

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Application of Kansas City)
Power and Light Company for Approval to Make)
Certain Changes in its Charges for Electric) Case No. ER-2010-0355
Service to Continue the Implementation of its)
Regulatory Plan)

THE UNITED STATES DEPARTMENT OF ENERGY’S STATEMENT OF POSITION

COMES NOW the United States Department of Energy (“DOE” or “the Department”), and files its statement of position in the above-captioned matter. The Department states as follows:

A. The Commission’s August 18, 2010 order in this proceeding directed that the parties file statements of position on January 11, 2011;

B. For purposes of this statement of position, the Department has adopted the language and numbering scheme that is used in Staff’s January 6, 2011 statement of the issues.

C. The Department’s positions on issues as to which it has presented testimony are as follows:

RATE DESIGN/ CLASS COST OF SERVICE STUDY

ISSUE: 10. Allocation Among the Customer Classes:

How should the rate increase be allocated among the various customer classes?

The Department’s position: If the Commission addresses and decides the matter of adoption of a revenue allocation methodology herein, it should direct that any rate increase be allocated among the customer classes on the basis of the “4CP” methodology that is described in DOE Witness Dr. Dennis Goins’s testimonies. Alternatively, it should direct that any such increase be so allocated on the basis of the “Average and Excess” methodology that is described in Mr. Maurice Brubaker’s testimonies. The Commission should *not* direct that any such increase be so allocated on the basis of the Base-Intermediate-Peak (“BIP”) methodologies which are described in the testimonies of Staff Witness Michael Scheperle and Company Witness Paul Normand.

ISSUE: a. Should the proposal to increase rates on an equal percentage basis be adopted?

The Department’s position: Yes. As per the testimony of DOE Witness Dr. Dennis Goins, the Company’s proposal to increase rates on an equal percentage basis should be adopted.

ISSUE: b. Should Staff’s proposal to allocate the first \$13 million of any Commission ordered increase on an equal percentage basis to the rate schedules where the revenue responsibility of the class is less than KCPL’s cost to serve the class; (2) allocate any Commission ordered increase above \$13 million to all rate elements on all rate schedules on an equal percentage basis; (3) allocate any Commission ordered decrease on an equal percentage basis to all rate elements on all rate schedules where the revenue responsibility of the class served on that schedule exceeds KCPL’s cost to serve the class be adopted?

The Department's position: No. This proposal should be rejected, as per the rebuttal testimony of DOE Witness Dr. Dennis Goins.

ISSUE: d. Should Public Counsel's proposal to increase the Large Power class revenue responsibility by one half of the "revenue neutral shifts" indicated by Public Counsel's class cost of service study or \$4,364,811 [$\$407,165,225 \times 1/2 \times (6.396\% - 4.252\%)$]; decrease the Small General Service class revenue responsibility by approximately 88% (\$3,848,970) of the \$4,364,811 revenue neutral reduction and decrease the Medium General Service class revenue responsibility by the remaining approximately 12% (\$515,841) of the \$4,364,811 revenue neutral reduction be implemented?

The Department's position: No. This proposal should be rejected, as per the rebuttal testimony of DOE Witness Dr. Dennis Goins.

ISSUE: 62. What allocation methodology should be used for (allocating) off-system sales (among) classes of customers?

The Department's position: The practice of allocating off-system sales on the basis of energy (kWH) usage should be maintained, as per the testimonies of DOE Witness Dr. Dennis Goins.

42. RETURN ON COMMON EQUITY

ISSUE: What return on common equity should be used to determine rate of return?

The Department's position: The return on common equity should be set at 9.50%, as per the rebuttal testimony of MIEC/DOE Witness Michael Gorman.

ISSUE: i. Is a 25 basis point upward adjustment justified based on service reliability?

The Department's position: As is explained in the rebuttal testimony of MIEC/DOE Witness Michael Gorman, such an upward adjustment is *not* justified.

The Department respectfully reserves its right to assert its positions on various issues when evidence is presented during the evidentiary hearings in this case, to file post-hearing briefs, to file true-up testimony, or to otherwise participate fully in further proceedings in this case.

Dated: January 11, 2011

Respectfully submitted,

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Certificate of Service

I hereby certify that I sent a true and correct copy of the above and foregoing document via e-mail on this 12th day of January, 2011, to:

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