BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Kansas City)	
Power & Light Company's Request)	Case No. ER-2012-0175
for Authority to Implement a General)	
Rate Increase for Electric Service)	

STATEMENT OF POSITION OF FEDERAL EXECUTIVE AGENCIES

COMES NOW the Federal Executive Agencies (FEA), pursuant to the Commission's April 26, 2012 Order Setting Procedural Schedule, and for its Statement of Position states as follows:

Interim Energy Charge:

ISSUE: What is the IEC KCPL is proposing?

Should it be adopted?

Position: Agree with Midwest Energy Consumers Group (MECG)

ISSUE: Is KCPL's proposed sharing of off-system sales revenues, within the context of

its proposed IEC, prohibited by the KCPL Regulatory Plan?

Position: Agree with MECG

ISSUE: Does KCPL's proposal qualify as an IEC within the provisions of the KCPL

Regulatory Plan?

Position: Agree with MECG

ISSUE: Should RES Costs be included in KCPL's revenue requirement?

Position: Agree with MECG

ISSUE: Should RES costs KCPL and GMO incurred from 2010 through 2012 that exceed the level of RES costs included in cost of service be given rate base treatment, i.e., should they not only get a return of those costs, but also a return on them?

Position: Agree with MECG

ISSUE: What amortization period should be used to determine the annual level to include in KCPL's and GMO's revenue requirements for recovery of the RES costs KCPL and GMO incurred from 2010 through 2012 that exceed the level of RES costs used in the revenue requirements upon which their current permanent rates are based?

Position: Agree with MECG

ISSUE: Should the Commission implement a tracker mechanism for RES costs that allows KCPL and GMO to accrue and defer, for future recovery, any difference between the amount in rates and the actual amount incurred?

Position: Agree with MECG

Payroll (Non-Wolf Creek Overtime):

ISSUE: Payroll: What amount should be included in cost of service for overtime?

Position: Agree with MECG

Transmission Tracker:

ISSUE: Should the Commission implement a tracker mechanism for transmission costs that allows KCPL and GMO to accrue and defer, for future recovery, any difference between the amount in rates and the actual amount incurred?

Position: Agree with MECG

Bad Debt Expense:

ISSUE: Should bad debt expense and forfeited discount revenue included in rates in this case include a provision for the respective impacts resulting from the revenue increase in this case?

Position: Agree with MECG

ISSUE: How should normalized bad debt expense be determined?

Position: Agree with MECG

ORVS Expense Recovery:

ISSUE: Have KCPL and GMO recovered in rates at a minimum the dollar amount severance costs related to the ORVS Program employees who left the employ of KCPL in March 2011?

Position: Agree with MECG

ISSUE: Should the annual amount based on a five-year amortization of the severance and related costs associated with KCPL's ORVS Program be included in revenue requirement?

Position: Agree with MECG

Off-System Sales:

ISSUE: Should KCPL's off-system sales margins be calculated based upon forecasted assumptions or normalized test year assumptions?

Position: Agree with MECG

ISSUE: What amount should be included in KCPL's revenue requirement for off system sales?

Position: Agree with MECG

ISSUE: Should the Commission continue the off-system sales tracker?

Position: Agree with MECG

Off-System Sales Adjustments:

ISSUE: Should the amount of off-system sales included in KCPL revenue requirement include adjustments for purchases for resale?

Position: Agree with MECG

ISSUE: Should the amount of off-system sales included in KCPL revenue requirement include adjustments for SPP line losses?

Position: Agree with MECG

ISSUE: Should the amount of off-system sales included in KCPL revenue requirement include adjustments for revenue neutrality uplift charges?

Position: Agree with MECG

Fuel and Purchased Power Expense:

ISSUE: Should the Commission implement a tracker mechanism for property taxes that allows KCPL and GMO to accrue and defer, for future recovery, any difference between the amount in rates and the actual amount incurred?

Position: Agree with MECG

Flood AAO:

ISSUE: Should the off-system sales margins shortfall associated with the 2011 flood be deferred and amortized over five years? If so, what amount of off-system sales margins should be deferred and amortized?

Position: Agree with MECG

Crossroads:

ISSUE: What should be the value of Crossroads included in rate base?

Position: Agree with MECG

ISSUE: What amount of accumulated deferred taxes associated with Crossroads should offset the value of Crossroads in rate base?

Position: Agree with MECG

ISSUE: What transmission costs for energy from Crossroads should be included in revenue requirement?

Position: Agree with MECG

St. Joseph Infrastructure

ISSUE: Should the Commission authorize construction accounting for GMO's proposed St. Joseph infrastructure program?

Position: Agree with MECG

RATE DESIGN / CLASS COST OF SERVICE:

ISSUE: Which class cost of service study provides the best guidance for determining shifts in customer class revenue responsibilities that are revenue neutral on an overall company basis?

Position: Agree with MECG

ISSUE: What methodology should be used to develop the class cost-of-service study production-capacity allocator? Position: Agree with MECG.

COST OF CAPITAL

ISSUE: What return on common equity should be used for determining rate or return? <u>Position</u>: 9.5%. This recommended return on equity is based on Dr. Hadaway's recommended capital structure of 53 percent equity and 47 percent debt.

Witness: (Kahal direct and surrebuttal testimony)

ISSUE: What capital structure should be used for determining rate of return?

<u>Position</u>: The Company's proposal to increase its common equity ratio from 45.51% to 52.475% should be rejected. (Kahal direct testimony) The Company's proposal to remove Other Comprehensive Income ("OCI") from GPE actual equity balance should be rejected. (Kahal surrebuttal testimony)

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, to all parties by their attorneys of record as provided by the Secretary of the Commission.

Samuel T. Miller, Capt, USAF

Dated: October 12, 2012