

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

In the Matter of Kansas City Power & Light)
Company for Authority to Implement Rate)
Adjustments Required by 4 CSR 240-2.090(4))
and the Company's Approved Fuel and)
Purchased Power Cost Recovery Mechanism)

File No. ER-2016-0198
Tracking No. JE-2016-0195

STAFF RECOMMENDATION TO APPROVE REVISED TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, files this *Staff Report and Recommendation to Approve Revised Tariff Sheets* (“Report”) with the Missouri Public Service Commission (“Commission”), and respectfully states:

1. On February 1, 2016, Kansas City Power & Light Company filed with the Commission its *Tariff Revision*¹, *Information Required by 4 CSR 2403.161(7) and Workpapers*, and *Direct Testimony of Linda J. Nunn*, wherein KCPL seeks to revise its rate schedule to adjust charges related to the Company’s approved Fuel Adjustment Clause (“FAC”).

2. On February 2, 2016, the Commission directed Staff to review KCPL’s filings and file a recommendation to the Commission no later than March 2, 2016.

3. Commission Rule 4 CSR 240-20.090(4) provides that the Staff “shall submit a recommendation regarding its examination and analysis to the Commission not later than thirty (30) days after the electric utility files its tariff schedules to adjust its FAC rates.” Staff must determine if KCPL’s proposed adjustment to the FAC is in

¹ KCPL submitted into the case file a *Substitute Tariff* on February 3, 2016, that represents the final approved version.

accordance with 4 CSR 240-20.090, § 386.266 RSMo, and the “FAC mechanism established in the most recent general rate proceeding.

4. Staff reviewed the information submitted in this case file to date and conducted an investigation. The *Staff Recommendation* is attached hereto as Appendix A.

5. Staff has determined that KCPL’s proposed fuel adjustment rate will result in an increase of \$0.00078 per kWh for primary voltage service and \$0.0008 per kWh for secondary voltage service. Based on an average use of 843 kWh per month, a typical KCPL residential customer’s monthly bill will increase approximately \$0.67.

6. Pursuant to 4 CSR 240-20.090(4), where a FAC rate adjustment is in accordance with Commission rule, applicable statutes, and the FAC mechanism established in the general rate proceeding:

“the commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility’s filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.”

7. Based on its investigation, Staff has determined that the 1st Revised Tariff Sheet No. 50.10 filed by KCPL complies with the Commission’s *Report and Order and Order Regarding Compliance Tariff Sheets* in Case No. ER-2014-0370, Commission Rule 4 CSR 240-3.161, and recommends that the Commission approve the proposed revised tariff sheet, to become effective on April 1, 2016.

WHEREFORE, the Staff respectfully requests that the Commission accept this report for its consideration and recommends approval of the proposed revised tariff sheet.

Respectfully submitted,

/s/ Hampton Williams

Wm. Hampton Williams

Assistant Staff Counsel

Missouri Bar No. 65633

Attorney for the Staff of the

Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record on this 2nd day of March, 2016.

/s/ Hampton Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2016-0198, Tariff Tracking No. JE-2016-0195
Kansas City Power & Light Company

FROM: Matthew J. Barnes, Utility Regulatory Auditor IV
David C. Roos, Regulatory Economist III
Curtis B. Gateley, Utility Policy Analyst II

DATE: /s/ John Rogers 03/02/16 /s/ Hampton Williams 03/02/16
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheet Filed to Change Rates
Related to Kansas City Power & Light Company's Fuel Adjustment Clause
Pursuant to the Commission's *Report and Order* and *Order Regarding Compliance
Tariff Sheets* from File No. ER-2014-0370.

DATE: March 2, 2016

Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed 1st Revised Sheet No. 50.10 of the Fuel Adjustment Clause ("FAC") of Kansas City Power & Light Company ("KCPL") as substituted on February 3, 2016, to become effective on April 1, 2016, as requested by KCPL.

Discussion

On February 1, 2016, KCPL filed one (1) tariff sheet¹ bearing a proposed effective date of April 1, 2016, for its first Fuel Adjustment Rates ("FARs") (Line Items 16 and 19 on 1st Revised Sheet No. 50.5) of its FAC. On February 3, 2016, KCPL filed a substitute 1st Revised Sheet No. 50.10 that corrected an error in the header of the tariff sheet². Included in the filing of February 1, 2016, is the testimony of KCPL witness Linda J. Nunn and KCPL's workpapers. The testimony and revised workpapers include information supporting KCPL's calculation of the

¹ Tracking No. JE-2016-0195

² Staff notified KCPL that the header and the sheet number on 1st Revised Sheet No. 50.5: "Applicable to Service Provided October 1, 2015 and Thereafter" were incorrect, because the effective date of the FAC is September 29, 2015 and because the approved tariff sheet for the FAR is 1st Revised Sheet No. 50.10. On February 3, 2016, KCPL filed a substitute 1st Revised Sheet No. 50.10. The header now correctly states: "Applicable to Service Provided Effective Date of Rate Tariffs for ER-2014-0370 and Thereafter", which is consistent with the header on all other current FAC tariff sheets.

Fuel and Purchased Power Adjustment (“FPA”) amount of \$6,814,082 for its Missouri jurisdictional electric operations for Accumulation Period 1 (September 29, 2015 through December 31, 2015)³ reflecting the sum of:

1. 95% of the difference between the jurisdictional Actual Net Energy Costs (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues) and the jurisdictional Net Base Energy Cost for Accumulation Period 1 reflected on line 7 of 1st Revised Sheet No. 50.10 of \$6,807,145; and
2. The interest reflected on line 9 of 1st Revised Sheet No. 50.10, of \$6,937.

The FAR of \$0.00075 per kWh (line 13 of 1st Revised Sheet No. 50.10) is equal to the FPA amount of \$6,814,082 (line 11 of 1st Revised Sheet No. 50.10) divided by the estimated recovery period retail net system input (“NSI”) of 9,048,770,207 kWh (line 12 of 1st Revised Sheet No. 50.10).

Because of differences in line losses for KCPL of both primary and secondary voltage service levels,⁴ the tariff sheet reflects different current period FARs for service taken at primary and secondary voltages.

Normally, the current annual FARs are the sum of the current period FARs and the previous period FARs for KCPL, as reflected on lines 16 and 19 of 1st Revised Sheet No. 50.10, respectively, for primary voltage service and secondary voltage service, respectively. Because this is the first filing of FARs, the previous period FARs are \$0.00000, as reflected on lines 15 and 18 of 1st Revised Sheet No. 50.10.

The Accumulation Periods, Recovery Periods, and other specifications of KCPL’s FAC are set out in its tariff sheets designated 2nd Revised Sheet No. 50, 1st Revised Sheet No. 50.1, and Original Sheet No. 50.2 through 50.9.

Listed below are KCPL’s proposed current annual FARs and the now-effective current annual FARs together with the changes between them for primary and secondary voltage service.

³ KCPL’s accumulation periods are January through June and July through December. Accumulation Period 1 began September 29, 2015, the effective date of rates as ordered by the Commission in Case No. ER-2014-0370.

⁴ The voltage adjustment factors (VAFs) for both primary and secondary voltage service levels are included at the bottom of 1st Revised Sheet No. 50.10.

Current Annual Fuel Adjustment Rate per kWh			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00078	\$0.00000	\$0.00078 Increase
Secondary	\$0.00080	\$0.00000	\$0.00080 Increase

The proposed changes to the FARs will result in an increase to a typical KCPL residential customer's bill of approximately \$0.67 per month, based on an average use of 843 kWh per month.

Staff reviewed the 1st Revised Sheet No. 50.10, the direct testimony of Linda J. Nunn and the workpapers in this filing, as well as KCPL's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 1, and verified that the actual fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues match the fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues in KCPL's proposed 1st Revised Tariff Sheet No. 50.5 and the supporting workpapers of Linda J. Nunn's direct testimony. Staff also reviewed KCPL'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 1 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the revised tariff sheet and workpapers includes sufficient data to calculate KCPL's FARs based on the actual fuel costs, net emission costs, purchased power costs, and transmission costs net of off-system sales revenues and renewable energy credit revenues KCPL provided for Accumulation Period 1.

Staff Recommendation

The Staff is of the opinion that KCPL timely filed 1st Revised Tariff Sheet No. 50.10 and that it complies with the Commission's *Report and Order* and *Order Regarding Compliance Tariff Sheets* in Case No. ER-2014-0370, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and KCPL's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

KCPL requested that 1st Revised Tariff Sheet No. 50.10, filed February 1, 2016, become effective on April 1, 2016. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on February 1, 2016, to become effective on April 1, 2016, as requested by KCPL:

P.S.C. Mo. No. 7

1st Revised Sheet No. 50.10 Canceling Original Sheet No. 10

Staff has verified that KCPL is not delinquent on any assessment and has filed its 2014 Annual Report. KCPL is current on its submission of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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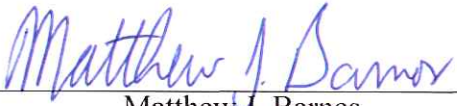
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) File No. ER-2016-0198
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AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Matthew J. Barnes and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Matthew J. Barnes

Subscribed and sworn to before me this 2nd day of March, 2016.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public

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File No. ER-2016-0198

AFFIDAVIT OF DAVID C. ROOS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW David C. Roos and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.


Further the Affiant sayeth not.



David C. Roos

Subscribed and sworn to before me this 2nd day of March, 2016.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public