

**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.)	
)	
In the Matter of KCP&L Greater Missouri)	
Operations Company's Request for Authority to)	Case No. ER-2012-0175
Implement a General Rate Increase for Electric)	
Service.)	

**RESPONSE TO MECG MOTION TO
UPDATE REPLY BRIEF AND
MOTION TO PROVIDE SUPPLEMENTAL AUTHORITIES**

Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company ("Companies") hereby respond to the Motion to Update Reply Brief filed by the Midwest Energy Consumers' Group ("MECG").

The Companies also move for leave to provide supplemental authority from other state regulatory commissions that issued return on equity ("ROE") decisions during the fourth quarter of 2012, and state as follows:

1. MECG's Motion to Update Reply Brief is improper in that it does not simply bring to the attention of the Commission a recent decision by the Kansas Corporation Commission ("KCC"). To the contrary, it presents additional and inaccurate argument based upon its view of the evidence in the record which has since closed. Such polemics and mischaracterizations must be disregarded.

2. However, MECG is correct that courts have adopted specific provisions that allow parties to present supplemental authorities and citations after a case has been submitted. See Fed. R. App. Proc. 28(j) ("Citation of Supplemental Authorities"); Mo. App. E.D. Special Rule 370(b) ("Supplemental Citations"); Mo App. W.D. Special Rule XXXVII(B) ("Supplemental Citations after Submission of the Case").

3. To the extent the MECG motion presents this Commission with the KCC's "Order on KCP&L's Application for Rate Change," In re Kansas City Power & Light Co., No. 12-KCPE-764-RTS (Kans. Corp. Comm'n, Dec. 12, 2012)("KCC Order"), the Companies have no objection. Although the ROE recommendation of the Companies' expert Dr. Hadaway was the same in the Kansas case as it was in these proceedings (9.8% to 10.3%), the Commission should recognize that the recommendations of KCC Staff and the Citizens Utility Ratepayer Board ("CURB") in the Kansas case were significantly lower than the recommendations in this case.

4. KCC Staff recommended a range of 8.7% to 9.5%. See KCC Order at 8. Missouri Staff's final recommendation in this case was 9.0% to 9.78%. See Staff's Initial Brief at 40. Whereas CURB proposed an ROE of 8.5% in the Kansas case (KCC Order at 8), the Office of the Public Counsel ("OPC") here recommended a range of 9.1% to 9.5%, and the Federal Executive Agencies through the U.S. Department of Energy ("USDOE") proposed a range of 8.8% to 9.8%. See OPC Initial Brief at 11; USDOE Brief at 5.

5. If the Commission grants MECG's Motion to Update Reply Brief, the Companies request that it similarly grant their motion to provide supplemental authority of recent ROE decisions by other state regulatory commissions. Regulatory Research Associates, Inc., a division of SNL Financial LC ("RRA")¹ has reported that the California, Delaware, New Jersey, Pennsylvania, and Wisconsin Commissions issued ROE decisions between October 23 and December 5, 2012. As summarized on page 1 of Exhibit 1 to this pleading, the ROEs approved in those cases ranged from a low of 9.75% to a high of 10.4%.

¹ RRA data was relied upon as authoritative by several parties in this case. See Staff-202, Staff KCP&L Cost of Service Report at 59; KCPL-19, Hadaway Direct at 20; GMO-116, Hadaway Surrebuttal. Sched. SC-14 at 5; OPC-300, Gorman Direct, Sched. MPG-11 and MPG-12.

6. Page 2 of Exhibit 1 shows all of the RRA data for 2012 to date, including ROE results, as well as the equity component of the utilities' capital structure (almost two-thirds of which were over 50%). The list also includes this Commission's recent decision in Ameren Missouri's rate case, where it awarded an ROE of 9.8% and approved an equity component of 52.1%. See Report and Order at 63-73, In re Union Electric Co., No. ER-2012-0166 (Dec. 12, 2012).

7. Of the ten decisions reported by RRA for the fourth quarter, the Companies have not cited the Texas decision regarding Lone Star Transmission LLC, which only operates electric transmission facilities, or the Southern California Edison Company case where ROE was not determined. As the cases listed in Exhibit 1 indicate, the ROEs authorized by other state commissions in the past two and a half months are at the high end of the final recommendations of Staff and the Federal Executive Agencies, and almost entirely within Dr. Hadaway's range. The Delaware and New Jersey decisions approved an ROE of 9.75%, slightly below his low recommendation of 9.8%. See Ex. 2, In re Delmarva Power & Light Co., Proposed Settlement Agreement, No. 11-528 (Del. P.S.C., Nov. 29, 2012)²; Ex. 3, In re Atlantic City Elec. Co., Order Approving Stipulation, No. ER11080469 (N.J. Bd. Pub. Util., Oct. 23, 2012) The Pennsylvania Commission's decision in the PPL Electric Utilities Corp. case was 10.4%, slightly above Dr. Hadaway's high recommendation of 10.3%. See Ex. 4, Pennsylvania Pub. Util. Comm'n v. PPL Elec. Util. Corp., Motion of Chairman Robert F. Powelson, No. R-2012-2290597 (Pa. P.U.C., Dec. 5, 2012).³

² The order of the Delaware Public Service Commission approving the settlement that called for an ROE of 9.75% is not yet available. Therefore, the Companies have attached the Proposed Settlement Agreement and will provide the Commission with the order once it is published.

³ As reported by the Pennsylvania Commission, Chairman Powelson's motion to establish a rate of return on common equity of 10.40% carried by a vote of 4-1. The written order of the Commission has not yet been issued.

8. The Wisconsin Commission issued final orders allowing the ROE of 10.30% set in the previous rate cases of Madison Gas & Electric Co. and Wisconsin Public Service Co. to remain in effect. See Ex. 5, In re Madison Gas & Elec. Co., Final Decision, No. 3270-UR-118 (Wis. P.S.C., Dec. 14, 2012); Ex. 6, In re Wisconsin Pub. Serv. Corp., Final Decision, No. 6690-UR-121 (Wis. P.S.C., Dec. 7, 2012).⁴ The California Public Utilities Commission issued a decision earlier this month in a California Pacific Electric Co. case, approving an ROE of 9.875% and a capital structure of 51.5% equity and 48.5 debt. See Ex. 7, In re California Pacific Elec. Co., LLC, Decision Adopting an All-Party Settlement, No. 12-02-014 (Cal. P.U.C., Dec. 5, 2012).

9. Finally, the Companies attach a Commission Directive issued this week by the South Carolina Public Service Commission in an electric rate case brought by South Carolina Electric & Gas Co. which approved an ROE of 10.25%. See Ex. 8, Commission Directive, In re South Carolina Elec. & Gas Co., No. 2012-218-E (S.C. P.S.C., Dec. 19, 2012).

WHEREFORE, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company request that their motion to provide supplemental authority be granted.

Respectfully submitted,

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⁴ The Public Affairs Office of the Wisconsin Commission has advised that the final written order reflecting the October 24, 2012 Wisconsin Electric Co. decision authorizing a 10.4% ROE, as reported by RRA, will be issued within the next few days. Once received, the Companies will provide copies of that order to the Commission.

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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 20th day of December, 2012.

/s/ Karl Zobrist
Attorney for Kansas City Power & Light
Company and KCP&L Greater Missouri
Operations Company