

Schedule DEE-1

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KANSAS CITY POWER AND LIGHT COMPANY

P.S.C. MO. No. 7 ~~Second~~ Revised Sheet No. 50
Canceling P.S.C. MO. No. 7 ~~First~~ Revised Sheet No. 50

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
(Applicable to Service Provided October 1, 2015 and Thereafter) Effective Date of Commission Order

DEFINITIONS

ACCUMULATION PERIODS, FILING DATES AND RECOVERY PERIODS: An accumulation period is the six calendar months during which the actual costs and revenues subject to this rider will be accumulated for the purposes of determining the Fuel Adjustment Rate (“FAR”). The two six-month accumulation periods each year through September 30, 2019, the two corresponding twelve-month recovery periods and the filing dates are as shown below. Each filing shall include detailed work papers in electronic format and with formulas intact to support the filing.

<u>Accumulation Periods</u>	<u>Filing Dates</u>	<u>Recovery Periods</u>
October – March	By May 1	July – June
April – September	By November 1	January – December

A recovery period consists of the billing months during which the FAR is applied to retail customer billings on a per kilowatt-hour (kWh) basis.

COSTS AND REVENUES: Costs eligible for the Fuel and Purchased Power Adjustment (“FPA”) will be the Company’s allocated jurisdictional costs for the fuel component of the Company’s generating units, purchased power energy charges including applicable Southwest Power Pool (“SPP”) charges (~~SPP~~), emission allowance costs, transmission of electricity by others costs, excluding SPP Schedule 11 costs, RTO, FERC and NERC fees, and the costs described below associated with the Company’s hedging programs - all as incurred during the accumulation period. These costs will be offset by jurisdictional off-system sales revenues, applicable SPP revenues, transmission revenues, excluding SPP Schedule 11, and revenue from the sale of Renewable Energy Certificates or Credits (“REC”). Eligible costs do not include the purchased power demand costs associated with purchased power contracts in excess of one year. Likewise revenues do not include demand or capacity receipts associated with power contracts in excess of one year. SPP Schedule 1-A charges associated with SPP Administration fees shall be excluded. SPP Schedule 12 FERC Assessment Charges shall be excluded. Likewise revenues do not include demand or capacity receipts associated with power contracts in excess of one year. All penalties assessed associated with The North American Electric Reliability Corporation and other regional entities compliance and reliability standards shall be excluded from the FAC.

APPLICABILITY

The price per kWh of electricity sold to retail customers will be adjusted (up or down) periodically subject to application of the Rider FAC and approval by the Missouri Public Service Commission (“MPSC” or “Commission”).

The FAR is the result of dividing the FPA by forecasted retail net system input (“S_{RP}”) for the recovery period, expanded for Voltage Adjustment Factors (“VAF”), rounded to the nearest \$0.00001, and aggregating over two accumulation periods. The amount charged on a separate line on retail customers’ bills is equal to the current annual FAR ~~times-multiplied by~~ kWh billed.

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KANSAS CITY POWER AND LIGHT COMPANY

P.S.C. MO. No. 7 Original Sheet No. 50.1
Canceling P.S.C. MO. No. _____ Sheet No. _____
For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
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FORMULAS AND DEFINITIONS OF COMPONENTS

FPA = ~~100~~95% * ((ANEC – B) * J) + T + I + P

95% = Customer responsibility for fuel variance from base level

ANEC = Actual Net Energy Costs = (FC + E + PP + TC – OSSR - R)

FC = Fuel Costs Incurred to Support Sales:
The following costs reflected in Federal Energy Regulatory Commission (“FERC”) Account Number 501: coal commodity and transportation, ~~accessorial charges~~, applicable taxes, natural gas costs, alternative fuels (i.e. tires, ~~bio fuel~~), fuel quality adjustments, fuel hedging costs, fuel adjustments included in commodity and transportation costs, ~~broker commissions, fees and margins~~, oil costs, propane costs, combustion product disposal revenues and expenses, fuel additives such as side release or freeze conditioning agents and consumable costs related to Air Quality Control Systems (“AQCS”) operation, such as ammonia, lime, limestone, powder activated carbon, ~~propane~~, sodium bicarbonate, sulfur, trona, urea, or other consumables which perform similar functions, and insurance recoveries, subrogation recoveries and settlement proceeds for increased fuel expenses in Account 501.

The following costs reflected in FERC Account Number 518: nuclear fuel commodity and waste disposal expense, oil, and nuclear fuel hedging costs.

The following costs reflected in FERC Account Number 547: natural gas, oil, and alternative fuel generation costs related to commodity, transportation, storage, fuel losses, hedging costs for natural gas, and oil, ~~and natural gas used to cross hedge purchased power or sales~~, fuel additives, and settlement proceeds, insurance recoveries, subrogation recoveries for increased fuel expenses, and broker commissions fees and margins.

E = Net Emission Costs:
The following costs and revenues reflected in FERC Account Numbers 509: ~~NO₂ and SO₂~~ emission allowance costs offset by revenues from the sale of NO₂ and SO₂ emission allowances including any associated hedging costs, and broker commissions, fees, commodity based services, and margins.

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P.S.C. MO. No. 7

Original Sheet No. 50.2

Canceling P.S.C. MO. No. _____

Sheet No. _____

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
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FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

- PP = Purchased Power Costs:
The following costs or revenues reflected in FERC Account Number 555: ~~–~~purchased power costs, capacity charges for capacity purchases less than 12 months in duration, energy charges from capacity purchases of any duration, insurance recoveries, and subrogation recoveries for purchased power expenses, hedging costs including broker commissions, fees and margins, charges and credits related to the SPP Integrated Marketplace including, energy, make whole and out of merit payments and distributions, Over collected losses payments and distributions, Transmission Congestion Rights (“TCR”) and Auction Revenue Rights (“ARR”) settlements, virtual energy costs, revenues and related fees where the virtual energy transaction is a hedge in support of physical operations related to a generating resource or load, –load/export charges, ancillary services including non- performance and distribution payments and charges and ~~other miscellaneous SPP Integrated Market charges including, but not limited to SPP~~ uplift charges or credits. All SPP Schedule 1-A administrative charges shall be excluded from the FAC.
- TC = Transmission Costs:
~~The following costs reflected in FERC Account Numbers 561.4, 561.8, 565, 575.7, and 928: all Transmission service costs reflected in FERC Account 565 and all net of transmission service revenues reflected in FERC Account 456.4. Also, includes RTO, FERC, and NERC fees recorded in Accounts, 561.4, 561.8, 575.7, and 928 SPP Schedule 11, “Base Plan Zonal Charge and Region-Wide Charge”, charges associated with SPP transmission projects and SPP Schedule 12 “FERC Assessment Charge” shall be excluded.-~~
~~The costs described above will be adjusted, where applicable, to comply with the Commission order regarding Transource Docket No. EA 2013 0098.~~
- OSSR = Revenues from Off-System Sales:
The following revenues or costs reflected in FERC Account Number 447: ~~–~~all revenues from off-system sales. This includes charges and credits related to the SPP Integrated Marketplace including, energy, ancillary services, revenue sufficiency and neutrality~~make whole and out of merit~~ payments and distributions, Over collected losses payments and distributions, TCR and ARR settlements, demand reductions, virtual energy costs, revenues and related fees where the virtual energy transaction is a hedge in support of physical operations related to a generating resource or load, generation/export charges, ancillary services including non-performance and distribution payments and ~~charges and other miscellaneous SPP Integrated Market charges including, but not limited to, SPP~~ uplift ~~charges revenues~~ or credits. Off-system sales revenues from full and partial requirements sales to municipalities that are serviced through bilateral contracts in excess of one year shall be excluded from OSSR component.
- R = Renewable Energy Credit Revenue:
Revenues reflected in FERC account 509 from the sale of Renewable Energy Credits that are not needed to meet the Renewable Energy Standard.

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KANSAS CITY POWER AND LIGHT COMPANY

P.S.C. MO. No. 7 Original Sheet No. 50.3
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For Missouri Retail Service Area

**FUEL ADJUSTMENT CLAUSE – Rider FAC
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FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

Any cost identified above which is a Missouri-only cost shall be grossed up by the current kWh energy factor, included in the ANEC calculation and allocated as indicated in ~~item component~~ J below. Any cost identified above which is a **Kansas-only** *[Comment: Staff does not understand this statement, however, depending on the meaning, specific costs and types may need to be identified]* cost shall be excluded from the ANEC calculation.

Hedging costs are defined as realized losses and costs (including ~~broker c~~commissions, fees, and margins) minus realized gains associated with mitigating volatility in the Company's cost of fuel, fuel additives, fuel transportation, emission allowances, transmission and power purchases or sales, including but not limited to, the Company's use of derivatives whether over-the counter or exchange traded including, without limitation, futures or forward contracts, puts, calls, caps, floors, collars, swaps, ~~transmission congestions rights~~TCRs, virtual energy transactions, or similar instruments. All realized gains and losses from all cross-hedging practices shall be excluded from the FAC.

Should FERC require any item covered by ~~factors~~components FC, E, PP, TC, OSSR or R to be recorded in an account different than the FERC accounts listed in such ~~factors~~components, such items shall nevertheless be included in ~~factor~~component FC, E, PP, TC, OSSR or R. In the month that the Company begins to record items in a different account, the Company will file with the Commission the previous account number, the new account number and what costs or revenues that flow through the ~~is~~ Rider FAC ~~that~~ are to be recorded in the account.

B = Net base energy costs ordered by the Commission in the last general rate case consistent with the costs and revenues included in the calculation of the FPA. Net Base Energy costs will be calculated as shown below:

$$S_{AP} \times \text{Base Factor ("BF")}$$

S_{AP} = Net system input ("NSI") at the generation level in kWh for the accumulation period.

BF = Company base factor costs per kWh: \$0.01406.

J = Missouri Retail Energy Ratio = Missouri Retail kWh Sales/Total ~~Retail~~ Net System Input ("NSI") kWh Sales

T = True-up amount as defined below.

I = Interest applicable to (i) the difference between Missouri Retail ANEC and B for all kWh of energy supplied during an AP until those costs have been recovered; (ii) refunds due to prudence reviews ("P"), if any; and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings ("T") provided for herein. Interest shall be calculated monthly at a rate equal to the weighted average interest paid on the Company's short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

P = Prudence disallowance amount, if any, as defined in this tariff.

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P.S.C. MO. No. 7 Original Sheet No. 50.4
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FUEL ADJUSTMENT CLAUSE – Rider FAC
 FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
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FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

FAR = FPA/S_{RP}

Single Accumulation Period Secondary Voltage FAR_{Sec} = FAR * VAF_{Sec}
 Single Accumulation Period Primary Voltage FAR_{Prim} = FAR * VAF_{Prim}

Annual Secondary Voltage FAR_{Sec} = Aggregation of the two Single Accumulation Period Secondary Voltage FARs still to be recovered

Annual Primary Voltage FAR_{Prim} = Aggregation of the two Single Accumulation Period Primary Voltage FARs still to be recovered

Where:

FPA = Fuel and Purchased Power Adjustment

S_{RP} = Forecasted recovery period Missouri retail NSI in kWh, at the generator

VAF = Expansion factor by voltage level
 VAF_{Sec} = Expansion factor for lower than primary voltage customers
 VAF_{Prim} = Expansion factor for primary and higher voltage customers

BASE FACTOR (BF)

~~The BF is the base energy cost divided by net generation kWh.
 Company base factor costs per kWh: \$0.0154701406~~

TRUE-UPS

After completion of each RP, the Company shall make a true-up filing by the filing date of its next FAR filing. Any true-up adjustments shall be reflected in component "T" above. Interest on the true-up adjustment will be included in ~~item-component "I"~~ above.

The true-up amount shall be the difference between the revenues billed and the revenues authorized for collection during the RP as well as any corrections identified to be included in the current FAR filing. Any corrections included will be discussed in the testimony accompanying the true-up filing.

PRUDENCE REVIEWS

Prudence reviews of the costs subject to this Rider FAC shall occur no less frequently than every eighteen months, and any such costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this Rider FAC shall be returned to customers. Adjustments by Commission order, if any, pursuant to any prudence review shall be included in the FAR calculation in ~~item-component "P"~~ above unless a separate refund is ordered by the Commission. Interest on the prudence adjustment will be included in component item "I" above.

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P.S.C. MO. No. 7 Original Sheet No. 50.5
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Accumulation Period Ending:		Month dd, yyyy
		KCPL-MO
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$** _____** 0
2	Net Base Energy Cost (B)	- \$0
	2.1 Base Factor (BF)	\$ <u>0.1406</u>
	2.2 Accumulation Period NSI (S _{AP})	** _____**
3	(ANEC-B)	\$0
4	Jurisdictional Factor (J)	* 0%
5	(ANEC-B)*J	\$0
6	Customer Responsibility	* <u>95.00</u> 100 %
7	100 <u>95</u> % *((ANEC-B)*J)	\$0
8	True-Up Amount (T)	+ \$0
9	Interest (I)	+ \$0
10	Prudence Adjustment Amount (P)	+ \$0
11	Fuel and Purchased Power Adjustment (FPA)	= \$0
12	Estimated Recovery Period Retail NSI (S _{RP})	÷ 0
13	Current Period Fuel Adjustment Rate (FAR)	= \$0.00000
14	Current Period FAR _{Prim} = FAR x VAF _{Prim}	\$0.00000
15	Prior Period FAR _{Prim}	+ \$0.00000
16	Current Annual FAR _{Prim}	\$0.00000
17	Current Period FAR _{Sec} = FAR x VAF _{Sec}	\$0.00000
18	Prior Period FAR _{Sec}	+ \$0.00000
19	Current Annual FAR _{Sec}	\$0.00000
	VAF _{Prim} = 1.0452	
	VAF _{Sec} = 1.0707	

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