

Attachment B
(Settlement Agreement)

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Kansas City Power & Light Company)	
)	Docket No. ER10-230-000
)	and ER10-230-001
KCP&L Greater Missouri Operations Company)	

SETTLEMENT AGREEMENT

This Settlement Agreement is made pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. § 385.602 (2010), by and among Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company (“GMO”), both subsidiaries of Great Plains Energy Incorporated (collectively, “KCP&L/GMO”); Kansas Electric Power Cooperative, Inc. (“KEPCo”); Kansas Municipal Energy Agency (“KMEA”); the Kansas Corporation Commission (“KCC”); and the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) (each a “Settling Party” and all collectively, the “Settling Parties”). The Settling Parties enter into this Settlement, including Attachments 1 through 11 attached hereto, to resolve all issues between and among the Settling Parties in Docket No. ER10-230.

ARTICLE I

Background

1.1. On November 6, 2009, in Docket No. ER10-230-000, KCP&L/GMO filed under section 205 of the Federal Power Act (“FPA”) revised tariff sheets for the GMO open access transmission tariff (“OATT”), revised tariff sheets for Schedule 1 of the KCP&L OATT, and proposed tariff revisions for transmission service over the KCP&L and GMO transmission facilities under the Southwest Power Pool (“SPP”) OATT. The

revised tariff sheets provided for recovery of an updated revenue requirement for each company's transmission investment through a cost-of-service formula rate for service over the KCP&L and GMO transmission facilities. KCP&L/GMO requested an effective date of January 1, 2010 for the proposed tariff changes.

1.2. Timely motions to intervene in this proceeding were filed by SPP and the City of Independence, Missouri. Also, timely motions to intervene and protest were filed by KEPCo, KMEA, KCC, and MJMEUC. KCP&L/GMO filed an answer to the protests on December 15, 2009.

1.3. On January 5, 2010, the Commission issued an order conditionally accepting the proposed tariff revisions, suspending them for a nominal period to become effective on January 6, 2010, and establishing hearing and Settlement Judge procedures. *See Kansas City Power & Light Co.*, 130 FERC ¶ 61,009 (2010) ("Hearing Order"). KCP&L/GMO requested rehearing of the Hearing Order on February 4, 2010. On March 5, 2010, the Commission granted rehearing of the Hearing Order for further reconsideration.

1.4. On January 13, 2010, at the unanimous request of the Settling Parties, the Chief Administrative Law Judge ("ALJ") appointed ALJ Michael J. Cianci, Jr. as the Settlement Judge.

1.5. On March 3, 2010, in Docket No. ER10-833-000, SPP made a filing under FPA section 205 to incorporate conforming changes to the SPP OATT to incorporate the formula rates filed by KCP&L/GMO in Docket No. ER10-230-000. On April 28, 2010, the Commission issued a letter order conditionally accepting SPP's filing with an effective date of January 6, 2010, subject to refund and to the outcome of Docket No. ER10-230.

1.6. Settlement Judge Cianci held several settlement conferences among the Settling Parties, SPP and Trial Staff between March and August 2010. The Settling Parties reached an agreement-in-principle to settle all issues in this proceeding during the settlement conference held on August 10, 2010. The agreement-in-principle resulted in the Settlement Agreement that is being filed today.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Settling Parties, intending to be legally bound, agree as follows:

ARTICLE II

Scope of the Settlement Agreement

2.1. The Settling Parties hereby settle and resolve all issues between them involving the matters raised in Docket No. ER10-230, on the terms set forth in the following Article III and in Attachments 1 through 11 of this Settlement Agreement. The substantive terms of the agreement reached by the Settling Parties with respect to the issues set for hearing in this proceeding are contained in the Settlement Term Sheet.

ARTICLE III

Terms of Settlement Agreement

3.1. KCP&L/GMO agree to revise the transmission cost-of-service formula rate templates (“Formula Rate Templates”) and formula rate implementation protocols (“Formula Rate Protocols”) that were accepted, subject to refund, in the Hearing Order to comply with the Settlement Term Sheet set forth in Attachment 1 to this Settlement Agreement. The Settlement Term Sheet is incorporated in and made part of this Settlement Agreement.

3.2. Clean and redline versions of the Formula Rate Templates for KCP&L and GMO are set forth in Attachments 2 through 5 to this Settlement Agreement, and clean and redline versions of the Formula Rate Protocols for KCP&L and GMO are set forth in Attachments 6 through 9 to this Settlement Agreement. In addition, revised populated Formula Rate Templates for KCP&L and GMO using 2008 cost data are set forth in Attachments 10 and 11. The revised Formula Rate Templates and Formula Rate Protocols have been prepared in accordance with the Settlement Term Sheet. The revised Formula Rate Templates and Formula Rate Protocols in Attachments 2 through 9 shall be substituted for the tariff sheets accepted for filing, subject to refund, by the Commission in the Hearing Order. Following the Commission's approval of this Settlement Agreement, KCP&L/GMO shall make a compliance filing to incorporate the revised GMO Formula Rate Template and Formula Rate Protocols into the GMO OATT. In addition, it is the Settling Parties' intent and understanding that SPP will submit a compliance filing with the Commission to make conforming changes to incorporate the revised KCP&L and GMO Formula Rate Templates and Formula Rate Protocols in Attachments 2 through 9 into the SPP OATT.

3.3. Contemporaneously with the filing of this Settlement Agreement, and pursuant to 18 C.F.R. § 375.307(a)(1)(iv), KCP&L/GMO and SPP shall file with the Chief Administrative Law Judge a joint motion for authority to implement the Formula Rate Templates and Formula Rate Protocols on an interim basis, pending the Commission's order addressing this Settlement Agreement. The joint motion will request approval to develop the Annual Update (as defined in the Formula Rate Protocols) for the 2011 rate year in accordance with the revised Formula Rate Templates and Formula Rate Protocols

attached to the Settlement Agreement and to post the Annual Update for the 2011 rate year by October 15, 2010. The joint motion will also ask for the rates in the Annual Update for the 2011 rate year to take effect on an interim basis beginning on January 1, 2011, subject to refund if the Settlement Agreement is not accepted in full by the Commission. The Settling Parties agree that they will not oppose this joint motion.

3.4. It is the Settling Parties' intent that, for the rate year 2010, KCP&L/GMO shall develop and collect rates as if the revised Formula Rate Templates attached to this Settlement Agreement had taken effect on January 6, 2010. Therefore, any overpayments in the rate year 2010 due to the difference between the rates actually paid under the prior versions of the Formula Rate Templates that were accepted, subject to refund, in the Hearing Order and the rates that would have been paid under the revised Formula Rate Templates attached to this Settlement Agreement will be reflected in the True-Up Adjustment (as defined in the Formula Rate Protocols). As provided in the Formula Rate Protocols, this True-Up Adjustment will be posted by June 1, 2011, included in the Annual Update that is posted on September 24, 2011, and included in KCP&L/GMO's rates that take effect on January 1, 2012.

ARTICLE IV

Miscellaneous Provisions

4.1. *Scope of the Agreement.* This Settlement Agreement, including the attachments thereto, constitutes the entire agreement among the Settling Parties with respect to the subject matter addressed herein, and supersedes any and all prior or contemporaneous representations, agreements, instruments and understandings between them, whether written or oral. There are no other oral understandings, terms or conditions,

and none of the Settling Parties has relied upon any representation, express or implied, not contained in this Settlement Agreement.

4.2. *Non-Severability.* The Settling Parties agree and understand that the various provisions of this Settlement Agreement are not severable and shall not become operative unless and until the Commission issues a Final Order (as defined in Section 4.3) accepting or approving this Settlement Agreement as to all its terms and conditions without modification.

4.3. *Effectiveness of Settlement Agreement.* This Settlement Agreement and the provisions hereof shall become effective when accepted or approved by the Commission without modification or condition through a Final Order. For purposes of this Settlement Agreement, an order shall be deemed to be a “Final Order” as of the date rehearing is denied by the Commission, or if rehearing is not sought, as of the date on which the right to seek Commission rehearing expires.

4.4 *Reservations.* No Settling Party shall be bound or prejudiced by any part of this Settlement Agreement unless and until it becomes effective in the manner provided by Section 4.3 hereof. If this Settlement Agreement is not accepted or approved in its entirety without modification or conditions it shall be deemed withdrawn, shall not be considered to be part of the record in this proceeding, and shall be null and void and of no force and effect, unless all of the Settling Parties otherwise agree in writing to such modification or condition.

4.5. *No Admissions or Precedent.* This Settlement Agreement is submitted pursuant to Rule 602, and is inadmissible as evidence in any proceeding, and of no effect unless it is approved and made effective as to all of its terms and conditions without

modification. Further, the making of this Settlement Agreement and its acceptance or approval by the Commission shall not in any respect constitute an admission by any Settling Party, or a determination by the Commission, that any allegation or contention in these proceedings, or concerning any of the foregoing matters, is true or valid. In consideration of all elements of this negotiated settlement, no element of this Settlement Agreement constitutes precedent or should be deemed to be a “settled practice” as that term was interpreted and applied in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). It is further understood and agreed that this Settlement Agreement constitutes a negotiated agreement and, except as explicitly set forth herein, no Settling Party shall be deemed to have approved, accepted, agreed or consented to any principle or position in this proceeding, and none of the provisions of this Settlement Agreement shall be cited or referenced by any party in any federal or state proceeding as establishing any precedent or settled practice.

4.6. *Settlement Discussions.* The discussions between and among the Settling Parties that have produced this Settlement Agreement have been conducted with the explicit understanding, pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602, that all offers of settlement and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant presenting any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any other proceeding, or otherwise, except to the extent necessary to enforce its terms.

4.7. *Further Assurances.* Each Settling Party shall cooperate with and support, and shall not take any action inconsistent with: (i) the filing of this Settlement Agreement

with the Commission, and (ii) efforts to obtain Commission acceptance or approval of the Settlement Agreement. No Settling Party shall take any actions that are inconsistent with the provisions of this Settlement Agreement.

4.8. Waiver. No provision of this Settlement Agreement may be waived except through a writing signed by an authorized representative of the waiving Settling Party. Waiver of any provisions of this Settlement Agreement shall not be deemed to waive any other provision.

4.9. Modifications/Standard of Review. The standard of review the Commission shall apply when acting on proposed modifications to this Settlement Agreement, including the revised Formula Rate Templates and revised Formula Rate Protocols, shall be the “just and reasonable” standard of review under sections 205 and 206 of the FPA. The “just and reasonable” standard shall apply whether the change is proposed by a Settling Party, a non-party or by the Commission acting *sua sponte*.

4.10. Successors and Assigns. This Settlement Agreement is binding upon and for the benefit of the Settling Parties and their successors and assigns.

4.11. Captions. The captions in this Settlement Agreement are for convenience only and are not a part of this Settlement Agreement and do not in any way limit or amplify the terms and provisions of this Settlement Agreement and shall have no effect on its interpretation.

4.12. Ambiguities Neutrally Construed. This Settlement Agreement is the result of negotiations among, and has been reviewed by, each Settling Party and its respective counsel. Accordingly, this Settlement Agreement shall be deemed to be the product of

each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party.

4.13. Authorization. Each person executing this Settlement Agreement on behalf of a Settling Party represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to authorize this Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.

4.14. Notices. All notices, demands, and other communications hereunder shall be in writing and shall be delivered to each Settling Party's "Corporate Official" as found on the Commission's website at <http://www.ferc.gov/docs-filing/corp-off.asp> or the representatives of each Settling Party on the official service list in Docket No. ER10-230.

4.15. Counterparts. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement to be
duly executed.

KANSAS CITY POWER & LIGHT COMPANY and KCP&L GREATER MISSOURI
OPERATIONS COMPANY

By: Donald A. Clark Date: 9/28/10

KANSAS ELECTRIC POWER COOPERATIVE, INC.

By: _____ Date: _____

KANSAS MUNICIPAL ENERGY AGENCY

By: _____ Date: _____

KANSAS CORPORATION COMMISSION

By: _____ Date: _____

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

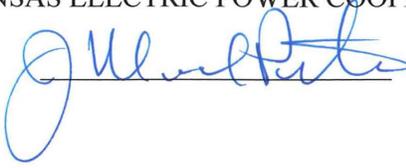
By: _____ Date: _____

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By:  _____ Date: 9-28-10

KANSAS MUNICIPAL ENERGY AGENCY

By: _____ Date: _____

KANSAS CORPORATION COMMISSION

By: _____ Date: _____

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

By: _____ Date: _____

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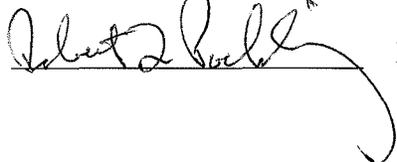
KANSAS CITY POWER & LIGHT COMPANY and KCP&L GREATER MISSOURI
OPERATIONS COMPANY

By: _____ Date: _____

KANSAS ELECTRIC POWER COOPERATIVE, INC.

By: _____ Date: _____

KANSAS MUNICIPAL ENERGY AGENCY

By:  Date: 9/29/10

KANSAS CORPORATION COMMISSION

By: _____ Date: _____

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

By: _____ Date: _____

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OPERATIONS COMPANY

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KANSAS ELECTRIC POWER COOPERATIVE, INC.

By: _____ Date: _____

KANSAS MUNICIPAL ENERGY AGENCY

By: _____ Date: _____

KANSAS CORPORATION COMMISSION

By: Robert T. Smith Date: 9/28/10

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

By: _____ Date: _____

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KANSAS MUNICIPAL ENERGY AGENCY

By: _____ Date: _____

KANSAS CORPORATION COMMISSION

By: _____ Date: _____

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

By: John E. Gumpfer Date: 9/29/10