

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

Staff of the Public Service Commission of)	
the State of Missouri)	
)	
Petitioner,)	
v.)	File No. EU-2015-0094
)	
Kansas City Power & Light Company,)	
)	
Respondent.)	

**KANSAS CITY POWER & LIGHT COMPANY’S VERIFIED RESPONSE TO
STAFF PETITION FOR ACCOUNTING AUTHORITY ORDER**

COMES NOW Kansas City Power & Light Company (“KCP&L” or “Company”) and hereby submits its response to the Missouri Public Service Commission (“Commission”) Staff’s (“Staff”) October 9, 2014 Petition for Accounting Authority Order (“Staff Petition”).

I. Introduction

1. Staff seeks a Commission order directing KCP&L to record a regulatory liability in the amount of \$7,019 per day commencing May 16, 2014 on account of an allowance currently included in the Company’s rates for fees KCP&L is no longer paying to the Department of Energy (“DOE”) related to spent nuclear fuel storage.

II. An FAC for KCP&L Would Render Staff’s Request Non-Existent

2. As an initial response, KCP&L notes that if KCP&L currently had a fuel adjustment clause (“FAC”) in place, customers would be made whole for cessation of the subject DOE fees through operation of the FAC and this Staff Petition would not exist.¹

¹ The subject DOE fees are covered by Ameren Missouri’s FAC, which is presumably why no similar Staff Petition has been filed regarding Ameren Missouri.

III. KCP&L's Conditional Agreement to Staff's Request

3. As a further initial response, KCP&L states that it is willing to accept a Commission order to defer and record a regulatory liability in the amount of \$6,468² per day commencing May 16, 2014 (and terminating with the effectiveness of new rates from KCP&L's pending general rate proceeding, Case No. ER-2014-0370) on account of spent nuclear fuel fees KCP&L is no longer paying DOE, provided that the Commission also:

- a. Authorizes KCP&L to defer and record as a regulatory asset actual transmission fees paid by the Company to the Southwest Power Pool ("SPP") in excess of the allowance currently included in the Company's rates for such fees, approximately \$44,834 per day³, commencing May 16, 2014 (and terminating with the effectiveness of new rates from Case No. ER-2014-0370):⁴ and
- b. Prescribes that rate treatment of the deferred DOE fees and deferred SPP transmission fees would be addressed in Case No. ER-2014-0370.⁵

² KCP&L has been unable to substantiate the \$7,019 per day figure used by Staff and believes this figure more accurately reflects the current rate allowance for the subject DOE fees.

³ This is the differential between the current rate allowance and actual transmission fees expected to be paid to SPP by KCP&L, on average, for the period May 16, 2014 through September 30, 2015. Just as the DOE fees that are the subject of the Staff Petition are recoverable through an FAC, the Commission has recognized that transmission fees paid to SPP by KCP&L "are the type of expenses which may be collected through a Commission approved Fuel Adjustment Charge ("FAC") authorized during a general rate case proceeding." (Report and Order, Case No. EU-2014-0277, p. 8).

⁴ KCP&L would record this deferral and regulatory asset to FERC Account 182.3 – Other Regulatory Assets. The Commission has authority to prescribe this accounting treatment, after hearing, pursuant to the provisions of section 393.140(8) RSMo. 2000.

⁵ In that event, KCP&L would request permission to file supplemental direct testimony in Case No. ER-2014-0370 addressing the ratemaking treatment it proposes for these regulatory liabilities and regulatory assets.

KCP&L has discussed this proposal with Staff and believes it is a balanced approach which allows issues raised by Staff and KCP&L to be addressed efficiently while offering appropriate protection to both the Company and its customers.

IV. KCP&L's Conditional Opposition to Staff's Request

4. As a further initial response, KCP&L states that absent a Commission order as discussed in paragraphs 3.a. and b. above, KCP&L opposes the one-sided approach of the Staff Petition, which recognizes and seeks to protect only customer interests, and requests that the Commission reject the Staff Petition outright or establish a procedural schedule. The basis of the Company's opposition includes but is not limited to the following:

- a. Since KCP&L's rates were last set in January 2013, KCP&L has experienced significant earnings shortfalls:
 - i. KCP&L's actual return on equity ("ROE") for 2013 was approximately 6.5%, compared to its Commission-authorized ROE of 9.7%. This amounts to an earnings shortfall of approximately \$33.8 million. KCP&L made Staff aware of this earnings shortfall in the summer of 2014.
 - ii. On information and belief, KCP&L expects no meaningful improvement in its achieved ROE for 2014, which would result in another significant earnings shortfall for the Company.
 - iii. On information and belief, KCP&L expects no meaningful improvement in its achieved ROE for 2015 until new rates from Case No. ER-2014-0370 take effect on or about September 30, 2015.

- b. The subject DOE fees amount to approximately \$2.36 million in annual costs included in KCP&L's rates and, therefore, do not meet the materiality standard which has been used by the Commission in prior matters in assessing requests for accounting authority orders such as this Staff Petition.
- c. To the knowledge of the Company, Staff's request is unprecedented, both in Missouri and throughout the country.

WHEREFORE, KCP&L offers this verified response and respectfully requests that the Commission either 1) issue an order consistent with paragraphs 3.a. and b. above, after hearing, 2) reject the Staff Petition outright, or 3) establish a procedural schedule regarding the Staff Petition.

Respectfully submitted,

/s/ Roger W. Steiner

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ATTORNEYS FOR KANSAS CITY POWER &
LIGHT COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 3rd day of November, 2014, to all parties of record.

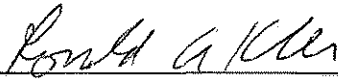
/s/ Roger W. Steiner

Roger W. Steiner

VERIFICATION

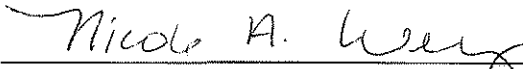
STATE OF MISSOURI)
)
COUNTY OF JACKSON) SS.

I, Ronald A. Klote, having been duly sworn upon my oath, state that I am Senior Manager, Regulatory Affairs of Kansas City Power & Light Company ("KCP&L"), that I am authorized to make this verification on behalf of KCP&L, and that the matters stated in the foregoing Response to Staff Position are true and correct to the best of my information, knowledge, and belief.



Ronald A. Klote
Senior Manager, Regulatory Affairs

SUBSCRIBED AND SWORN TO before me this 3rd day of November, 2014.



Notary Public

My Commission Expires: Feb 4, 2015

