

September 10, 2015

Explanation of Vote by Commissioner Apple Regarding:

In the Matter of the Application of Kansas  
City Power & Light Company to Make  
Certain Changes in Its Charges for Electric  
Service. Docket No. 15-KCPE-116-RTS

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Thank you Commissioner Albrecht and Commissioner Emler for the opportunity to explain why I am unable to join in approving the Order before us today.

The Order today approves a total revenue increase of \$48,672,230 and rates will increase by 7.5% overall. The fixed monthly residential charge will increase from \$10.40 to \$14.00. This is a 31% increase. To also note, the Energy Cost Adjustment (ECA) has risen approximately 120% since 2008 while energy fuel costs have trended in the opposite direction.

Historically, KCP&L Kansas consumers pay higher rates than KCP&L Missouri consumers. Kansas consumers had higher rates in 43 of the 44 measures of rates over the past 11 years. Residential pays more. Retail pays more. Commercial pays more. Industrial pays more. To the credit of Staff, a report was generated attached to Staff's Post Hearing Legal Brief discussing the rationale for such disparity. The disparity is attributed to the differences in the State law and regulatory policies and the differences in electricity usage patterns. I appreciate Staff's efforts in providing this report. However, I still think it is our obligation to look into these issues further as Kansas consumers and businesses are at a disadvantage. Higher rates discourage economic development in Kansas and impact Kansas family and business budgets.

In addition to overall high rates, KCP&L all-electric consumers were lured into the system for decades with the promise of discounts and then found themselves facing a substantial, 51% increase in the 2010 rate case.

Testimony indicates that a past commission made some questionable decisions by way of questionable methods. Enticing people to use electric heat for decades then abruptly changing the system in one rate case is unconscionable. Dr. Glass testified that having the all-electric consumers on the system presumptively provides a benefit, even at the pre-2010 discounted rates. KCP&L has shown tremendous disregard to its all-electric consumers. Nonetheless, taking consumers from pre-2010 discounts, subjecting them to a 51% increase, then back again to pre-2010, is unfathomable as it would create a turbulent system of discontinuance. The answer is not to create policy that whipsaws consumers between two extremes as proposed in this docket. The rational approach would have been to recognize that policy implemented in the 60's 70's and 80's should gradually transition to a policy that will take us into the next decade.

Legally speaking, I can appreciate the finding that there was no substantial competent evidence submitted on the record to support re-instituting the pre-2010 discounts. What frustrates me, is that there was not enough substantial competent evidence submitted on the record to be able to fully weigh the matter at all. The Commission was given a false dilemma; either the status quo or pre-2010 discounts, nothing between. The choice is easy when one isn't supported by substantial competent evidence. This Commission deserved a better opportunity to re-visit the issue in this case and to be able to find alternative measures. The Commission had the status quo forced upon us by the settlement agreement.

We received 861 public comments totaling well over 1,000 pages. Many of which dealt with electric heat rate discounts. It is very unfortunate that their comments had little if any effect on this rate case. One must ask, are we wasting ratepayers' time and giving them false hope that their thoughts and concerns will make a difference? It at least appears it did not in this case. The Kansas Supreme Court requires that the Commission consider and balance the interests of the utility's investors vs. the ratepayers, the present ratepayers vs. the future ratepayers, and the public interest.

Turning to return on equity, testimony supports a range of 8.55 – 10.6%. While KCP&L's suggestion of 10.3% is too high, the low end is not too low. Testimony by Dr. Woolridge and Mr. Gatewood support the fact that certain nationwide trends and the application of certain methodologies can yield an

ROE of 8.55%. The record supports this. Given what I believe are the shortcomings in this docket, and the disparity between Kansas and Missouri consumers and the treatment of all-electric consumers, I find that a 9.3% ROE is extremely generous.

In Summation, it seems to me that there is conflict between the Commission being able to carry out our Legislative and Judicial mandates to create just and reasonable rates but are then not provided enough substantial competent evidence to meet the threshold legal evidentiary standard to do so. There is a disparity in rates between KCP&L Kansas consumers and KCP&L Missouri consumers. KCP&L Kansas has some of the highest rates in the region. KCP&L has treated electric-heat consumers callously. I hope this Commission can and will take a closer look, with a renewed perspective, on some of the items I've touched on throughout this docket.

Noting my thoughts on these issues and the whole of this docket, I cannot with good conscious validate the conclusions presented in the Order. I respectfully refrain from approving or supporting this Order and I therefore vote "No."

I ask to have these comments recorded in the minutes of today's meeting.

Commissioner Pat Apple