

ATTACHMENT 2

CONCISE STATEMENT OF ISSUES TO BE APPEALED

Notice of Appeal (ER-2015-0370): Concise Statement of the Issues Being Appealed

- I. The return on equity of 9.5% established by the Commission is insufficient because it is one of the lowest returns on equity authorized by any state regulatory agency in the United States for an electric utility with risks comparable to KCP&L.
- II. The rate allowance for Critical Infrastructure Protection and Cyber-security Operation & Maintenance expenses is based on historical amounts that will be inadequate because such expenses will increase during the period when rates will be in effect.
- III. The rate allowance for property taxes is based on historical amounts that will be inadequate because property taxes will increase during the period when rates will be in effect.
- IV. The rate allowance for Southwest Power Pool transmission expenses is based on historical amounts that will be inadequate because such expenses will increase during the period when rates will be in effect.
- V. The inadequate rate allowance for Southwest Power Pool transmission expenses results in unrecoverable or “trapped” rates paid by KCP&L pursuant to rates approved by the Federal Energy Regulatory Commission in violation of the Filed Rate Doctrine and federal preemption principles.
- VI. The Commission’s rejection of trackers for Southwest Power Pool transmission expenses, property taxes, and Critical Infrastructure Protection and Cyber-security Operation & Maintenance expenses is based upon an erroneous interpretation of the Uniform System of Accounts.
- VII. The Commission disallowed recovery of 25% of KCP&L’s prudently incurred rate case expenses and imposed a rule on the Company in violation of Chapter 536, Mo. Rev. Stat.
- VIII. The Commission’s denial of regulatory treatment of future cost increases for Southwest Power Pool transmission expenses, property taxes, and Critical Infrastructure Protection and Cyber-security Operation & Maintenance expenses deprives KCP&L of any realistic opportunity to earn even the very low Commission-authorized return on equity of 9.5%, and is, therefore, confiscatory in its impact and effect in violation of the Fifth and Fourteenth Amendments to the United States Constitution.