

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)	File No.	ER-2012-0174
A General Rate Increase for Electric)		
Service)		

RESPONSE TO MECG'S MOTION FOR CLARIFICATION MIDWEST ENERGY USERS ASSOCIATION-

KANSAS CITY

COMES NOW Midwest Energy Users' Association-Kansas City ("MEUA"), and states as follows:

1. On January 10, 2013 MECG filed a motion for clarification and OPC quickly filed a response. The topic is rate design with the Large Power and Large General service customer classes and the MECG asserts that the Commission Report and Order of January 9, 2013 is ambiguous. MEUA-KC hereby provides its response. Most important is the decision rendered. We will first address the motion for clarification, then the OPC response, and then the relevant aspects of the Commission decision.

2. By Commission rule the Nonunanimous Stipulation has become a joint position statement. MECG suggests that it can be recast and treated as a unanimous stipulation as to paragraphs 2 and 3. There is nothing in the document to support this approach. If MECG and the signatories had a desire to submit another such stipulation they could have done so, but did not.

3. The Nonunanimous Stipulation is now a joint position statement by Commission rule. This renders some of the provisions meaningless. For example, the title of the document has become misleading and as a practical matter for clarity and convenience it should be retitled: "Rate Design Joint Position Statement." As a Rate Design Joint Position Statement we can see no probative value to be

ascribed to paragraphs 5, 7, 8, 9, 10, and 11. These paragraphs deal with the document as a stipulation, but it is not treated as such under Commission rules and the paragraphs are therefore moot.

4. The substantive provisions as to rate design are set forth in paragraphs 1, 2, 3, and 4. One question is whether the parties intended for these paragraphs to be severable in the context of its use as the Rate Design Joint Position Statement. The document is silent. Only the parties can say. MECG suggests that paragraphs 2 and 3 are severable and indeed constitute a new non-unanimous stipulation. MECG does not, however represent that other signatories ever explicitly agreed to a new stipulation or that it was their intent to treat it in that matter. We see no evidence of any such stipulation and no basis in the Nonunanimous Stipulation or the Commission rules that would support that interpretation or allow one party to unilaterally assert such a conversion and reconstitution of the Nonunanimous Stipulation into a new, although incomplete, unfiled, and unresponded to nonunanimous stipulation. Even if that is the intent of the original signatories, it is, in our opinion simply too late to make a new nonunanimous stipulation.

5. OPC responds to the MECG motion as though a new stipulation were being created, as suggested by MECG. Given that such does not exist and cannot be created at this late date, the OPC motion is moot.

6. This leaves the Commission with a joint position statement. The Commission has unambiguously rejected paragraph 1 of what we shall refer to as the Rate Design Joint Position Statement. We have attached our understanding of the impact of what we refer to as the Rate Design Joint Position Statement¹. One question is whether the paragraphs of the Rate Design Joint Position Statement were intended to be severable. It is reasonable to infer that MECG intends that result. Other parties to the Rate Design Joint Position Statement have not spoken.

¹ For our Purposes Rate Design Joint Position Statement, 5, 7, 8, 9, 10, and 11.

7. MEUA-KC did not object to the Nonunanimous Stipulation. MEUA-KC does not object to paragraphs 2 and 3 being severed at this time and supports implementation of these paragraphs. Even so, paragraph 3 is not as clear as it could be. MEUA-KC understands the overall intent to include raising the first blocks of the energy charges while holding down the increase second and third blocks. As such this effectively deals with the earlier Staff proposal that suggested a 5% increase in the first energy block of the all electric rate. While Staff will certainly speak for itself, we understand paragraph 3 to have been the “proposal” and the “position” of the Staff in the context of the Rate Design Joint Position Statement as the case was briefed. As such that would be our interpretation of the Commission Report and Order since we interpret the intent to be a decision even with the then current Staff proposal and position on this matter of rate design.

8. It would not be logical to order implementation of both the earlier Staff proposal and paragraphs 2 and 3 of the Rate Design Joint Position Statement. We respectfully recommend and support the latter. This approach is consistent with MEUA-KC briefs on this matter.

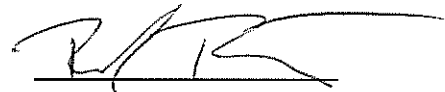
9. In order to make our position as clear as possible please see attachment A. We understand this to have the same effect as paragraph 3 but it has a more clear statement of the intent.

10. There remains some possible ambiguity to the intended implementation of the rate design for SGS and MGS. MEUA-KC has consistently supported an equal percentage approach for these classes. Given the Commissions discussion, findings, and decisions with respect to electric heating rates and in consideration of the well reasoned rejection of the MGE proposals for the residential rates, MEUA-KC continues to support an equal percentage application of the adjusted increase to each element of the SGS and MGS rates. This will leave the current rate relationships as between the subclasses intact for now. Under the circumstance of this case this is easily supported as a just and reasonable result. Testimony in support was offered by KCPL. The KCPL proposal was made

notwithstanding the results of its class cost-of-service study, which required interpretation to reach a rational result.² MEUA-KC continues its support for this approach.

Respectfully submitted,

Bartels LLC



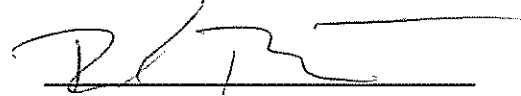
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CERTIFICATE OF SERVICE

² KCP&L, RUSH, TR. V.19 P.1012-1015.

I hereby certify that a copy of the foregoing document was served by the Public Service Commission e-service on this 11th, day of January 2013 to counsel for parties of record.

A handwritten signature in black ink, appearing to read 'R. Bartels', is written over a solid horizontal line.

Reed J. Bartels

MEUA-KC Position Statement for the LGS Class Rate Design

January 11, 2013

1. The over 360 hours use energy charge increase = zero.
2. The separately metered energy charges increase = LGS class average
3. The second 180 hours use energy charge increase adjusted down from a starting value equal to 75% of the class average increase, as needed to yield target class revenue increase, but not less than zero increase.
4. Remaining charges increase by Class average increase plus 4 percent, unless the second hours use block increase reaches zero, then this increase for the remaining charges is reduced as needed to produce the target class increase.

The following table illustrates approximate results based on Brubaker supplied workpaper for Schedule MEB-COST OF SERVICE-8; billing units, and present revenues:

The table does not reflect the agreed revenues and billing determinants.

	LGS Class Increase	Over 360 hours use increase	Second 180 hours use increase	Separately meter energy increase	All remaining charges increase
Example 1	12%	0%	5.25%	12%	16%
Example 2	10%	0%	2.45%	10%	14%
Example 3	8.25%	0%	0%	8.25%	12.25%
Example 4	7%	0%	0%	7%	10.39%

**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 a General)
Rate Increase for Electric Service)

Case No. ER-2012-0174
RATE DESIGN JOINT POSITION STATEMENT - draft
reconstituted with "stipulation" provisions redacted

**NON-UNANIMOUS STIPULATION AND AGREEMENT
REGARDING CLASS COST OF SERVICE / RATE DESIGN**

COME NOW the Midwest Energy Consumer's Group ("MECG"), Missouri Industrial Energy Consumers ("MIEC"), Kansas City Power & Light Company, and the Staff of the Missouri Public Service Commission (collectively, the "Signatories") and respectfully state to the Missouri Public Service Commission ("Commission") that, as a result of negotiations, they have reached the stipulations and agreements contained herein in order to settle the class cost of service allocation issues in this rate case in the event the Commission finds that KCPL's rates should be increased.

with this Rate Design Joint Position Statement.

1. The Signatories agree that the Commission should increase residential true-up revenues by 1.00% in addition to any other increase implemented by the Commission with a corresponding equal-percentage revenue neutral decrease in the true-up revenues for all other non-lighting rate classes.
2. For the Large Power ("LP") rate schedule, any increase to that rate class shall be implemented as follows:
 - a. No increase to the current energy charge tail block rate elements – the seasonal rate elements applicable to energy charge that exceeds 360 hours use per month;
 - b. 75% of the class average percentage increase shall be assigned to the middle block seasonal rate elements applicable to energy usage between 180 hours and 360 hours use per month; and

c. The remaining amount of the increase shall be assigned to all remaining rate elements on an equal percentage basis.

3. For the Large General Service (“LGS”) rate schedule, any increase to that rate class shall be implemented as follows:

a. No increase to the over 360 hours use per month energy block;

b. The separately metered energy charges shall receive the LGS class average;

c. The second 180 hours use energy charge increase adjusted as needed to yield target class revenue increase, but not less than zero increase;

d. Remaining charges increase by Class average increase plus 4 percent, unless the second hours use block increase reaches zero, then the adder is reduced as needed to produce target class increase

4. The overall increase granted by the Commission should be applied as an equal percentage to the base rate revenues of each class, after adjusting for the inter-class adjustments described in paragraph 1.

~~5. With the acceptance of this Stipulation, the following issues have been settled: Issue I.6.a including subissues i and ii; Issue I.6.b; Issue I.6.c; and Issue I.6.e. Relevant to the subissues listed in Issue I.6, the following subissues would remain for Commission determination: Issue I.6.d; Issue I.6.f and Issue I.6.g.~~

6. The parties agree and recommend that, as a result of this Stipulation, no class (residential, small general service, medium general service, large general service, and large power service) should receive an overall rate decrease if any other class is receiving an overall rate increase. In such a circumstance, the class that would have received that decrease will be held at its current rates with the avoided decrease being spread equally among the remaining classes.

~~7. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation to, any other method of cost determination or cost allocation or revenue related methodology. Other than as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner in this or any other proceeding by the terms of this Stipulation and Agreement regardless of whether this Stipulation and Agreement is approved.~~

~~8. This Stipulation and Agreement has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.~~

~~9. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void, neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.~~

10. ~~In the event the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the Signatories waive the following rights only as to the issues resolved herein: 1) their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; 2) their respective rights to seek rehearing, pursuant to §536.500 RSMo 2000; and 3) their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a final unappealed Commission order unconditionally approving this Stipulation and Agreement issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding or any matters not explicitly addressed by this Stipulation and Agreement.~~

11. ~~Praxair, Inc. and Midwest Energy Users Association KC have authorized the Signatories to represent in this Stipulation that that they do not oppose this Stipulation.~~

~~**WHEREFORE,** for the foregoing reasons, the undersigned Signatories respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Non-Unanimous Stipulation and Agreement.~~