

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of KCP&L	)	
Greater Missouri Operations Company	)	<b><u>Case No. ER-2010-0356</u></b>
For Approval to Make Certain Changes in its	)	Tariff No. JE-2010-0693
Charges for Electric Service	)	

**REPLY BRIEF OF CITY OF ST. JOSEPH**

COMES NOW the City of St. Joseph, Missouri (hereinafter referred to as “St. Joseph”), and submits its Reply Brief in this matter.

**Allocation of Iatan 2 Between L&P and MPS Service Areas**

Staff has proposed in this case an allocation of Iatan 2 between the L&P and MPS service areas of KCP&L Greater Missouri Operations (“GMO”) that is based on obsolete conditions and would have an egregious impact on the L&P Division, including the citizens of St. Joseph. ***St. Joseph strongly urges the Commission to reject Staff’s proposed allocation of Iatan 2 costs, and to accept the proposal of KCP&L-Greater Missouri Operations in its stead.***

GMO proposes to allocate 41 MW of Iatan 2 to the L&P service area, and the remaining 112 MW to the MPS service area. (Hearing Exhibits GMO-33, pp. 10-12, Rush Rebuttal; GMO-5, pp. 7-10, Blanc Rebuttal; GMO-11, pp. 14-16, Crawford Rebuttal.) GMO’s proposed allocation results in 60% of L&P’s projected peak demand, and 61% of MPS’ projected peak, to be met with baseload capacity. (Hearing Exhibit GMO-11, pp. 15-16, Crawford Rebuttal.)

On the other hand, Staff would allocate 100 MW of Iatan 2 to the L&P jurisdiction, which is approximately *240% more of Iatan 2 than what GMO proposed.* (Tr. P. 3853.) This would result in 73% of L&P’s peak being met by baseload capacity. (Tr. P. 3844; Hearing Exhibit GMO-11, pp. 15-16, Crawford Rebuttal.)

Staff admits that “[t]his issue originates with the merger of UtilitCorp United, Inc. and St. Joseph Light & Power Company in 2000.” (Staff Initial Brief, March 25, 2011, at page 21.) Staff calls its treatment of this issue “a matter of fairness.” (*Id.*) However, ***the bottom line result of Staff’s proposed allocation would be a rate increase for L&P customers of almost four (4) times the rate increase to MPS customers in this case.*** (Hearing Exhibit GMO-210 (NP), p. 102, COS Report.)

The Staff Report states:

Staff realizes that economic conditions are tough and the rate impact of adding 100 MW of latan 2 investment and costs in L&P’s revenue requirement will not be easy for many of its customers.”

(Hearing Exhibit GMO-210 (NP), p.. 95, COS Report.)

***“Not be easy”?! That is gross understatement!! Staff’s proposal would result in a rate increase for the people and businesses of the City of St. Joseph that is nearly twice as great as proposed by GMO in this case, and nearly twice as great as the citizens of St. Joseph were given notice of in this case!! (Tr. pp. 3808-09, 3820.)***

Staff’s expressed interest in “fairness” should extend to whether the electricity rates in an economically struggling community should be raised nearly twice as much as even proposed by the utility company, based on a Staff analysis of how the world might have looked if St. Joseph Light & Power Company still existed as a stand-alone utility. This Commission approved a merger of St. Joseph Light & Power into UtilitCorp United years ago. More recently, this Commission approved a merger of the former UtilitCorp properties (as Aquila) into KCP&L, to form KCP&L-Greater Missouri Operations. St. Joseph Light & Power long ago ceased to be a stand-alone utility, and cost allocations

based on such an historic perspective, however nostalgic, should be rejected by the Commission.

The result of adopting Staff's proposed allocation of Iatan 2 costs in this case would be *fundamentally and grossly unfair* to the citizens, and the economy, of the City of St. Joseph. Even were the Commission to find merit in the methodology employed in Staff's analysis, Staff's allocation should be rejected because the resulting rates would be unjust and unreasonable as to the L&P service area. *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, at 602, 64 S.Ct. 281, 88 L.Ed. 333 (1944).

The City of St. Joseph agrees with the position and Initial Post-Hearing Brief of KCP&L-GMO on this issue, and urges the Commission to adopt GMO's proposed allocation of Iatan 2 costs.

Respectfully submitted,

**/s/ William D. Steinmeier**

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## CERTIFICATE OF SERVICE

I hereby certify that the undersigned has caused a complete copy of the attached document to be electronically filed and served on the Commission's Office of General Counsel (at [gencounsel@psc.mo.gov](mailto:gencounsel@psc.mo.gov)), the Office of Public Counsel (at [opcservice@ded.mo.gov](mailto:opcservice@ded.mo.gov)), counsel for GMO and all counsel of record on this 4<sup>th</sup> day of April 2011.

**/s/ William D. Steinmeier**

William D. Steinmeier