

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

In the Matter of KCP&L Greater Missouri	)	
Operations Company for Authority to	)	
Implement Rate Adjustments Required by	)	<b><u>File No. ER-2016-0005</u></b>
4 CSR 240-20.090(4) and the Company's	)	Tariff Tracking No. JE-2016-0002
Approved Fuel and Purchased Power Cost	)	
Recovery Mechanism	)	

**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 tariff sheet respectfully states:

1. On July 1, 2015, 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 31, 2015.

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 July 1, 2015.

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<sup>1</sup> GMO, P.S.C.MO. No. 1, 10th Revised Sheet No. 127 Canceling 9th Revised Sheet No. 127.

<sup>2</sup> See lines 16 and 19 on 10th 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, 2015, to revise the current annual FARs of its FAC. The filing includes testimony and schedules of GMO witness Linda J. Nunn and GMO's workpapers supporting its calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amounts of (\$1,062,440) for its MPS rate district and (\$268,306) for its L&P rate district for Accumulation Period 16 (December 1, 2014 through May 31, 2015). 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 13 ("RP13") (March 1, 2014 through February 28, 2015) filed by GMO on July 1, 2015 in File No. ER-2016-0007.<sup>3</sup>

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 voltage in both the MPS and L&P rate districts:

Current Annual Fuel Adjustment Rate per kWh - MPS			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00248	\$0.00597	\$0.00349 Decrease
Secondary	\$0.00255	\$0.00614	\$0.00359 Decrease
Current Annual Fuel Adjustment Rate per kWh – L&P			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00134	\$0.00437	\$0.00303 Decrease
Secondary	\$0.00138	\$0.00448	\$0.00310 Decrease

<sup>3</sup> In this case, Case No. ER-2016-0005, GMO witness Linda J. Nunn reports a RP13 under-recovery amount of \$6,327 for MPS. In the GMO FAC True Up of RP13, Case No. ER-2016-0007, GMO witness Linda J. Nunn reports an under-recovery of \$6,326 for MPS. GMO used the amount of \$6,326.632 for the RP13 under-recovery for MPS in the current FAR calculation in Case No. ER-2016-0005. Staff has reviewed the testimonies in both cases and the FAR calculation, and recommends no changes to the MPS FAR calculation provided by GMO in Case No. ER-2016-0005.

7. Based on an average use of 867 kWh per month, the proposed changes to the FARs will result in a decrease to a typical MPS residential customer's bill of approximately \$3.11 per month, and a decrease to a typical L&P residential customer's bill of approximately \$2.69 per month. The proposed decrease in the FAR for MPS is primarily the result of a decrease in purchased power costs and the decrease in the FAR for L&P is the result of a decrease in fuel costs and purchased power costs.

8. Staff reviewed GMO's proposed tariff sheet, 10th Revised Sheet No. 127, the direct testimony of GMO witness Linda J. Nunn, supporting schedules and workpapers, as well as GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 16. 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 revenues in GMO's proposed 10th Revised Tariff Sheet No. 127. Staff also reviewed GMO's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over-recovery of base fuel and purchased power costs for Accumulation Period 16, and verified that the monthly interest rates and calculations of interest amounts are correct.

9. On January 3, 2013, the Commission granted GMO a waiver from 4 CSR 240-20.100(6)(A)16, which would otherwise prevent GMO from recovering renewable energy standard ("RES") compliance costs through its FAC, in Case No. ER-2012-0175. In that case, Staff filed a *Response to GMO's Application for Waiver* in which Staff stated that its non-opposition to GMO's application was partly based on GMO's commitment to work with Staff and the parties to resolve treatment of these costs before GMO files its next general rate case. The waiver remains effective and Staff continues

to work with GMO to resolve the treatment of fuel costs related to the St. Joseph Landfill Gas Facility.

10. Staff has verified that GMO is not delinquent on any assessment and has filed its 2014 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 the true-up amounts that are the subject of File No. ER-2016-0007, 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 interim rate adjustment order approving the following proposed revised tariff sheet, as filed on July 1, 2015, to become effective on September 1, 2015, subject to true-up and prudence reviews:

PSC Mo. No. 1

10th Revised Sheet No. 127 Canceling 9th Revised Sheet No. 127

Respectfully submitted,

**/s/ Jeffrey A. Keevil**

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 31<sup>st</sup> day of July, 2015.

**/s/ Jeffrey A. Keevil**