

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

In the Matter of Kansas City Power & Light	)	<b>Case No. ER-2014-0370</b>
Company's Request for Authority for a	)	YE-2015-0194
General Rate Increase for Electric Service.	)	YE-2015-0195

**APPLICATION FOR REHEARING BY THE CONSUMERS COUNCIL OF MISSOURI**

COMES NOW the Consumers Council of Missouri ("Consumers Council" or "CCM"), pursuant to Section 386.500 RSMo. and 4 CSR 240-2.160, and respectfully applies for a rehearing the Missouri Public Service Commission's ("Commission's") Report and Order, issued in the above-styled matter on September 2, 2015 ("Order").

Consumers Council respectfully seeks a rehearing of the sections of the Order that would 1) impose a fuel adjustment clause ("FAC") upon the customers of Kansas City power & Light Company ("KCPL"), and that 2) would increase the residential customer charge from \$9.00 to \$11.88 (a 32% increase). As explained below, these decisions are unjust and unreasonable, not supported by competent and substantial evidence, contrary to the weight of the evidence, not explained by adequate findings of fact and conclusions of law, and are otherwise arbitrary, capricious and would constitute an abuse of the Commission's discretion.

KCPL's request for an FAC in this case violated the terms of the 2005 Stipulation. Contrary to the findings of the Order, the clear intent of that Stipulation, which was agreed upon the by the parties and ordered by the Commission, prohibited KCPL from requesting an FAC prior to June 1, 2015. Furthermore, the Commission's Order is in error in its finding that KCPL's fuel, purchased power and transmission costs

have increased substantially, resulting in KCPL's inability to earn its authorized return on equity. That conclusory statement is unreasonable in that it is not supported by competent and substantial evidence, it is contrary to the weight of the evidence, and is otherwise arbitrary, capricious and constitutes an abuse of the Commission's discretion. The overwhelming weight of the evidence shows that the fuel, purchased power and transmission costs approved for recovery through the FAC have not increased substantially; and that the reasons KCPL earned below its authorized return on equity were due primarily to other factors.

As the Office of the Public Counsel carefully explained in this case, Commission Rule 4 CSR 240- 20.090(2)(C) requires the Commission to consider "the magnitude of the costs, the ability of the utility to manage the costs, the volatility of the cost component and the incentive provided to the utility as a result of the inclusion or exclusion of the cost component," when deliberating upon the creation of an FAC. The record does not contain adequate evidence to support its findings in this regard, and the Order does not contain adequate findings of fact on these points. Furthermore, the Commission unconstitutionally failed to follow its own promulgated FAC rules.

The Order is unlawful and unreasonable in that the Commission's decision to set KCPL's return on equity (ROE) at 9.5% did not consider the reduced risk that will occur by allowing KCP&L to levy a new surcharge on customer bills, ensuring recovery of 95% of fuel, purchased power, and transportation costs incurred between rate cases from consumers, while bearing only 5% of the risk of variability in such costs. Such an imbalance between the risk that would be borne by utility investors, as compared to the risk that would be borne by captive ratepayers, is patently unreasonable.

The Order is also unlawful and unreasonable in that it would raise the residential customer charge from \$9.00 to \$11.88 (32%, unreasonably higher than the overall revenue requirement increase). Raising the customer charge diminishes the incentive for energy efficiency and conservation, because the usage components of electric rates are thus set correspondingly lower. Raising the customer charge would take away the full economic benefit to those consumers engaging in such activities, taking away some of the control that consumers have over their monthly expenses. Mandatory fixed customer charges hurt small usage customers, many of whom are low income or senior citizens on fixed incomes. The Commission agreed with these public policy concerns in a recent Ameren Missouri electric rate case, concluding that raising the customer charge from \$8.00 to \$8.50 is contrary to the public interest because, "Residential customers should have as much control over the amount of their bill as possible so that they can reduce their monthly expenses by using less power, either for economic reasons or because of a general desire to conserve energy."<sup>1</sup>

WHEREFORE, the Office of the Public Counsel respectfully requests rehearing on the issues discussed herein.

Respectfully submitted,

/s/ John B. Coffman

\_\_\_\_\_  
John B. Coffman MBE #36591  
John B. Coffman, LLC  
871 Tuxedo Blvd.  
St. Louis, MO 63119-2044  
Ph: (573) 424-6779  
E-mail: [john@johncoffman.net](mailto:john@johncoffman.net)

---

<sup>1</sup> Case No. ER-2014-0258, Report and Order, p.76)

## **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties currently listed on the official service list of the above-styled case on this 14<sup>th</sup> day of September, 2015.

/s/ John B. Coffman

---