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-2014-0370**

STAFF'S RESPONSE TO COMMISSION REQUESTS

COMES NOW the Staff of the Missouri Public Service Commission and, in response to requests one or more Commissioner voiced during discussions of this case during its open meeting on August 19, 2015, after soliciting input from representatives of KCPL (Kansas City Power & Light Company) and GMO (KCP&L Greater Missouri Operations Company), Public Counsel and MIEC, and receiving it from representatives of KCPL/GMO and Public Counsel, provides the following:

With regard to the Commission's discussion during its August 19, 2015 open meeting of Item 7 of Exhibit A to KCPL's August 14, 2015, response to Commissioner August 12, 2015, open meeting questions, with regard to SO_2 amortizations and emission allowances, the following:

An amortization is a regulatory treatment of costs or revenues that allow for recovery of a fixed amount over a fixed period of time, i.e. 3, 5, 10 years or such time that the costs or revenues are recalculated during a rate case.

Currently GMO has the following in its FAC tariff regarding SO_2:

> E= Net Emissions Costs:
> The following costs and revenues reflected in FERC Account Numbers 509, 411.8 and 411.9: emission allowance costs offset by revenues from the sale of emission allowances including any associated hedging costs, and broker commissions, fees, commodity based services and margins.

Representatives of KCPL/GMO informed Staff that deferred SO_2 revenue amortizations were included in the calculation of its FAC base factor. Emission costs, if any, are included in the calculation of the amounts flowed through GMO's FAC for each accumulation period as they are incurred. When the net costs incurred in an accumulation period is compared to the amount calculated using the base rate set in its most recent rate case, only the difference impacts the FAC rates used to determine FAC charges billed to customers.

Currently Union Electric Company d/b/a Ameren Missouri has the following in its FAC tariff regarding SO_2:

> E = Costs and revenues for SO_2 and NO_X emissions allowances in FERC Accounts 411.8, 411.9, and 509, including those associated with hedging.

Currently The Empire District Electric Company has the following in its FAC tariff regarding SO_2:

> E = Net Emission Costs:
> The following costs and revenues reflected in FERC Accounts 509, 411.8 and 411.9 (or any other account FERC may designate for emissions expense in the future): emission allowance costs offset by revenues from the sale of emission allowances including any associated hedging.

With regard to the Commission's discussion during its August 19, 2015 open meeting of Item 11 of Exhibit A to KCPL's August 14, 2015, response to Commissioner August 12, 2015, open meeting questions, with regard to "full and partial requirements contracts" language in the definition of Off System Sales Revenue (OSSR), the following:

Staff discussed this issue during a conference call with representatives from KCPL/GMO and OPC.

The definition of OSSR in GMO's FAC tariff follows:

> OSSR = Revenues from Off-System Sales:
> The following revenues or costs reflected in FERC Account Number 447: all revenues from off-system sales but excluding revenues from full and partial requirements sales to Missouri municipalities that are associated with GMO, hedging costs, SPP EIS market charges, and SPP Integrated Market revenues.

GMO's FAC tariff currently includes the phrase "excluding revenues from full and partial requirements sales to Missouri municipalities." GMO currently has contracts with Missouri municipalities which are not treated as off-system sales; therefore, this exclusionary language is required to exclude the costs and revenues of these contracts from GMO's FAC.

The definition of OSSR in Empire's FAC tariff follows:

> OSSR = Revenue from Off-System Sales (Excluding revenue from full and partial requirements sales to municipalities):
> The following revenues or costs reflected in FERC Account 447: all revenues from off-system sales, including capacity charges associated with sales contracts shorter than 1 year, and SPP energy and operating market revenues, including but not limited to the following: (see Note A. below)
> i. Energy;
> ii. Ancillary Services including;
> a. Regulating Reserve Service
> b. Energy Imbalance Service
> c. Spinning Reserve Service
> d. Supplemental Reserve Service
> iii. Revenue Sufficiency;
> iv. Losses;
> v. Revenue Neutrality;
> vi. Demand Reduction;
> vii. Grandfathered Agreements;
> viii. Pseudo-tie;
> ix. Miscellaneous;
> x. Hedging.
> Note A Should FERC require any item covered by factors FC, PP, E, REC or OSSR to be recorded in an

> account different than the FERC accounts listed in such factors, such items shall nevertheless be included in factor FC, PP, E, REC or OSSR. 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 this Rider FAC are to be recorded in the account.

Empire's FAC tariff currently includes the phrase "excluding revenues from full and partial requirements sales to municipalities." Empire currently has contracts with municipalities within its service territory which are not treated as off-system sales; therefore, this exclusionary language is required to exclude the costs and revenues of these contracts from Empire's FAC.

The definition of OSSR in Ameren Missouri's FAC tariff follows:

> OSSR = Costs and revenues in FERC Account 447 for:
> 1. Capacity;
> 2. Energy;
> 3. Ancillary services, including:
> A. Regulating reserve service (MISO Schedule 3, or its successor);
> B. Energy Imbalance Service (MISO Schedule 4, or its successor;
> C. Spinning reserve service (MISO Schedule 5, or its successor); and
> D. Supplemental reserve service (MISO Schedule 6, or its successor);
> 4. Make-whole payments, including:
> A. Price volatility; and
> B. Revenue sufficiency guarantee; and
> 5. Hedging.

The language that references "full and partial requirements contracts" that was included in Ameren Missouri's FAC tariff was removed in Case No. ER-2012-0166. This language was removed because Ameren Missouri had several small municipal contracts in force, and was not going to add these types of contracts in the future.

During Case No. ER-2012-0166 parties agreed, or did not oppose, that all revenues and costs from these existing contracts would be treated as off-system sales and, therefore, be included in Ameren Missouri's FAC. As a result, the exclusionary language that had been previously included in its FAC tariff was no longer needed.

KCPL, like GMO, has contracts with municipalities which are not treated as off-system sales. Therefore, the exclusionary language "excluding full and partial requirements sales" is needed in KCPL's FAC tariff. Not only is this consistent with the other electric utilities in Missouri that have these types of contracts, it also fairly represents KCPL's current operations.

Respectfully submitted,

/s/ Nathan Williams

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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 by electronic mail to all counsel of record on this 25th day of August, 2015.

/s/ Nathan Williams