

**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
	)	
	)	
	)	

**RESPONSE IN OPPOSITION TO THE MOTION FOR  
RECONSIDERATION OF PROCEDURAL SCHEDULE**

**COMES NOW** the Missouri Office of the Public Counsel and for its Response in Opposition to the Motion for Reconsideration of Procedural Schedule, respectfully states:

1. On December 19, 2014, Kansas City Power & Light Company (“KCPL”) filed a *Reply to the Joint Response in Opposition to Proposed Procedural Schedule and Motion for Reconsideration of Procedural Schedule* (Doc. No. 73).

2. In its *Motion*, KCPL asks the Commission to reconsider the procedural schedule (*Id.* at 6). Specifically, the Company asks the Commission to add to the procedural schedule a date of May 1, 2015, by which KCPL can request an extension in this case and to reserve the alternative conditional hearing dates the Company had originally proposed (*Id.* at 6). The Company further asks the Commission to reject the arguments of the Opposing Intervenors regarding the application of the matching principle (*Id.* at 6).

3. Public Counsel opposes KCPL’s motion for reconsideration and the requested relief. A motion for reconsideration shall set forth the grounds on which the applicant considers the order to be unlawful, unjust, or unreasonable. 4 CSR 240-2.160(2). KCPL’s motion fails to set forth the grounds for reconsideration. Moreover, the Company’s pleading includes the following statements that indicate it agrees that the issues raised are not matters ripe for Commission determination:

a) “The Company agrees that a delay in the La Cygne Environmental Project necessitating extension of the procedural schedule has not occurred, and that it is not presently known whether such a delay will occur.” (*Id.* at 5).

b) “The Company understands that it is not presently known whether the La Cygne Environmental Project will meet its in-service criteria before or after May 31, 2015, and that, as such, this is not a matter ripe for Commission determination.” (*Id.* at 4).

The Company offers no explanation as to why the Commission’s order was unlawful, unjust, or unreasonable. If the Company has new knowledge or information that causes the circumstances surrounding the Commission’s order to be changed, it should raise those issues. Since KCPL has not done so, the Commission has no lawful reason to reconsider its decision.

4. This is important because KCPL has offered its own observations on the matching principle and invites the Commission to break longstanding regulatory accounting and legal standards in making its request. The Company states that “... there is no violation of the matching principle as described in Footnote 2 because rates would be based on a measurement of costs and revenues as of the same date, the end of the True-Up Period (May 31, 2015).” (*Id.* at 2). Public Counsel disagrees with the Company’s conclusion that the costs and revenues would be measured based on the same time period. If the La Cygne upgrades are not in service by May 31, 2015, no revenues from the use of that facility or potential offsets to expenses from operation would be reflected in the test year or true-up period. Instead, only the costs would be considered. The Southwestern Bell Telephone Company case cited in the Opposing Parties’ initial filing was dismissed wrongly by KCPL, in a footnote, as inapplicable because, according

to KCPL, it "... is not seeking to add additional plant costs incurred beyond the true-up date to its rate base." (*Id.* at 4). However, as the Court of Appeals explained:

The accepted way in which to establish future rates is to select a test year upon the basis of which past costs and revenues can be ascertained as a starting point for future projection. **In the case of construction work in progress, whether long term or short term, the facility has not been in use during the test year and hence no revenues from the use of that facility or reduction in expenses accruing from that facility has been reflected in the test year figures. Thus, to put into the equation the cost of those facilities without consideration of counterbalancing benefits would warp the projections** (emphasis added).<sup>1</sup>

KCPL wants to manipulate the procedural schedule so that only costs associated with a plant which was not in service either during the test year or the true-up period, are included in rates and, in so doing, preclude the availability of any offsets to those costs. Allowing rates to be based on costs incurred for plant that was not in service during *either* the test year or true-up period violates the test-year concept of basing rates upon a snapshot in time.

But importantly, the continued differences between the parties' application of the matching principle in this case are, at this point and as KCPL concedes, merely "contingent" and hypothetical. Any matching principle violation was avoided in the Commission's ordered procedural schedule. There is no reason, at this time, to reconsider that decision.

WHEREFORE, Public Counsel respectfully requests that the Commission DENY the Company's request for reconsideration of the ordered procedural schedule.

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<sup>1</sup> *State ex rel. Southwestern Bell Telephone Co. v. P.S.C.*, 645 S.W.2d 44 (Mo. App. 1982).

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 24<sup>th</sup> day of December 2014:

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