

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners: Brian J. Moline, Chair  
Robert E. Krehbiel  
Michael C. Moffet

In the Matter of the Application of ) Docket No. 06-KCPE-828-RTS  
Kansas City Power & Light Company for )  
Approval to Make Certain Changes in Its )  
Charges for Electric Service to Begin the )  
Implementation of Its Regulatory Plan. )

**ORDER APPROVING STIPULATION AND AGREEMENT**

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The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

***I. Procedural Background***

1. On January 31, 2006, Kansas City Power & Light Company (KCP&L) filed its Application, asking for changes to its charges for electric service pursuant to K.S.A.

66-117. In its Application, KCP&L stated that the rate application was intended to continue the collaborative process and take constructive steps toward fulfillment of the obligations and commitments that were made by KCP&L in Docket No. 04-KCPE-1025-GIE (1025 Docket), which recently culminated in the approval of a Stipulation and Agreement by the Commission.<sup>1</sup>

2. KCP&L is an electric public utility subject to the jurisdiction of the Commission. The Commission finds that it has jurisdiction over the subject matter of this rate proceeding pursuant to K.S.A. 66-101, K.S.A. 66-101b, K.S.A. 66-101e, K.S.A. 66-101g, and K.S.A. 2005 Supp. 66-104.

3. Following the filing of the Application, the Commission scheduled a prehearing conference for September 25, 2006, and an evidentiary hearing for October 2, 2006, through October 13, 2006.<sup>2</sup>

4. Throughout these proceedings, the Commission granted the intervention of the Citizens Utility Ratepayer Board (CURB), the Kansas Chapter of the Sierra Club (Sierra Club), the International Brotherhood of Electrical Workers, Local Unions No. 412, 1464, and 1613 (IBEW), Kansas Gas Service, a division of ONEOK, Inc. (KGS), Danisco USA, Inc. (Danisco), the Shawnee Mission Unified School District No. 512 (Shawnee Mission), the Blue Valley Unified School District No. 229 (Blue Valley), Wal-Mart Stores, Inc. (Wal-Mart), Unified School District No. 233, Johnson County, Kansas (Olathe Unified), Amcor PET Packaging USA, Inc. (Amcor), and the City of Mission

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<sup>1</sup> See Docket No. 04-KCPE-1025-GIE, Order Approving Stipulation and Agreement, dated August 5, 2005, and Order Denying Petitions for Reconsideration, dated September 21, 2005.

<sup>2</sup> Order Adopting Procedural Schedule, dated February 27, 2006, 2.

Hills, Kansas (Mission Hills).<sup>3</sup> The following parties collectively participated in these proceedings as the Midwest Utility Users Group (MUUG): Shawnee Mission, Blue Valley, Danisco, Olathe Unified, and Amcor.

5. During the September 25, 2006 prehearing conference, parties to the docket notified the presiding officer that they had been working toward settling the issues involved in the docket.<sup>4</sup> For purposes of facilitating Commission consideration of a proposed settlement, the presiding officer ordered that the parties to a settlement identify themselves by September 28, 2006.<sup>5</sup> The presiding officer also solicited a motion by the settling parties to revise the procedural schedule to accommodate the consideration of a settlement.<sup>6</sup>

6. On September 28, 2006, Staff of the Commission (Staff), KCP&L, CURB, Wal-Mart, IBEW, and Sierra Club jointly filed their Status Update and Joint Motion to Revise Procedural Schedule. Staff also explained in the Joint Motion to Revise Procedural Schedule that the joint movants intended to sign and file a stipulation and agreement no later than September 29, 2006.<sup>7</sup> The Commission granted the Joint Motion to Revise Procedural Schedule.<sup>8</sup> The Commission ordered any testimony in support of the stipulation and agreement be filed by October 2, 2006, and any testimony in opposition be prefiled by October 3, 2006.<sup>9</sup> The Commission ordered that the technical

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<sup>3</sup> See orders dated March 28, 2006, May 2, 2006, May 3, 2006, July 17, 2006, August 7, 2006, and September 8, 2006.

<sup>4</sup> Transcript, September 25, 2006, 8.

<sup>5</sup> Transcript, September 25, 2006, 8.

<sup>6</sup> Transcript, September 25, 2006, 8.

<sup>7</sup> Status Update and Joint Motion to Revise Procedural Schedule, 1-2.

<sup>8</sup> Order Granting Motion to Revise Procedural Schedule, dated September 28, 2006.

<sup>9</sup> Order Granting Motion to Revise Procedural Schedule, dated September 28, 2006, 3.

hearing scheduled for October 2, 2006, be converted to a prehearing conference and that the beginning of the technical hearing be rescheduled for October 5, 2006.<sup>10</sup>

7. On September 29, 2006, Staff and KCP&L filed their Joint Motion to Approve Stipulation and Agreement. Staff and KCP&L attached a copy of the Stipulation and Agreement (Stipulation) signed by Staff, KCP&L, CURB, IBEW, and Wal-Mart. The Midwest Utility Users Group (MUUG) filed a pleading on October 19, 2006, indicating that its members, after having reviewed the Stipulation, approve and support the terms and conditions in it. Sierra Club explicitly indicated that, while it is not a signatory, it did not oppose it.<sup>11</sup> Without explanation, Mission Hills did not participate in the October 2, 2006 prehearing conference or the October 5, 2006 evidentiary hearing,<sup>12</sup> nor did Mission Hills file an objection to the Stipulation.<sup>13</sup> KGS was not actively involved in the docket, and Staff and KCP&L indicated that KGS has no objection to the terms of the Stipulation.<sup>14</sup>

8. On October 2, 2006, KCP&L prefiled the testimony of Chris Giles in support of the Stipulation and Staff prefiled the testimony of Jeffrey McClanahan in support of the Stipulation.

9. Giles, who is KCP&L's Vice President, Regulatory Affairs, testified to update the Commission on KCP&L's investments since the 1025 Docket, to describe what is driving the rate increase, and to explain why the rate increase is just and

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<sup>10</sup> Order Granting Motion to Revise Procedural Schedule, dated September 28, 2006, 3.

<sup>11</sup> Transcript, October 2, 2006, 15.

<sup>12</sup> Transcript, October 2, 2006, 7-8; Transcript, October 5, 2006, 5-7.

<sup>13</sup> See Transcript, October 5, 2006, 5-7.

<sup>14</sup> Joint Motion to Approve Stipulation, 2.

reasonable and strikes a fair balance of the interests of customers, creditors, and investors.<sup>15</sup> Giles testified that the selective catalytic reduction (SCR) system at the LaCygne Unit 1 generating plant was scheduled to be completed by summer of 2007.<sup>16</sup> Giles also testified regarding progress on Iatan Unit 2.<sup>17</sup> Giles testified about investments in transmission and distribution infrastructure.<sup>18</sup> As to the status of customer programs, Giles testified about affordability programs, demand response programs, and energy efficiency programs.<sup>19</sup> Giles testified that KCP&L will participate in the Commission's generic docket regarding energy efficiency, Docket No. 07-GIMX-247-GIV.<sup>20</sup>

10. McClanahan testified in general support of the settlement of the issues outlined in the Stipulation.<sup>21</sup>

11. No testimony was filed in opposition to the Stipulation.

12. Following the October 2, 2006 prehearing conference, the Commission ordered the appearances of witnesses Jeff McClanahan and Chris Giles at the October 5, 2006 evidentiary hearing.<sup>22</sup> The Commission accepted the waiver of all cross-examination as to the other witnesses sponsored by the signatories to the Stipulation.<sup>23</sup>

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<sup>15</sup> Direct Testimony of Chris B. Giles, filed October 2, 2006 (Giles), 1-2.

<sup>16</sup> Giles, 2.

<sup>17</sup> Giles, 2-3.

<sup>18</sup> Giles, 3.

<sup>19</sup> Giles, 4.

<sup>20</sup> Giles, 5.

<sup>21</sup> Staff Testimony in Support of Settlement Prepared by Jeffrey D. McClanahan, filed October 2, 2006 (McClanahan), 1.

<sup>22</sup> Prehearing Order, dated October 2, 2006, 3-4.

<sup>23</sup> Prehearing Order, dated October 2, 2006, 4.

13. At the hearing on the Joint Motion, the Commission entered all prefiled testimony of the parties present into the record.<sup>24</sup> Staff counsel indicated that Mission Hills had not signed the Stipulation and the counsel for Mission Hills was not present at the hearing.<sup>25</sup> KCP&L specifically asked for clarification that the testimony of Mission Hills not be included in the record, and the Commission granted that clarification.<sup>26</sup>

## ***II. Public Hearing***

14. The Commission conducted a public hearing on September 12, 2006, in Overland Park, Kansas. No one testified at the public hearing.

## ***III. The Stipulation and Testimony in Support***

15. The Stipulation is comprehensive, resolving both revenue requirement issues and rate design issues. The following is a brief summary of the Stipulation.

### ***A. Terms of the Stipulated Settlement, Stipulation IV***

#### ***1. Stipulated Revenue Requirement and Customer Advancement Amount, Stipulation, § IV.A.***

16. The Stipulation calls for an overall revenue requirement increase of \$29 million.<sup>27</sup> Of that \$29 million figure, \$4 million will be treated for accounting purposes as a pre-tax payment on plant on behalf of customers. The \$4 million pre-tax payment shall be treated as an increase to KCP&L's depreciation reserve and will be assigned to primary plant accounts in a future rate case.<sup>28</sup>

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<sup>24</sup> Transcript, October 5, 2006, 6.

<sup>25</sup> Transcript, October 5, 2006, 5-6.

<sup>26</sup> Transcript, October 5, 2006, 7.

<sup>27</sup> Stipulation, 5.

<sup>28</sup> Stipulation, 5.

17. Giles testified that KCP&L has not had a rate increase since the last one became effective in 1987, and that since then, there have been several rate decreases.<sup>29</sup> Giles said that of the \$42.2 million requested increase in rates by KCP&L, the parties to the Stipulation agreed to an increase of \$29 million in annual revenues.<sup>30</sup> Of the \$29 million increase, \$4 million results from additional depreciation to help maintain cash flow levels as contemplated in the stipulation reached and approved by the Commission in the 1025 Docket.<sup>31</sup> Giles testified that the settlement strikes the correct balance between the risks to KCP&L shareholders and the interests and risks of other parties to the docket.<sup>32</sup> Giles testified that the increase in rates would permit KCP&L to achieve sufficient cash flow to maintain its current investment grade credit rating and to achieve sufficient earnings to maintain its stock price.<sup>33</sup>

18. McClanahan testified that the Stipulation is a black box settlement:

"The Agreement establishes a 'black box' revenue increase of \$29 million, with \$4 million of the total \$29 million attributable to a pre-tax payment on plant. In addition, the Agreement sets forth a rate design, eliminates Staff's proposed Energy Clause Adjustment ('ECA'), addresses Staff's performance mechanism related to the Spearville Wind Facility, establishes the equity component for the Allowance For Funds Used During Construction ('AFUDC') and addresses a number of miscellaneous accounting provisions."<sup>34</sup>

McClanahan testified that the \$29 million revenue increase is well within the range of the positions of the other parties to the docket.<sup>35</sup> McClanahan explained that Staff's original

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<sup>29</sup> Giles, 5.

<sup>30</sup> Giles, 5.

<sup>31</sup> Giles, 5.

<sup>32</sup> Giles, 6.

<sup>33</sup> Giles, 5.

<sup>34</sup> McClanahan, 2-3.

<sup>35</sup> McClanahan, 3. Transcript, October 5, 2006, 12.

position of a \$15.7 million increase had been revised based on errors and misunderstandings to result in a \$27 million increase, which is very close to the \$29 million revenue requirement increase finally reached.<sup>36</sup> McClanahan also cited the fact that a majority of the parties to the docket signed the Stipulation as evidence of the reasonableness of the final outcome.<sup>37</sup>

19. McClanahan described the nature of the \$4 million pre-payment of the \$29 million revenue increase:

"As stated previously, of the total revenue increase of \$29 million, \$4 million is to be treated as a payment on the new construction being undertaken by KCPL. The \$4 million was derived from extensive negotiations among the parties and, like all 'black box' revenue requirements, is not tied to any specific calculation(s) or adjustment(s). The signatory parties have agreed to assign the pre-tax payment to KCPL's depreciation reserve in a future rate case. This future regulatory accounting treatment is intended to begin with the 2009 rate case and be treated the same as any cumulative CIAC amounts approved in future rate cases filed in 2007 and/or 2008. In other words, the current \$4 million payment towards plant will be added to any CIAC amounts approved in any 2007 and 2008 rate case and will therefore receive the same regulatory accounting treatment. By doing so, KCPL's ratepayers will receive a benefit resulting from lower rates once the payment is applied to the depreciation reserve."<sup>38</sup>

20. Regarding the payment on the new construction, McClanahan testified that the pre-tax payment would be assigned to KCP&L's depreciation reserve in a future rate case: "The signatory parties have agreed to assign the pre-tax payment to KCPL's

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<sup>36</sup> McClanahan, 3.

<sup>37</sup> McClanahan, 3.

<sup>38</sup> McClanahan, 4.

depreciation reserve in a future rate case."<sup>39</sup> At the hearing, the Commission asked McClanahan to clarify the meaning of his testimony:

"COMMISSIONER MOFFET: . . . As you may recall in the, in the Westar rate case that we completed earlier, there was quite a bit of controversy over what in fact had been meant by the words pre tax with reference to payments and how that impacted the calculation of those amounts subsequently, and we got into quite a significant dispute among the parties on what that meant. And I wonder if you could just for the record clarify exactly what -- why you said pre tax in this sentence so as to make sure that we are all on the same page with regard to that descriptor.

"MR. McCLANAHAN: Sure. Part of the problem in the Westar case was the Commission's order. The pre tax/after tax issue is related to the acquisition premium. It didn't define whether or not that amount was a pre tax or after tax amount. It simply put the number in. Analysis had been done on a pre tax basis and an after tax basis, so it became unclear. And then to kind of compound the confusion in that order, an amount that Staff believed was a pre tax amount was grossed up for taxes again. So the reason we put pre tax in here was to head off any type of, of confusion along those lines by outlining that the \$4 million is a pre tax amount. It is clear that it will not be grossed up for taxes again. It is already grossed up for taxes. So the 4 million includes the taxable amount which would be approximately 1.6 million in tax, so since this amount is taxable, KCP&L, they will net approximately \$2.4 million. And I think all the parties are in agreement on that and I don't think it will create any controversy or issues along those lines."<sup>40</sup>

## **2. *Energy Cost Adjustment; Stipulation, § IV.B.***

21. The Stipulation addresses Staff's previous energy cost adjustment (ECA) recommendation, which Staff abandoned.<sup>41</sup> KCP&L will propose an ECA in its next rate

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<sup>39</sup> McClanahan, 4;

<sup>40</sup> Transcript, October 5, 2006, 10-11.

<sup>41</sup> Stipulation, 5-6; McClanahan, 4.

filing, which will be no later than March 1, 2007.<sup>42</sup> The Stipulation does not require any party to accept without objection the proposed ECA mechanism.<sup>43</sup>

**3. *Spearville Wind Facility; Stipulation, § IV.C.***

22. Giles testified that KCP&L's investment in wind generation near Spearville, Kansas is complete.<sup>44</sup> Prior to the filing of the Stipulation, Staff supported the implementation of its proposed capacity factor mechanism and operations and maintenance norm for purposes of balancing operational risks and providing an incentive to optimize Spearville's operation.<sup>45</sup>

23. While Staff's performance mechanism will not be implemented in this proceeding, the Stipulation addresses the Spearville wind facility by permitting Staff to propose a performance mechanism in the next rate case.<sup>46</sup> KCP&L will not object to the mechanism on the basis that it violates the stipulation reached in the 1025 Docket.<sup>47</sup>

**4. *Miscellaneous Stipulated Accounting Provisions; Stipulation, § IV.D.***

24. The Stipulation addresses a number of miscellaneous accounting provisions.<sup>48</sup>

**a. *Rate Case Expenses; Stipulation, § IV.D.1.***

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<sup>42</sup> Stipulation, 5; McClanahan, 4. See Transcript, October 5, 2006, 12-13.

<sup>43</sup> Stipulation, 5.

<sup>44</sup> Giles, 2.

<sup>45</sup> See Confidential Direct Staff testimony Prepared by Robert H. Glass, filed August 17, 2006, 1-2.

<sup>46</sup> Stipulation, 6; McClanahan, 5; Transcript, October 5, 2006, 13.

<sup>47</sup> Stipulation, 6.

<sup>48</sup> Stipulation, 6-9. See Giles, 7.

25. Under the Stipulation, KCP&L is authorized to establish a regulatory asset for incremental rate case expense incurred throughout the duration of this docket, which KCP&L currently estimates to be approximately \$1.5 million at December 31, 2006.<sup>49</sup> KCP&L will amortize this regulatory asset over the 4 year period commencing January 1, 2007.<sup>50</sup>

***b. Talent Assessment Expenses; Stipulation, § IV.D.2.***

26. KCP&L is authorized to establish a regulatory asset for talent assessment expenses in the amount of \$516,316, which represents a Kansas jurisdictional amount of \$216,771.<sup>51</sup> KCP&L will amortize this regulatory asset over the 10 year period commencing January 1, 2007.<sup>52</sup>

***c. Depreciation Rates; Stipulation, § IV.D.3.***

27. The Stipulation sets forth in Appendix A depreciation rates that are the same as those contained in the 1025 stipulation.<sup>53</sup>

***d. Enhanced Security Costs; Stipulation, § IV.D.4.***

28. The Stipulation calls on the Commission to reaffirm KCP&L's regulatory asset, to be included in rate base, for the Kansas jurisdictional portion of enhanced security costs through December 31, 2006. The costs should be consistent with the direct

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<sup>49</sup> Stipulation, 6.

<sup>50</sup> Stipulation, 6.

<sup>51</sup> Stipulation, 6.

<sup>52</sup> Stipulation, 6-7.

<sup>53</sup> Stipulation, 7.

testimony of KCP&L witness, Lawrence Dolci.<sup>54</sup> KCP&L will amortize the enhanced security costs regulatory asset over the five year period commencing January 1, 2007.<sup>55</sup>

*e. Asset Retirement Obligations and Cost of Removal;  
Stipulation, § IV.D.5.*

29. The Stipulation calls on the Commission to reaffirm its order in Docket No. 04-WSEE-605-ACT regarding asset retirement obligations and cost of removal.<sup>56</sup>

*f. Pension Costs; Stipulation, § IV.D.6.*

30. The Stipulation sets forth in Appendix B the treatment of pension costs, which is intended to be consistent with the treatment specified in the 1025 Docket.<sup>57</sup> The Stipulation contains language discussing the rate making treatment for Financial Accounting Standard No. 88 (FAS 88).<sup>58</sup> Upon approval of the Stipulation, McClanahan testified that KCP&L would withdraw its request for an accounting authority order in Docket No. 06-KCPE-1364-ACT.<sup>59</sup>

*g. Decommissioning Accruals for Wolf Creek; Stipulation, §  
IV.D.7*

31. The Stipulation addresses the decommissioning accruals for Wolf Creek, which is set forth in Appendix C.<sup>60</sup> The Stipulation calls on the Commission to find that the decommissioning cost accruals are included in cost of service and are included in

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<sup>54</sup> Stipulation, 7.

<sup>55</sup> Stipulation, 7.

<sup>56</sup> Stipulation, 7.

<sup>57</sup> Stipulation, 7.

<sup>58</sup> McClanahan, 6.

<sup>59</sup> McClanahan, 6.

<sup>60</sup> Stipulation, 8.

rates for ratemaking purposes.<sup>61</sup> Also, the Stipulation calls on the Commission to affirm that the earnings rate assumed for the trust takes into consideration the tax rate change and the removal of the investment restrictions resulting from the Energy Policy Act of 1992.<sup>62</sup>

***h. SO2 Emission Allowances; Stipulation, § IV.D.8***

32. The Stipulation calls on the Commission to authorize KCP&L to sell SO2 emission allowances through June 1, 2010, and sets out in detail the accounting treatment of those sales.<sup>63</sup> The Stipulation also addresses the accounting treatment of the premium KCP&L pays for coal containing lower sulfur content than specified in its contracts with its vendors.<sup>64</sup> McClanahan addressed the ratemaking treatment of the SO2 emission allowances.<sup>65</sup> McClanahan testified that the amount of offset to the regulatory liability for a premium for lower sulfur coal will increase from \$327,000 to \$5 million beginning January 1, 2008, contingent on KCP&L having an approved ECA in place.<sup>66</sup>

***i. Surface Transportation Board Expenses; Stipulation, § IV.D.9.***

33. The Stipulation authorizes KCP&L to establish a regulatory asset for expenses related to the Surface Transportation Board incurred through December 31, 2006.<sup>67</sup>

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<sup>61</sup> Stipulation, 8.

<sup>62</sup> Stipulation, 8.

<sup>63</sup> Stipulation, 8.

<sup>64</sup> Stipulation, 8.

<sup>65</sup> McClanahan, 6.

<sup>66</sup> McClanahan, 6.

<sup>67</sup> Stipulation, 9.

*j. AFUDC Rate on Iatan 2; Stipulation, § IV.D.10.*

34. The Stipulation authorizes KCP&L to calculate the equity component of the AFUDC rate on Iatan 2 using a rate of 8.5%.<sup>68</sup>

*5. Test Period in Future Rate Cases; Stipulation, § IV.E.*

35. The Stipulation specifies the test period to be used in future rate cases.<sup>69</sup>

*6. Rules and Regulations; Stipulation, § IV.F.*

36. The Stipulation calls on the Commission to approve certain changes in KCP&L's rules and regulations, including returned check charges, Stipulation, § IV.F.1.; credit and debit card program, Stipulation, § IV.F.2., deletion of "seasonal" in tariff language, Stipulation, § IV.F.3.; and merging of "Liability of Company" and "Continuity of Service," Stipulation, § IV.F.4.<sup>70</sup>

*7. Rate Design; Stipulation, § IV.G.*

37. The Stipulation addresses rate design by apportioning the increase among the classes as set forth in Appendix D.<sup>71</sup> The Stipulation sets the residential single meter customer charge at \$7.25, and sets the residential two meter customer charge at \$9.00.<sup>72</sup> The Stipulation requires KCP&L to conduct a class cost of service study and report the results in the next rate filing.<sup>73</sup>

38. McClanahan addressed the rate design component of the Stipulation:

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<sup>68</sup> Stipulation, 9. See McClanahan, 5; Transcript, October 5, 2006, 13.

<sup>69</sup> Stipulation, 9.

<sup>70</sup> Stipulation, 10.

<sup>71</sup> Stipulation, 10-11.

<sup>72</sup> Stipulation, 11.

<sup>73</sup> Stipulation, 11.

"Q. Are the provisions in the agreement regarding rate design and tariff issues reasonable?

"A. Yes, the Agreement sets out a rate design that is a compromise on the different class cost of service recommendations in this docket. The compromises result in the use of different percentage increases for various classes in order to move the classes closer to the system average rate of return. . . . The Agreement also contains a provision that KCPL shall file a class cost of service study in its next rate filing."<sup>74</sup>

***B. Miscellaneous Provisions; Stipulation, § V.***

39. Finally, the Stipulation contains a number of miscellaneous provisions regarding the rights of the Commission and parties as to the Stipulation.<sup>75</sup>

***IV. Conclusion***

40. The Commission's rules and regulations govern the consideration of settlement agreements:

"(a) As used in this regulation, the following definitions shall apply:

"(1) 'Settlement agreement' means an agreement between parties to a proceeding submitted to the commission to dispose of all or any part of the issues pending for decision.

"(2) 'Unanimous settlement agreement' means an agreement that is entered into by all parties to the proceeding or an agreement that is not opposed by any party that did not enter into the agreement.

"(3) 'Nonunanimous settlement agreement' means an agreement that is entered into by fewer than all parties to the proceeding and is opposed by one or more parties.

"(b) Unanimous settlement agreements and nonunanimous settlement agreements shall be filed as pleadings and may be approved, rejected, or modified by the commission. A settlement agreement may contain or refer to explanatory material or information in support of the justness and reasonableness of the settlement agreement. A hearing may be

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<sup>74</sup> McClanahan, 7. See Transcript, October 5, 2006, 14.

<sup>75</sup> Stipulation, 11-13.

conducted by the commission for the purpose of receiving evidence or argument concerning the settlement agreement.

"(c) Each party objecting to the settlement agreement shall file a written objection within 10 days after the filing of the settlement agreement or within a shorter time period as directed by the commission. Failure to object in a timely manner shall constitute a waiver of that party's right to object to the settlement agreement."<sup>76</sup>

The Commission finds that there are no parties to the docket opposing the Stipulation.

Accordingly, the Commission finds that the Stipulation is a unanimous settlement agreement.

41. The Stipulation reflects a resolution by the parties of numerous issues raised in this proceeding and shows a compromise of the parties' positions on various issues. Given the uncertainty inherent in litigation and the strong preference in the law for an amicable resolution of disputes, the Commission supports the settlement of issues.<sup>77</sup> The Commission appreciates the parties' efforts to resolve their differences through settlement.

42. The Commission has reviewed all evidence summarized above in addition to all evidence admitted into the record during the course of the evidentiary hearing and finds that the Stipulation is in the public interest and represents a fair and balanced resolution of the issue.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

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<sup>76</sup> K.A.R. 82-1-230a.

<sup>77</sup> See *Bright v. LSI Corp.*, 254 Kan. 853, 858, 869 P.2d 686 (1994); *Farmland Industries, Inc. v. Kansas Corporation Comm'n*, 24 Kan. App. 2d 172, 186-87, 93 P.2d 470, *rev. denied* 263 Kan. 885 (1997); *Krantz v. University of Kansas*, 271 Kan. 234, 241, 21 P.3d 561 (2001) (the "law favors compromise and settlements of disputes").

A. The Commission grants the Joint Motion by approving the Stipulation. The Stipulation is approved and incorporated into this order as if set out verbatim. All authorizations and affirmations requested in the Stipulation are explicitly granted.

B. A party may file a petition for reconsideration of this order within 15 days of the service of this order. If this order is mailed, service is complete upon mailing and 3 days may be added to the above time frame.

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

**BY THE COMMISSION IT IS SO ORDERED.**

Moline, Chr.; Krehbiel, Comm.; Moffet, Comm.

Dated: DEC 04 2006

ORDER MAILED

DEC 04 2006

 Executive Director

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Susan K. Duffy  
Executive Director

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