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### KCP&L granted almost 21 rate hike

**ST. JOSEPH, MISSOURI** Kansas City Power & Light said it will appeal an almost 21 percent customer rate increase in the St. Joseph area.

The Missouri Public Service Commission released calculations of the customer impact related to a KCP&L rate case for the former St. Joseph Light & Power district. Those calculations revealed an increase of nearly 21 percent in monthly utility bills for local residential customers. That projection is based on a customer using 1,130 kilowatts an hour per month in the summer and 780 kWh in the winter — an average increase of \$16.97 monthly. An average residential bill in St. Joseph would therefore amount to \$98.97 under that assessment.

Two KCP&L officials told the News-Press the utility will file papers opposing the state's figures, since they are nearly twice what the company requested.

"Obviously we asked for a 14 percent increase for Light & Power," said Katie McDonald, KCP&L's director of corporate communications. "We disagree with the commission staff's numbers and we'll be filing our numbers this week." The rate case had been grounded on paying for the costs of building the Iatan II power plant in Platte County. The new rates are scheduled to take effect June 4.

Kevin Kelly, a spokesman for the PSC, said KCP&L may file an application seeking a rehearing on the rates by the end of the week. If the commission decides against a rehearing, then the utility would have recourse to appeal the matter to circuit court.

"We disagree with the allocation," said Chuck Caisley, KCP&L's vice president for marketing and public affairs. There was no other comment by KCP&L on the rate case decision.

Portions of the rate increase request were rejected at a May 4 commission meeting. KCP&L filed its request with the state nearly a year ago. Staff told commissioners last week that it would initially be unable to release an assessment of residential rate impacts.

The commission's order determined that KCP&L's Greater Missouri Operations Co., which includes St. Joseph, should be granted a \$59.4 million electric rate increase to reflect the company's cost of providing service. The five-member commission, which unanimously voted for the increase, said the calculations largely reflect the addition of Iatan II.

The rate case filed in June 2010 sought a \$22 million increase in revenue from the Light & Power service area in St. Joseph, to help pay for the Iatan plant. But the PSC staff countered with a recommended \$30 million increase from the St. Joseph area. The staff indicated that the increase was due since St. Joseph was being allocated a greater portion of the new \$2 billion facility.

PSC staff cited a larger percentage of power transmitted to St. Joseph and increased coal transportation costs as justifications.

The commission ultimately approved \$29 million — or 21 percent — for the Light & Power service area. That compares to a 9.3 percent increase for the utility's Greater Missouri area and 6 percent for its Missouri Public Service area, the commission said.

Commission Chairman Kevin Gunn told the News-Press that St. Joseph electric customers would pay increased costs, but did not offer specifics.

Part of the commission's decision reduces KCP&L's return on equity, or profit margin, to 10 percent. The utility had sought 11 percent in its 2010 filing.

As part of the commission's decision, fuel-related costs currently recovered through Greater Missouri's fuel adjustment clause will be rolled into base rates. The fuel adjustment clause was rebased to reflect the new revenue requirements. The net effect was to raise the revenue requirement by nearly \$5.5 million — or \$2.51 per month for the average Light & Power customer.

"In addition, the commission determined it is in the long-term best interest of the company's L&P service territory customers to take a larger share of Iatan II as an upfront cost, thereby avoiding some fuel costs and some capacity charges and giving those customers lower-cost baseload generation for the long term," the PSC said.

The commission said its decision took into account the fact that the Light & Power area's baseload capacity will be reduced by 100 megawatts when a purchased power agreement with the Nebraska Public Power District ends later this month.

The commission's decision continues programs that aim to give customers more control over their energy bills. It also continues the company's low-income weatherization and economic relief pilot programs, designed to assist low-income customers with their electric bills.

St. Joseph News-Press

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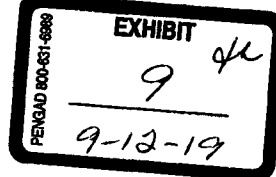
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