

**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-2012-0174
a General Rate Increase for Electric Service.)

**MOTION FOR LEAVE TO REPLY TO
STAFF'S RESPONSE TO KCP&L'S OPPOSITION TO
MOTION TO STRIKE AND REPLY OF KCP&L**

Kansas City Power & Light Company ("KCP&L" or "Company") hereby seeks leave of the Commission to reply briefly to Staff's Response to the Company's Opposition to the Motion to Strike Pre-Filed Testimony and Reject Tariffs filed by the Office of the Public Counsel ("OPC") and the Midwest Energy Consumers' Group ("MECG").

Pursuant to the Commission's June 22 Order Nunc Pro Tunc, KCP&L responded to Staff's 4-page Response to Motion to Strike Pre-Filed Testimony, filed on June 19, 2012. Staff then filed an 11-page counter-argument to KCP&L's Opposition to the Motion to Strike on July 3.

Since no other party supports KCP&L's position that the Motion to Strike Pre-Filed Testimony should be denied, the Commission would benefit from the Company's reply to Staff's Response. The Company respectfully requests that this brief reply be accepted.

In reply to Staff's July 3 response, KCP&L states:

1. While the Company has frequently had differences of opinion with Staff, OPC and others regarding the 2005 Regulatory Plan Stipulation & Agreement ("Stipulation"), the Commission has never curtailed argument regarding these differences by granting a motion to strike pre-filed testimony. It should not do so now.

2. When the ink was barely dry on the July 26, 2005 amendment to the Stipulation regarding off-system sales ("OSS"), the parties expressed differing views of the effect of that amendment. On July 27, the day after the amendment was filed, Staff and OPC noted their

disagreement with KCP&L. See Ex. A, Staff's and Public Counsel's Additional Response to Order Directing Filing, Case No. EO-2005-0329 (July 27, 2005) (attached).

3. Staff and OPC stated that in response to their request that KCP&L agree to a provision in the Experimental Regulatory Plan Stipulation & Agreement of the Empire District Electric Company, KCP&L had "declined to add similarly explicit language to the agreed to amendment of the off-system sales language" in the Empire stipulation. Id. at 2. The language in the Empire stipulation provided: "Empire agrees that it will not seek to avail itself of any legislation that may be enacted in the future that would be inconsistent with the ratemaking treatment for off-system sales revenues and associated expenses set forth in this paragraph." Id.

4. Staff and OPC went on to state:

The Staff and Public Counsel note that it can be interpreted that this particular sentence in the Empire Stipulation and Agreement addresses the same concern as the sentence that KCPL has agreed to as an amendment of Section III.B.1.j "Off-System Sales." However, that is not how KCPL views the effect of the sentence that it has agreed to have included in Section III.B.1.j "Off-System Sales" of the Stipulation and Agreement filed on March 28, 2005.

Id. (emphasis added).

5. Although KCP&L's difference of opinion with Staff and other parties regarding Section III(B)(1)(j) has been well known, the debate over the provision's meaning has been presented over the years in testimony and post-hearing briefs. No party sought to curtail the discussion of the issues through a motion to strike testimony.

6. For example, in the Company's first rate case filed under the Regulatory Plan in 2006, the parties, not surprisingly, disagreed on the meaning of the Stipulation and what it meant regarding OSS margin. OPC's Ryan Kind filed rebuttal testimony in Case No. ER-2006-0314 where he stated that KCP&L's position "regarding its off-system sales margins ... is not consistent with the Stipulation and Agreement in Case No. EO-2005-0329" See Rebuttal

Testimony of Ryan Kind (Ex. 204) at p. 2, lines 6-8 (Sept. 8, 2006). Staff similarly filed testimony, asserting that proposals related to OSS violated the Stipulation. See Rebuttal Testimony of Cary G. Featherstone (Ex. 114) at p. 3, lines 18-21, pp. 19-20 (“KCPL’s proposal regarding off-system sales is completely inconsistent with the letter and intent of the Stipulation”) (Sept. 8, 2006); Rebuttal Testimony of Steve M. Traxler (Ex. 135) at p. 2, lines 1-15 (“Reducing the profit from off-system sales in this fashion violates the Stipulation”), p. 7 (Sept. 6, 2006).

7. In surrebuttal testimony, KCP&L witness Chris Giles responded that when the Company and the other parties negotiated the Stipulation, KCP&L’s position was that a utility had “no inherent right to retain off-system sales profit or margin as long as the fixed cost of the generation assets utilized to supply power to the off-system market are in rate base and those costs are included in retail rates.” However, he noted: “It was KCPL’s perception that other parties to the agreement desired to commit KCPL to this position during the term of the regulatory plan and KCPL agreed to do so.” See Ex. B, Surrebuttal Testimony of Chris B. Giles (Ex. 5) at p. 2, lines 1-12 (Oct. 6, 2006) (attached).¹ He went on to explain why the OSS proposal submitted by the Company was not a profit-sharing mechanism forbidden by the Stipulation.

8. The Commission took all of this evidence with the case, excluding nothing. It ultimately found no violation of the Stipulation by KCP&L. Importantly, the Commission cited the limited duration of the Stipulation: “KCPL also agreed that it would not propose any adjustment that would remove any portion of its off-system sales from its revenue requirement

¹ In Paragraph 11 of its Response to KCP&L’s Opposition, Staff cites to Mr. Giles’ direct testimony and the Company’s Position Statement and Prehearing Brief in the 2005 Regulatory Plan docket. However, they contain only general statements regarding the OSS provision or simply quote the OSS provision of the Stipulation. They do not contradict Mr. Giles’ 2006 surrebuttal testimony, and do not indicate that KCP&L had agreed that OSS margin would permanently inure to the benefit of ratepayers after the Regulatory Plan expired.

determination in any rate case during the life of the Experimental Regulatory Plan.” See Ex. C, Report & Order, Case No. ER-2006-0314 at 31 (Dec. 21, 2006) (emphasis added) (excerpt attached).

9. In so finding, the Commission also observed that “[d]espite this language in the Stipulation, the parties have wildly differing views of what amount of off-system sales should be included in KCPL’s revenue requirement.” Id.

10. For over seven years the parties have disagreed on the meaning of the OSS provisions in Section III(B)(1)(j) of the Stipulation, sometimes “wildly.” However, the Commission has never granted a motion to strike and has never prevented any party from being fully heard with regard to this important issue. Now is not the time to halt the debate or terminate the inquiry. Since no member of the Commission was serving at the time that the Regulatory Plan Stipulation was approved during the summer of 2005, it would be beneficial for the Commission to permit the parties to file testimony to fully explain their respective positions.

WHEREFORE, Kansas City Power & Light Company requests that leave be granted to file this Reply and that the Motion to Strike be denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing was served upon counsel of record on this 9th day of July, 2012.

/s/ Karl Zobrist _____
Attorney for Kansas City Power & Light Company

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

In the Matter of a Proposed Experimental Regulatory)
Plan of Kansas City Power & Light Company) Case No. EO-2005-0329

**STAFF'S AND PUBLIC COUNSEL'S
ADDITIONAL RESPONSE TO ORDER DIRECTING FILING**

Comes now the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (Public Counsel) and file Staff's and Public Counsel's Additional Response To Order Directing Filing. On July 25, 2005, the Commission issued an Order Directing Filing regarding off-system sales. On July 26, 2005, the Staff joined in a filing of certain Signatory Parties to the Stipulation And Agreement in Case No. EO-2005-0329 entitled "Signatory Parties' Response To Order Directing Filing." Said pleading indicated that the Staff would make an additional filing this date. Public Counsel is joining in this filing. This additional filing is being made for informational purposes, so that there might be as little confusion as possible regarding the amended language to Section III.B.1.j "Off-System Sales" filed on July 26, 2005.

KCPL, pursuant to its commitment to explicitly address the term of the understanding among the Staff, Public Counsel and KCPL concerning the treatment above-the-line of off-system energy and capacity sales revenues and related costs, has added the following sentence to the paragraph on off-system sales in the Stipulation And Agreement filed March 28, 2005: "KCPL agrees that all of its off-system energy and capacity sales revenue will continue to be used to establish Missouri jurisdictional rates as long as the related investments and expenses are considered in the determination of Missouri jurisdictional rates."

Exhibit A

At the evidentiary hearing on July 12, 2005, Commissioner Gaw stated that from the off-system sales language in the Stipulation And Agreement filed on March 28, 2005, it is not clear to him what would be the effect of future legislation addressing off-system sales. He noted the language in the Stipulation And Agreement, respecting Senate Bill 179 (S.B. 179), fuel adjustment clauses and riders/surcharges, that KCPL, prior to June 1, 2015, will not seek to utilize any mechanism authorized in S.B. 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. The Staff and Public Counsel took the import of Commissioner Gaw's question/statement as being that he believed that it would be appropriate to have similar language in the Stipulation And Agreement for off-system sales.

Subsequent to July 12, 2005, The Empire District Electric Company agreed to the following language that appears at pages 18-19 of its Experimental Regulatory Plan Stipulation And Agreement: "Empire agrees that it will not seek to avail itself of any legislation that may be enacted in the future that would be inconsistent with the ratemaking treatment for off-system sales revenues and associated expenses set forth in this paragraph." KCPL has declined to add similarly explicit language to the agreed to amendment of the off-system sales language in its Experimental Regulatory Plan Stipulation And Agreement. The Staff and Public Counsel note that it can be interpreted that this particular sentence in the Empire Stipulation And Agreement addresses the same concern as the sentence that KCPL has agreed to add as an amendment of Section III.B.1.j. "Off-System Sales." However, that is not how KCPL views the effect of the sentence that it has agreed to have included in Section III.B.1.j. "Off-System Sales" of the Stipulation And Agreement filed on March 28, 2005.

Again, the Staff and Public Counsel are filing this pleading for informational purposes.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 27th day of July 2005.

/s/ Steven Dottheim

FILED³
NOV 13 2006
Missouri Public
Service Commission

Exhibit No.:
Issue: Overview and Policy
Witness: Chris B. Giles
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2006-0314
Date Testimony Prepared: October 6, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2006-0314

SURREBUTTAL TESTIMONY

OF

CHRIS B. GILES

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
October 2006

*** [REDACTED] *** Designates that "Highly Confidential" Information has been
Removed Pursuant to the Standard Protective Order.

KCP Exhibit No. 5
Case No(s) ER-2006-0314
Date 10-16-06 Rptr KF

Exhibit B

SURREBUTTAL TESTIMONY

OF

CHRIS B. GILES

Case No. ER-2006-0314

1 **Q. Please state your name and business address.**

2 A. My name is Chris B. Giles. My business address is 1201 Walnut, Kansas City, Missouri
3 64106.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by Kansas City Power & Light Company ("KCPL") as Vice President,
6 Regulatory.

7 **Q. Are you the same Chris B. Giles who pre-filed direct and rebuttal testimony in this**
8 **proceeding?**

9 A. Yes, I am.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to clarify for the Commission that KCPL's position in this
12 case regarding off-system sales margins is not inconsistent with or in violation of the
13 Stipulation and Agreement in Case No. EO-2005-0329 as alleged in the rebuttal testimony
14 of Staff witnesses Mr. Traxler and Mr. Featherstone, and Office of Public Counsel witness
15 Mr. Kind. In addition, I will demonstrate based on recent market changes, why it is
16 necessary to evaluate the off-system sales market on a forward basis contrary to Staff's and
17 OPC's position that historical data should be utilized.

1 **Q. Please explain why KCPL agreed to the provision in the Stipulation and Agreement in**
2 **Case No. EO-2005-0329, that it would not propose any adjustment that would remove**
3 **any portion of its off-system sales from its revenue requirement determination in any**
4 **rate case.**

5 A. At the time KCPL and other parties to the case negotiated the Stipulation and Agreement it
6 was KCPL's position, and it is KCPL's position today, that a utility has no inherent right to
7 retain off-system sales profit or margin as long as the fixed costs of the generation assets
8 utilized to supply power to the off-system market are in rate base and those costs are
9 included in retail rates. It was KCPL's perception that other parties to the agreement desired
10 to commit KCPL to this position during the term of the regulatory plan and KCPL agreed to
11 do so. Based upon this agreement, KCPL could not propose a sharing of off-system sales
12 profit. KCPL has not proposed a sharing of profit in this case. Contrary to testimony of
13 Staff and OPC, KCPL is not inconsistent with or in violation of the Stipulation and
14 Agreement. Staff and OPC take a very limited view of KCPL's agreement to this provision
15 in the Stipulation and Agreement. They refuse to acknowledge the risk of the off-system
16 sales market, and they continue to complain without merit that KCPL's proposal to
17 recognize the risk of this market is inconsistent with the terms of the Stipulation and
18 Agreement.

19 **Q. What was the basis of KCPL's proposal to use projected off-system sales margins for**
20 **calendar year 2007?**

21 A. I have covered this extensively in my rebuttal testimony. A summary of KCPL's position is
22 that historical data related to off-system sales margins is absolutely meaningless when
23 setting retail rates, particularly when approximately 50 percent of the earnings included in
4 determining those retail rates are based upon an off-system sales market that is volatile. The

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



In the Matter of the Application of Kansas City)
Power & Light Company for Approval to Make)
Certain Changes in its Charges for Electric Service)
to Begin the Implementation of its Regulatory Plan)

Case No. ER-2006-0314

REPORT AND ORDER

Issue Date: December 21, 2006

Effective Date: December 31, 2006

Exhibit C

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Off-System Sales

What level of off-system sales margin should be included in determining KCPL's cost of service?

Inextricably linked to return on equity are off-system sales. KCPL witness Cline explains the link between off-system sales in this manner:

"Each million dollars (of non-firm off-system sales) is worth 9.57 basis points on return on equity. So, yes, every million dollars above the X value or the 25 percentile would result in a 9.57 base (sic) point increase in return on equity, all things equal."⁵⁵

In Case No. EO-2005-0329, the Commission approved a Stipulation among KCPL and the other signatory parties that contemplated an Experimental Regulatory Plan. Under the terms of the Stipulation, KCPL agreed that off-system energy and capacity sales revenues and related costs will continue to be treated "above the line" for ratemaking purposes. KCPL also agreed that it would not propose any adjustment that would remove any portion of its off-system sales from its revenue requirement determination in any rate case during the life of the Experimental Regulatory Plan.

Despite this language in the Stipulation, the parties have wildly differing views of what amount of off-system sales should be included in KCPL's revenue requirement. KCPL points out that it derives almost 50% of its earnings from off-system sales, which are far riskier than regulated sales. KCPL sponsored the testimony of Michael Schnitzer, Director of the NorthBridge Group, Inc., a consulting firm for the electric and natural gas industry. Mr. Schnitzer's testimony focused on the risk KCPL faces in the off-system sales market, and offered a probabilistic analysis of what KCPL's non-firm off-system sales would

⁵⁵ Tr. Vol. 9, p. 746.

be in 2007. In summary, Mr. Schnitzer opined that the Commission should set the non-firm off-system margin at the 25th percentile, meaning that KCPL would have a 75% chance of achieving or exceeding the predicted level of those sales.

Alternatively, KCPL recommends that if the Commission eschews the 25-75 analysis, then the Commission could set rates at the 50th percentile. But, in return, as mentioned by KCPL witness Giles, KCPL states that the Commission should award KCPL 9.57 basis points (or 0.0957%) extra in return on equity (ROE) for each \$1 million of non-firm off-system sales margin between the 25th and 50th percentile.⁵⁶ So, for example, although this is not the evidence in this case, if the difference between the 25th and 50th percentiles were \$10 million in sales, and the Commission sets off-system sales at the 50th percentile, then KCPL argues that the Commission should award KCPL an additional 95.7 basis points (9.57 basis points times 10), or 0.957% ROE, on top of whatever ROE it independently determined KCPL should earn.

Another alternative KCPL proposed was that KCPL would accept a mechanism whereby the Commission would set rates by using the 25th percentile of non-firm off-system sales in the revenue requirement. In addition, the Commission would order KCPL to book as a regulatory liability any amount exceeding the 25th percentile, with said liability to flow back to ratepayers in the next rate case.

Staff recommends that the Commission set the non-firm off-system sales level at the same level of sales KCPL made in 2005, believing that those sales are representative of what KCPL will experience in 2007. The off-system sales that Staff includes in revenue requirement is roughly \$9 million less than other parties' recommended non-firm off-system

⁵⁶ Id.

sales net margin level of the 50th percentile. In addition, KCPL's recommended 25th percentile is some \$28 million less company-wide, and \$15 million less Missouri jurisdictional portion, than Staff's recommendation.

OPC lobbies for a 50th percentile point on Schnitzer's curve, arguing that this is the only point where the Commission has an equal opportunity of estimating KCPL's non-firm off-system sales for 2007 too high or too low. This, argues OPC, is equally fair to shareholders and to ratepayers. DOE largely concurs with OPC's recommendation.

Praxair alleges that the most appropriate level of off-system sales to be put into KCPL's revenue requirement is the 2006 budgeted amount. This level is some \$12 million higher than recommended by Staff. This level of off-system sales margins: (1) reflects KCPL's best estimate of its 2006 level of off-system sales; (2) is comparable to the amount budgeted for the year that rates will be in effect; (3) is consistent with the most likely level of off-system sales margins as reflected in KCPL's statistical modeling; and (4) reflects KCPL's commitment to include all off-system sales margins above the line and for the benefit of ratepayers.

The Commission finds that the competent and substantial evidence supports KCPL's position, and finds this issue in favor of the alternative KCPL sponsored in which it would agree to book any amount over the 25th percentile as a regulatory liability, and would flow that money back to ratepayers in the next rate case, with a corresponding regulatory asset account for KCPL to book any amount below the 25th percentile to be recovered in the next rate case. Not unlike KCPL's witness Dr. Hadaway, Michael Schnitzer possess impressive qualifications: after receiving degrees from Harvard and Massachusetts Institute of Technology, Mr. Schnitzer has been in private industry, consulting electrical and gas

companies on strategic and economic issues since 1979.⁵⁷ No parties disagreed with his analysis or offered counter-analysis.⁵⁸ The disagreement among the parties seems not to be with Mr. Schnitzer's analysis, but KCPL witness Giles' choice to pick the 25th percentile from among the probabilities.⁵⁹ Staff, OPC and Praxair recommend the Commission set off-system sales at a higher level; those recommendations, if adopted, would place more into revenue requirement from off-system sales, thereby lessening the revenue to be collected from Missouri retail customers.

Mr. Giles chose the 25th percentile from Mr. Schnitzer's analysis due to the large portion of riskier, non-firm off-system sales KCPL makes in comparison to less risky regulated sales.⁶⁰ This is true especially in light of KCPL beginning its Experimental Regulatory Plan, which includes, among other things, constructing latan 2, and which was budgeted at some \$1.3 billion.⁶¹ But, as Mr. Giles admits, given the fairly substantial chance that KCPL will meet or exceed that 25th percentile, there are a number of ways to account for KCPL's relatively low risk for non-firm off-system sales, including adjustments to risk sharing and potential refunds.⁶²

When discussing risk, one should keep in mind not only the *probability* of an event coming true (or not coming true) but also the *importance* of the event. For example, the probability of a coin landing on "heads" to decide which team receives the ball at the

⁵⁷ Ex. 30, pp. 1-2.

⁵⁸ Tr. Vol. 7, pp. 459-61; Vol. 8, pp. 885, 917-18.

⁵⁹ See Staff's Post-Hearing and True-Up Brief, p. 32.

⁶⁰ Ex. 3, p. 24.

⁶¹ Id.

⁶² Id. at 28.

beginning of a football game is 50%. Likewise, a revolver with six cartridge chambers, three of which have bullets, after the chamber is spun, has a 50% chance of firing a bullet on the first pull of the trigger. Yet, the importance of the result of the coin flip versus the importance of the revolver firing the bullet on the first pull of the trigger hardly needs to be explained.

In this case, the importance of the event of KCPL meeting a certain level of off-system sales is neither as trivial as who gets the ball first, nor as important as whether the gun fires. What is at stake here is the importance to KCPL of a certain level of non-firm, off-system sales put into revenue requirement versus the importance of that same level of non-firm, off-system sales to Missouri ratepayers.

Once the Commission decides return on equity, as well as all other issues outside of additional amortization, those decisions will give KCPL its revenue requirement. Then, in accordance with the additional amortizations allowed in Case No. EO-2005-0329, KCPL will be allowed to book those amortizations to keep itself investment grade. In other words, *in the short term*, regardless of the Commission's decision on return on equity, the revenue requirement, and, therefore, the rates Missouri retail ratepayers must pay, will not change.

Under the Experimental Regulatory Plan, KCPL has the option to file a rate case again on February 1, 2007; all indications are, it will.⁶³ That means that any rates decided in this case likely will be in effect for only one year. Consequently, although Missouri ratepayers would not receive the benefit of corresponding rate base reduction from a higher amortization, *in the short term*, Missouri ratepayers are not harmed by the 25th percentile scenario presented by KCPL, especially in light of the fact that the Commission will order

⁶³ Tr. Vol. 9, p. 828.

KCPL to account for any sales over that 25th percentile and to flow them back to ratepayers, as KCPL witness Giles suggested. In contrast, the potential importance of not achieving that level during a time when KCPL will be issuing equity and investing hundreds of millions of dollars in infrastructure construction and upgrades could be disastrous to KCPL. In short, in balancing the interests of shareholders and ratepayers, straying from KCPL's recommended 25th percentile might benefit ratepayers some, but might also damage KCPL much, much more than any benefit that might accrue to ratepayers.

Finally, the Commission finds that there is competent and substantial evidence in the record to support KCPL's position that the amount that should go into KCPL's revenue requirement is the 25th percentile "trued-up" number found in a schedule attached to the true-up testimony of KCPL witness Tim Rush.⁶⁴ OPC objects to using this number on the grounds that the Commission excluded the true-up testimony of KCPL witness Schnitzer, who was the sponsor of the study that found that number. But even though the Commission excluded Schnitzer's true-up testimony, the Commission received the testimony of KCPL witness Rush, including the disputed true-up number, without objection.⁶⁵ This is significant because "in fact, all probative evidence received without objection in a contested case must be considered in administrative hearings."⁶⁶ In other words, once Rush's testimony was admitted without objection, which was before Schnitzer's testimony was even offered⁶⁷, the disputed trued-up number for the 25th

⁶⁴ Ex. 54, p. 3; Sch. 2, p. 4 of 51.

⁶⁵ Tr. Vol. 15, p. 1644.

⁶⁶ See *Dorman v. State Bd. of Registration of Healing Arts*, 64 S.W.3d 446, 454 (Mo.App. 2001); see also Section 536.070(8) ("Any evidence received without objection which has probative value shall be considered by the agency along with the other evidence in the case.")

⁶⁷ Tr. Vol. 15, p. 1653.

percentile of off-system sales was in the record, and all parties waived objection to that evidence, even if they made a “specific and laborious objection” to that same evidence later in the hearing.⁶⁸ Furthermore, this evidence is probative, because, again no party objected to KCPL witness Schnitzer’s direct, rebuttal or surrebuttal testimony that laid out his probabilistic analysis⁶⁹, and because no party questioned his methodology,⁷⁰ but rather, attacked only KCPL witness Giles’ choice to use a certain number on Schnitzer’s curve.

How should the off-system sales margin be allocated to the Missouri retail, Kansas retail and FERC wholesale jurisdictions?

What parameters do the Commission-approved Stipulation and Agreement in Case No. EO-2005-0329 impose on the treatment of off-system sales revenue in this case?

Should KCPL’s customers receive the benefit of all margins of off-system sales or should it be shared between customers and shareholders? Should a mechanism be adopted to ensure that the benefit is received by the appropriate party or parties? If so, what mechanism?

As explained by KCPL witnesses Chris Giles and Don Frerking, KCPL proposes to allocate its margins, or profits, from off-system sales among its Missouri retail, Kansas retail and FERC wholesale jurisdictions using an unused energy allocation methodology. KCPL has never before sought to allocate separately its off-system sales margins among its jurisdictions.⁷¹

⁶⁸ See Canania v. Director of Revenue, 918 S.W.2d 310, 313 (Mo. App. 1996).

⁶⁹ Tr. Vol. 12, p. 1375.

⁷⁰ Tr. Vol. 7, pp. 459-61; Vol. 8, pp. 885, 917-18.

⁷¹ Ex. 5, p. 5.