

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

In the Matter of the Tariff Filing of KCP&L            )  
Greater Missouri Operations Company for            ) Case No. HR-2009-0092  
Approval to Make Certain Changes in Its            ) Tariff No. YH-2009-0195  
Charges for Steam Heating Service.                )

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**UNANIMOUS STIPULATION AND AGREEMENT**

COME NOW KCP&L Greater Missouri Operations Company (“GMO”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“Public Counsel”), and Ag Processing, Inc. (“AGP”) (collectively, “the Signatories”) and for their agreement to resolve all issues in this case, state as follows:

1. The Signatories agree the Commission should reject the proposed steam service tariff sheets GMO filed September 5, 2008 that initiated this general rate increase case. They further agree that the Commission should authorize GMO to file revised tariff sheets containing rate schedules for steam heating service designed to produce an increase in overall Missouri jurisdictional gross annual steam heating revenues, exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes, of \$384,000. The Signatories agree the increase in steam heating service base rates of \$384,000 shall be applied on an equal percentage basis to the non-fuel portion of the base rates. The revised tariff sheets are intended to become effective for service rendered on and after July 1, 2009 without the necessity for GMO to file any motion or other pleading to request their implementation for service provided on and after that date.

2. The Signatories agree that the contract constituting the current **Fuel Cost Customer/Utility Alignment Mechanism** (that was agreed to and recommended by the

parties in a Unanimous Stipulation And Agreement) approved by the Commission by its *Order Regarding Unanimous Stipulation and Agreement* issued February 28, 2006 in Case No. HR-2005-0450 that is commonly referred to as a Quarterly Cost Adjustment (“QCA Agreement”) be modified or amended in the following particulars:

a. The base rate for the fuel component contained in the QCA Agreement shall be changed from \$3.005 per MMBtu to \$3.95 per MMBtu. As a result of this “rebasings,” the energy charges per MMBtu contained on GMO’s steam heating service tariff rate sheets to be submitted pursuant to paragraph 1 of this Unanimous Stipulation and Agreement shall increase by (and shall reflect an increase of) \$1.1598 per MMBtu. Exemplar revised tariff sheets designed to implement this portion of this Unanimous Stipulation and Agreement and contract amendment are attached as Schedule 1.

b. The Signatories agree that the QCA quarterly rate adjustments GMO files shall be changed to reflect eighty-five percent (85%) of the actual fuel costs above or below the newly-agreed base of \$3.95 per MMBtu for the fuel component contained in the QCA, rather than the current eighty percent (80%).

c. The Signatories agree that the input level of the QCA 12-month coal performance standard shall be amended from 2,184,104 MMBtus to 1,920,000 MMBtus, and the input level of the QCA three-month coal standard shall be amended from 495,695 MMBtus to 460,000 MMBtus. The nine- (9) and six- (6) month coal performance standards contained in the current QCA shall be removed. If the actual sales decrease below the test year sales level of 2,594,975 MMBtus, the Signatories agree the twelve-(12) month and three-(3) month coal performance standards shall be reduced in

direct proportion, *i.e.* by multiplying the standard by actual sales (after annualization) and dividing the result by 2,594,975 MMBtus. However, if customer loads increase above the test year sales level of 2,594,975 MMBtus, the input levels of the QCA twelve-(12) month and three-(3) month standards will remain unchanged at 1,920,000 MMBtus and 460,000 MMBtus, respectively.

d. The QCA coal performance standards are based on expected normal availability of Lake Road Boiler #5. In the event of a major scheduled outage for system maintenance and improvement, such as occurred in the last quarter of 2008, the Coal Performance Standard shall be subject to further adjustment as agreed upon by the Signatories herein, to reflect the reduced availability of the coal-fired boiler resulting from the scheduled outage. As an example, should the coal-fired boiler be scheduled to be off line for 55 days in one quarter due to a major outage, the three-(3) month standard would be reduced to a level of 38.89%  $((90-55)/90)$  of the three-(3) month standard. A corresponding adjustment of 84.93%  $((365-55)/365)$  would be made to the twelve-(12) month standard.

3. The rates reflected in the exemplar tariff sheets of attached Schedule 1 are part of this Unanimous Stipulation and Agreement and are agreed to implement the respective provisions of this Unanimous Stipulation and Agreement and have been calculated based on the billing determinants developed by Staff in this proceeding. Subject to all provisions herein, this Unanimous Stipulation and Agreement resolves all revenue requirement and all rate design issues in this case.

4. GMO agrees that it will not seek to implement an increase in the base (non-QCA) rates for steam service sooner than fourteen (14) months following the

effective date of the tariffs the Commission approves in this proceeding. Provided that GMO submits any revised base rate tariff with a proposed effective date that is as least as long as required by this provision and that the effective date is at least eleven (11) months after the filing date of the rate case which proposes revised base rate tariffs, then the Signatory Parties agree that they will not seek to suspend the effective date of the tariffs beyond the effective date that is proposed by GMO.

5. Any Signatory may file suggestions, a memorandum or other pleading in support of this Unanimous Stipulation and Agreement, and the other Signatories shall have the right to file suggestions, memoranda or other pleadings in response. The contents of any suggestions, memorandum or other pleading provided by Staff, GMO, Public Counsel or anyone else are its own.

6. This Unanimous Stipulation and Agreement is being entered into solely for the purpose of settling all of the issues in this case, and not for any other purpose. None of the Signatories shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order 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, 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, unless otherwise expressly specified herein.

7. This Unanimous Stipulation and Agreement represents a negotiated settlement. Except as specified herein, the Signatories to this Unanimous Stipulation and

Agreement shall not be prejudiced, bound by, or in any way affected by the terms or conditions of this Unanimous Stipulation and Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket or any pending judicial review and/or appeal including, but not limited to Case No. EM-2007-0374; (c) in this proceeding should the Commission decide not to approve this Unanimous Stipulation and Agreement in the instant proceeding, or in any way condition its approval of same.

8. The provisions of this Unanimous Stipulation and Agreement have resulted from extensive negotiations among the Signatories and are interdependent. If the Commission does not unconditionally approve and adopt each and every term of this Unanimous Stipulation and Agreement without modification, it shall be void and none of the Signatories shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise agreed to by the signatory parties.

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

10. This Unanimous Stipulation and Agreement is not a contract with the Commission. Acceptance of this Unanimous Stipulation and Agreement 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 according to governing law. Thus, nothing in this Unanimous Stipulation and Agreement 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 Unanimous Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void thereon, neither this Unanimous 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 party has to a hearing on the issues presented by the Unanimous 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 Unanimous Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this Unanimous 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, unless otherwise agreed to by the Signatories.

12. If the Commission accepts each and every specific term of this Unanimous Stipulation and Agreement without modification or condition, each of the Signatories waives its respective rights to cross-examine witnesses pursuant to Section 536.070(2) RSMo 2000; to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 2000; to the reading of the transcript pursuant to Section 536.080.2 RSMo 2000; to seek rehearing pursuant to Section 386.500 RSMo 2000 and to judicial review

pursuant to Section 386.510 RSMo 2000. These waivers apply only to a Commission Order Approving Unanimous Stipulation and Agreement or other Report and Order approving this Unanimous Stipulation and Agreement issued in this proceeding, and do not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Unanimous Stipulation and Agreement. Additionally, and subject thereto, the prefiled testimony and exhibits of the witnesses for the Signatories shall be deemed admitted into the record of this proceeding as though timely introduced without objection.

13. If the Commission has questions for representatives or witnesses of one or more of the Signatories, the Signatories shall make available, at any on-the-record session, their witnesses and attorneys for the issues settled by this Unanimous Stipulation and Agreement, provided that all of the Signatories are given adequate notice of the on-the-record session. The Signatories agree to cooperate in presenting this Unanimous Stipulation and Agreement to the Commission for approval, and shall take no action, directly or indirectly, in opposition to approval of this Unanimous Stipulation and Agreement.

14. This Unanimous Stipulation and Agreement embodies the entirety of the agreements between the Signatories in this case and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

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

Respectfully submitted,

STAFF OF THE MISSOURI PUBLIC  
SERVICE COMMISSION

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/s/ James M. Fischer

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**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 13th day of May, 2009, to all counsel of record.

/s/ James M. Fischer  
James M. Fischer