BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Implement its Regulatory Plan	))))	Case No. ER-2009-0089

NONUNANIMOUS STIPULATION AND AGREEMENT REGARDING
PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

COMES NOW Kansas City Power & Light Company ("KCP&L") and the Staff of the Missouri Public Service Commission ("Staff"), and respectfully state to the Missouri Public Service Commission ("Commission"):

1. KCP&L and the Staff (individually "Signatory" and collectively "Signatories") have reached an agreement ("Agreement") that resolves between them pension and other post-employment benefit (OPEB) costs for KCP&L as of April 30, 2009, and that the treatment of pension and OPEB cost agreed-upon and approved by the Commission in KCP&L's last rate case, Case No. ER-2007-0291, should continue.

FAS 87, FAS 88 and FAS 158 Pension Cost

2. The Stipulation and Agreement approved by the Commission in its *Report and Order* in Case No. EO-2005-0329 that embodies KCP&L's Experimental Regulatory Plan ("Regulatory Plan") includes an agreement between the signatory parties regarding the calculation of Financial Accounting Standard 87 ("FAS 87") pension cost for financial reporting and ratemaking purposes during the period of the Regulatory Plan.

3. This Agreement is intended to accomplish the following:

a. Reaffirm the pension provisions in the Regulatory Plan with regard to KCP&L's joint partners in the Iatan and LaCygne generating units/stations

b. Reaffirm the timing of recovery of OPEB costs recognized under Financial

Accounting Standard 88 ("FAS 88").

c. Identify, for purposes of calculating the tracking mechanism provided for in the method agreed to in the Regulatory Plan, the Regulatory Assets, including the Prepaid Pension Asset, and annual Pension Cost resulting from rates established in this rate case, Case No. ER-2009-0089. The tracking mechanism requires that all Regulatory Assets and/or Liabilities, including the Prepaid Pension Asset**,** and annual Pension Cost be identified as of the established true-up date for each KCP&L rate case during the period covered of the Regulatory Plan.

d. Reaffirm the agreement of the Staff and KCP&L regarding the treatment of pension costs which result under FAS 88 for financial reporting and ratemaking purposes.

e. Set out the agreement of the Staff and KCP&L regarding the treatment of pension and OPEB costs which result under Financial Accounting Standard 158 ("FAS 158") for financial reporting and ratemaking purposes.

f. Recognize contributions in excess of FAS 87 pension expense due to the enactment of the Pension Protection Act of 2006.

Treatment of Pension Cost for Joint Partners in Iatan and LaCygne Units/Stations

4. KCP&L, KCP&L Greater Missouri Operations Company ("GMO") and The Empire District Electric Company ("Empire") jointly own the Iatan 1 generating unit. KCP&L, GMO, Empire, Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), and Kansas Electric Power Cooperative, Inc. ("KEPCO") jointly own the Iatan 2 generating unit. KCP&L and Westar Energy (Westar) jointly own the LaCygne generating units 1 and 2/station. As the majority owner and operator of the Iatan and LaCygne generating units/stations, KCP&L

allocates the operating costs, including pension costs, to the other joint partners, GMO, Empire and Westar. KCP&L, Westar, and KEPCO jointly own the Wolf Creek generating unit/station, but the Wolf Creek Nuclear Operating Corporation ("WCNOC"), not KCP&L, operates the Wolf Creek generating unit/station. Thus, WCNOC allocates the operating costs, including pension costs, to the joint partners, including KCP&L. The reference to joint partners below is to the joint partners in (a) the Iatan 1 generating unit/station, (b) the LaCygne 1 and 2 generating units/station, and (c) as applicable, the Iatan 2 generating unit/station.

5. KCP&L and the Staff agree KCP&L employee pension costs related to KCP&L employees directly assigned to or who allocate part of their time to work for the Iatan and LaCygne generating units/stations will be calculated consistently with the methodology identified in the Regulatory Plan. Any regulatory asset, including the prepaid pension asset, and/or liability, generated under paragraphs 2, 3, 4, 5, 6 and 7 of the pension agreement embodied in the Stipulation and Agreement the Commission approved in its final *Report and Order* in Case No. EO-2005-0329 will be calculated separately for the amounts related to KCP&L's joint partners. KCP&L employee pension costs for KCP&L employees at the Iatan and LaCygne generating units/stations will be allocated among the joint owners of the stations in proportion to their ownership interests. None of the regulatory assets and/or liabilities, including the prepaid pension asset**,** or annual pension cost related to KCP&L's joint partners will be reflected in rate base or cost of service in any KCP&L rate case during the period covered by the Stipulation and Agreement in Case No. EO-2005-0329.

Treatment of Pension Cost for the Supplemental Executive Retirement Plan (SERP)

6. KCP&L maintains a Supplemental Executive Retirement Plan (SERP) for key employees. The plan, administered by KCP&L, does not utilize a trust fund. KCP&L and the Staff agree that the SERP will not be included in the tracking mechanism for Regulatory Assets

and/or Liabilities, including the Prepaid Pension Asset. SERP expense is not included in this Agreement and any costs included herein. SERP will be considered in cost of service separately for rate making purposes.

Annual OPEB Cost of Termination Fees - Case No. ER 2007-0291

7. FAS 88 provides for immediate recognition of termination fees arising from OPEB plans. The Signatories agreed in Case No. ER-2007-0291 that FAS 88 OPEB costs would be recovered for ratemaking consistent with recovery of FAS 88 pension costs, using a 5-year amortization period beginning with the effective date of rates established in the next case. FAS 88 OPEB termination fees incurred prior to the September 30, 2007 true-up period of $239,604, excluding amounts capitalized, will be amortized over 5-years, beginning with the rates effective January 1, 2008 in Case No. ER-2007-0291. The annual amortization amount is $47,921.

Annual Pension Cost and Regulatory Assets - Case No. ER 2009-0089

8. KCP&L's Missouri jurisdictional rates established in this case, ER-2009-0089, are based on $31,550,017 (total Company) for annual pension cost expense under FAS 87, after capitalized amounts and the portion of KCP&L's annual pension cost which is allocated to KCP&L's joint partners in the Iatan and LaCygne generating units/stations, but before inclusion of allowable SERP pension costs. All pension amounts are calculated on a KCP&L stand alone basis and do not include any impact of the July 2008 acquisition by Great Plains Energy, Inc. of Aquila, Inc.

9. KCP&L's Prepaid Pension Asset balance included in rate base, exclusive of the joint partners' shares, is $1,584,970 (total Company) at April 30, 2009.

10. KCP&L's Regulatory Asset included in rate base for the cumulative difference between pension cost recognized in its prior rates and its actual pension costs under FAS 87 since January of 2005 is $15,038,779 (total Company) at April 30, 2009, exclusive of any

amount allocated to KCP&L's joint partners.

11. KCP&L's rates reflect the 5-year amortization of the $15,038,779 Regulatory Asset identified in the prior paragraph at an annual rate before capitalization of $3,007,756 (total Company). KCP&L will amortize $2,374,022 (total Company), after capitalization, to pension expense annually beginning with the effective date of rates established in this case, ER-2009-0089.

FAS 88 Pension Cost Treatment for Financial Reporting and Ratemaking Purposes

12. In Case No. ER-2006-0314, KCP&L and the Staff reached an agreement to adopt deferred accounting treatment for FAS 88 pension costs consistent with the agreement for FAS 87 deferred accounting treatment. Unlike FAS 87, which allows for delayed recognition in net periodic pension cost of certain unrecognized amounts, FAS 88 requires immediate recognition of certain costs arising from settlements and curtailments of defined benefit plans. Without deferred accounting treatment approved by the Commission, KCP&L would have been required to recognize a significant FAS 88 pension cost prior to year-end 2006 as a result of a significant number of pension settlements occurring during 2006. FAS 88 costs are legitimate pension costs which should be recovered in rates.

a. Any FAS 88 costs deferred and subject to recovery in a future KCP&L rate case should (a) include only the costs related to KCP&L's Missouri jurisdictional electric operations and (b) exclude all amounts assignable to GMO, Empire and Westar Energy as joint owners of the Iatan and LaCygne generating units/stations;

b. All of KCP&L's FAS 88 pension costs related to KCP&L's Missouri jurisdictional electric operations, exclusive of amounts allocated to joint owners, subsequent to April 30, 2009 will be deferred in a regulatory asset and amortized to cost-of-service over 5-years in KCP&L's next rate case. This treatment will continue to apply in all KCPL rate cases during the period of the Regulatory Plan. KCP&L's Regulatory Asset for FAS 88 pension costs was $22,706,500 (total Company) at September 30, 2007, exclusive of any amount allocated to KCP&L's joint partners. No additional FAS 88 pension costs have been incurred subsequent to that time. (See below for rate base treatment.)

c. KCP&L's rates reflect the 5-year amortization of the $22,706,500 Regulatory Asset identified in the prior paragraph at an annual total company amount of $4,541,300 ($2,452,443 Missouri jurisdictional) before capitalization. KCP&L will amortize $3,508,210 (total Company), after capitalization, or $1,894,542 Missouri jurisdictional after capitalization to pension expense, annually beginning with the January 1, 2008 effective date of rates established in Case No. ER-2007-0291.

d. KCP&L will be required to fund all FAS 88 pension costs it collects in rates. Since KCP&L will not be required to fund any FAS 88 cost prior to recovery in rates, no rate base treatment will be required for the regulatory asset representing deferred FAS 88 costs. KCP&L will fund $2,452,443 (Missouri jurisdictional capitalized and expensed) $1,894,542 (Missouri jurisdictional expensed) annually beginning with the January 1, 2008 effective date of rates established in Case No. ER 2007-0291 and continuing with the effective date of rates established in this case, ER-2009-0089, until the effective date for rates established in KCP&L's next rate case.

13. FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," requires KCP&L to convert its measurement date from September 30, 2008 to December 31, 2008. As a result, KCP&L will incur a "catch up" of three months of additional pension and OPEB expenses in 2008. The Signatories agree that FAS 158 pension and OPEB remeasurement adjustments related to KCP&L's Missouri jurisdictional electric operations, exclusive of amounts allocated to joint owners, will be deferred in a regulatory asset and amortized to cost-of-service over 5 years beginning with the effective date of rates in this case, ER-2009-0089. This treatment will continue to apply in all KCP&L rate cases until fully amortized. The FAS 158 remeasurement adjustment for pensions is $7,308,560 ($4,033,609 Missouri jurisdictional), excluding amounts allocated to joint partners. The FAS 158 remeasurement adjustment for OPEB is $2,017,485 ($1,113,454 Missouri jurisdictional), excluding amounts allocated to joint partners.

a. KCP&L's rates reflect the 5-year amortization of the $7,308,560 total company Pension Regulatory Asset identified in the prior paragraph at an annual amount of $1,461,712 ($806,721 Missouri jurisdictional) before capitalization. KCP&L will amortize $1,121,527 (total Company), or $618,971 (Missouri jurisdictional) after capitalization, to pension expense annually beginning with the effective date of rates established in this case, ER-2009-0089.

b. KCP&L's rates reflect the 5-year amortization of the $2,017,485 total Company OPEB Regulatory Asset identified in the prior paragraph at an annual amount of $403,497 ($222,691 Missouri jurisdictional) before capitalization. KCP&L will amortize $305,003 (total Company), or $168,331 (Missouri jurisdictional) after capitalization, to OPEB expense annually beginning with the effective date of rates established in this case, ER-2009-0089.

c. KCP&L will be required to fund all FAS 158 pension and OPEB costs it collects in rates. Since KCP&L will not be required to fund any FAS 158 costs prior to recovery in rates, no rate base treatment will be required for the regulatory asset representing deferred FAS 158 costs. KCP&L will fund $806,721 pension costs and $222,691 OPEB costs (Missouri jurisdictional capitalized and expensed) annually beginning with the effective date of rates established in this case, ER-2009-0089, until the effective date for rates established in KCP&L's next rate case.

Ratemaking for Contributions Made Pursuant to the Pension Protection Act of 2006 (PPA)

14. Due to the Pension Protection Act of 2006, KCP&L may be required to make contributions in excess of amounts calculated for FAS 87 Regulatory Expense in order to avoid benefit restrictions under the PPA. Such contributions will be examined in the context of future rate cases and a determination will be made at that time as to the appropriate and proper level recognized for ratemaking as a Net Prepaid Pension Asset.

General Provisions

15. The Staff may file suggestions, a memorandum or other pleading in support of this 2009 Stipulation. KCP&L and any other Non-Utility Signatory shall have the right to file responsive suggestions, memorandum or other pleading in response. The contents of any such suggestions, memorandum or other pleading provided by any Signatory Party will be its own.

16. This Agreement does not constitute a contract with the Commission. Acceptance of this 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. Thus, nothing in this 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.

17. This Agreement is being entered into for the purpose of disposing of the issues that are specifically addressed in this Agreement. In presenting this Agreement, none of the Signatories to this Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology or any depreciation procedure, method or technique; and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Agreement (whether this Agreement is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Agreement, except as otherwise expressly specified herein.

18. This Agreement has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Agreement without modification, then the Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions herein, except as specifically provided herein.

19. If the Commission does not unconditionally approve this Agreement without modification, and notwithstanding its provision that it shall become void, neither this 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 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 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 Agreement shall 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.

20. If the Commission unconditionally accepts the specific terms of this Agreement without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; (4) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000 and (5) their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. These waivers apply only to a Commission order respecting this Agreement issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Agreement. This Agreement contains the entire agreement of the Signatories concerning the issues addressed herein.

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

WHEREFORE, the undersigned Signatories respectfully request the Commission to issue an order in this case approving the Non-Unanimous Stipulation And Agreement Regarding Pensions And Other Post Employment Benefits subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Steven Dottheim by JMF

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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 24th day of April 2009.

/s/ James M. Fischer

James M. Fischer