

**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-2014-0370

**SUR-SURREPLY TO KCP&L'S
MOTION FOR RECONSIDERATION**

COME NOW the Missouri Office of the Public Counsel (“Public Counsel”) and for its Sur-Surreply to the Surreply to Response in Opposition to Motion for Reconsideration of Procedural Schedule, states:

1. The issue before the Commission is KCP&L’s motion for reconsideration of the Commission’s order approving a procedural schedule (EFIS No. 70). More specifically, the issue is whether it is premature to decide if the La Cygne Environmental Project (“La Cygne”) expenses should be eligible for including in rates if La Cygne is not in service until after the true-up period. As the Commission correctly concluded, it is not known whether La Cygne will be in service before or after the true-up period, and, therefore, the issue is only “hypothetical” and should not be decided at this time.

2. Public Counsel, Consumers Council of Missouri, Sierra Club, and the Missouri Industrial Energy Consumers argued that the proposal to reach outside of the test year and true up period for determining whether plant is used and useful would violate the matching principle (EFIS No. 68). KCP&L’s surreply response addresses only the revenues that would result from La Cygne, but it does not address any and all other revenue increases, cost increases, cost decreases, plant additions, or plant retirements that will have occurred during the additional period for which KCP&L wants to capture only the La Cygne plant in-service changes. This is where the mismatch

occurs – a mismatch between the period used to calculate costs, revenues and retirements, and the period used to determine plant-in-service. KCP&L’s proposal would violate this long-held ratemaking principle. *State ex rel. Southwestern Bell Telephone Co. v. P.S.C.*, 645 S.W.2d 44 (Mo. App. 1982).

3. Reaching outside of the true up period to capture one item of plant-in-service, without also considering all other plant additions and retirements and all changes in revenues that occurred during the additional extension period, would also raise single-issue ratemaking issues. § 393.270, RSMo. *Utility Consumers Council v. P.S.C.*, 585 S.W.2d 41 (Mo. banc 1979) (*UCC*). In *UCC*, the Supreme Court concluded it is unlawful where “the commission permits one factor to be considered to the exclusion of all others in determining whether or not a rate is to be increased.” *Id.*, at 56. In this case, if the Commission were to agree to include costs for plant that is not in service until after the true-up period, without considering all other relevant factors that occur up to that in-service date, it would constitute single-issue ratemaking. *Id.*

4. The Commission correctly concluded that whether the La Cygne in-service date will become an issue is purely hypothetical. If the La Cygne plant is not in service by the end of the true-up period, and KCP&L attempts to include the plant costs in rates, it will become a contested issue that will involve important ratemaking principles regarding the matching principle, single-issue ratemaking, and construction work in progress. §§ 393.135, and 393.270, RSMo. At a minimum, this issue should be determined only after consideration of all evidence and arguments following an evidentiary hearing and the filing of post-hearing briefs. It should not be determined on the basis of pre-hearing motions only.

WHEREFORE, the Office of the Public Counsel respectfully offers this surreply to KCP&L's surreply, and urges the Commission to deny the Motion for Reconsideration.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 12th day of January 2015.

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