

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

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

**MECG RESPONSE TO KCPL
RATE CASE EXPENSE UPDATE**

COMES NOW the Midwest Energy Consumers' Group, pursuant to the Commission's August 12, 2015 Order Directing Filing Regarding Rate Case Expense Update, and respectfully states as follows:

1. On August 12, 2015, KCPL filed its Rate Case Expense Update. Demonstrating KCPL's eagerness to take advantage of any opportunity provided to it, KCPL did not simply provide its latest rate case expenses. Rather, KCPL used this opportunity to not only provide its latest rate case expenses, but also sought to provide additional argument not contained in briefs as well as extra-record information regarding rate case expenses in previous case.¹ Based upon this extra-record information, KCPL reaches the self-serving conclusion that "KCP&L has diligently and reasonably managed its rate case expense for this case."

2. As KCPL's own information demonstrates, however, KCPL has not diligently managed rate case expense. Rather, KCPL's information demonstrates KCPL's unwillingness or utter inability to control such costs. For instance, Mr. Hevert

¹ Contrast KCPL's filing that includes extra-record information and argument to its filing in Case No. ER-2012-0174 which was entirely information. (Third Rate Case Expense Report, Case No. ER-2012-0174, filed December 11, 2012, EFIS item number 667). KCPL's attempts to supplement the record in this pleading is consistent with its unwillingness to follow statutes (See, MECG Reply Brief, page 15) and Commission regulations (See, MECG Reply Brief, page 17) and is contrary to the practices of other Missouri utilities. As some commissioners have recently noted, "KCPL is not managed or run as well" as other Missouri utilities. (See, August 12 deliberations).

provided a budget of \$99,960 to provide a return on equity analysis for KCPL.² At the hearing, Mr. Hevert repeatedly indicated that he would “stick to our budget.”³ Despite such commitments and the straightforward nature of such an analysis, Mr. Hevert has significantly exceeded that amount. As KCPL recognizes, for invoices received through August 12, 2015, Mr. Hevert has billed KCPL \$130,871. Mr. Hevert’s inability to manage to a budget has been repeatedly demonstrated.⁴ Clearly, despite KCPL’s claim that it “has diligently and reasonably managed its rate case expense for this case,” it is apparent that KCPL has exhibited absolutely no ability to manage such costs. Instead, KCPL has spent money reminiscent of a sailor on leave. Sadly, KCPL now asks that it be allowed to recover these costs from ratepayers.

3. Similarly, KCPL has demonstrated its utter inability to control rate case expenses when it comes to the costs of Mr. Overcast. As the Commission is well aware, Mr. Overcast’s testimony consisted largely of ramblings on matters on which he has no expertise.⁵ Specifically, despite any financial training, Mr. Overcast postulated that the implementation of a fuel adjustment clause or other tracker mechanisms should not be accompanied by a reduction in return on equity.⁶ Upon further cross-examination, however, Mr. Overcast realized that such mechanisms reduce a utility’s risk profile, likely resulting in a different proxy group and a lower return on equity.⁷ Even on matters for which he was hired to testify, Mr. Overcast’s testimony proved completely irrelevant

² Tr. 162.

³ Tr. 163-164.

⁴ Tr. 163.

⁵ See, Tr.

⁶ Tr. 1351.

⁷ Tr. 1365-1366.

because of his refusal to compare other states statutes, regulations and case law to determine whether they provide a good comparison to Missouri.⁸

Despite the largely worthless nature of his testimony, Mr. Overcast, with KCPL's apparent complicity, has significantly exceeded his budget. As reflected in KCPL's filing, Mr. Overcast had an initial budget of **_____**. For invoices received through August 12, 2015, Mr. Overcast has billed **_____**. As such, Mr. Overcast has exceeded his budget by over **___**. Clearly, contrary to KCPL's claims that it has diligently and reasonably managed rate case expense, it is apparent that KCPL is either unwilling or utterly incapable of managing rate case expense.

4. KCPL's approach to managing rate case expense is consistent with its approach to managing all A&G costs. As the record readily indicates, KCPL's A&G costs are excessive. As compared to KCPL's self-selected peer group, KCPL's A&G costs, on a per-customer basis, are higher than any other utility. Clearly, KCPL's inability to control A&G costs has not been reflected in its inability to control rate case expenses.

⁸ Tr. 1340-1341.

2013 and 2014 A&G Per Customer

Peer Company	2013 A&G per Customer	2013 Ranking	2014 A&G per Customer	2014 Ranking
Alliant	\$176	14	\$181	13
Avista	\$176	13	\$185	12
Black Hills	\$298	3	\$289	4
Cleco	\$190	10	\$201	9
GMO	\$237	7	\$236	7
IdaCorp	\$299	2	\$305	2
KCPL	\$303	1	\$312	1
KCPL & GMO	\$278	5	\$283	5
OGE	\$139	16	\$146	16
Pinnacle	\$186	12	\$165	14
PNM	\$266	6	\$257	6
Portland	\$189	11	\$192	10
TECO	\$209	8	\$187	11
UNS	\$209	9	\$221	8
Westar	\$292	4	\$299	3
Wisconsin	\$172	15	\$147	15

WHEREFORE, MECG respectfully provides these comments in response to KCPL’s claims that it “has diligently and reasonably managed its rate case expense for this case.” Given KCPL’s utter inability to control these costs, as well as its other A&G costs, MECG urges the Commission to protect ratepayers from such exorbitant spending and either disallow certain rate case expenses (excessive legal expenses, Hevert’s billings, Overcast’s billings) as imprudent or implement a 50/50 sharing of rate case expenses.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.



David L. Woodsmall

Dated: August 14, 2015