

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

In the Matter of the Application of KCP&L Greater Missouri Operations Company for Authority to Extend the Transfer of Functional Control of Certain Transmission Assets to the Southwest Power Pool, Inc.)
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File No. EO-2012-0136

STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission (“Staff”), KCP&L Greater Missouri Operations Company (“GMO”), the Office of the Public Counsel (“Public Counsel”), Southwest Power Pool, Inc. (“SPP”), and Dogwood Energy, LLC (“Dogwood”) (collectively “Signatories”, and individually “Signatory”), and, in consideration of the following agreements, the Signatories have resolved the issues below and hereby submit to the Missouri Public Service Commission (“Commission”) for its consideration and approval this Stipulation and Agreement (“Stipulation”) in resolution of File No. EO-2012-0136. Counsel for intervenor The Empire District Electric Company (“Empire”) has advised that although Empire will not be a signatory to the Stipulation, it will not oppose the Stipulation.

With regard to this Stipulation, the Signatories state as follows:

I. BACKGROUND

A. On September 30, 2011, GMO and Kansas City Power & Light Company (“KCP&L”) (collectively, the “Companies”) filed an Interim Report regarding participation in SPP. In that Interim Report filing, the Companies requested that the Commission approve the continued participation of the Companies in SPP beyond October 1, 2013 without Service Agreements between the Companies and SPP similar to the Service Agreements in effect during the period ending October 1, 2013.

B. On November 1, 2011, the Commission issued notice of the cases and set deadlines for requests to intervene.

C. On November 29, 2011, the Commission approved the intervention requests of SPP, Dogwood and Empire.

D. On October 5, 2012, the Companies filed the Direct Testimony of Charles J. Locke and James W. Okenfuss which discussed issues in this case and addressed the Companies' estimates of the expected benefits of the continued participation of GMO and KCP&L in SPP beyond October 1, 2013.

E. On March 7, 2013, Staff filed the Rebuttal Testimony of Charles R. Hyneman, Michael L. Stahlman, and Erin L. Maloney, and Public Counsel filed the Rebuttal Testimony of Ryan Kind.

II. STIPULATIONS

A. INTERIM AND CONDITIONAL APPROVAL OF GMO'S PARTICIPATION IN SPP

(1) Approval/Term

GMO, Staff, Public Counsel and Dogwood agree that the Commission should conditionally approve on an interim basis GMO's continued participation in SPP in accordance with the SPP Membership Agreement and GMO's transfer of functional control of certain GMO transmission facilities to SPP, on the basis that, subject to the conditions and modifications set forth below, said participation is not detrimental to the public interest. Notwithstanding Section II.G(1) of this Stipulation, the Signatories agree that GMO's decision to participate on an interim and conditional basis in SPP under the terms provided for in this Stipulation is prudent and reasonable. GMO, Staff, Public Counsel and Dogwood further agree, and SPP acknowledges, that the approval is interim and conditional during a term from the Effective Date of the order

approving the Stipulation And Agreement through September 30, 2018 (“2018 Interim Period”), unless extended pursuant to either the automatic extension provision in the following sentence or Section II.F(2) herein. If the Commission does not issue an order to terminate or extend its interim approval prior to the end of the 2018 Interim Period, the 2018 Interim Period shall automatically be extended under the same terms and conditions from year-to-year (“Extended Interim Period”), unless otherwise ordered by the Commission. Should GMO in the future apply to continue to participate in SPP, the Staff and Public Counsel agree to consider and address in said case whether GMO’s continued participation should be authorized by the Commission on an interim basis subject to conditions or granted on a permanent basis subject to conditions. GMO, Staff, Public Counsel and Dogwood acknowledge that nothing in this Stipulation is meant to prohibit GMO from filing to request, at any time after September 30, 2018, that the Extended Interim Period be terminated and that the Commission’s approval of GMO’s participation in SPP shall no longer be deemed interim. No later than fifteen (15) months prior to the conclusion of the 2018 Interim Period, GMO shall file a pleading accompanied by a study (“2017 Interim Report”) comparing the costs and estimated benefits of its participation in SPP. As described in Section II.E, the pleading shall address the merits of GMO’s continued participation in SPP. Key dates established in this Stipulation that are applicable to the 2018 Interim Period are also set forth in Attachment A to this Stipulation.

(2) Approval Provisions

(a) Service Agreement Provision

In April 2009, SPP filed with the Federal Energy Regulatory Commission (“FERC”) an Agreement for the Provision of Transmission Service to Missouri Bundled Retail Load (“Service Agreement”), which was executed by GMO and SPP, a copy of which is attached to this

Stipulation as Attachment B. The FERC accepted the Service Agreement, effective April 15, 2009. The details of the Service Agreement provisions are discussed in Section II.B of this Stipulation. Any unanticipated actions by the FERC with respect to the Service Agreement are discussed in Section II.C of this Stipulation.

(b) Transmission Costs and Revenues

GMO, Staff, Public Counsel and Dogwood have agreed upon the treatment of certain costs and revenues. The details of these provisions are presented in Section II.D of this Stipulation.

(c) Continued and Further Participation in SPP

GMO, Staff, Public Counsel and Dogwood have agreed upon the terms and conditions for GMO's continued and further participation in SPP. The details of these provisions are presented in Section II.E of this Stipulation.

(d) SPP Geographic Scope Provision

If, at any time during the 2018 Interim Period or Extended Interim Period, the combined impact of additions to and departures from the membership in SPP results in the Network Integration Transmission Service load under the SPP tariff (quantified as the average of twelve (12) coincident peaks) declining to less than seventy-five percent (75%) of the amount of such load at the time of this agreement ("change in SPP geographic scope"), then, within six (6) months of such event GMO agrees to file with the Commission a pleading to show whether or not continued participation in SPP is detrimental to the public interest. If any Signatory believes a change in SPP geographic scope has occurred, as described in this Section II.A(2)(d), that materially reduces the expected net benefits of participating in SPP, then the Signatory may file a pleading addressing whether or not continued participation in SPP is detrimental to the public

interest. GMO, Staff and Public Counsel acknowledge that, (i) prior to the end of the 2018 Interim Period or Extended Interim Period, the Commission has the jurisdiction to order that its approval of GMO's participation in SPP be terminated, modified, or further conditioned; and (ii) if the Commission rescinds its approval of GMO participation in SPP, it has the jurisdiction to require GMO to timely initiate any notices, filings and actions necessary to seek withdrawal. SPP acknowledges that there is a possibility that the Commission could issue such an order to GMO.

(e) Withdrawal from SPP

GMO, Staff, Public Counsel and Dogwood have agreed upon the terms and conditions related to any Commission order directing GMO's withdrawal from participation in SPP. The details of these provisions are presented in Section II.F of this Stipulation.

(f) Joint Operating Agreements Provision

As part of this Stipulation, SPP agrees to use commercially reasonable efforts to further develop, maintain and improve joint operating agreements or seams agreements with its neighboring transmission providers, as applicable (currently Associated Electric Cooperative Inc.; Entergy Corporation; Midcontinent Independent System Operator ("MISO"); and Western Area Power Administration) for the benefit of SPP's members and Missouri ratepayers.

B. SERVICE AGREEMENT

(1) Purpose of Service Agreement

GMO, Staff, Public Counsel and Dogwood agree, and SPP acknowledges, that the Service Agreement's primary function is to ensure that the Commission continues to set the transmission component of GMO's rates to serve its Missouri Bundled Retail Load.

Relationship between the Service Agreement and FERC Determined Incentives

In response to Section 1241 of the Energy Policy Act of 2005 (“EPAct 2005”), the FERC conducted a rulemaking process (Docket No. RM06-4) that culminated in Order No. 679 and subsequent orders on rehearing, in which it identified financial incentives that the FERC may allow. These incentives include, among other things, certain incentives for investment in new transmission, investment in new transmission technologies, improvements in the operation of transmission facilities, and participation in a *Transco*¹ or a *Transmission Organization*.² Consistent with Section 3.1 of the Service Agreement and its primary function, GMO recognizes that the Commission has the sole regulatory authority to determine whether or not such incentives related to GMO’s transmission facilities should be included in rates for Missouri Bundled Retail Load.

(2) Network Transmission Service under the SPP Open Access Transmission Tariff (“OATT”)

As a participant in SPP as contemplated herein, GMO will utilize Network Integration Transmission Service from SPP. In this regard, GMO will be subject to all non-rate terms and conditions of the SPP OATT. In addition, GMO will be subject to rate terms and conditions of the SPP OATT other than those that have been set out for exclusion in the Service Agreement. In this regard, subsections (a) through (f) of this Section II.B(2) identify specific areas where rate terms and conditions of the SPP OATT apply to GMO. These specific areas are not meant to be exhaustive, but are meant to highlight the areas where such rate terms and conditions are most likely to occur.

¹ In Order No. 679, FERC defines a Transco to mean “a stand-alone transmission company that has been approved by the Commission and that sells transmission services at wholesale and/or on an unbundled retail basis.” [Paragraph 201]

² In Order No. 679, FERC defines a Transmission Organization to mean “a Regional Transmission Organization, Independent System Operator, independent transmission provider, or other transmission organization finally approved by the Commission for the operation of transmission facilities.” [Paragraph 328]

(a) **SPP Administrative Charges:** GMO will be subject to administrative charges of SPP for Missouri Bundled Retail Load including the charges contained in Schedule 1-A, Tariff Administration Service, and Schedule 12, FERC Assessment Charge, of the SPP OATT as well as any other administrative charges provided by schedules that are in effect from time to time under the SPP OATT. During the 2018 Interim Period, GMO will furnish documentation to the Commission that describes the basis of any changes in SPP's rate under Schedule 1-A. As provided for in Section II.G(1) of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

(b) **Charges Related to SPP Cost Allocation for Base Plan Transmission Upgrades:** GMO will be subject to SPP charges related to the FERC-approved cost allocation for Base Plan transmission upgrades that include: (i) transmission facility upgrades required by SPP for regional reliability; (ii) upgrades required to provide transmission service from SPP Designated Resources; (iii) upgrades that provide for greater economies of power supply through relief of constraints on the transmission system and/or reduction of energy losses; and (iv) upgrades that facilitate the achievement of public policy objectives such as providing access to renewable sources of electric power. Such Base Plan transmission upgrades include transmission facilities not owned by GMO. In general, the allocation of the costs of Base Plan upgrades approved subsequent to June 19, 2010 is based on voltage as follows: (i) the cost of facilities above 300 kV is allocated on a regional load ratio share basis (a "Regional Postage Stamp Rate"), (ii) the cost of facilities between 100 kV and 300 kV is split, with thirty-three (33) percent of such costs on a Regional Postage Stamp Rate and sixty-seven (67) percent of such costs assigned to the pricing zone where the facilities are located, and (iii) the cost of facilities below 100 kV is assigned to the pricing zone where the facilities are located. The cost of all

three categories of facilities is charged to SPP transmission customers through Schedule 11 and related attachments of the SPP OATT. In this regard, GMO acknowledges its commitment to actively participate in the SPP planning process to help ensure that: (i) the SPP Base Plan transmission upgrades will adequately meet the needs of the SPP transmission region; and (ii) the SPP Base Plan transmission upgrades required to meet the region's needs are cost effective and consistent with good utility practice. SPP will continue to structure its transmission planning processes to further these goals. As provided for in Section II.G(1) of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

(c) **Charges Related to SPP Cost Allocation for Economic Balanced Portfolio of Transmission Upgrades:** GMO may be subject to SPP charges related to the FERC-approved cost allocation for an economic Balanced Portfolio of transmission upgrades. The intent of the Balanced Portfolio cost allocation is that any such set of economic upgrades would be designed to provide sufficient economic benefits to each SPP pricing zone to cover the costs of those transmission upgrades that are allocated to each SPP pricing zone. Specifically, for one or more such portfolios of transmission facility upgrades approved by SPP, which may include facility upgrades not owned by GMO, the cost allocation would provide that such portfolio upgrade costs be recovered from all SPP loads through a Regional Postage Stamp Rate. If the estimated benefits of the portfolio do not meet or exceed the costs allocated to any SPP pricing zone(s), including the GMO pricing zone, then such SPP pricing zone(s) is considered deficient. The cost allocation provides for the possibility of additional costs to be shifted from the zonal rates of the deficient pricing zone(s) to the Regional Postage Stamp Rate. As provided for in Section II.G(1)

of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

(d) Cost for Supplemental Upgrades: Any transmission upgrades not included in the SPP Base Plan or in a Balanced Portfolio are defined in this Stipulation as Supplemental Upgrades. If GMO participates in a Supplemental Upgrade that exceeds twenty-five (25) million dollars in cost (GMO's share), prior to making a commitment, GMO and SPP agree to provide the Staff and Public Counsel with a report detailing the need for the upgrade and the anticipated costs and benefits associated with the Supplemental Upgrade. As provided for in Section II.G(1) of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

(e) Costs and Revenues Related to the Operation of the SPP Power Markets: SPP has implemented a real-time energy imbalance market and is expected to implement markets for day-ahead energy, ancillary services, and transmission congestion rights in 2014. The Signatories acknowledge that GMO, as a participant in SPP, will participate in these markets. The Signatories also acknowledge that the operation of the markets will involve both costs and revenues for GMO. As provided for in Section II.G(1) of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these costs and revenues.

(f) Charges for Ancillary Services: To the extent ancillary services are not self-provided by GMO or are provided through SPP centralized coordination of such services, GMO may be subject to charges for these services in order to compensate suppliers of ancillary services under the SPP OATT. Such services include, but are not limited to, (i) scheduling, system control, and dispatch; (ii) reactive power supply and voltage support; (iii) regulation and

frequency control; (iv) operating reserves from both spinning and quick-start generation units; (v) reserve sharing energy charges; and (vi) generator imbalance service. As provided for in Section II.G(1) of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

C. UNANTICIPATED FERC ACTIONS SUBSEQUENT TO APPROVAL BY THE COMMISSION

GMO, Staff, Public Counsel and Dogwood acknowledge that the Service Agreement is an integral part of this Stipulation and that the Service Agreement's primary function is to ensure that the Commission continues to set the transmission component of GMO's rates to serve its Missouri Bundled Retail Load. GMO, Staff, Public Counsel and Dogwood agree that the Commission will have the right to rescind its approval of GMO's participation in SPP and to require GMO to timely initiate any notices, filings and actions necessary to seek withdrawal from SPP on any of the following bases:

- (i) The issuance by the FERC of an order or the adoption by the FERC of a final rule or regulation, binding on GMO, that has the effect of precluding the Commission from continuing to set the transmission component of GMO's rates to serve its Missouri Bundled Retail Load; or
- (ii) The issuance by the FERC of an order or the adoption by the FERC of a final rule or regulation, binding on GMO, that has the effect of amending, modifying, changing, or abrogating in any material respect any term or condition of the Service Agreement.

GMO and SPP agree to immediately notify the other Signatories if GMO or SPP becomes aware of the issuance of any order, rule or regulation amending, modifying, changing, or abrogating any term or condition of the Service Agreement. If any Signatory to this Stipulation desires to

make a filing with the Commission as a result of an action by the FERC as described in subsections (i) or (ii) above, the Signatory wishing to make a filing must do so within ninety (90) days after GMO or SPP has notified the other Signatories in writing of such FERC action. Any party not making a filing within this 90-day time frame shall be deemed to have waived its right to make a filing with the Commission in response to such FERC action.

D. TRANSMISSION COSTS AND REVENUES

(1) Securitizing GMO Transmission Revenues

If GMO desires to securitize the revenues associated with its transmission system, it shall obtain additional prior permission and approval from the Commission.

(2) Costs and Revenues Related to an Affiliated Transmission Company

With respect to transmission facilities located in GMO certificated service territory that are constructed by a GMO transmission affiliate and are subject to regional cost allocation by SPP, GMO agrees that for ratemaking purposes in Missouri the costs allocated to GMO by SPP will be adjusted by an amount equal to the difference between: (i) GMO's Missouri Network Integration Transmission Service allocated share of the annual revenue requirement for such facilities that would have resulted if GMO's authorized return on equity ("ROE") and capital structure had been applied and there had been no construction work in progress ("CWIP") (if applicable) or other FERC Transmission Rate Incentives, including but not limited to Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities and (ii) GMO's Missouri Network Integration Transmission Service allocated share of the annual FERC-authorized revenue requirement for such facilities. The ratemaking treatment agreed to in this paragraph will, unless otherwise agreed or ordered, end with the effective date of the Commission's next

Report and Order (after its Report and Order resolving this case) respecting GMO's participation in SPP, another Regional Transmission Organization ("RTO"), or operation under an Independent Coordinator of Transmission ("ICT"). GMO agrees that the ratemaking treatment provisions in this paragraph shall in no way affect or limit the ratemaking treatment provisions in paragraphs II.A.1 and II.A.2 of the Non-unanimous Stipulation and Agreement filed on April 12, 2013 in File No. EA-2013-0098 and File No. EO-2012-0367.

E. CONTINUED AND FURTHER PARTICIPATION IN SPP

(1) Study of Benefits and Costs of RTO Participation

Assuming that GMO has not earlier requested withdrawal from continued participation in SPP or that withdrawal from continued participation in SPP has not otherwise occurred, no later than June 30, 2016, GMO shall contact and consult with the Staff and Public Counsel to review the additional analysis GMO believes is appropriate and necessary regarding GMO's continued participation in an RTO, or its operation under an ICT, after September 30, 2018 (the "Preliminary Analysis Plan"). Unless otherwise agreed upon by GMO, Staff and Public Counsel, such study, at a minimum, shall examine continued participation in SPP versus participation in the MISO and continued participation in SPP versus operation under an ICT. Unless otherwise agreed upon by GMO, Staff and Public Counsel, such study shall be performed by an outside consultant and shall examine a period after January 1, 2016, of not less than five (5) years and not more than ten (10) years. If GMO, Staff and Public Counsel agree that such study shall (i) examine a time period of less than five (5) years or greater than ten (10) years, (ii) not be performed by an outside consultant, or (iii) not examine both continued participation in SPP versus participation in the MISO and continued participation in SPP versus operation under an ICT, then GMO, Staff and Public Counsel shall provide to the Commission notice and support

for such agreement which changes the prior agreed to features of the study. The Companies shall provide, if requested, reasonable details of the progress and actual analysis to any party to File No. EO-2012-0136 (individually “Party”, and collectively “Parties”) that requests such updates or information. To maintain its independence and control of the actual analysis, GMO shall act as the project manager (including KCP&L on behalf of GMO) for such analysis and shall engage and direct the work of employees or consultants assigned or retained to perform the actual analysis.

(2) Consultation with other Parties

After taking into consideration in good faith the comments and input from any Party regarding the Preliminary Analysis Plan, GMO shall, no later than September 30, 2016, advise the Parties of the specific parameters (including the forward looking assumptions regarding the SPP market structure and minimum requirements provided for above) of the analysis GMO intends to conduct. A written report of the results of this analysis shall comprise the 2017 Interim Report. GMO shall work with the Staff and Public Counsel and give them substantive input regarding the development of the specific methodology, inputs, outputs, and other features to be included in the study. Subject to any applicable privilege recognized by law and provisions of the Commission’s rule regarding confidential information, Staff and Public Counsel shall be given meaningful and substantial access to data necessary for, and used in, preparing the benefit-cost study, shall have access to employees or consultants utilized by GMO to perform the analysis, and shall be given the opportunity to have meaningful input in the preparation of the analysis. GMO shall provide regular reports regarding the progress and, if requested, reasonable details of the actual analysis to any Party that requests such updates or information.

(3) Resolution of Conflicts Regarding the Study

If any difference of opinion arises regarding the scope, particular details, or preliminary assumptions that are necessary to, and part of, any supporting analysis to be performed by or for GMO, GMO shall ultimately have responsibility for, and the burden of presenting an analysis in support of whatever position it deems appropriate and necessary at the time of its filing. Accordingly, GMO is entitled to maintain a level of independence and control of any such analysis, while other Parties retain their right to oppose GMO's positions, or to provide alternative positions.

(4) Filing with the Commission

No later than June 30, 2017, GMO shall file a pleading, along with the 2017 Interim Report, regarding its continued RTO participation or having another entity serve as its ICT after September 30, 2018. That pleading shall also address, among other things, whether the Service Agreement or similar mechanism for the provision of transmission service to Missouri Bundled Retail Load should continue to remain in effect between GMO and any RTO in which GMO may participate after September 30, 2018. Key dates established in this Stipulation that are applicable to the 2018 Interim Period, including those associated with the 2017 Interim Report, are also set forth in Attachment A.

F. WITHDRAWAL FROM SPP

(1) Timeliness of Withdrawal from SPP

The Signatories agree that any Commission order rescinding its approval of GMO's participation in SPP should allow time for GMO to reestablish functional control of its transmission system as a transmission provider (or transfer functional control to another Transmission Organization) and to complete any other regulatory filings that would be required.

In this respect, the Signatories acknowledge that the Commission can require GMO to timely initiate any notices, filings and actions necessary to seek withdrawal from continued participation in SPP.

(2) Possible Extension of the Interim Period

The Signatories agree that if the Commission rescinds its approval of GMO's continued participation in SPP as a result of a filing under Section II.A.(2)(d), II.C, or II.E(4) of this Stipulation, such a Commission decision to rescind would have to be issued by the Commission no later than twenty-four (24) months prior to the end of the 2018 Interim Period or Extended Interim Period in order for GMO to be able to withdraw by the end of the 2018 Interim Period or Extended Interim Period. In the event that the Commission issues such a rescission order less than twenty-four (24) months prior to the end of the 2018 Interim Period or Extended Interim Period, the Signatories agree that the Extended Interim Period shall be of sufficient duration to provide for an exit period of at least twenty-four (24) months.

(3) Possible Exit Obligations

The Signatories acknowledge that, upon withdrawal from continued participation in SPP, GMO will be required to pay applicable exit/withdrawal fees and address other SPP related obligations³ pursuant to SPP's Bylaws, Membership Agreement, and OATT. As provided for in Section II.G(1) of this Stipulation, GMO, Staff, Public Counsel and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

(4) Possible Change in SPP Participation

GMO agrees that, if it decides to seek any fundamental change in its membership participation or membership status in SPP, it shall file with the Commission for authorization of

³ For example, obligations related to: 1) GMO's constructing or compensating others for requested upgrades; 2) continuing to provide transmission service granted by SPP on GMO's transmission system; and 3) costs and revenues associated with SPP-approved transmission upgrades.

that change no later than five (5) business days after its filing with FERC for authorization of the same.

G. EFFECT OF THIS NEGOTIATED SETTLEMENT

(1) None of the Signatories shall be deemed to have approved or acquiesced in any question of Commission or Federal authority, accounting authority order (“AAO”) 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 except as otherwise explicitly provided for herein.

However, GMO, Staff, Public Counsel and Dogwood acknowledge that with regard to administration and general costs directly related to compliance with the monitoring provisions of this Stipulation (such as professional services, incremental labor costs, costs related to the preparation of the 2017 Interim Report, future cost benefit analyses, and FERC regulatory expenses related to this Stipulation), nothing in this Stipulation is meant to prohibit GMO from seeking an AAO from the Commission for the purpose of deferring such costs for consideration in a future rate case. The other Signatories reserve the right to support or oppose any such filing made on GMO’s behalf, and Public Counsel will likely oppose any such AAO filing.

(2) This Stipulation represents a negotiated settlement. Except as specified herein, the Signatories shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (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 Stipulation, or in any way condition its approval of same.

(3) The provisions of this Stipulation have resulted from extensive negotiations among the Signatories and the provisions are interdependent.

(4) This Stipulation shall be void and no Signatory shall be bound, prejudiced, or in any way affected by any of the agreements or provisions herein in the event that: (i) the Commission does not approve and adopt the terms of this Stipulation in total; or (ii) the Commission approves this Stipulation with modifications or conditions to which a Signatory objects.

(5) When approved and adopted by the Commission, this Stipulation shall constitute a binding agreement between the Signatories hereto. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms. Nothing in this Stipulation is intended to change in any way Public Counsel's discovery powers, including the right to access information and investigate matters related to GMO.

(6) Nothing in this Stipulation is intended to grant the Commission jurisdiction over SPP that it might not otherwise have. Nothing herein shall be deemed consent by SPP to the jurisdiction of the Commission. Further, nothing in this Stipulation shall abridge or limit any right the Signatories have under the Federal Power Act, including but not limited to Section 205 thereof, or require SPP to violate any terms of its OATT or any other FERC accepted or approved document.

(7) This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forgo the use of any discovery, investigative or other power or jurisdiction which the Commission has presently. Thus, nothing in this Stipulation is intended to

change in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

(8) The Signatories agree that, in the event the Commission approves this Stipulation without modification or condition, then the filed testimony of all witnesses in this proceeding should be included in the record of this proceeding without the necessity of such witnesses taking the witness stand.

(9) The terms, conditions, and covenants in this Stipulation shall be of no further force or effect from and after the expiration or termination of GMO's authority to participate in SPP as contemplated herein.

(10) Any filings and submittals required of KCP&L under the similar stipulation filed in File No. EO-2012-0135 and of GMO under this Stipulation may be made jointly.

(11) In the event of a merger or other transaction that results in KCP&L and GMO becoming one combined company, the rate treatment in paragraph II.D.2 shall apply to the combined company based on the combined company's Missouri Network Integration Transmission Service allocated share of the annual revenue requirement for such facilities that are within the formerly separate service territories of KCP&L and GMO. The ratemaking treatment agreed to in this paragraph will, unless otherwise agreed or ordered, end with the effective date of the Commission's next Report and Order (after its Report and Order resolving this case) respecting GMO's participation in SPP, another RTO, or operation under an ICT. GMO agrees that the ratemaking treatment provisions in this paragraph shall in no way affect or limit the ratemaking treatment provisions in paragraphs II.A.1, II.A.2, and III.41 of the Non-unanimous Stipulation and Agreement filed on April 12, 2013 in File No. EA-2013-0098 and File No. EO-2012-0367.

H. COMMISSION APPROVAL OF THE STIPULATION

(1) If requested by the Commission, the Staff shall submit to the Commission a memorandum addressing any matter requested by the Commission. Each Signatory shall be served with a copy of any such memorandum and shall be entitled to submit to the Commission, within five (5) business days of receipt of the same, a responsive memorandum, which shall also be served on all parties of record. The contents of any memorandum provided by any Signatory are its own and are not acquiesced in or otherwise adopted by the other Signatories, whether or not the Commission approves and adopts this Stipulation.

(2) If the Commission does not unconditionally approve this Stipulation without modification, 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 Signatory has to a hearing on the issues presented by the 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 the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this 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.

(3) In the event the Commission accepts the specific terms of this Stipulation, the Signatories waive their respective rights to call, examine and cross-examine witnesses, pursuant to Section 536.070(2) RSMo Cum.Supp. 2012; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 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 Stipulation 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 Stipulation.

(4) If the Commission has questions for the Signatories, the Signatories will make available, at any hearing, their witnesses and attorneys so long as all parties have had adequate notice of the hearing. The Signatories agree to cooperate in presenting this Stipulation to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation.

(5) This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

I. MISCELLANEOUS

(1) Counterparts

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(2) Successors and Assigns

The agreements of the Signatories shall be binding on and inure to the benefit of their respective successors and assigns.

(3) Section and Subsection Captions

The section and subsection captions are for the convenience of the reader only and are not intended to be a part of this Stipulation.

(4) Notices

Any notice required or permitted under this Stipulation shall be valid only if in writing, delivered personally, by commercial carrier, sent by U.S. Mail, sent by confirmed facsimile transmission, or sent by email, to counsel for each Signatory at the addresses, facsimile numbers, or email addresses set forth with their signatures below, or to such other addresses, facsimile numbers, or email addresses as a Signatory may designate by notice to the other Signatories. A validly given notice will be effective when delivered personally, by facsimile, or by a commercial courier, when sent by certified mail with return receipt requested, postage prepaid, or when sent by email. Notice sent by email or facsimile shall be confirmed by a telephone call to the intended recipient.

Respectfully submitted,

/s/ Roger W. Steiner

Roger W. Steiner, MBN 39586
Corporate Counsel
Kansas City Power & Light Company
PO Box 418679
Kansas City, MO 64141-9679
(816) 556-2314
(816) 556-2787 (fax)
roger.steiner@kcpl.com

James M. Fischer, MBN 27543
Fischer & Dority, P.C.
101 Madison – Suite 400
Jefferson City, MO 65101
(573) 636-6758 ext. 1
jfischerpc@aol.com

Attorneys for KCP&L Greater Missouri
Operations Company

/s/ Carl J. Lumley

Carl J. Lumley, MBN 32869
Curtis, Heinz, Garrett & O'Keefe, P.C.
130 S. Bemiston, Suite 200
Clayton, MO 63105
(314) 725-8788
(314) 725-8789 (fax)
clumley@lawfirmemail.com

Attorney for Dogwood Energy, LLC

/s/ Steven Dottheim

Steven Dottheim, MBN 29149
Nathan Williams, MBN 35512
Amy E. Moore, MBN 61759
Meghan E. Woolery, MBN 63070
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102-0360
(573) 751-7489
(573) 751-9285 (fax)
steve.dottheim@psc.mo.gov
nathan.williams@psc.mo.gov
amy.moore@psc.mo.gov
meghan.woolery@psc.mo.gov

Attorneys for the Staff of the
Missouri Public Service Commission

/s/ Lewis R. Mills, Jr.

Lewis R. Mills, Jr., MBN 35275
Public Counsel
PO Box 2230
Jefferson City, MO 65102-2230
(573) 751-1304
(573) 751-5562 (fax)
lewis.mills@ded.mo.gov

Office of Public Counsel

/s/ Mark W. Comley

Mark W. Comley, MBN 28847
Newman, Comley & Ruth P.C.
601 Monroe Street, Suite 301
P.O. Box 537
Jefferson City, MO 65102-0537
(573) 634-2266
(573) 636-3306 (fax)
comleym@ncrpc.com

Erin E. Cullum
Senior Attorney
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223
(501) 688-2503
(501) 482-2022 (fax)
ecullum@spp.org

Attorneys for Southwest Power Pool, Inc.

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 16th day of May, 2013.

/s/ Roger W. Steiner

Roger W. Steiner

ATTACHMENT A
Timeline of the 2018 Interim Period

End of Previous Interim Period	September 30, 2013
Scheduled Start of SPP Integrated Marketplace	March 1, 2014
Beginning of Period Potentially Subject to Benefit-Cost Study Stipulation and Agreement, Sec. II.E(1)	January 1, 2016
Preliminary Analysis Plan Provided to Staff and Public Counsel Stipulation and Agreement, Sec. II.E(1)	June 30, 2016
Finalize Analysis Plan after Consultation with Staff and Public Counsel Stipulation and Agreement, Sec. II.E(2)	September 30, 2016
2017 Interim Report Deadline Stipulation and Agreement, Sec. II.E(4)	June 30, 2017
End of 2018 Interim Period Stipulation and Agreement, Sec. II.A(1), II.E(1), and II.E(4)	September 30, 2018

ATTACHMENT B**AGREEMENT FOR THE PROVISION OF
TRANSMISSION SERVICE TO MISSOURI BUNDLED RETAIL LOAD**

This AGREEMENT FOR THE PROVISION OF TRANSMISSION SERVICE TO MISSOURI BUNDLED RETAIL LOAD (hereinafter the "Agreement") is entered into as of this _____ day of _____ 2009, by and between Southwest Power Pool, Inc. ("SPP") and KCP&L Greater Missouri Operations Company ("KCP&L-GMO"). This Agreement shall be supplemental to the Network Operating Agreement ("NOA") and Service Agreement for Network Integration Transmission Service ("NITSA") to be executed by KCP&L-GMO and SPP under SPP's Open-Access Transmission Tariff ("OATT") on file with the Federal Energy Regulatory Commission ("FERC"). The transmission service provided by SPP pursuant to the terms and conditions of the NOA and NITSA and any successor transmission service shall hereinafter be referred to collectively as "Network Integration Transmission Service." SPP and KCP&L-GMO are referred to, jointly, as the "Parties" and, individually, as a "Party."

WITNESSETH:

WHEREAS, SPP is a FERC-approved Regional Transmission Organization ("RTO") with an open architecture that accommodates various forms of participation by transmission owning utilities; and

WHEREAS, KCP&L-GMO currently maintains open-access transmission tariffs approved by the FERC; and

WHEREAS, KCP&L-GMO currently provides and will continue to provide Bundled Electric Service (including capacity, energy, transmission and distribution) to Missouri Bundled Retail Load pursuant to rates established by the Missouri Public Service Commission ("MoPSC") and in accord with certain tariffs and rate schedules on file with the MoPSC; and

WHEREAS, upon KCP&L-GMO receiving all necessary regulatory approvals for continued participation in SPP, including the approval of the transfer of functional control of KCP&L-GMO's transmission facilities pursuant to the Membership Agreement referred to below, KCP&L-GMO plans to utilize Network Integration Transmission Service from SPP, while this Agreement is in effect, in order to provide the transmission services necessary to furnish Bundled Electric Service to Missouri Bundled Retail Load; and

WHEREAS, the FERC, in various orders¹ and in its White Paper, Wholesale Power Market Platform, issued April 28, 2003 ("White Paper"), contemplated, among other things, that a transmission owner and the RTO in which it holds membership may elect to enter into a service agreement that specifies that the wholesale rate for transmission service used to provide bundled retail electric service will be the transmission component of the bundled retail rates set by the state commission with retail jurisdiction over the transmission owner; and

WHEREAS, the Parties hereto desire to codify the specific terms and conditions stated herein under which SPP will provide Network Integration Transmission Service to KCP&L-GMO to serve its Missouri Bundled Retail Load in addition to the terms and

¹ *Cleco Power, et al.*, 103 FERC ¶ 61,272 (2003), and *Midwest Indep. Trans. System Operator, Inc.*, 102 FERC ¶ 61,192 (2003).

conditions set forth in SPP's NITSA and NOA except as otherwise stated in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, which each of the Parties hereto acknowledges to be sufficient consideration, SPP and KCP&L-GMO agree as follows:

ARTICLE I - DEFINITIONS

Terms not specifically defined in this Article or elsewhere in this Agreement have the same meaning as in the SPP OATT or the SPP Membership Agreement as these documents may be amended from time to time.

Section 1.1. Bundled Electric Service: The provision of electric service as a single service that includes all component services (capacity, energy, transmission and distribution) as distinguished from the provision of electric service where some or all such components are sold and purchased as separate ("unbundled") services.

Section 1.2 Missouri Bundled Retail Load: The load of retail electric customers of KCP&L-GMO in the State of Missouri, on whose behalf and to whom KCP&L-GMO, by statute, franchise, regulatory requirement or contract, has an obligation to provide Bundled Electric Service.

Section 1.3 SPP Membership Agreement: The Southwest Power Pool, Inc. Membership Agreement (SPP's Original Volume No. 3), as amended from time to time in accordance with its terms.

Section 1.4 SPP OATT: The open-access transmission tariff of SPP (SPP's FERC Electric Tariff, Fifth Revised Volume No. 1), as amended from time to time.

**ARTICLE II - FILING, EFFECTIVE DATE,
INITIAL TERM AND TERMINATION**

Section 2.1 As soon as practicable following the execution of this Agreement, SPP shall file this Agreement with the FERC for acceptance or approval. If the FERC accepts this Agreement without conditions or modifications, this Agreement shall become effective on the date upon which KCP&L-GMO exercises the authorization provided by the Missouri Public Service Commission in Case No. EO-2009-0179 (the "Effective Date"). Each Party shall use its best efforts to gain prompt FERC acceptance or approval of this Agreement without modification or change, and agrees to provide support for this Agreement in public forums and elsewhere.

Section 2.2 If the FERC accepts this Agreement for filing, but subject to modification or change, and requires a compliance filing by either or both of the Parties, the Parties shall evaluate whether such required compliance filing materially changes or frustrates the intent of this Agreement. If either Party determines, in good faith, that the changes or modifications required by the FERC constitute a material change or may frustrate the intent of the Agreement, the Parties agree to negotiate in good faith to establish new terms and conditions that place the Parties in the same position as bargained for in this Agreement. If within thirty (30) days after the FERC's conditional acceptance of the Agreement, or such other reasonable time period as may be mutually agreed to by the Parties, the Parties have not reached agreement on new terms and conditions or, if the amended Agreement is not subsequently unconditionally approved or accepted by the FERC, the Agreement shall be void, and neither Party shall have further obligations to the other Party hereunder.

Section 2.3 This Agreement shall remain in effect following the Effective Date for an initial term ending the earlier of: (i) the date that KCP&L-GMO withdraws from SPP, or (ii) at 12:00:01 a.m., on October 1, 2013. Subject to the termination provisions of this Section 2.3, the Initial Term shall automatically be extended from year to year (a "Renewal Term") unless either Party shall have given the other six (6) months written notice of termination prior to the end of the Initial Term, or the end of any Renewal Term if such notice is given at least six (6) months prior to the end of that Renewal Term.

Section 2.4 Nothing in this Agreement shall in any way affect the rights or obligations of KCP&L-GMO with regard to withdrawal from SPP pursuant to the terms and conditions of the SPP Membership Agreement, Bylaws, and OATT, or any MoPSC order pertaining to KCP&L-GMO's participation in SPP. Nor shall anything in this Agreement affect in any way the rights or obligations of SPP to enforce or seek the enforcement of any terms in its Membership Agreement, Bylaws and OATT relating to any withdrawal by KCP&L-GMO.

ARTICLE III - RATE FOR TRANSMISSION SERVICE TO SERVE MISSOURI BUNDLED RETAIL LOAD

Section 3.1 Schedule 9 of the SPP OATT establishes a zonal transmission rate applicable to load within the KCP&L-GMO pricing zone that is taking Network Integration Transmission Service from SPP. Notwithstanding Schedule 9 and the rates therein, KCP&L-GMO does not concede that the FERC has jurisdiction over the transmission component of Bundled Electric Service provided to Missouri Bundled Retail Load using its own facilities, and does not voluntarily submit to such jurisdiction. KCP&L-GMO shall not pay the rate set forth in Schedule 9 of the SPP OATT for using its own facilities to serve its Missouri Bundled Retail Load, but will include Missouri

Bundled Retail Load in the total load used to calculate the zonal rate for the KCP&L-GMO zone. However, this provision shall not eliminate any obligation that KCP&L-GMO may have to pay applicable charges related to facilities owned by other entities in KCP&L-GMO's zone that are unaffiliated with KCP&L-GMO.

Section 3.2 KCP&L-GMO, when taking transmission service from SPP in order to serve its Missouri Bundled Retail Load, shall not pay ancillary service charges pursuant to Schedules 3, 5 and 6 of the SPP OATT to the extent that KCP&L-GMO self-provides such ancillary services pursuant to the NITSA consistent with Part III of SPP's OATT. With regard to Schedules 1 and 2, KCP&L-GMO shall not be required to pay SPP for the portion of those services for which it would receive the revenues from such services. If a portion of the revenues from Schedules 1 and 2 would be distributed to others, KCP&L-GMO shall be obligated to pay such portion to SPP.

Section 3.3 Except as otherwise provided in Sections 3.1 and 3.2, KCP&L-GMO shall be subject to and shall pay to SPP all applicable SPP OATT charges associated with Network Integration Transmission Service taken by KCP&L-GMO to serve Missouri Bundled Retail Load. Such charges include, but are not limited to, Attachments H, J, K, M, U, V, Z, AE, and AK and Schedules 1A, 4 (to the extent Schedule 4 reflects the energy costs associated with SPP's Energy Imbalance Services market), 11, and 12 of the SPP OATT.

Section 3.4 As a Network Integration Transmission Service customer of SPP serving its Missouri Bundled Retail Load, KCP&L-GMO shall be subject to all non-rate related terms and conditions under the SPP OATT applicable to Network Integration Transmission Service.

ARTICLE IV - MISCELLANEOUS

Section 4.1 The obligations of the Parties shall be binding on and inure to the benefit of their respective successors and assigns.

Section 4.2 A written waiver of a right, remedy or obligation under a provision of this Agreement will not constitute a waiver of the provision itself, a waiver of any succeeding right, remedy or obligation under the provision, or waiver of any other right, remedy, or obligation under this Agreement. Any delay or failure by a Party in enforcing any obligation or in exercising any right or remedy shall not operate as a waiver of it or affect that Party's right later to enforce the obligation or exercise the right or remedy, and a single or partial exercise of a right or remedy by a Party does not preclude any further exercise of it or the exercise of any other right or remedy of that Party.

Section 4.3 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

Section 4.4 Every notice, consent or approval required or permitted under this Agreement shall be valid only if in writing, delivered personally or by mail, confirmed facsimile, or commercial courier, and sent by the sender to each other Party at its address or number below, or to such other address or number as each Party may designate by notice to the other Party. A validly given notice, consent or approval will be effective when received if delivered personally or by facsimile, or commercial courier, or certified mail with return receipt requested, postage prepaid.

If to KCP&L-GMO, to:

Vice President – Transmission Policy, Planning and Compliance
1201 Walnut, 21st Floor
Kansas City, Missouri 64106
Fax No. (816) 556-2924

If to SPP, to:

President
Southwest Power Pool, Inc.
415 North McKinley, Suite 140
Little Rock, Arkansas 72205-3020
Fax No. (501) 664-9553

Section 4.5 Upon the reasonable request of the other Party, each Party hereto agrees to take any and all such actions as are necessary or appropriate to give effect to the terms set forth in this Agreement and are not inconsistent with the terms hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

KCP&L Greater Missouri Operations Company

By: Richard A. Spring
Richard A. Spring
Vice President – Transmission Policy,
Planning and Compliance

Southwest Power Pool, Inc.

By: Nicholas A. (Nick) Brown
Nicholas A. (Nick) Brown
President and CEO

