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.	)))	**File No. ER-2012-0174** Tariff No. YE-2012-0404
and		
In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.	)))	**File No. ER-2012-0175** Tariff No. YE-2012-0405

<u>POSITION STATEMENTS OF AARP</u>
<u>AND MOTION FOR LEAVE TO FILE OUT OF TIME</u>

COMES NOW AARP, and pursuant to the Commission's April 26, 2012 Order Consolidating Cases for Hearing and Setting Procedural Schedule, and respectfully requests leave to file its position statements one business day after the deadline set in that order. AARP attempted to compile and file its position statements by the deadline of Friday, October 12, 2012; however, difficulties in obtaining client review quickly enough following the filing of the List of Issues prevented a timelier filing.

AARP reserves the right to modify these position statements, or to develop new position statements on other issues, based upon the development of the evidentiary record at hearing. AARP's current position statements in these cases are as follows:

I. <u>KCPL Only Issues</u>

2. Off-System Sales:

a. Should KCPL's off-system sales margins be calculated based upon forecasted assumptions or normalized test year assumptions?

AARP supports the Industrial Intervenors' position.

b. What amount should be included in KCPL's revenue requirement for off-system sales?

AARP supports the Industrial Intervenors' position.

6. Rate Design/Class Cost Of Service Study:

a. How should the class cost of service studies (CCOS) be relied on for determining shifts in customer class revenue responsibilities that are revenue neutral on an overall company basis?

AARP supports the Public Counsel's position.

b. How should any rate increase be allocated among the various customer classes?

AARP supports the Public Counsel's position.

f. Residential rate adjustments:

ii. How should any residential rate increase be assigned to rate elements?

AARP supports the Public Counsel's position. Any residential rate increase should be applied only to energy rate elements (variable, usage-based components) and not to mandatory fixed rate elements (the customer charge).

8. Interim Energy Charge (IEC) proposal by KCPL:
a. What is the IEC KCPL is proposing?
i. Should it be adopted?

AARP opposes KCPL's proposal. The "IEC" that KCPL proposes is unlike any prior IEC, containing more similarities to a Fuel Adjustment Clause, (which is prohibited) and should not be adopted.

b. Is KCPL's proposed sharing of off-system sales revenues, within the context of its proposed IEC, prohibited by the KCPL Regulatory Plan?

Yes, the proposed sharing is specifically prohibited by the Regulatory Plan.

c. Does KCPL's proposal qualify as an IEC within the provisions of the KCPL Regulatory Plan?

No.

II. KCPL – GMO Common Issues

1. Regulatory Policy and Economic Considerations:

The Commission should take into account the local public hearing testimony and consider the current economic climate along with previous rate increases when determining what rate changes would be just and reasonable in these cases. The Commission should decide issues in a manner that recognizes the economic challenges faced by residential households and reasonably minimizes rate impacts on consumers.

The Commission should eliminate or mitigate any piecemeal, single-issue ratemaking mechanisms, such as fuel adjustment clauses and trackers that unfairly transfer utility risk onto consumers.

To promote affordability, the Commission should adopt a return on equity at the bottom of the reasonable range, and minimize mandatory fixed charges such as customer charges.

2. Economic Relief Pilot Program ("ERPP"):

a. Should the Economic Relief Pilot Program be expanded as a permanent ratepayer funded program or should it remain a pilot program, maintaining current program terms including participation levels, and program funding remain 50% ratepayer/50% company?

AARP would support the ERPP becoming a permanent program, but ideally, the cost of the program should remain shared 50% ratepayer/50% company.

b. Should a separate advisory group that is familiar with low-income customers, issues and rate programs be developed for all future collaborative discussions regarding the ERPP?

Yes.

c. Should KCPL and GMO be ordered to provide an ERPP report to the advisory group described above on a monthly basis?

Yes.

3. Cost of Capital:

a. Return on Common Equity: What return on common equity should be used for determining rate of return?

The Commission should adopt a return on equity at the low end (8.00%) of the Staff's recommended range.

b. Capital Structure: What capital structure should be used for determining rate of return?

The Commission should use Public Counsel's recommended hypothetical capital structure (50% debt/50% equity) in this case, rather than the Company's projected actual capital structure at the end of August 2012.

10. Rate Case Expense:

a. What amount should be included in revenue requirement for rate case expense?

AARP supports Public Counsel's position.

i. Should it be based on deferring and amortizing rate case expenses or on normalizing them?

AARP supports Public Counsel's position that rate case expense recovered from ratepayers be based on a normalization of shared prudent and reasonable costs incurred after disallowance of all outside legal, consulting and contract services provider costs.

11. Transmission Tracker: Should the Commission authorize KCPL and GMO to compare their actual transmission expenses with the levels used for setting permanent rates in these cases, and to accrue and defer the difference for potential recovery in future rate cases, i.e., to employ a "tracker"?

No, the Commission should not authorize a tracker for transmission expenses.

12. Property Tax Tracker: Should the Commission authorize KCPL and GMO to compare their actual property taxes with the levels used for setting permanent rates in these cases, and to accrue and defer the difference for potential recovery in future rate cases, i.e., to employ a "tracker"?

No, the Commission should not authorize a tracker for property taxes.

<u>III. GMO Only Issues</u>

4. St. Joseph Infrastructure Program: Should the Commission authorize construction accounting for GMO's proposed St. Joseph infrastructure program?

No, so-called "construction accounting" should not be allowed.

5. L&P Ice Storm AAO:

a. Should the amortization level of the L&P Ice Storm be reduced?

AARP supports the Public Counsel's position.

7. Rate Design/Class Cost of Service Study:

a. How should the class cost of service studies be relied on for determining shifts in customer class revenue responsibilities that are revenue neutral on an overall company basis?

AARP supports the Public Counsel's position.

c. Residential rate adjustments:

ii. How should any Residential revenue increase be assigned to rate elements?

AARP supports the Public Counsel's position. Any residential rate increase should be applied only to the energy (variable, usage) rate element and not to the customer charge.

10. GMO's MEEIA Application: Should the costs of any programs, shared benefits or lost revenues under MEEIA be recovered from retail customers? If so, what is the amount, and the associated per kWh rate?

MEEIA costs and benefits should only be addressed in this case if an agreement can be reached on the proper treatment of the costs and benefits that does not violate the legal prohibition against piecemeal, single-issue rate adjustments outside of general rate cases.

11. FAC

a. Should the Commission approve, modify, or reject GMO's request for a Fuel Adjustment Clause?

The Commission should reject GMO's request for a Fuel Adjustment Clause as an unreasonable and unfair piecemeal mechanism that transfers 95% of the risk of fuel and purchased power cost variability onto consumers, and does not provide the utility with sufficient incentive to engage in the most cost efficient practices.

b. What should GMO's FAC sharing be?

If the Commission decides to impose a Fuel Adjustment Clause upon consumers, the sharing percentage should be evenly shared 50%/50% between consumers and the utility's shareholders.

WHEREFORE, AARP respectfully requests that the Commission accept these position statements, and grant its motion for leave file out of time.

Respectfully submitted,

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Dated: October 15, 2012

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties on the official service list for these cases on this 15th day of October 2012:

J L B Coffman
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