

**EXHIBIT**

318

**Exhibit No.:** FAC Tariff  
**Issue(s):** Riley/Surrebuttal  
**Witness/Type of Exhibit:** Public Counsel  
**Sponsoring Party:** ER-2016-0285  
**Case No.:**

**FILED<sup>2</sup>**

FEB 21 2017

**SURREBUTTAL TESTIMONY**

Missouri Public  
Service Commission

**OF**

**JOHN S. RILEY**

Submitted on Behalf of the Office of the Public Counsel

**KANSAS CITY POWER & LIGHT COMPANY**

CASE NO. ER-2016-0285

January 27, 2017

OPC Exhibit No. 318  
Date 2.9.17 Reporter LB  
File No. ER-2016-0285

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & )  
Light Company's Request for Authority to )  
Implement A General Rate Increase for )  
Electric Service )

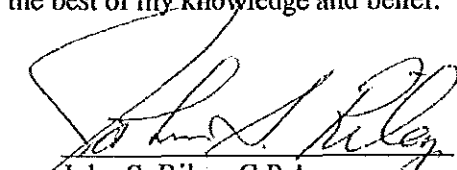
Case No. ER-2016-0285

AFFIDAVIT OF JOHN S. RILEY

STATE OF MISSOURI )  
) ss  
COUNTY OF COLE )

John S. Riley, of lawful age and being first duly sworn, deposes and states:


1. My name is John S. Riley. I am a Public Utility Accountant III for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
 John S. Riley, C.P.A.  
 Public Utility Accountant III

Subscribed and sworn to me this 27<sup>th</sup> day of January 2017.



JERENE A. BUCKMAN  
 My Commission Expires  
 August 23, 2017  
 Cole County  
 Commission #13754037

  
 Jerene A. Buckman  
 Notary Public

My Commission expires August 23, 2017.

**SURREBUTTAL TESTIMONY**  
**OF**  
**JOHN S. RILEY**  
**KANSAS CITY POWER & LIGHT COMPANY**  
**FILE NO. ER-2016-0285**

1 **Q. Please state your name and business address.**

2 A. John S. Riley, PO Box 2230, Jefferson City, Missouri 65102

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel ("OPC") as a Public Utility  
5 Accountant.

6 **Q. Are you the same John Riley who filed rebuttal testimony in this rate case?**

7 A. Yes I am.

8 **Q. What is the purpose of your surrebuttal testimony?**

9 A. The purpose is to point out to the Commission that Kansas City Power & Light Company  
10 ("KCPL" or "Company") witness Mr. Tim Rush is proposing an FAC tariff that contains  
11 language that is not consistent with 1) Missouri statute, 2) Missouri Public Service  
12 Commission ("Commission" or "PSC") regulations and 3) previous Commission Report  
13 and Orders. I will also provide support for OPC's position on the types of direct fuel costs  
14 that should be eligible for fuel adjustment clause ("FAC") inclusion.

15 **Q. What part of KCPL's FAC tariff sheets are you addressing?**

16 A. Specifically KCPL FAC tariff sheets 50.4 and 50.5. This section, which is included in this  
17 testimony as schedule JSR-S-1, contains language that would allow KCPL to insert account  
18 changes between general rate cases. Mr. Rush also refers to keeping language in the FAC

1 tariff that would allow hedging transactions to be included between rate cases if the need to  
2 hedge would resurface.

3 **Q. Please summarize OPC's primary concerns with the FAC language included in**  
4 **KCPL's current FAC tariff.**

5 A. KCPL's current FAC tariff appears to allow modification to the FAC components between  
6 general rate cases even though the FAC statute, ("Section 386.266, RSMo") ,specifically states  
7 that an FAC may be "approved, modified, or rejected only within the context of full hearing  
8 in a general rate proceeding."<sup>1</sup>

9 The FAC statute is also cited within Commission Rule 4 CSR 240-20.090 ("Commission's  
10 FAC rule") as cited below:

11 (2) Application to Establish, Continue or Modify a RAM. Pursuant to the  
12 provisions of this rule, 4 CSR 240-2.060 and section 386.266, RSMo, only  
13 an electric utility in a general rate proceeding may file an application with  
14 the commission to establish, continue or modify a RAM by filing tariff  
15 schedules. Any party in a general rate proceeding in which a RAM is  
16 effective or proposed may seek to continue, modify or oppose the RAM.  
17 The commission shall approve, modify or reject such applications to  
18 establish a RAM only after providing the opportunity for a full hearing in a  
19 general rate proceeding.  
20  
21

22 **Q. What is the difference between periodic rate adjustments outside of a general rate**  
23 **proceeding and the modifying of an FAC between general rate proceedings?**

24 A. A periodic rate adjustment reflects increases and decreases in prudently incurred fuel and  
25 purchased-power costs, including transportation, as established by the Commission in a  
26 utility's last general rate case. An example would be an increase in the cost of natural gas.  
27 The price of natural gas has risen and has increased a utility's fuel expense between rate

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<sup>1</sup> Missouri Revised Statutes, Chapter 386, Section 386.266.4 RSMo

1 cases. A utility would seek an FAC adjustment between general rate cases to reflect the  
2 increase in fuel costs.

3 A modification of the FAC itself would be an attempt to include an expense or revenue  
4 not approved by the Commission in the previous general rate case. One possibility could  
5 be a new regional transmission organization (“RTO”) transmission fee that is based on a  
6 new service. The proposed fee should not be considered for inclusion in the existing  
7 FAC until this new cost is addressed in the next general rate case.

8 **Q. Has OPC opposed this language in prior rate cases?**

9 A. Yes, it has. It was specifically noted in a non-unanimous stipulation and agreement filed in  
10 Ameren Missouri’s last general rate case, ER-2014-0258.

11 ...OPC has also recommended removal of provisions of the FAC  
12 tariff sheets that allow new costs or revenues arising under charge  
13 types or regional transmission organizations schedules to be included  
14 in the FAC upon notice and after following a process outlined in the  
15 FAC tariff sheets...<sup>2</sup>

16 The language OPC objected to was ultimately retained in the tariff sheets.

17 **Q. Do you know if this matter has been previously addressed by the Commission?**

18 A. I am not aware of anyone challenging this language in a general rate case. OPC opposed the  
19 language in the above-referenced stipulation and agreement, but the matter has not come to  
20 the full attention of the Commission.

21 **Q. Why is OPC raising this issue in this rate case?**

22 A. Besides the conflicts noted above, OPC believes that this FAC tariff language is  
23 unnecessarily complicated and lacks transparency. OPC has been advocating for a

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<sup>2</sup> Paragraph (8) NON-UNANIMOUS STIPULATION AND AGREEMENT REGARDING CLASS KILOWATT-  
HOURS, REVENUES AND BILLING DETERMINANTS, NET BASE ENERGY COSTS, AND FUEL  
ADJUSTMENT CLAUSE TARIFF SHEETS, Case No. ER-2014-0258, Filing item No. 463

1 simplification of the FAC in recent general rate cases. Ms. Lena Mantle filed testimony in  
2 this case, as well as several other rate cases, requesting the Commission streamline the FAC  
3 tariff language.

4 **Q. Has the Commission previously ruled on the issue of including costs in an FAC that a**  
5 **utility was not currently incurring?**

6 **A. Yes. The Commission addressed this issue in KCPL's last rate case No. ER-2014-0370.**

7 **8. Should the FAC include costs and revenues that KCPL is**  
8 **not currently incurring or receiving other than insurance**  
9 **recoveries, subrogation recoveries and settlement proceeds**  
10 **related to costs and revenues included in the FAC?**

11 **Finding of Fact**

12 83. Allowing new costs and revenues to flow through an FAC  
13 would be a modification to the FAC that the Commission  
14 approved.

15 84. Including a cost or revenue in the FAC that KCPL does not  
16 currently incur or record clouds the transparency of the FAC and  
17 unnecessarily complicates it.  
18  
19  
20

21 **Conclusion of Law and Decision**

22 KCPL argues that the FAC should include all costs and revenues  
23 relating to net fuel and purchased power costs, whether or not they  
24 are currently being incurred. However, allowing a new cost or  
25 revenue to flow through an FAC is a modification to that FAC,  
26 which under Section 386.266, RSMo, only the Commission has the  
27 authority to modify. It is the Commission that should make the  
28 determination as to what costs or revenues should flow through the  
29 FAC, not the electric utility.<sup>3</sup> (emphasis added)  
30  
31

<sup>3</sup> Report and Order, Case No. ER-2014-0370, Page 39

1 **Q. What additional problems has OPC seen due to electric utilities attempting to**  
2 **expand the components of the FAC?**

3 A. Electric utilities have continually complicated the language to add accounts and sub-  
4 accounts to the FAC to increase its base factor. It is not much of an exaggeration when I  
5 say that Mr. Rush has requested everything including the kitchen sink be included in the  
6 FAC.

7 It is problematic to track the overwhelming number of accounts and sub-accounts and  
8 costs that KCPL seeks to include in an FAC. It is challenging to review FAC filings,  
9 even more so when the components of the FAC are changed between rate cases. This  
10 causes a lack of transparency and is not in the public's best interest.

11 **Q. What is OPC's recommendation to the Commission on the issue of FAC changes**  
12 **between rate cases?**

13 A. The language allowing changes between rate cases on sheets 50.4 and 50.5 should be  
14 removed from the FAC tariff sheets.

15 Mr. Rush also mentioned reintroducing hedging costs/revenues into the FAC, if the  
16 Company starts hedging fuel costs again. If the Company starts a hedging program again  
17 then the costs or revenues should be booked as a regulatory asset or liability and be  
18 addressed in the next general rate case. This treatment is consistent with the treatment  
19 KCPL management agreed to in KCPL Greater Missouri Operations ("GMO") last rate  
20 case, ER-2016-0156. GMO is KCPL's sister utility and both utilities operate under the  
21 parent company Great Plains Energy.

22 The Commission should reiterate no new costs or revenues can be included in an FAC  
23 between general rate cases.

1 **DIRECTLY RELATED FUEL COSTS IN THE FAC**

2 **Q. What are your concerns with the assertions made and positions taken by Mr. Rush**  
3 **concerning what costs should be included in the FAC?**

4 A. A general overview of the Company's position provided by Mr. Rush gives you the  
5 impression that any cost that is even remotely associated with a purchased fuel, should be  
6 included in the FAC. He supports his position by referring to the Federal Energy Regulatory  
7 Commission ("FERC") Uniform System of Accounts ("USOA") and the definitions and  
8 guidance that the USOA provides.

9 However, Mr. Rush fails to connect the dots between "where" a cost is recorded in the  
10 USOA and "whether" a cost should be included in an FAC. The Commission has pointed  
11 out in a past Report and Order, that Section 386.266.1 limits the FAC to **"increases and**  
12 **decreases in its prudently incurred fuel and purchase-power cost, including**  
13 **transportation"**<sup>4</sup> and further explained that transmission costs are limited to those  
14 connected to purchased power costs. To OPC, the statute is clear. Fuel, purchased power  
15 and the associated transportation costs are the only costs eligible to include in an FAC.

16 **Q. Does KCPL concur with this assessment?**

17 A. No. The Company apparently wants the Commission to believe that there are many other  
18 additional costs that are associated with these three primary FAC components. But these  
19 additional non-direct fuel and non-direct purchased power along with non-associated  
20 transportation costs do not meet the Commission's criteria to be included in an FAC.

21 **Q. What is one source on which the Commission relies when addressing FAC issues?**

22 A. The Commission relies upon its rule 4 CSR 240-20.090 Subsection (2) (C):

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<sup>4</sup> Ameren Missouri, Case No ER-2014-0258



1           In determining which cost components to include in a RAM, the commission  
2           will consider, but is not limited to only considering, the **magnitude of the**  
3           **costs, the ability of the utility to manage the costs, the volatility of the cost**  
4           **component** and incentive provided to the utility as a result of the inclusion or  
5           exclusion of the cost component. The commission may, in its discretion,  
6           determine what portion of prudently incurred fuel and purchased power costs  
7           may be recovered in a RAM and what portion shall be recovered in base  
8           rates. (Emphasis added)

9  
10           Company witness Mr. Rush does not mention, in his testimony, all three factors quoted  
11           above, when making his argument to include the non-direct costs in a FAC. Mr. Rush  
12           argues that legal fees, hotel expenses, labor, cell phones, contractor material and many other  
13           sundry costs should be included simply because the company has recorded them in the 501  
14           fuel account. These costs are not costs that are material. These costs are costs that KCPL  
15           has significant if not complete control and since these costs are not material, any volatility in  
16           these costs would be minimal.

17           Other than real fuel and transportation costs recorded in Account 501, these other expenses  
18           do not meet any of the three criteria the Commission relies on to decide issues of FAC  
19           inclusion. Just because the USOA may require that these non-direct fuel costs can be  
20           booked to the main fuel expense account does not mean these expense are FAC qualifying  
21           expenses. There may be as many as 50 subaccounts<sup>5</sup> to review and few if any would  
22           qualify under Subsection (2) (C) and none are directly related to the fuel.

23           **Q. What is OPC's position on the types of direct fuel costs that should be included in an**  
24           **FAC?**

25           **A.** OPC witness Lena Mantle is OPC's primary witness on OPC's FAC position in this case.  
26           At page 4 of her direct testimony Ms. Mantle summarizes OPC's overall FAC position. I  
27           will focus on the fuel components of her list. For KCPL FAC fuel costs, OPC recommends  
28           the Commission only allow the delivered fuel commodity costs, including inventory

<sup>5</sup> OPC data request 1314

1 adjustments to the commodity, commodity quality adjustments, taxes assessed on the  
2 purchase of the commodity, and the cost of transporting the fuel from the fuel source to the  
3 generation plants.

4 **Q. Is OPC's recommendation of the specific types of fuel costs that should be eligible to**  
5 **include in KCPL's FAC consistent with the FERC Account 151, Fuel Stock, which is**  
6 **part of the FERC's Uniform Systems off Accounts ("USOA")?**

7 A. Yes.

8 **Q. Mr. Rush pointed out in testimony that the Company follows the USOA,<sup>6</sup> does the**  
9 **Commission require KCPL to record its fuel purchases in accordance with the USOA?**

10 A. Yes. Commission Rule 4 CSR 240-20.030(1) ("USOA Rule") provides:

11 Beginning January 1, 1994, every electrical corporation subject to  
12 the commission's jurisdiction shall keep all accounts in conformity  
13 with the Uniform System of Accounts Prescribed for Public  
14 Utilities and Licensees subject to the provisions of the Federal  
15 Power Act, as prescribed by the Federal Energy Regulatory  
16 Commission (FERC) and published at 18 CFR Part 101 (1992) and  
17 1 FERC Stat. & Regs. paragraph 15,001 and following (1992),  
18 except as otherwise provided in this rule.

19  
20 This uniform system of accounts provides instruction for recording  
21 financial information about electric utilities. It contains definitions,  
22 general instructions, electric plant instructions, operating expense  
23 instructions, and accounts that comprise the balance sheet, electric  
24 plant, income, operating revenues, and operation and maintenance  
25 expenses.

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<sup>6</sup> Rush rebuttal, Q&A page 24, lines 14 through 23

1 **Q. What is the reason you are citing the USOA Rule above?**

2 A. The purpose is to note that KCPL is very familiar with the type of direct fuel costs that  
3 FERC allows to be charged to Account 151, Fuel Stock. As will be discussed later, fuel  
4 costs charged to Account 151 are the only fuel costs FERC allows to be included in the fuel  
5 adjustment clause administered by FERC<sup>7</sup>.

6 **Q. In her direct testimony did OPC witness Lena Mantle propose changes to KCPL's**  
7 **FAC?**

8 A. Yes, she did. In her direct testimony, Ms. Mantle proposes changes to KCPL's FAC  
9 structure and design. OPC's FAC recommendation to the Commission in this rate case will  
10 allow KCPL's fuel charges, purchased power charges, and the related transportation charges  
11 to flow through the FAC significantly reducing earnings risk to KCPL. In addition, OPC's  
12 proposal will make KCPL's FAC 1) more transparent and manageable for KCPL to  
13 administer, 2) reduce disincentives for the implementation of efficiencies; 3) increase  
14 incentives for cost saving; 4) easier for the Commission to oversee, 5) easier to conduct an  
15 FAC prudence audit; and 6) less susceptible to errors in KCPL's FAC calculations and  
16 charges to its customers.

17 **Q. Does the PSC's FAC Rule define a FAC?**

18 A. Yes. FAC Rule Paragraph 2(C) states that a FAC "means a mechanism established in a  
19 general rate proceeding that allows periodic rate adjustments, outside a general rate  
20 proceeding, to reflect increases and decreases in an electric utility's prudently incurred fuel  
21 and purchased power costs."

22 **Q. Is there disagreement between KCPL and OPC on the definition of fuel costs eligible**  
23 **to be included in a FAC?**

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<sup>7</sup> Nuclear fuel is recorded directly to account 518.

1 A. Yes. OPC's position is only direct fuel costs (coal, uranium, natural gas, and oil) are  
2 appropriate to be included in an FAC. As I mentioned earlier, KCPL applies a broader  
3 definition of FAC eligible fuel costs. The fuel costs KCPL proposes to be included in its  
4 FAC are attached as Schedule JSR-S-2. This list of expenses includes not only eligible fuel  
5 costs, but also general, indirect "fuel-related" expenses that are not FAC eligible.

6 **Q. Does the FERC allow electric utilities under its jurisdiction to use a fuel adjustment**  
7 **clause?**

8 A. Yes. An explanation of the FERC FAC can be found at CFR Title 18 Chapter I Subchapter  
9 B Part 35 Subpart C Section 35.14 *Fuel cost and purchased economic power adjustment*  
10 *clauses* ("Section 35.14", or "FERC FAC").

11 **Q. Does the FERC FAC have detailed and clear parameters for what constitutes fuel costs**  
12 **that are eligible to be included in a FERC FAC?**

13 A. Yes. The fuel costs outlined in the FERC's FAC mirrors OPC's recommendations in this  
14 rate case.<sup>8</sup>

15 **Q. Is KCPL familiar with the FERC FAC?**

16 A. Yes. KCPL files FERC Form 580 annually. This form requests information on activity  
17 from the Company that may qualify for the FERC FAC subject to 18 CFR 35.14. The  
18 Company does not currently utilize a FERC FAC, however, they are cognizant of the  
19 Federal fuel adjustment clause.

20 **Q. What are the requirements the FERC imposes on jurisdictional utilities for fuel costs**  
21 **eligibility for a FAC?**

22 A. FERC's requirements state that only fossil fuel expenses appropriately charged to FERC  
23 Uniform System of Accounts ("USOA") account 151, *Fuel Stock* are eligible to be included

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<sup>8</sup> Please see Mantle Direct, page 4

1 in the FERC FAC. It also allows nuclear fuel charges to USOA account 518, Nuclear Fuel  
2 to be charged to its FAC. 18 CFR 35.14 is attached as Schedule JSR-S-3 to this testimony.

3 (6) The cost of fossil fuel shall include no items other than those  
4 listed in Account 151 of the Commission's Uniform System of  
5 Accounts for Public Utilities and Licensees. The cost of nuclear fuel  
6 shall be that as shown in Account 518, except that if Account 518  
7 also contains any expense for fossil fuel which has already been  
8 included in the cost of fossil fuel, it shall be deducted from this  
9 account. (Paragraph C of Account 518 includes the cost of other  
10 fuels used for ancillary steam facilities.)  
11  
12

13 **Q. How does FERC define fuel that it allows to be recorded in a FAC?**

14 A. In its FAC, FERC quite simply states that fuel costs shall be the cost of fossil and nuclear  
15 fuel consumed in the utility's own plants and the utility's share of fossil and nuclear fuel  
16 consumed in jointly owned or leased plants.

17 **Q. What is included in FERC Account 151, Fuel Stock?**

18 A. FERC Account 151 is a current asset account charged with the cost of fossil fuel that is  
19 purchased by the utility. As the fuel Account 151 cost is consumed in the generation of  
20 electricity, the cost of this fuel is charged to the appropriate expense account. This would  
21 include Account 501 for coal, Account 547 for natural gas and oil.

22 FERC Account 151 includes the invoice cost of the fuel purchased, transportation charges,  
23 taxes, commissions, insurance directly related to the fuel purchased, O&M, and depreciation  
24 expenses directly related to assets used to transport fuel from the fuel source to the  
25 generation station.

26 FERC strictly applies the Account 151 standard for cost allowed in an FAC. It is easy to see  
27 how the FERC criteria for fuel to be included in an FAC for all its jurisdictional electric

1 utilities throughout the United States is very similar to what OPC is recommending for  
2 FACs in Missouri.

3 **151 Fuel stock**

4 This account shall include the book cost of fuel on hand. Items 1.  
5 Invoice price of fuel less any cash or other discounts. 2. Freight,  
6 switching, demurrage and other transportation charges, not including,  
7 however, any charges for unloading from the shipping medium. 3.  
8 Excise taxes, purchasing agents' commissions, insurance and other  
9 expenses directly assignable to cost of fuel. 4. Operating,  
10 maintenance and depreciation expenses and ad valorem taxes on  
11 utility-owned transportation equipment used to transport fuel from  
12 the point of acquisition to the unloading point. 5. Lease or rental  
13 costs of transportation equipment used to transport fuel from the  
14 point of acquisition to the unloading point. (Please refer to Schedule  
15 JSR-R-4)  
16

17 **Q. Does the FERC reach any conclusions concerning FACs that do not adhere to the**  
18 **principles set out in the FERC FAC, such as the Paragraph A(6) Fuel and FERC**  
19 **Account 151 criteria?**

20 **A.** Yes. FERC states that FAC not in conformity with Section 35.14 are not in the public  
21 interest.<sup>9</sup> Any Commission authorized FAC with fuel expenses that are not consistent with  
22 Account 151 criteria lack transparency. Non-direct fuel costs unnecessarily clutter the  
23 information that auditors need to review and adding these expenses decreases management  
24 incentives to be cost efficient. As a result, this FAC design is detrimental to Missouri's  
25 ratepayers.

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<sup>9</sup> First sentence of 35.14

1 **Q. Is a FAC that includes only FERC Account 151 direct fuel charges (in addition to**  
2 **other cost components such as purchased power) reasonably designed to provide a**  
3 **Missouri electric utility such as KCPL with a sufficient opportunity to earn a fair**  
4 **return on equity?**

5 A. Yes. It is not paramount KCPL have an FAC to earn a reasonable return on equity.  
6 However, the FAC design proposed by OPC and utilized by the FERC allows for a more  
7 than sufficient opportunity to earn a fair return on equity. I'm not convinced by any  
8 company argument that a streamlined FAC isn't sufficient to give them that opportunity.  
9 KCPL's cost of actual fuel and direct fuel costs is more than \$300 million of their operating  
10 expenses. This dollar amount dwarfs the immaterial nature of all the indirect fuel-related  
11 costs that the Company attempts to insert in the FAC but are not allowed under the USOA  
12 to charge to Account 151.

13 **Q. Is OPC proposing that fuel costs included in KCPL's FAC meet specific criteria?**

14 A. Yes.

15 Foremost, the fuel costs must be appropriately charged to Account 151, Fuel Stock. If the  
16 PSC does not apply this basic standard, then the Company should list each cost separately  
17 and provide a clear and concise explanation of what the non-direct fuel expense entails and  
18 the exact amount to be included. The Company should provide an evaluation detailing how  
19 exclusion of a specific indirect fuel-related cost will cause KCPL not to have a sufficient  
20 opportunity to earn a fair return. This evaluation should also include the Subsection (2) (C)  
21 standards that the Commission traditionally relies on for FAC inclusion: Magnitude,  
22 Control and Volatility.

23 One final point to make here is that none of the OPC witnesses that have testified  
24 concerning costs inclusion in the FAC, are advocating disallowance of the expenses as a part

1 of the cost of service. We have only taken a stance against their inclusion in the FAC  
2 specifically.

3 **Q. Does this conclude your surrebuttal testimony?**

4 **A. Yes.**



## KANSAS CITY POWER AND LIGHT COMPANY

P.S.C. MO. No. 7Original Sheet No. 50.4

Canceling P.S.C. MO. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC  
 FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC  
 (Applicable to Service Provided Effective Date of Rate Tariffs for ER-2014-0370 and Thereafter)

FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

Hedging costs are defined as realized losses and costs (including broker 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, TCRs, virtual energy transactions, or similar instruments.

Costs and revenues not specifically detailed in Factors FC, PP, E, TC, OSSR, or R shall not be included in the Company's FAR filings; provided however, in the case of Factors PP, TC or OSSR, the market settlement charge types under which SPP or another centrally administered market (e.g., PJM or MISO) bills/credits a cost or revenue need not be detailed in Factors PP or OSSR for the costs or revenues to be considered specifically detailed in Factors PP or OSSR; and provided further, should the SPP or another centrally administered market (e.g. PJM or MISO) implement a new market settlement charge type not listed below or a new schedule not listed in TC:

- A. The Company may include the new schedule, charge type cost or revenue in its FAR filings if the Company believes the new schedule, charge type cost or revenue possesses the characteristics of, and is of the nature of, the costs or revenues listed below or in the schedules listed in TC, as the case may be, subject to the requirement that the Company make a filing with the Commission as outlined in B below and also subject to another party's right to challenge the inclusion as outlined in E. below;
- B. The Company will make a filing with the Commission giving the Commission notice of the new schedule or charge type no later than 60 days prior to the Company including the new schedule, charge type cost or revenue in a FAR filing. Such filing shall identify the proposed accounts affected by such change, provide a description of the new charge type demonstrating that it possesses the characteristics of, and is of the nature of, the costs or revenues listed in factors PP, TC or OSSR as the case may be, and identify the preexisting schedule, or market settlement charge type(s) which the new schedule or charge type replaces or supplements;
- C. The Company will also provide notice in its monthly reports required by the Commission's fuel adjustment clause rules that identifies the new schedule, charge type costs or revenues by amount, description and location within the monthly reports;
- D. The Company shall account for the new schedule, charge type costs or revenues in a manner which allows for the transparent determination of current period and cumulative costs or revenues;

Issued: September 15, 2015  
 Issued by: Darrin R. Ives, Vice President

September 29, 2015  
 Effective: ~~October 15, 2015~~

FILED 1200 Main, Kansas City, MO 64105  
 Missouri Public  
 Service Commission  
 ER-2014-0370; YE-2016-0090

## KANSAS CITY POWER AND LIGHT COMPANY

P.S.C. MO. No. 7Original Sheet No. 50.5

Canceling P.S.C. MO. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC  
 FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC  
 (Applicable to Service Provided Effective Date of Rate Tariffs for ER-2014-0370 and Thereafter)

FORMULAS AND DEFINITIONS OF COMPONENTS (continued)

- E. If the Company makes the filing provided for in B above and a party challenges the inclusion, such challenge will not delay approval of the FAR filing. To challenge the inclusion of a new schedule or charge type, a party shall make a filing with the Commission based upon that party's contention that the new schedule, charge type costs or revenues at issue should not have been included, because they do not possess the characteristics of the schedules, costs or revenues listed in Factors PP, TC or OSSR, as the case may be. A party wishing to challenge the inclusion of a schedule or charge type shall include in its filing the reasons why it believes the Company did not show that the new schedule or charge type possesses the characteristics of the costs or revenues listed in Factors TC, PP or OSSR, as the case may be, and its filing shall be made within 30 days of the Company's filing under B above. In the event of a timely challenge, the Company shall bear the burden of proof to support its decision to include a new schedule or charge type in a FAR filing. Should such challenge be upheld by the Commission, any such costs will be refunded (or revenues retained) through a future FAR filing in a manner consistent with that utilized for Factor P; and
- F. A party other than the Company may seek the inclusion of a new schedule or charge type in a FAR filing by making a filing with the Commission no less than 60 days before the Company's next FAR filing date of August 1 or February 1. Such a filing shall give the Commission notice that such party believes the new schedule or charge type should be included because it possesses the characteristics of, and is of the nature of, the costs or revenues listed in factors PP, TC or OSSR, as the case may be. The party's filing shall identify the proposed accounts affected by such change, provide a description of the new schedule or charge type demonstrating that it possesses the characteristics of, and is of the nature of, the schedules, costs or revenues listed in factors PP, TC or OSSR as the case may be, and identify the preexisting schedule or market settlement charge type(s) which the new schedule or charge type replaces or supplements. If a party makes the filing provided for by this paragraph F and a party (including the Company) challenges the inclusion, such challenge will not delay inclusion of the new schedule or charge type in the FAR filing or delay approval of the FAR filing. To challenge the inclusion of a new schedule or charge type, the challenging party shall make a filing with the Commission based upon that party's contention that the new schedule or charge type costs or revenues at issue should not have been included, because they do not possess the characteristics of the schedules, costs or revenues listed in Factors PP, TC, or OSSR, as the case may be. The challenging party shall make its filing challenging the inclusion and stating the reasons why it believes the new schedule or charge type does not possess the characteristic of the costs or revenues listed in Factors PP, TC or OSSR, as the case may be, within 30 days of the filing that seeks inclusion of the new schedule or charge type. In the event of a timely challenge, the party seeking the inclusion of the new schedule or charge type shall bear the burden of proof to support its contention that the new schedule or charge type should be included in the Company's FAR filings. Should such challenge be upheld by the Commission, any such costs will be refunded (or revenues retained) through a future FAR filing in a manner consistent with that utilized for Factor P.

September 29, 2015

Issued: September 15, 2015  
 Issued by: Darrin R. Ives, Vice President

FILED  
 Missouri Public  
 Service Commission  
 1200 Main, Kansas City, MO 64105  
 ER-2014-0370; YE-2016-0090

Effective: ~~October 15, 2015~~

	Unit	KCPL		
	Sum of Dollar Amt			2015 Total
	Account	Resource	Resource Descr	
Currently included and proposed to be included	501000	1199	OTHER MATERIALS NO LOADINGS	-
Currently included and proposed to be included	501000	6000	COAL BIT	5,251,105.78
Currently included and proposed to be included	501000	6001	PHY INV ADJ BIT	(252,015.00)
Currently included and proposed to be included	501000	6005	COAL PRB	244,623,089.34
Currently included and proposed to be included	501000	6006	PHY INV ADJ PRB	(1,592,400.00)
Currently included and proposed to be included	501000	6016	#2 FUEL OIL	7,059,233.67
Currently included and proposed to be included	501000	6018	PHY INV ADJ OIL	(356,890.18)
Currently included and proposed to be included	501000	6020	NATURAL GAS	196,576.27
Currently included and proposed to be included	501000	6021	SSCGP TRANSPORT	99,560.16
Currently included and proposed to be included	501000	6022	MGE TRANSPORT	23,962.35
Excluded	501000	6025	GAS RESERVATION	617,749.25
Currently included and proposed to be included	501000	6094	IND STEAM OIL	
	501000 Total			255,669,971.64
Currently included and proposed to be included	501020	6099	FUEL OTHER	(101,978,385.64)
	501020 Total			(101,978,385.64)
Currently included and proposed to be included	501030	6099	FUEL OTHER	101,978,385.60
	501030 Total			101,978,385.60
Currently included and proposed to be included	501300	6040	LIME	2,054,025.96
Currently included and proposed to be included	501300	6041	AMMONIA/UREA	1,659,550.09
Currently included and proposed to be included	501300	6042	PAC	936,361.51
Currently included and proposed to be included	501300	6043	PHY INV ADJ LIMESTONE	156,107.00
Currently included and proposed to be included	501300	6044	SULFUR	
Currently included and proposed to be included	501300	6045	LIMESTONE	729,899.40
Currently included and proposed to be included	501300	6046	HYDRATED LIME	20,379.87
	501300 Total			5,556,323.83
Excluded	501400	1005	LABOR STRAIGHT TIME UNION	
Excluded	501400	1015	LABOR OVERTIME UNION	
Currently included and proposed to be included	501400	1100	COST OF MATERIAL INVENTORY	
Currently included and proposed to be included	501400	1615	CONTRACTORS EQUIP RENTAL	
Currently included and proposed to be included	501400	1625	CONTRACTORS LABOR	
Currently included and proposed to be included	501400	1630	CONTRACTORS MATERIALS	165,776.76
Currently included and proposed to be included	501400	1699	CONTRACTORS OTHER MISC EXP	
Currently included and proposed to be included	501400	1720	MEAL ALLOWANCE BARGAINING UNIT	
Currently included and proposed to be included	501400	6044	SULFUR	
Currently included and proposed to be included	501400	6050	BOTTOM ASH	(3,087.17)
Currently included and proposed to be included	501400	6055	FLY ASH	(669,343.47)
Currently included and proposed to be included	501400	6057	FGD BYPRODUCTS	1,527,850.78
Currently included and proposed to be included	501400	6060	SLAG	(572,753.96)
Excluded	501400	9140	PRLD COMPENSATED ABSENCES	-
Currently included and proposed to be included	501400	9200	FLEET LOADS	
Currently included and proposed to be included	501400	9300	MATERIAL LOADS	
	501400 Total			448,442.94

Excluded	501420	1005	LABOR STRAIGHT TIME UNION	
Excluded	501420	1015	LABOR OVERTIME UNION	
Currently excluded but proposed to be included	501420	1100	COST OF MATERIAL INVENTORY	
Currently excluded but proposed to be included	501420	1325	SECURITY SERVICES	
Currently excluded but proposed to be included	501420	1615	CONTRACTORS EQUIP RENTAL	
Currently excluded but proposed to be included	501420	1625	CONTRACTORS LABOR	
Currently excluded but proposed to be included	501420	1630	CONTRACTORS MATERIALS	
Currently excluded but proposed to be included	501420	1720	MEAL ALLOWANCE BARGAINING UNIT	
Excluded	501420	9140	PRLD COMPENSATED ABSENCES	
Currently excluded but proposed to be included	501420	9300	MATERIAL LOADS	
	501420	Total		
Excluded	501500	1001	LABOR STRAIGHT TIME NON UNION	387,014.92
Excluded	501500	1005	LABOR STRAIGHT TIME UNION	24,794.26
Excluded	501500	1010	LABOR OVERTIME NON UNION	3,135.25
Excluded	501500	1015	LABOR OVERTIME UNION	134.65
Excluded	501500	1030	LUMP SUM MERIT	2,509.12
Currently excluded but proposed to be included	501500	1100	COST OF MATERIAL INVENTORY	446.50
Currently excluded but proposed to be included	501500	1199	OTHER MATERIALS NO LOADINGS	221,673.71
Currently excluded but proposed to be included	501500	1200	CONFERENCES & SEMINARS	324.34
Currently excluded but proposed to be included	501500	1226	OFCEQUIP&SUPP <THAN \$100PERITM	0.26
Currently excluded but proposed to be included	501500	1235	PRINTING EXPENSES	3.05
Currently excluded but proposed to be included	501500	1240	SUBSCRIPTIONS & PUBLICATIONS	8,622.84
Currently excluded but proposed to be included	501500	1245	SAFETY AND MEDICAL SUPPLIES	89.05
Currently excluded but proposed to be included	501500	1260	INDIV TECH/PROF DUES/MEMBR FEE	45.76
Currently excluded but proposed to be included	501500	1290	EMPLOYEE AMENITIES	99.38
Currently excluded but proposed to be included	501500	1299	OFFICE EXPENSES OTHER	13,185.30
Currently excluded but proposed to be included	501500	1320	CONSULTING FEES	6,072.39
Currently excluded but proposed to be included	501500	1355	LEGAL FEES	10,446.15
Currently excluded but proposed to be included	501500	1399	OTHER OUTSIDE SERVICES	13,734.14
Currently excluded but proposed to be included	501500	1400	AIRFARE & AIRLINE BAGGAGE FEES	2,053.71
Currently excluded but proposed to be included	501500	1405	BUSINESS MEALS	844.76
Currently excluded but proposed to be included	501500	1410	LODGING	3,346.22
Currently excluded but proposed to be included	501500	1415	MEALS BILLABLE TO OTHERS	0.05
Currently excluded but proposed to be included	501500	1420	MILEAGE REIMBURSEMENT	758.15
Currently excluded but proposed to be included	501500	1425	PARKING FEES	372.32
Currently excluded but proposed to be included	501500	1435	RENTAL CAR EXPENSE	613.32
Currently excluded but proposed to be included	501500	1499	TRAVEL OTHER	330.66
Currently excluded but proposed to be included	501500	1500	DATA PROC SOFTWARE & SUPPORT	
Currently excluded but proposed to be included	501500	1620	CONTRACTORS FIXED FEE	
Currently excluded but proposed to be included	501500	1625	CONTRACTORS LABOR	1,995.59
Currently excluded but proposed to be included	501500	1705	EMPLOYEE EVENT MEAL	
Currently excluded but proposed to be included	501500	1710	EMPLOYEE GIFTS & AWARDS	
Currently excluded but proposed to be included	501500	2600	PROPERTY DAMAGE CLAIMS	
Currently excluded but proposed to be included	501500	2700	TELEPHONE SERVICE/MAINT/EQUIP	679.94
Currently excluded but proposed to be included	501500	2710	CELL PHONES	1,477.10
Currently excluded but proposed to be included	501500	2799	COMMUNICATION COSTS OTHER	4.91
Currently excluded but proposed to be included	501500	4200	ACCOUNTING & CIS USE ONLY	

Currently excluded but proposed to be included	501500	6006	PHY INV ADJ PRB	
Currently excluded but proposed to be included	501500	6050	BOTTOM ASH	(1,558.72)
Currently excluded but proposed to be included	501500	6055	FLY ASH	2,873.41
Currently excluded but proposed to be included	501500	6057	FGD BYPRODUCTS	(308.72)
Currently excluded but proposed to be included	501500	6060	SLAG	(250.00)
Currently excluded but proposed to be included	501500	6099	FUEL OTHER	59.99
Currently excluded but proposed to be included	501500	6150	UNIT TRAIN MAINTENANCE	3,610.71
Excluded	501500	9140	PRLD COMPENSATED ABSENCES	73,737.70
Currently excluded but proposed to be included	501500	9200	FLEET LOADS	2,164,614.34
Currently excluded but proposed to be included	501500	9300	MATERIAL LOADS	8.93
Currently excluded but proposed to be included	501500	EX01	T&E ONLY AIRFARE&AIRLINE FEES	2,075.50
Currently excluded but proposed to be included	501500	EX02	T&E ONLY CONF/SEMINAR/TRAIN RG	1,025.27
Currently excluded but proposed to be included	501500	EX03	T&E ONLY DUES/MEMB FEE/LICENSE	1,200.35
Currently excluded but proposed to be included	501500	EX06	T&E ONLY HOTEL/LODGING	3,199.80
Currently excluded but proposed to be included	501500	EX07	T&E ONLY MEALS & ENTERTAINMENT	1,175.89
Currently excluded but proposed to be included	501500	EX08	T&E ONLY MILEAGE	1,671.86
Currently excluded but proposed to be included	501500	EX09	T&E ONLY MISCELLANEOUS/OTHER	212.45
Currently excluded but proposed to be included	501500	EX11	T&E ONLY TELEPHONE CHARGES	1,258.06
Currently excluded but proposed to be included	501500	EX12	T&E ONLY CAR RENTAL	197.41
Currently excluded but proposed to be included	501500	EX15	T&E ONLY SUBSCRIPTN/PUBLICATN	178.91
Currently excluded but proposed to be included	501500	EX16	T&E ONLY SUPPLIES	159.25
Currently excluded but proposed to be included	501500	EX17	T&E ONLY TAXI/BUS/SHUTTLE/PARK	438.79
	501500 Total			2,960,388.98
Excluded	501501	1001	LABOR STRAIGHT TIME NON UNION	
Currently excluded but proposed to be included	501501	1199	OTHER MATERIALS NO LOADINGS	381.61
Excluded	501501	9140	PRLD COMPENSATED ABSENCES	
Currently excluded but proposed to be included	501501	9200	FLEET LOADS	
	501501 Total			381.61
Excluded	501502	1001	LABOR STRAIGHT TIME NON UNION	
Excluded	501502	1005	LABOR STRAIGHT TIME UNION	243,239.35
Excluded	501502	1015	LABOR OVERTIME UNION	10,590.07
Currently excluded but proposed to be included	501502	1100	COST OF MATERIAL INVENTORY	462.73
Currently excluded but proposed to be included	501502	1399	OTHER OUTSIDE SERVICES	45,622.90
Currently excluded but proposed to be included	501502	1615	CONTRACTORS EQUIP RENTAL	
Currently excluded but proposed to be included	501502	1625	CONTRACTORS LABOR	
Currently excluded but proposed to be included	501502	1630	CONTRACTORS MATERIALS	
Currently excluded but proposed to be included	501502	1720	MEAL ALLOWANCE BARGAINING UNIT	23.15
Currently excluded but proposed to be included	501502	2710	CELL PHONES	534.35
Currently excluded but proposed to be included	501502	6006	PHY INV ADJ PRB	
Excluded	501502	9140	PRLD COMPENSATED ABSENCES	45,310.04
Currently excluded but proposed to be included	501502	9200	FLEET LOADS	
Currently excluded but proposed to be included	501502	9300	MATERIAL LOADS	49.36
	501502 Total			345,831.95
Currently excluded but proposed to be included	501503	1199	OTHER MATERIALS NO LOADINGS	(0.00)
Currently excluded but proposed to be included	501503	4200	ACCOUNTING & CIS USE ONLY	(101,759.28)
Currently excluded but proposed to be included	501503	6044	SULFUR	
Excluded	501503	9140	PRLD COMPENSATED ABSENCES	

	501503 Total			(101,759.28)
Excluded	501504	1001	LABOR STRAIGHT TIME NON UNION	27,343.46
Currently excluded but proposed to be included	501504	1199	OTHER MATERIALS NO LOADINGS	764.02
Currently excluded but proposed to be included	501504	1226	OFCEQUIP&SUPP <THAN \$100PERITM	0.29
Currently excluded but proposed to be included	501504	1260	INDIV TECH/PROF DUES/MEMBR FEE	
Currently excluded but proposed to be included	501504	1320	CONSULTING FEES	4,326.58
Currently excluded but proposed to be included	501504	1399	OTHER OUTSIDE SERVICES	
Currently excluded but proposed to be included	501504	1400	AIRFARE & AIRLINE BAGGAGE FEES	166.68
Currently excluded but proposed to be included	501504	1405	BUSINESS MEALS	8.54
Currently excluded but proposed to be included	501504	1410	LODGING	789.22
Currently excluded but proposed to be included	501504	1420	MILEAGE REIMBURSEMENT	
Currently excluded but proposed to be included	501504	1425	PARKING FEES	12.89
Currently excluded but proposed to be included	501504	1499	TRAVEL OTHER	4.93
Currently excluded but proposed to be included	501504	6057	FGD BYPRODUCTS	
Excluded	501504	9140	PRLD COMPENSATED ABSENCES	5,412.40
Currently excluded but proposed to be included	501504	9200	FLEET LOADS	
Currently excluded but proposed to be included	501504	EX01	T&E ONLY AIRFARE&AIRLINE FEES	71.23
Currently excluded but proposed to be included	501504	EX03	T&E ONLY DUES/MEMB FEE/LICENSE	94.57
Currently excluded but proposed to be included	501504	EX06	T&E ONLY HOTEL/LODGING	-
Currently excluded but proposed to be included	501504	EX07	T&E ONLY MEALS & ENTERTAINMENT	
Currently excluded but proposed to be included	501504	EX08	T&E ONLY MILEAGE	
Currently excluded but proposed to be included	501504	EX09	T&E ONLY MISCELLANEOUS/OTHER	
Currently excluded but proposed to be included	501504	EX17	T&E ONLY TAXI/BUS/SHUTTLE/PARK	-
	501504 Total			38,994.81
Excluded	501506	1001	LABOR STRAIGHT TIME NON UNION	707,387.67
Excluded	501506	1005	LABOR STRAIGHT TIME UNION	3,224,375.04
Excluded	501506	1010	LABOR OVERTIME NON UNION	91,015.60
Excluded	501506	1015	LABOR OVERTIME UNION	1,127,055.70
Currently excluded but proposed to be included	501506	1100	COST OF MATERIAL INVENTORY	275,041.31
Currently excluded but proposed to be included	501506	1105	MATERIAL RETURNED TO INVENTORY	(1,067.50)
Currently excluded but proposed to be included	501506	1199	OTHER MATERIALS NO LOADINGS	1,743.26
Currently excluded but proposed to be included	501506	1299	OFFICE EXPENSES OTHER	
Currently excluded but proposed to be included	501506	1399	OTHER OUTSIDE SERVICES	1,911.15
Currently excluded but proposed to be included	501506	1430	MANAGEMENT PER DIEM	
Currently excluded but proposed to be included	501506	1610	CONTRACTORS MEALS	179.27
Currently excluded but proposed to be included	501506	1615	CONTRACTORS EQUIP RENTAL	324,048.93
Currently excluded but proposed to be included	501506	1620	CONTRACTORS FIXED FEE	-
Currently excluded but proposed to be included	501506	1625	CONTRACTORS LABOR	50,801.58
Currently excluded but proposed to be included	501506	1630	CONTRACTORS MATERIALS	158,190.58
Currently excluded but proposed to be included	501506	1699	CONTRACTORS OTHER MISC EXP	3,434.88
Currently excluded but proposed to be included	501506	1720	MEAL ALLOWANCE BARGAINING UNIT	14,996.72
Excluded	501506	9140	PRLD COMPENSATED ABSENCES	773,020.12
Currently excluded but proposed to be included	501506	9200	FLEET LOADS	76.55
Currently excluded but proposed to be included	501506	9300	MATERIAL LOADS	16,850.47
Currently excluded but proposed to be included	501506	EX08	T&E ONLY MILEAGE	2,252.79
Currently excluded but proposed to be included	501506	EX13	T&E ONLY SAFETY SHOES	73.91
	501506 Total			6,771,388.03

Excluded	501507	1001	LABOR STRAIGHT TIME NON UNION	182,182.09
Excluded	501507	1005	LABOR STRAIGHT TIME UNION	333,359.42
Excluded	501507	1010	LABOR OVERTIME NON UNION	21,397.48
Excluded	501507	1015	LABOR OVERTIME UNION	90,789.59
Currently excluded but proposed to be included	501507	1100	COST OF MATERIAL INVENTORY	3,733.16
Currently excluded but proposed to be included	501507	1105	MATERIAL RETURNED TO INVENTORY	
Currently excluded but proposed to be included	501507	1199	OTHER MATERIALS NO LOADINGS	1,278.22
Currently excluded but proposed to be included	501507	1615	CONTRACTORS EQUIP RENTAL	
Currently excluded but proposed to be included	501507	1625	CONTRACTORS LABOR	-
Currently excluded but proposed to be included	501507	1630	CONTRACTORS MATERIALS	18,937.80
Currently excluded but proposed to be included	501507	1720	MEAL ALLOWANCE BARGAINING UNIT	498.74
Excluded	501507	9140	PRLD COMPENSATED ABSENCES	101,286.75
Currently excluded but proposed to be included	501507	9200	FLEET LOADS	12.44
Currently excluded but proposed to be included	501507	9300	MATERIAL LOADS	713.65
	501507 Total			754,189.34
Excluded	501508	1001	LABOR STRAIGHT TIME NON UNION	
Excluded	501508	1005	LABOR STRAIGHT TIME UNION	351,916.26
Excluded	501508	1015	LABOR OVERTIME UNION	68,647.46
Currently excluded but proposed to be included	501508	1100	COST OF MATERIAL INVENTORY	2,238.13
Currently excluded but proposed to be included	501508	1105	MATERIAL RETURNED TO INVENTORY	
Currently excluded but proposed to be included	501508	1615	CONTRACTORS EQUIP RENTAL	46,056.00
Currently excluded but proposed to be included	501508	1620	CONTRACTORS FIXED FEE	7,046.98
Currently excluded but proposed to be included	501508	1625	CONTRACTORS LABOR	6,131.12
Currently excluded but proposed to be included	501508	1630	CONTRACTORS MATERIALS	509.30
Currently excluded but proposed to be included	501508	1699	CONTRACTORS OTHER MISC EXP	259.34
Currently excluded but proposed to be included	501508	1720	MEAL ALLOWANCE BARGAINING UNIT	157.50
Excluded	501508	9140	PRLD COMPENSATED ABSENCES	66,784.68
Currently excluded but proposed to be included	501508	9200	FLEET LOADS	
Currently excluded but proposed to be included	501508	9300	MATERIAL LOADS	273.08
	501508 Total			550,019.85
Excluded	501509	1001	LABOR STRAIGHT TIME NON UNION	16,172.81
Excluded	501509	1005	LABOR STRAIGHT TIME UNION	20,662.16
Excluded	501509	1010	LABOR OVERTIME NON UNION	
Excluded	501509	1015	LABOR OVERTIME UNION	2,005.57
Currently excluded but proposed to be included	501509	1100	COST OF MATERIAL INVENTORY	6,920.08
Currently excluded but proposed to be included	501509	1105	MATERIAL RETURNED TO INVENTORY	
Currently excluded but proposed to be included	501509	1199	OTHER MATERIALS NO LOADINGS	426.26
Currently excluded but proposed to be included	501509	1420	MILEAGE REIMBURSEMENT	272.24
Currently excluded but proposed to be included	501509	1615	CONTRACTORS EQUIP RENTAL	29,190.16
Currently excluded but proposed to be included	501509	1620	CONTRACTORS FIXED FEE	
Currently excluded but proposed to be included	501509	1625	CONTRACTORS LABOR	343,551.48
Currently excluded but proposed to be included	501509	1630	CONTRACTORS MATERIALS	675,840.14
Currently excluded but proposed to be included	501509	1699	CONTRACTORS OTHER MISC EXP	6,481.15
Currently excluded but proposed to be included	501509	1720	MEAL ALLOWANCE BARGAINING UNIT	-
Currently excluded but proposed to be included	501509	2710	CELL PHONES	98.80
Currently excluded but proposed to be included	501509	6099	FUEL OTHER	9.47
Excluded	501509	9140	PRLD COMPENSATED ABSENCES	8,703.73

Currently excluded but proposed to be included	501509	9200	FLEET LOADS	206.47
Currently excluded but proposed to be included	501509	9300	MATERIAL LOADS	790.34
Currently excluded but proposed to be included	501509	EX01	T&E ONLY AIRFARE&AIRLINE FEES	
Currently excluded but proposed to be included	501509	EX02	T&E ONLY CONF/SEMINAR/TRAIN RG	
Currently excluded but proposed to be included	501509	EX03	T&E ONLY DUES/MEMB FEE/LICENSE	187.11
Currently excluded but proposed to be included	501509	EX06	T&E ONLY HOTEL/LODGING	
Currently excluded but proposed to be included	501509	EX07	T&E ONLY MEALS & ENTERTAINMENT	
Currently excluded but proposed to be included	501509	EX08	T&E ONLY MILEAGE	22.70
Currently excluded but proposed to be included	501509	EX17	T&E ONLY TAXI/BUS/SHUTTLE/PARK	
	501509 Total			1,111,540.67
Excluded	501510	1001	LABOR STRAIGHT TIME NON UNION	119.20
Excluded	501510	1005	LABOR STRAIGHT TIME UNION	65,537.16
Excluded	501510	1010	LABOR OVERTIME NON UNION	272.35
Excluded	501510	1015	LABOR OVERTIME UNION	13,586.51
Currently excluded but proposed to be included	501510	1100	COST OF MATERIAL INVENTORY	7,626.67
Currently excluded but proposed to be included	501510	1105	MATERIAL RETURNED TO INVENTORY	(20,435.21)
Currently excluded but proposed to be included	501510	1199	OTHER MATERIALS NO LOADINGS	495.03
Currently excluded but proposed to be included	501510	1615	CONTRACTORS EQUIP RENTAL	12,291.83
Currently excluded but proposed to be included	501510	1625	CONTRACTORS LABOR	688.49
Currently excluded but proposed to be included	501510	1630	CONTRACTORS MATERIALS	129,142.84
Currently excluded but proposed to be included	501510	1699	CONTRACTORS OTHER MISC EXP	159.06
Currently excluded but proposed to be included	501510	1720	MEAL ALLOWANCE BARGAINING UNIT	15.03
Excluded	501510	9140	PRLD COMPENSATED ABSENCES	12,759.58
Currently excluded but proposed to be included	501510	9200	FLEET LOADS	35.70
Currently excluded but proposed to be included	501510	9300	MATERIAL LOADS	1,265.62
Currently excluded but proposed to be included	501510	EX08	T&E ONLY MILEAGE	-
	501510 Total			223,559.86
Currently included and proposed to be included*	509000	3200	AMORTIZATION DEBT EXP	
Excluded	509000	6070	WIND REC	(8,897.21)
Excluded	509000	6071	SOLAR REC	8.88
Currently included and proposed to be included*	509000	6075	SO2 AMORTIZATION	(3,985,074.75)
Excluded	509000	6171	WIND REC SPEARVILLE 2	
Excluded	509000	6172	WIND REC SPEARVILLE 3	(1,103.52)
Excluded	509000	6173	WIND REC CIMMARON	
Excluded	509000	6178	REC SUBSCRIPTION FEE	3,500.00
Excluded	509000	6179	REC REGISTRATION FEE	
Excluded	509000	6180	KS SOLAR REC 1	750.00
Excluded	509000	6181	KS WIND REC 1	50.00
Excluded	509000	6182	NE HYDRO	79,974.37
	509000 Total			(3,910,792.23)
Currently included and proposed to be included	518000	4100	WOLF CREEK/JEC OTHER	
Currently included and proposed to be included	518000	6038	NUCLEAR FUEL	26,824,079.07
	518000 Total			26,824,079.07
Currently included and proposed to be included	518100	4100	WOLF CREEK/JEC OTHER	
Currently included and proposed to be included	518100	6016	#2 FUEL OIL	299,239.09
	518100 Total			299,239.09
Currently included and proposed to be included	518201	4100	WOLF CREEK/JEC OTHER	



Currently included and proposed to be included	518201	6039	NUCLEAR FUEL DISPOSAL	
	518201 Total			
Currently included and proposed to be included	547000	1399	OTHER OUTSIDE SERVICES	
Currently included and proposed to be included	547000	6016	#2 FUEL OIL	760,596.20
Currently included and proposed to be included	547000	6018	PHY INV ADJ OIL	-
Currently included and proposed to be included	547000	6020	NATURAL GAS	4,181,180.59
Currently included and proposed to be included	547000	6021	SSCGP TRANSPORT	826,333.61
Currently included and proposed to be included	547000	6022	MGE TRANSPORT	25,119.44
Currently included and proposed to be included	547000	6024	PANHANDLE TRANSPORT	6,716.32
Excluded	547000	6025	GAS RESERVATION	-
Currently included but will be excluded in the future	547000	6026	HEDGING NATURAL GAS	(1,523,720.00)
Currently included and proposed to be included	547000	6027	REFUNDS NATURAL GAS	(233.00)
	547000 Total			4,275,993.16
Excluded	547027	6025	GAS RESERVATION	2,590,783.24
	547027 Total			2,590,783.24
Excluded	547100	1001	LABOR STRAIGHT TIME NON UNION	22,309.35
Excluded	547100	1005	LABOR STRAIGHT TIME UNION	27.35
Excluded	547100	1015	LABOR OVERTIME UNION	
Currently excluded but proposed to be included	547100	1199	OTHER MATERIALS NO LOADINGS	510.00
Currently excluded but proposed to be included	547100	1240	SUBSCRIPTIONS & PUBLICATIONS	
Currently excluded but proposed to be included	547100	1399	OTHER OUTSIDE SERVICES	
Currently excluded but proposed to be included	547100	6099	FUEL OTHER	
Excluded	547100	9140	PRLD COMPENSATED ABSENCES	4,031.54
Currently excluded but proposed to be included	547100	9200	FLEET LOADS	
	547100 Total			26,878.24
Excluded	547101	1001	LABOR STRAIGHT TIME NON UNION	
Excluded	547101	9140	PRLD COMPENSATED ABSENCES	
	547101 Total			
Currently excluded but proposed to be included	547102	1199	OTHER MATERIALS NO LOADINGS	1,178.04
Currently excluded but proposed to be included	547102	1240	SUBSCRIPTIONS & PUBLICATIONS	
Currently excluded but proposed to be included	547102	1299	OFFICE EXPENSES OTHER	1,626.53
Currently excluded but proposed to be included	547102	1320	CONSULTING FEES	16,600.47
Currently excluded but proposed to be included	547102	1399	OTHER OUTSIDE SERVICES	20,307.18
Currently excluded but proposed to be included	547102	6099	FUEL OTHER	
Excluded	547102	9140	PRLD COMPENSATED ABSENCES	
	547102 Total			39,712.22
Excluded	547103	1005	LABOR STRAIGHT TIME UNION	
Excluded	547103	1015	LABOR OVERTIME UNION	
Excluded	547103	9140	PRLD COMPENSATED ABSENCES	
Currently excluded but proposed to be included	547103	9200	FLEET LOADS	
	547103 Total			
Currently included and proposed to be included	547300	6041	AMMONIA/UREA	30,740.73
Currently included and proposed to be included	547300	6099	FUEL OTHER	
	547300 Total			30,740.73
	Grand Total			304,505,907.71

\* Missouri portion only

§35.14

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The filing utility shall describe generally its program for providing reliable and economic power for the period beginning with the date of the filing and ending with the tenth year after the test period. The statement shall include an assessment of the relative costs of adopting alternative strategies including an analysis of alternative production plant, *e.g.*, cogeneration, small power production, heightened load management and conservation efforts, additions to transmission plant or increased purchases of power, and an explanation of why the program adopted is prudent and consistent with a least-cost energy supply program.

(Federal Power Act, 16 U.S.C. 791-823c; Dept. of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267, 3 CFR 142 (1978); Pub. L. 96-511, 94 Stat. 2812 (44 U.S.C. 3501 *et seq.*)

[Order 91, 45 FR 46363, July 10, 1980]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting §35.13, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

Subpart C—Other Filing Requirements

§35.14 Fuel cost and purchased economic power adjustment clauses.

(a) Fuel adjustment clauses (fuel clause) which are not in conformity with the principles set out below are not in the public interest. These regulations contemplate that the filing of proposed rate schedules, tariffs or service agreements which embody fuel clauses failing to conform to the following principles may result in suspension of those parts of such rate schedules, tariffs, or service agreements:

(1) The fuel clause shall be of the form that provides for periodic adjustments per kWh of sales equal to the difference between the fuel and purchased economic power costs per kWh of sales in the base period and in the current period:

Adjustment Factor =  $F_m/S_m - F_b/S_b$

Where: *F* is the expense of fossil and nuclear fuel and purchased economic power in the base (*b*) and current (*m*) periods; and *S* is the kWh sales in the

base and current periods, all as defined below.

(2) Fuel and purchased economic power costs (*F*) shall be the cost of:

(i) Fossil and nuclear fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants.

(ii) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (a)(2)(iii) of this section.

(iii) The total cost of the purchase of economic power, as defined in paragraph (a)(1) of this section, if the reserve capacity of the buyer is adequate independent of all other purchases where non-fuel charges are included in either  $F_b$  or  $F_m$ :

(iv) Energy charges for any purchase if the total amount of energy charges incurred for the purchase is less than the buyer's total avoided variable cost;

(v) And less the cost of fossil and nuclear fuel recovered through all inter-system sales.

(3) Sales (*S*) must be all kWh's sold, excluding inter-system sales. Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of: (i) Generation, (ii) purchases, (iii) exchange received, less (iv) energy associated with pumped storage operations, less (v) inter-system sales referred to in paragraph (a)(2)(iv) of this section, less (vi) total system losses.

(4) The adjustment factor developed according to this procedure shall be modified to properly allow for losses (estimated if necessary) associated only with wholesale sales for resale.

(5) The adjustment factor developed according to this procedure may be further modified to allow the recovery of gross receipts and other similar revenue based tax charges occasioned by the fuel adjustment revenues.

(6) The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518, except that if Account 518 also contains any expense for fossil fuel

which has already been included in the cost of fossil fuel, it shall be deducted from this account. (Paragraph C of Account 518 includes the cost of other fuels used for ancillary steam facilities.)

(7) Where the cost of fuel includes fuel from company-owned or controlled<sup>1</sup> sources, that fact shall be noted and described as part of any filing. Where the utility purchases fuel from a company-owned or controlled source, the price of which is subject to the jurisdiction of a regulatory body, and where the price of such fuel has been approved by that regulatory body, such costs shall be presumed, subject to rebuttal, to be reasonable and includable in the adjustment clause. If the current price, however, is in litigation and is being collected subject to refund, the utility shall so advise the Commission and shall keep a separate account of such amounts paid which are subject to refund, and shall advise the Commission of the final disposition of such matter by the regulatory body having jurisdiction. With respect to the price of fuel purchases from company-owned or controlled sources pursuant to contracts which are not subject to regulatory authority, the utility company shall file such contracts and amendments thereto with the Commission for its acceptance at the time it files its fuel clause or modification thereof. Any subsequent amendment to such contracts shall likewise be filed with the Commission as a rate schedule change and may be subject to suspension under section 205 of the Federal Power Act. Fuel charges by affiliated companies which do not appear to be reasonable may result in the suspension of the fuel adjustment clause or cause an investigation thereof to be made by the Commission on its own motion under section 206 of the Federal Power Act.

(8) All rate filings which contain a proposed new fuel clause or a change in an existing fuel clause shall conform such clauses with the regulations. Within one year of the effectiveness of this rulemaking, all public utilities

with rate schedules that contain a fuel clause should conform such clauses with the regulations. Recognizing that individual public utilities may have special operating characteristics that may warrant granting temporary delays in the implementation of the regulations, the Commission may, upon showing of good cause, waive the requirements of this section of the regulations for an additional one-year period so as to permit the public utilities sufficient time to adjust to the requirements.

(9) All rate filings containing a proposed new fuel clause or change in an existing fuel clause shall include:

(i) A description of the fuel clause with detailed cost support for the base cost of fuel and purchased economic power or energy.

(ii) Full cost of service data unless the utility has had the rate approved by the Commission within a year, provided that such cost of service may not be required when an existing fuel cost adjustment clause is being modified to conform to the Commission's regulations.

(10) Whenever particular circumstances prevent the use of the standards provided for herein, or the use thereof would result in an undue burden, the Commission may, upon application under § 385.207 of this chapter and for good cause shown, permit deviation from these regulations.

(11) For the purpose of paragraph (a)(2)(iii) of this section, the following definitions apply:

(i) *Economic power* is power or energy purchased over a period of twelve months or less where the total cost of the purchase is less than the buyer's total avoided variable cost.

(ii) *Total cost of the purchase* is all charges incurred in buying economic power and having such power delivered to the buyer's system. The total cost includes, but is not limited to, capacity or reservation charges, energy charges, adders, and any transmission or wheeling charges associated with the purchase.

(iii) *Total avoided variable cost* is all identified and documented variable costs that would have been incurred by the buyer had a particular purchase not been made. Such costs include, but

<sup>1</sup>As defined in the Commission's Uniform System of Accounts 18 CFR part 101, Definitions 5B.

are not limited to, those associated with fuel, start-up, shut-down or any purchases that would have been made in lieu of the purchase made.

(12) For the purpose of paragraph (a)(2)(iii) of this section, the following procedures and instructions apply:

(1) A utility proposing to include purchase charges other than those for fuel or energy in fuel and purchased economic power costs ( $F$ ) under paragraph (a)(2)(iii) of this section shall amend its fuel cost adjustment clause so that it is consistent with paragraphs (a)(1) and (a)(2)(iii) of this section. Such amendment shall state the system reserve capacity criteria by which the system operator decides whether a reliability purchase is required. Where the utility filing the statement is required by a State or local regulatory body (including a plant site licensing board) to file a capacity criteria statement with that body, the system reserve capacity criteria in the statement filed with the Commission shall be identical to those contained in the statement filed with the State or local regulatory body. Any utility that changes its reserve capacity criteria shall, within 45 days of such change, file an amended fuel cost and purchased economic power adjustment clause to incorporate the new criteria.

(ii) Reserve capacity shall be deemed adequate if, at the time a purchase was initiated, the buyer's system reserve capacity criteria were projected to be satisfied for the duration of the purchase without the purchase at issue.

(iii) The total cost of the purchase must be projected to be less than total avoided variable cost, at the time a purchase was initiated, before any non-fuel purchase charge may be included in  $F_m$ .

(iv) The purchasing utility shall make a credit to  $F_m$  after a purchase terminates if the total cost of the purchase exceeds the total avoided variable cost. The amount of the credit shall be the difference between the total cost of the purchase and the total avoided variable cost. This credit shall be made in the first adjustment period after the end of the purchase. If a utility fails to make the credit in the first adjustment period after the end of the purchase, it shall, when making the

credit, also include in  $F_m$  interest on the amount of the credit. Interest shall be calculated at the rate required by §35.19a(a)(2)(iii) of this chapter, and shall accrue from the date the credit should have been made under this paragraph until the date the credit is made.

(v) If a purchase is made of more capacity than is needed to satisfy the buyer's system reserve capacity criteria because the total costs of the extra capacity and associated energy are less than the buyer's total avoided variable costs for the duration of the purchase, the charges associated with the non-reliability portion of the purchase may be included in  $F$ .

(Approved by the Office of Management and Budget under control number 1902-0096)

(Federal Power Act, 16 U.S.C. 824d, 824e and 825h (1976 & Supp. IV 1990); Department of Energy Organization Act, 42 U.S.C. 7171, 7172 and 7173(c) (Supp. IV 1990); E.O. 12009, 3 CFR part 142 (1978); 5 U.S.C. 553 (1978))

(Order 271, 28 FR 10573, Oct. 2, 1963, as amended by Order 421, 36 FR 3047, Feb. 17, 1971; 39 FR 40583, Nov. 19, 1974; Order 225, 47 FR 19056, May 3, 1982; Order 352, 48 FR 55436, Dec. 13, 1983; 49 FR 5073, Feb. 10, 1984; Order 529, 55 FR 47321, Nov. 13, 1990; Order 600, 63 FR 53909, Oct. 7, 1998; Order 714, 73 FR 57532, Oct. 3, 2008; 73 FR 63886, Oct. 28, 2008)

#### §35.15 Notices of cancellation or termination.

(a) *General rule.* When a rate schedule, tariff or service agreement or part thereof required to be on file with the Commission is proposed to be cancelled or is to terminate by its own terms and no new rate schedule, tariff or service agreement or part thereof is to be filed in its place, a filing must be made to cancel such rate schedule, tariff or service agreement or part thereof at least sixty days but not more than one hundred-twenty days prior to the date such cancellation or termination is proposed to take effect. A copy of such notice to the Commission shall be duly posted. With such notice, each filing party shall submit a statement giving the reasons for the proposed cancellation or termination, and a list of the affected purchasers to whom the notice has been provided. For good cause shown, the Commission may by order provide that the notice of cancellation or termination shall be effective as of a

(3) The interest rate, including the method used to determine the interest earning rates and interest borrowing rates for deposits into and borrowings from the program; and

(4) The method used to allocate interest income and expenses among public utilities or licensees in the program.

**NOTE A:** On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

**NOTE B:** The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

#### 151 Fuel stock (Major only).

This account shall include the book cost of fuel on hand.

##### *Items*

1. Invoice price of fuel less any cash or other discounts.
2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.
4. Operating, maintenance and depreciation expenses and ad valorem taxes on utility-owned transportation equipment used to transport fuel from the point of acquisition to the unloading point.
5. Lease or rental costs of transportation equipment used to transport fuel from the point of acquisition to the unloading point.

#### 152 Fuel stock expenses undistributed (Major only).

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein shall not exceed the expenses attributable to the inventory of fuel on hand.

##### ITEMS

##### Labor:

1. Procuring and handling of fuel.
  2. All routine fuel analyses.
  3. Unloading from shipping facility and putting in storage.
  4. Moving of fuel in storage and transferring from one station to another.
  5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.
  6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.
- Supplies and Expenses:
7. Tools, lubricants and other supplies.
  8. Operating supplies for mechanical equipment.
  9. Transportation and other expenses in moving fuel.
  10. Stores expenses applicable to fuel.

#### 153 Residuals (Major only).

This account shall include the book cost of any residuals produced in production or manufacturing processes.

#### 154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. For Nonmajor utilities, this account shall include the cost of fuel on hand and unapplied materials and supplies (except meters and house regulators). For both Major and Nonmajor utilities, it shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of