

**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-2012-0174

RESPONSE TO MECG’S MOTION FOR CLARIFICATION

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”), and states as follows:

1. The Midwest Energy Consumers’ Group’s (“MECG”) motion pertains to the Kansas City Power & Light Company-only issue, “*Issue 1.6(e) Should the Commission adopt Mr. Brubaker’s LGS / LP rate design methodology?*” in the list of issues Staff filed October 11, 2012. It is one of the multiple issues the MECG, the Missouri Industrial Energy Consumers, Kansas City Power & Light Company and Staff attempted to settle with their *Non-Unanimous Stipulation and Agreement Regarding Class Cost of Service / Rate Design* filed on October 20, 2012.

2. Among the provisions in that stipulation and agreement are the following:

7. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation to, any other method of cost determination or cost allocation or revenue-related methodology. Other than as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner in this or any other proceeding by the terms of this Stipulation and Agreement regardless of whether this Stipulation and Agreement is approved.

8. This Stipulation and Agreement has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Signatory

shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

9. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void, neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

3. Commission Rule 4 CSR 240-2.115(2)(D) provides:

(D) A nonunanimous stipulation and agreement to which a timely objection has been filed shall be considered to be merely a position of the signatory parties to the stipulated position, except that no party shall be bound by it. All issues shall remain for determination after hearing.

4. As both MEEG and Public Counsel note, Public Counsel objected to the *Non-Unanimous Stipulation and Agreement Regarding Class Cost of Service / Rate Design*. While Staff was willing to take the position that

2 For the Large Power ("LP") rate schedule, any increase to that rate class shall be implemented as follows:

- a. No increase to the current energy charge tail block rate elements – the seasonal rate elements applicable to energy charge that exceeds 360 hours use per month;
- b. 75% of the class average percentage increase shall be assigned to the middle block seasonal rate elements applicable to energy usage between 180 hours and 360 hours use per month; and

- c. The remaining amount of the increase shall be assigned to all remaining rate elements on an equal percentage basis.
3. For the Large General Service (“LGS”) rate schedule, any increase to that rate class shall be implemented as follows:
 - a. No increase to the over 360 hours use per month energy block;
 - b. The separately metered energy charges shall receive the LGS class average;
 - c. The second 180 hours use energy charge increase adjusted as needed to yield target class revenue increase, but not less than zero increase;
 - d. Remaining charges increase by Class average increase plus 4 percent, unless the second hours use block increase reaches zero, then the adder is reduced as needed to produce target class increase.

It did so in conjunction with agreements that:

1. “[T]he Commission should increase residential true-up revenues by 1.00% in addition to any other increase implemented by the Commission with a corresponding equal-percentage revenue neutral decrease in the true-up revenues for all other non-lighting rate classes[; and]
- ****
4. The overall increase granted by the commission should be applied as an equal percentage to the base rate revenues of each class, after adjusting for the inter-class adjustments [above].
 - 5 Staff prefers its filed position which follows:

The Staff believes that Mr. Brubaker’s proposal does not provide the information necessary to support these changes, even though the difference per customer on the LPS rate structure class is within a narrow band (percentage-wise). Staff is concerned that the LGS All Electric rate schedule would not give the proper price signal for the winter season,”

Therefore, Staff does not support the above result MCEG requests with its motion; however, because the rate impacts of affected customers are small, Staff does not

oppose that result either. Because the Commission did not adopt all the positions set out in the stipulation and agreement, Staff is not bound to any of them.

6. Whatever the Commission does on these issues should be supported by the evidence in the record before it.

WHEREFORE, Staff responds to MECG's Motion for Clarification as set forth above.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams MBE 35512
Sarah Kliethermes MBE 60024
Attorneys for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
Phone: (573) 751-8702
Fax: (573) 751-9285
E-mail: nathan.williams@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 11th day of January, 2013.

/s/ Nathan Williams