

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of)
Kansas City Power & Light Company's) File No. ER-2014-0370
Request for Authority to Implement)
a General Rate Increase for Electric Service)

SIERRA CLUB STATEMENT OF POSITION

Sierra Club, by and through counsel, provides the following Statement of Position, with issues numbered according to the Joint List of Issues to be filed on June 9, 2015.

Sierra Club takes a position on Issues VII (La Cygne Environmental Retrofit project), XXV(B)(d)(1) (Rate Design – Residential – Customer charge), and XXVIII

(Decoupling). Sierra Club reserves the right to modify its positions or to take additional positions as the case proceeds.

VII. La Cygne Environmental Retrofit project – what level of KCPL's investment in the La Cygne Environmental Retrofit project should be included in KCPL's Missouri rate base?

The Commission should deny rate recovery for some or all of the capital costs associated with the environmental retrofit projects at La Cygne Units 1 and 2. KCP&L's decision to move forward with construction of the retrofits based on its original Present Value Revenue Requirement ("PVRR") analysis submitted in Kansas Docket No. 11-KCPE-581-PRE in February 2011 was not prudent. If the Company had updated that analysis with a new natural gas forecast as early as April 2011, it would have found that the environmental retrofits at La Cygne Units 1 and 2 were no longer the least-cost plan.

KCP&L's 2011 PVRR analysis was deficient in other respects as well, as KCP&L unreasonably restricted the range of available resources considered, failed to consider reasonable levels of energy efficiency and renewable energy, and failed to assess or model costs for the then impending coal combustion residuals rule and the still pending effluent limitation guidelines. Further, the Company should have revisited its decision even after construction of the retrofits had commenced, by re-evaluating its analysis with updated gas prices in January 2012 or as late as June 2012 to determine whether, even with the sunk costs of the project included, the PVRR costs of the plan that retrofitted the La Cygne units were at that time still much higher than the PVRR costs of a plan that retired the units.

XXV(B)(d)(1) Rate design – Residential – Customer charge – at what level should the Commission set KCPL's residential customer charge?

The Commission should reject the Company's proposed residential customer charge and direct the Company to instead maintain the customer charge at the current level.

Maintaining the customer charge at the current level is appropriate, as it will maintain price signals that encourage conservation, empower customers to reduce their bills, and is more closely aligned with actual customer-related costs than the Company's proposal. If the Commission determines that an increase in the residential customer charge is warranted, such an increase should be limited to the percentage increase applied to other residential rate elements.

XXVIII. Decoupling (Sierra Club proposal) – Should the Commission consider, in File No. AW-2015-0282 or a similar proceeding, decoupling of KCPL’s revenues from customer usage?

Yes. Relative to current ratemaking practices, decoupling allows for a better alignment of utility costs and revenues. Decoupling is a much better option for achieving revenue stability and sufficiency than increased customer charges. Revenue decoupling can also help align the Company’s financial incentives with the goals of promoting energy efficiency under the MEEIA statute and regulations. Any such investigation should consider revenue decoupling options that adhere to fundamental ratemaking principles and are generally in customers’ best interest.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct PDF version of the foregoing was filed on EFIS and electronically mailed to all counsel of record on this 9th day of June, 2015.

/s/ Sunil Bector