

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

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

RESPONSE OF CITY OF ST. JOSEPH

COMES NOW the City of St. Joseph, Missouri (hereinafter referred to as “St. Joseph”), Intervenor herein, and submits its Response to the Commission’s *Order Directing Responses and Directing Filing* issued on May 17 in this matter.

The City of St. Joseph supports the requests for rehearing of KCP&L-GMO (GMO), Ag Processing (AGP) and the Office of the Public Counsel (OPC) on the issue of the allocation of latan II costs between the L&P and MPS service areas of GMO.

To increase the rates of L&P by 21%, when the public notices stated a maximum possible rate increase of 13.78% as a result of this rate case, is unreasonable and unconscionable. This result is in spite of the fact that the Commission reduced GMO’s overall revenue requirement request in the case by almost 40%, granting the Company a \$59.4 million overall revenue requirement increase instead of the \$97.9 million that GMO had sought.

GMO’s initial filing in the case put the public on notice that GMO was requesting to increase L&P rates by \$22.1 million (13.78%). Subsequent official Commission orders notified the public of those same numbers. However, as stated by Ag Processing, “contrary to ... the notice provided to interested parties, GMO has filed compliance tariffs designed to collect an increase from the L&P Division of approximately \$29.3 million (21.0%).” (*Objection to L&P Tariff*, Ag Processing, May 16, 2011, at page 1, Para. 3.) Ag Processing states that “the

Industrial Intervenors raise this objection to protect the L&P customers from the rate shock provided by L&P's compliance tariff." (*Id.*, page 4, Para.5.)

OPC also points out that the increase to the L&P Division is well in excess of the amount requested "and well in excess of the amount repeatedly referred to in the notices to customers, the media, governing bodies and elected officials." (*Public Counsel's Objections to Tariffs*, page 1, Para. 2.) This, OPC argues, "would impose an unlawful and unreasonable increase on L&P customers." (*Id.*, page 1, Para. 4.) The City of St. Joseph agrees.

The unfairness of this result to the residents and business community of the City of St. Joseph is obvious. Citizens, businesses and industrial customers can plan for a rate increase when a public utility files a rate case with the Commission. That planning is logically within the parameters of the increase requested by the Company and of which public notice was given – in this case, up to 13.78%.

It is unjust and unreasonable for the Commission to grant an increase for St. Joseph and the L&P Division that exceeds the maximum possible outcome of this case (13.78%), as described to customers in public notices from GMO and the Commission, by approximately 50%! At the same time, customers in the MPS Division will be receiving an increase of only 6%, or less than half of what they were notified was the possible outcome of the case.

Rehearing on this issue should be granted, and the outcome changed, because the rates resulting from the Commission's *Report and Order* of May 4 are 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 arguments of GMO, Ag Processing and OPC and urges the Commission to reject GMO's tariffs as to the L&P rate increase and grant rehearing on the issue of the proper allocation of Iatan II costs.

Respectfully submitted,

/s/ William D. Steinmeier

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Dated: May 20, 2011

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), the Office of Public Counsel (at opcservice@ded.mo.gov), counsel for GMO and all counsel of record on this 20th day of May 2011.

/s/ William D. Steinmeier

William D. Steinmeier