

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

In the Matter of the Application of Kansas City Power &)
Light Company and KCP&L Greater Missouri Operations)
Company for the Issuance of an Accounting Authority Order) **File No. EU-2014-0077**
Relating to their Electrical Operations and for a Contingent)
Waiver of the Notice Requirement of 4 CSR 240-4.020(2).)

**MIDWEST ENERGY CONSUMERS' GROUP
STATEMENT OF POSITIONS**

COMES NOW, the Midwest Energy Consumers' Group ("MECG") and for its Statement of Positions, respectfully states as follows:

► Issue 1: What standards and /or factors should be considered in granting or denying an AAO in this proceeding?

Position: As MECG / MIEC, Public Counsel and the Commission's Staff properly recognize, the Commission has historically limited AAOs to situations involving costs that are extraordinary, nonrecurring, and otherwise material. Such a standard reflects the fact that rates are set based upon recurring, non-extraordinary costs. AAO's, on the other hand, are utilized to capture costs that otherwise would not be reflected in rates. To the extent that an extraordinary regulatory device, like an AAO, is used to capture and defer non-extraordinary, recurring costs, the Commission will break the synchronization of revenues, expenses and rate base. This violation of the matching principle will inevitably increase current earnings as well as future rates. All of this works to the detriment of the utility's customers. Given the inequity inherent in extending AAO's to recurring / non-extraordinary costs, the Commission should reject KCPL and GMO's application.

► Issue 2: Should KC&PL and GMO be authorized an AAO to defer and record in Account 182 of the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA") certain incremental transmission costs charged to them by the Southwest Power Pool ("SPP") and other providers of transmission service above the level included in current base rates or defer and record in USOA Account 254 said transmission costs below the amount included in current base rates, with the calculation of the deferrals beginning with the effective date of rates in the Companies' last general rate case proceedings, which was January 26, 2013, as proposed by KCP&L and GMO?

Position: No. As reflected in the testimony of MECG / MIEC, Public Counsel and the Commission's Staff, the costs in question do not meet the Commission's historical standard for deferral of costs. As such, the Commission should disallow KCPL and GMO's requested AAO.

- a. Are there mitigating factors affecting the current operations and earnings levels of KCP&L and GMO that are relevant to the KCP&L and GMO request for AAOs?

Position: Yes. To the extent a utility is earning or, with deferral would earn, above its authorized return, an AAO should not be granted. Currently, KCPL and GMO are earning above their authorized return.

► Issue 3: Should KCP&L and GMO be authorized to include carrying costs based on the Companies' latest approved weighted average cost of capital on the balances in this regulatory asset or regulatory liability of transmission costs as proposed by KCPL and GMO?

Position: No. AAO's should not be utilized for the deferral of recurring costs. As such, KCP&L and GMO should not be authorized to implement an AAO for the costs in question. Therefore, the Commission does not need to address the issue of carrying costs.

► Issue 4: Should KCP&L and GMO be authorized to defer such amounts in a separate regulatory asset or regulatory liability with the disposition to be determined in each Company's next general rate case?

Position: No. As indicated in the response to Issue #2, KCP&L and GMO should not be authorized to implement an AAO for the deferral of recurring costs.

► Issue 5: Should KCP&L and GMO be authorized trackers for their transmission costs in this proceeding rather than AAOs?

Position: No. As the Commission held in its Report and Order in Case Nos. ER-2012-0174 and 0175, KCPL and GMO should not be permitted to implement a tracker for transmission costs.

► Issue 6: If the Commission grants KCP&L and/or GMO AAOs or trackers, should it also adopt all or any of the following conditions proposed by Staff and addressed by one or more of the other Parties?

Position: The Commission should not authorize the implementation of the requested AAO / tracker for KCPL or GMO. As reflected in the testimony of Staff, Public Counsel and MIEG / MIEC, the implementation of an Accounting Authority Order represents poor regulatory policy, eliminates any incentive the utility has to minimize such costs, increases the possibility of current overearnings and leads to higher future rates. In the event the Commission, despite such overwhelming arguments, decides to grant an AAO / tracker in this case, it should impose all of Staff's conditions.

Respectfully submitted,

/s/ David L. Woodsmall

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ATTORNEY FOR MIDWEST ENERGY
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail on counsel for the parties of record on the 14th day of January, 2014.

/s/ David L. Woodsmall

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