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 a General Rate Increase for Electric Service	))))	**File No. ER-2016-0285**

MIEC Statement of Positions

COMES NOW, the Missouri Industrial Energy Consumers ("MIEC"), and for its Statement of Positions, respectfully provide as follows:

I. Commission Raised Issues

A. Installation of AMI smart meters for residential and commercial customers
B. Plug-in Electric Vehicle Rate
C. Optional Residential Time-of-Use rates (hourly) and Time-of-Day rates
D. PACE-Property Assessed Clean Energy Programs
E. PAYS-Pay As You Save Programs
F. Infrastructure Efficiency Tariff

Position: MIEC takes no position on these issues.

II. Cost of Capital

A. Return on Common Equity – what return on common equity should be used for determining rate of return?

Position: Consistent with the testimony of Michael Gorman, MIEC recommends that the Commission authorize a return on equity of 9.20% (range of 8.90 to 9.50%). (Gorman Rebuttal, page 2). This recommendation employs financial data as of December 16, 2016. This return on equity recognizes the continued reduction in the cost of equity since the Commission authorized a return on equity of 9.50% in KCPL's last case.

Mr. Gorman's recommendation is based upon several different, well accepted methodologies. Specifically, Mr. Gorman employs both a constant growth and multi-stage growth DCF methodology as well as CAPM and risk premium methodologies. Moreover, Mr. Gorman's analysis is unique in that it conducts an analysis designed to determine whether his ROE recommendation will allow KCPL to continue to attract capital and to maintain its current BBB+ investment grade credit rating. As reflected in his analysis (Gorman Direct, pages 54-57), Mr. Gorman's recommendation will allow KCPL to maintain its current credit rating and to attract capital. As such, a return on equity in excess of that recommended by Mr. Gorman is clearly excessive.

Mr. Gorman's return on equity recommendation is based upon KCPL's current risk profile. To the extent that the Commission authorizes any of KCPL's proposed trackers, or the use of forecasted costs, these mechanisms serve to reduce KCPL's risk profile going forward. In such a situation, the Commission should consider a return on equity at the lower end of Mr. Gorman's range. (Gorman Direct, page 3).

B. Capital structure – what capital structure should be used for determining rate of return?

Position: MIEC takes no position on this issue.

C. Cost of debt – what cost of debt should be used for determining rate of return?

Position: MIEC takes no position on this issue.

III. Fuel Adjustment Clause ("FAC")

A. Has KCPL met the criteria for the Commission to authorize it to continue to have an FAC?

B. Should the Commission authorize KCPL to continue to have an FAC?

C. What costs should flow through KCPL's FAC?

Position: MIEC has only taken a position with respect to whether SPP administration charges, NERC fees, FERC fees, and wholesale transmission expenses should be includable in the FAC. Consistent with the testimony of James Dauphinais, MIEC recommends that none of the Company's SPP administration charges, NERC fees or FERC fees should be permitted to be included in the FAC. They are not fuel, purchased power or associated with the transportation of fuel or purchased power. Thus, pursuant to 386.2661 RSMo (Supp. 2011), they may not be included in the FAC. Consistent with Mr. Dauphinais testimony, MIEC recommends that no more 20.1% of the Company's wholesale transmission expenses be includable within the Company's FAC. The remaining 79.9% of the Company's wholesale transmission expenses have not been shown by the Company to be expenses associated with the transportation of fuel or purchases power.

D. What revenues should flow through KCPL's FAC?

Position: MIEC has taken a position only with respect to whether the Company's wholesale transmission revenues should be includable in the FAC. Consistent with the testimony of James Dauphinais, MIEC recommends that the Company's wholesale transmission revenues not be includable in the FAC as they are not expenses associated with the transportation of fuel or purchased power. Thus, pursuant to 386.2661 RSMo (Supp. 2011), they may not be included in the FAC.

E. What is the appropriate sharing mechanism of the difference between actual and base fuel costs in KCPL's FAC?

F. What FAC-related reporting requirements should the Commission impose?

G. What is the appropriate base factor?

H. Should the Commission direct the parties to determine baseline heat rates for each of the utility's nuclear and non-nuclear generators, steam and combustion turbines and heat recovery steam generators?

I. If the Commission authorizes KCPL to have a FAC, should KCPL be allowed to add cost and revenue types to its FAC between rate cases?

IV. Transmission Fees Expense and Transmission Revenues

A. What level of transmission fees expense should the Commission recognize in KCPL's revenue requirement?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends the level of SPP wholesale transmission expenses recognized in the Company's revenue requirement should be based on the test year amounts for this item with reasonable adjustments for known and measurable changes through the end of the true up period. It should not be based on forecasted values.

B. Should the Commission authorize KCPL prospectively to compare its actual transmission expenses that it does not recover through its fuel adjustment clause with the level of transmission expense used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends the Commission reject the Company's proposal for an asymmetrical tracker. The Company has not demonstrated that its wholesale transmission expenses and revenues are extraordinary expenses that justify the use of such a rate tracker.

C. Should the Commission accept KCPL's revenue adjustment R-80 to remove utility transmission revenues from its cost of service?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends that the Commission reject this revenue adjustment.

D. Should the adjustment for Transource incentives as proposed by KCPL be adjusted for KCPL's cost of debt?

E. What level of transmission revenues should the Commission recognize in KCPL's revenue requirement?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends the level of wholesale transmission revenues recognized in the Company's revenue requirement should be based on the test year amounts for this item with reasonable adjustments for known and measurable changes through the end of the true up period. It should not be based on forecasted values.

F. Should the Commission authorize KCPL prospectively to compare its actual transmission revenues that do not flow through its fuel adjustment clause with the level of transmission revenue used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends the Commission reject the Company's proposal for an asymmetrical tracker. The Company has not demonstrated that its wholesale transmission expenses and wholesale transmission revenues are extraordinary expenses that justify the use of such a rate tracker.

G. What level of RTO administrative fees, FERC Assessment Fees, and NERC Assessment Fees should the Commission recognize in KCPL's revenue requirement?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends the level of SPP administration charges, NERC fees and FERC fees recognized in the Company's revenue requirement should be based on the test year amounts for these items with reasonable adjustments for known and measurable changes through the end of the true up period. They should not be based on forecasted values.

H. Should the Commission authorize KCPL prospectively to compare its actual RTO administrative fees with the level of RTO administrative fees used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends the Commission reject the Company's proposal for an asymmetrical tracker. The Company has not demonstrated that its SPP administration charges, NERC fees, FERC fees, wholesale transmission expenses and wholesale transmission revenues are extraordinary expenses that justify the use of such a rate tracker.

I. Is there currently regulatory lag preventing KCPL from achieving its authorized return and, if so, does the amount of such regulatory lag experienced currently and in the recent past by KCPL justify adoption of its tracker proposal for transmission expense in this proceeding?

Position: MIEC does not believe regulatory lag is preventing the Company from achieving its authorized return.

V. Transmission Revenue ROE adjustment- Should transmission revenues be adjusted to reflect differences between MoPSC and FERC authorized ROEs?

Position: Consistent with the testimony of James Dauphinais, MIEC recommends that the Commission reject this revenue adjustment.

VI. Property Tax Expense

A. What level of property tax expense should the Commission recognize in KCPL's revenue requirement?

B. Should the Commission authorize KCPL prospectively to compare its actual property tax expense with the level of property tax expense used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

C. Does the amount of regulatory lag experienced currently and in the recent past by KCPL justify adoption of its tracker proposal for special ratemaking treatment of property tax expense in this proceeding?

Position: MIEC takes no position on these issues.

VII. Incentive Compensation

A. What methodology should be used to determine the level of incentive compensation included in KCPL's cost of service used for setting rates in this case?

B. Should that level be based on data not known and measurable as of the true up cutoff date of December 31, 2016?

Position: MIEC takes no position on these issues.

VIII. Supplemental Executive Retirement Program ("SERP")

A. What level of SERP expense should the Commission recognize in KCPL's revenue requirement?

B. Should SERP expense be capitalized?

Position: MIEC takes no position on these issues.

IX. Severance- Should employee severance expenses be reflected in the cost of service?

Position: MIEC takes no position on these issues.

X. Kansas City Earnings Tax- What level of Kansas City Earnings Tax expense should the Commission recognize when determining KCPL's revenue requirement?

Position: MIEC takes no position on these issues.

XI. Trackers in Rate Base-Should expense trackers be included in rate base?

Position: MIEC takes no position on these issues.

XII. Bad debt gross-up – Should bad debt expense be grossed-up for the revenue requirement change the Commission finds for KCPL in this case?

Position: MIEC takes no position on these issues.

XIII. Dues and Donations

A. What level of dues and donations expense should the Commission recognize in KCPL's revenue requirement?

B. What level of Edison Electric Institute expense should the Commission recognize in KCPL's revenue requirement?

C. What level of EPRI expense should the Commission recognize in KCPL's revenue requirement?

Position: MIEC takes no position on these issues.

XIV. Credit Card Acceptance Fees-What level of Credit Card Fee expense should the Commission recognize in KCPL's revenue requirement?

Position: MIEC takes no position on these issues.

XV. Bank Fees- What level of accounts receivable bank fee expense should the Commission recognize in KCPL's revenue requirement?

Position: MIEC takes no position on these issues.

XVI. Rate case expense

A. Were any rate case expenses claimed by KCPL imprudently incurred?

B. Should the Commission allocate a portion of proposed rate case expense to KCPL shareholders?

C. What method of rate case expense allocation should the Commission order in this case?

Position: MIEC takes no position on these issues.

XVII. Depreciation Study Expense- Over what period of time should KCPL's normalized depreciation study expense be amortized to determine the level of depreciation study expense to include in KCPL's revenue requirement?

Position: MIEC takes no position on these issues.

XVIII. Depreciation

A. Should the Commission allow terminal net salvage in the calculation of KCPL's depreciation rates?

B. What depreciation rates should the Commission order KCPL to use?

Position: MIEC takes no position on these issues.

XIX. Greenwood Solar Energy Center— Should the Commission allocate any of the capital costs, operating and maintenance costs, etc., attributable to the Greenwood Solar Energy Center between GMO and KCP&L? If so, how should it be allocated?

Position: MIEC takes no position on these issues.

XX. Revenues

A. Should KCPL be permitted to make an adjustment to annualize kWh sales in this rate case as a result of KCPL's Missouri Energy Efficiency Investment Act ("MEEIA") Cycle 1 demand-side programs?

B. How should the Large Power class kW demand billing units be adjusted when a customer leaves the Large Power class?

C. How should customers who left the Large Power class and switched into the Large General Service and Medium General Service classes be annualized?

D. What methodology should be utilized to measure customer growth?

Position: MIEC takes no position on these issues.

XXI. Rate Design/Class Cost of Service

A. What interclass shifts in revenue responsibility, if any should the Commission order in this case?

Position: Consistent with its last decision regarding production plant allocation, the Commission should allocate production costs on the basis of the Average & Excess (A&E) methodology. Recognizing that production assets are valued for meeting both capacity and energy needs, the A&E methodology careful balances both of these considerations. (Brubaker Direct, pages 17-19). For this reason, the A&E methodology is well established throughout the nation. (Brubaker Direct, page 17). In fact, the A&E methodology has been adopted by Ameren, Empire and Westar just within the Missouri and Kansas service areas. (Brubaker Rebuttal, page 4). The widespread acceptance of the A&E methodology is not surprising in that it properly reflects the considerations and manner in which capacity additions are planned and constructed. (Brubaker Rebuttal, page 14).

In contrast, as the Commission has repeatedly pointed out, KCPL's Peak & Average methodology is inherently flawed in that it double counts each class' energy usage. (Brubaker Rebuttal, pages 3-11). Similarly, Staff's BIP method is inherently flawed in that it assumes that baseload capacity does not provide any value in terms of meeting system peak. Instead, Staff allocates the investment associated with baseload capacity on the basis of class energy needs. Given this, the Staff's BIP methodology is overwhelming dependent on class energy usage. As such, like the Peak & Average methodology, which relies heavily on energy considerations, the BIP method should also be rejected. (Brubaker Rebuttal, pages 11-23). In fact, the BIP methodology has found very little acceptance within the industry. As Mr. Brubaker points out, "The BIP method is certainly not among the frequently used mainstream cost allocation methodologies, and lacks meaningful precedent for its use."

Given this, Mr. Brubaker's class cost of service study, which relies upon the A&E method for allocating fixed production costs, is the most reasonable for allocating costs of service. (Results contained at Brubaker Direct, pages 21-23 and Schedule MEB-COS-4).

Relying upon Mr. Brubaker's class cost of service study, the Commission should seek to eliminate 25% - 50% of any subsidies that are currently built into KCPL's rates. (Brubaker Direct, pages 26-28 and Schedule MEB-COS-6). With a 25% elimination of current subsidies, the Commission should order the following revenue neutral shifts:

Residential:	+3.7%
Small General Service:	-1.9%
Medium General Service:	-1.5%
Large General Service:	-2.6%
Large Power:	-1.9%
Total Lighting:	-3.1%

(Brubaker Direct, Schedule MEB-COS-6).

After making these interclass shifts, the Commission should allocate any rate increase authorized for KCPL on an equal percentage basis to all customer classes.

B. How should any increase ordered in this case be applied to each class?

Position: See the position provided in response to the previous sub-issue.

C. Should KCPL be permitted to increase the fixed customer charge on residential customers?

Position: MIEC takes no position on this issue.

D. Should KCPL be required to implement the block rate structure proposed by the Division of Energy for residential customers?

Position: MIEC takes no position on this issue.

E. Should KCPL be required to propose time-varying rate offerings for residential customers in future cases?

Position: MIEC takes no position on this issue.

F. How should any increase to Rates LGS and LPS be distributed?

Position: Proper rates should be constructed in a way such that variable charges (i.e., the energy charge) are used to collect variable costs while fixed costs are collected through either the customer or demand charge. As reflected in Mr. Brubaker's testimony, however, the energy charges in the LGS and LP rate schedules currently collect a significant amount of fixed costs. While KCPL's average energy cost is approximately 2.0-2.1¢ / kWh, the LP high load factor tail block energy charge ranges from 2.4-2.6¢ / kWh and the LGS high load factor tail block energy charge ranges from 3.5-4.3¢ / kWh. (Brubaker Direct, pages 30-31). The collection of fixed costs in the energy charge creates a subsidy for the benefit of low load-factor customers that inefficiently use the KCPL system. Given that the energy charges collect a large amount of fixed costs, the Commission should seek to reduce the energy charges and increase those charges (i.e., customer and demand charges) used to collect fixed costs. As such, MIEC recommends that the Commission maintain the energy charges for the high load factor (over 360 hours use per month, or over a 50% load factor) block at their current levels, increase the middle blocks (hours use from 181 to 360) by three quarters of the average percentage increase, and to collect the balance of the revenue requirement for the tariff by applying a uniform percentage increase to the remaining charges in the tariff. This includes the customer charge, the reactive demand charge, the facilities charges, the demand charges and the initial block energy charges. (Brubaker Direct, pages 32-33 and Schedules MEB-COS-7 and 8).

XXII. Clean Charge Network

A. Is the Clean Charge Network a regulated public utility service?
B. Should capital and O&M expenses associated with the Clean Charge Network be recovered from ratepayers?
C. Should KCPL develop a PEV-TOU rate to be considered in its next general rate case?
D. Should the session charge be removed from the tariff?

Position: MIEC takes no position on these issues.

XXIII. Economic Relief Pilot Program ("ERRP") - Should the program annual funding be decreased to $589,984 for both ratepayers and shareholders? Should enrollment for the program be extended to include other community action agencies?

Position: MIEC takes no position on these issues.

XXIV. Cost Allocation Manual ("CAM")- Should the Commission approve a CAM for KCPL in this case?

Position: MIEC takes no position on these issues.

XXV. Management Expense

A. Is KCPL incurring and charging imprudent and excessive management expenses to ratepayers?

B. Should the Commission adjust KCPL's management expense amount as proposed by OPC witnesses?

C. Should the Commission direct or encourage KCPL to adopt the expense report policy changes as listed at page 9 of OPC witness Mr. Hyneman's Direct testimony?

Position: MIEC takes no position on these issues.

XXVI. Customer disclaimer – Should the Commission order KCPL to adopt a customer declaimer as proposed by OPC witness Marke?

Position: MIEC takes no position on these issues.

XXVII. Customer Experience- Is KCPL's strategy with respect to customer service, customer experience and community involvement in the interest of its customers?

Position: MIEC takes no position on these issues.

Respectfully submitted,

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By: */s/Diana Vuylsteke*__________

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 2nd day of February, 2017, to all parties on the Commission's service list in this case.

__*/s/ Diana Vuylsteke*____________