

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

In the Matter of the Application of Kansas City )  
Power & Light Company for Approval to )  
Make Certain Changes in its Charges for )  
Electric Service to Implement its Regulatory )  
Plan. )

**Case No. ER-2012-0174**  
Tariff No YE-2012-0404

In the Matter of the Application of KCP&L )  
Greater Missouri Operations Company for )  
Approval to Make Certain Changes in its )  
Charges for Electric Service. )

**Case No. ER-2012-0175**  
Tariff No. YE-2012-0405

**PUBLIC COUNSEL'S STATEMENT OF POSITIONS**

**COMES NOW** the Office of the Public Counsel and for its Statement of Positions states  
as follows:

**I. KCPL Only Issues**

1. Deferral of 2011 Missouri River Flood Costs and Losses:
  - a. Should KCPL's increased fuel and purchased power costs caused by the flood be deferred and amortized over 5 years?
    - i. If so, what amount of increased fuel and purchased power costs should be deferred and amortized?

**Public Counsel supports the Staff's position.**

- b. Should the off-system sales margins shortfall associated with the 2011 flood be deferred and amortized over five years?
      - i. If so, what amount of off-system sales margins should be deferred and amortized?

**No. These alleged lost margins are from ungenerated revenue that never has existed, never does exist, and never will exist.**

2. Off-System Sales:
  - a. Should KCPL's off-system sales margins be calculated based upon forecasted assumptions or normalized test year assumptions?

**Public Counsel supports the Industrial Intervenors' position.**

- b. What amount should be included in KCPL's revenue requirement for off-system sales?

**Public Counsel supports the Industrial Intervenors' position.**

- c. Should the Commission continue the off-system sales tracker?

**Public Counsel supports the Industrial Intervenors' position.**

- d. Should the amount of off-system sales included in KCPL revenue requirement include adjustments for purchases for resale, SPP line losses and revenue neutrality uplift charges?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- 3. Hawthorn Selective Catalytic Reduction System (SCR):

- a. Should KCPL's rate base and expense be adjusted to reflect underperformance of the Hawthorn SCR as Staff proposes?

**Public Counsel supports the Staff's position.**

- b. Should KCPL's ongoing fuel expense be adjusted to reflect Staff's outage adjustment based on underperformance of the Hawthorn SCR?

**Public Counsel supports the Staff's position.**

- 4. Income Tax: Should the amount included in revenue requirement for Iatan 2 Advanced Coal Tax Credit be based on the amount utilized for federal income tax purposes on a separate income tax return basis or on a consolidated tax return basis?

**Public Counsel supports the Staff's position.**

- 5. Kansas City Missouri Earnings Tax:

- a. What amount should be included in KCPL's revenue requirement for earnings tax?

**Public Counsel supports the Staff's position.**

- i. If an amount for earnings tax is included in KCPL's revenue requirement should that amount be determined after allocation of a portion of KCPL's Kansas City earnings tax to GMO and to KCPL's Kansas jurisdiction?

**Public Counsel supports the Staff's position.**

- ii. Should KCMO earnings tax be included in revenue requirement as an income tax applied to adjusted Missouri jurisdictional taxable income consistent with taxable income calculated for ratemaking?

**Public Counsel supports the Staff's position.**

- b. Should the effective income tax rate used to gross up the authorized revenue requirement include a component for the KCMO earnings tax as well as federal and state income taxes?

**Public Counsel supports the Staff's position.**

- 6. Rate Design/Class Cost Of Service Study:

- a. How should the class cost of service studies (CCOS) be relied on for determining shifts in customer class revenue responsibilities that are revenue neutral on an overall company basis?

**The Commission should first evaluate each CCOS to determine whether the assumptions and allocation methods it uses are reasonable. It should then use each reasonable CCOS as a guide to aid in determining what shifts – if any – should be made to class revenue responsibilities. Where the existing revenue structure departs greatly from the class cost of service, the Commission should impose, at a maximum, class revenue shifts equal to one half of the “revenue neutral shifts” indicated by the class cost of service study. If the Commission determines that an overall increase in revenue requirement is necessary, then no customer class should receive a net decrease as the combined result of: (1) the revenue neutral shift that is applied to that class, and (2) the share of the total revenue increase that is applied to that class. Likewise, if the Commission determines that an overall decrease in revenue requirement is necessary, then no customer class should receive a net increase as the combined result of: (1) the revenue neutral shift that is applied to that class, and (2) the share of the total revenue decrease that is applied to that class.**

- i. What methodology should be used to allocate demand-related (fixed) production costs in KCPL’s class cost-of-service study?

**Public Counsel did not file testimony on this issue. Because of workload and resource issues, Public Counsel accepted the results of KCPL’s CCOS for use in this case, but does not endorse any of KCPL’s allocators.**

- ii. What methodology should be used in the CCOS to allocate OSS margins?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- b. How should any rate increase be allocated among the various customer classes?

**The following revenue neutral shifts should be made: Large Power class increased by \$5,458,572; Small General Service decreased by \$3,319,366; and Medium General Service decreased by \$2,139,206. Once these shifts are made, any increase granted in this case should be allocated on an equal percentage basis to all classes.**

- c. How should rates be designed?

**This is a very broadly-worded issue, and Public Counsel does not understand how it relates to any of the specific questions in controversy.**

- d. Should the Commission adopt Staff’s proposal to increase by 5% the first energy block rate of the winter All-Electric General Services rates?

**Public Counsel supports the Staff’s position.**

- e. Should the Commission adopt Mr. Brubaker’s LGS/LP rate design methodology?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

f. Residential rate adjustments:

- i. Should current residential rates be adjusted to reflect a revenue-neutral shift seasonally and among residential rate schedules in the winter based on KCPL's class cost of service study?

**Public Counsel supports the Staff's position.**

- ii. How should any residential rate increase be assigned to rate elements?

**Any residential rate increase should be applied only to the energy (variable) rate element and not to the customer charge.**

g. Residential Space Heat services:

- i. Should KCPL's Residential Space Heat services be eliminated?
- ii. In the alternative, should KCPL's Residential Space Heat services be scheduled for elimination in a subsequent rate case by freezing their availability in this case?
- iii. Should the Commission adopt Staff's proposal to increase by 5% the first block of the residential space heating rates?

**Public Counsel supports the Staff's position.**

7. Fuel and Purchased Power Expense:

- a. What is the proper treatment of firm contract sales?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- b. What is the proper treatment of new wind resources?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- c. Should margins from non-asset based wholesale transaction, also referred to as "Q" sales, be excluded from KCPL's cost service?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- d. What is the equivalent forced outage rate for Iatan 2?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- e. What is the proper treatment of equivalent forced outage rate at Hawthorn Unit 5?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

8. Interim Energy Charge (IEC) proposal by KCPL:

- a. What is the IEC KCPL is proposing?
  - i. Should it be adopted?

**The IEC that KCPL proposes is unlike any prior IEC, and is more like a Fuel Adjustment Clause, and should not be adopted.**

- b. Is KCPL's proposed sharing of off-system sales revenues, within the context of its proposed IEC, prohibited by the KCPL Regulatory Plan?

**Yes, the proposed sharing is specifically prohibited in the Regulatory Plan.**

- c. Does KCPL's proposal qualify as an IEC within the provisions of the KCPL Regulatory Plan?

**The IEC that KCPL proposes is unlike any prior IEC, and is more like a Fuel Adjustment Clause, and should not be adopted.**

- 9. Resource Planning—La Cygne and Montrose: Should the Sierra Club's recommendations regarding the La Cygne and Montrose investments be adopted?

**Public Counsel supports the Sierra Club's position.**

- 10. Charles B. Wheeler Airport and Kansas City Water Department:

- a. What actions has KCPL taken, or what actions should KCPL be taking, to address the quality and reliability of service at Charles B. Wheeler Airport (Downtown Airport)?
  - i. Should the Commission order KCPL to conduct an investigation into the cause of power fluctuations and interruptions at Downtown Airport?
- b. What actions has KCPL taken, or what actions should KCPL be taking, to address the quality and reliability of service at pumping stations and other installations operated and managed by the Kansas City Water Department?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- 11. Arbitration Expenses and Settlement:

- a. Should the expenses KCPL incurred in arbitrating with Empire over access to Schiff-Hardin legal invoices be included in revenue requirement?

**Public Counsel supports the Staff's position.**

- b. Should the settlement of the arbitration with Empire over access to Schiff-Hardin legal invoices charged to plant-in-service be included in rate base?

**Public Counsel supports the Staff's position.**

## II. KCPL – GMO Common Issues

### 1. Regulatory Policy and Economic Considerations:

**The Commission should consider the economic climate and facts such as unemployment rates and previous rate increases when determining what rates are just and reasonable. The Commission should decide issues in a manner that recognizes the economic challenges faced by households and reasonably minimizes the rate impact on consumers. The Commission should also focus on allowing customers greater control over their electric bills. To promote affordability the Commission should adopt a rate of return at the bottom of the reasonable range and minimize mandatory fixed charges.**

### 2. Economic Relief Pilot Program (“ERPP”):

- a. Should the Economic Relief Pilot Program be expanded as a permanent ratepayer funded program or should it remain a pilot program, maintaining current program terms including participation levels, and program funding remain 50% ratepayer/50% company?

**The ERPP should remain a pilot program, maintaining current program terms including participation levels, and program funding should remain 50% ratepayer/50% company.**

- b. Should a separate advisory group that is familiar with low-income customers, issues and rate programs be developed for all future collaborative discussions regarding the ERPP?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- c. Should KCPL and GMO be ordered to provide an ERPP report to the advisory group described above on a monthly basis?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

### 3. Cost of Capital:

- a. Return on Common Equity: What return on common equity should be used for determining rate of return?

**The Commission should recognize an acceptable range for return on common equity of 9.10% to 9.50%. Once the Commission has determined an acceptable range for return on common equity, it should authorize the low end of that range to promote affordability for customers. If the Commission recognizes Public Counsel’s recommended range for return on common equity, the Commission should authorize the low end of the range, or 9.10%, for the return on common equity in this case. If the Commission recognizes a different acceptable range for return on common equity, the Commission should authorize the low end of that acceptable range.**

- b. Capital Structure: What capital structure should be used for determining rate of return?

**Absent justification by the Company, the Commission should use a hypothetical capital structure (50% debt/50% equity) in this case rather than the Company’s projected actual**

**capital structure at the end of August 2012.**

c. Cost of Debt:

- i. Should GPE's consolidated cost of debt be assigned to KCPL and GMO or should the cost of debt be subsidiary specific?
- ii. In either case, should adjustments be made to holding company debt issued subsequent to GPE's acquisition of GMO?
- iii. Should any adjustments be made to certain debt issuances? Should the cost of debt be a consolidated cost of debt of 6.425%?

**Public Counsel did not file testimony on cost of debt and reserves the right to base a final position on the testimony provided at hearing.**

4. Payroll: What amount should be included in cost of service for overtime?

**Public Counsel supports the Staff's position.**

5. Pensions, OPEBs, SERP Costs:

- a. What amount should be included in cost of service for pension, OPEB and SERP costs?

**Public Counsel supports the Staff's position.**

- b. Should the Company's salary assumption of 4.0% for management and 4.25% for bargaining unit employees based on Company-specific historical data be used to determine pension cost or should Staff's salary assumption of 3.5% based on a current Missouri utility average be used?

**Public Counsel supports the Staff's position.**

- c. Should, in addition to annuity payments, Supplemental Executive Retirement Plan ("SERP") pension costs paid by KCPL as a lump sum be included in revenue requirement based on a multi-year average of actual amounts paid or should SERP costs be based only on annual annuity payments to former KCPL executives?

**Public Counsel supports the Staff's position.**

- d. Should SERP pension costs paid by the Wolf Creek Nuclear Operating Company ("WCNOC") for the Wolf Creek Generating Station as monthly annuities be included in revenue requirement based on actual amounts paid or should these amounts be subject to the Staff's reasonableness tests?

**Public Counsel supports the Staff's position.**

- e. Should GMO SERP costs be included in revenue requirement at the amount proposed in the Company's rebuttal testimony without recognition of a \$50,000 reasonableness test as proposed by Staff?

**Public Counsel supports the Staff's position.**

- f. Should SERP costs attributable to past non-regulated GMO (Aquila) operations be included in deriving the allocation factor used to assign SERP costs to GMO?

**Public Counsel supports the Staff's position.**

- g. Should WCNOC OPEB expense be based on the actual dollar amount of OPEB expense paid by KCPL to WCNOC or a FAS 106 accrual amount?

**Public Counsel supports the Staff's position.**

- h. If it is appropriate to include FAS106, including WCNOC, in revenue requirement, then should KCPL be required to contribute amounts collected in rates for WCNOC employees to a segregated WCNOC OPEB fund or should amounts in excess of amounts paid by KCPL to WCNOC be deposited in a KCP&L OPEB fund?

**Public Counsel supports the Staff's position.**

6. Fuel & Purchased Power Expense:

- a. How should spot market purchased power prices be determined?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

7. Acquisition Transition Costs:

- a. Should recovery of the amortized acquisition transition costs end?
  - i. If not, what amount should be included in revenue requirement for the acquisition transition cost amortization?

**Public Counsel supports the Staff's position.**

8. Depreciation:

- a. Have KCPL and GMO complied with the provisions of the 2010 Depreciation Stipulation entered into in the last rate cases?
- b. Should KCPL and GMO continue to utilize the General Plant Amortization method?
- c. Should KCPL and GMO conduct an inventory of property in the General Plant Accounts?
- d. Should Staff's depreciation adjustments be adopted?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

9. Bad Debt Expense/Forfeited Discount Revenue:

- a. Should bad debt expense and forfeited discount revenue included in rates in this case include a provision for the respective impacts resulting from the revenue increase in this case?
- b. How should normalized bad debt expense be determined?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

10. Rate Case Expense:

- a. What amount should be included in revenue requirement for rate case expense?

**Public Counsel recommends that all outside legal, consulting and contract services provider costs be disallowed and that the remaining prudent and reasonable rate case expenses be shared evenly between shareholders and ratepayers.**

- i. Should it be based on deferring and amortizing rate case expenses or on normalizing them?

**Public Counsel recommends that rate case expense recovered from ratepayers be based on a normalization of shared prudent and reasonable costs incurred after disallowance of all outside legal, consulting and contract services provider costs.**

- b. Should certain Schiff Hardin fees be excluded from post true-up rate case expenses?

**Public Counsel supports the Staff's position.**

11. Transmission Tracker: Should the Commission authorize KCPL and GMO to compare their actual transmission expenses with the levels used for setting permanent rates in these cases, and to accrue and defer the difference for potential recovery in future rate cases, i.e., to employ a "tracker"?

**No, the Commission should not authorize a tracker for transmission expenses.**

12. Property Tax Tracker: Should the Commission authorize KCPL and GMO to compare their actual property taxes with the levels used for setting permanent rates in these cases, and to accrue and defer the difference for potential recovery in future rate cases, i.e., to employ a "tracker"?

**No, the Commission should not authorize a tracker for property taxes.**

13. RES and RES Tracker:

- a. Should RES costs be included in KCPL's and GMO's revenue requirements?
    - i. If so, what is the amount?

**Yes, test year costs should be included.**

- b. Should RES costs KCPL and GMO incurred from 2010 through 2012 that exceed the level of RES costs included in cost of service be given rate base treatment, i.e., should they not only get a return of those costs, but also a return on them?

**No, only test year costs should be allowed.**

- c. What amortization period should be used to determine the annual level to include in KCPL's and GMO's revenue requirements for recovery of the RES costs KCPL and GMO incurred from 2010 through 2012 that exceed the level of RES costs used in the revenue requirements upon which their current permanent rates are based?

**Public Counsel supports the Staff's position.**

- d. Should KCPL and GMO be allowed to compare their actual RES costs with the levels used for setting permanent rates in these cases, and to accrue and defer the difference for potential recovery in future rate cases, i.e., to employ a “tracker”?

**No, the Commission should not authorize a tracker for RES costs.**

14. Low Income Weatherization:

- a. At what level should low-income weatherization be funded and included in revenue requirement?
- b. Are the Companies distributing to agencies the weatherization funds collected from their ratepayers?
  - i. If not, why not?
- c. Should any weatherization funds which are collected during a year (plus any interest or return earned thereon) which are not distributed be available for distribution in subsequent years?
- d. Should the Companies consult the DSM Advisory Group (“DSMAG”) on the allocation and distribution of funds?
- e. Should the Companies provide quarterly reports to the DSMAG on the allocation and distribution of funds?
- f. Should the Companies file revised tariff sheets regarding their low-income weatherization program?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

15. Joint Resource Planning:

- a. Should KCPL and GMO be allowed to conduct joint resource planning?
  - i. If yes, should the Commission require KCPL and GMO to file with the Commission for approval a detailed proposal for allocating capacity and energy between them?
  - ii. If yes, should the Commission require KCPL and GMO to file a definitive plan for merging KCPL and GMO into one electrical corporation?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

16. Organizational Realignment and Voluntary Separation Program

- a. Have KCPL and GMO recovered in rates at a minimum the dollar amount severance costs related to the ORVS Program employees who left the employ of KCPL in March 2011?

**Public Counsel supports the Staff’s position.**

- b. Should the annual amount based on a five-year amortization of the severance and related costs associated with KCPL’s ORVS Program be included in revenue requirement?

**Public Counsel supports the Staff’s position.**

17. Advanced Coal Tax Credit:

- a. Should KCPL's advanced coal investment federal income tax credit for Iatan 2 be reduced to reflect a redistribution of a portion of that credit to GMO based on GMO's ownership interest in Iatan 2 and, concurrently, should GMO be treated as getting the benefit of that credit redistribution?
  - i. Should the Commission order KCPL, GMO, and Great Plains Energy jointly to seek IRS agreement to reallocate a portion of the credit to GMO based on GMO's ownership interest in Iatan 2?
    1. If the IRS does not agree to reallocate these Iatan 2 coal credits to GMO based on its ownership share of Iatan 2, then should the Commission order KCPL to pay the monetary equivalent to GMO of the value of the coal credits that should be allocated to GMO, or alternatively, should the Commission impute the value of the coal credits to GMO based on its ownership share of Iatan 2?
  - ii. In the alternative, should the Commission disallow certain Great Plains Energy and KCPL officers' salaries and benefits allocated to GMO?
  - iii. Or, in the alternative, should the Commission consider the Coal Credit issue when it determines the proper rate of return to use in the KCPL and GMO rate cases?

**Public Counsel supports the Staff's position.**

18. Inventory Management: Should Great Plains Energy Services be permitted to purchase KCPL's and GMO's current material and supply inventories and then become their source of materials and supplies?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

19. Distribution Field Intelligence Tech Support ("DFITS"): Should the cost of establishing, training and sustaining the Distribution Field Intelligence and Tech Support group be included in rate base in this proceeding? Should the estimated future employee and plant costs of a future projected addition to KCPL and GMO's Distribution maintenance program, referred to as Distribution Field Intelligence and Tech Support group, be included in cost of service in this proceeding?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

20. Revenue Normalization: Should the LPS class be weather normalized?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

21. Revenues:

- a. Should company revenues be tied to the company General Ledger?
- b. Should the difference in the General Ledger and the recalculation of revenues (i.e., tie amount used to verify the recalculation process) be carried forward and included in the normalized and annualized test year revenues?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

22. Mutual Assistance Revenues: Should KCPL's revenue requirement reflect a normalized level of mutual assistance revenues?

**Public Counsel supports the Industrial Intervenors' position.**

### **III. GMO Only Issues**

1. Crossroads:

- a. What should be the value of Crossroads included in rate base?

**Public Counsel supports the Staff's position.**

- b. What amount of accumulated deferred taxes associated with Crossroads should offset the value of Crossroads in rate base?

**Public Counsel supports the Staff's position.**

- c. Should depreciation expense be based upon the authorized gross plant value for Crossroads?

**Public Counsel supports the Staff's position.**

- d. What transmission costs for energy from Crossroads should be included in revenue requirement?

**Public Counsel supports the Staff's position.**

2. Capacity allocation (MPS vs. L&P): For determining revenue requirement, including fuel costs, how should GMO's Ralph Green generating facility and short-term purchased power agreements be assigned between MPS and L&P?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

3. Off Systems Sales Margins: How should Purchases for Resale (including issues related to negative margins) be treated?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

4. St. Joseph Infrastructure Program: Should the Commission authorize construction accounting for GMO's proposed St. Joseph infrastructure program?

**No, so-called "construction accounting" should not be allowed.**

5. L&P Ice Storm AAO:

- a. Should the amortization level of the L&P Ice Storm be reduced?

**The remaining unamortized balance as of the end of the true-up date is approximately \$519,812 and those remaining costs are scheduled to be fully amortized by the end of December 2012. Therefore, Company's request to include an annualized expense amount of \$1,589,436 guarantees, if authorized by the Commission, that it will over-recover the actual costs authorized for deferral by a significant and material amount. The amortization level allowed in this case should be one-third of the remaining balance or \$173,271.**

- b. Should recovery of that amortization be tracked, and any over-recovery addressed in GMO's next rate case?

**If the amortization level is set at \$173, 271, there is no need to track it.**

6. Sibley AAO:

- a. Should the Sibley AAO be discontinued?

**Yes, GMO and its predecessors have been collecting amounts under this AAO for decades and the balance is now very nearly zero. To continue recovery would likely lead to over-recovery. In addition, the Company actually did over-recover \$135,896 from the 1990 Sibley AAO.**

- b. Should the Sibley AAO be rebased?

**No, the Sibley AAO should be discontinued.**

- c. Should the recovery of the Sibley AAO be tracked and any over-recovery addressed in GMO's next rate case?

**No, the Sibley AAO should be discontinued.**

7. Rate Design/Class Cost of Service Study:

- a. How should the class cost of service studies be relied on for determining shifts in customer class revenue responsibilities that are revenue neutral on an overall company basis?

**The Commission should first evaluate each CCOS to determine whether the assumptions and allocation methods it uses are reasonable. It should then use each reasonable CCOS as a guide to aid in determining what shifts – if any – should be made to class revenue responsibilities. Where the existing revenue structure departs greatly from the class cost of service, the Commission should impose, at a maximum, class revenue shifts equal to one half of the “revenue neutral shifts” indicated by the class cost of service study. If the Commission determines that an overall increase in revenue requirement is necessary, then no customer class should receive a net decrease as the combined result of: (1) the revenue neutral shift that is applied to that class, and (2) the share of the total revenue increase that is applied to that class. Likewise, if the Commission determines that an overall decrease in revenue requirement is necessary, then no customer class should receive a net increase as the combined result of: (1) the revenue neutral shift that is applied to that class, and (2) the share of the total revenue decrease that is applied to that class.**

- b. How should any rate increase be allocated among the various customer classes?

**For the MPS District, the following revenue neutral shifts should be made: Large Power class increased by \$1,285,434; and Small General Service decreased by \$1,285,434. Once these shifts are made, any increase granted in this case should be allocated on an equal percentage basis to all classes.**

**For the L&P District, the following revenue neutral shifts should be made: Large Power class increased by \$728,762; Small General Service decreased by \$546,572; and Large General Service decreased by \$182,191. Once these shifts are made, any increase granted in this case should be allocated on an equal percentage basis to all classes.**

c. Residential rate adjustments:

- i. Should current Residential rates be adjusted to reflect a revenue-neutral shift seasonally and among Residential rate schedules in the winter based on GMO's class cost of service study?

**Public Counsel supports the Staff's position.**

- ii. How should any Residential revenue increase be assigned to rate elements?

**Any residential rate increase should be applied only to the energy (variable) rate element and not to the customer charge.**

d. Residential Space Heating services:

- i. Should GMO's Residential Space Heating services be eliminated?
- ii. In the alternative, should GMO's Residential Space Heating services be scheduled for elimination in a subsequent rate case by freezing their availability in this case?
- iii. Should the Commission adopt Staff's proposal to increase the residential space heating rates?

**Public Counsel supports the Staff's position.**

e. Should the Commission adopt the Staff's proposal to increase the non-residential space heating rates?

**Public Counsel supports the Staff's position.**

f. Should GMO be required to conduct a comprehensive study on the impacts of its retail customers of eliminating the MPS and L&P rate districts and implementing company-wide uniform rate classes?

**Public Counsel supports the Staff's position.**

g. Should GMO be required to conduct a class cost of service study to determine the differences in its cost of service for each of the classes of MPS and L&P customers?

**Public Counsel supports the Staff's position.**

8. L&P Phase In: Should the rate changes addressed in the Commission's Report and Order in GMO's last rate case to phase-in rates in the L&P district be ended early and, instead, should the annual amount of a three-year amortization of the unrecovered phase-in amount be included in the L&P revenue requirement?

**Public Counsel supports the Staff's position.**

9. ADIT – FAC: Should GMO's rate base be reduced by the accumulated deferred income taxes related to GMO's Fuel Adjustment Clause ("FAC")?

**Public Counsel supports the Staff's position.**

10. GMO's MEEIA Application: Should the costs of any programs, shared benefits or lost revenues under MEEIA be recovered from retail customers? If so, what is the amount, and the associated per kWh rate?

**MEEIA costs and benefits should only be addressed in this case if the parties to the MEEIA case reach an agreement on the proper treatment of the costs and benefits, and if the Commission approves that treatment in this case.**

11. FAC

- a. Should the Commission approve, modify, or reject GMO's request for a Fuel Adjustment Clause?

**Public Counsel supports the Staff's position.**

- b. What should GMO's FAC sharing be?

**Public Counsel supports the Staff's position.**

- c. Should both the revenues and the costs associated with Renewable Energy Certificates flow through GMO's FAC?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

- d. Should GMO's FAC tariff be clarified to specify that the only transmission costs included in it are those that GMO incurs for purchased power and off-system sales, excluding the transmission costs related to the Crossroads Energy Center?

**Public Counsel supports the Staff's position.**

- e. Should GMO be ordered to provide or make available the additional information and documents requested by Staff to aid Staff in performing FAC tariff, prudence, and true-up reviews?

**Public Counsel supports the Staff's position.**

12. Kansas City International Airport:

- a. What actions has GMO taken to date to address quality and reliability of service at Kansas City International Airport (KCI)?

- b. What actions should GMO be taking to address the quality and reliability of service at KCI in anticipation of changes in the layout of the airport terminals?

**Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.**

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: \_\_\_\_\_

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been emailed to all parties this 12th day of October 2012.

By: \_\_\_\_\_