

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

In the Matter of KCP&L Greater Missouri            )     **File No. ER-2014-0373**  
Operations Company's FAC Tariff Revision        )     Tariff Tracking No. JE-2014-0566

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET TO CHANGE RATES  
RELATED TO KCP&L GREATER MISSOURI OPERATIONS COMPANY'S  
FUEL ADJUSTMENT CLAUSE**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation to approve revised tariff sheet, respectfully states:

1. On June 30, 2014, KCP&L Greater Missouri Operations Company (“GMO”) filed a proposed tariff sheet,<sup>1</sup> a filing letter, supporting direct testimony, and other information pursuant to Commission Rules 4 CSR 240-3.161(7) and 4 CSR 240-20.090(4) to adjust its Fuel Adjustment Rates (“FARs”)<sup>2</sup> used to determine customer charges related to its fuel adjustment clause (“FAC”).

2. Rule 4 CSR 240-20.090(4) requires the Commission’s Staff to examine and analyze the information GMO has filed and submitted and to file a recommendation with the Commission not later than 30 days after GMO made its filing—in this case, no later than July 30, 2014.

3. Staff’s *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet GMO filed on June 30.

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<sup>1</sup> GMO, P.S.C.MO. No. 1, 8th Revised Sheet No. 127 Canceling 7th Revised Sheet No. 127.

<sup>2</sup> See items 16 and 19 on 8th Revised Sheet No. 127.

4. GMO's filing in this case requests Commission approval of one revised tariff sheet bearing an effective date of September 1, 2014, to revise its current annual FARs of its FAC. The filing includes testimony and workpapers of GMO witness Linda J. Nunn supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amounts of \$21,075,112 for its MPS rate district and the FPA amount of \$6,269,926 for its L&P rate district for Accumulation Period 14 (December 1, 2013 through May 31, 2014). Staff's *Memorandum* explains the calculation of these FPA amounts.

5. As explained in Staff's *Memorandum*, these FPA amounts include the true-up amounts for Recovery Period 11 (March 1, 2013 through February 28, 2014) filed by GMO on June 30, 2014 in File No. ER-2014-0372.

6. Listed below are GMO's proposed current annual FARs and the now-effective current annual FARs, together with the changes between them for primary and secondary service in both the MPS and L&P rate districts:

Current Fuel Adjustment Rate per kWh - MPS				
Service	Proposed Annual FAR	Current	Now-Effective Current Annual FAR	Difference
Primary	\$0.00385		\$0.00111	\$0.00274 Increase
Secondary	\$0.00397		\$0.00115	\$0.00282 Increase
Current Fuel Adjustment Rate per kWh – L&P				
Service	Proposed Annual FAR	Current	Now-Effective Current Annual FAR	Difference
Primary	\$0.00332		\$0.00197	\$0.00135 Increase
Secondary	\$0.00340		\$0.00202	\$0.00138 Increase

7. Based on an average use of 867 kWh per month, the proposed changes to the FARs will result in an increase to a typical MPS residential customer's bill of approximately \$2.44 per month, and an increase to a typical L&P residential customer's bill of approximately \$1.20 per month.

8. Staff reviewed GMO's proposed tariff sheet, 8th Revised Sheet No. 127, GMO witness Linda J. Nunn's direct testimony, supporting schedules and workpapers, as well as GMO's monthly information filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 14. Staff verified that the actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenue in GMO's proposed 8th Revised Tariff Sheet No. 127. Staff also reviewed GMO's monthly interest rates that are applied to the under/over recovery of base fuel and purchased power costs for Accumulation Period 14, and verified that the monthly interest rates and calculations of interest amounts are correct.

9. This case is affected by the Commission's grant of the request GMO filed on December 21, 2012,<sup>3</sup> seeking to include in its FAC the cost of landfill gas purchased from the landfill owner of the St. Joseph Landfill Gas Facility. Staff asserts that all of the costs for this landfill gas are Renewable Energy Standard ("RES") costs. Pursuant to 4 CSR 240-20.100(6)(A)16, RES compliance costs shall not be considered for cost recovery through a FAC. GMO requested relief from this rule seeking authorization to treat those St. Joseph Landfill Gas Facility costs through its FAC.

10. Staff did not oppose GMO's request for relief from the rule in this specific instance because the St. Joseph landfill gas costs are small and will have a negligible

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<sup>3</sup> *Application for Waiver or Variance of 4 CSR 240-20.100(6)(A)16 for St. Joseph Landfill Gas Facility and Motion for Expedited Treatment.*

impact on the net base energy costs and on overall net fuel costs for the L&P rate district in GMO's FAC. Moreover, GMO committed to work with the parties to resolve how they should be treated before GMO files its next general electric rate case. Therefore, Staff's non-opposition to this particular request should not be viewed as a general agreement regarding treatment of RES costs.

11. Because GMO requested, and the Commission granted the relief not only in this case, but also in GMO's most recent general electric rate case, Case No. ER-2012-0175, it is Staff counsel's opinion that the Commission intended by its *Order Granting Variance* that GMO may treat its St. Joseph Landfill Gas Facility costs through its FAC until its next general rate case.

12. Staff has verified that GMO is not delinquent on any assessment and has filed its 2013 Annual Report. GMO is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Other than GMO's related filing in ER-2014-0372, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

**WHEREFORE**, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on June 30, 2014, to become effective on September 1, 2014, as requested by GMO:

PSC Mo. No. 1

8th Revised Sheet No. 127 Canceling 7th Revised Sheet No. 127.

Respectfully Submitted,

**/s/ Robert S. Berlin**

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 25<sup>th</sup> day of July, 2014.

**/s/ Robert S. Berlin**