

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the 2009 Resource Plan of)
KCP&L Greater Missouri Operations Company)
Pursuant to 4 CSR 240-22)

Case No. EE-2009-0237

NONUNANIMOUS STIPULATION AND AGREEMENT

Pursuant to 4 CSR 240-22.080(8), KCP&L Greater Missouri Operations Company (“GMO”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of Public Counsel (“OPC”), the Missouri Department of Natural Resources (“MDNR”), and Dogwood Energy, LLC (“Dogwood”) (collectively, the “Signatories”) hereby submit to the Missouri Public Service Commission (“Commission”) this stipulation and agreement (the “Agreement”) to remedy all alleged deficiencies and concerns expressed by the signatories of this agreement regarding the compliance filing GMO submitted in this proceeding on August 5, 2009, as supplemented. Sedalia Industrial Energy Users’ Association (“SIEUA”), the City of Kansas City, Missouri (“KCMO”), and the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) intervened in this case but they are not signatories to this agreement.

In support hereof, the Signatories offer as follows:

BACKGROUND

1. On August 5, 2009, GMO submitted its compliance filing with Chapter 22 of the Commission's regulations concerning GMO's resource planning. GMO submitted a supplemental filing on November 2, 2009 to provide additional information and clarify certain aspects of its original filing (collectively, "2009 IRP"). GMO will submit a revised IRP filing in this case on or before December 17, 2010 ("the revised filing") and will complete its next

Chapter 22 compliance filing in August 2012 (“the next Chapter 22 compliance filing”) unless new Chapter 22 rules alter the compliance date.

2. On December 10, 2009, Staff, OPC, MDNR, and Dogwood submitted reports identifying concerns and in some cases alleging certain deficiencies regarding GMO’s 2009 IRP. Although SIEUA, KCMO, and MJMEUC intervened in the case, they did not submit a report.

3. The Commission’s resource planning regulations provide that if the Staff, Public Counsel or any intervenor finds deficiencies, they shall work with the electric utility and the other parties in an attempt to reach a joint agreement on a plan to remedy the identified deficiencies. 4 CSR 240-22.080(8). The Signatories have worked together to develop such a joint plan. This Agreement represents the fruits of those efforts.

DOCUMENT ORGANIZATION

4. The order of items contained within this document is as follows:

I. Agreed Upon Remedies to Concerns and Alleged Deficiencies

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Supply-Side Resources Analysis – Page 3

Demand-Side Resource Analysis – Page 7

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AGREED UPON REMEDIES TO CONCERNS AND ALLEGED DEFICIENCIES

4 CSR 240-22.030 Load Analysis and Forecasting

5. Staff's Concern A states: GMO's energy and demand forecasts do not properly account for changing economic conditions – 4 CSR240-22.030(5). This concern is resolved in the agreement to a stakeholder process and revised filing contained in Appendix 1 which by this reference is incorporated herein. It is addressed in the "Load Analysis and Forecasting" section of Appendix 1.

6. Staff's Concern B states: GMO only consulted one expert when determining the subjective probabilities assigned to its high-case, base-case and low-case load forecasts. This concern is resolved in the agreement to a stakeholder process and revised filing contained in Appendix 1. It is addressed in the "Load Analysis and Forecasting" section of Appendix 1. Further, GMO agrees to use three or more decision-makers when assigning probabilities to the high-case, base-case and low-case load forecasts for the next Chapter 22 compliance filing.

7. Staff's Concern C states: The subjective probabilities GMO assigned to its high-case, base-case and low-case load forecasts do not properly account for the increasing probability and the impact of future federal and/or state legislation regarding energy efficiency resource standards (EERS) – 4 CSR 240-22.030(7). After clarification with GMO in post Staff Report discussions, Staff agrees that GMO adequately addressed this concern in its 2009 IRP filing.

4 CSR 240-22.040 Supply-Side Resources Analysis

8. In what MDNR labels as "MDNR Deficiency #2," MDNR, citing 4 CSR 240-22.040(1), states that "the Company fails to identify and analyze retirement of Sibley 3 and/or Lake Road 4-6 as supply-side options." This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraphs 9 through 12.

9. In what MDNR labels as "MDNR Deficiency #3," MDNR, citing 4 CSR 240-22.040(1)(E), states that "GMO's analysis relies on capital costs for the wind resource options that were out of date at the time the IRP filing was made, makes no accommodation for the effect of fundamental economic supply/demand forces on the prices for a wind resource, and fails to account for predicted declines in real cost trends for wind resources." This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraph 13.

10. In what MDNR labels as "MDNR Deficiency #4," MDNR, citing 4 CSR 240-22.040(1)(E) and 4 CSR 240-22.050(1), states that "GMO's analysis relies on inappropriately high costs for residential solar photovoltaic (PV) resource options." As resolution, GMO agrees to submit in a supplemental filing: the report, "A Renewable Energy System Performance Report", dated June 01, 2009, prepared by Bob Solgar, with The Energy Savings Store (TESS). GMO agrees to continue monitoring changes in costs for residential solar photovoltaic (PV) resource options for its next regularly scheduled IRP filing.

11. In what MDNR labels as "MDNR Deficiency #5," MDNR, citing 4 CSR 240-22.040(2)(B)1-2, states that "GMO failed to identify and analyze the potential impact of two levels of NOx and SO2 mitigation requirements. GMO is inconsistent in its assessment of potential NOx and SO2 regulatory regimes that would affect the cost of compliance." MDNR notes that the issues of regulatory uncertainty raised in its December comments will probably be rendered moot if, as expected, USEPA announces a proposed replacement for the Clean Air Interstate Rule (CAIR) in April or May 2010. This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraph 14.

12. In what MDNR labels as "MDNR Deficiency #6," MDNR, citing 4 CSR 240-22.040(8)(D)2, states that "GMO's methodology for estimating the probability distribution for

NOx allowance prices appears to be substantively deficient as well as divergent from rule requirements. The divergence from rule requirements is not supported by the language in Waiver #11." This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraphs 15 and 16.

13. In what MDNR labels as "MDNR Deficiency #7," MDNR, citing 4 CSR 240-22.040(8), states that "GMO failed to consider uncertainties inherent in the Company's proposed program of emission retrofits and refurbishment at these facilities." MDNR now considers this a concern rather than a deficiency. This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraph 11.

14. Dogwood Energy, LLC asserts that GMO fails to distinguish between adequate capacity margin and reliable integration of wind generation into its supply portfolio, or "firming" of wind generation. An adequate capacity margin by today's standards does not guarantee reliable integration of wind generation, particularly as the energy absorbed from such wind generation increases to upwards of 10% to 15% of a utility's total generation production. More specifically, for purposes of an IRP evaluation, a demonstration of adequacy in the following areas is required to demonstrate adequate "firming" of wind resources, at a minimum:

- Availability of adequate amounts of regulation service to accommodate anticipated wind generation output forecast error. This is measured by both available capacity and ramp rate (MW/minute) of such service for both up and down regulation. This requirement could include the need to replace substantially all wind generation output if a high wind event forces the rapid shut-down of all such wind-driven resources.

- Availability of adequate amounts of resource / reserve capacity (spinning and non-spinning) and flexible, rapid-start and shut-down capacity (from 0-4 hours starting and stopping) to accommodate the regular, daily morning decrease and evening increase of wind generation output. This is measured by both available capacity and ramp rate (MW/minute) of such capacity for both up and down load-following requirements, including minimum loading capability of baseload generation for overnight turn-down, as needed to accommodate maximum wind generation output during overnight low demand conditions.

15. Dogwood states that generally, such requirements can be met by uncommitted peaking and intermediate capacity resources equal to at least the capacity of wind resource capacity in the supply portfolio (for regulation purposes), or up to the capacity differential between daily peak demand and the total capacity represented by baseload resources available after meeting overnight minimum generation output limitations. It does not appear that GMO has adequately addressed these wind integration and reliability issues in its IRP in order to guard against blackouts, brownouts and penalties for NERC reliability standards violations.

16. Dogwood believes that risk mitigation procedures and monitoring by the Staff and stakeholders are required to provide greater assurance that GMO will maintain adequate firm capacity reserves on an annual or seasonal basis that will better enable it to meet reliability standards. In order to address this deficiency, GMO should include in its IRP a commitment to develop short-term, annual and peak season capacity supply assessment and procurement plans to be monitored by the Staff and reviewed and commented upon by stakeholders.

17. Additionally, Dogwood asserts that GMO has not addressed potential “adverse rate treatment for the Crossroads units”, meaning a lawful and reasonable Commission decision to

exclude the units from ratebase. GMO has indicated that base and intermediate load capacity would be required if the Crossroads units are excluded, but there is no apparent plan of action. Additionally, potential plant retirements have not been adequately considered, which could result in capacity requirements.

18. Dogwood is willing to allow the foregoing issues to be resolved in the stakeholder process as described in Appendix 1 “Supply-Side Resources Analysis” section.

4 CSR 240-22.050 Demand-Side Resources Analysis

19. Staff’s Concern D states: Marketing work done for KCP&L was also used for GMO, with no research done into whether the service areas of the two utilities have different needs - 4 CSR 240-050(5). GMO agrees to analyze and report to the stakeholder group whether this deficiency will be corrected in the revised filing or in the next Chapter 22 compliance filing. GMO further agrees to perform a GMO service territory demand-side market potential study for use in its next Chapter 22 compliance filing. This agreement resolves this concern.

20. Staff’s Concern E states: GMO does not discuss the MPower and Energy Optimizer moratoria, program designs or delivery processes – 4 CSR 240-22.050(6). GMO agrees to include a discussion of MPower and Energy Optimizer in conjunction with the agreement to a Stakeholder process and revised filing contained in Appendix 1. This agreement resolves this concern.

21. Staff’s Concern F states: The Change-A-Light program in GMO’s preferred resource plan is not the same program as the revised Change-A-Light program discussed by the Customer Program Advisory Group – 4 CSR 240-22(6)(D). GMO agrees to provide Change-A-Light information as part of agreement to a stakeholder process and revised filing contained in Appendix 1. This agreement resolves this concern.

22. Staff's Deficiency 1 states: Insufficient and untimely analysis of 'rate structures,' 'demand response research,' multifamily research, and 'energy efficient street lighting' within end-use measure menu creation – 4 CSR 240-22.050(1); 22.020(17) and (18); 22.050(5). GMO agrees to analyze and report to the stakeholder group as described in Appendix 1 whether this deficiency will be corrected in the revised filing or in the next Chapter 22 compliance filing.

23. Staff's Deficiency 2 states: No identification of, development of or screening, of the technical potential of end-use measures for the Energy Optimizer program or for the MPower program – 4 CSR 240-22.050(1), 22.050(3), 22.050(6)(C), and 22.050(4). GMO agrees to identify, develop or screen the technical potential of end-use measures for the Energy Optimizer program and for the MPower program and to report to the stakeholder group as described in Appendix 1 whether this deficiency will be corrected in the revised filing or in the next Chapter 22 compliance filing.

24. Staff's Deficiency 3 states: Lack of analysis of residential 'plug load' items – 4 CSR22.050(1) and 22.050(5). GMO agrees to analyze and report to the stakeholder group as described in Appendix 1 whether this deficiency will be corrected in the revised filing or in the next Chapter 22 compliance filing.

25. Staff's Deficiency 4 states: DSM programs only last for the first five years of the twenty year planning horizon –4 CSR 240-22.050(11). GMO agrees to provide the DSM twenty-year information in the revised filing.

26. OPC's Deficiency 1 4 CSR 240-22.050 (3) and (7) – GMO failed to analyze street lighting (and other outdoor lighting) retrofits, alternative rate structures and combined heat and power (CH&P) on the customer side of the meter as end use measures and as Demand-Side programs. GMO agrees to analyze street lighting and CH&P as potential demand-side resources

in its the next full compliance filing. GMO agrees to include alternative rate structures, including, but not limited to, time-of-use (TOU) and peak pricing (critical peak pricing and/or peak time rebates) rates for small and medium sized customers, as demand-side resources in the revised filing.

27. OPC's Deficiency 2. 4 CSR 240-22.050 (6) – GMO failed to comply with the requirement in the rule for it to “develop a set of potential demand-side programs that are designed to deliver an appropriate selection of end-use measures to each market segment.” GMO agrees to discuss this topic including the provision of financing as an alternative or supplement to rebates in the stakeholder group as described in Appendix 1. GMO also agrees to provide to stakeholders its research on evaluation of financing efficiency programs referenced in Figure 2 on page 29 of its 2009 IRP Supplemental Filing by June 30, 2010.

28. In what MDNR labels as "MDNR Deficiency #1," MDNR, citing 4 CSR 22.010(2), states that "the filing fails to treat demand-side management resources on an equivalent basis and fails to use minimization of long-run costs as the primary selection criteria." This issue is resolved by the combination of agreements set forth in paragraphs 27 and 31 of this Stipulation and Agreement and paragraphs 14-16, and 21 in the agreement to a stakeholder process and revised filing contained in Appendix 1. Collectively, these agreements address the issues with respect to equivalent treatment that are set forth on pages 2-4 and the issue of minimum NPVRR (net present value of revenue requirements) set forth on pages 4-12 of Optimal Energy's Final Report on the Analysis of Demand Side Management filed on December 10, 2009 as an appendix to MDNR's comments in this case. For its next Chapter 22 compliance filing, GMO agrees to model and fully analyze at least one alternative DSM portfolio that annually achieves incremental electric energy and demand savings equivalent to 1% by 2015 and 2% by 2020

reductions in annual sales and peak requirements, respectively. "Fully analyze" means that the alternative portfolio(s) will be treated as resources that are available for selection in the determination of critical uncertain factors and in the identification of alternative resource plans and that at least one of the alternative portfolios will be included in an alternative resource plan that is included in the integration analysis. The demand-side resources included in these alternative portfolios will fully conform to the definition of "demand side resource" in 4 CSR 240-22.020(11). The alternative portfolio(s) will include energy efficiency programs to achieve energy savings from end-use measure that are not included in the DSM portfolio in GMO's current preferred resource plan. The alternative DSM portfolio(s) will also include energy efficiency programs to achieve increased energy savings from end-use measures that are already included in the DSM portfolio in its current preferred resource plan. For its next Chapter 22 compliance filing, GMO further agrees to perform a GMO service territory demand-side market potential study, to consult with stakeholders on the design of the study and to incorporate the results of the potential study when developing the alternative DSM portfolios.

29. In what MDNR labels as "MDNR Deficiency #8," MDNR, citing 4 CSR 240-22.050(1)C, (1)D and (6)C, states that "GMO failed to include combined heat and power (CHP) and a variety of end-use measures in the menu of demand-side measures that were screened." This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraph 18.

30. In what MDNR labels as "MDNR Deficiency #9," MDNR, citing 4 CSR 240-22.050(6)(C), states that "GMO's screening of solar hot water resources may be flawed." GMO agrees to submit in a supplemental filing: the report "A Renewable Energy System Performance Report", dated June 01, 2009, prepared by Bob Solgar, with The Energy Savings Store (TESS).

GMO agrees to continue monitoring changes in costs for solar hot water resources for its next regularly scheduled IRP filing.

31. In what MDNR labels as "MDNR Deficiency #10," MDNR, citing 4 CSR 240-22.050(4), states that "the Company's filing presents multiple estimates of market potential for demand-side resources in its service territory that are internally inconsistent and inconsistent with recommendations of consultants retained by the Company." The company agrees to include in a supplemental filing its revised estimate and an explanation why the revised estimate differs from the estimates discussed in the MDNR December 10, 2009 comments.

32. In what MDNR labels as "MDNR Deficiency #11," MDNR, citing 4 CSR 240-22.050(5), states that "the research that GMO cites to demonstrate its compliance with 4 CSR 240-22.050(5) is not sufficient to develop the information necessary to design and implement cost-effective demand-side programs at a level that meets Company and state policy goals." As resolution, GMO agrees, in consultation with the Signatories to develop a comprehensive research plan that complements its evaluation plan and is targeted at gathering information required to design and implement cost-effective demand-side programs at a level that meets Company and state policy goals. This plan will be filed in a supplemental filing on or before December 17, 2010.

4 CSR 240-22.060 Integrated Resource Analysis

33. Staff's Deficiency 5 states: GMO did not meet the requirements of 4 CSR240-22.060(1), because GMO did not design its alternative resource plans to satisfy at least the objectives and priorities identified in 4 CSR 240-22.010(2). Specifically, the requirement of 4 CSR 240-22.010(2)(A) to consider and analyze demand-side efficiency and energy management measures on an equivalent basis with supply-side alternatives in the resource planning process is

not satisfied – 4 CSR 240-22.060(1). This deficiency is resolved with GMO's agreement to work within the stakeholder process as described in Appendix 1, to expand the DSM portfolio in incremental steps to account for the development of new technologies not currently known or defined.

34. In what MDNR labels as "MDNR Deficiency #12(A)," MDNR, citing 4 CSR 240-22.060(3)(A), states that "the set of alternative resource plans developed for the filing do not meet the requirements of paragraph 33 in the Stipulation and Agreement." (In the Matter of the Resource Plan of Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks L&P, Case No. EO-2007-0298, Non-Unanimous Stipulation and Agreement, November 1, 2007). This issue is resolved by the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraph 21.

35. In what MDNR labels as "MDNR Deficiency #12(B)," MDNR, citing 4 CSR 240-22.060(3), states that "the set of alternative resource plans developed for the filing is not sufficient to adequately review the Company's resource options and identify the optimal alternative for meeting planning objectives." This issue is resolved by the combination of agreements set forth in paragraphs 1 and 23 of this Stipulation and Agreement and paragraph 26 in the agreement to a stakeholder process and revised filing contained in Appendix 1.

36. In what MDNR labels as "MDNR Deficiency #13, MDNR, citing 4 CSR 240-22.060(4)', states that "the filing uses a planning horizon of only 5 years for demand-side resources except for its demand response offerings, Optimizer and MPower. Its modeling shows only five years of implementation budget for DSM programs." In its initial response to this issue, GMO provided 20-year DSM program data in Appendix A of a document titled "GMO RESPONSE TO PARTIES SUMMARY REPORTS OF DEFICIENCIES AND CONCERNS."

The document was circulated among the parties to this case, but not filed. To resolve this deficiency, GMO agrees to comply with paragraphs 22 and 23 in the agreement to a stakeholder process and revised filing contained in Appendix 1; and in addition agrees:

- To provide a supplemental filing that includes Appendix A from the aforementioned document and attests that the program cost data provided in Appendix A was used for all aspects of the integrated analysis of alternative resource plans contained GMO's "all DSM" portfolio"; and
- To provide DSM program data across a 20-year planning horizon in its next regularly scheduled IRP filing.

37. In what MDNR labels as "MDNR Deficiency #14," MDNR, citing 4 CSR 240-22.060(6)(A), states that "Tables 1-24 do not indicate the schedule for resource retirements." The context of MDNR's statement is that the GMO filing cites Volume 6, Tables 1-24 as fulfilling the reporting requirement of 4 CSR 240-22.060(6)(A) to list "the sequence and schedule for retiring existing resources." GMO responded that "Plans 7 through 11 include retiring Sibley Units 1&2 by 2015." (Volume 6, Section 3, page 3) This issue is therefore resolved.

38. In what MDNR labels as "MDNR Deficiency #15," MDNR states that Volume 6, Section 6.2, p. 21 lists the provisions of 4 CSR 240-22.060(6)(B) but "does not provide the tabulation required by the rule." GMO responded that "the tabulation is provided in Volume 7, Table 2, on page 12 to meet the requirements of Rule 240-22.070(5)(A)." This issue is therefore resolved.

39. In what MDNR labels as "MDNR Deficiency #16," MDNR, citing 4 CSR 240-22.060(6)(B), states that the charts provided to comply with this rule are not readable, and the

Company did not provide the underlying data used to generate the charts." MDNR now considers this a concern rather than a deficiency. To resolve this concern, GMO agrees:

- GMO, in consultation with the Signatories, will consider user-friendly methods for complying with the requirements of 4 CSR 240-22.070(5)(A) in its next regularly scheduled IRP filing; and
- GMO will make a supplemental filing that lists the source for the data underlying its Tables 1-24. These tables were circulated among the parties to this case, but not filed in "GMO RESPONSE TO PARTIES SUMMARY REPORTS OF DEFICIENCIES AND CONCERNS."

4 CSR 240-22.070 Risk Analysis and Strategy Selection

40. Staff's Concern G states: GMO did not treat the list of uncertain factors contained in 4 CSR 240-22.070(2) as a "minimum requirement" and did not add any additional uncertain factors that are "special contemporary issues," issues including Smart Grid and EERS – 4 CSR 240-22.070(2). This concern is resolved by GMO's agreement to add smart grid technology and EERS legislation to its list of uncertain factors and to screen these uncertain factors to determine whether each is a critical uncertain factor. GMO agrees to do the screening of the smart grid and EERS uncertain factors taking into account the results of the stakeholder meetings and supplemental filings described in Appendix 1, "Risk Analysis and Strategy Selection". If smart grid and EERS are both determined to not be critical uncertain factors, Staff's Concern G is resolved. However, if the smart grid uncertain factor or the EERS uncertain factor is determined to be a critical uncertain factor, and GMO does not change its MIDAS model to include the smart grid and/or EERS determined to be a critical uncertain factors during the integration analysis used for the revised filing in this case, then Staff's Concern G is not resolved.

41. Staff's Concern H states: GMO eliminated Plan 16 from consideration as its preferred resource plan simply because GMO considered Plan 16 to be an unachievable resource plan – 4 CSR 240-22.070(6). The resolutions of Staff deficiencies 5 and 6 resolve this concern.

42. Staff's Deficiency 6 states: GMO has failed to meet the requirements of 4 CSR 240-22.070(6)(A) in that the preferred resource plan does not "strike an appropriate balance between the various planning objectives specified in 4 CSR 240-22.010(2), more specifically 4 CSR 240-22.010(2)(A). This deficiency is resolved by GMO's agreement to work within the stakeholder process as described in Appendix 1, to expand the DSM portfolio in incremental steps to account for the development of new technologies not currently known or defined.

43. OPC's Deficiency 3. 4 CSR 240-22.070(11)(F) - Failure to include a discussion of the process used to select the preferred plan. This deficiency is resolved by GMO's agreement to include an expanded discussion of the process used to select the preferred plan that meets the requirements of 4 CSR 240-22.070(11)(F) in the revised IRP filing.

44. OPC's Deficiency 4. 4 CSR 240-22.070(10) and 4 CSR 240-22.080(1)(D) - Failure to officially adopt and approve a resource acquisition strategy. This deficiency is resolved by the revised resource acquisition strategy corporate approval statement contained in Appendix 2 which by this reference is incorporated herein. The revised resource acquisition strategy corporate approval statement will be signed and filed as a supplement to the August 2009 IRP filing. The revised resource acquisition strategy corporate approval statement will be signed and included as part of the revised IRP filing.

45. In what MDNR labels as "MDNR Deficiency #17," MDNR, citing 4 CSR 240-22.070(2)(A), states that "(A) The methodology used by KCP&L-GMO to identify critical uncertain factors relies on inappropriately specified alternative resource plans and the validity of

the Company's estimates of "high" and "low" values for the uncertain factor. (B) MDNR questions whether the methodology used by KCP&L-GMO to identify critical uncertain factors is appropriate." After discussion, MDNR agrees with GMO that GMO's method for identifying critical uncertain factors does not rely on the specification of alternative resource plans. The remaining issue concerning validity of the Company's estimates of "high" and "low" values for the uncertain factor is resolved through the agreement to a stakeholder process and revised filing contained in Appendix 1, paragraph 15.

46. In what MDNR labels as "MDNR Deficiency #18," MDNR, citing 4 CSR 240-22.070(10), states that "the statements on Volume 7A, page 4... does not meet the requirement in 4 CSR 240-22.070(10) because it does not state unambiguously that the Company has committed to the course of action specified in the resource acquisition strategy." This issue is resolved by Appendix 2.

47. Dogwood Energy, LLC asserts that GMO has not adequately addressed covariant risks. Dogwood is willing to allow the foregoing issue to be resolved in the stakeholder process as described in Appendix 1 "Risk Analysis and Strategic Selection" section.

4 CSR 240-22.080 Filing Schedule and Requirements

48. OPC's Deficiency 5. 4 CSR 240-22.080(2) - GMO's request for non-traditional accounting procedures for DSM expenses does not fully comply with the modeling requirements of this section of the rule and the filing raises additional concerns due to new issues that are raised and yet to be resolved by the new energy efficiency legislation, SB 376 that was passed this year by the Missouri Legislature. The modeling requirements issue will be discussed and possibly resolved by agreeing to use the stakeholder process as described in Appendix 1 "DSM Cost Recovery Modeling" section. GMO agrees to withdraw the request for non-traditional

accounting procedures that it made pursuant to 4 CSR 240-22.080(2) in its August 2009 IRP compliance filing and reserves the right to make a new request for non-traditional accounting procedures in its revised IRP filing in December 2010.

49. In what MDNR labels as "MDNR Deficiency #20," MDNR, citing 4 CSR 240-22.080(2), states that "KCP&L-GMO has not complied with the requirement to submit its proposal "in the utility's compliance filing pursuant to this rule and not at some subsequent time." MDNR does not question that GMO's proposal included in Volume 8, section 2 of the Company's filing is consistent with 4 CSR 240-22.080(2). The deficiency cited here refers to an alternative, substantively different proposal that GMO submitted to MDNR on November 10, 2009 in response to MDNR's Data Request 45. This issue has been resolved by agreeing to use the stakeholder process as described in Appendix 1 "DSM Cost Recovery Modeling" section. GMO agrees to withdraw the request for non-traditional accounting procedures that it made pursuant to 4 CSR 240-22.080(2) in its August 2009 IRP compliance filing and reserves the right to make a new request for non-traditional accounting procedures in its revised IRP filing in December 2010.

Effect of Nonunanimous Stipulation and Agreement

50. None of the Signatories shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority or principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, jurisdictional allocation methodology, cost allocation, cost recovery, or question of prudence, that may underlie this Nonunanimous

Stipulation and Agreement, or for which provision is made in this Nonunanimous Stipulation and Agreement.

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

52. The provisions of this Nonunanimous Stipulation and Agreement have resulted from extensive negotiations among the Signatories and the provisions are interdependent. In the event that the Commission does not approve and adopt the terms of this Nonunanimous Stipulation and Agreement in total, or approves this Nonunanimous Stipulation and Agreement with modifications or conditions that a Signatory objects to, it shall be void and no Signatory shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof.

53. When approved and adopted by the Commission, this Nonunanimous Stipulation and Agreement shall constitute a binding agreement between the Signatories hereto. The Signatories shall cooperate in defending the validity and enforceability of this Nonunanimous Stipulation and Agreement and the operation of this Nonunanimous Stipulation and Agreement according to its terms. Nothing in this Nonunanimous Stipulation and Agreement is intended to impinge, restrict or limit in any way any party's discovery powers, including the right to access information and investigate matters related to GMO.

54. This Nonunanimous Stipulation and Agreement does not constitute a contract with the Commission. Acceptance of this Nonunanimous Stipulation and Agreement by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego, during the term of this Nonunanimous Stipulation and Agreement, the use of any discovery, investigative or other power of the Commission. Thus, nothing in this Nonunanimous Stipulation and Agreement is intended to impinge or restrict in any manner the exercise by the Commission, or of any Signatory, of any statutory right, including the right to access information, or any statutory obligation.

Commission Approval of Nonunanimous Stipulation and Agreement

55. If the Commission has questions for the Signatories, the Signatories will make available, at any on-the-record session, their experts/witnesses and attorneys so long as all Signatories have had adequate notice of that session. The Signatories agree to cooperate in presenting this Nonunanimous Stipulation and Agreement to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Nonunanimous Stipulation and Agreement.

56. If the Commission does not unconditionally approve this Nonunanimous Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void thereon, neither this Nonunanimous Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has to a hearing on the issues presented by the Nonunanimous Stipulation and Agreement, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Nonunanimous Stipulation and

Agreement had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Nonunanimous Stipulation and Agreement shall thereupon become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

57. In the event the Commission accepts the specific terms of this Nonunanimous Stipulation and Agreement, the Signatories waive their respective rights to call, examine and cross-examine witnesses, pursuant to Section 536.070(2) RSMo 2000; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to Section 386.500 RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510 RSMo 2000. This waiver applies only to a Commission Report and Order respecting this Nonunanimous Stipulation and Agreement issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Nonunanimous Stipulation and Agreement.

Issues Unresolved by Nonunanimous Stipulation and Agreement

58. In what MDNR labels as "MDNR Deficiency #19," MDNR, citing 4 CSR 240-22.070(10)(D), states that "the methodology adopted by KCP&L-GMO for compliance with the requirements of 4 CSR 240-22.070(10)(D) does not account for the volatile and continuous nature of these critical prices and interest rates. Additionally, this methodology does not fully capture the interaction of different factors in creating circumstances that will warrant a change in resource plan." GMO will provide supporting documentation showing the calculation of

“Conditional Probability” values listed in the Risk Tree provided in Figure 1, Volume 7, Page 10 of the initial GMO filing. On April 6, 2010 GMO provided MDNR some supplementary information regarding the probabilities assigned to each scenario listed in the Risk Tree. This information did not resolve MDNR’s concerns about the calculation of the probabilities associated with the scenarios listed in the Risk Tree figures.

59. In what MDNR labels as "MDNR Deficiency #21," MDNR, citing 4 CSR 240-22.080(2), states that " KCP&L-GMO’s proposed performance incentive mechanism would provide excessive returns compared to normal regulatory practice. In MDNR's view, the goals for demand-side program savings included in KCP&L-GMO’s preferred resource plan do not achieve meaningful levels of savings. KCP&L-GMO’s proposed performance incentives are not appropriate relative to its level of proposed DSM investments and risk." GMO agrees to withdraw the request for non-traditional accounting procedures that it made pursuant to 4 CSR 240-22.080(2) in its August 2009 IRP compliance filing and reserves the right to make a new request for non-traditional accounting procedures in its revised IRP filing in December 2010. The issue of non-traditional accounting procedures will be discussed and may be resolved, in the stakeholder process described in the "DSM Cost Recovery Modeling" section of Appendix 1.

60. In what MDNR labels as "MDNR Deficiency #22," MDNR, citing 4 CSR 240-22.080(2), states that " KCP&L-GMO’s proposed performance incentive mechanism would provide excessive returns compared to normal regulatory practice. In MDNR's view, the goals for demand-side program savings included in KCP&L-GMO’s preferred resource plan do not achieve meaningful levels of savings. KCP&L-GMO’s proposed performance incentives are not appropriate relative to its level of proposed DSM investments and risk." GMO agrees to withdraw the request for non-traditional accounting procedures that it made pursuant to 4 CSR

240-22.080(2) in its August 2009 IRP compliance filing and reserves the right to make a new request for non-traditional accounting procedures in its revised IRP filing in December 2010. The issue of non-traditional accounting procedures will be discussed and may be resolved, in the stakeholder process described in the "DSM Cost Recovery Modeling" section of Appendix 1.

Respectfully submitted,

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Dated: April 12, 2010

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on all counsel of record either by electronic mail or by first class mail, postage prepaid, on this 12th day of April, 2010.

/s/ James M. Fischer

James M. Fischer