

**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) Case No. ER-2014-0370
A General Rate Increase for Electric Service)

PUBLIC COUNSEL’S APPLICATION FOR REHEARING

COMES NOW the Office of the Public Counsel (“Public Counsel”), and for its Application for Rehearing, respectfully requests rehearing of the Commission’s September 2, 2015 Report and Order (“Order”) as follows:

1. Public Counsel seeks rehearing of the Order’s findings of fact and conclusions of law regarding Kansas City Power & Light’s (“KCPL”) request for a fuel adjustment clause (“FAC”). The Order’s findings and conclusions, that KCPL’s request for an FAC did not violate the terms of the 2005 Stipulation, is unlawful and unreasonable. The plain and ordinary meaning of the limitation agreed to by the parties and ordered by the Commission prohibited KCPL from requesting an FAC prior to June 1, 2015.

2. The Order unlawfully and unreasonably concludes that even if KCPL was bound by the 2005 Stipulation, the agreement is to be disregarded for public policy reasons and its terms not followed.

3. The Commission’s Order is in error in that 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, 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 Order relies

upon these findings to conclude that even if the 2005 Stipulation prohibited KCPL from requesting an FAC, “public policy and public interest” reasons support approval because “KCPL’s costs related to fuel, purchased power, and transmission have all increased substantially while actual revenues have decreased, resulting in KCPL’s inability to earn its authorized return on equity.” 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 the reasons KCPL earned below its authorized return on equity were due primarily to factors other than the fuel, purchased power, and transmission costs the Order approved for FAC recovery. Accordingly, the Order is unreasonable and this matter should be reheard.

4. The Order is unlawful because it violates Commission rule 4 CSR 240-20.090(2)(C) in that, when considering which cost components to include in the FAC, the Commission did not 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.” To the extent these considerations were addressed by the Commission, the conclusions contained in the Order are unreasonable in that they are not supported by competent and substantial evidence, they are contrary to the weight of the evidence, and they are otherwise arbitrary, capricious, and are an abuse of the Commission’s discretion.

5. The Order is unlawful and unreasonable in that the Commission’s decision to set a return on equity (ROE) of 9.5% did not consider the reduced risk that will occur by allowing KCP&L to levy a new surcharge on customer bills to ensure recovery of 95% of fuel, purchased power, and transportation costs incurred between rate cases.

6. The Order unlawfully and unreasonably based rate case expense on the percentage of requested revenue that KCPL was granted by the Commission. This decision failed to consider that a substantial portion of this case involved litigation of issues that did not impact KCPL's revenue requirement and afforded no benefit to the public.

7. The Order is unlawful and unreasonable in that it raised the residential customer charge from \$9.00 to \$11.88, despite concluding just four months earlier in the Ameren Missouri rate case 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" (Case No. ER-2014-0258, Report and Order, p.76) .

WHEREFORE, the Office of the Public Counsel respectfully requests rehearing on these matters pursuant to Mo. Rev. Stat. § 386.500 (2000).

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to all counsel of record this 11th day of September 2015.

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