>	(173,065)	IS-3
<b>Annualize Auxiliary Power</b>	-	IS-4
<b>EDIT Amortization - Elec Settled</b>	(8,593,578)	
Steam Allocator	1.113%	
<b>EDIT allocated to Steam</b>	<u>(95,647)</u>	IS-5
<b>Income Tax Adj</b>	See "Income Tax" Worksheet	IS-6

**KCP&L GMO - Steam**  
**HR-2018-0231**  
**Rate Design**

Annual Billing Revenues	\$ 16,146,359
Annual Increase in Modeled Revenues (%)	9.0%
Annual Increase in Billed Revenues (\$)	\$ 1,453,172
Cumulative Monthly System Demands (MMBtu)	5,311
Cumulative System Energy: 1st 300 Monthly Units (MMBtu)	1,584,402
Cumulative System Energy: Over 300 Monthly Units (MMBtu)	1,177,505

Rate Design	Reserve Capacity Charge	First 300 MMBtu per reserved capacity	All over 300 MMBtu per reserved capacity	Total
Current Rates (\$/MMBtu)	\$ 428.04	\$ 7.1651	\$ 5.9999	
Current Base Revenue	\$ 2,273,406	\$ 11,352,399	\$ 7,064,912	\$ 20,690,717
Current QCA	\$ -	\$ (2,606,927)	\$ (1,937,431)	\$ (4,544,358)
Base with QCA Adjustment	\$ 2,273,406	\$ 8,745,472	\$ 5,127,481	\$ 16,146,359
Revenue Contribution Percentage	14.1%	54.2%	31.8%	
Revenue Increase	\$ 204,607	\$ 787,092	\$ 461,473	\$ 1,453,172
Revised Revenue	\$ 2,478,013	\$ 9,532,564	\$ 5,588,955	\$ 17,599,532
<b>Revised Rates</b>	<b>\$ 466.56</b>	<b>\$ 6.0165</b>	<b>\$ 4.7159</b>	<b>(A)</b>

**Annual Usage**

	Usage	Demand	1st 300	Over 300
12 Months Ended June 30, 2019	2,761,907	5,311	1,584,402	1,177,505

**QCA**

Annual Revenues	\$ 16,146,359
Annual Sales (MMBtu)	2,761,907
Steam Input (MMBtu)	3,333,055
Steam Sales to Input	82.86%
Fuel (\$/MMBtu of sales)	\$ 2.9994
Fuel Cost	\$ 8,284,045
Non-fuel Revenue	\$ 7,862,314
Rebase Amount in QCA	\$ 2.4854
Current Fuel Cost per Retail Sales	\$ 2.9994
Current Total QCA	\$ (4,544,358)
Current QCA (\$/MMBtu of retail sales)	\$ (1.645)
Current Fuel plus QCA per Retail Sales	\$ 4.6448

(A) Over 300 MMBtu rate reduced to ensure that each customer's increase did not exceed 9%.

**SCHEDULE LJN-3 PAGES 2-8  
CONTAIN CONFIDENTIAL  
INFORMATION  
NOT AVAILBLE TO THE PUBLIC.  
ORIGINALS FILED UNDER SEAL.**



**Regulatory Affairs Department**

**Darrin R. Ives**  
Vice President, Regulatory Affairs  
Telephone: (816) 556-2522  
Facsimile: (816) 556-2110  
[Darrin.Ives@kcpl.com](mailto:Darrin.Ives@kcpl.com)

September 18, 2019

Dave Wilwerding  
Senior VP and General Council  
Ag Processing Inc.  
12700 West Dodge Road  
P.O. Box 2047  
Omaha, NE 68103-2047

Dear Mr. Wilwerding:

This letter agreement serves to document the approval by Ag Processing Inc. ("Ag Processing") of a Stipulation and Agreement ("Stipulation") with KCP&L Greater Missouri Operations Company ("GMO") regarding a rate increase for steam service provided to GMO's steam customers. A copy of the Stipulation is attached to this letter agreement as Exhibit 1.

In furtherance of GMO obtaining the Missouri Public Service Commission's ("Commission") approval of the Stipulation in File No. HR-2018-0231, Ag Processing hereby authorizes GMO to represent that Ag Processing supports and approves the Stipulation and agrees that GMO shall submit the Stipulation on its behalf to the Commission for approval.

Execution of this letter agreement by an authorized officer of Ag Processing evidences the agreement of Ag Processing to the terms of the attached Stipulation.

Please return an executed copy of this letter to me.

Sincerely,

Darrin R. Ives

Signed:

Name:

David Wilwerding

Title:

Sr. V.P. & General Counsel  
Ag Processing Inc.

ok  
Ray Chuganette





**Regulatory Affairs Department**

**Darrin R. Ives**  
Vice President, Regulatory Affairs  
Telephone: (816) 556-2522  
Facsimile: (816) 556-2110  
[Darrin.Ives@kcpl.com](mailto:Darrin.Ives@kcpl.com)

September 18, 2019

Stuart Feldstein  
Executive VP  
Albaugh LLC  
1525 NE 36<sup>th</sup> Street  
Ankeny, IA 50021

Dear Mr. Feldstein:

This letter agreement serves to document the approval by Albaugh LLC (“Albaugh”) of a Stipulation and Agreement (“Stipulation”) with KCP&L Greater Missouri Operations Company (“GMO”) regarding a rate increase for steam service provided to GMO’s steam customers. A copy of the Stipulation is attached to this letter agreement as Exhibit 1.

In furtherance of GMO obtaining the Missouri Public Service Commission’s (“Commission”) approval of the Stipulation in File No. HR-2018-0231, Albaugh hereby authorizes GMO to represent that Albaugh supports and approves the Stipulation and agrees that GMO shall submit the Stipulation on its behalf to the Commission for approval.

Execution of this letter agreement by an authorized officer of Albaugh evidences the agreement of Albaugh to the terms of the attached Stipulation.

Please return an executed copy of this letter to me.

Sincerely,

Darrin R. Ives

Signed: Stuart Feldstein  
Name: Stuart J. Feldstein  
Title: Executive VP  
Albaugh LLC



**Regulatory Affairs Department**

**Darrin R. Ives**

Vice President, Regulatory Affairs

Telephone: (816) 556-2522

Facsimile: (816) 556-2110

[Darrin.Ives@kcpl.com](mailto:Darrin.Ives@kcpl.com)

September 18, 2019

Nestle Purina PetCare  
1 Checkerboard Square  
St. Louis, MO 63164-0001

To Whom it May Concern:

This letter agreement serves to document the approval by Nestle Purina PetCare (“Nestle”) of a Stipulation and Agreement (“Stipulation”) with KCP&L Greater Missouri Operations Company (“GMO”) regarding a rate increase for steam service provided to GMO’s steam customers. A copy of the Stipulation is attached to this letter agreement as Exhibit 1.

In furtherance of GMO obtaining the Missouri Public Service Commission’s (“Commission”) approval of the Stipulation in File No. HR-2018-0231, Nestle hereby authorizes GMO to represent that Nestle supports and approves the Stipulation and agrees that GMO shall submit the Stipulation on its behalf to the Commission for approval.

Execution of this letter agreement by an authorized officer of Nestle evidences the agreement of Nestle to the terms of the attached Stipulation.

Please return an executed copy of this letter to me.

Sincerely,

Darrin R. Ives

Signed:   
Name: Seth Brinkmann  
Title: Engineering Manager  
Nestle Purina PetCare



**Regulatory Affairs Department**

**Darrin R. Ives**

Vice President, Regulatory Affairs

Telephone: (816) 556-2522

Facsimile: (816) 556-2110

[Darrin.Ives@kcpl.com](mailto:Darrin.Ives@kcpl.com)

September 18, 2019

Omnium (Land O'Lakes Inc.)  
4001 Lexington Ave N  
Arden Hills, MN 55126-2998

To Whom it May Concern:

This letter agreement serves to document the approval by Omnium (Land O'Lakes Inc.) ("Omnium") of a Stipulation and Agreement ("Stipulation") with KCP&L Greater Missouri Operations Company ("GMO") regarding a rate increase for steam service provided to GMO's steam customers. A copy of the Stipulation is attached to this letter agreement as Exhibit 1.

In furtherance of GMO obtaining the Missouri Public Service Commission's ("Commission") approval of the Stipulation in File No. HR-2018-0231, Omnium hereby authorizes GMO to represent that Omnium supports and approves the Stipulation and agrees that GMO shall submit the Stipulation on its behalf to the Commission for approval.

Execution of this letter agreement by an authorized officer of Omnium evidences the agreement of Omnium to the terms of the attached Stipulation.

Please return an executed copy of this letter to me.

Sincerely,

Darrin R. Ives

Signed:  \_\_\_\_\_

Name: Mark W. Short

Title: VP Operations & Business Optimization  
Omnium (Land O'Lakes Inc.)



Regulatory Affairs Department

**Darrin R. Ives**  
Vice President, Regulatory Affairs  
Telephone: (816) 556-2522  
Facsimile: (816) 556-2110  
[Darrin.Ives@kcpl.com](mailto:Darrin.Ives@kcpl.com)

September 18, 2019

Mark S. Campbell  
Chief Executive Officer  
Triumph Foods, LLC  
5302 Stockyards Expy.  
St. Joseph, MO 64504

Dear Mr. Campbell:

This letter agreement serves to document the approval by Triumph Foods, LLC (“Triumph”) of a Stipulation and Agreement (“Stipulation”) with KCP&L Greater Missouri Operations Company (“GMO”) regarding a rate increase for steam service provided to GMO’s steam customers. A copy of the Stipulation is attached to this letter agreement as Exhibit 1.

In furtherance of GMO obtaining the Missouri Public Service Commission’s (“Commission”) approval of the Stipulation in File No. HR-2018-0231, Triumph hereby authorizes GMO to represent that Triumph supports and approves the Stipulation and agrees that GMO shall submit the Stipulation on its behalf to the Commission for approval.

Execution of this letter agreement by an authorized officer of Triumph evidences the agreement of Triumph to the terms of the attached Stipulation.

Please return an executed copy of this letter to me.

Sincerely,

Darrin R. Ives

Signed:

Name:

Mark S. Campbell <sup>RRW</sup>

Title:

CEO  
Triumph Foods, LLC