BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

MISSOURI INDUSTRIAL ENERGY CONSUMERS'
STATEMENT OF POSITION

COMES NOW the Missouri Industrial Energy Consumers ("MIEC"), and pursuant to the Commission's August 18, 2010 *Order Approving Nonunanimous Stipulation and Agreement, Setting Procedural Schedule, and Clarifying Order Regarding Construction and Prudence Audit* provides the following Statement of Position, with issues numbered according to the Joint List of Issues filed on January 7, 2011. The MIEC reserves the right to modify its positions or to assert additional positions as this case proceeds.

Kansas City Power & Light Company Issues Only, File No. ER-2010-0355

I. **REVENUE REQUIREMENT**

II. **CASH WORKING CAPITAL ISSUES**

4. **Gross Receipts Taxes**: (KCPL—Hardesty, Weisensee, Staff—Lyons, Industrial—Meyer)

   a. Are municipal gross receipts taxes collected from customers before or after they are paid?

   Position: The MIEC takes the position that these taxes are collected from customers before they are required to be paid to the taxing authorities.

   b. What is the cash working capital expense lag?

   Position: The MIEC takes the position that the expense lag for the Kansas City, Missouri 6% Gross Receipts Tax should be 75.63 days. and the lag for the Kansas City, Missouri 4% Gross Receipts Tax should be 45.63 days. Finally the expense lag for the Gross receipts Tax of other municipalities should be 53.47 days.

c. What is the cash working capital revenue lag?

Position: The MIEC proposes that the revenue lag associated with these taxes should be zero days.

III. EXPENSES

IV. JURISDICTIONAL ALLOCATIONS

11. **Allocation of Off-System Sales Margins:** (KCPL—Loos, Staff—Featherstone, Bax, Industrials—Meyer)

    What methodology should be used to allocate KCPL's off-system sales margins between the Missouri, Kansas and FERC jurisdictions?

Position: The MIEC position is that off-system sales should be allocated between jurisdictions using the energy allocator.

V. RATE DESIGN/ CLASS COST OF SERVICE STUDY

(Staff—Scheperle, Kang; DOE—Goins; KCPL—Rush, Normand; Industrials— Brubaker; Public Counsel—Meisenheimer; MGE—Noack)

12. **Should the frozen general service All-electric and separately metered space heating rate schedules currently serving no customers be eliminated?**

Position: MIEC takes no position

13. **Should KCPL's discounted residential electric rates, specifically, Rate B – Residential General Use and Space Heat – One Meter; Rate C – Residential General Use and Space Heat – 2 Meters; and Rate D (applicable to electric space and water heating)—be eliminated?** (MGE's issue)

Position: MIEC takes no position

14. **Which class cost of service study provides the best guidance for determining shifts in customer class revenue responsibilities that are revenue neutral on an overall company basis?**

MIEC RESPONSE: MIEC's average and excess - 4NCP method

15. **Allocation of Increase Among Customer Classes:** How should any rate increase be allocated among the various customer classes?

Position: To move 25% toward cost of service based on MIEC's allocation method

What allocation methodology should be used for determining off-system sales between classes of customers?

Position: OSS should be allocated on class energy

16. **Should the new "Residential Other Use" (ROU) tariff provision KCPL has proposed be implemented?**

Position: MIEC takes no position

17. **Should a fee of $25.00 for customer collection by a field service person making a final collection attempt at the meter location prior to the meter to be disconnected for non-payment be added to KCPL's tariff as KCPL has proposed?**

Position: MIEC takes no position

18. **Should the energy charges the Industrials have proposed for the Large General Service and Large Power Service rate schedules be implemented?**

Position: Yes. The proposal accomplished a moderate movement toward a more efficient and cost-reflective rate design.

VI. **REGULATORY AMORTIZATIONS**

19. **What should be the ratemaking treatment for the Regulatory Additional Amortizations?** (KCPL—Weisensee, Spanos; Staff—Rice, Featherstone; Public Counsel—Robertson; Industrials--Meyer)

Position: The MIEC proposes that the Regulatory Additional Amortizations be returned to ratepayers over a 15 year period with the unamortized balance reflected as a reduction to rate base.

KCPL and GMO common issues

VII. **REVENUE REQUIREMENT**

VIII. **COST OF CAPITAL** (KCPL—Cline, Blanc, Hadaway; Industrials—Gorman; Staff—Brossier, Kremer and Murray)

57. **Return on Common Equity**: What return on common equity should be used for determining rate of return?

Position: The MIEC believes the Commission should grant KCPL a return on equity of 9.5%

IX. EXPENSES

60. **Fuel & Purchased Power Expense, and Off-System Sales Margins:**

a. How should the revenues and charges to KCPL and GMO for Southwest Power Pool transmission system energy loss from the wholesale of energy to entities outside the SPP market be included in their revenue requirements? (KCPL Crawford, Staff Harris, Industrial Meyer)

Position: The MIEC proposes that no adjustment needs to be made to KCPL's revenue requirement for off-system sales outside the SPP market. Therefore the MIEC opposes KCPL's adjustment to their revenue requirement.

b. Should Revenue Neutrality Uplift Charges be removed from the appropriate level of off-system sales margins?

Position: The MIEC proposes that revenue neutrality uplift charges should be included in KCPL's annualized fuel expense and should not be reflected as a reduction to KCPL's off-system sales margins.

c. Should the losses associated with wholesale purchases that are later resold be removed from the appropriate level of off-system sales margins?

Position: The MIEC proposes that the off-system sales margins should not be adjusted to include these losses.

d. How should the Commission determine the level of non-firm off-system sales margin to use for setting rates in this case, i.e., should the non-firm off-system sales margin level proposed by KCPL/GMO, or by Staff and Industrials be used for setting rates? (Industrial Meyer, Staff Harris)

Position: The MIEC proposes that the proper level of off-system sales margins should be set at the 40th percentile based on KCPL witness Schnitzer's model.

e. Are the purchases for resale, SPP line losses and revenue neutrality uplift charges adjustments KCPL makes to arrive at its proposed level of non-firm off-system sales margin to be used for setting rates appropriate?

Position: The MIEC proposes that these adjustments should not be used to reduce the level of off-system sales margins and therefore these adjustments are inappropriate for ratemaking purposes.

X. **RATE DESIGN/ CLASS COST OF SERVICE STUDY**

(Staff Scheperle, Goins, KCPL Rush, Normand, Industrial Brubaker, Public Counsel Meisenheimer, MGE Noack)

73. **What methodology should be used to develop the class cost-of-service study production-capacity allocator?**

Position: MIEC's Average and Excess - 4NCP method

74. **Facility extension practices:**

Should KCPL/GMO be allowed to offer discounts or refunds to customers or developers in exchange for agreeing to install heat pumps?

Position: MIEC takes no position

75. **LED street and area lighting systems:** (Staff-Kang)

Should the Commission order KPCL and GMO to complete an evaluation of Light Emitting Diode (LED) Street and Area Lighting (SAL) systems and, no later than twelve (12) months after the effective date of the Commission's Report and Order in this case, file proposed LED lighting tariff sheet(s) to offer a LED SAL demand-side program, unless KCPL's and GMO's analysis shows that a LED SAL demand-side program would not be cost-effective, and, if a LED SAL demand-side program is not cost-effective, update the Staff as to the rationale of the analysis and file a proposed tariff sheet(s) that would provide LED SAL services at cost to its customers.

Position: MIEC takes no position

76. **Outdoor Lighting**: Should the Commission adopt Mr. Wagner's proposals to order KCPL and GMO to do the following? (KCPL—Rush, Herdegen, Wagner)

a. Develop LED Lighting rates within a year

b. Add voluntary part-night outdoor lighting rates

c. Add lower wattage outdoor lights as an available option

d. Convert rates from listing output lumens/wattage to the amount of light on the ground

e. Discontinue marketing outdoor lights as safety or crime prevention devices without a guarantee

Position: MIEC takes no position

KCP&L Greater Missouri Operations Company ISSUES—Case No. ER-2010-0356

MIEC RESPONSE: MIEC is not a party to Case No. ER-2010-0356

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail or mailed, First Class, postage prepaid, this 12th day of January, 2011, to all parties on the Commission's service list in this case.

/s/ Diana Vuylsteke