

FILED<sup>2</sup>

NOV 4 2015

## **Missouri Public Service Commission**

Missouri Public MA Service Commission (Date File Stamp) 5:36am

Judge or Division:	Appella Numbe				
	Numbe	1.			
Appellant:	<u>.                                    </u>	Missouri Public Service Commission File Number:		Commission File Number:	
The Office of the Public Counsel	I .	ER-2014-0370		Commission File France.	
vs.					
Respondent:			<u>.</u>		
The Missouri Public Service Commission				i	
	Notice	e of	Appeal		
Notice is given that The Office of the Pu				ouri Court of	
Appeals X Western _ Eastern _ Southern Distri			1.		
		,			
1114115			- 1 ( UC	OAL AND	
Date Notice of Appeal (to be filled in by Secretary of Commission)			Filed Signature o	f Attorney or Appellant	
The notice of appeal shall include the appellant's					
subsection 4 of section 386.420, a concise staten					
the commission proceeding, and any other inform					
original and (2) two copies and pay the docket for					
time specified by law. Please make checks or n time, Appellant must serve a copy of the Notice					
on all parties not represented by an attorney.	or Appea	ai Oli e	attorneys of record	of all parties other than appenditus), and	
	ASE IN	FOI	RMATION		
Appellant Attorney / Bar Number:		Respondent's Attorney / Bar Number:			
Dustin Allison #54013 & Marc Poston #45722		Shelley Brueggemann #52173			
Address:		Address:			
200 Madison Street, Suite 650	1	200 Madison Street, Suite 800			
PO Box 2230		PO Box 360			
Jefferson City, MO 65102		Jefferson City, MO 65102			
Telephone: Fax:		Telephone: Fax:			
573-751-4857 573-751-5562		573-7	751-7393	573-522-4016	
Date of Commission Decision:	Date of				
Application					
for Rehearing Filed:					
09/02/2015	09/11/2	2015	10/22/2015		
	<u> </u>		TO COMMISSION	ON	
				he clerk of the appellate court. Unless	

otherwise ordered by the court of appeals, the commission shall, within thirty days of the filing of the notice of appeal, certify its record in the case to the court of appeals.

#### Certificate of Service

I certify that on 11/4/2015, I served a copy of the notice of appeal on the following parties, at the following address(es), by the method of service indicated.

Kansas City Power & Light Company - U.S. Mail Service Robert Hack, MBN 36496 1200 Main, 16th Floor P.O. Box 418679 Kansas City, MO 64141-9679

Public Service Commission Staff – Hand Delivered Nathan Williams, MBN 35512 200 Madison Street, Suite 800 P.O. Box 360 Jefferson City, MO 65102

Sierra Club - U.S. Mail Service Henry B Robertson, MBN 29502 319 N. Fourth St., Suite 800 St. Louis, MO 63102

Union Electric Company – U.S. Mail Service Wendy Tatro, MBN 60261 1901 Chouteau Avenue St. Louis, MO 63103-6149

United States Department of Energy – U.S. Mail Service Robert E Sauls, MBN 61466 625 East 26th St Kansas City, MO 64108

Brightergy, LLC – U.S. Mail Service Andrew Zellers, MBN 57884 1712 Main Street, 6th Floor Kansas City, MO 64108

City of Kansas City, Missouri – U.S. Mail Service Mark W Comley, MBN 28847 601 Monroe Street., Suite 301 Jefferson City, MO 65102-0537

Consumers Council of Missouri – U.S. Mail Service John B Coffman, MBN 36591 871 Tuxedo Blvd. St. Louis, MO 63119-2044

Federal Executive Agencies – U.S. Mail Service Robert E Sauls, MBN 61466 625 East 26th St Kansas City, MO 64108

IBEW Local Union 1464 – U.S. Mail Service Michael E Amash, MBN 58478 753 State Ave, Suite 475 Kansas City, KS 66101

IBEW Local Union 1613 – U.S. Mail Service Michael E Amash, MBN 58478 753 State Ave, Suite 475 Kansas City, KS 66101 IBEW Local Union 412 – U.S. Mail Service Michael E Amash, MBN 58478 753 State Ave, Suite 475 Kansas City, KS 66101

Midwest Energy Consumers Group – U.S. Mail Service David Woodsmall, MBN 40747 807 Winston Court Jefferson City, MO 65101

Missouri Division of Energy – U.S. Mail Service Alexander Antal, MBN 65487 301 West High St. P.O. Box 1157 Jefferson City, MO 65102

Missouri Gas Energy (Laclede) – U.S. Mail Service Rick E Zucker, MBN 49211 700 Market Street, 6th Floor St. Louis, MO 63101

Missouri Industrial Energy Consumers – U.S. Mail Service Edward F Downey, MBN 28866 221 Bolivar Street, Suite 101 Jefferson City, MO 65101

Appellant or Attorney for Appellant

## FORM 1. CIVIL CASE INFORMATION FORM SUPPLEMENT

#### MISSOURI COURT OF APPEALS WESTERN DISTRICT

	No. WD
The Office of the Public Counsel,	Dustin Allison, MBN 54013
Petitioner/Appellant	Marc Poston, MBN 45722 P.O. Box 2230 Jefferson City, MO 65102
vs.	
Missouri Public Service Commission	Shelly Brueggemann, MBN 52173 P.O. Box 360
Defendant/Respondent	Jefferson City, MO 65102
Date Notice filed with the Public Service C	Commission November 4, 2015
The Record on Appeal will consist of a Leg to Rules 81.13 and 81.16)	gal File Only. (This will include records filed pursuan

FACTUAL BACKGROUND: (Events Giving Rise to Cause of Action)

Judicial Review of the Missouri Public Service Commission's September 2, 2015 Report and Order issued in Case Number ER-2014-0370, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service

ISSUE(S): (Anticipated to be Presented by the Appeal; Appellant is Not Bound by this Designation)

OPC challenges the lawfulness and reasonableness of the Public Service Commission's findings and conclusions issued in its September 2, 2015 *Report and Order* issued in Case Number ER-2014-0370.

## LIST OF PARTIES TO THE COMMISSION PROCEEDING

(As required by § 386.510 RSMo)

The following parties participated in Public Service Commission Case Number ER-2014-0370:

Kansas City Power & Light Company:	Office of the Public Counsel:
	Office of the Lubic Counsel,
Robert Hack, MBN 36496	Dustin J. Allison, MBN 54013
1200 Main, 16th Floor	P O Box 2230
P.O. Box 418679	Jefferson City, MO 65102
Kansas City, MO 64141-9679	(573) 751-4857
rob.hack@kcpl.com	(573) 751-5562 (Fax)
	Dustin.Allison@ded.mo.gov
Attorney for Kansas City Power & Light	Attorney for the Office of the Public Counsel
Company	
Public Service Commission Staff:	Sierra Club:
Nathan Williams, MBN 35512	Henry B Robertson, MBN 29502
200 Madison Street, Suite 800	319 N. Fourth St., Suite 800
P.O. Box 360	St. Louis, MO 63102
Jefferson City, MO 65102	hrobertson@greatriverslaw.org
Nathan.Williams@psc.mo.gov	
Attorney for the Staff of the Missouri	Attorney for Sierra Club
Public Service Commission	
Union Electric Company:	United States Department of Energy:
Wendy Tatro, MBN 60261	Robert E Sauls, MBN 61466
1901 Chouteau Avenue	625 East 26th St
St. Louis, MO 63103-6149	Kansas City, MO 64108
AmerenMOService@ameren.com	Transitio City, 1110 0 1100
Attorney for Union Electric Company	Attorney for the United States Department of
	Energy
Brightergy, LLC:	City of Kansas City, Missouri:
Andrew Zellers, MBN 57884	Mark W Comley, MBN 28847
1712 Main Street, 6th Floor	601 Monroe Street., Suite 301
Kansas City, MO 64108	Jefferson City, MO 65102-0537
andyzellers@brightergy.com	comleym@ncrpc.com
	J.w.Gwer.bergen
Attorney for Brightergy, LLC	Attorney for the City of Kansas City, Missouri

Consumers Council of Missouri:	Federal Executive Agencies:
Consumers Council of Pilissouri.	reactal executive Agencies:
John B Coffman, MBN 36591	Robert E Sauls, MBN 61466
871 Tuxedo Blvd.	625 East 26th St
St. Louis, MO 63119-2044	Kansas City, MO 64108
john@johncoffman.net	1201000 010,1120 01100
Attorney for Consumers Council of Missouri	Attorney for Federal Executive Agencies
IBEW Local Union 1464:	IBEW Local Union 1613:
Michael E Americ MDN 59479	N. 1 1E 4 1 MDM 50450
Michael E Amash, MBN 58478	Michael E Amash, MBN 58478
753 State Ave, Suite 475	753 State Ave, Suite 475
Kansas City, KS 66101 mea@blake-uhlig.com	Kansas City, KS 66101
mea(d) otake-uning.com	mea@blake-uhlig.com
Attorney for IBEW Local Union 1464	Attorney for IBEW Local Union 1613
IBEW Local Union 412:	Midwest Energy Consumers Group:
	midwest Energy Consumers Group.
Michael E Amash, MBN 58478	David Woodsmall, MBN 40747
753 State Ave, Suite 475	807 Winston Court
Kansas City, KS 66101	Jefferson City, MO 65101
mea@blake-uhlig.com	david.woodsmall@woodsmalllaw.com
A 0 TD77777	
Attorney for IBEW Local Union 412	Attorney for Midwest Energy Consumers
M' D' L OF	Group
Missouri Division of Energy:	Missouri Gas Energy (Laclede):
Alexander Antal, MBN 65487	Rick E Zucker, MBN 49211
301 West High St.	700 Market Street, 6th Floor
P.O. Box 1157	St. Louis, MO 63101
Jefferson City, MO 65102	rick.zucker@thelacledegroup.com
Alexander.Antal@ded.mo.gov	Trok.2dokortganolaciodogroup.com
,	
Attorney for the Missouri Division of Energy	Attorney for Missouri Gas Energy (Laclede)
Missouri Industrial Energy Consumers:	
Edward F Downey, MBN 28866	
221 Bolivar Street, Suite 101	
Jefferson City, MO 65101	
efdowney@bryancave.com	
Attorney for Missouri Industrial Engrav	
Attorney for Missouri Industrial Energy Consumers	
Consumers	

#### STATEMENT OF THE ISSUES

(As required by § 386.510 RSMo)

Appellant Public Counsel will raise the following issues on appeal:

OPC challenges the lawfulness and reasonableness of the Public Service Commission's findings and conclusions issued in its September 2, 2015 Report and Order issued in Case Number ER-2014-0370 regarding:

- (1) the lawfulness and reasonableness of the Report and Order's findings and conclusions regarding Kansas City Power & Light's (KCPL) request for a fuel adjustment clause;
- (2) the lawfulness and reasonableness of the Report and Order's findings and conclusions regarding the rate case expense to be recovered in rates;
- (3) the lawfulness and reasonableness of the Report and Order's findings and conclusions regarding the decision to approve an increase to KCPL's residential customer charge; and
- (4) the lawfulness and the reasonableness of the Report and Order's findings and conclusions regarding the decision to approve a return on equity for KCPL of 9.5%.

# 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	)	Case No. ER-2014-0370
A General Rate Increase for Electric Service	j	

#### PUBLIC COUNSEL'S APPLICATION FOR REHEARING

COMES NOW the Office of the Public Counsel ("Public Counsel"), and for its Application for Rehearing, respectfully requests rehearing of the Commission's September 2, 2015 Report and Order ("Order") as follows:

- 1. Public Counsel seeks rehearing of the Order's findings of fact and conclusions of law regarding Kansas City Power & Light's ("KCPL") request for a fuel adjustment clause ("FAC"). The Order's findings and conclusions, that KCPL's request for an FAC did not violate the terms of the 2005 Stipulation, is unlawful and unreasonable. The plain and ordinary meaning of the limitation agreed to by the parties and ordered by the Commission prohibited KCPL from requesting an FAC prior to June 1, 2015.
- 2. The Order unlawfully and unreasonably concludes that even if KCPL was bound by the 2005 Stipulation, the agreement is to be disregarded for public policy reasons and its terms not followed.
- 3. The Commission's Order is in error in that its finding that KCPL's fuel, purchased power and transmission costs have increased substantially, resulting in KCPL's inability to earn its authorized return on equity, is unreasonable in that it is not supported by competent and substantial evidence, it is contrary to the weight of the evidence, and is otherwise arbitrary, capricious and constitutes an abuse of the Commission's discretion. The Order relies

upon these findings to conclude that even if the 2005 Stipulation prohibited KCPL from requesting an FAC, "public policy and public interest" reasons support approval because "KCPL's costs related to fuel, purchased power, and transmission have all increased substantially while actual revenues have decreased, resulting in KCPL's inability to earn its authorized return on equity." The overwhelming weight of the evidence shows that the fuel, purchased power and transmission costs approved for recovery through the FAC have not increased substantially; and the reasons KCPL earned below its authorized return on equity were due primarily to factors other than the fuel, purchased power, and transmission costs the Order approved for FAC recovery. Accordingly, the Order is unreasonable and this matter should be reheard.

- 4. The Order is unlawful because it violates Commission rule 4 CSR 240-20.090(2)(C) in that, when considering which cost components to include in the FAC, the Commission did not consider "the magnitude of the costs, the ability of the utility to manage the costs, the volatility of the cost component and the incentive provided to the utility as a result of the inclusion or exclusion of the cost component." To the extent these considerations were addressed by the Commission, the conclusions contained in the Order are unreasonable in that they are not supported by competent and substantial evidence, they are contrary to the weight of the evidence, and they are otherwise arbitrary, capricious, and are an abuse of the Commission's discretion.
- 5. The Order is unlawful and unreasonable in that the Commission's decision to set a return on equity (ROE) of 9.5% did not consider the reduced risk that will occur by allowing KCP&L to levy a new surcharge on customer bills to ensure recovery of 95% of fuel, purchased power, and transportation costs incurred between rate cases.

6. The Order unlawfully and unreasonably based rate case expense on the

percentage of requested revenue that KCPL was granted by the Commission. This decision

failed to consider that a substantial portion of this case involved litigation of issues that did not

impact KCPL's revenue requirement and afforded no benefit to the public.

The Order is unlawful and unreasonable in that it raised the residential customer

charge from \$9.00 to \$11.88, despite concluding just four months earlier in the Ameren Missouri

rate case that raising the customer charge from \$8.00 to \$8.50 is contrary to the public interest

because, "Residential customers should have as much control over the amount of their bill as

possible so that they can reduce their monthly expenses by using less power, either for economic

reasons or because of a general desire to conserve energy" (Case No. ER-2014-0258, Report and

Order, p.76).

7.

WHEREFORE, the Office of the Public Counsel respectfully requests rehearing on these

matters pursuant to Mo. Rev. Stat. § 386.500 (2000).

By: /s/ Marc D. Poston

Marc D. Poston (#45722) Chief Deputy Counsel

P. O. Box 2230

Jefferson City MO 65102

(573) 751-5558

(573) 751-5562 FAX

marc.poston@ded.mo.gov

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#### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been emailed to all counsel of record this 11<sup>th</sup> day of September 2015.

#### Missouri Public Service Commission

Office General Counsel 200 Madison Street, Suite 800 P.O. Box 360 Jefferson City, MO 65102 staffcounselservice@psc.mo.gov

#### Sierra Club

Sunil Bector 85 Second Street, 2nd Floor San Francisco, CA 94105-3441 sunil.bector@sierraclub.org

#### Sierra Club

Henry B Robertson 319 N. Fourth St., Suite 800 St. Louis, MO 63102 hrobertson@greatriverslaw.org

#### **Union Electric Company**

James B Lowery 111 South Ninth St., Suite 200 P.O. Box 918 Columbia, MO 65205-0918 lowery@smithlewis.com

#### **United States Department of Energy**

Robert E Sauls 625 East 26th St Kansas City, MO 64108

#### Brightergy, LLC

Andrew Zellers 1712 Main Street, 6th Floor Kansas City, MO 64108 andyzellers@brightergy.com

#### **Missouri Public Service Commission**

Nathan Williams 200 Madison Street, Suite 800 P.O. Box 360 Jefferson City, MO 65102 Nathan Williams@psc.mo.gov

#### Sierra Club

Thomas Cmar 1101 Lake Street, Ste. 405B Oak Park, IL 60301 tcmar@earthjustice.org

#### Sierra Club

Lisa K Perfetto 48 Wall Street, 19th Floor New York, NY 10005 lperfetto@earthjustice.org

#### **Union Electric Company**

Wendy Tatro 1901 Chouteau Avenue St. Louis, MO 63103-6149 AmerenMOService@ameren.com

#### **United States Department of Energy**

Sean Tshikororo 1000 Independence Ave SW Washington, DC 20585

#### City of Kansas City, Missouri

Mark W Comley 601 Monroe Street., Suite 301 Jefferson City, MO 65102-0537 comleym@ncrpc.com

#### Consumers Council of Missouri

John B Coffman 871 Tuxedo Blvd. St. Louis, MO 63119-2044 john@johncoffman.net

#### **Federal Executive Agencies**

Sean Tshikororo 1000 Independence Ave SW Washington, DC 20585

#### **IBEW Local Union 1613**

Michael E Amash 753 State Ave, Suite 475 Kansas City, KS 66101 mea@blake-uhlig.com

#### Kansas City Power & Light Company

Lisa A Gilbreath 4520 Main, Suite 1100 Kansas City, MO 64111 lisa.gilbreath@dentons.com

#### Kansas City Power & Light Company

Robert Hack 1200 Main, 16th Floor P.O. Box 418679 Kansas City, MO 64141-9679 rob.hack@kcpl.com

#### Kansas City Power & Light Company

Roger W Steiner 1200 Main Street, 16th Floor P.O. Box 418679 Kansas City, MO 64105-9679 roger.steiner@kcpl.com

#### Federal Executive Agencies

Robert E Sauls 625 East 26th St Kansas City, MO 64108

#### **IBEW Local Union 1464**

Michael E Amash 753 State Ave, Suite 475 Kansas City, KS 66101 mea@blake-uhlig.com

#### **IBEW Local Union 412**

Michael E Amash 753 State Ave, Suite 475 Kansas City, KS 66101 mea@blake-uhlig.com

#### Kansas City Power & Light Company

James M Fischer 101 Madison Street, Suite 400 Jefferson City, MO 35101 jfischerpc@aol.com

#### Kansas City Power & Light Company

Karl Zobrist 4520 Main Street, Suite 1100 Kansas City, MO 64111 karl.zobrist@dentons.com

#### **Midwest Energy Consumers Group**

David Woodsmall 807 Winston Court Jefferson City, MO 65101 david.woodsmall@woodsmalllaw.com

## Missouri Division of Energy

Alexander Antal
301 West High St.
P.O. Box 1157
Jefferson City, MO 65102
Alexander.Antal@ded.mo.gov

# Missouri Industrial Energy Consumers (MIEC)

Edward F Downey 221 Bolivar Street, Suite 101 Jefferson City, MO 65101 efdowney@bryancave.com

### Missouri Gas Energy (Laclede)

Rick E Zucker 700 Market Street, 6th Floor St. Louis, MO 63101 rick.zucker@thelacledegroup.com

# **Missouri Industrial Energy Consumers** (MIEC)

Diana M Vuylsteke 211 N. Broadway, Suite 3600 St. Louis, MO 63102 dmvuylsteke@bryancave.com

/s/ Marc D. Poston

# 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	)	Case No. ER-2014-0370
A General Rate Increase for Electric Service	Ś	

# KANSAS CITY POWER & LIGHT COMPANY'S MOTION TO APPROVE RECONCILIATION

COMES NOW Kansas City Power & Light Company ("KCP&L" or the "Company"), by and through counsel and, pursuant to Section 386.420.4, RSMo. (Cum. Supp. 2011), hereby files this Motion to Approve Reconciliation. In support thereof, the Company states as follows:

- 1. On September 2, 2015, the Commission issued its Report and Order in this proceeding authorizing KCP&L to increase rates to permit it to collect an additional amount of approximately \$89.7 million from its Missouri electric customers.
- 2. Pursuant to certain provisions of Section 386.420.4 RSMo., the Commission is required as part of a rate case such as this one to approve a reconciliation, "sufficient to permit a reviewing court and the commission on remand from a reviewing court to determine how the public utility's rates and charges, including the rates and charges for each customer class, would need to be temporarily and, if applicable, permanently adjusted to provide customers or the public utility with any monetary relief that may be due ...." The Commission is required to afford the parties to the case a reasonable opportunity to provide written input prior to approving the reconciliation.
- 3. In consultation with other parties, the Company has prepared a reconciliation addressing the monetary impact of issues raised in the various applications for rehearing, attached hereto as Exhibit A, which it believes satisfies the requirements of Section 386.420.4 RSMo.

- 4. KCP&L notes that in preparing and proposing the attached reconciliation for the Commission's approval, neither KCP&L nor any other party nor the Commission itself should be deemed as taking any position regarding what monetary relief may be due upon the issuance of a final non-appealable order resolving this proceeding. KCP&L therefore suggests that in its order approving the attached reconciliation, the Commission so indicate.
- 5. Counsel for the Midwest Energy Consumers Group ("MECG") has authorized undersigned counsel to represent that MECG has no objection to the contents of this pleading.

WHEREFORE, KCP&L respectfully requests that after providing the other parties a reasonable opportunity to provide input, the Commission approve this reconciliation.

Respectfully submitted,

## |s| Robert J. Hack

Robert J. Hack, MBN 36496 Phone: (816) 556-2791 E-mail: rob.hack@kcpl.com Roger W. Steiner, MBN 39586

Phone: (816) 556-2314

E-mail: roger.steiner@kcpl.com
Kansas City Power & Light Company
1200 Main – 16<sup>th</sup> Floor

Kansas City, Missouri 64105

Fax: (816) 556-2787

#### Attorneys for Kansas City Power & Light Company

#### CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 8<sup>th</sup> day of October, 2015.

10 Robert 9. Hack

Robert J. Hack

# Kansas City Power & Light MPSC Case No. ER-2014-0370 Reconciliation of Issues Decided by the Commission Revenue Requirement Impact

DOS	Revenue Requirement Change
ROE:	From Order
9.50% Per order	
9.10% Per MIEC/MECG	(\$8,400,218)
10.30% Per KCP&L	\$16,713,621
(Note: A 10 basis point change in ROE equates to \$2.1M in RR)	
Rate Case Expense:	
Per OPC	- (\$145,891)
Per KCP&L	\$90,888
	<b>400,000</b>
Net Operating Losses:	_
Per MECG	(\$726,938)
Expiring KMEA Contracts:	
Per MECG	(\$814,083)
SPP Transmission Expense Including IPL - Forecast:	_
Per KCP&L	\$5,000,000 (1)
CIP/Cybersecurity O&M Expense - Forecast:	
Per KCP&L	\$3,500,000 <b>(2)</b>
Property Tax Expense - Forecast:	
Per KCP&L	\$5,600,000 (3)

- (1) Although approval of a Fuel Adjustment Clause (FAC) for 95% of Southwest Power Pool (SPP) transmission expenses or a tracker for such expenses would not have impacted the level of rates set by the Report and Order, such approval would have affected future rates. Because KCP&L will record the level of SPP transmission expenses actually incurred during the period when the rates set by the Report and Order are in effect, and pending Commission decision on other aspects of this tracker/FAC issue, the impact of this aspect of the Report and Order will be available in the future.
- (2) Although approval of a tracker for Critical Infrastructure Protection (CIP) and Cyber-security Operations & Maintenance (O&M) expenses would not have impacted the level of rates set by the Report and Order, such approval would have affected future rates. Because KCP&L will record the level of CIP/Cyber-security O&M expenses actually incurred during the period when the rates set by the Report and Order are in effect, and pending Commission decision on other aspects of this tracker issue, the impact of this aspect of the Report and Order will be available in the future.
- (3) Although approval of a tracker for property tax expenses would not have impacted the level of rates set by the Report and Order, such approval would have affected future rates. Because KCP&L will record the level of property tax expenses actually incurred during the period when the rates set by the Report and Order are in effect, and pending Commission decision on other aspects of this tracker issue, the impact of this aspect of the Report and Order will be available in the future.

<u>Fuel Adjustment Clause:</u> Although approval of a FAC did not impact the level of rates set by the Report and Order, such approval will affect future rates. KCP&L will track and record (a) amounts billed to customers under the FAC and (b) amounts credited to customers under the FAC. The impact of this aspect of the Report and Order will therefore be available in the future.

Commission's Order Regarding Compliance Tariff Sheets: Although the Order Regarding Compliance Tariff Sheets did not impact the level of rates set by the Report and Order, the Commission's Order Regarding Compliance Tariff Sheets implemented an annual rate increase of \$89,671,644 (approximately \$245,676 per day on average) for service rendered on and after September 29, 2015.

#### Kansas City Power & Light MPSC Case No. ER-2014-0370

#### Reconciliation of Issues Decided by the Commission Revenue Requirement Impact

Issue: ROE - 9.10% Per MIEC/MECG

Value:	(\$8,400,218)
--------	---------------

Value: (\$8,400,218)	Impact		
	Amount Percent		
LARGE POWER TOTAL	\$	(1,488,394)	-0.985%
LARGE GEN SVC TOTAL	\$	(1,952,929)	-0.985%
MEDIUM GEN SVC TOTAL	\$	(1,138,493)	-0.986%
SMALL GEN SVC TOTAL	\$	(543,718)	-0.986%
RESIDENTIAL TOTAL	\$	(3,169,639)	-0.986%
LIGHTING TOTAL:	\$	(107,046)	-0.986%
TOTAL	\$	(8,400,218)	-0.986%

Issue: ROE - 10.30% Per KCP&L

Value: \$16,713,621

LARGE POWER TOTAL
LARGE GEN SVC TOTAL
MEDIUM GEN SVC TOTAL
SMALL GEN SVC TOTAL
RESIDENTIAL TOTAL
LIGHTING TOTAL:
TOTAL

Issue: OPC Rate Case Expense

Value: (\$145,891)

LARGE POWER TOTAL
LARGE GEN SVC TOTAL
MEDIUM GEN SVC TOTAL
SMALL GEN SVC TOTAL
RESIDENTIAL TOTAL
LIGHTING TOTAL:
TOTAL

Issue: KCP&L Rate Case Expense

Value: \$90,888

LARGE POWER TOTAL
LARGE GEN SVC TOTAL
MEDIUM GEN SVC TOTAL
SMALL GEN SVC TOTAL
RESIDENTIAL TOTAL
LIGHTING TOTAL:
TOTAL

Issue: MECG Net Operating Losses

Value: (\$726,938)

LARGE POWER TOTAL LARGE GEN SVC TOTAL MEDIUM GEN SVC TOTAL SMALL GEN SVC TOTAL **RESIDENTIAL TOTAL** LIGHTING TOTAL:

lmpact				
Amount		Percent		
\$	2,961,405	1.960%		
\$	3,885,674	1.960%		
\$	2,265,219	1.963%		
\$	1,081,816	1.963%		
\$	6,306,521	1.963%		
\$	212,985	1.963%		
\$	16,713,621	1.962%		

Impact				
Amount		Percent		
\$	(25,850)	-0.017%		
\$	(33,918)	-0.017%		
\$	(19,773)	-0.017%		
\$	(9,443)	-0.017%		
\$	(55,049)	-0.017%		
\$	(1,859)	-0.017%		
\$	(145,891)	-0.017%		

Impact				
	Amount	Percent		
\$	16,104	0.011%		
\$	21,130	0.011%		
\$	12,318	0.011%		
\$	5,883	0.011%		
\$	34,295	0.011%		
\$	1,158	0.011%		
\$	90,888	0.011%		

Impact

Amount		Percent	
\$	(128,803)	-0.085%	
\$	(169,003)	-0.085%	
\$	(98,523)	-0.085%	
\$	(47,052)	-0.085%	
\$	(274,294)	-0.085%	
\$	(9,264)	-0.085%	

#### Kansas City Power & Light MPSC Case No. ER-2014-0370 Reconciliation of Issues Decided by the Commission

Revenue Requirement Impact

TOTAL

(726,938)

-0.085%

Issue: MECG Expiring KMEA Contracts

Value: (\$814,083)	 Impact		
	 Amount		
LARGE POWER TOTAL	\$ (144,243)	-0.095%	
LARGE GEN SVC TOTAL	\$ (189,262)	-0.095%	
MEDIUM GEN SVC TOTAL	\$ (110,334)	-0.096%	
SMALL GEN SVC TOTAL	\$ (52,693)	-0.096%	
RESIDENTIAL TOTAL	\$ (307,177)	-0.096%	
LIGHTING TOTAL:	\$ (10,374)	-0.096%	
TOTAL	\$ (814,083)	-0.096%	

Issue: KCP&L SPP Transmission Expense Including IPL - FAC/Tracker/Forecast

Value: \$5,000,000

	Amount		Percent	
LARGE POWER TOTAL	\$	885,926	0.586%	
LARGE GEN SVC TOTAL	\$	1,162,427	0.586%	
MEDIUM GEN SVC TOTAL	\$	677,657	0.587%	
SMALL GEN SVC TOTAL	\$	323,633	0.587%	
RESIDENTIAL TOTAL	\$	1,886,641	0.587%	
LIGHTING TOTAL:	\$	63,716	0.587%	
TOTAL	\$	5,000,000	0.587%	

Issue: KCP&L CIP/Cybersecurity O&M Expense - Tracker/Forecast

Value: \$3,500,000

Impact

	Amount		Percent	
LARGE POWER TOTAL	\$	620,148	0.410%	
LARGE GEN SVC TOTAL	\$	813,699	0.410%	
MEDIUM GEN SVC TOTAL	\$	474,360	0.411%	
SMALL GEN SVC TOTAL	\$	226,543	0.411%	
RESIDENTIAL TOTAL	\$	1,320,649	0.411%	
LIGHTING TOTAL:	\$	44,601	0.411%	
TOTAL	\$	3,500,000	0.411%	

Issue: KCP&L Property Tax Expense - Tracker/Forecast

Value: \$5,600,000

Impact

	 Amount	Percent	
LARGE POWER TOTAL	\$ 992,237	0.657%	
LARGE GEN SVC TOTAL	\$ 1,301,919	0.657%	
MEDIUM GEN SVC TOTAL	\$ 758,975	0.658%	
SMALL GEN SVC TOTAL	\$ 362,469	0.658%	
RESIDENTIAL TOTAL	\$ 2,113,038	0.658%	
LIGHTING TOTAL:	\$ 71,362	0.658%	
TOTAL	\$ 5,600,000	0.657%	