

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 5th  
day of May, 1995.

In the matter of the application of (Kansas City Power & )  
Light Company for authorization to sell sulfur dioxide ) Case No. EO-95-184  
emission allowances. )  
)

**ORDER APPROVING STIPULATION AND AGREEMENT**

On December 15, 1994, Kansas City Power & Light Company (KCPL) filed an application with the Commission requesting authorization to sell sulfur dioxide emission allowances. Based upon the Commission's order in Case No. EO-92-250, KCPL requested blanket authority to sell up to 200,000 Phase I allowances during the period from January 1, 1995, through December 31, 1999, at prices equivalent to the prices of similar transactions being executed through the Cantor-Fitzgerald allowance brokering program.

Notice of the application was given and Union Electric Company and the City of Kansas City, Missouri, were subsequently granted intervention. A prehearing conference was then scheduled after which the parties filed a proposed procedural schedule. The Commission adopted the procedural schedule by order issued April 11, 1995, but subsequently suspended the schedule based upon a motion by the parties and the filing of a Unanimous Stipulation And Agreement (Stipulation). The Stipulation is Attachment A to this order and is incorporated by reference.

The Stipulation purports to resolve all of the outstanding issues in this case. The major items agreed to are: (1) that KCPL be granted the blanket authority to sell the allowances as requested in the application; (2) that rate-making treatment of the sale of allowances should be delayed to future

proceedings; and (3) that KCPL will provide annual reports to Commission Staff detailing its allowance transactions for the year.

The Commission has considered the Stipulation and finds that it is reasonable and that KCPL's application complies with the guidelines established by the Commission in EO-92-250. **RE: KCPL**, 1 M.P.S.C.3d, 359, 363 (1992). Those guidelines indicated that blanket authority would be granted to allow flexibility if there were price and duration limits on the authority. KCPL's proposal meets those conditions. The issue of ratemaking treatment will be reserved for a future proceeding. The blanket authority should allow KCPL to sell the emission allowances on the market as its management determines is in the best interests of the company.

**IT IS THEREFORE ORDERED:**

1. That the Unanimous Stipulation And Agreement, Attachment A, be hereby approved.
2. That Kansas City Power & Light Company is hereby granted authority to sell sulfur dioxide emission allowances under the conditions agreed to in the Unanimous Stipulation And Agreement approved in Ordered Paragraph 1.
3. That any ratemaking treatment with regard to the sale of emission allowances as approved in this order is deferred to a future proceeding.
4. That this order shall become effective on the 16th day of May, 1995.

**BY THE COMMISSION**



**David L. Rauch**  
**Executive Secretary**

( S E A L )

Mueller, Chm., McClure, Perkins,  
Kincheloe and Crumpton, CC., concur.

In the matter of the application of Kansas City Power & Light Company for authorization to sell sulfur dioxide emission allowances.

FILED

**UNANIMOUS STIPULATION AND AGREEMENT**

COMES NOW Kansas City Power & Light Company (KCPL), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (Public Counsel), the City of Kansas City, Missouri (City), and Union Electric Company (UE) and state the following in resolution of Case No. EO-95-184.

Included in the provisions of Sec. 393.190.1, RSMo, (1994) is a requirement that no electrical corporation may sell or otherwise dispose of any part of its franchise, works or system necessary or useful in the performance of its duties to the public without first obtaining authority from the Missouri Public Service Commission (Commission) to do so.

Attachment A  
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On December 20, 1994, the Commission issued an Order and Notice setting a deadline for intervention. The City and UE timely filed applications to intervene, and the Commission granted said interventions. Prehearing conferences occurred on February 21, 1995, and April 4, 1995. The Commission issued an Order Establishing Procedural Schedule on April 11, 1995. As a result of negotiations between the parties, certain agreements have been reached. Consequently, KCPL, the Staff, Public Counsel, the City, and UE stipulate and agree as follows:

1. KCPL should be granted blanket authority to sell up to 200,000 Phase I allowances from the date of Commission approval of this Stipulation and Agreement through December 31, 1999, at prices equivalent to the prices of similar transactions then being executed on the Cantor-Fitzgerald allowance exchange. This blanket authority, if granted, does not mean that the parties to this Unanimous Stipulation and Agreement or the Commission have determined that the Cantor-Fitzgerald allowance brokering program is the appropriate market indicator for any ratemaking treatment that may be accorded the allowances.

2. Pursuant to Federal Energy Regulatory Commission accounting regulations, KCPL will record all allowance sale proceeds in Account 254, Other Regulatory Liabilities, until such time as the Commission determines the disposition of those proceeds. No amortization of allowance proceeds amounts booked to Account 254 will be made without the approval of the Missouri Public Service Commission.

3. A Commission determination regarding the particular ratemaking or accounting treatment for the allowance sales is unnecessary at this time, and the parties reserve the right to

make specific proposals for ratemaking or accounting treatment of any allowance sales in future proceedings.

4. KCPL will provide to the parties in this case annual reports detailing the allowance transactions occurring during the previous year. Said reports will be provided in March in the years 1996 through 2000 and will contain the following information: for allowances sold or purchased, the name of the other party to the transaction, the quantity and serial numbers of allowances sold or purchased, and the unit price per allowance, and; the quantity and serial numbers of allowances issued to KCPL by the Environmental Protection Agency during the year.

5. It is the Staff's intention to acquire the Allowance Tracking Workstation (ATW) software. Therefore, when the Staff obtains the ATW software, KCPL will provide to Staff, on a monthly basis, copies of data from all tables that comprise KCPL's ATW database. This data will be submitted to the Staff on magnetic media, specifically on 3.5 inch diskettes, in ASCII delimited format.

6. None of the parties to this Unanimous Stipulation and Agreement shall be deemed to have approved or acquiesced in any question of Commission authority, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence, that may underlie this Unanimous Stipulation and Agreement, or for which provision is made in this Unanimous Stipulation and Agreement.

7. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and

Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or otherwise protected from disclosure.


8. This Unanimous Stipulation and Agreement represents a negotiated settlement for the sole purpose of addressing the authority requested by the Application of KCPL. Except as specified herein, the parties to this Unanimous Stipulation and Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Unanimous Stipulation and Agreement: (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 the instant Unanimous Stipulation and Agreement in the instant proceeding, or in any way condition its approval of same.

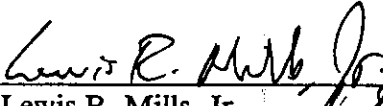
9. The provisions of this Unanimous Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Unanimous Stipulation and Agreement in total, it shall be void and no party hereto shall be bound by, prejudiced, or in any way affected by any of the agreements or provisions hereof unless otherwise provided herein.

10. In the event the Commission accepts the specific terms of this Unanimous Stipulation and Agreement, the signatories waive their respective rights to cross-examine witnesses; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1986; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986. This waiver applies only to a Commission Report and Order 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 Unanimous Stipulation and Agreement.

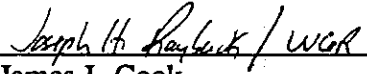
Respectfully submitted,

  
William G. Riggins

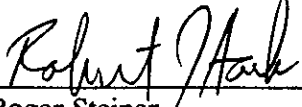
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