

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

In the Matter of Kansas City Power & Light                    )  
Company’s Request for Authority to Implement            )        Case No. ER-2014-0370  
A General Rate Increase for Electric Service            )

**KANSAS CITY POWER & LIGHT COMPANY’S RESPONSE TO  
STAFF’S RECOMMENDATION THE COMMISSION PROVIDE  
ADDITIONAL NOTICE AND OPPORTUNITY TO INTERVENE**

COMES NOW Kansas City Power & Light Company (“KCP&L” or “Company”) and respectfully files this Response to the *Staff’s Recommendation the Commission Provide Additional Notice and Opportunity to Intervene* (“*Staff’s Recommendation for Additional Notice*”) filed on February 19, 2015.

**I. Introduction**

1. *Staff’s Recommendation for Additional Notice*, as detailed in paragraphs 1 – 3 thereof, is premised on a) Staff’s argument that the request that the Commission authorize KCP&L to utilize a fuel adjustment clause (“FAC”) as one result of this rate case contravenes a provision of the regulatory plan approved for KCP&L in Case No. EO-2005-0329, and b) the fact that certain parties to Case No. EO-2005-0329 are not parties to this rate case.

2. As will be detailed below, although one of the premises of *Staff’s Recommendation for Additional Notice* is wrong, and the FAC request has already been adequately noticed, KCP&L does not object to providing additional notice if deemed necessary by the Commission.

**II. Argument**

**A. KCP&L Has Not Sought To Utilize an FAC Prior to June 1, 2015**

3. KCP&L filed this rate case on October 30, 2014 and, according to Ordered Paragraph 2 on page 2 of the Order Suspending Tariffs and Delegating Authority issued by the

Commission herein on November 5, 2014, the operation of law date for this proceeding is September 29, 2015. As a consequence, it is expected that new rates and tariff sheets from this rate case, including the FAC, will take effect on or about September 29, 2015.

4. Staff argues that, because this rate case with a request for an FAC was filed on October 30, 2014, KCP&L has violated its commitment, approved by the Commission in Case No. EO-2005-0329, “that, prior to June 1, 2015, it will not seek to utilize any mechanism authorized in current legislation known as ‘SB 179’ or other change in state law that would allow riders or surcharges or changes in rates outside of a general rate case based upon a consideration of less than all relevant factors.” (*Staff’s Recommendation for Additional Notice*, paragraph 3)

5. Had KCP&L filed this rate case such that the operation of law date was prior to June 1, 2015, Staff’s argument could make sense. In that scenario (i.e., a rate case filed on or before July 2, 2014), KCP&L would have been seeking to utilize an FAC prior to June 1, 2015. But that is not what happened.

6. Instead, KCP&L filed this rate case on October 30, 2014 and seeks to utilize an FAC on and after September 29, 2015. Therefore, Staff’s assertion that KCP&L has violated its commitment in Case No. EO-2005-0329 regarding when it may “seek to utilize” an FAC is incorrect.

**B. Case No. EO-2014-0095 Does Not Support Staff’s Recommendation**

7. Staff seems to suggest in paragraph 5 that the Commission’s finding that an agreement it approved in Case No. EO-2014-0095 was “inconsistent with” the commitment approved by the Commission in Case No. EO-2005-0329 regarding when KCP&L may seek to utilize single-issue rate mechanisms was ameliorated by the fact that signatories to the agreement approved by the Commission in Case No. EO-2005-0329 had been contacted regarding the

agreement proposed in Case No. EO-2014-0095 and voiced no objection. Presumably, Staff points to Case No. EO-2014-0095 out of a belief that the facts in Case No. EO-2014-0095 are analogous to the facts in this rate case. Staff is wrong.

8. In this rate case, KCP&L has requested an FAC, but in its Application and testimony in Case No. EO-2014-0095, KCP&L did not request that the Commission authorize it to use a single-issue rate mechanism. Rather, Case No. EO-2014-0095 was initiated by KCP&L as a request for Commission authorization to establish a demand side-side programs investment mechanism (“DSIM”) and, in connection therewith, a DSIM tracker to defer and collect in a regulatory asset costs directly attributable to demand side management (“DSM”) programs, a portion of the overall benefits of the DSM programs to be shared with customers, and a reward to the Company for successful implementation of the DSM programs.<sup>1</sup> KCP&L proposed that costs deferred and collected through the DSIM tracker would be collected through a DSIM charge beginning June 1, 2015. Especially relevant here, in Case No. EO-2014-0095 KCP&L did not seek to utilize a single-issue rate mechanism prior to June 1, 2015. Nevertheless, in the course of prosecuting Case No. EO-2014-0095, an agreement was reached among certain parties to the case providing for resolution of the case, including implementation of a DSIM Rider to recover MEEIA program costs, TD-NSB Share and Performance Incentive Award, including interest.<sup>2</sup> In addition to the fact that KCP&L did not file Case No. EO-2014-0095 so as to seek to utilize a single-issue rate mechanism, the timing of each case relative to June 1, 2015 distinguishes them from one another.

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<sup>1</sup> Application in Case No. EO-2014-0095, paragraph 14, filed January 7, 2014.

<sup>2</sup> Non-Unanimous Stipulation and Agreement Resolving Kansas City Power & Light Company’s MEEIA Filing, Case No. EO-2014-0095, paragraph II.6., pp. 3-7, dated May 27, 2014.

9. Specifically, KCP&L filed Case No. EO-2014-0095<sup>3</sup> on January 7, 2014, with an effective date of May 7, 2014 that was extended by the Commission by 30 days to June 6, 2014<sup>4</sup> – which effective date was well in advance of June 1, 2015. KCP&L’s resulting compliance tariff sheets, including the DSIM Rider, became effective on July 6, 2014.<sup>5</sup> In stark contrast, KCP&L filed this rate case (which included an FAC request) on October 30, 2014, with an operation of law date of September 29, 2015 – which operation of law date is nearly four months after June 1, 2015.

10. It is clear, therefore, that Case No. EO-2014-0095 does not support the relief requested by Staff in the form of additional notice of KCP&L’s FAC request in this rate case.<sup>6</sup>

### **C. Adequate Notice of KCP&L’s FAC Request Has Already Been Provided**

11. KCP&L issued a press release announcing the rate case filing on October 30, 2014, the day the rate case was filed, which press release was distributed over BusinessWire to all media outlets in KCP&L’s service territory. KCP&L personnel also sent the release via e-mail to all of KCP&L’s media contacts in KCP&L’s service territory. Additionally, as is customary, the Commission provided notice of this filing on October 31, 2014. Also, the Company will send a bill insert to all customers using text approved by Commission order.<sup>7</sup> This same Commission-approved text will be published in 7 newspapers in KCP&L’s service

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<sup>3</sup> This case was a request by KCP&L to establish a DSIM under Section 393.1075 RSMo., and a rule promulgated by the Commission thereunder, specifically 4 CSR 240-20.094(3) provides that such requests are to be ruled upon by the Commission within 120 days of filing.

<sup>4</sup> See *Order Modifying Procedural Schedule and Granting Variance* issued in Case No. EO-2014-0095 on February 26, 2014.

<sup>5</sup> *Order Approving Tariffs*, Case No. EO-2014-0095, dated July 2, 2014.

<sup>6</sup> KCP&L would note, however, that Case No. EO-2014-0095 ultimately resulted in implementation of a single-issue rate mechanism (DSIM Rider) for KCP&L prior to June 1, 2015. As such, the ultimate result reached in Case No. EO-2014-0095 supports KCP&L’s position in this case that it has not filed its request for an FAC prematurely in relation to the agreement approved by the Commission in Case No. EO-2005-0329.

<sup>7</sup> See Exhibit 1 appended hereto for approved bill insert text.

territory on April 9 or 10, 2015.<sup>8</sup> KCP&L submits that these notices are entirely adequate and that the additional notice requested by Staff is not required.

12. That sufficient notice has already been provided and that additional notice is not necessary is further borne out by an examination of the identities of the entities to whom Staff suggests in paragraph 6 that additional notice be provided, to-wit:

- Missouri Department of Natural Resources (“MDNR”) – On information and belief, MDNR participated in Case No. EO-2005-0329 primarily through its Division of Energy which, effective August 29, 2013, was transferred from MDNR to the Department of Economic Development. The Missouri Department of Economic Development – Division of Energy has already been granted intervention in this proceeding<sup>9</sup> and, as such, is already aware of KCP&L’s FAC request.
- Ford Motor Company (“Ford”) – Ford has in the past been included in the group of companies represented by the Missouri Industrial Energy Consumers (“MIEC”) and MIEC is already an intervenor in this rate case. Although KCP&L does not know for certain whether Ford is included in the group represented by MIEC in this rate case, based upon Ford’s past representation by MIEC, KCP&L expects that Ford is likely already aware of KCP&L’s FAC request.
- KCP&L Greater Missouri Operations Company (“GMO”) – Because this company is a sister company of KCP&L, undersigned counsel can unequivocally aver that GMO is already aware of KCP&L’s FAC request.
- The Empire District Electric Company (“Empire”) – As an investor-owned electric utility regulated by this Commission, KCP&L would expect that Empire monitors significant filings made with this Commission and, as such, would likely already be aware of KCP&L’s FAC request.
- Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) – As a part of the electric industry in Missouri, KCP&L expects that MJMEUC is likely already aware of KCP&L’s FAC request. On information and belief, MJMEUC represents a group of municipal utilities that includes utilities which take wholesale service from KCP&L under rate schedules that are not subject to the jurisdiction of the Commission, and would not be subject to the rates or tariffs, including the FAC, that KCP&L has asked the Commission to approve in this rate case.

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<sup>8</sup> Chariton County Journal, Glasgow Missourian, Kansas City Star, Dos Mundos, KC Hispanic News, KC Call and Marshall Democrat-News.

<sup>9</sup> See Notice of Actions Taken at Prehearing Conference dated November 24, 2014.

### III. Conclusion

13. In sum, KCP&L suggests that for all of the foregoing reasons, additional notice requested by Staff of its FAC request need not be provided. Nevertheless, if the Commission determines otherwise, KCP&L hereby states its willingness to provide and certify such additional notice if so ordered by the Commission.

**WHEREFORE**, for the reasons stated herein, KCP&L respectfully requests that the Commission take note of this Response.

Respectfully submitted,

*/s/ Robert J. Hack*

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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, emailed or mailed, postage prepaid, this 2<sup>nd</sup> day of March, 2015, to all parties of record.

*/s/ Robert J. Hack*

Robert J. Hack

## IMPORTANT NOTICE

On October 30, 2014, Kansas City Power & Light Company d/b/a KCP&L (metropolitan Kansas City, Missouri) filed an electric rate case with the Missouri Public Service Commission (Commission) seeking to increase annual electric operating revenues by approximately \$120 million (15.8%). KCP&L states the increase is necessary because of substantial investments in infrastructure (including federal and state-mandated environmental upgrades at its La Cygne power plant), increasing expenses and inadequate revenues. For the average KCP&L residential customer using 867 kilowatt hours of electricity, the proposed increase would be approximately \$14 per month.

KCP&L has also asked the Commission to establish a Fuel Adjustment Clause (FAC), which would allow KCP&L to recover from, or return to, customers increases or decreases in the cost of fuel, power purchased and transmission costs. The FAC amount would appear as a line item on the bill based on the customer's monthly energy usage. The FAC factor would change every six months, upon review and approval of the Commission, after costs have been incurred.

Public comment hearings have been set before the Commission as follows:

April 23, 2015, 6:00 p.m.  
Bruce R. Watkins Cultural  
Heritage Center Auditorium  
3700 Blue Parkway  
Kansas City, MO 64130

May 5, 2015, 6:00 p.m.  
Manual Career and  
Technical Center Auditorium  
1215 East Truman Road  
Kansas City, MO 64106

April 28, 2015, 6:00 p.m.  
Memorial Station  
in Belton Memorial Park  
602 Maurer Parkway  
Belton, MO 64012

May 6, 2015, 6:00 p.m.  
Gladstone Community  
Center, Gladstone and  
Linden Room  
6901 North Holmes  
Gladstone, MO 64118

May 5, 2015, 12:00 p.m., noon  
Martin Community Center  
1985 South Odell Avenue  
Marshall, MO 65340

Each hearing will begin with an informal question and answer session. If you are unable to attend a live public hearing and wish to make written comments or secure additional information, you may contact:

The Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102, telephone: (800) 392-4211, email: [pscinfo@psc.mo.gov](mailto:pscinfo@psc.mo.gov);

The Office of the Public Counsel, P.O. Box 2230, Jefferson City, Missouri 65102, telephone: (866) 922-2959, email: [opcservice@ded.mo.gov](mailto:opcservice@ded.mo.gov); or

**Exhibit 1**

Comments may also be registered in the case using the Public Service Commission's electronic filing and information system ("EFIS") at <http://www.efis.psc.mo.gov/mpsc/Comments.html> and entering "ER-2014-0370" in the "Case/Tracking No." field.

As currently scheduled, the Commission will also conduct evidentiary hearings at its offices in Jefferson City from June 15 through June 19 and June 29 through July 2, 2015, beginning at 8:30 a.m. The current schedule could change, however, so please check the Commission website at <http://www.psc.mo.gov>. The hearings and local public hearings will be held in buildings that meet accessibility standards required by the Americans with Disabilities Act. If a customer needs additional accommodations to participate in these hearings, please call the Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 before the hearing.