

**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 ORDER DIRECTING  
FILING REGARDING REVENUE REQUIREMENT ESTIMATE**

COMES NOW the Midwest Energy Consumers' Group ("MECG") and for its Response to the Commission's August 19, 2015, Order Directing Filing Regarding Revenue Requirement Estimate ("Order"), states as follows: states as follows:

1. On August 19, 2015, the Commission issued its Order Directing Filing Regarding Revenue Requirement Estimate. In that Order, the Commission provided 14 hypothetical rulings on various issues pending before the Commission. As an initial matter, MECG wishes to register its complete dissatisfaction with the Commission's eagerness to ignore statutes, regulations and past policy in an effort to deliver an inflated revenue requirement for KCPL. Most egregious is the Commission's willingness to give KCPL a return on equity that virtually mirrors that provided to Ameren four months ago. Authorizing a 9.50% return on equity is troublesome given: (1) the fact that KCPL's witness expressly recognized that KCPL deserved a return on equity that is 10 basis points below that authorized for Ameren; (2) the Commission's historical recognition that KCPL is 10-20 basis points less risky than Ameren; (3) the continuing decline in capital costs since the consideration of the Ameren case and (4) the Commission's apparent willingness to authorize the implementation of a risk shifting fuel adjustment clause. Moreover, there were explicit statements made that KCPL is not managed or run as well as Ameren.

Nevertheless, and without any explanation, the Commission appears willing to grant KCPL a return on equity of 9.50%. MECG eagerly awaits the Commission's Report and Order to see how the Commission justifies this inflated return on equity.

2. Moreover, MECG is concerned with the Commission's: (1) refusal to follow statutory directive (address reduction in return on equity associated with implementation of a fuel adjustment clause); (2) failure to abide by Commission regulations (consider the lack of volatility on a specific cost basis for inclusion in a fuel adjustment clause); (3) inability to make necessary decisions designed to protect ratepayers (refusal to exclude imprudent rate case expenses); (4) utilization of novel standards for the consideration of affiliate transactions (one Commissioner proposed a standard of "fraud" for consideration of KCPL's Tax Allocation Agreement); and (5) repeated efforts to find a middle ground in an effort to grant KCPL an inflated revenue requirement (allowing KCPL recovery of costs associated with a true-up cost incurred well over four months after the true-up date; reliance on Staff to conduct a management audit without a single piece of evidence to support the notion that Staff is qualified to conduct such an audit). MECG will file more specific complaints in the context of a subsequent Motion for Reconsideration / Rehearing.

3. For purposes of this pleading, MECG agrees with Staff's quantification of a revenue requirement of \$89.3 million. To the extent that it matters, the Commission should be aware that its novel approach to the issues in this case **results in a rate increase of 11.6%**. Repeatedly throughout this case, MECG urged the Commission to consider its decisions in the context of KCPL's recent rate history. Specifically, with this rate increase, **KCPL rates will have increased 75.98% in barely 8 years since January 1,**

2007. Furthermore, despite opportunities to address these rapidly increasing costs, customers see no hope from the deliberations that the Commission is concerned with KCPL's inflated A&G costs or eagerness to pay inflated rate case expense.

WHEREFORE, MECG respectfully requests that the Commission reconsider the effect that its preliminary decisions will have on customers. MECG urges the Commission to consider alternative approaches that are consistent with statutes, regulations and previous decisions.

Respectfully submitted,

/s/ David Woodsmall  
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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: August 21, 2015