

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

In the Matter of the Application of )  
KCP&L Greater Missouri Operations )  
Company for Authority to Implement a ) Case No. ER-2016-0156  
General Rate Increase for Electric )  
Service. )

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

COMES NOW, the Midwest Energy Consumers Group (“MECG”) and for its Statement of Positions on those issues identified in the September 8, 2016 List of Issues, Order of Witnesses, Order of Cross-Examination and Order of Opening Statements respectfully states as follows:

**I. Cost of Capital**

A. Return on Common Equity – what return on common equity should be used for determining rate of return?

Position: Based upon the following methodologies for calculating return on equity, MECG recommends a return on equity of 9.25%.

Description	Result
Discounted Cash Flow	8.90%
Risk Premium	9.55%
Capital Asset Pricing Model	8.90%

Gorman Direct, pages 30-62.

The recommended 9.25% return on equity is consistent with the dictates of the *Hope* and *Bluefield* decisions. Specifically, a 9.25% return on equity is shown to allow GMO to meet the current S&P metrics for (1) Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”); and (2) Funds From Operations (“FFO”) to Total Debt associated with BBB rated utilities. Gorman Direct, pages 62-66.

- B. Capital structure – what capital structure should be used for determining rate of return?

Position: The Commission should reject GMO's proposed capital structure because it contains an excessive amount of equity. Furthermore, GMO's proposed capital structure contains goodwill that is not related to providing utility service. This equity heavy capital structure unjustifiably inflates the Company's cost of service and retail rates. Instead, the Commission should utilize a capital structure consisting of 51.4% equity and 48.6% long term debt. Such a capital structure has been shown to be consistent with utilities with A- to BBB credit ratings. Gorman Direct, pages 20-30.

- C. Cost of debt – what cost of debt should be used for determining rate of return?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

## **II. Crossroads**

- A. Should the increased transmission costs GMO incurs to transmit energy from its Crossroads Energy Center at Clarksdale, Mississippi to its service area in Missouri due to Entergy's entry in MISO be included in GMO's revenue requirement?<sup>1</sup>

Position: A proper understanding of the Crossroads issue can only be reached by having an understanding of the history of the unit. At the beginning of this century, Aquila attempted to make higher profits by investing heavily in deregulated units. Among the deregulated units that Aquila build were Crossroads in Mississippi and its sister units (Raccoon Creek and Goose Creek) in Illinois.

With the bankruptcy of Enron, the deregulated market largely collapsed. In an effort to survive the collapse of the deregulated market, Aquila sold many of its assets. Specifically, Aquila sold regulated service areas in several states. Additionally, Aquila sold the Raccoon Creek and Goose Creek combustion turbines to Union Electric. Despite repeated attempts, Aquila was unable to sell Crossroads.

In 2008, Aquila sold its remaining assets, the Missouri service area and the Crossroads generating unit, to Great Plains Energy. Like Aquila before it, Great Plains was unable to sell Crossroads. As a last resort, Great Plains decided to dump this unattractive generating unit on its GMO customers.

In Case No. ER-2010-0356 the Commission first considered the prudence of including the Crossroads unit in Mississippi in GMO's rate base. There, the Commission found that, absent two adjustments, it was imprudent to include Crossroads in the GMO rate base. First, the Commission found that GMO's proposed valuation was excessive.

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<sup>1</sup> If the Commission includes the additional transmission costs due to Entergy's entry into MISO in GMO's revenue requirement, at what value should the Commission include Crossroads in GMO's rate base?

Instead, relying upon the sale of identical combustion turbines (Raccoon Creek and Goose Creek) by Aquila Merchant to Union Electric, the Commission significantly reduced the valuation of the Crossroads unit. Second, recognizing that the Raccoon Creek and Goose Creek CTs were located in the same RTO as the UE service area, there were no additional transmission expenses associated with transmitting the energy to the service area. In contrast, while GMO is located in the SPP footprint, Crossroads is located 500 miles away in the MISO footprint. As such, the transmission of energy from Crossroads to the MPS service area involves additional expense in transmitting out of the MISO service area. In order to place the Crossroads sale on an apples-to-apples basis with the proxy sale of Raccoon Creek and Goose Creek, the Commission disallowed all transmission expenses.

In this case, the Commission should again recognize the unreasonable nature of including a combustion turbine in the rate base of a utility that is 500 miles away and located in a different RTO. In order to protect the customers from the unreasonable nature of locating a generation unit so far away from its service territory, the Commission should again disallow all transmission costs.

In its testimony, GMO attempts to undermine the Commission's previous finding and notes that the Plum Point generating unit was included in Empire's rate base despite the fact that they are in different RTO's. GMO's analogy is misplaced. First, unlike Crossroads, Empire's decision to participate in the construction of Plum Point was found to be the least cost alternative under the Commission's integrated resource planning rules. The conclusion that Plum Point was the least cost alternative was based not only on the cost of construction, but also included the associated cost of transmission. Second, given Empire's size, it lacked the financial resources to build a baseload unit, like Plum Point, within its RTO footprint. In contrast, GMO has the financial resources to build a peaking unit, like Crossroads, in the SPP footprint. Third, recognizing that Plum Point is a baseload unit from which Empire receives a significant amount of energy, the cost of transmission on a kilowatt hour basis is significantly less than it is for the receipt of energy from a peaking unit like Crossroads. Specifically, Staff demonstrated that, on a per megawatt hour basis, Crossroads transmission costs are 80 times higher than the Plum Point transmission costs.

Year	Plum Point Transmission Costs	Plum Point Generation (in MWh's)	Plum Point Transmission Costs per MWh	Crossroads Transmission Costs	Crossroads Generation (in MWh's)	Crossroads Transmission Costs per MWh
2015	\$4,470,037	549,997	\$8.13	\$12,927,935	19,992	\$646.66
2014	\$4,234,424	500,740	\$8.46	\$12,665,261	70,616	\$179.35
2013	\$1,975,245	531,933	\$3.71	\$4,323,166	44,559	\$97.02
2012	\$1,899,967	558,992	\$3.40	\$3,690,572	84,865	\$43.49
2011	\$1,331,846	506,899	\$2.63	\$4,747,065	88,681	\$53.53

In fact, given that GMO only expects to generate **\*\*\_\_\*\*** megawatt hours from Crossroads in 2017, the cost of transmission on a per megawatt hour basis is expected

to increase to \*\* \_\_\_\_\_ \*\*. Clearly, GMO's analogy to Plum Point is misplaced.

It is incumbent on the Commission to continue to protect ratepayers from GMO's imprudent decision to serve Missouri customers from a generating unit that is located 500 miles away in a different RTO. Specifically, as it did in Case Nos. ER-2010-0356 and ER-2012-0175, the Commission should disallow all costs associated with transmitting energy from Crossroads in the MISO footprint, to GMO customers in the SPP footprint.

In the event that the Commission allows some level of transmission costs, it should recognize that the sale of Raccoon Creek and Goose Creek no longer constitutes a valid proxy sale. Specifically, Raccoon Creek and Goose Creek were located in the same RTO as Union Electric. Therefore, if the Commission allows GMO to recover some level of transmission costs, it must significantly reduce the valuation of Crossroads. MCEG suggests that the Commission recognize that Great Plains, like Aquila before it, was not able to receive a single bid for the Crossroads unit. Therefore, in the event that it allows some transmission costs, the valuation of Crossroads should reflect this fact and the rate base value should be placed at zero. (Staff Cost of Service Report, pages 53-61, 185-189; Featherstone Rebuttal, pages 8-40; Beck Rebuttal, all; Stahlman Rebuttal, pages 2-6; Featherstone Surrebuttal, all).

B. Should Crossroads be excluded from GMO's rate base?

Position: So long as the Commission maintains its decisions from Case Nos. ER-2010-0356 and ER-2012-0175 by disallowing all transmission costs, MCEG believes that Crossroads should not be excluded from GMO's rate base.

### **III. Fuel Adjustment Clause**

A. Has GMO met the criteria for the Commission to authorize it to continue to have a fuel adjustment clause?

Position: MCEG supports the position advanced by OPC witness Mantle.

B. Should the Commission authorize GMO to continue to have a fuel adjustment clause?

Position: MCEG supports the position advanced by OPC witness Mantle.

C. What costs should flow through GMO's fuel adjustment clause?

Position: MCEG supports the position advanced by OPC witness Mantle.

D. What revenues should flow through GMO's fuel adjustment clause?

Position: MECG supports the position advanced by OPC witness Mantle.

- E. How should the Commission address in GMO's fuel adjustment clause moving from district specific rates to GMO-wide rates?

Position: MECG supports the position advanced by OPC witness Mantle.

- F. What is the appropriate sharing mechanism of the difference between actual and base fuel costs in GMO's FAC?

Position: MECG supports the position advanced by OPC witness Mantle.

- G. What FAC-related reporting requirements should the Commission impose?

Position: MECG supports the position advanced by OPC witness Mantle.

#### **IV. Transmission Fees Expense and Transmission Revenues**

- A. What level of transmission fees expense should the Commission recognize in GMO's revenue requirement?

Position: MECG supports Staff's position to include an annualized level of total transmission expense based on the 12-month period ended December 31, 2015. MECG further supports Staff's proposal to update this expense in the true-up process. Furthermore, consistent with the Commission's decision in previous cases, MECG supports Staff's proposal to disallow all Crossroads transmission costs.

Like Staff, MECG also opposes GMO's proposal to include a forecasted level of transmission expense. Contrary to previous Commission decisions, such forecasted costs are not known and measureable. Furthermore, GMO's forecasting proposal violates the essential matching principle. Specifically, while GMO proposes to include a forecasted level of transmission expense, all other costs and revenues are included at a historical test year level. In this way, GMO seeks to manipulate the ratemaking process. GMO fails to include a forecasted level of revenues that may be expected to increase or a forecasted level of costs that may be expected to decrease. For these reasons, GMO's forecasting proposal is decidedly one-sided and should be rejected. Finally, contrary to GMO's misplaced assertions, the use of forecasted costs is not necessary for GMO to earn its authorized return. While rates in the last GMO case were set entirely at historical levels, GMO was nevertheless able to earn at or above its authorized return on equity. (Staff Cost of Service Report, pages 151-154; Lyons Rebuttal, pages 7-19).

- B. Should the Commission authorize GMO prospectively to compare its actual transmission expenses that it does not recover through its fuel adjustment clause with the level of transmission expense used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

Position: No. As it did in its recent KCPL decision, the Commission should recognize that transmission costs are not “extraordinary” and do not justify the use of a deferral mechanism. In its decision from September 6, 2016, the Western District Court of Appeals upheld the Commission’s decision in that KCPL case. Given the Court’s approval of the “extraordinary” standard, the Commission should reject GMO’s request to employ a tracker mechanism for transmission costs. (Lyons Rebuttal, pages 14-19).

- C. What level of transmission revenues should the Commission recognize in GMO’s revenue requirement?

Position: MEGC supports Staff’s position to include an annualized level of total transmission revenues based on the 12-month period ended December 31, 2015. MEGC further supports Staff’s proposal to update this expense in the true-up process. (Staff Cost of Service Report, pages 88-90).

- D. Should the Commission authorize GMO prospectively to compare its actual transmission revenues that do not flow through its fuel adjustment clause with the level of transmission revenue used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

Position: As reflected in Issue IV(B), MEGC believes that the Commission should reject GMO’s proposal to implement a transmission tracker. Contrary to the Commission’s decision in the KCPL case, as well as the holding of the Western District Court of Appeals, transmission costs and revenues are not extraordinary and do not qualify for deferral treatment.

- E. What level of RTO administrative fees should the Commission recognize in GMO’s revenue requirement?

Position: MEGC supports Staff’s position to include an annualized level of SPP administrative fees based upon the new administrative rate of \$0.37 per MWh that became effective January 1, 2016. Furthermore, MEGC supports Staff’s proposal to include an annualized amount for the North American Electric Reliability Corporation (“NERC”) fees. Finally, consistent with the Commission’s decision to disallow all transmission costs associated with Crossroads, MEGC maintains that all MISO administrative costs should be disallowed from GMO’s revenue requirement. (Staff Cost of Service Report, pages 149-151).

- F. Should the Commission authorize GMO prospectively to compare its actual RTO administrative fees with the level of RTO administrative fees used for setting permanent rates in this case, and to accrue and defer the difference for potential return to customers in future rate cases, i.e., to employ an asymmetrical tracker?

Position: See position advanced in response to Issue IV(B) and (D).

**V. Line Loss Study**— Which data set containing the results of a loss analysis of the individual rate districts should be used in calculating GMO company-wide energy loss factors that are then utilized in the determination of GMO's hourly loads, fuel costs, revenue requirement, and rate design?

Position: MEEG takes no position on this issue, but reserves the right to develop a position at the hearing.

**VI. Lake Road Plant electric/steam allocation factors**—What factors should the Commission use to allocate GMO's total rate base, expenses and revenues of its Lake Road Plant to its electric customers to account for GMO contemporaneously using the Lake Road Plant to serve its steam customers?

Position: MEEG supports Staff's recommendation that the Lake Road electric / steam allocation factors remain at current levels pending completion of a study similar to that performed in Case No. ER-94-36. (Staff Cost of Service Report, pages 99-101; Poston Surrebuttal, all).

**VII. RESRAM Prudence Review (Solar rebates)**—Should the Commission authorize GMO to recover through its RESRAM (renewable energy standard rate adjustment mechanism) charges the \$2.6 million in solar rebates it paid to qualifying customers that GMO incurred subsequent to August 31, 2012, and paid in excess of the Commission-approved \$50 million aggregate level it agreed to in Case No. ET-2014-0059?

Position: MEEG takes no position on this issue, but reserves the right to develop a position at the hearing.

**VIII. MEEIA Cycle 1 (2013-2015)**—Should billing determinants—customer usage data required to develop the rates that appear on the rate schedules—be adjusted in this rate case, and outside of the MEEIA Cycle 1 Stipulation, for MEEIA measures installed during the period August 1, 2014 – March 31, 2016? If so, how?

Alternatively, should GMO's annualized and normalized sales and sales revenues and net system input reflect decreased energy and demand due to MEEIA programs in Cycle 1 from the test period up to and including the true-up?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**IX. Depreciation Rates**—What depreciation rates should the Commission order GMO to use?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**X. Depreciation Study Costs**—What level of depreciation study costs should the Commission recognize in GMO’s revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XI. Amortization Periods Ending Before the End of the True-up Period**

- A. Should the Commission include in GMO’s revenue requirement amounts designed to return to retail customers the amounts related to amortizations that GMO collected from those customers through its rates for GMO’s 2010 and 2012 rate case expense, FAS 87 prepaid pension asset, St. Joseph Light & Power transition costs, Renewable Energy Standard costs and lateran 2 operations & maintenance costs from the time the amortization periods amortizations ended until new rates in this case? If so, how?

Position:

- B. Should the Commission include in GMO’s revenue requirement amounts designed to return to retail customers the amounts related to amortizations that GMO collected from those customers through its rates for L&P prepaid pension asset, and should those amounts be included in GMO’s pension tracking mechanism?

Position:

**XII. Hedging and Cross-Hedging**

- A. Should GMO cease hedging its natural gas purchases?

Position: MECG supports the position advanced by OPC witness Riley.

- B. Should GMO cease cross-hedging purchased power with natural gas futures?

Position: MECG supports the position advanced by OPC witness Riley.



C. How should GMO account for its hedging costs?

Position: MECG supports the position advanced by OPC witness Hyneman.

**XIII. Advanced Meter Infrastructure Meters—**

A. Should the Commission order GMO to allow customers the option of not having an Advanced Meter Infrastructure meter at the customer's residence?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

B. If so, what is the appropriate opt-out charge?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XIV. Greenwood Solar Energy Center—** Should the Commission allocate any of the capital costs, operating and maintenance costs, revenues, energy, SRECs, etc., attributable to the Greenwood Solar Energy Center between GMO and KCP&L? If so, how should it be allocated?

Position: Yes. In Case No. EA-2015-0256, GMO sought authority to construct the Greenwood Solar Energy Center. At that time, various parties alleged that the Greenwood Solar facility was not necessary to meet projected demand or current solar REC requirements. Instead, GMO sought to build the Greenwood facility in order to allow it to gain the experience of owning, maintaining and operating a utility scale solar facility.

In its Report and Order, the Commission approved the construction of the Greenwood Solar project, but specifically noted that, since the facility was built for the purpose of gaining experience with utility scale solar facilities, that the costs of the facility be shared between GMO and KCPL customers.

The Commission is concerned that only GMO ratepayers will bear the cost of the project. The Commission will not make any specific ratemaking decisions in this case. Those will be reserved for GMO's pending rate case. However, the matter will once again come before the Commission when GMO seeks to add the plant to its rate base. **At that time, the Commission will expect GMO to propose a means by which those costs will be shared with KCP&L's customers who will also benefit from the lessons learned from this pilot project.** (Emphasis added.)

MECG supports Staff's recommendation that the costs of the Greenwood Solar facility be allocated between GMO and KCPL using the energy allocator. (Staff Cost of Service Report, pages 69-71; Lyons Surrebuttal, pages 18-25).

**XV. Bad Debt Expense** – What level of bad debt expense should the Commission recognize in GMO’s revenue requirement?

Position: MECG supports the position advanced by Staff witness Majors.

**XVI. Prepayments**

A. What level of prepayments should the Commission recognize when determining GMO’s revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

B. Where should GMO record its PSC assessments?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XVII. Late Payment Revenues**—What level of late payment revenues should the Commission recognize when determining GMO’s revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XVIII. Transource Missouri FERC Incentives**—Has GMO proposed to include CWIP FERC incentives in its cost of service for the Iatan-Nashua and Sibley-Nebraska City transmission projects that it agreed to forego in File No. EA-2016-0098?

Alternatively, what level of adjustment should be made, per File No. EA-2013-0098, to the transmission expenses that are allocated to GMO by SPP for the Transource Missouri Sibley-Nebraska City and Iatan-Nashua transmission projects?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XIX. Payroll Expense**—What level of payroll expense should the Commission recognize in GMO's revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XX. Dues and Donations**—What level of dues and donations expense should the Commission recognize when determining GMO's revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XXI. Short-term Incentive Compensation**—What level of short-term incentive compensation should the Commission recognize in GMO's revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

**XXII. Supplemental Employee Retirement Plan (SERP)**

A. What level of SERP expense should the Commission recognize in GMO's revenue requirement?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

B. Should SERP expense be capitalized?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

C. Should KCPL employee SERP expense be allocated to GMO?

Position: MECG takes no position on this issue, but reserves the right to develop a position at the hearing.

### **XXIII. Rate Case Expense**

- A. Should the Commission require GMO's shareholders to bear part of GMO's rate case expense?

Position: Yes. In its recent decision issued September 6, 2016, the Western District Court of Appeals upheld the Commission's decision in the KCPL case by which the Commission allocated rate case expense between customers and shareholders based upon the percent of the utility's requested rate relief that it is ultimately awarded. Such a position recognizes that rate case expenses are incurred for the benefit of both ratepayers and shareholders. (Staff Cost of Service Report, pages 136-141).

- B. What level of rate case expense should the Commission recognize in GMO's revenue requirement?

Position: MCEG supports the position advanced by Staff on this issue.

### **XXIV. Class cost of service, rate design, tariff rules and regulations**

- A. Should the Commission eliminate the MPS and L&P rate districts, and order GMO-wide rates?

Position: Subject to a reasonable mechanism to mitigate impact on LGS and LP customers, MCEG does not oppose the proposal to consolidate the MPS and L&P rate districts. (Brubaker Direct, page 2).

- B. Rate design

- a) What is an appropriate residential rate design?

Position: MCEG takes no position on this issue.

- b) What is an appropriate residential customer charge under the appropriate rate design?

Position: MCEG takes no position on this issue.

- c) What customer impact mitigation measures, if any, should be used for the LPS, LGS, and SGS classes?

Position: In the direct testimony of Maurice Brubaker, MCEG proposed two mechanisms designed to mitigate the impact on LGS and LPS customers associated with the proposal to consolidate the MPS and L&P rate districts. First, MCEG proposes that for the rates that go into effect at the end of this case, the Facility Demand be defined as 75% of the maximum demand occurring during the preceding 12 months, and that the Annual Base Demand be defined similarly as 75% of the maximum demand experienced in any of the four

summer months occurring within the preceding 12 months. In the second step, which would occur one year after these rates become effective, the 100% ratchet feature in GMO's proposed rates will be implemented.

A second approach would be a demand credit, with the revenue reduction offset by a kilowatt-hour surcharge in step one, that would be reduced to zero in step two. For example, in the large power rate, a \$2 per kW demand credit could be paired with a kilowatt-hour surcharge of \$0.00396 to maintain revenue neutrality.

Both of these proposals recognize the inequitable nature of GMO's proposal to suddenly impose a facility demand charge and increase the annual base demand charge on MPS customers. Specifically, customers used energy and incurred monthly demands under one rate design scheme. Now, GMO proposes to change that scheme without providing customers an opportunity to modify their usage characteristics. Effectively, customers are being penalized for usage that occurred under a tariffed rate design and without any knowledge that a subsequent rate design may be introduced. It seems inequitable to suddenly "change the rules" and impose higher rates on these customers when those customers had no knowledge that their past usage patterns could have an increasingly negative impact on future rates and without providing those customers any opportunity to respond to the new rate design. (Brubaker Direct, pages 4-9; Brubaker Surrebuttal, pages 2-6).

- d) What billing determinants should be used for determining the rates to collect GMO's cost of service?

Position: MCEG takes no position on this issue, but reserves the right to develop this issue at the hearing.

- e) What adjustment should be made to account for any changes in retail revenue attributable to customers being placed on their most advantageous rate as a result of the rate design approved in this case?

Position: MECG supports Staff's proposal to adjust revenues to account for GMO's best fit analysis.

- f) When should GMO revise its load research to account for the elimination of the MPS and L&P rate districts?

Position: MECG supports Staff's proposal to adjust revenues to account for GMO's best fit analysis.

- g) Should the Commission order GMO to file a rate design case once a year of hourly data is available under the new classes and implemented rates?

Position: Yes. In this case all parties agreed to forego a class cost of service study and propose revenue allocation changes in order to aide in the consolidation of the MPS and L&P rate districts. As such, it has been 3 years since GMO rates have been analyzed to determine if individual class rates are sufficient to meet the cost of serving that class. The Commission should order GMO to file a class cost of service and rate design study in its next case in order to allow the Commission and the parties to address this issue.

- h) Should the Commission order GMO to file a Class Cost of Service Study with supporting data in its next rate case?

Position: Yes. In this case all parties agreed to forego a class cost of service study and propose revenue allocation changes in order to aide in the consolidation of the MPS and L&P rate districts. As such, it has been 3 years since GMO rates have been analyzed to determine if individual class rates are sufficient to meet the cost of serving that class. The Commission should order GMO to file a class cost of service and rate design study in its next case in order to allow the Commission and the parties to address this issue.

- i) Should the Commission allow GMO to freeze its time differentiated rates, including Time of Use ("TOU")?

Position: MECG takes no position on this issue.

- j) Should the Commission order GMO to file a proposal to make TOU rates available to all customers including a study of applicable TOU determinants?

Position: MECG takes no position on this issue.

- k) Should the Commission order GMO specifically to study time of use rates and summer/shoulder/winter rates, and to include its proposals for such rates in its next rate filing?

Position: MECG takes no position on this issue.

- l) Should the Commission order a working group be formed to evaluate the impacts, for residential and small general service class, of transitioning to inclining block rates on lower income and electric space heating and cooling users and to consider the merits of more extensive block rate modifications?

Position: So long as such study is limited solely to the residential and small general service class, MECG takes no position on this issue.

#### C. Tariff rules and regulations

- 1) Special Contracts—Should GMO’s tariff include a “special contract rate” schedule?

Position: MECG takes no position on this issue.

- 2) Service extensions—Should GMO be allowed to modify its line extension tariff provisions?

Position: MECG takes no position on this issue.

- 3) Miscellaneous tariff changes- Should the Commission allow the miscellaneous proposed tariff changes not specifically addressed elsewhere in this list?

Position: MECG takes no position on this issue.

#### D. Customer Disclaimer

- 1) Should the Commission order GMO to deploy a disclaimer indicating “rebates are subject to change” for net metering/solar rebate and MEEIA programs?

Position: MECG takes no position on this issue.

**XXV. Income-Eligible Weatherization Program**

- A. At what level should low-income weatherization program be funded when the program transitions out of GMO's Cycle 2 MEEIA back to a ratepayer funded program?

Position: MCEG takes no position on this issue.

**XXVI. Economic Relief Pilot Program** - should the funding levels of the program be modified?

- A. At what level should Economic Relief Pilot Program be funded?

Position: MCEG takes no position on this issue.

- B. Should the Commission order a third party to evaluate the program?

Position: MCEG takes no position on this issue.

**XXVII. Expense Trackers in rate base** - Should GMO's expense trackers in rate base be excluded from rate base? Should there be a general policy concerning the inclusion of expense trackers in rate base?

Position: MCEG supports the position advanced by OPC witness Hyneman.

**XXXVIII. Employee Meal Expense Policy**—Should there be an adjustment associated with GMO's expense accounts?

Position: MCEG supports the position advanced by OPC witness Hyneman.

**XXVIII. Income Taxes**—What level of GMO's income tax expense should the Commission recognize in GMO's revenue requirement?

Position: MCEG supports Staff's position on this issue.

**XXIX. Transmission Revenue ROE adjustment/Transource adjustment-** Should transmission revenues be adjusted to reflect differences between MoPSC and FERC authorized ROEs?

Position: MCEG supports Staff's position on this issue.



Respectfully submitted,



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ATTORNEY FOR THE MIDWEST ENERGY  
CONSUMERS GROUP

**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.



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David L. Woodsmall

Dated: September 9, 2016