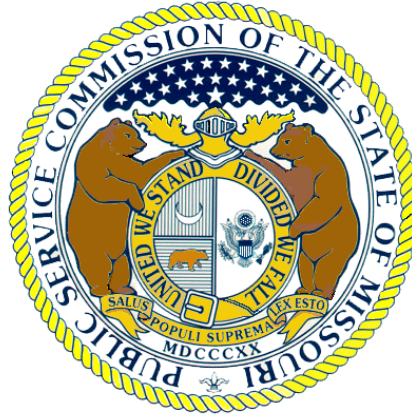


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**



In the Matter of the Application of Transource Missouri)
Missouri, LLC for a Certificate of Convenience)
and Necessity Authorizing It to Construct,) File No. EA-2013-0098
Finance, Own, Operate, and Maintain the)
Iatan-Nashua and Sibley-Nebraska City)
Electric Transmission Projects)

REPORT AND ORDER

Issue Date: August 7, 2013

Effective Date: September 6, 2013

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 7th day of August, 2013.

In the Matter of the Application of Transource Missouri)
 Missouri, LLC for a Certificate of Convenience)
 and Necessity Authorizing It to Construct,) File No. EA-2013-0098
 Finance, Own, Operate, and Maintain the)
 Iatan-Nashua and Sibley-Nebraska City)
 Electric Transmission Projects)

REPORT AND ORDER

Issue Date: August 7, 2013

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The Missouri Public Service Commission is approving disposition by settlement, granting the applications,¹ and incorporating the proposed conditions and terms. The applications relate to two transmission projects: the Iatan-Nashua line and the Sibley-Nebraska City line (“the projects”):

For authorization to	Applicant	Title
Transfer plant and operating rights for the projects	Kansas City Power & Light Company (“KCPL”), and KCP&L Greater Missouri Operations Company (“GMO”)	<i>Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company²</i> (“transfer application”)
Construct and operate the projects	Transource Missouri, LLC (“Transource Missouri”)	<i>Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity and Request for Waiver³</i> (“CCN application”)

¹ Consolidated under this file number is the action in File No. EO-2012-0367, *In the Matter of the Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company Regarding Arrangements for Approval to Transfer Certain Transmission Property to Transource Missouri, L.L.C. and for Other Related Determinations.*

² File No. EO-2012-0367, Electronic Filing and Information System (“EFIS”) No. 4. All other EFIS citations refer to File No. EA-2013-0098. EFIS is accessible at <http://psc.mo.gov/default.aspx>.

³ EFIS No. 1.

Contents

I. Jurisdiction	4
II. Docket	4
III. Findings, Conclusions, and Orders	6
A. Procedure	6
B. Merits	8
<i>i. Law</i>	8
<i>ii. Fact</i>	9
<i>iii. Ruling</i>	13
C. Consent Order	13
<i>i. Authority</i>	13
<i>ii. Characteristics</i>	15
<i>iii. Ruling</i>	16
Appendix 1: Appearances	19
Appendix 2: Statutes cited by the Signatories	20
Appendix 3: Conditions Determined on the Merits	24
Appendix 4: Consent Order	27

I. Jurisdiction

The Commission has jurisdiction over the subject matter because the Commission's jurisdiction generally includes electrical corporations.⁴ That includes KCPL and GMO, because KCPL and GMO own electric plant, and will include Transource Missouri when it owns and operates transmission facilities.⁵ The Commission also has jurisdiction over the disposition of certain utility property,⁶ including operating rights,⁷ and the construction and operation of the utility projects⁸ proposed by Transource Missouri. The signatories cite other statutes supporting the Commission's jurisdiction over the applications as set forth in Appendix 2 of this report and order. Therefore, the Commission concludes that it has jurisdiction to rule on the applications.

II. Docket

KCPL, GMO, and Transource Missouri ("applicants") filed the transfer application and the CCN application ("applications").⁹ The Commission gave notice,¹⁰ and additional notice,¹¹ of the applications and set a deadline for filing applications to intervene. The

⁴ Sections 386.250(1) and 393.140(1), RSMo 2000; and 386.020(43), RSMo Supp. 2012.

⁵ Sections 393.110 and 386.020(15) and (14), RSMo Supp. 2012.

⁶ Sections 393.190.1 and 386.250(1), RSMo 2000.

⁷ Section 386.250(1), RSMo 2000, and 4 CSR 240-3.110(1)(A).

⁸ Section 393.170.1, RSMo 2000.

⁹ On August 31, 2012.

¹⁰ EFIS No. 7, *Order Directing Notice, Setting Intervention Deadline, Directing Filing and Scheduling a Conference*.

¹¹ EFIS No. 9, *Order Directing Additional Notice*; EFIS No. 60, *Order Directing Notice to County Clerks*.

Commission granted an application to intervene from Missouri Industrial Energy Consumers (“MIEC”).¹² The Commission issued notice of a contested case.¹³

Applicants, Staff, and the Office of the Public Counsel (“signatories”) filed a stipulation and agreement.¹⁴ The signatories also filed an amendment to the stipulation and agreement.¹⁵ No party filed any objection to the stipulation and agreement or amendment (“together, “settlement”) within the time provided by regulation.¹⁶ The Commission convened an evidentiary hearing.¹⁷ The signatories filed a proposed report and order,¹⁸ and a supporting memorandum.¹⁹

The Commission convened a settlement conference.²⁰ The signatories filed a proposed report and order and consent order²¹ with supporting suggestions.²² The

¹² EFIS No. 12, *Order Granting Requests to Intervene*.

¹³ EFIS No. 40, *Notice of Contested Case*.

¹⁴ EFIS No. 54, *Non-Unanimous Stipulation and Agreement*.

¹⁵ EFIS No. 92, *First Amendment to Non-Unanimous Stipulation and Agreement*.

¹⁶ 4 CSR 240-2.115(2)(C).

¹⁷ EFIS No. 61, Transcript volume 2.

¹⁸ EFIS No. 100, *Joint Proposed Order Approving Unanimous Stipulation and Agreement*.

¹⁹ EFIS No. 99, *Joint Memorandum in Support of the Stipulation*.

²⁰ EFIS No. 106, *Order Setting Conference*.

²¹ EFIS No. 110, *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*.

²² EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement*.

Commission ordered the record supplemented²³ with materials that Transource Missouri filed setting forth the final route for the Sibley-Nebraska City line.²⁴

III. Findings, Conclusions, and Orders

The Commission's decision must stand on the law.²⁵ The Commission must always state its conclusions of law.²⁶ The Commission makes each ruling on consideration of each party's allegations and arguments.

A. Procedure

In any Commission proceeding, formalities do not invalidate any order.²⁷ Specifically in a contested case, parties may waive any procedural formality up to the final decision.²⁸ Parties to a contested case may submit a proposed resolution of this action under the Commission's regulations: The parties may at any time file a stipulation and agreement as a proposed resolution of all or any part of a contested case. A stipulation and agreement shall be filed as a pleading.²⁹ A pleading includes the following.

Each pleading shall include a clear and concise statement of the **relief** requested, a specific reference to the statutory provision or other **authority** under which relief is requested, and a concise statement of the **facts** entitling the party to relief. [³⁰]

²³ EFIS No. 109, *First Order Supplementing Record*.

²⁴ EFIS No. 104, *Applicants' Supplemental Filing*.

²⁵ Mo. Const., Art. V, Section 18.

²⁶ Section 386.420.2, RSMo 2000.

²⁷ Section 386.410, RSMo 2000.

²⁸ Sections 536.060(3), RSMo 2000.

²⁹ 4 CSR 240-2.110(1)(A).

³⁰ 4 CSR 240-2.080(4) (emphasis added).

That regulation also allows the Commission to treat the settlement as unanimous when no party files an objection.³¹ The Commission is doing so, and for that reason the signatories refer to the settlement's components as "Unanimous."³² A stipulation of fact eliminates the need for evidence on the matter stipulated.³³ But that does not end the Commission's duty for the following reasons.

First, while a stipulation of fact conclusively establishes the matter stipulated,³⁴ no stipulation can control procedure, bind the Commission to a conclusion of law,³⁵ or contravene a statute.³⁶ A remedy statutorily committed to the commission's discretion is therefore not subject to stipulation.³⁷ The Commission must therefore independently make its conclusions of law and determine the relief that is due.

Second, the Commission is charged by statute with protecting the public interest. Also, unlike a private party or State agency, Staff has no authority of its own to settle an action. Therefore, Commission approval is necessary for Staff's participation in the settlement.

Third, the signatories premise their proposed resolution on a Commission determination that the settlement includes no term that is contrary to the public interest. The General Assembly has further specified what the public interest means for certain

³¹ 4 CSR 240-2.115(2) (emphasis added).

³² Which is why they carry that designation in Appendix 3 and Appendix 4.

³³ *Howard v. Missouri State Bd. of Educ.*, 847 S.W.2d 187, 191 (Mo. App., S.D. 1993).

³⁴ *Howard v. Missouri State Bd. of Educ.*, 847 S.W.2d 187, 191 (Mo. App., S.D. 1993).

³⁵ *Bull v. Excel Corp.*, 985 S.W.2d 411, 417 (Mo. App., W.D. 1999).

³⁶ *Tidwell v. Walker Const.*, 151 S.W.3d 127, 133 (Mo. App. S.D. 2004).

³⁷ *Tidwell v. Walker Const.*, 151 S.W.3d 127, 133 (Mo. App. S.D. 2004).

actions³⁸ in the statutes cited in the signatories' *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement*,³⁹ as set forth in Appendix 2. The signatories call the determination, that the settlement does not offend those standards, "approval."⁴⁰

Neither the Commission's procedural regulations in 4 CSR 240-2, nor any statute cited in the applications, define "approval" of a stipulation and agreement.⁴¹ As the signatories use that term, they explain, it means reviewing a document to determine whether it is contrary to the public interest. The signatories are correct that the public interest is a consideration in every action before the Commission. Therefore, the Commission rules on the applications accordingly.

B. Merits

The settlement seeks an order granting the applications subject to the provisions of the settlement.

i. Law

The applications are subject to statutory standards that describe the Commission's authority to grant the permissions sought.

³⁸ The courts have held that such a standard for Commission decisions is an expression of the public interest. *Public Serv. Comm'n of State v. Missouri Gas Energy*, 388 S.W.3d 221, 228 (Mo. App., W.D. 2012).

³⁹ EFIS No. 111.

⁴⁰ This does not tell the Commission what any other set of parties in any other action want when they ask the Commission to "approve" a stipulation and agreement.

⁴¹ The Commission expressly may approve a stipulation related to the Missouri Energy Efficiency Initiative Act under Section 393.1075(11), RSMo Supp. 2012. That statute provides a specific standard for approval. But those provisions do not apply to the applications in this case.

For the CCN application, the standard is public convenience and necessity, [⁴²]” which means that an additional service would be an improvement that justifies the cost,⁴³ and includes such conditions as the Commission “may deem reasonable and necessary.”⁴⁴

For the transfer application, the standard implicit in the applicable statute⁴⁵ is the absence of public detriment.⁴⁶ Like the standard, the authority to condition the transfer is not express. But guarding against public detriment implicitly includes conditions to that end, which is more efficient than denial of an imperfect application.

Among the proposed terms conditions are waivers of specified Commission regulations. For those regulations, the standard for waiver is good cause.⁴⁷ Good cause means a good faith request for reasonable relief.⁴⁸

The signatories also ask that no term or condition that is contrary to the public interest, on its face or as explained in the record, and as gauged by the standards in Appendix 2, find its way into the Commission’s order.

ii. Fact

Meeting those standards requires evidence, or a substitute for evidence like stipulated facts, on the record.⁴⁹ Applicants have the burden of proof.⁵⁰ The quantum of

⁴² Section 393.170.3, RSMo 2000.

⁴³ State ex rel. Intercon Gas, Inc., v. Public Serv. Comm’n, 848 S.W.2d 593, 597 (Mo. App., W.D. 1993).

⁴⁴ Section 393.170.3, RSMo 2000

⁴⁵ Section 393.190.1, RSMo 2000.

⁴⁶ State ex rel. City of St. Louis v. Public Service Comm’n of Missouri, 73 S.W.2d 393, 395 (Mo. 1934).

⁴⁷ 4 CSR 240-2.060(4)(B).

⁴⁸ American Family Ins. Co. v. Hilden, 936 S.W.2d 207, 210 (Mo. App., W.D. 1996).

⁴⁹ Mo. Const., Art. V, Section 18.

proof necessary to carry that burden is the preponderance of the evidence⁵¹ or reasonable inferences from the evidence.⁵² Generally in any proceeding, technical rules of evidence do not bind the Commission.⁵³

This record includes evidence relevant to the standards. All findings needed to support this decision stand on the facts stipulated in the settlement and in the *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*, the testimony provided at the evidentiary hearing,⁵⁴ and the prepared testimony of the parties received into the record. That testimony is in the record pursuant to the signatories' waiver of procedural formalities.⁵⁵

The Commission has considered the substantial and competent evidence on the whole record. Where the evidence conflicts, the Commission determines which evidence is the most credible, and this report and order reflects the Commission's determinations of credibility implicitly.⁵⁶ No law requires the Commission to make any statement as to what portions of the record the Commission accepted or rejected.⁵⁷ The Commission need not separately state any finding of fact when a stipulation, agreed settlement, or a consent

⁵⁰ *Central Cnty. Emergency 911 v. International Ass'n of Firefighters Local 2665*, 967 S.W.2d 696, 699 (Mo. App., W.D. 1998).

⁵¹ *State Board of Nursing v. Berry*, 32 S.W.3d 638, 641 (Mo. App., W.D. 2000).

⁵² *Farnham v. Boone*, 431 S.W.2d 154 (Mo. 1968).

⁵³ Section 386.410, RSMo 2000.

⁵⁴ EFIS No. 61, Transcript volume 2.

⁵⁵ EFIS No. 54, *Non-Unanimous Stipulation and Agreement* page 16.

⁵⁶ *Stone v. Missouri Dept. of Health & Senior Servs.*, 350 S.W.3d 14, 26 (Mo. banc 2011).

⁵⁷ *Stith v. Lakin*, 129 S.W.3d 912, 919 (Mo. App., S.D. 2004).

order disposes of the case.⁵⁸ Nevertheless, a brief description of the projects illustrates the factual basis for this report and order.

Transource Missouri is a Delaware limited liability corporation qualified to conduct business in Missouri, with its principal place of business in Columbus, Ohio. Transource Missouri is a wholly-owned subsidiary of Transource Energy, LLC (“Transource”). Transource was established by Great Plains Energy Incorporated (“GPE”), the Companies’ parent corporation, and American Electric Power Company, Inc. (“AEP”) to build wholesale regional transmission projects within SPP, as well as other regional transmission organizations.

The two projects are regional, high-voltage, wholesale transmission projects approved by Southwest Power Pool, Inc. (“SPP”) known as the Iatan-Nashua 345kV transmission project (“Iatan-Nashua Project”) and the Sibley-Nebraska City 345kV transmission project (“Sibley-Nebraska City Project”) (collectively, the “Projects”).

The plant that the Companies requested be transferred to Transource Missouri is property of GMO. KCP&L and GMO previously requested and received authorization from the Commission to transfer at cost from KCP&L to GMO certain transmission property owned and operated by KCP&L between GMO’s Alabama Substation and KCP&L’s Nashua Substation (“Alabama-Nashua Line”). The southern portion of the Alabama-Nashua Line will be retired and removed, and the corridor will be used to construct the East Segment of the Iatan-Nashua Project. The remaining portion of this existing 161kV line, which runs to GMO’s Alabama Substation near St. Joseph, Missouri, will remain the

⁵⁸ Section 536.090, RSMo 2000.

property of GMO and is not to be transferred. This line will continue intact and energized at 161kV as a radial line and will not be a part of the new 345kV facilities.

There is a need for the service to be rendered by the Projects based upon studies performed by SPP in 2009 and 2010. These studies demonstrated that the Projects will improve electric grid reliability, minimize transmission congestion effects, bring economic benefits to SPP members, and help support public policy goals regarding renewable energy. The studies also demonstrated that the Projects will provide estimated benefits and savings that exceed the Projects' estimated costs.

Transource Missouri is qualified to construct, finance, own, operate, and maintain the Projects given the support by the transmission and related expertise of KCP&L and of American Electric Power Company, Inc. ("AEP"). Transource Missouri will have the financial ability to construct, own, operate and maintain the Projects given the equity funding that the subsidiaries of Great Plains Energy Incorporated ("GPE"), the parent corporation of KCP&L and GMO, and AEP will provide to Transource Missouri, and Transource Missouri's plan to issue debt. Furthermore, Transource Missouri will fully recover the cost of the Projects once completed, as the Projects' costs are regionally allocated under the FERC-approved SPP Tariff Schedule 11. Transource Missouri's construction of the Projects is economically feasible by virtue of the cost/benefit analysis conducted by SPP, as well as its FERC-approved cost allocation methodology under its Tariff Schedule 11.

The Projects as proposed to be built by Transource Missouri are in the public interest, given all the above, as well as the agreement of KCP&L, GMO, and Transource

Missouri to follow the provisions of Paragraphs 27, 28, and 29 of the stipulation and agreement regarding the final route of the Sibley-Nebraska City Project.

iii. Ruling

The record weighs in favor of granting the applications with the provisions proposed, including the proposed waivers. The Commission finds no term or condition of the settlement contrary to the public interest. Therefore, the Commission will grant the applications subject to the settlement's provisions as set forth in Appendix 3 and Appendix 4.

C. Consent Order

Appendix 4 sets forth the settlement's provisions that are outside the Commission's authority to mandate. The signatories have clarified that they seek no resolution on the merits for those terms,⁵⁹ and the law encourages freedom of contract and settlements in lieu of litigation.⁶⁰ In that spirit, the statutes provide that any contested case is subject to disposition by consent order as follows.

i. Authority

The signatories argue that a consent order is not authorized for any matter except as described in one statute that does not apply to the Commission. In support, the signatories rely on a reading of Section 536.060, RSMo 2000. That statute's history refutes the signatories' reading.

⁵⁹ EFIS No. 110, *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*, page 2 third paragraph. EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement* page 3 paragraph 6.

⁶⁰ *Walley v. La Plata Volunteer Fire Dep't*, 368 S.W.3d 224, 231 (Mo. App., W.D. 2012).

Section 536.060's current language is the result of a 1995 amendment. The amendment deleted language (in brackets and italics below) and added language (underscored below) as follows.

[Nothing contained in sections 536.060 to 536.095 shall preclude the informal disposition of] Contested cases and other matters involving licensees and licensing agencies described in section 621.045, RSMo, may be informally resolved by consent agreement or agreed settlement or may be resolved by stipulation, consent order, or default, or by agreed settlement where such settlement is permitted by law. Nothing contained in sections 536.060 to 536.095 shall be construed (1) to impair the power of any agency to take lawful summary action in those matters where a contested case is not required by law, or (2) to prevent any agency authorized to do so from assisting claimants or other parties in any proper manner, or (3) to prevent the waiver by the parties (including, in a proper case, the agency) of procedural requirements which would otherwise be necessary before final decision, or (4) to prevent stipulations or agreements among the parties (including, in a proper case, the agency). [61]

Informal disposition of all agencies' contested cases was the original subject of that statute as the bracketed and italicized language shows.⁶² The amendment simply added the specified "noncontested cases and other matters [.]"⁶³

⁶¹ 1995 Mo. Laws 1032, 1246 (88th Gen. Assem., 1st Reg. Sess., S.B. 3, Section 536.060).

⁶² The original language provided that the opportunity for hearing:

. . . shall not preclude the informal disposition of such case by stipulation, consent order or default, or by agreed settlement where such settlement is permitted by law.

1945 Mo. Laws 1504, 1505 (63rd Gen. Assem., S.B.196, Section 6). Similar language appears in the 1961 Model State Administrative Procedure Act adopted by many states:

Unless precluded by law, informal disposition may be made of any contested case by stipulation, agreed settlement, consent order, or default.

15 U.L.A. 1961 *Model State Administrative Procedure Act*, Section 9(d).

⁶³ In response to the amended judgment in *Bodenhausen v. State Bd. of Regis'n for the Healing Arts*, Case No. CV192-1105CC (Jan. 6, 1994, Cir. Ct. Cole Cnty), McHenry, J.; and the affirming opinion in *Bodenhausen v. State Bd. of Regis'n for the Healing Arts*, WD 48914, 1994 WL 532696 (Mo. App., W.D. Oct. 4, 1994). As to the latter action, the Missouri Supreme Court ordered transfer on January 30, 1995. In each action, the court

Section 536.060, original and current, is expansive. It offers remedies in conformance with the public policy favoring settlement by contractual arrangement. If there were any ambiguity on this issue, the law would require the Commission to read the statute generously in the direction of the intended remedy. The signatories' reading bars resolution by "consent order, or default, or by agreed settlement" in all contested cases, except the specified matters, which furthers no conceivable beneficial end. Therefore, the Commission concludes that a contested case before the Commission is subject to disposition by consent order—just as it is subject to disposition by stipulation, default, or agreed settlement—under Section 536.060.

ii. Characteristics

The signatories describe the properties of a consent order by comparison to a consent judgment. The analogy is correct. The analogous properties, as described by the signatories, include the following.

Missouri courts have held that a judgment by consent "is based on an agreement between the parties as to the terms, amount or conditions of the judgment to be rendered." In this context it is important to recognize: "Consent decrees do not arise from a judicial determination of the rights of the parties or the merits of the case [.]" It is also important to note: "A consent judgment needs no cause or consideration other than an adjustment of differences and a desire to set at rest all possibility of litigation. In exchange for the saving of cost and elimination of risk, the parties each give up something that they might have won had they proceeded with litigation." [64]

barred informal resolution of contested cases and other matters involving licensees and licensing agencies under section 621.045, RSMo. The Missouri Supreme Court issued its decision on May 30, 1995, also affirming the judgment. *Bodenhausen v. Missouri Bd. of Regis'n for the Healing Arts*, 900 S.W.2d 621 (Mo. banc 1995).

⁶⁴ EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement* page 6 paragraph 13.

Also, a judgment issued pursuant to the parties' agreement does not aggrieve any such party so, if aggrevement is necessary for standing to appeal, no appeal is available to any such party.⁶⁵ In Missouri, a consent judgment has the same force and effect as any other judgment.⁶⁶

In Missouri, whenever the issue has arisen, the courts have applied the analogy between a consent judgment and a consent order. For example, the courts hold that a consent order does not constitute the agency's decision on the merits but, at most, a review as to whether a parties' agreement comports with the public policy entrusted to the respective agencies.⁶⁷ Further, where the General Assembly has comprehensively delegated the regulation of a subject matter to an agency, that agency is the first resort for enforcing settlement of an action before that agency.⁶⁸

iii. Ruling

As the signatories note, chapter 536, RSMo, applies when chapters 386 and 393 provide nothing to the contrary.⁶⁹ The signatories also note that "approval of the [settlement] here would not be inconsistent with the concept of a consent order [.]"⁷⁰ Therefore, the Commission will order memorialize the proposed provisions that are beyond the Commission's authority as a consent order, as set forth in Appendix 3. As explained in

⁶⁵ *Strawhun v. Strawhun*, 164 S.W.3d 536 (Mo. App., S.D. 2005).

⁶⁶ *Household Fin. Corp. v. Jenkins*, 213 S.W.3d 194, 196 (Mo. App., E.D. 2007).

⁶⁷ *Seifner v. Treasurer of State-Custodian of Second Injury Fund*, 362 S.W.3d 59, 65 (Mo. App., W.D. 2012).

⁶⁸ *State ex rel. St. Joseph School Dist. v. Missouri Dept. of Elem. And Sec. Educ.*, 307 S.W.3d 209, 213-17 (Mo. App., W.D. 2010). filing

⁶⁹ *State ex rel. Praxair, Inc. v. Missouri Pub. Serv. Comm'n*, 344 S.W.3d 178, 184 (Mo. 2011).

⁷⁰ EFIS No. 111, *Joint Suggestions of the Signatories in Support of an Order by the Commission Approving the Unanimous Stipulation and Agreement* page 6 paragraph 13.

part III.A of this report and order, the approval procedure that the Commission applies in this action is based on the approval that the parties asked for, the authorities that they cited, and the documents that they filed. That procedure does not necessarily apply under any other relief, law, or facts.

THE COMMISSION ORDERS THAT:

1. Disposition of the applications by settlement is approved.
2. Transfer Application. The *Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company* (“transfer application”) is granted. The transfer of the items as described in the transfer application is authorized. This paragraph includes the notices to construct as described in the transfer application.
3. The *Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity and Request for Waiver* (“CCN application”) is granted. A certificate of convenience and necessity for the projects, as described in the CCN application, shall issue to Transource Missouri, LLC.
4. The following are incorporated into this report and order as if fully set:
 - a. *Non-Unanimous Stipulation and Agreement*;
 - b. *First Amendment to Non-Unanimous Stipulation and Agreement*; and
 - c. *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*.
5. Ordered paragraphs 1, 2, 3, and 4, are subject to the provisions of Appendix 3 and Appendix 4.

6. This order shall become effective on September 6, 2013.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Jarrett, Stoll, and
W. Kenney, CC., concur;
and certify compliance with the
provisions of Section 536.080, RSMo.

Dated at Jefferson City, Missouri,
on this 7th day of August, 2013.

Appendix 1: Appearances

<i>Party</i>	<i>Counsel</i>	<i>Counsel's Address</i>
A. Applicants		
Kansas City Power & Light Company KCP&L Greater Missouri Operations Company	Roger W. Steiner	1200 Main, PO Box 418679, Kansas City, MO 64141-9679
Transource Missouri, LLC	Karl Zobrist	4520 Main, Suite 1100, Kansas City, MO 64111
	Lisa A. Gilbreath	
	Larry W. Brewer	400 West 15 th Street, Suite 1500, Austin, TX 78701
B. Parties under 4 CSR 240-2.010(10)		
Staff of the Commission	Steven Dottheim	200 Madison Street, Suite 800, Jefferson City, MO 65102
	Nathan Williams	
Office of the Public Counsel	Lewis Mills	P.O. Box 2230, 200 Madison Street, Suite 650, Jefferson City, MO 65102
C. Intervenors		
AG Processing, Inc. a Cooperative and Midwest Energy Users' Group	Stuart Conrad	3100 Broadway, Suite 1209, Kansas City, MO 64111
Midwest Energy Consumers Group	David Woodsmall	807 Winston Court, Jefferson City, MO 65101
Missouri Department of Natural Resources	Jessica L. Blome	221 W. High Street P.O. Box 899 Jefferson City, MO 65102
Missouri Industrial Energy Consumers	Diana M. Vuylsteke	211 N. Broadway, Suite 3600 St. Louis, MO 63102

Appendix 2: Statutes cited by the Signatories

386.250. The jurisdiction, supervision, powers and duties of the public service commission herein created and established shall extend under this chapter:

(1) [To] electric plants, and to [entities] owning, leasing, operating or controlling the same;

* * *

(7) To such other and further extent, and to all such other and additional matters and things, and in such further respects as may herein appear, either expressly or impliedly.

386.310. 1. The commission shall have power, after a hearing . . . to require every . . . public utility to maintain and operate its . . . plant . . . in such manner as to promote and safeguard the health and safety of its employees, customers, and the public, and to this end to prescribe . . . appropriate safety and other devices or appliances, to establish uniform or other standards of equipment, and to require the performance of any other act which the health or safety of its employees, customers or the public may demand [.]

386.610. . . . The provisions of this chapter shall be liberally construed with a view to the public welfare, efficient facilities and substantial justice between patrons and public utilities.

393.130. 1. [E]very electrical corporation . . . shall furnish and provide such service instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable. All charges made or demanded by any such . . . electrical corporation . . . for . . . electricity . . . rendered or to be rendered shall be just and reasonable and not more than

allowed by law or by order or decision of the commission. Every unjust or unreasonable charge made or demanded for . . . electricity . . . or in connection therewith, or in excess of that allowed by law or by order or decision of the commission is prohibited.

2. No . . . electrical corporation . . . shall directly or indirectly by any special rate, rebate, drawback or other device or method, charge, demand, collect or receive from any person or corporation a greater or less compensation for . . . electricity . . . or for any service rendered or to be rendered or in connection therewith, except as authorized in this chapter, than it charges, demands, collects or receives from any other person or corporation for doing a like and contemporaneous service with respect thereto under the same or substantially similar circumstances or conditions.

3. No . . . electrical corporation . . . shall make or grant any undue or unreasonable preference or advantage to any person, corporation or locality, or to any particular description of service in any respect whatsoever, or subject any particular person, corporation or locality or any particular description of service to any undue or unreasonable prejudice or disadvantage in any respect whatsoever [.]

393.140. The commission shall:

(1) Have general supervision of all . . . electrical corporations . . . having authority under any special or general law or under any charter or franchise to lay down, erect or maintain wires, pipes, conduits, ducts or other fixtures in, over or under the streets, highways and public places of any municipality, for the purpose of . . . transmitting electricity for light, heat or power, or maintaining underground conduits or ducts for

electrical conductors, . . . , and all . . . electric plants . . . owned, leased or operated by any . . . electrical corporation [.]

(2) [E]xamine or investigate the methods employed by such persons and corporations in manufacturing, distributing and supplying . . . electricity for light, heat or power and in transmitting the same, . . . , and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such . . . electricity, . . . and those employed in the manufacture and distribution thereof, and have power to order reasonable improvements and extensions of the works, wires, poles, pipes, lines, conduits, ducts and other reasonable devices, apparatus and property of . . . electrical corporations [.]

(3) Have power . . . to prescribe from time to time the efficiency of the electric supply system, of the current supplied and of the lamps furnished by the persons or corporations generating and selling electric current [.]

(4) Have power, in its discretion, to prescribe uniform methods of keeping accounts, records and books, to be observed by . . . electrical corporations . . . engaged in the manufacture, sale or distribution of . . . electricity for light, heat or power [.]

(5) [To determine whether] rates or charges or the acts or regulations of any such persons or corporations are unjust, unreasonable, unjustly discriminatory or unduly preferential or in any wise in violation of any provision of law, [and] determine and prescribe the just and reasonable rates and charges thereafter to be in force for the service to be furnished, notwithstanding that a higher rate or charge has heretofore been authorized by statute, and the just and reasonable acts and regulations to be done and observed; and whenever the commission shall be of the opinion, after a hearing had upon its own motion

or upon complaints, that the property, equipment or appliances of any such person or corporation are unsafe, insufficient or inadequate, the commission shall determine and prescribe the safe, efficient and adequate property, equipment and appliances thereafter to be used, maintained and operated for the security and accommodation of the public and in compliance with the provisions of law and of their franchises and charters.

* * *

(8) Have power . . . after hearing, to prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited.

* * *

(11) Have power to require every . . . electrical corporation . . . to file with the commission and to print and keep open to public inspection schedules showing all rates and charges made, established or enforced or to be charged or enforced, all forms of contract or agreement and all rules and regulations relating to rates, charges or service used or to be used, and all general privileges and facilities granted or allowed by such . . . electrical corporation [.] The commission shall have power to prescribe the form of every such schedule, and from time to time prescribe by order such changes in the form thereof as may be deemed wise [.]

Appendix 3: Conditions Determined on the Merits

The Commission grants the CCN application and the transfer application subject to the following provisions, as drawn verbatim from the *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*,⁷¹ which are subject to the report and order. The parties refer to the settlement, defined in the body of this report and order, as the “Unanimous Stipulation and Agreement” the “Unanimous First Amendment [.]”

1. The Unanimous Stipulation and Agreement, attached hereto as Attachment 1, and the Unanimous First Amendment to that Stipulation, attached hereto as Attachment 2, are approved and adopted, and the signatory parties are ordered to comply with their terms. The Commission is not a party to the Stipulation and only approves the agreements that have been entered into by the Signatories.

2. KCP&L and GMO’s Transfer Application is granted conditioned upon the terms of the Unanimous Stipulation and Agreement and the Unanimous First Amendment, including the Commission making specific findings after the final selection of the Sibley-Nebraska City route.

3. KCP&L and/or GMO shall file a copy of the final purchase agreement, detail of the costs included in CWIP, and detail of the property to be transferred at the time of transfer of the Projects’ facilities.

4. To the extent that the SPP NTCs regarding the Projects are assets, the Commission approves KCP&L and GMO’s plans to novate those NTCs.

⁷¹ EFIS No. 110, page 14 through 16, part I.D., paragraphs 1 through 11.

5. The Commission's Affiliate Transactions Rule sections 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 are waived with respect to:

- a. The transfer, license, or assignment of transmission assets, easements, or right of ways (or use thereof) owned by GMO or KCP&L associated with the Projects;
- b. Materials and services provided by KCP&L or GMO to Transource, Transource Missouri, or a subsidiary for the Projects prior to novation or transfer of the cost of the Projects to Transource Missouri; and
- c. Information, assets, goods, and services provided by KCP&L or GMO to Transource, Transource Missouri, or a subsidiary until the Projects are in service.

6. The Commission's Affiliate Transactions Rule sections 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 are waived to the extent necessary to allow KCP&L and GMO to use a 20% markup to their fully distributed cost methodology in lieu of using the fair market value under the Rule with respect to:

- a. Non-Project goods and services (if the Signatories cannot agree regarding the reasonableness of these charges, this matter shall be taken to the Commission for resolution);⁷² and

⁷² Although the Signatories have not expressly requested a waiver of the Rule in Paragraph 6 of the Stipulation, the Commission finds that the provisions of Paragraph 6 propose treating non-Project goods and services in a manner different from the requirements of the Rule and, therefore, the Commission will treat Paragraph 6 as requesting a waiver of the Rule to the extent of its provisions.

b. Information, assets, goods, and services provided by KCP&L or GMO to Transource, Transource Missouri, or a subsidiary for the Projects after they are in service.

7. KCP&L and GMO shall file for Commission approval of their cost allocation manuals (“CAMs”) before providing any information, assets, goods, and services to Transource or Transource Missouri after either the novation or transfer of the cost of the Projects, whichever occurs first, but KCP&L and GMO may provide to Transource or Transource Missouri information, assets, goods, and services in a manner consistent with the provisions of the Stipulation prior to Commission approval of their CAMs.⁷³

8. Transource Missouri’s CCN Application is granted conditioned upon the terms of the Unanimous Stipulation and Agreement and the Unanimous First Amendment, including the Commission making specific findings after the final selection of the Sibley-Nebraska City route.

9. Transource Missouri shall provide the Commission with the 4 CSR 240-3.105 information for the Sibley-Nebraska City route as soon as that information is available.

10. The reporting requirements of 4 CSR 240-3.175, Submission Requirements For Electric Utility Depreciation Studies, are waived subject to the Stipulation’s provision regarding Staff’s and OPC’s access to documents.

11. Subsections 4 CSR 240-3.190 (1), (2), and (3)(A)-(D), Reporting Requirements For Electric Utilities And Rural Electric Cooperatives, are waived for Transource Missouri.

⁷³ Transcript, Vol. 2 at 108-10; 4 CSR 240-20.015(3)(D), 4 CSR 240-20.015(10)(A)2.B.

Appendix 4: Consent Order

The Signatories agree to a grant of the CCN application and the transfer application subject to the following provisions, drawn verbatim from the *Second Joint Proposed Order and Joint Proposed Consent Order Approving Unanimous Stipulation and Agreement*,⁷⁴ and the settlement, which are subject to the provisions of the report and order.

1. The Stipulation contains a series of agreements among the Signatories that, among other things, require them (particularly the Applicants) to fulfill certain obligations. The Stipulation also specifies the establishment of certain regulatory liabilities and the manner of their future treatments. The Stipulation provides a process for administering affiliate transactions between the Signatories and related parties.

2. In particular, Section II(A) of the Stipulation provides for certain rate treatment respecting costs allocated to KCP&L or GMO by SPP involving FERC items such as authorized return on equity (“ROE”), capital structure, construction work in progress (“CWIP”), or other FERC transmission rate incentives for the Iatan-Nashua Project and the Sibley-Nebraska City Project facilities located in KCP&L’s and GMO’s respective service territories that are constructed by Transource Missouri. KCP&L and GMO have agreed to make these adjustments in all rate cases so long as the transmission facilities are in service.

A. Rate Treatment – Affiliate Owned Transmission

1. With respect to transmission facilities located in KCP&L certificated territory that are constructed by Transource Missouri that are part of the Iatan-Nashua and Sibley-Nebraska City Projects, KCP&L agrees that for ratemaking purposes in Missouri the costs allocated to KCP&L by SPP will be adjusted by an amount equal to the difference between: (a) the SPP

⁷⁴ EFIS No. 110, page 16 through 18, section II, paragraphs 1 through 8.

load ratio share of the annual revenue requirement for such facilities that would have resulted if KCP&L's authorized 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 (b) the SPP load ratio share of the annual FERC-authorized revenue requirement for such facilities. KCP&L will make this adjustment in all rate cases so long as these transmission facilities are in service.

2. With respect to transmission facilities located in GMO certificated territory that are constructed by Transource Missouri that are part of the Iatan-Nashua and Sibley-Nebraska City Projects, 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: (a) the SPP load ratio share of the annual revenue requirement for such facilities that would have resulted if GMO's authorized ROE and capital structure had been applied and there had been no 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 (b) the SPP load ratio share of the annual FERC-authorized revenue requirement for such facilities. GMO will make this adjustment in all rate cases so long as these transmission facilities are in service.

3. Sections II(B) and II(D) address issues under the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015 ("Rule"). The Signatories agreed that provisions of the Affiliate Transactions Rule, 4 CSR 240-20.015, should apply to transactions between KCP&L and GMO on the one hand, and GPE, Transource, and Transource's utility subsidiaries on the other hand, except for the waivers as provided for in Paragraphs 4 through 6, and 11 through 13 of the Stipulation. All Signatories reserved the right to seek or oppose additional waivers for other projects (i.e., projects other than the Iatan-Nashua

Project and the Sibley-Nebraska City Project) from the Affiliate Transactions Rule in the future.⁷⁵

B. Affiliate Transactions Rule

3. The provisions of the Affiliate Transactions Rule, 4 CSR 240-20.015, shall apply to transactions between KCP&L and GMO on the one hand, and GPE, Transource Missouri, and Transource Missouri's utility subsidiaries on the other hand, except for the waivers as provided for in paragraphs 4 through 6, and 11 through 13. All Signatories reserve the right to seek or oppose additional waivers for other projects (i.e., projects other than the Projects) from the Affiliate Transactions Rule in the future.

4. The Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to transfer, license, or assignment of easements or right of ways (or use thereof, including joint usage where KCP&L/GMO are using the easement or right of way and permit Transource Missouri to use the same easement or right of way) owned by GMO or KCP&L associated with the Projects. The affiliate transactions referenced in this paragraph are subject to the provisions of paragraph 7.

5. The Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to materials and services (including, but not limited to, usage of KCP&L/GMO employees, contracted labor/services, vehicles, equipment, and facilities) provided by KCP&L or GMO to Transource Missouri, Transource Missouri, or a subsidiary for the Projects prior to novation or transfer of the cost of the Projects to Transource Missouri. The providing entity shall be compensated for these materials and services including Allowance for Funds Used During Construction ("AFUDC") and capitalized property taxes at its fully distributed cost at the time of transfer of the cost of the Projects.

6. The Signatories agree that non-Project goods and services (defined as goods and services that are not directly related to the Projects) were to be provided and are to be

⁷⁵ Transcript, Vol. 2 (Apr. 16, 2013) at 103-09; 4 CSR 240-20.015(10); 4 CSR 240-2.060(4).

provided at the higher of fair market value or fully distributed cost by KCP&L to Transource Missouri, Transource Missouri, and GPE prior to the novation or transfer of the cost of the Projects. KCP&L and GMO will, by June 1, 2013, ensure that charges to Transource Missouri, Transource Missouri, and GPE regarding the development and formation of Transource Missouri and Transource Missouri reflect the higher of fair market value or the fully distributed cost. The Signatories agree that KCP&L and GMO can use a 20% markup to their fully distributed cost methodology for such goods and services in lieu of using the fair market value. If the Signatories cannot agree regarding the reasonableness of these charges, this matter will be taken to the Commission for resolution. In support of the resolution of the treatment for non-Project goods and services provided prior to the novation or transfer of the cost of the Projects, KCP&L and GMO will contribute a total of \$50,000 to the State School Fund or a mutually agreeable organization. This contribution will not be recovered from KCP&L and GMO customers. The Signatories agree that all outstanding issues related to the provision of non-Project goods and services to Transource Missouri, Transource Missouri, and GPE prior to the novation or transfer of the cost of the Projects are resolved, except as provided in this paragraph.

7. Transource Missouri will pay GMO the higher of \$5.9 million or net book value for transferred transmission assets, easements, and right-of-ways that have been previously included in the rate base and reflected in the retail rates of KCP&L and GMO customers. KCP&L and GMO agree to book a regulatory liability reflecting the value of this payment to the extent it exceeds net book value. This regulatory liability shall be amortized over three years beginning with the effective date of new rates in KCP&L's and GMO's next retail rate cases.

D. KCP&L Operations Specific to the Projects

11. If KCP&L assists Transource Missouri for the Projects in communicating with local landowners in the KCP&L and GMO certificated service territories, with local governmental authorities, and with other members of the public, or if KCP&L continues to provide ongoing construction management, cost control management, engineering services, construction services, procurement of materials, and related services for the Projects, the Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-

20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to information, assets, goods, and services (including, but not limited to, usage of KCP&L or GMO employees, contracted labor/services, vehicles, equipment, and facilities) provided by KCP&L or GMO to Transource Missouri, Transource Missouri, or a subsidiary until the Projects are in service. These materials and services will be provided at fully distributed cost until the Projects are in service. For the purposes of this paragraph and paragraph 12, “in service” is defined as the commercial operation date for each of the Projects.

12. If KCP&L provides operations and maintenance services and related capital for the Projects after they are in service, it will do so in a manner consistent with the application of the Commission’s Affiliate Transactions Rule, except that the Signatories request that the Commission waive 4 CSR 240-20.015(2)(A)2, 4 CSR 240-20.015(2)(B), and 4 CSR 240-20.015(3)(C)4 with respect to information, assets, goods, and services (including, but not limited to, usage of KCP&L or GMO employees, contracted labor/services, vehicles, equipment, and facilities) provided by KCP&L or GMO to Transource Missouri, Transource Missouri, or a subsidiary to the extent necessary to allow KCP&L and GMO to use a 20% markup to their fully distributed cost methodology in lieu of using the fair market value.

13. KCP&L and GMO shall file for Commission approval of their Cost Allocation Manuals (“CAM”) before providing any information, assets, goods, and services to Transource Missouri or Transource Missouri after either the novation or transfer of the cost of the Projects, whichever occurs first. The Signatories agree that KCP&L and GMO can provide information, assets, goods, and services to Transource Missouri or Transource Missouri in a manner consistent with the provisions of this Stipulation prior to Commission approval of the CAM.

4. The Signatories have agreed to certain payments to be made by Transource Missouri, KCP&L and GMO, including their regulatory treatment.⁷⁶ The Signatories have

⁷⁶ Stipulation, Paragraph II(B)(7) at p. 7: “Transource Missouri will pay GMO the higher of \$5.9 million or net book value for transferred transmission assets, easements, and right-of-ways that have been previously included in the rate base and reflected in the retail rates of KCP&L and GMO customers. KCP&L and GMO agree to book a regulatory liability reflecting the value of this payment to the extent it exceeds net book value. This regulatory liability shall be amortized over three years beginning with the effective date of new rates in

also agreed to other procedures that KCP&L, GMO, Transource Missouri, and their affiliates will follow with regard to the Projects.

5. The Stipulation contains provisions regarding the future operations of the Applicants in Section II(C), reporting requirements in Section II(E), and access by Staff and OPC to the books and records of Transource Missouri and Transource Energy in Section II(F). There are additional conditions in Section II(G) regarding the final selection of the route of the Sibley-Nebraska City Project, as well as public outreach efforts related to the siting, routing, easement acquisition and right-of-way acquisition for the Projects.

C. Transource Missouri Operations/Future Transfer

8. Transource Missouri will not pursue future transmission projects that are subject to a right of first refusal (“ROFR”) in the KCP&L and GMO respective certificated service territories.

9. KCP&L and GMO will pursue future transmission projects subject to ROFR in their respective certificated service territories. KCP&L or GMO may seek a waiver from the provisions of this paragraph from the Commission for good cause.

10. Transource Missouri agrees to seek approval from the Commission for any subsequent transfer of the Projects’ facilities.

E. Additional Reporting and Provision of Information Regarding the Projects

14. KCP&L will file a copy of the final purchase agreement, detail of the costs included in CWIP, and detail of the property to be transferred at the time of transfer of the Projects’ facilities.

15. KCP&L, GMO, and/or Transource Missouri will continue coordinated efforts with Omaha Public Power District

KCP&L’s and GMO’s next retail rate cases.” Stipulation, Paragraph II(B)(6) at p. 6: “... KCP&L and GMO will contribute a total of \$50,000 to the State School Fund or a mutually agreeable organization. This contribution will not be recovered from KCP&L and GMO customers.”

until the details of the routing and interception point for the Sibley-Nebraska City line are finalized.

16. KCP&L, GMO, and/or Transource Missouri will provide to Staff and OPC the Sibley-Nebraska City Project cost control budget estimate in the fourth Quarter of 2013.

17. KCP&L, GMO, and/or Transource Missouri will continue to file quarterly status reports on the Iatan-Nashua Project to the Commission, as KCP&L and GMO are doing in File No. EO-2012-0271.

18. KCP&L, GMO, and/or Transource Missouri will file in File No. EA-2013-0098, or other case as designated by the Commission, quarterly status reports on the Sibley-Nebraska City Project to the Commission consistent with those provided by KCP&L and GMO in File No. EO-2012-0271.

19. Updates to SPP regarding the Projects are now being entered on a quarterly basis directly into SPP's Transmission and Generation Interconnection Tracking ("TAGIT") project tracking database through a secure interface. SPP reviews the updates and includes them in its quarterly Project Tracking Reports, which are publicly available on SPP's website. Transource Missouri will provide to Staff and OPC any other periodic updates required by SPP regarding the Projects that are not included in the publicly available quarterly Project Tracking Reports.

F. Access to Books and Records Necessary for the Commission to Perform Its Statutory Duties

20. Transource Missouri will produce in Missouri, upon reasonable notice, duplicate copies of Transource Missouri's and Transource Missouri's books and records.

21. Transource Missouri will provide Staff and OPC access to the following documents, including but not limited to: (a) Meeting Minutes of, and Materials distributed at, the Transource Missouri Board of Managers and Members (including Committee Minutes and Materials); (b) Meeting Minutes of, and Materials distributed at, the Transource Missouri Board of Managers and Members (including Committee Minutes and Materials); (c) Workpapers of the external auditors of Transource Missouri; (d) Workpapers of the external auditors of Transource Missouri; (e) General

Ledger (provided electronically) of Transource Missouri; (f) General Ledger (provided electronically) of Transource Missouri; (g) Chart of Accounts and Written Accounting Policies of Transource Missouri; (h) Chart of Accounts and Written Accounting Policies of Transource Missouri; (i) Organizational Charts of Transource Missouri; (j) Organizational Charts of Transource Missouri; (k) Total Company and Missouri Jurisdictional Financial Statements (Income Statement, Balance Sheet, Statement of Cash Flows) on a Quarterly Basis of Transource Missouri; (l) Total Company and Missouri Jurisdictional Financial Statements (Income Statement, Balance Sheet, Statement of Cash Flows) on a Quarterly Basis of Transource Missouri; (m) Monthly Operating/Financial Reports of Transource Missouri (used for internal reporting of the utility ongoing operations and earnings results); (n) Monthly Operating/Financial Reports of Transource Missouri (used for internal reporting of the utility ongoing operations and earnings results); (o) Construction and Operating Budgets for the Current and Succeeding Three Years of Transource Missouri; (p) Construction and Operating Budgets for the Current and Succeeding Three Years of Transource Missouri; (q) Federal and Missouri Income Tax Returns of Transource Missouri; and (r) Federal and Missouri Income Tax Returns of Transource Missouri.

22. Transource Missouri will work with Staff to provide office space in Columbus, Ohio if it is more efficient for the Staff to perform its duties in Columbus, rather than by reviewing copies of books and records provided in Missouri.

23. New or updated agreements between the Applicants that are executed after the approval of the settlement agreement in this case will be provided to the Signatories as they become available.

G. Additional Conditions Agreed to for Approval of Applications

24. GMO agrees to establish a regulatory liability reflecting the amount collected in retail customer rates for the transferred property from the date of the novation or transfer of the costs of the Projects until new GMO rates are established. The treatment of the regulatory liability will be determined in GMO's next retail rate case.

25. Transource Missouri requested that the Commission grant approval of the CCN Application conditioned upon: (a) PSC approval of the transfer requests in File No. EO-2012-0367; (b) SPP's approval of Transource Missouri as a transmission owning member; (c) novation of the NTCs to Transource Missouri; and (d) FERC's acceptance of the novation agreements.

26. KCP&L and GMO requested that the Commission grant approval of the Transfer Application conditioned upon: (a) Transource Missouri obtaining the necessary approvals to construct the Projects; (b) Transource Missouri executing the SPP Membership Agreement as a Transmission Owner; (c) SPP's approval of the novation of the NTCs to Transource Missouri; and (d) FERC's acceptance of the novation agreements.

27. The Signatories agree that it would be reasonable for the Commission to grant conditional approval of KCP&L and GMO's Transfer Application and Transource Missouri's CCN Application prior to the final selection of route for the Sibley-Nebraska City Project. The Signatories request that the Commission grant approval conditioned upon the Commission making specific findings, through means determined at the Commission's discretion, after the final selection of the Sibley-Nebraska City route has been made, that the Transfer Application is not detrimental to the public interest and that the CCN Application is necessary and convenient for the public service. Transource Missouri shall provide the Commission with the 4 CSR 240-3.105 information for the Sibley-Nebraska City route as soon as that information is available.

28. Nothing in this Stipulation restricts any Signatory's right to request reasonable additional notice, local public hearings, or additional processes in these cases. No Signatory is restricted from opposing such request to the Commission.

29. KCP&L and GMO will provide the Commission with a report and information in File No. EA-2013-0098 within 90 days of the effective date of a Commission order approving this Stipulation outlining its public outreach efforts for siting, routing, easement acquisition and right-of-way acquisition for the Projects. KCP&L and GMO will update the report at least quarterly thereafter.

6. The Commission has thoroughly reviewed the terms of the Stipulation, as well as the Signatories' Joint Memorandum in Support of the Stipulation and other submissions which they have submitted jointly and individually. The Commission has also reviewed the hearing exhibits that have been entered into the record in this case. Based upon its review of the record and the Stipulation, the Commission independently finds and concludes that the Stipulation's proposed terms are in the public interest, and that they are necessary and convenient for the public service.

7. Although the Commission's review and approval of the Stipulation does not mean that it is issuing a decision on the merits of each of the individual elements of the Stipulation, the Commission finds that the agreement entered into by the Signatories is fair and reasonable, is not detrimental to the public interest, and serves the necessity and convenience of the public.

8. The Commission finds that the actions that the Stipulation requires the Applicants to take, and the process and procedures that the Signatories have agreed to follow as the Projects are constructed and operated all relate to the promotion of efficient facilities to serve the public, and they achieve substantial justice between patrons and public utilities. PSC v. Missouri Gas Energy, 388 S.W.3d 221, 228 (Mo. App. W.D. 2012), citing Section 386.610. Consequently, it is in the public interest for the Commission to approve the Stipulation as submitted by the Signatories.