

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

In the Matter of the Propriety of the )  
Rate Schedules for Steam Service of )  
KCP&L Greater Missouri Operations Company )

**File No. HR-2018-0231**

**ORDER OPENING RATE CASE, DIRECTING NOTICE, ESTABLISHING  
TIME TO INTERVENE, AND REQUIRING COMPANY TO SHOW CAUSE  
WHY ITS RATES SHOULD NOT BE ADJUSTED**

Issue Date: February 22, 2018

Effective Date: February 22, 2018

The Commission’s Staff filed a motion on February 21, 2018, asking the Commission to open a rate case to consider the rates charged by KCP&L Greater Missouri Operations Company (GMO) for steam service. Staff’s motion explains that GMO’s existing rate schedules may no longer be just and reasonable in light of the recently enacted Tax Cuts and Jobs Act of 2017, which reduced the federal corporate income tax rate from 35 percent to 21 percent.

Staff asks the Commission to order GMO to show cause why the Commission should not order it to promptly file tariffs to reduce its rates for every class and category of service to reflect the percentage reduction in its federal-state effective income tax rate. In addition, Staff asks the Commission to direct GMO to quantify and track all steam rate impacts resulting from the Tax Cuts and Jobs Act of 2017. Staff also asks the Commission to order GMO to quantify and track its excess protected and unprotected Accumulated Deferred Income Tax ( ADIT) for possible future flow-back to ratepayers, and to advise the Commission how such flow-back may best be accomplished. Further, Staff asks the Commission to direct GMO to state its position on whether the court decisions in *State ex*

*rel. Midwest Gas Users' Association v. Public Service Commission*<sup>1</sup> and *State ex rel. Hotel Continental v. Burton*<sup>2</sup> would allow the Commission to order a reduction in utility rates without considering all relevant factors in an extended general rate case.

Finally, Staff raises one additional matter. In AW-2018-0174, the working case opened to address the effect of the tax cuts, the Commission directed Missouri's electrical corporations, gas corporations and Missouri-American Water Company to respond to five questions. That earlier order did not address GMO's steam operations and GMO's response addressed only to electric operations. Staff now asks the Commission to direct GMO to answer those five questions for its steam operations as well.

The Commission will open this file and direct GMO to respond as requested by Staff.

**THE COMMISSION ORDERS THAT:**

1. No later than March 19, 2018, GMO shall show cause, if any, why the Commission should not order it to promptly file tariffs reducing its rates for every class and category of steam service to reflect the percentage reduction in its federal-state effective income tax rate.

2. GMO shall quantify and track all impacts of the Tax Cuts and Jobs Act of 2017 potentially affecting steam service rates from January 1, 2018, going forward.

3. GMO shall quantify and track its excess protected and unprotected ADIT for possible future flow back to ratepayers, and shall advise the Commission how best such flow-back may be accomplished.

4. GMO shall, as part of its response to this order to show cause, advise the Commission as to its position on whether the impact of the Tax Cuts and Jobs Act of 2017

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<sup>1</sup> 976 S.W.2d 470 (Mo. App. W.D. 1998).

is like the gross receipts tax analyzed in *Hotel Continental* and the natural gas commodity costs considered in *Midwest Gas Users' Association*, such that the Commission may order a reduction in utility rates without considering all relevant factors in an extended general rate case.

5. GMO shall, as part of its response to this order to show cause, identify and quantify all other impacts of the Tax Cuts and Jobs Act of 2017 on its steam rates not otherwise addressed in this order.

6. GMO shall file its response to the following questions regarding its steam operations no later than March 5, 2018:

(a) What is the appropriate avenue for effectuating change to utility rates as a result of the federal income tax reductions?

(b) Is a different avenue appropriate for regulated corporations and Commission-regulated pass-through entities such as S Corporations, LLCs, and partnerships?

(c) What is the appropriate mechanism(s) for effectuating change to utility rates as a result of the federal income tax reductions?

(d) How does the change to the federal income tax affect pending rate cases? Can the change be considered in the pending rate cases?

(e) Please calculate the first-year approximate annual Missouri jurisdictional change in cost of service for your utility that is projected to result from implementation of the Tax Cuts and Jobs Act of 2017 (all other things being equal) and provide supporting workpapers for this calculation.

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<sup>2</sup> 334 S.W.2d 75 (Mo. 1960).

7. The Commission's Data Center shall send a copy of this notice and order to each party to GMO's most recent general steam rate case – HR-2009-0092 - and to the county commission of each county within GMO's steam service area. The Commission's Public Policy and Outreach Department shall make notice of this order available to the members of the General Assembly representing GMO's steam service area and the news media serving GMO's steam service area.

8. Any party wishing to apply to intervene shall file an appropriate motion no later than March 5, 2018, by transmitting it to:

Morris L. Woodruff, Secretary  
Missouri Public Service Commission  
Post Office Box 360  
Jefferson City, Missouri 65102-0360

or by using the Commission's Electronic Filing and Information System.

9. This order shall be effective when issued.

**BY THE COMMISSION**



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Morris L. Woodruff, Chief Regulatory  
Law Judge, by delegation of authority  
pursuant to Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,  
on this 22<sup>nd</sup> day of February, 2018.

**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

**WITNESS** my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 22<sup>nd</sup> day of February 2018.



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**February 22, 2018**

**File/Case No. HR-2018-0231**

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**County of Buchanan, Missouri**  
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Buchanan County Courthouse  
St. Joseph, MO 64501

**KCP&L Greater Missouri Operations Company**  
Legal Department  
P.O. Box 418679  
Kansas City, MO 64141-9679

**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

*Sincerely,*



**Morris L. Woodruff**  
**Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.