

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

In the Matter of the Application of)
Kansas City Power & Light Company for)
the Issuance of an Order Authorizing Construction) Case No. EU-2014-0255
Accounting Relating to its Electrical Operations)

NON-UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW Kansas City Power & Light Company (“KCP&L” or “Company”) and the Staff of the Missouri Public Service Commission (“Staff”)(collectively, the “Signatories”) and hereby respectfully submits this *Non-Unanimous Stipulation and Agreement* (“*Agreement*”) to the Missouri Public Service Commission (“Commission”).

Introduction

1. KCP&L initiated this proceeding by the filing of an *Application* on June 12, 2014 along with accompanying direct testimony. Intervention has been granted to the Midwest Energy Consumers Group (“MECG”) and the Midwest Industrial Energy Consumers (“MIEC”). Following the Commission’s adoption of a procedural schedule, Staff filed rebuttal testimony on November 12, 2014, and KCP&L and the Office of the Public Counsel (“Public Counsel”) filed surrebuttal testimony on December 10, 2014. An evidentiary hearing is currently scheduled for December 17 and 18, 2014.

2. KCP&L and Staff, often but not always with other parties present, have had numerous discussions regarding possible settlement of this matter, the most recent of which occurred on December 10, 2014. As a result of those settlement discussions, KCP&L and Staff have reached the agreements set forth below.

Agreement

3. In exchange for KCP&L's agreement expressed in paragraph 4 hereof, Staff withdraws its opposition of and proposed conditions to the Company's request for construction accounting authority for its La Cygne Environmental Project. Also in exchange for KCP&L's agreement expressed in paragraph 4 hereof, in the event this matter goes to hearing, Staff agrees not to oppose the Commission's issuance of an order granting KCP&L construction accounting authority substantially consistent with paragraph 5 hereof.

4. In exchange for Staff's agreement expressed in paragraph 3 hereof, and upon finality and non-appealability of a Commission order granting KCP&L's request for construction accounting authority for the La Cygne Environmental Project substantially consistent with paragraph 5 hereof, KCP&L agrees to file the attached *Joint Motion for Consolidation* of Case No. EU-2015-0094 (Staff's request for an accounting authority order regarding Department of Energy fees no longer paid by KCP&L) with Case No. ER-2014-0370 (KCP&L's pending general rate case) subject to the terms and conditions expressed in that *Motion for Consolidation*.

5. The Commission order granting KCP&L's request for construction accounting authority called for in paragraph 4 hereof shall:

- a. Authorize KCP&L to continue using construction accounting for the La Cygne Environmental Project for the period of time between when the Project becomes operational and when rate recovery begins for the associated costs;
- b. Authorize KCP&L to defer and record as a regulatory asset 1) depreciation expense that would otherwise be recorded on the Company's income statement when the La Cygne Environmental Project becomes operational,

and 2) carrying costs (equivalent of AFUDC recorded during construction work in progress in the last month before La Cygne Unit 2 and common become operational) that would otherwise cease to be recorded when the La Cygne Environmental Project becomes operational;

- c. Provide that 1) the base La Cygne Environmental Project costs on which carrying costs are calculated for deferral purposes shall not increase after the amount determined at the true-up in Case No. ER-2014-0370, and 2) no additional deferrals shall be recorded for the La Cygne Environmental Project after the effective date of rates in Case No. ER-2014-0370;
- d. Provide that any ratemaking determinations regarding the La Cygne Environmental Project construction accounting deferrals shall be made in Case No. ER-2014-0370; and
- e. Provide that nothing in this *Agreement* or the Commission's order shall limit the arguments (including arguments for offsets to the deferred amounts) any party to Case No. ER-2014-370 may make to contest ratemaking treatment of all, or any part, of the amounts KCP&L defers by construction accounting for the La Cygne Environmental Project.

General Provisions

6. This *Agreement* is being entered into solely for the purpose of settling the issues in this case explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any accounting, ratemaking or procedural principle, including, without limitation, any accounting methodology, cost of service

methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

8. This *Agreement* is 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 *Agreement*: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this *Agreement*, or in any way condition its approval of same.

9. This *Agreement* has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this *Agreement* unconditionally and without modification, then this *Agreement* shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

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

11. If the Commission does not approve this *Agreement* without condition or modification, and notwithstanding the provision herein that it shall become void, (a) neither this *Agreement* nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080 RSMo. or Article V, Section 18 of the Missouri Constitution, and (b) the Signatories shall retain all procedural and due process rights as fully as though this *Agreement* had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this *Agreement* shall become privileged

as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

12. If the Commission accepts the specific terms of this *Agreement* without condition or modification, only as to the matters in this case upon which agreement has been reached as explicitly set forth above, the Signatories each waive: their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo.; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo.; their respective rights to seek rehearing pursuant to Section 386.500 RSMo.; and their respective rights to judicial review pursuant to Section 386.510 RSMo. This waiver applies only to a Commission order approving this *Agreement* without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor to any matters upon which agreement has not been reached as explicitly set forth in this *Agreement*.

13. Counsel for KCP&L has apprised counsel for Public Counsel, MECG and MIEC of the contents of this *Agreement*.

WHEREFORE, KCP&L and Staff offer this *Non-Unanimous Stipulation and Agreement* for the Commission's consideration.

Respectfully submitted,

/s/ Robert J. Hack

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 12th day of December, 2014, to all parties of record.

/s/ Robert J. Hack

Robert J. Hack

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

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service)	Case No. ER-2014-0370
)	
)	
Staff of the Public Service Commission of the State of Missouri)	
)	
)	
Petitioner,)	
v.)	Case No. EU-2015-0094
)	
Kansas City Power & Light Company,)	
)	
Respondent.)	

JOINT MOTION TO CONSOLIDATE CASES

COMES NOW Kansas City Power & Light Company ("KCP&L" or "Company") and the Staff of the Missouri Public Service Commission ("Commission") ("Staff") and for their Joint Motion to consolidate cases, states:

1. On October 9, 2014, Staff filed a petition in Case No. EU-2015-0094 ("0094 Docket") seeking an order from the Commission directing KCP&L to record a regulatory liability in the amount of \$7,019 per day commencing on May 16, 2014, on account of an allowance currently included in the Company's rates for fees KCP&L is no longer paying to the Department of Energy ("DOE") related to spent nuclear fuel storage.

2. On October 30, 2014, KCP&L filed a general rate case with the Commission, Case No. ER-2014-0370 ("Pending Rate Case").

3. KCP&L and Staff believe that the issues regarding the DOE fees raised in the 0094 Docket can most efficiently be addressed in KCP&L's Pending Rate Case. The issue of whether the Commission should order KCP&L to defer and record a regulatory liability for the

subject DOE fees as well as what, if any, ratemaking treatment should be afforded to deferrals recorded pursuant to such an order are best addressed in KCP&L's Pending Rate Case. The Commission has authority to consolidate pending actions involving related questions of law or fact under 4 CSR 240-2.110(3).

4. KCP&L agrees that it will not assert that deferral or ratemaking treatment of the subject DOE fees for the period May 16 through December 31, 2014, is improper or impermissible due to the fact that the Commission had not issued an order directing deferral of the subject DOE fees prior to the closing of KCP&L's books for calendar year 2014. KCP&L may contest deferral or ratemaking treatment of the subject DOE fees on any other grounds.

WHEREFORE, KCP&L and Staff request that the Commission grant this Joint Motion to Consolidate Cases.

Respectfully submitted,

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STAFF OF THE MISSOURI PUBLIC SERVICE
COMMISSION

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this XXth day of December, 2014, to all parties of record.

/s/ Robert J. Hack _____
Robert J. Hack