

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

In the Matter of KCP&L Greater Missouri	)	
Operations Company Request for Authority	)	
to Implement Rate Adjustments Required by	)	<b><u>File No. ER-2017-0357</u></b>
4 CSR 240-20.090(4) and the Company's	)	Tariff No. JE-2017-0280
Approved Fuel and Purchased Power Cost	)	
Recovery Mechanism	)	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET TO CHANGE RATES  
RELATED TO KCP&L GREATER MISSOURI OPERATIONS COMPANY'S  
FUEL ADJUSTMENT CLAUSE**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its recommendation to approve revised tariff sheet, respectfully states:

1. On June 30, 2017, KCP&L Greater Missouri Operations Company ("GMO") filed a proposed tariff sheet,<sup>1</sup> a filing letter, supporting direct testimony, and other information pursuant to Commission Rules 4 CSR 240-3.161(7) and 4 CSR 240-20.090(4) to adjust its Fuel Adjustment Rates ("FARs")<sup>2</sup> used to determine customer charges related to its fuel adjustment clause ("FAC").

2. Rule 4 CSR 240-20.090(4) requires the Commission's Staff to examine and analyze the information GMO has filed and submitted and to file a recommendation with the Commission not later than 30 days after GMO made its filing in this case which is no later than July 31, 2017.

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<sup>1</sup> GMO, P.S.C.MO. No. 1, 1st Revised Sheet No. 127.12 Canceling Original Sheet No. 127.12.

<sup>2</sup> See lines 16 and 19 on 1st Revised Sheet No. 127.12.

## **BACKGROUND**

3. In GMO's most recent general rate case, Case No. ER-2016-0156, multiple parties to the case were signatories to a *Non-Unanimous Stipulation and Agreement* ("Agreement") that was filed September 20, 2016, and approved by the Commission on September 28, 2016. As part of the Agreement, GMO's MPS and L&P rate districts were consolidated into a single GMO rate district on February 22, 2017.

Section 15 of the Agreement provided for:

The consolidation of the FAC for the consolidation of the L&P and MPS rate districts will be established at the date rates go into effect in this case and the historical cost recovery will be consolidated using weighted energy components for MPS and L&P.

4. As a result of GMO's 2016 general rate case, the MPS and L&P rate districts were consolidated on February 22, 2017, and a GMO base factor of \$0.2055 per kWh was first used to bill GMO's customer for the net base energy cost. As a result of GMO's 2013 general rate case, Case No. ER-2012-0175, from January 26, 2013 through February 21, 2017, the MPS rate district base factor used for billing MPS customers was \$0.02278 per kWh and the L&P rate district base factor used for billing L&P customers was \$0.02076 per kWh.

## **ANALYSIS**

5. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet as filed by GMO on June 30, 2017.

6. GMO requests Commission approval of one revised tariff sheet bearing an effective date of September 1, 2017, to revise the current annual FARs of its FAC. The filing includes testimony and workpapers of GMO witness Lisa A. Starkebaum

supporting GMO’s calculation of the current annual Fuel and Purchased Power Adjustment (“FPA”) amount of \$1,920,010 (line 11 of 1<sup>st</sup> Revised Sheet No. 127.12) for Accumulation Period 20 (“AP20”) for the period of December 1, 2016 through May 31, 2017. Staff’s *Memorandum* explains the calculation of this FPA amount.

7. As further explained in Staff’s *Memorandum*, this FPA amount includes the true-up amount and interest amount for GMO for Recovery Period 17 (March 1, 2016, through February 28, 2017) filed by GMO on June 30, 2017 in File No. ER-2017-0359.

8. Listed below are GMO’s proposed Current Annual FARs listed on GMOs 1<sup>st</sup> Revised Sheet No. 127.12, and the now effective Current Annual FARs listed on GMO’s 14<sup>th</sup> Revised Sheet No. 127 together with the changes between them for primary and secondary service levels:

GMO Current Annual Fuel Adjustment Rate per kWh			
Service	<u>Proposed</u> 1 <sup>st</sup> Revised Sheet No. 127.12	<u>Now Effective</u> 14 <sup>th</sup> Revised Sheet No. 127	Difference
Primary	\$0.00045	(\$0.00180)	\$0.00225 Increase
Secondary	\$0.00046	(\$0.00185)	\$0.00231 Increase

9. Based on an average use of 1000 kWh per month, the proposed changes to the FARs will result in an increase to a typical GMO residential customer bill of approximately \$2.31 per month.

10. Staff reviewed GMO’s proposed tariff sheet, 1<sup>st</sup> Revised Sheet No. 127.12 Canceling Original Sheet No. 127.12, GMO witness Lisa A. Starkebaum’s direct testimony, and workpapers, as well as GMO’s monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 20. Staff verified that the

actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenue in GMO's proposed 1<sup>st</sup> Revised Tariff Sheet No. 127.12. Staff also reviewed GMO's monthly interest rates and interest amounts that are applied to 95% of the monthly cumulative under/over recovery of base fuel and purchased power costs for Accumulation Period 20, and verified that the monthly interest rates and calculations of interest amounts are correct.

11. Staff notes that new rates from GMO's general rate case ER-2016-0156 went into effect on February 22, 2017. From December 1, 2016 through February 21, 2017 the costs for the St. Joseph Landfill gas facility flowed through the FAC. On February 22, 2017 and thereafter, costs for the St. Joseph Landfill gas facility flow through GMO's Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM").

12. Staff has verified that GMO is not delinquent on any assessment and has filed its 2016 Annual Report. GMO is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5).

13. Except for GMO's RP17 true-up filing that is the subject of File No. ER-2017-0359 (also filed on June 30, 2017), Staff is not aware of any other matter before the Commission that affects or is affected by this tariff filing.

**WHEREFORE**, for the reasons stated above and in Staff's *Memorandum*, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet as filed on June 30, 2017 to become effective on September 1, 2017 as requested by GMO:

Respectfully submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 31<sup>st</sup> day of July, 2017, to all counsel of record.

**/s/ Robert S. Berlin**