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 a General Rate Increase for Electric Service	))))	**Case No. ER-2014-0370** Tariff No. YE-2015-0194 Tariff No. YE-2015-0195

STAFF'S POSITIONS ON LISTED ISSUES

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its positions to the listed issues states:

LIST OF ISSUES

I. Cost of Capital

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

Staff's position: Staff recommends that the Commission allow KCPL a Return on Equity ("ROE") in the range 9.00% to 9.50%, midpoint 9.25%, as indicated and supported by Staff's expert analysis of the cost of equity of a group of comparable proxy companies using market-driven, mainstream analytical techniques, thorough consideration of current capital market conditions, and in view of the ROE of 9.53% recently authorized for Ameren Missouri.

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

Staff's position: Staff recommends the use of Great Plains' consolidated capital structure as of December 31, 2014, consisting of 49.14% Long-Term Debt, 0.55% Preferred Equity, and 50.31% CommonEquity.

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

Staff's position: Staff recommends that the Commission use Great Plains' embedded cost of Long-Term Debt, 5.55%, as of December 31, 2014.

II. Fuel Adjustment Clause

A. Does KCPL's fuel adjustment clause request violate the Stipulation and Agreement from Case No. EO-2005-0329? If so, should it be rejected?

Staff's position: Yes. The Stipulation and Agreement in Case No. EO-2005-0329 ("Regulatory Plan") states "KCPL agrees that, prior to June 1, 2015, it will not seek to utilize any mechanism authorized in current legislation known as "SB 179"[1] or other change in state law that would allow riders or surcharges or changes in rates outside of a general rate case based upon a consideration of less than all relevant factors. In exchange for this commitment, the Signatory Parties agree that if KCPL proposes an Interim Energy Charge ("IEC") in a general rate case filed before June 1, 2015 in accordance with the following parameters, they will not assert that such proposal constitutes retroactive ratemaking or fails to consider all relevant factors." Two of the six listed parameters were that "(i) [t]he rates and terms for such an IEC shall be established in a rate case along with a determination of the amount of fuel and purchased power costs to be included in the calculation of base rates" and "(ii) [t]he rate or terms for such an IEC shall not be subject to change outside of a general rate case where all relevant factors are considered." KCPL recognized this commitment in Case No. ER-2012-0174. (Staff Revenue Requirement Cost of Service Report, page 189, line 11 through page 194, line 12)

B. Has KCPL met the criteria for the Commission to authorize it to have a fuel adjustment clause?

Staff's position: No. Staff recommends the Commission not grant KCPL's request for the implementation of a FAC as it has not met all of the three criteria for determining whether an electric utility should be allowed to implement a FAC (First, is the cost of such a magnitude it would have a material impact on the utility's earnings? Second, is the cost outside of the control of the utility? Third, is the nature of the cost component volatile?). KCPL has failed to meet at least two of the three criteria (the second and third criteria above). (See, Staff Revenue Requirement Cost of Service Report, pages 194-195).

C. Should the Commission authorize KCPL to have a fuel adjustment clause?
Staff's position: No. See Staff position on A and B above.

[1] On January 1, 2006, Senate Bill 179 (SB 179), codified as Section 386.266 RSMo became law.

D. If the Commission authorizes KCPL to have a fuel adjustment clause, how should it be structured?

i. What percentage (customers/company) of changes in costs and revenues should the Commission find appropriate to flow through the fuel adjustment clause?

Staff's position: The Commission should order a FAC structure that includes a 95/5 percent sharing mechanism between KCPL and its customers of certain prudently incurred fuel and purchased power costs. (See, Staff Revenue Requirement Cost of Service Report, page 195).

ii. Should the costs and revenues that are to be included in the FAC be approved by the Commission and explicitly identified along with the FERC account, subaccount and the resource code in which KPCL will record the actual cost/revenue? If so, what costs and revenues should be included and what are their corresponding FERC accounts, subaccounts and resource codes?

Staff's position: The costs and revenues that are to be included in the FAC should be approved by the Commission. The costs and revenues to be included will depend upon the Commission's decision after the hearing in this case. Staff would support identifying the costs and revenues by FERC account and subaccount.

iii. Should the FAC tariff sheets reflect the accounts, subaccounts, resource codes, and the cost/revenue description?

Staff's position: FERC accounts and subaccounts should be included along with the descriptions contained in Schedule DEE-1 (see redline/strikeout exemplar tariff sheets attached as Schedule DEE-1 to the Staff Rate Design and Class Cost of Service Report and Erratum to Staff's Rate Design and Class Cost of Service Report).

iv. Should Southwest Power Pool ("SPP") and other regional transmission organization/independent system operator transmission fees be included in the FAC, and at what level?

Staff's position: Based on the Commission's order in the recent Ameren Missouri rate case, ER-2014-0258, Staff recommends including a level of SPP transmission expense (i.e., some amount of SPP Schedule 11 charges) which represent KCPL's (1) costs to transmit electric power KCPL did not generate to its own load and (2) costs to transmit excess electric power KCPL is selling to third parties to locations outside of SPP. However, based upon KCPL's responses to data requests, Staff is not able to calculate the level of transmission expense as provided in the Ameren Missouri order at this time. (Eaves Surrebuttal).

v. Should SPP and FERC Administrative fees (SPP Schedule 1-A and 12) be included in the FAC?

Staff's position: No. These costs are of such a nature they should not flow through a FAC. (See, Staff Rate Design and Class Cost of Service Report, pp. 37, 40-41).

vi. Should all realized gains and losses from KCPL's hedging and/or cross hedging practices be included in the FAC?

Staff's position: No. Staff recommends removing all recognized gains and losses associated with cross-hedging activities from the proposed FAC tariff. (See, Highly Confidential Eaves Surrebuttal).

vii. Should SO_2 amortizations, bio fuels, propane, accessorial charges, broker commissions, fees and margins, be included in the FAC?

Staff's position: No, at least not as proposed by KCPL. Accessorial charges, broker commissions, fees and margins are generic terms and should be more specifically defined within the tariff if they are to be included. It is Staff's understanding that KCPL no longer uses bio-fuels and if KCPL was to resume the practice of burning bio-fuel, the costs should be recorded to renewable energy standard so the reference to bio-fuel should be excluded from the tariff and not recovered in a FAC. Staff recommends removing propane as Staff is not aware that KCPL utilizes propane either as a start-up fuel, burn stabilization or environmental control. (Eaves Surrebuttal).

viii. Should the FAC include costs and revenues that KCPL is not currently incurring or receiving other than insurance recoveries, subrogation recoveries and settlement proceeds related to costs and revenues included in the FAC?

Staff's position: Staff takes no position on this issue.

ix. Does the FAC need to have exclusionary language added to insure that NERC and FERC penalties are not included?

Staff's position: Yes. Staff believes the language is necessary to ensure that these specific costs are not sought for recovery through KCPL's FAC. (Eaves Surrebuttal).

x. Should the phrase “miscellaneous SPP IM charges, including but not limited to,” be included in KCPL’s FAC tariff?

Staff’s position: No. Staff disagrees with the inclusion of miscellaneous charges as the term is vague and should be specifically defined with the tariff. (Eaves Surrebuttal).

xi. How should OSSR be defined?

Staff’s position: Staff contends that the terminology it added (see redline/strikeout exemplar tariff sheets attached as Schedule DEE-1-3 to the Staff Rate Design and Class Cost of Service Report and Erratum to Staff’s Rate Design and Class Cost of Service Report) more accurately describes the type of revenue that should be included in the FAC. (Eaves Surrebuttal)

xii. How should the "J" component be defined, i.e., how should “Net System Input” be defined for KCPL’s operations?

Staff’s position: Staff believes that its proposed definition of the “J” component that is included in the redline version of the FAC (see redline/strikeout exemplar tariff sheets attached as Schedule DEE-1-4 to the Staff Rate Design and Class Cost of Service Report and Erratum to Staff’s Rate Design and Class Cost of Service Report) is correct when NSI is defined as [Retail Sales (KS+MO) + Sales for Resale + Border Customers + Firm Wholesale + Losses]. (Eaves Surrebuttal)

xiii. Should the rate schedules implementing the FAC have an amount for the Base Factor when the Commission initially approves them, or not until after the end of the first FAC accumulation period?

Staff’s position: The rate schedules implementing the FAC should have an amount for the Base Factor when the Commission initially approves them. (Eaves Surrebuttal)

xiv. How many different voltage levels of service should be recognized for purposes of applying loss factors?

Staff’s position: Staff supports two voltage level adjustment factors (primary and secondary) in this case in the event that KCPL is authorized to implement a FAC tariff. (Staff Revenue Requirement Cost of Service Report, pp. 200-201) Staff also recommends that the Commission order KCPL to include in its line loss study for its next general rate case the information necessary to allow the parties to consider and evaluate if any additional voltage level adjustment factors should be incorporated into the design of the FAC tariff in KCPL's next rate case. (Bax Rebuttal, pp. 2-3).

xv. What are the appropriate recovery periods and corresponding accumulation periods for the FAC?

Staff's position: Recovery and accumulation periods should be as set forth in Schedule DEE-1 (see redline/strikeout exemplar tariff sheets attached as Schedule DEE-1 to the Staff Rate Design and Class Cost of Service Report and Erratum to Staff's Rate Design and Class Cost of Service Report).

xvi. Should FAC costs and revenues be allocated in the accumulation period's actual net energy cost in a manner consistent with the allocation methodology utilized to set permanent rates in this case?

Staff's position: Staff would support the use of consistent energy allocators.

E. If the Commission authorizes KCPL to have a fuel adjustment clause, what FAC-related reporting requirements should it order KCPL to comply with?

Staff's position: The Commission should order the following:
As part of the information KCPL submits when it files a tariff modification to change its Fuel and Purchased Power Adjustment rate, include KCPL's calculation of the interest included in the proposed rate;
Maintain at KCPL's corporate headquarters or at some other mutually-agreed-upon place and make available within a mutually-agreed-upon time for review, a copy of each and every coal and coal transportation, natural gas, fuel oil and nuclear fuel contract KCPL has that is in or was in effect for the previous four years;
Within 30 days of the effective date of each and every coal and coal transportation, natural gas, fuel oil and nuclear fuel contract KCPL enters into, provide both notice to the Staff of the contract and opportunity to review the contract at KCPL's corporate headquarters or at some other mutually-agreed-upon place;
Provide a copy of each and every KCPL hedging policy that is in effect at the time the tariff changes ordered by the Commission in this rate case go into effect for Staff to retain;
Within 30 days of any change in a KCPL hedging policy, provide a copy of the changed hedging policy for Staff to retain;
Provide a copy of KCPL's internal policy for participating in the Southwest Power Pool's Integrated Market;

Maintain at KCPL's corporate headquarters or at some other mutually-agreed-upon place and make available within a mutually-agreed-upon time for review, a copy of each and every bilateral energy or demand sales/purchase contract;

If KCPL revises any internal policy for participating in the Southwest Power Pool, within 30 days of that revision, provide a copy of the revised policy with the revisions identified for Staff to retain; and

The monthly as-burned fuel report supplied by KCPL required by 4 CSR 3.190(1)(B) shall explicitly designate fixed and variable components of the average cost per unit burned including commodity, transportation, emission, tax, fuel blend, and any additional fixed or variable costs associated with the average cost per unit reported (Staff is willing to work with KCPL on the electronic format of this report).

F. If the Commission authorizes KCPL to have a FAC, should KCPL be allowed to add cost and revenue types to its FAC between rate cases?

Staff's position: See redline/strikeout exemplar tariff sheets attached as Schedule DEE-1 to the Staff Rate Design and Class Cost of Service Report and Erratum to Staff's Rate Design and Class Cost of Service Report.

G. If the Commission authorizes KCPL to have a FAC, should KCPL be required to clearly differentiate itself from GMO on customer bills?

Staff's position: Staff takes no position on this issue.

III. Transmission Fees Expense

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

Staff's position: The appropriate level of transmission expense included in KCPL's cost of service will be determined in the True-Up, May 31, 2015, based on KCPL's historical SPP transmission expense. The analysis will include but not be limited to, reviewing all related FERC account and events that may affect transmission expense. (Lyons).

B. Should a tracker be implemented for KCPL's future transmission fees expense that varies from the level of transmission fees expense the Commission recognizes in KCPL's revenue requirement and that KCPL will not recover through a fuel adjustment clause?

Staff's position: No. Trackers should be used only in rare circumstances when it is difficult to identify an appropriate level of costs to include in rates. The use of a tracker does not account for any changes in investment, expense, or revenue that could offset the expense being tracked. Transmission expense is a normal recurring operating expense incurred by KCPL that can be annualized using ratemaking principles. Therefore, a tracker for transmission expense should not be implemented. (Lyons).

i. Should KCPL get a return on as well as return of the tracked amounts?

Staff's position: No. Rate base treatment for regulatory assets and liabilities generally apply to costs related to an asset. Transmission expenses to be included in KCPL's proposed tracker are normal operating expense and not capital in nature. (Lyons).

ii. Should KCPL get carrying costs on the tracked amounts?

Staff's position: No. Staff is opposed to special treatment of transmission expense. (Lyons).

IV. Property Tax Expense

A. What level of property tax expense should the Commission recognize in KCPL's revenue requirement?

Staff's position: Property tax assessments are based on January 1 of each year. Staff annualized property tax expense by applying a property tax ratio derived from historical property tax payments and KCPL's plant-in service to its plant-in-service as of January 1, 2015. Plant additions that occur after January 1, 2015 will not be assessed until January 1, 2016 with property tax payments due December 31, 2016, which is outside of the scope of this rate case. Staff's annualized level of property taxes included in KCPL's cost of service is $91,616,599. (Lyons).

B. Should a tracker be implemented for KCPL's property tax expense that varies from the level of property tax expense the Commission recognizes in KCPL's revenue requirement?

Staff's position: No. Trackers are used in rare circumstances when costs are difficult to identify an appropriate level of costs to include in rates. The use of a tracker does not account for any changes in investment, expense, or revenue that could offset the expense being tracked. KCPL's property tax expense is a normal recurring operating expense incurred by KCPL that can be annualized using ratemaking principles. Therefore, a tracker for property tax expense should not be implemented. (Lyons).

i. Should KCPL get a return on as well as return of the tracked amounts?

Staff's position: No. Rate base treatment for regulatory assets and liabilities generally applies to costs related to an asset. Property taxes to be included in KCPL's proposed tracker are normal operating expense and not capital in nature. (Lyons).

ii. Should KCPL get carrying costs on the tracked amounts?

Staff's position: No. Staff is opposed to special treatment of property tax expense. (Lyons).

V. CIP/cyber-security Expense

A. What level of CIP/cyber-security expense should the Commission recognize in KCPL's revenue requirement?

Staff's position: The appropriate level of CIP/Cyber security expense included in KCPL's cost of service will be determined in the True-Up, May 31, 2015 based on KCPL's historical CIP/Cyber security expense. The analysis will include but not be limited to, reviewing all related FERC account and events that may affect CIP/Cyber security expense. (Lyons).

B. Should a tracker be implemented for KCPL's CIP/cyber-security expense that varies from the level of CIP/cyber-security expense the Commission recognizes in KCPL's revenue requirement?

Staff's position: No. Trackers are used in rare circumstances when costs are difficult to identify an appropriate level of costs to include in rates. The use of a tracker does not account for any changes in investment, expense, or revenue that could offset the expense being tracked. KCPL's CIP/Cyber security expense is a normal recurring operating expense incurred by KCPL that can be annualized using ratemaking principles. Therefore, a tracker for CIP/Cyber security expense should not be implemented. (Lyons).

i. Should KCPL get a return on as well as return of the tracked amounts?

Staff's position: No. Rate base treatment for regulatory assets and liabilities generally apply to costs related to an asset. CIP/cyber-security costs to be included in KCPL's proposed tracker are normal operating expense and not capital in nature. <u>(Lyons).</u>

ii. Should KCPL get carrying costs on the tracked amounts?

Staff's position: No. Staff is opposed to special treatment of CIP/cyber-security costs. <u>(Lyons).</u>

VI. Vegetation Management Expense

A. What level of vegetation management expense should the Commission recognize in KCPL's revenue requirement?

Staff's position: Staff annualized KCPL's historical vegetation management costs and concluded that an annual level of vegetation management costs of $14,966,266 as of December 31, 2014 is representative of future ongoing costs.(Lyons).

B. Should a tracker be implemented for KCPL's vegetation management expense that varies from the level of vegetation management expense the Commission recognizes in KCPL's revenue requirement?

Staff's position: No. Trackers are used in rare circumstances when costs are difficult to identify an appropriate level of costs to include in rates. The use of a tracker does not account for any changes in investment, expense, or revenue that could offset the expense being tracked. KCPL's vegetation management expense is a normal recurring operating expense incurred by KCPL that can be annualized using ratemaking principles. Therefore, a tracker for vegetation management expense should not be implemented. (Lyons).

i. Should KCPL get a return on as well as return of the tracked amounts?

Staff's position: No. Rate base treatment for regulatory assets and liabilities generally applies to costs related to an asset. Vegetation Management costs to be included in KCPL's proposed tracker are normal operating expenses and not capital in nature. (Lyons).

ii. Should KCPL get carrying costs on the tracked amounts?

Staff's position: No. Staff is opposed to special treatment of vegetation management costs. (Lyons).

VII. La Cygne Environmental Retrofit project – what level of KCPL's investment in the La Cygne Environmental Retrofit project should be included in KCPL's Missouri rate base?

Staff's position: The level that Staff recommends KCPL prudently incurred as of the end of the true-up period in this case, May 31, 2015. (Hyneman).

VIII. La Cygne Environmental Retrofit project construction accounting deferrals

A. Should the depreciation expense and carrying costs of the La Cygne Environmental project that KCPL has deferred by construction accounting be amortized over a period of years and the resulting annual amount included in KCPL's rate base?

Staff's position: No, this construction project is not extraordinary, unusual or infrequent; therefore, it does not warrant KCPL being allowed to recover these deferred amounts from its retail customers through rates in this case. However, if the Commission decides to allow KPCL to recover them, Staff recommends the Commission do the following:
1) Offset the base on which the carrying costs are calculated by the additional non-environmental La Cygne depreciation reserve from the true-up date through the effective date of rates;
2) Offset the base on which carrying costs are calculated by the monthly depreciation expense deferral recorded to the regulatory asset;
3) Offset the base on which carrying costs are calculated by the accumulated deferred income taxes created by the La Cygne environmental plant;
4) Offset the base on which carrying costs are calculated by the accumulated deferred income taxes created by the monthly regulatory asset deferral;
5) Use actual depreciation and carrying costs based on the actual unadjusted Allowance for Funds Used During Construction (AFUDC) rate, less Staff's adjustment to the equity rate;
6) For the calculation of the AFUDC rate, a 250 basis point (2.50%) reduction to the authorized ROE used in the calculation should be assumed in the cost rate of common equity component of the AFUDC rate;
7) No additions to the base on which carrying costs or depreciation are calculated after the true-up in Case No. ER-2014-0370 (agreed to in the La Cygne 2nd Stipulation and ordered by the Commission in Case No. EU-2014-0255); and
8) No additional deferrals after the effective date of rates in Case No. ER-2014-0370 (agreed to in the La Cygne 2nd Stipulation and ordered by the Commission in Case No. EU-2014-0255). (Majors).

B. If so, over what period of years should they be amortized?

Staff's position: The remaining life of the La Cygne generating station.

IX. Wolf Creek overtime – what level of overtime for Wolf Creek should the Commission recognize in KCPL's revenue requirement?

Staff's position: Based on the historical information showing a downward trend a more recent two-year average of Wolf Creek overtime is a more appropriate level to include in KCPL's revenue requirement than a three-year average. (Young).

X. Wolf Creek OPEBs – what level of OPEBs for Wolf Creek should the Commission recognize in KCPL's revenue requirement?

Staff's position: the actual annual dollar amount that KCPL has to pay Wolf Creek Nuclear Operating Company for KCPL's share of Wolf Creek Nuclear Operating Company retiree OPEB expense. This is referred to as "pay-as-you-go". KCPL and Wolf Creek are funded separately because they are separate plans. The FAS 106 funding requirements apply to separate OPEB plans and do not apply in the aggregate. (Majors).

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

A. Should the Commission recognize in KCPL's revenue requirement the amounts associated with the periods between when each of the amortization periods for (which rate cases) rate case expense, Wolf Creek refueling, R&D tax credit amortizations ended until new rates in this case?
B. If so, how?

Staff's position: A. Iatan Unit 2 O&M Costs - Iatan Unit 2 was placed in service on August 26, 2010 in Case No. ER-2010-0355 with no operational experience KCPL and other signatory parties agreed through a Non-Unanimous Stipulation and Agreement approved by the Commission in in Case No. ER-2010-0355 to establish a tracker Iatan Unit 2 O&M costs, Case No. ER-2010-0355, Report and Order, page 9. In Case No. ER-2012-0174, a three-year amortization of the actual Iatan Unit 2 Operations & Maintenance (O&M) costs that exceeded the base rates established in Case No. ER-2010-0355 was included in KCPL's cost of service and the tracker was to end January 26, 2016. The tracker was intended to allow KCPL to recover actual reasonable and prudent O&M costs. The Staff is recommending that KCPL not profit from any excess O&M costs incurred during the tracker and such cost be addressed in KCPL's next rate case.

B. 2011Missouri River Flood Insurance Reimbursement – KCPL received insurance proceeds in March and August 2013 related to the effect of the 2011 Missouri River Flooding. Staff proposes a 3-year amortization of these proceeds as a reduction to cost of service. KCPL received insurance proceeds in March and August 2013. 2011Missouri River Flood Incremental Non-Fuel Operations & Maintenance (NFOM) Expense – The Commission authorized KCPL to defer the $1.4 million Missouri jurisdictional NFOM expense related to the 2011 Missouri flood into a regulatory asset with amortization over 5 years beginning with the effective date of rates in ER-2012-0174. No adjustment necessary because test year ending 3/31/14 includes 12 months amortization related to these deferred costs.

C. LaCygne Regulatory Asset – Obsolete Inventory – KCPL is proposing to remove from rate base certain LaCygyne spare parts that are expected to become obsolete as a result of environmental upgrades that will be placed in service at LaCygne in 2015. KCPL is further proposing to amortize this write-off of spare parts at LaCygne over a 5 year period when the environmental equipment is place in service. For the present rate case, KCPL has removed these spare parts from rate base and included and annualized amount in amortization expense in its cost of service in this case. Staff recommends the Commission allow KCPL a 5 year amortization of the obsolete inventory determined at the end of the true-up and track any over recovery associated with the amortization to be later addressed.

XII. DOE Spent Nuclear Fuel Fees

A. Should the Commission recognize in KCPL's revenue requirement the aggregate amount of the DOE spent nuclear fuel fees from May 16, 2014, until new rates in this case that KCPL ceased incurring on May 16, 2014?

Staff's position: Yes. (Majors).

B. If so, how?

Staff's position: Starting in May 2014, the Department of Energy no longer charged KCPL and the other Wolf Creek owners a fee for nuclear storage which was based on kilowatt hours generated at the nuclear facility even though those fees were included in rates in KCPL's last rate case beginning with the effective date of January 2013. Staff believes these are unusual costs unlike normal operating costs that should be deferred like other deferred costs and flow-backed to customers over five years. The deferred costs should be set up as a regulatory liability and commencing effective date of rates in this case should reduce KCPL's costs of service each month for five years.

At the end of the five years, KCPL should track any over refunded amounts to add (increase) other deferred asset balances until rates are changed. This is similar treatment being proposed for deferred assets. (Majors)

XIII. Bad debt gross-up – should bad debt expense be grossed-up for the revenue requirement change the Commission finds for KCPL in this case?

Staff's position: No. Staff does not believe there is any direct relationship between bad debts or increasing or decreasing revenues and, as such, is opposed to the bad debt factor up or gross up. KCPL treats the bad debt gross up like a the income tax gross up, as any increase in revenues causes an increase in bad debts. Staff's analysis shows that relationship does not hold. Therefore, Staff is opposed to any bad debt gross up. (Majors).

XIV. Rate case expense

A. Were any rate case expenses claimed by KCPL imprudently incurred?

Staff's position: Staff recommends all expenses related to KCPL witness Overcast to be allocated to shareholders, with no rate recovery from ratepayers. (Majors)

B. Should the Commission require KCPL shareholders to cover a portion of KCPL's rate case expense?

Staff's position: Yes, every party other than KCPL is required to bear its rate case expense, and KCPL's shareholders benefit from KPCL's participation in its rate case. Rate case expenses should be shared 50/50 between shareholders and ratepayers. (Majors)

C. What level of rate case expense for this rate case should the Commission recognize in KCPL's revenue requirement?

Staff's position: Staff recommends that 50% of KCPL's actual rate case expense, less the expenses for KCPL witness Overcast, be divided by three and the resulting amount be included in its revenue requirement in this case. Staff recommends full allocation to ratepayers of the expenses for KCPL's depreciation study recovered over five years based on the Commission rules regarding depreciation studies. The depreciation is completed pursuant to Commission rule and is not related to the current rate case. The 50% is Staff's recommendation of a fair allocation of the benefit of KCPL's shareholders and other parties by its participation in its rate case and the division by three is to allow KCPL to recover its fair share in rate over three years, in anticipation it will be in for another rate case within about three years. (Majors).

XV. Transition cost amortization – what is the appropriate level of transition cost amortization to be included in KCPL's revenue requirement?

Staff's position: The Commission ordered a five-year amortization starting May 4, 2011, of transition costs from the 2008 Acquisition Case (EM-2007-0374) of Great Plains Energy, Inc. acquiring Aquila, Inc. KCPL has requested $3.8 million (Missouri jurisdictional amount) of amortized transition costs in the present case. KCPL requests the Commission to include in KCPL's cost of service the KCPL portion of the annual amount of the amortization of acquisition transition costs, but without using any support from the Synergy Savings Tracking Model ("Tracking Model"), which the Commission previously ordered in Case No. EM-2007-0374 that synergy savings should be tracked using. According to the Report and Order in the Acquisition Case, savings must exceed the annual amortization amount of the transition costs before amortized transition costs may be recovered from KCPL and GMO ratepayers. The Commission should end inclusion of the annual amount of the five-year amortization of transition costs in the KCPL revenue requirement are as follows: 1) KCPL and GMO have abandoned the method of tracking synergies the Commission ordered in the Acquisition Case, 2) KCPL has already recovered the transition costs through retained synergies between rate cases, 3) KCPL and GMO A&G expenses are among the highest of other Missouri investor-owned electric utility and Westar, as well as among the highest of KCPL's peer utility group, 4) GPE has received millions of dollars of corporate-retained benefits, such as the tax loss benefits from the acquisition of Aquila in the Acquisition Case. If the Commission continues to include the annual amount of the five-year amortization of transition costs in the KCPL revenue requirement, then to better match the costs of synergies with the benefits to ratepayers the five-year amortization of transition costs should be treated as having started at September 1, 2009, in which case the amortization has concluded.

XVI. Affiliate Transactions and Corporate Cost Allocations – what adjustments, if any, are necessary to ensure that affiliate company subsidies and inappropriate cost allocations are not being passed on to KCPL's regulated customers in electric utility rates?

Staff's position: Staff proposed five affiliate transactions/corporate allocations adjustments in its direct case and KCPL opposes the three following Staff adjustments:

Staff Adjustment 2 removes test year expenses charged to KCPL's regulated accounts using the "Utility Massachusetts Factor" (net plant in service, utility revenues, and payroll taxes) and adds back to test year expenses the charges that would have been made using the 2015 General Allocator . KCPL has been inconsistent in its use of the Utility Massachusetts Factor in costs charged to Operating Unit 10106 (KCPL and GMO). KCPL has admitted charging, on many occasions, costs to only KCPL and GMO that should be charged to all entities under Great Plains Energy in Operating Unit 10105. This adjustment, approximately $1.9 million Total Company, is contested by KCPL.

Staff Adjustment 4 removes from regulated activity the $41,465 Total Company impact of KCPL's transactions with Allconnect ($23,000 on a Missouri jurisdictional basis). Staff believes the purpose of GPES' and KCPL's activity with Allconnect is to market non-regulated, non-tariffed products and services. Staff believes KCPL's customers, without their consent, are being forced through a contract with its affiliate Great Plains Energy Services ("GPES") and Allconnect to engage in a business relationship with a non-regulated marketing firm, Allconnect, in violation of the Commission's Affiliate Transactions Rule 4 CSR 240-20.015(2)(C). Staff believes this relationship is detrimental to KCPL's customer service and KCPL is not being fairly compensated for its employment of regulated utility assets to service the interests of its affiliate, GPES. The Staff has filed a complaint against KCPL and GMO, File No. EC-2015-0309.

Staff Adjustment 5 is referred to as Staff's consolidated corporate allocations adjustment. The adjustment reduces KCPL's overhead expenses by $750,000 on a total company basis and is designed to reduce the level of risk that KCPL's customers will be significantly harmed through inappropriate cost allocations to affiliates such under-allocation of residual corporate overhead charges, as employee compensation and benefits, excessive and imprudent management expense report costs, and KCPL's continued noncompliance with the Commission's Affiliate Transactions Rule. Staff will address other matters of KCPL's non-compliance with the Commission's Affiliate Transactions Rule in a future complaint case.

XVII. Management audit – should the Commission order a management audit of KCPL?

Staff's position: Staff has no position on this issue.

XVIII. Clean Charge Network

A. Should all issues associated with KCPL's Clean Charge Network be considered in a separate case, and not considered in this case?

Staff's position: Yes, all issues associated with the Clean Charge Network should be undertaken in a working docket case after resolution of the rate increase. The primary objective of the working docket is to determine and provide all interested and affected stakeholders the opportunity to comment on how the Clean Charge Network should proceed.

B. Is the Clean Charge Network a public utility service?

Staff's position: No. This is a venture that KCPL has undertaken to promote the adoption of electric vehicles in the KCPL service territory and is more appropriate under a non-regulated offering. The Clean Charge Network is a non-regulated activity and Staff recommends the Commission reject any proposed cost recovery from KCPL's retail customers for the reasons stated by Staff witnesses Michael Stahlman, Byron Murray, and Keith Majors in their testimony.

Pursuant to 4 CSR 240-2.010 (16) Public utility includes every pipeline corporation, gas corporation, electrical corporation, telecommunications corporation, water corporation, heat or refrigeration corporation, sewer corporation, any joint municipal utility commission pursuant to section 386.020, RSMo, which is regulated by the commission, or any other entity described by statute as a public utility which is to be regulated by the commission. KCPL is a public utility service, which is regulated by the Commission. However, the Clean Charge Network is a separate network of electric vehicle charging stations. The charging stations are equipment used to charge the vehicles. The network is not a public utility service.

C. If so, who pays for it?

Staff's position: Customers who benefit from the usage of KCPL's proposed Clean Charge Network should be responsible for the costs KCPL incurs to provide for the Clean Charge Network. The captive regulated customers of KCPL not using the Clean Charge Network should not be held accountable or responsible for the costs KCPL incurs to provide this unconventional service. The 99% of captive ratepayers who do not own an electric vehicle should not be required to pay for the Clean Charge Network.

XIX. Income tax-related issues (including accumulated deferred income taxes or "ADIT") – what adjustments, if any, are necessary to ensure that KCPL's income tax allowance, including ADIT matters, is calculated appropriately?

Staff's position: KCPL's deferred income tax reserve represents in effect a prepayment of income taxes by KCPL's customers. The book-tax timing difference creates deferral or future liability of income taxes. KCPL's rate base is reduced by the deferred tax reserve balance to avoid having customers pay a return on funds that are provided cost-free to KCPL. The 1986 Tax Reform Act reduced the Federal tax rate for corporations from 46% to 34%. The IRS allowed a regulated utility to flow back (amortize) to ratepayers the excess deferred taxes over the approximate depreciable book life of the property. Staff's income tax calculation for KCPL in this case reflects an amortization of excess deferred taxes resulting from the reduction in federal tax rate in 1986. KCPL noted in rebuttal testimony that it generated a net operating loss (NOL), and receives no cash tax benefit related to ADIT, normalization treatment means that KCPL ratepayers do receive the benefit of accelerated depreciation through ADIT a cost free source of capital which reduces rate base. AFUDC is an accounting entry that increases non-cash income during the construction period of an asset. Although ADIT is not considered in the calculation of AFUDC, it is considered as an offset to rate base. The Commission recently decided this issue in an Ameren Missouri rate case, Case No. ER-2012-0166. The Staff proposes that the Commission decide this issue in a similar manner. The amount of ADIT on CWIP as of December 31, 2014 should be used as an additional reduction to KCPL's rate base, similar to other amounts of ADIT. The AFUDC should be used as an offset to rate base.

XX. Missouri corporate franchise tax – Should KCPL's year 2015 Missouri corporate franchise tax liability be used to develop rates?

Staff's position: Staff has no position on this issue.

XXI. Jurisdictional allocations – Production and Transmission Demand component

A. In developing the demand allocation factor, should the Commission rely on calculations based on data contained in the test year, ending March 2014, or the update period ending December 2014, which include the four summer months of June, July, August and September 2014?

Staff's position: In determining the demand allocation factor used to allocate KCPL's demand-related costs between Kansas and Missouri, Staff requests that the Commission apply the most recent data available to apportion costs – the summer months of 2014. The summer 2014 data set is within the update period of the test year ending March 2014 of December 31, 2014. Staff's proposed 53.17% demand factor is consistent with historical trends. Staff contends that the Commission is entitled to consider the most recent information available in its deliberative process.

KCPL's calculates its demand factor using the summer months of 2013, which results in a 54.8121% demand factor. This calculation is includes, as KCPL's experts have testified, an "anomalous" June 2013 for which their initial calculations addressed by replacing June 2013 with June 2014 and applying the 12 CP method, averaging the demand factor across twelve months instead of four months. Now KCPL seeks a demand factor in excess of trends of the past decade, and even their initial filing. If KCPL's figure is applied, Staff contends Missouri ratepayers will be ascribed costs created by Kansas consumers.

B. Should the corresponding data the Commission relies on for developing the demand factor be annualized and normalized?

Staff's position: No, the demand factor should not be annualized or normalized for weather. The demand factor functions to allocate fixed costs from production and transmission between Kansas and Missouri. Staff has not weather normalized months used to calculate the demand factor in past rate cases, and opposes doing so in this case.

KCPL's electric production and transmission system is planned, designed and constructed to meet the entire load demand requirements that customers place on the system during times of severe weather conditions, such as hot summers and cold winters. The production and transmission facilities must therefore reflect all actual weather related conditions and be allocated using months without weather normalization. Since these fixed costs are incurred from the utility's ability to meet system peak demands, plus its required contingency reserves, the contribution of each jurisdiction coincident to these actual system peak demands is the appropriate basis to allocate costs of these facilities. The demand factor must be determined by using the actual numbers because it seeks to assign fixed costs related to the utility's capacity to meet consumers' demand.

XXII. Transmission ROE – should transmission revenues received from SPP OATT be reduced for the difference between FERC authorized ROE and the ROE granted in this case?

Staff's position: No. Staff included an annualized level of transmission revenue that includes FERC incentives such as a higher ROE in KCPL's cost of service. KCPL's transmission expense includes FERC incentives such as a higher FERC authorized ROE than KCPL's Commission authorized ROE and CWIP in rate base, which is not allowed in rate base in Missouri. Likewise, KCPL's transmission revenues include a higher FERC authorized ROE than KCPL's Commission authorized ROE. Staff treated KCPL's transmission expense and revenue consistently in the rate case by including all transmission expense and revenue incurred by KCPL, including expense and revenue based on FERC incentives. If the Commission grants KCPL's proposed adjustment to eliminate the difference in its FERC authorized ROE and the Commission authorized ROE, a comparable adjustment should be made to expense to eliminate FERC incentives. (Lyons)

XXIII. Swissvale/Stillwell and West Gardner – region-wide transmission projects – should rate base, expense and revenue associated with these projects be excluded from Missouri jurisdictional cost of service?

Staff's position: No. Staff included investment, expense and revenue related to the Swissvale/Stillwell and West Gardner region-wide projects in KCPL's cost of service. The upgrades were made to existing Missouri regulated utility assets and, therefore, the costs and revenues should remain in KCPL's cost of service. (Lyons).

XXIV. Revenues – what is the appropriate level of revenues for the large general service and large power classes to account for customers switching from one rate class to another?

Staff's position: Staff recommends that a rate switching adjustment be made to revenues of $4,048,809. This adjustment would be subject to change depending on true-up.

XXV. Class cost of service, rate design, tariff rules and regulations

A. Class cost of service
   a) Production Plant
      1) What methodology should the Commission use to allocate fixed production plant costs among customer classes?

Staff's position: Staff does not recommend that the Commission use any particular methodology, but instead that it rely upon one or more of the submitted CCoS studies as achieving a reasonable allocation of fixed production costs. Staff cautions that the allocation of production capacity costs should be viewed as interdependent with the allocation of other types of costs, particularly production energy costs, production O&M costs, and fuel in storage costs. Because all CCoS studies that have been presented assume that the current generation fleet exists to serve KCPL's load as it existed during the test period, there are drawbacks to reliance upon any of the methods presented. Further, because the quality of information available varies case-to-case and utility-to-utility, Staff cautions that the Commission not adopt the "use" of any single method as foreclosing the use of any other method in any future proceeding.

Because sufficient data is present in this case for performing a more in-depth analysis, Staff recommends the Commission rely on a study that most reasonably recognizes the relationship between KCPL's generation fleet characteristics and the capacity and energy requirements of its load. Staff's Detailed Base Intermediate and Peak ("BIP") method most reasonably recognizes KCPL's load is most efficiently served by some plants that run virtually year round (base), some that run only part of the year (intermediate), and some that run rarely during the year (peak). This method also makes a step towards accounting for the market-based energy costs KCPL now experiences due to its participation in the SPP's integrated energy market. (S. Kliethermes, and R. Kliethermes)

B. Rate design

a) What methodology is most reasonable for allocating net cost of service among the customer classes in this case?

Staff's position: Because sufficient data is present for performing a more in-depth analysis, Staff recommends the Commission rely on a study that most reasonably recognizes the relationship between KCPL's generation fleet characteristics and the capacity and energy requirements of its load. Staff's Detailed Base Intermediate and Peak ("BIP") method most reasonably recognizes KCPL's load is most efficiently served by some plants that run virtually year round (base), some that run only part of the year (intermediate), and some that run rarely during the year (peak). This method also makes a step towards accounting for the market-based energy costs KCPL now experiences due to its participation in the SPP's integrated energy market. (S. Kliethermes)

Production Capacity

Staff's BIP method recognizes the fact that base plants tend to be more expensive to install, but have a lower average cost of energy, while peak plants tend to be less expensive to install, but have a high average cost of energy, and that intermediate plants tend to be somewhere between the two. Because the Detailed BIP most reasonably recognizes the relationship between the cost of the plants required to serve various levels of demand and energy requirements relative to the cost of producing energy at those plants, Staff recommends reliance on its Detailed BIP study.

Under Staff's Detailed BIP study, Staff found the capacity requirement of each class for each type of capacity based on each class's level of base, intermediate, and peak demands. Staff also found the average $/MW of KCPL's base, intermediate, and peak generation. Staff multiplied (1) each class's base demand (in MW) by KCPL's dollar-weighted average base capacity cost, (2) each class's intermediate demand (in MW) by KCPL's dollar-weighted average intermediate capacity cost, and (3) each class's peak demand (in MW) by KCPL's dollar-weighted average peak capacity cost. The sum of these assigned costs for each class relative to the total of the assigned costs for all classes is the most reasonable basis for allocating KCPL's fixed capacity costs among the customer classes. (S. Kliethermes)

Production Energy

Staff's Detailed BIP method most reasonably recognizes the relationship between the cost of the plants required to serve various levels of demand and energy requirements relative to the cost producing energy at those plants.

Under Staff's Detailed BIP, Staff found the level of base, intermediate, and peak energy usage for each class. Staff found the average $/MWh of energy produced by KCPL's base, intermediate, and peak generation. Staff multiplied (1) each class's base energy usage (in MWh) by KCPL's dollar-weighted average base energy cost, (2) each class's intermediate energy usage (in MWh) by KCPL's dollar-weighted average intermediate energy cost, and (3) each class's peak energy usage (in MWh) by KCPL's dollar-weighted average peak energy cost. The sum of these assigned costs for each class relative to the total of the assigned costs for all classes is the most reasonable basis for allocating KCPL's fuel and purchased power costs among the customer classes. (S. Kliethermes)

Production O&M

Similarly, Staff's Detailed BIP method recognizes the fact that base plants tend to have a higher-than-average O&M cost per MW of installed capacity, but operate more hours, resulting in a lower-than-average O&M cost per MWh of generation; while peak plants tend to have a lower-than-average O&M cost per MW of installed capacity, but operate few hours, resulting in a higher-than-average O&M cost per MWh of generation. The intermediate plants in KCPL's fleet require a relatively high O&M cost per MW of installed capacity, but operate sufficient hours that the O&M costs per MWh from KCPL's intermediate plants is in between that of the base and peak plants.

Under Staff's Detailed BIP, Staff found the average O&M cost per MW for KCPL's (1) base, (2) intermediate, and (3) peak plants. Staff applied the resulting dollar-weighted average cost per MW to the sum of KCPL's load's total base, intermediate, and peak demands. Staff divided this amount by the MWh of energy generated by each applicable unit in Staff's fuel run, for assignment to each class on a $/MWh basis.

Having found the average O&M cost per $/MWh of KCPL's base, intermediate, and peak generation, Staff multiplied (1) each class's base energy usage (in MWh) by KCPL's dollar-weighted average base O&M cost, (2) each class's intermediate energy usage (in MWh) by KCPL's dollar-weighted average intermediate O&M cost, and (3) each class's peak energy usage (in MWh) by KCPL's dollar-weighted average peak O&M cost. The sum of these assigned costs for each class relative to the total of the assigned costs for all classes is the most reasonable basis for allocating KCPL's O&M costs among the customer classes. (S. Kliethermes)

Fuel in Storage

Under Staff's Detailed BIP study, Staff found the capacity requirements for base, intermediate, and peak generation for each class. Staff found the average $/MW of fuel in storage for KCPL's base, intermediate, and peak generation. Staff multiplied (1) each class's base demand (in MW) by KCPL's dollar-weighted average base capacity cost, (2) each class's intermediate demand (in MW) by KCPL's dollar-weighted average intermediate capacity cost, and (3) each class's peak demand (in MW) by KCPL's dollar-weighted average peak capacity cost. The sum of these assigned costs for each class relative to the total of the assigned costs for all classes is the most reasonable basis for allocating KCPL's fixed capacity costs among the customer classes. (S. Kliethermes)

b) How should any revenue increase be allocated among rate schedules?

Staff's position: Based on CCOS results, Staff recommends an increase/decrease to the current base revenue on a revenue-neutral basis to various classes of customers. At this time, Staff is not recommending any revenue-neutral adjustments to any class as each class would be close to Staff's CCOS study results within a realm of reasonableness range. On a revenue-neutral basis, the following shifts are calculated: Res, 0.97%; general service class's combined (SGS, MGS, LGS), -3.36%; LPS, 4.94%; and lighting. -1.33%. Staff further recommends that an additional constraint (revenue requirement after true-up) be placed to ensure no class receives an overall reduction in its rate revenue responsibility while another class receives an overall increase in its rate revenue responsibility. (M. Scheperle)

c) What, if any, interclass shift in revenue responsibilities should the Commission make?

Staff's position: Based on CCOS results, Staff recommends an increase/decrease to the current base revenue on a revenue-neutral basis to various classes of customers. At this time, Staff is not recommending any revenue-neutral adjustments to any class as each class would be close to Staff's CCOS study results within a realm of reasonableness range. On a revenue-neutral basis, the following shifts are calculated: Res, 0.97%; general service class's combined (SGS, MGS, LGS), -3.36%; LPS, 4.94%; and lighting. -1.33%. Staff further recommends that an additional constraint (revenue requirement after true-up) be placed to ensure no class receives an overall reduction in its rate revenue responsibility while another class receives an overall increase in its rate revenue responsibility. (M. Scheperle).

d) Residential
   1) Customer charge – at what level should the Commission set KCPL's residential customer charge?

Staff's position: The residential customer charge should increase by the same percentage as all other residential rate elements. (R. Kliethermes).

   2) Energy charge – at what level should the Commission set KCPL's residential energy charges?

Staff's position: Staff recommends that each rate component of each class be increased across-the-board for each class on an equal percentage basis. Staff recommends that based on its CCOS study results and policy considerations, the residential and all other customer charges increase by the average increase for each applicable class.(M. Scheperle).

   3) Time of day – should the time of day rate be frozen from the addition of future customers (KCPL proposal) or should KCPL be required to file modified time of day tariff provisions in its next rate case?

Staff's position: Staff did not take a position on this issue. (R. Kliethermes).

   4) Should the ResB rate structure be changed to make it consistent with ResA and ResC rate structures?

Staff's position: The residential class has three main sub-class rate classifications: general use ("ResA"), one meter general use and space heat ("ResB") and two meter rate with general use on one meter and a separate meter for space heating ("ResC"). These Res class rate classifications are consistent with each other for the most part as each has a customer charge per month and energy charges per season (winter/summer). One of Staff's objectives is to get each residential rate classification or rate schedule consistent with each other. To that end, Staff is recommending a rate structure change to ResB to make it consistent with ResA and ResC. Staff understands, that KCPL has also recommended this rate structure concept to make all three residential rate structures the same. (M. Scheperle)

e) Commercial and industrial
   1) SG, MG, LP and LGS energy charges – at what level should the Commission set KCPL's SG, MG, LP and LGS energy charges?

Staff's position: Staff recommends that each rate component of each class be increased across-the-board for each class on an equal percentage basis after Staff recommendation to increase the first energy block rate of the frozen All-Electric Service rate schedules for the SGS, MGS, and LGS rate classes be increased by an additional 5%. (M. Scheperle).

   2) SG, MG, LP and LGS separate meter space heating energy charges and the first energy block rate for the winter rates – at what level should these energy charges be set?

Staff's position: Staff recommends the first energy block rate of the frozen All-Electric Service rate schedules for the SGS, MGS, and LGS rate classes be increased by an additional 5% above the system average increase.(M. Scheperle)

   3) Should the Commission adopt MIEC/MECG's rate design proposal for the LGS and LP rate classes, or some a variant of it?

Staff's position: Not at this time. Staff recommends that each rate component of each class be increased across-the-board for each class on an equal percentage basis as outlined in e) 1) above.(M. Scheperle).

f) Special rates

1) Two-part time of use – should the two-part time of use rate be eliminated from the addition of future customers (KCPL proposal) or should KCPL file a modified two-part time of use tariff provisions in its next rate case?

Staff's position: Staff did not take a position on this issue. (R. Kliethermes).

2) Special interruptible – should the special interruptible rate be frozen from the addition of future customers?

Staff's position: Staff did not take a position on this issue. (R. Kliethermes).

3) Real time pricing tariffs – should the real time pricing rate be frozen from the addition of future customers or should KCPL file modified real time pricing tariff provisions in its next rate case?

Staff's position: Staff did not take a position on this issue. (R. Kliethermes).

C. Tariff rules and regulations

1) Return check charge – should the return check charge be applied to payment forms beyond checks (electronic payments)?

Staff's position: Staff is in agreement with KCPL on the miscellaneous tariff issues (T. Imhoff)

2) Collection charge – should the collection charge be increased to reflect the cost of this service?

Staff's position: Staff is in agreement with KCPL on the miscellaneous tariff issues (T. Imhoff)

3) Economic development rider/urban core development rider – should the Commission approve DE's proposal to link MEEIA participation to receipt of EDR and UCD incentives?

Staff's position: Staff is in agreement with KCPL on the miscellaneous tariff issues (T. Imhoff)

4) Standby service – should KCPL be required to establish a working group to review its Standby Service Tariff to ensure that rates are cost-based and reflect best practices?

Staff's position: Staff is in agreement with KCPL on the miscellaneous tariff issues (T. Imhoff)

XXVI. Low-income Weatherization

A. Should the unexpended low-income weatherization program funds collected through KPCL's base rates be used to offset any expenditures relating to the low-income weatherization program the costs of which KCPL is otherwise to recover through its MEEIA recovery mechanism?

B. Should the low-income weatherization program costs be collected in base rates on a going forward basis, or should those program costs be collected as part of KCPL's MEEIA recovery mechanism?

Staff's position: Presently KCPL collects funds for its income eligible weatherization program through base rates as well as through its MEEIA program. The surplus of funds KCPL has collected should be used to offset any expenditures relating to the income eligible weatherization Program through KCPL's MEEIA recovery mechanism prior to collection of further funding. Additionally, KCPL should not be able to collect these funds through base rates and through its MEEIA recovery mechanism. This is a direct violation of the Commission's Order in in ER-2012-0174 approving the "Non-Unanimous Stipulation and Agreement Regarding Low-Income Weatherization". The stipulation and agreement in part states "… *however, this low-income weatherization program should not be funded in rates at the same time KCPL's retail customers are funding a low-income weatherization program the Commission approves under the MEEIA, if any."* These income eligible weatherization surplus funds were strictly approved for KCPL's income eligible weatherization program and should not be used for any other purpose.

XXVII. Economic Relief Pilot Program - should the program be expanded to serve additional customers as proposed by KCPL?

Staff's position: Staff recommends the program continue at the current funding level of $630,000 and the Commission reject the funding level increase proposed by the Company. Staff also recommends approving KCPL's request to increase the number of customers enrolled each month from 1000 to 1500. Due to the FPL rate increasing in 2009, Staff would further recommend KCPL change the eligibility requirement from 185% of FPL to 200% of FPL on Tariff Sheet No. 1.91 program 22.12 to reflect the current FPL.

XXVIII. Decoupling (Sierra Club proposal) – should the Commission consider, in File No. AW-2015-0282 or a similar proceeding, decoupling of KCPL's revenues from customer usage?

> **Staff's position**: Yes, the Commission should consider, in File No. AW-2015-0282 or a similar proceeding, issues related to decoupling. Since File No. AW-2015-0282 (and presumably "a similar proceeding") is a working docket applicable to all utilities, the discussion should be a generic discussion, and should not be specific to a discussion of KCPL's revenues from customer usage. (M. Scheperle).

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 9th day of June, 2015.

/s/ Nathan Williams