

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

In the Matter of the Tariff Filing of KCP&L	)	
Greater Missouri Operations Company, to	)	
Implement a General Rate Increase for Retail	)	
Electric Service Provided to Customers in its	)	<b><u>Case No. ER-2009-0090</u></b>
Missouri Service Areas it formerly served as	)	Tariff No. JE-2009-0913
Aquila Networks—MPS and Aquila Networks—	)	
L&P.	)	

**NONUNANIMOUS STIPULATION AND AGREEMENT  
REGARDING PENSIONS**

COMES NOW KCP&L Greater Missouri Operations Company (“GMO”) and the Staff of the Missouri Public Service Commission (“Staff”), and respectfully state to the Missouri Public Service Commission (“Commission”):

1. GMO and the Staff have reached an agreement (“2009 GMO Pension Stipulation”) that resolves between them (1) the amounts of pension costs for GMO as of April 30, 2009 that are included in GMO’s customer rates that will be established in this case, Case No. ER-2009-0090-, and (2) the appropriate accounting treatment of pension cost for ratemaking purposes—the same treatment they agreed-upon and the Commission approved in GMO’s last rate case, Case No. ER-2007-0004.

2. The GMO and the Staff agree that the customer rates established in this case, Case No. ER-2009-0090, for the territory GMO formerly served as Aquila Networks-MPS (“MPS”) will include a \$431,799 annual provision, prior to capitalization, for electric jurisdictional pension cost, and that the customer rates established in this case for the territory GMO formerly served as Aquila Networks-L&P (“L&P”) will include a \$36,289 annual provision, prior to capitalization, for electric jurisdictional pension cost. Separately for MPS and for L&P, GMO is authorized to reflect pension cost equal to the respective provision for the ERISA minimum and record the difference between the ERISA minimum and the annual

provision for pension cost as a regulatory asset or liability. These regulatory assets and/or liabilities are intended to track separately for MPS and L&P, the difference between the provision for the ERISA minimum contribution included in costs of service for MPS and L&P in this case, and the actual ERISA minimum contributions made for MPS and L&P, respectively, after the effective date of rates established in this case. These regulatory assets and/or liabilities will continue to be tracked beginning with the effective date of rates in this case and will be included in the rate bases of MPS and L&P in GMO's next rate case and amortized over five- (5) year periods. GMO is authorized to make such additional entries as are appropriate under Statement of Financial Accounting Standard ("SFAS") No. 71 to reflect that rates do not include SFAS No. 87 treatment in cost of service.

3. The customer rates established in this case for the territory GMO formerly served as MPS will reflect a regulatory liability/rate base offset for the tracker discussed in the previous paragraph of \$5,299,783. The customer established in this case for the territory GMO formerly served as L&P will reflect a regulatory liability/rate base offset for the tracker discussed in the previous paragraph of \$84,746. Included in these rates is a five- (5) year amortization of the respective regulatory liabilities, prior to capitalization. This amortization will begin with the effective date of rates established in this case.

4. The customer rates established in this case for the territory GMO formerly served as MPS will include a \$2,110,436 annual provision, prior to capitalization, for electric jurisdictional prepaid pension amortization. This amortization is in effect for a five and one-half (5 ½) year period beginning with the effective date of rates established in Case No. ER-2004-0034, and concluding October 31, 2009. The customer rates established in this case for the territory GMO formerly served as L&P will include a \$3,352,742 annual provision, prior to capitalization, for electric jurisdictional prepaid pension amortization. This amortization is in

effect for a nine and one-quarter (9 ¼) year period beginning with the effective date of rates established in Case No. ER-2004-0034, and concluding July 31, 2013. The unamortized balances of the regulatory assets established as result of this ratemaking treatment are included in the respective rate bases

### **GENERAL PROVISIONS OF STIPULATION**

5. GMO and the Staff may file suggestions, a memorandum or other pleading in support of this 2009 GMO Pension Stipulation. Both GMO and the Staff shall have the right to file suggestions, a memorandum or other pleadings in response. The contents of any such suggestions, memorandum or other pleading provided by GMO or the Staff will be its own.

6. This 2009 GMO Pension Stipulation is being entered into solely for the purpose of disposing of particular issues in Case No. ER-2009-0090. Except as expressly and specifically addressed otherwise in this 2009 GMO Pension Stipulation, neither GMO nor the Staff shall be deemed to have approved, accepted, agreed, consented, or acquiesced in, including without limitation, any procedural principle, question of Commission authority, accounting authority order principle, cost of capital principle or methodology, capital structure principle or methodology, decommissioning methodology, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation principle or methodology, cost recovery principle or methodology, or prudence question that may underlie this 2009 GMO Pension Stipulation, or for which provision is made in this 2009 GMO Pension Stipulation.

7. This 2009 GMO Pension Stipulation represents a negotiated settlement. Except as specified herein, neither GMO nor the Staff shall be prejudiced, bound by, or in any way affected by the terms of this 2009 GMO Pension Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; (c) in any pending judicial review

and/or appeal including, but not limited to, those arising from Commission Case Nos. ER-2007-0004, EO-2008-0216, EO-2008-0415, EO-2009-0254 and EM-2007-0374; or (d) in this proceeding should the Commission decide not to approve this 2009 GMO Pension Stipulation, or in any way condition its approval of same.

**8.** The provisions of this 2009 GMO Pension Stipulation have resulted from extensive negotiations between GMO and the Staff and are interdependent. If the Commission does not approve and adopt the terms of this 2009 GMO Pension Stipulation in total, it shall be void and neither GMO nor the Staff shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise agreed to by GMO or the Staff.

**9.** If approved and adopted by the Commission, this 2009 GMO Pension Stipulation shall constitute a binding agreement among GMO and the Staff. GMO and the Staff shall cooperate in defending the validity and enforceability of this 2009 GMO Pension Stipulation and the operation of this 2009 GMO Pension Stipulation according to its terms.

**10.** This 2009 GMO Pension Stipulation does not constitute a contract with the Commission. Acceptance of this 2009 Pension GMO Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this 2009 GMO Pension Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

**11.** If the Commission does not unconditionally approve this 2009 GMO Pension Stipulation without modification, and notwithstanding its provision that it shall become void thereon, neither this 2009 GMO Pension Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that

either GMO or the Staff has to a hearing on the issues presented by this 2009 GMO Pension Stipulation, 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 both GMO and the Staff shall retain all procedural and due process rights as fully as though this 2009 GMO Pension Stipulation had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this 2009 GMO Pension Stipulation 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, unless otherwise agreed to by both GMO and the Staff.

**12.** If the Commission accepts the specific terms of this 2009 GMO Pension Stipulation, both GMO and the Staff 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 2000; and their respective rights to judicial review pursuant to Section 386.510 RSMo 2000. GMO and the Staff agree that their pre-filed testimony and exhibits regarding the pension issues addressed by this 2009 GMO Pension Stipulation shall be entered into the record without the necessity of the witnesses taking the witness stand.

**13.** If the Commission has questions for representatives or witnesses of GMO or the Staff, GMO and the Staff shall make available, at any on-the-record session, their witnesses and attorneys for the issues settled by this 2009 GMO Pension Stipulation, provided that both GMO and the Staff are given adequate notice of the on-the-record session. GMO and the Staff agree to cooperate in presenting this 2009 GMO Pension Stipulation to the Commission for approval, and shall take no action, directly or indirectly, in opposition to approval of this 2009 GMO Pension Stipulation.

14. This 2009 GMO Pension Stipulation embodies the entirety of the agreements between GMO and the Staff regarding pension and other post employment benefits issues in this case, and may be modified by GMO and the Staff only by a written amendment executed by both of them.

**WHEREFORE**, KCP&L Greater Missouri Operations Company and the Staff of the Missouri Public Service Commission respectfully request the Commission to issue an order in this case approving their Non-Unanimous Stipulation and Agreement Regarding Pensions, subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Nathan Williams by JMF

/s/ James M. Fischer

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Steven Dottheim MBE#29149  
Chief Deputy General Counsel  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-7489 (Telephone)  
(573) 751-9285 (Fax)  
E-mail: steve.dottheim@psc.mo.gov

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James M. Fischer MBE#27543  
Fischer & Dority  
101 Madison Street--Suite 400  
Jefferson City MO 65101  
(573) 636-6758 (Telephone)  
(573) 636-0383 (Fax)  
E-mail: jfischerpc@aol.com

ATTORNEY FOR  
THE STAFF OF THE MISSOURI  
PUBLIC SERVICE COMMISSION

ATTORNEY 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 to all counsel of record this 22nd day of May 2009.

/s/ James M. Fischer

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James M. Fischer