

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

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-2010-0356**

PUBLIC COUNSEL’S RESPONSE TO ORDER DIRECTING FILING

COMES NOW the Office of the Public Counsel and for its Response to Order Directing Filing states as follows:

1. On May 17, 2011, the Commission issued its Order Directing Responses and Directing Filing in which it directed Public Counsel (among others) to address:

the legal authority of the Commission to require either GMO or Kansas City Power & Light Company to provide electricity to the L&P district at cost from their portion of Iatan 2 as a condition of approving the allocation of Iatan 2 as requested by GMO.

2. As noted in the Staff’s response filed on May 20, the question is not entirely clear. It does not appear logical to ask about GMO providing electricity to the L&P district at cost, because L&P is a part of GMO, not an affiliate of GMO. Public Counsel’s response herein thus only applies to the question of whether the Commission can require KCPL to provide electricity at cost to the L&P district.

3. The pricing of goods and service between utility affiliates in Missouri is generally regulated by the Commission’s Affiliate Transaction rules, which would prohibit KCPL from selling electricity to GMO at a price below the greater of the fair market price or the fully distributed cost to KCPL.¹ However, in Case No. EM-2007-0374, the Commission ordered that

¹ 4 CSR 240-20.015(2)(A)2

wholesale power transactions must be based on rates approved by FERC.² Thus an order in this case that required such transactions to be made at cost would be consistent with neither the affiliate transaction rule nor the Report and Order in EM-2007-0374.

WHEREFORE Public Counsel respectfully submits its Response to Order Directing Filing.

Respectfully submitted,

OFFICE OF THE Public Counsel

/s/ Lewis R. Mills, Jr.

By: _____

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the parties of record this 23rd day of May 2011.

/s/ Lewis R. Mills, Jr.

² EM-2007-0374 Report and Order, page 264.