

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

<b>In the Matter of KCP&amp;L Greater</b>	)	
<b>Missouri Operations Company for</b>	)	
<b>Authority to File Tariffs Changing</b>	)	<b>Case No. HT-2011-0343</b>
<b>the Steam QCA for Service Provided</b>	)	
<b>to Customers in its Service Terri-</b>	)	
<b>tory</b>		

**AG PROCESSING INC A COOPERATIVE RESPONSE  
TO STAFF RECOMMENDATION**

By its Order Directing Filing and Setting Conference of November 10, 2011, the Commission directed that Ag Processing Inc a Cooperative (AGP) be a party to this proceeding and further respond to Staff's Recommendation of November 8, 2011. AGP here responds to that Recommendation as directed.

1. As the Commission is aware, AGP is among the largest, if not the largest, steam customer(s) on KCP&L Greater Missouri Operations Company's (GMO) St. Joseph,, Missouri steam system. This Commission also decided a prudence matter against GMO in that GMO was directed to refund roughly \$2.8 million to the St. Joseph steam customers. Rehearing by GMO was sought and denied. This dispute appears to concern the manner in which GMO would make that refund. In its most recent Quarterly Cost Adjustment (QCA), GMO failed to implement the refund ordered by the Commission.

2. On November 8, 2011, Staff filed a Recommendation (StaffRec) that the Commission reject GMO's October 14, 2011 QCA

and direct GMO to file a new QCA adjustment tariff implementing the Commission's refund order.

3. Staff is correct. Now is the time to return GMO's imprudent collections to the steam customers. GMO had use of the wrongfully collected monies for several years and the plain reading of the tariff requires a refund now to commence given the decisions in the HC-2010-0235 case.

4. Staff has recommended one of several alternatives available to the Commission as the tariff provides the Commission with broad discretion, *i.e.*, refunds may be effected "as otherwise ordered" by the Commission. Thus without a specific order directing another path, Staff's interpretation is required by the tariff.

5. AGP's prior refund arguments in the HC case are again now timely, relevant and on point. AGP continues to argue that interest cost be added to the refund amount due as a result of GMO's imprudent actions and also suggests refund to the customers in proportion to the usage of the customers during the period of the collection of the imprudent cost.

6. Further supporting the StaffRec, GMO should not be allowed to continue to hold steam customers' monies without paying any interest. To do otherwise would increase the financial harm to customers while providing a strong incentive to GMO for appeal and further delay by any means possible, indeed, the sole effect of no interest would be GMO gain at further customer expense. While the tariff does not provide for interest in the

typical over and under situation (where there would have been no finding of imprudence), it provides the Commission with discretion and the instant situation provides a more than sufficient reason to consider an atypical result. Interest should attach at a rate equal to the rate of return last decided for the steam business and should accumulate between the times of the collections of imprudently incurred costs to the time of the refund. Indeed, a simplification that the Commission could consider would be to direct GMO to refund the amounts in cash to the customers from whom the amounts were collected, thereby avoiding any arguments about vintaging or different usage patterns.

7. One of the unfortunate implications of GMO's imprudent actions was unnecessary and quite extraordinary upward rate volatility for the St. Joseph steam customers. Collapsing the two years of imprudent costs into a one year period as suggested by Staff (in the absence of an order otherwise) would certainly lower rates and create volatility. However, downward rate volatility, unlike upward rate volatility, would not create a hardship for customers, who would certainly understand a period of downward rate volatility as welcome, though much delayed, relief.

8. The Commission should instead provide an order directing a refund approach that fits the circumstance, an approach that would obviate unnecessary rate volatility, that would provide the refund to the customers from whom the imprudent amounts were collected, and that would end the financial incen-

tive for delay. The Commission should direct GMO to refund the amount in an immediate lump sum payment to the customers from whom the amounts were collected. Interest should be attached as a matter of equity in these extraordinary circumstances of imprudent management so as to eliminate the financial incentive for delay in the refund.

9. Given the circumstances of the long-suffering steam customers in St. Joseph, AGP respectfully recommends:

a. GMO's tariff filing of October 14, 2011 be rejected.

b. Staff's recommended approach should be modified by Commission order as suggested herein and as a possibility expressly contemplated by the QCA tariff.

c. Interest at GMO's rate of return should be included in the refund amount from collection to payment.

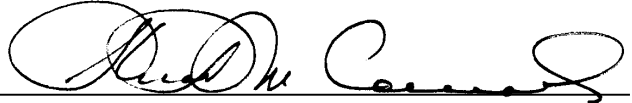
d. Refund amounts should be allocated to customers according to customer usage during the two respective recovery periods during which the imprudent collections occurred.

e. Refunds should be distributed in a lump sum by check to each customer.

WHEREFORE AGP requests that these comments be received and considered in compliance with the Commission's directive.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.

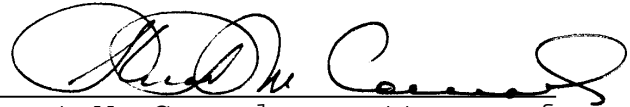


Stuart W. Conrad      Mo. Bar #23966  
David L. Woodsmall    Mo. Bar #40707  
3100 Broadway, Suite 1209  
Kansas City, Missouri 64111  
(816) 753-1122  
Facsimile (816) 756-0373  
Internet: stucon@fcplaw.com

ATTORNEYS FOR AG PROCESSING INC.

**SERVICE CERTIFICATE**

I certify that I have e-mailed a copy of the foregoing document (and a hard copy will be mailed) to the persons identified on the EFIS listing maintained by the Secretary of the Commission, on the date shown below.

A handwritten signature in black ink, appearing to read "Stuart W. Conrad", written over a horizontal line.

Stuart W. Conrad, an attorney for  
Ag Processing Inc a Cooperative

November 16, 2011