

**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 Transfer Functional Control of)	Case No. EO-2009-0179
Certain Transmission Assets to the)	
Southwest Power Pool, Inc.)	

STIPULATION AND AGREEMENT

As a result of discussions among KCP&L Greater Missouri Operations Company (“KCP&L-GMO”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“Public Counsel”), The Empire District Electric Company (“Empire”), Dogwood Energy LLC (“Dogwood”), and Southwest Power Pool Inc. (“SPP”) (collectively, the “Signatories”, and individually, a “Signatory”), the Signatories hereby submit to the Missouri Public Service Commission (“MoPSC”) for its consideration and approval this Stipulation and Agreement (“Stipulation”), in resolution of Case No. EO-2009-0179. With regard to this Stipulation, the Signatories state as follows:

I. BACKGROUND

A. On November 12, 2008, KCP&L-GMO initiated the present case by filing an application (“Application”) seeking MoPSC approval of its participation in SPP in its function as a Regional Transmission Organization (“RTO”). The Application was accompanied by supporting direct testimony.

B. On November 18, 2008, Dogwood filed an application to intervene. On November 19, 2008, SPP and Empire also filed applications to intervene. In an order dated December 19, 2008, the MoPSC granted intervention to all three parties.

C. On January 7, 2009, in compliance with the MoPSC's December 19, 2008 Order, an initial prehearing conference was held.

D. The Signatories have reached a settlement agreement with terms similar to those in the Stipulation and Agreement approved by the MoPSC in Case No. EO-2006-0142 ("KCP&L Agreement"). The KCP&L Agreement is included as Attachment A. The following provisions memorialize this Stipulation.

II. STIPULATIONS

A. INTERIM AND CONDITIONAL APPROVAL OF KCP&L-GMO'S PARTICIPATION IN SPP

(1) Approval/Term

KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood agree that the MoPSC should conditionally approve on an interim basis KCP&L-GMO's participation in SPP in accordance with the SPP Membership Agreement and KCP&L-GMO's transfer of functional control of certain KCP&L-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.F(1) of this Stipulation, the Signatories agree that KCP&L-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. KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood further agree, and SPP acknowledges, that the approval is interim and conditional during a term from the Effective Date through September 30, 2013¹ ("Interim Period"), as the Effective Date is determined in Section II.A(2)(g) herein, unless extended pursuant to Section II.E(2) herein. If the MoPSC does not issue an order to terminate or extend its interim approval prior to the end of the Interim Period, approval of such participation shall no

¹ September 30, 2013 is the termination date of the Interim Period under the KCP&L Agreement.

longer be deemed to be interim. Two (2) years prior to the conclusion of the Interim Period, KCP&L-GMO shall file a pleading accompanied by a study (“Interim Report”) comparing the costs and estimated benefits² of participation in SPP during a recent twelve-month test period. As described in Section II.D, the pleading shall address the merits of KCP&L-GMO’s continued participation in SPP.

(2) Approval Provisions

(a) Service Agreement Provision

The Signatories have agreed upon the terms and conditions of an Agreement for the Provision of Transmission Service to Missouri Bundled Retail Load (the “Service Agreement”), a copy of which is attached to this Stipulation as Attachment B. The details of the Service Agreement provisions are presented in Section II.B of this Stipulation. Any unanticipated actions by the Federal Energy Regulatory Commission (“FERC”) with respect to its approval of the Service Agreement are discussed in Section II.C of this Stipulation.

(b) Continued and Further Participation in SPP

KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood have agreed upon the terms and conditions for KCP&L-GMO’s continued and further participation in SPP. The details of these provisions are presented in Section II.D of this Stipulation.

(c) Withdrawal from SPP

² What is contemplated in this Interim Report is that the actual (modeled) production costs for KCP&L-GMO participating in the SPP facilitated markets will be compared to an estimate of what those costs would have been absent such participation for a twelve-month period. This Interim Report does not anticipate a SPP-wide cost-benefit study.

KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood have agreed upon the terms and conditions related to any MoPSC order directing KCP&L-GMO's withdrawal from SPP. The details of these provisions are presented in Section II.E of this Stipulation.

(d) SPP Administrative Cost Provision

During the Interim Period, if SPP's administrative charge in Schedule 1-A of the SPP Open Access Transmission Tariff ("OATT"), excluding the portion of the charge related to the provision of additional market related services,³ exceeds 22.5 cents per MWh⁴, KCP&L-GMO (with the assistance of SPP) shall file with the MoPSC a pleading within six months of the date that SPP's Board of Directors approves such a charge. The pleading shall address the reasons for the increase in the Schedule 1-A charge and the merits of KCP&L-GMO's continued participation in SPP. When this pleading is filed, KCP&L-GMO also agrees to provide the Staff and Public Counsel with a comparison of actual (modeled) production costs from participation in the SPP EIS market to an estimate of what those costs would have been, absent its participation in that market. KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood acknowledge that, 1) prior to the end of the Interim Period, the MoPSC has the jurisdiction to order that KCP&L-GMO's approval for participation in SPP be terminated, modified, or further conditioned, and 2) if the MoPSC rescinds its approval of KCP&L-GMO participation in SPP, it has the jurisdiction to require KCP&L-GMO to timely initiate any notices,⁵ filings⁶ and actions⁷ necessary to seek

³ Currently, Schedule 1-A recovers the administrative costs for all SPP services, including the cost of the EIS market. Additional market related services are discussed in Section II.D(2).

⁴ This is the same amount as in the KCP&L Agreement.

⁵ SPP Membership Agreement currently requires a twelve-month notice of intent to withdraw.

⁶ A filing to withdraw would be required at FERC.

withdrawal. SPP acknowledges that there is a possibility that the MoPSC could issue such an order to KCP&L-GMO.

(e) SPP Geographic Scope and Function Provisions

If KCP&L is required to make a filing under Section II.A(2)(e) of the KCP&L Agreement (“SPP Geographic Scope and Function Provisions”), then KCP&L-GMO agrees to simultaneously file with the MoPSC a pleading to show whether or not continued participation in SPP is detrimental to the public interest.

If Staff or Public Counsel believes a change in SPP geographic scope or functions performed has occurred, as described in Section II.A(2)(e) of the KCP&L Agreement, that materially reduces the expected net benefits of KCP&L-GMO participating in SPP, then Staff or Public Counsel may file a pleading addressing whether or not continued participation in SPP is detrimental to the public interest. KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood acknowledge that, 1) prior to the end of the Interim Period, the MoPSC has the jurisdiction to order that its approval of KCP&L-GMO’s participation in SPP be terminated, modified, or further conditioned; and 2) if the MoPSC rescinds its approval of KCP&L-GMO participation in SPP, it has the jurisdiction to require KCP&L-GMO to timely initiate any notices, filings and actions necessary to seek withdrawal. SPP acknowledges that there is a possibility that the MoPSC could issue such an order to KCP&L-GMO.

(f) Joint Operating Agreements Provision

As part of this Stipulation, SPP agrees to use its best efforts to develop and maintain joint operating agreements with the transmission providers (currently Associated Electric Cooperative

⁷ Such actions would include reestablishing functional control as transmission provider by KCP&L-GMO or joining another transmission organization.

Inc.; Entergy Corporation; and Midwest Independent Transmission System Operator) at SPP's Missouri seams.

(g) Sunset Provision and Effective Date

The authorization granted as contemplated herein shall be exercised by KCP&L-GMO, if at all, by the date that is 90 days after the date the Service Agreement has been accepted or approved by the FERC. However, in no case shall the permission granted herein be exercised after March 31, 2010. Notwithstanding the foregoing provisions, the deadlines established by this paragraph may be extended for good cause by the MoPSC upon a request made by KCP&L-GMO. Within 10 days after KCP&L-GMO exercises the authority granted herein ("Effective Date"), KCP&L-GMO will file notice of such with the MoPSC and provide copies of such notice to the Signatories.

B. SERVICE AGREEMENT

(1) Approval – Condition Precedent to KCP&L-GMO's Participation

The Signatories have agreed upon the terms and conditions of the Service Agreement. KCP&L-GMO agrees, and SPP acknowledges, that the MoPSC's approval of KCP&L-GMO's participation in SPP is subject to the condition precedent that the Service Agreement will be accepted or approved by the FERC. KCP&L-GMO and SPP agree to promptly execute the Service Agreement, and SPP will file the Service Agreement with the FERC following the filing of this Stipulation and the Service Agreement with the MoPSC. If the MoPSC approves this Stipulation (which will include MoPSC's approval of the Service Agreement), and if the FERC unconditionally accepts the Service Agreement, no further proceedings before the MoPSC with regard to approval of the Service Agreement will be required as part of the conditional approval

of KCP&L-GMO's participation in SPP as contemplated herein, and this condition precedent shall be satisfied.

If, however, the FERC orders changes to or modifies the Service Agreement, KCP&L-GMO and SPP will determine if such changes or modifications are acceptable. If they are not acceptable, KCP&L-GMO and SPP will attempt to agree to changes or modifications that they believe would result in FERC acceptance or approval. If KCP&L-GMO and SPP cannot agree to a modified Service Agreement, the condition precedent will be deemed not satisfied. If KCP&L-GMO and SPP agree upon modifications to the Service Agreement, they shall notify the MoPSC of their proposed changes or modifications to the Service Agreement. If the MoPSC determines after such notification that KCP&L-GMO's participation in SPP would be detrimental to the public interest, this condition precedent will be deemed not satisfied. If the MoPSC determines after such notification that KCP&L-GMO's participation in SPP would not be detrimental to the public interest, then FERC acceptance or approval of the modified Service Agreement will satisfy this condition precedent.

(2) Purpose of Service Agreement

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

Relationship Between the Service Agreement and FERC Determined Incentives

For example, in response to Section 1241 of the Energy Policy Act of 2005 ("EPAct 2005"), the FERC has 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*⁸ or a *Transmission Organization*.⁹ Consistent with Section 3.1 of the Service Agreement and its primary function, KCP&L-GMO recognizes that the MoPSC has the sole regulatory authority to determine whether or not such incentives related to KCP&L-GMO's transmission facilities should be included in rates for Missouri Bundled Retail Load.

(3) Network Transmission Service Under the SPP OATT

As a participant in SPP as contemplated herein, KCP&L-GMO will utilize Network Integration Transmission Service from SPP. In this regard, KCP&L-GMO will be subject to all non-rate terms and conditions of the SPP OATT. In addition, KCP&L-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(3) identify specific areas where rate terms and conditions of the SPP OATT apply to KCP&L-GMO. It should be noted that 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.

a. SPP Administrative Charges: KCP&L-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

⁸ 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]

⁹ 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]

as well as any other administrative charges provided by schedules that are in effect from time to time under the SPP OATT. As provided for in Section II.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire 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:

KCP&L-GMO will be subject to SPP charges related to the FERC-approved cost allocation for Base Plan transmission upgrades¹⁰ that include: 1) transmission facility upgrades required by SPP for regional reliability; and 2) upgrades required to provide transmission service from SPP Designated Resources. Such Base Plan transmission upgrades may include transmission facilities not owned by KCP&L-GMO. The allocation of the costs of Base Plan upgrades to KCP&L-GMO currently includes thirty-three (33) percent of such costs to all SPP loads on a pro rata basis (a “Regional Postage Stamp Rate”) with these costs included in Schedule 11 and related attachments of the SPP OATT. In addition, for the remaining sixty-seven (67) percent of Base Plan transmission upgrade costs, a share could be allocated to KCP&L-GMO based on incremental megawatt-mile impacts from the transmission upgrade¹¹. In this regard, KCP&L-GMO acknowledges its commitment to actively participate in the SPP planning process to help ensure that: a) the SPP Base Plan transmission upgrades will adequately meet the reliability needs of the SPP transmission region; and b) the SPP Base Plan transmission upgrades required to meet the region’s reliability needs are cost effective and consistent with good utility practice. SPP will continue to structure its transmission planning processes to further these goals. As

¹⁰ Southwest Power Pool, Inc., Order on Proposed Tariff Provisions, Docket No. ER05-652-000, April 22, 2005.

¹¹ The allocation of Base Plan transmission upgrade costs is subject to review and possible change upon FERC approval.

provided for in Section II.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire 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:

KCP&L-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 portfolios of transmission facility upgrades approved by SPP for economic purposes, which may include facility upgrades not owned by KCP&L-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 KCP&L-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.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire 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 KCP&L-GMO participates in a Supplemental Upgrade that exceeds twenty-five

(25) million dollars in cost (KCP&L-GMO's share), prior to making a commitment, KCP&L-GMO and SPP agree to provide the MoPSC Staff and Public Counsel with a report detailing the need, costs and benefits it anticipates will be associated with the Supplemental Upgrade. As provided for in Section II.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire 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 EIS Market: SPP has implemented an EIS market. The Signatories acknowledge that KCP&L-GMO, as a participant in SPP, will participate in this real-time energy market. The Signatories also acknowledge that the operation of this EIS market will involve both costs and revenues for KCP&L-GMO. As provided for in Section II.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these costs and revenues.

f. Charges for Ancillary Services Not Self-Provided: To the extent ancillary services are not self-provided by KCP&L-GMO as determined in accordance with the SPP OATT, under the SPP OATT, KCP&L-GMO may be subject to charges for these services in order to compensate third party suppliers of ancillary services. 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.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire

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 MoPSC

KCP&L-GMO, Staff, Public Counsel, Empire 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 MoPSC continues to set the transmission component of KCP&L-GMO's rates to serve its Missouri Bundled Retail Load. Therefore, KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood agree that the MoPSC will have the right to rescind its approval of KCP&L-GMO's participation in SPP and to require KCP&L-GMO to timely initiate any notices, filings and actions necessary to seek withdrawal 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 KCP&L-GMO, that has the effect of precluding the MoPSC from continuing to set the transmission component of KCP&L-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 KCP&L-GMO, that has the effect of amending, modifying, changing, or abrogating in any material respect any term or condition of the Service Agreement.

KCP&L-GMO and SPP agree to immediately notify the MoPSC and Public Counsel and KCP&L-GMO agrees to immediately notify the other Signatories if KCP&L-GMO and SPP become 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 MoPSC as a result of an action by FERC as described in subsections (i) or (ii) above, the Signatory wishing to make a filing must do so within ninety (90) days after written notification of such FERC action.

D. CONTINUED AND FURTHER PARTICIPATION IN SPP

(1) Further Filings

KCP&L-GMO will file, two years prior to the conclusion of the Interim Period, a pleading with the MoPSC regarding the matter of its continued participation beyond the Interim Period. This filing will address, among other things, whether a service agreement or similar mechanism for the provision of transmission service to Missouri Bundled Retail Load would be in effect between KCP&L-GMO and any Transmission Organization in which KCP&L-GMO may participate. Concurrently with the filing of its pleading, KCP&L-GMO will file with the MoPSC a completed Interim Report in which it presents the costs and estimated benefits from having participated in the SPP EIS markets. With respect to this Interim Report, KCP&L-GMO agrees to collaborate with the Staff and Public Counsel regarding issues that either party may consider to be critical to a proper cost-benefit analysis. KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood acknowledge that 1) prior to the end of the Interim Period, the MoPSC has the jurisdiction to order that KCP&L-GMO's approval for participation in SPP be terminated, modified, or further conditioned; and 2) if the MoPSC rescinds its approval of KCP&L-GMO participation in SPP, the MoPSC has the jurisdiction to require KCP&L-GMO to timely initiate any notices, filings and actions necessary to seek withdrawal. SPP acknowledges that there is a possibility that the MoPSC could issue such an order to KCP&L-GMO.

(2) Additional Cost-Benefit Analysis

It is the understanding of the Signatories that SPP is in the process of completing a cost-benefit analysis addressing the possible addition of market services (including markets for ancillary services and a day-ahead energy market). No later than SPP's filing at FERC to implement any such SPP approved and expanded market services, KCP&L-GMO agrees to file with the MoPSC the completed cost-benefit analysis.

E. WITHDRAWAL FROM SPP

(1) Timeliness of Withdrawal from SPP: The Signatories agree that any MoPSC order rescinding its approval of KCP&L-GMO's participation in SPP should allow time for KCP&L-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 MoPSC can require KCP&L-GMO to timely initiate any notices, filings and actions necessary to seek withdrawal.

(2) Possible Extension of the Interim Period: The Signatories agree that if the MoPSC rescinds its approval of KCP&L-GMO's continued participation in SPP as a result of a KCP&L-GMO filing under Section II.D(1) of this Stipulation, such a MoPSC decision to rescind would have to be issued by the MoPSC no later than twelve (12) months prior to the end of the Interim Period in order for KCP&L-GMO to be able to withdraw by the end of the Interim Period. In the event that the MoPSC issues such a rescission order less than twelve months prior to the end of the Interim Period, the Signatories agree that the Interim Period shall be extended to preserve an exit period of at least twelve months.

(3) **Possible Exit Obligations:** The Signatories acknowledge that, upon withdrawal from SPP, KCP&L-GMO will be required to pay applicable exit/withdrawal fees and address other SPP related obligations¹² pursuant to SPP's Bylaws, Membership Agreement, and OATT. As provided for in Section II.F(1) of this Stipulation, KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood also acknowledge that no future ratemaking treatment has been agreed upon for these charges.

(4) **Possible Change in SPP Participation:** KCP&L-GMO agrees that, if it decides to seek any fundamental change (e.g., withdrawal from SPP or participation in SPP through an Independent Transmission Company) in its participation in SPP, it shall seek prior approval from the MoPSC no later than five (5) business days after the date of its filing with the FERC for FERC authorization of this change.

F. EFFECT OF THIS NEGOTIATED SETTLEMENT

(1) None of the Signatories shall be deemed to have approved or acquiesced in any question of MoPSC 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, KCP&L-GMO, Staff, Public Counsel, Empire and Dogwood acknowledge that with regard to administration and general costs directly related to compliance with the

¹² For example, obligations related to: 1) KCP&L-GMO's constructing or compensating others for requested upgrades; 2) continuing to provide transmission service granted by SPP on KCP&L-GMO's transmission system; and 3) costs and revenues associated with SPP-approved transmission upgrades.

monitoring provisions of this Stipulation (such as professional services, incremental labor costs, costs related to the preparation of the Interim Report, future cost benefit analyses, and FERC regulatory expenses related to this Stipulation), nothing in this Stipulation is meant to prohibit KCP&L-GMO from seeking an AAO from the MoPSC 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 KCP&L-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 MoPSC 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: 1) the approval contemplated herein is not exercised by the deadlines set forth in Section II.A(2)(g); 2) the MoPSC does not approve and adopt the terms of this Stipulation in total; or 3) the MoPSC approves this Stipulation with modifications or conditions to which a Signatory objects.

(5) When approved and adopted by the MoPSC, 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 KCP&L-GMO.

(6) Nothing in this Stipulation is intended to grant the MoPSC jurisdiction over SPP that it might not otherwise have. Nothing herein shall be deemed consent by SPP to the jurisdiction of the MoPSC. 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 MoPSC. Acceptance of this Stipulation by the MoPSC shall not be deemed as constituting an agreement on the part of the MoPSC to forgo the use of any discovery, investigative or other power or jurisdiction which the MoPSC presently has. Thus, nothing in this Stipulation is intended to change in any manner the exercise by the MoPSC of any statutory right, including the right to access information, or any statutory obligation.

(8) The Signatories agree that, in the event the MoPSC approves this Stipulation without modification or condition, then the prefiled testimony of all witnesses in this proceeding may 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 KCP&L-GMO's authority to participate in SPP as contemplated herein.

(10) Any filings and submittals required of KCP&L under the KCP&L Agreement and of KCP&L-GMO under this Stipulation may be made jointly.

G. MOPSC APPROVAL OF THE STIPULATION

(1) If requested by the MoPSC, the Staff shall submit to the MoPSC a memorandum addressing any matter requested by the MoPSC. Each Signatory shall be served with a copy of any such memorandum and shall be entitled to submit to the MoPSC, 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 MoPSC approves and adopts this Stipulation.

(2) The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the MoPSC, whatever oral explanation the MoPSC requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the MoPSC's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

(3) If the MoPSC does not unconditionally approve this Stipulation without modification, neither this Stipulation, nor any matters associated with its consideration by the

MoPSC, 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 MoPSC for any further purpose whatsoever.

(4) In the event the MoPSC accepts the specific terms of the Stipulation, the Signatories waive their respective rights to call, examine and cross-examine witnesses, pursuant to Section 536.070(2) RSMo 2000; 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 MoPSC Report and Order respecting this Stipulation issued in this proceeding, and does not apply to any matters raised in any subsequent MoPSC proceeding, or any matters not explicitly addressed by this Stipulation.

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

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

(2) 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/ Dean L. Cooper by JMF

Dean L. Cooper MBE #36592
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic mail on this 27th day of February, 2009, to the Parties of record as shown by the Commission's records.

/s/ James M. Fischer

James M. Fischer