

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

In the Matter of KCP&L Greater Missouri Operations            )  
Company’s Request for Authority to Implement                )        Case No. ER-2016-0156  
A General Rate Increase for Electric Service                 )

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**  
**RESPONSE TO COMMISSION ORDER**

COMES NOW KCP&L Greater Missouri Operations Company (“GMO” or “Company”), by and through counsel, and files this response to the Missouri Public Service Commission (“MPSC” or “Commission”) February 25, 2016 Order Directing Filing.

1.       The Company appreciates the Commission’s willingness to consider using a ten month schedule for this rate case. The Commission is correct when it observes that an 11 month schedule is not required by law. The Company believes that a ten month rate case is a step in the right direction toward reducing regulatory lag. However, given the lack of usage-based revenue growth that has been experienced by GMO in recent years and which is expected to continue in the future, such a modest change will not resolve the fundamental problem with the Commission’s traditional approach of basing rates on historical costs only and not reflecting expenses that are known to be increasing such as transmission expense and critical infrastructure protection/cyber-security expenses.

2.       The Commission’s proposal to shorten the time period will not unduly shorten Staff’s audit time because Staff should already be very familiar with GMO’s cost structure. The Staff has conducted at least five financial audits of GMO in the last 11 years. The issues that Staff will encounter in its audit in this case will likely be similar to issues that it has addressed in the last five GMO rate cases. In fact, in KCP&L’s last rate case (ER-2014-0370) the Staff performed an audit of both KCP&L and GMO. Staff data requests in that case requested the

same financial information related to both KCP&L and GMO so that Staff had a complete picture of what costs were impacting both companies and how those costs were being allocated. These data requests will simply need to be updated for months post the conclusion of the KCP&L case. Consequently, because Staff just completed an audit of GMO in 2015, the Commission can be assured that there is sufficient time for Staff to conduct its audit in this case under a ten-month procedural schedule.

3. The Company does not agree with the Office of the Public Counsel’s claim that there are three separate rate cases in this case. The fact that GMO has two separate rate jurisdictions (MPS and L&P) does not add any more complications to this case than it did to any of the previous GMO rate cases. The consolidation of MPS and L&P as proposed in this case is simply the addition of the two jurisdictions and the rate design that would result from this consolidation. The Company does not believe that its consolidation proposal requires an 11 month procedural schedule.

4. There are a number of ways that the Commission can shorten the procedural schedule in this case to accommodate a ten-month schedule. In fact, shortening the scheduled by more than one month would be appropriate given that the Staff has already performed an audit of GMO in the last KCP&L rate case.

5. The timeline below reduces the time between GMO’s filing date and Staff/Intervenor Direct Testimony by approximately one month:

<b><u>Event:</u></b>	<b><u>Date:</u></b>
Filing Date	2/23/2016
Staff / Intervenor Testimony	6/24/2016
Staff / Intervenor Testimony - Rate Design	7/8/2016
Local Public Hearing	7/11-15/2016
Prehearing Conference	7/18-19/2016
End of True-Up Period	7/31/2016
Rebuttal Testimony	8/2/2016

Settlement Conference	8/8-9/2016
Surrebuttal Testimony	8/29/2016
True-Up Direct Testimony	8/29/2016
Contested Issues List	9/2/2016
Position Statements	9/7/2016
True-Up Rebuttal	9/9/2016
Evidentiary Hearing Start <sup>1</sup>	9/12/2016
Evidentiary Hearing End	9/16/2016
Briefs (all parties)	10/7/2016
Reply Briefs (all parties)	10/24/2016
Order Date	11/22/2016
Effective Date of Rates	12/22/2016

6. A more efficient way to conduct a rate case would be to eliminate the practice of two separate direct cases by both the Company and the Staff.<sup>2</sup> Staff and other parties would file Rebuttal Testimony which make adjustments directly to the Company's filed revenue requirements contained in its direct case. All non-Company parties would also have the opportunity to file Cross-Answering Testimony and the Company would file Surrebuttal Testimony. By only having three rounds of testimony, the following nine month schedule could be adopted:

<b><u>Event:</u></b>	<b><u>Date:</u></b>
Filing Date	2/23/2016
Staff / Intervenor Rebuttal (including Rate Design)	6/13/2016
Local Public Hearing	6/20-24/2016
Cross-Answering Testimony	6/27/2016
End of True-Up Period	6/30/2016
Prehearing Conference	7/7-8/2016
Settlement Conference	7/18-19/2016
GMO Surrebuttal Testimony	7/20/2016
True-Up Direct	7/29/2016
Evidentiary Hearing Start	8/8/2016
True-Up Rebuttal	8/10/2016
Evidentiary Hearing End	8/12/2016
Contested Issues List	8/16/2016
Position Statements	8/18/2016
True-Up Hearing	8/22/2016

<sup>1</sup> Any True-Up issues would be addressed during the evidentiary hearing scheduled for 9/12-9/16.

<sup>2</sup> On information and belief, undersigned counsel understands that the Missouri practice of requiring the filing of two direct cases – one by the Company and one by the Staff – is not common throughout the country.

Briefs (all parties)	9/12/2016
Reply Briefs (all parties)	9/26/2016
Order Date	10/21/2016
Effective Date of Rates	11/22/2016

7. The Company would be happy to expand upon the above schedules at the Commission's March 2<sup>nd</sup> Agenda session.

WHEREFORE, GMO submits its response to the Commission's Order Directing Filing.

Respectfully submitted,

*/s/ Robert J. Hack*

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Robert J. Hack, MBN 36496  
Lead Regulatory Counsel  
Phone: (816) 556-2791  
E-mail: [rob.hack@kcpl.com](mailto:rob.hack@kcpl.com)  
Roger W. Steiner, MBN 39586  
Corporate Counsel  
Phone: (816) 556-2314  
E-mail: [roger.steiner@kcpl.com](mailto:roger.steiner@kcpl.com)  
Kansas City Power & Light Company  
1200 Main – 16<sup>th</sup> Floor  
Kansas City, Missouri 64105  
Fax: (816) 556-2787

**Attorneys for KCP&L Greater Missouri  
Operations Company**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1<sup>st</sup> day of March, 2016.

*/s/ Robert J. Hack*

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Robert J. Hack