

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

In the Matter of KCP&L Greater Missouri)	
Operations Company for Authority to File)	<u>File No. HT-2016-0284</u>
Tariffs Changing the Steam QCA for)	<u>Tracking No. YH-2017-0054</u>
Service Provided to Customers in its)	
Service Territory)	

STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission (“Commission”) and, for its recommendation to approve tariff sheet filed by KCP&L Greater Missouri Operations (“GMO”), respectfully states:

1. In the attached Memorandum (Appendix A) the Staff recommends the Commission approve the tariff sheet GMO filed on July 15, 2016, to become effective September 1, 2016.

2. On October 14, 2016, GMO filed its tariff sheet to make a quarterly cost adjustment required by GMO’s Quarterly Cost Adjustment (“QCA”) Rider, which the Commission approved in Case No. HR-2005-0450, and modified in Case Nos. HR-2009-0092 and HR-2010-0028. The QCA Rider requires quarterly rate adjustments, with provisions for true-ups of revenues collected with costs intended for collection.

3. On October 14, 2016, the Commission directed Staff to file a recommendation no later than November 4, 2016.

4. On November 1, 2016, GMO filed a substitute tariff sheet.

5. Staff reviewed the substitute tariff sheet and is of the opinion that the quarterly cost adjustment for the third quarter of 2016 has been calculated in

accordance with the provisions of the Quarterly Cost Adjustment Rider tariff and complies with the Commission's Order in HR-2010-0028.

6. The proposed QCA Rider reflects a negative charge which is a reduction to customer bills represents the customer share of the variation in fuel cost for the most recent quarter. Customers will receive an overall rate decrease of \$241,928 in the quarterly adjusted fuel costs when compared to the same quarter last year with the overall decrease mostly due to the impact of lower gas costs for generation.

7. The Staff recommends the Commission issue an order approving the tariff sheet to become effective December 1, 2016, as requested by GMO, or allow it to go into effect by operation of law.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission approve the Tariff Sheet GMO filed in this case file to become effective on December 1, 2016, or allow it to go into effect by operation of law to wit:

P.S.C. MO. No. 1

30th Revised Sheet No. 6.10, Canceling 29th Revised Sheet No. 6.10

Respectfully submitted,

/s/ Hampton Williams

Wm. Hampton Williams

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Missouri Bar No. 65633

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record on this 4th day of November, 2016.

/s/ Hampton Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. HT-2016-0284, Tariff Tracking No. YH-2017-0054
KCP&L Greater Missouri Operations Company

FROM: Michael Stahlman, Regulatory Economist III

/s/ Robin Kliethermes 11/4/2016 /s/ Hampton Williams 11/4/2016
Manager Tariff and Rate Design Unit/ Date Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve the Tariff Sheet Filed to Add the Quarterly Cost Adjustment for the Third Quarter of 2016 to the Quarterly Cost Adjustment Rider – Steam of KCP&L Greater Missouri Operations Company to go into effect on December 1, 2016, or to go into effect by operation of law that same date.

DATE: November 4, 2016

On October 14, 2016, KCP&L Greater Missouri Operations Company (“GMO”) filed with the Commission one (1) tariff sheet for steam service to add the quarterly cost adjustment (“QCA”) for the third quarter of 2016. The adjustment is required by GMO’s Quarterly Cost Adjustment Rider, which the Commission approved in Case No. HR-2005-0450, and modified in Case Nos. HR-2009-0092 and HR-2010-0028.

GMO’s filing included the proposed tariff sheet and supporting work papers consisting of electronic worksheets showing GMO’s calculation of the QCA for the third quarter of 2016.

On October 14, 2016, the Commission directed Staff to file a recommendation on the pending tariff no later than November 4, 2016.

On November 1, 2016, GMO filed a substitute tariff sheet and supporting work papers that corrected a calculation error.

The procedure for the calculation of the QCA for steam service sales is set out in GMO’s Tariff Sheet Nos. 6.6 through 6.10, which are titled “Quarterly Cost Adjustment Rider – Steam.” The QCA calculation components as described in Tariff Sheet Nos. 6.6 and 6.7 include the Current Quarterly Cost Adjustment (CQCA), the Reconciliation Rate or “R factor” plus any applicable reconciling adjustments. Additionally, Tariff Sheet 6.8 includes Coal Performance Standards.

The QCA Rider for this revision 29 of Tariff Sheet No. 6.10 reflects a negative charge per million British Thermal Units (“BTU”) of (\$1.7149) as compared to a negative charge per million BTU of (\$1.7041) that was reflected on the previous revision 29 of Tariff Sheet No. 6.10. The QCA Rider negative charge is a reduction to customer bills’ to reflect the customer share of the variation in fuel cost for the most recent quarter. The QCA Rider rate reflects a decrease of (\$241,928) in the quarterly adjusted fuel costs when compared to the same quarter last year with the overall decrease principally due to the impact of gas costs for generation. The Reconciliation Rate or R factor component reflects an increase of \$3,119 when compared to the same quarter last year.

In addition, GMO made adjustments to the proposed QCA quarterly and annual coal performance standards comply with the provisions set out in the Quarterly Cost Adjustment Rider, section 2.

2. Coal Performance Standard

a. There shall be defined minimum amounts of coal generation. The BTUs from coal, for the purposes of the Quarterly Cost Adjustment mechanism shall be the actual BTUs for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 460,000 million for the most recent three (3) months, and shall not be less than 1,920,000 million for the most recent twelve (12) months. If coal generation falls below any defined minimum amount, additional coal generation will be imputed for the computation period up to the defined minimum that produces the largest adjustment and the amount of gas fired generation for the computation period will be reduced for the purposes of the Quarterly Cost Adjustment by a like amount.

GMO used only 446,677 mmBTUs of coal during the most recent three month period which necessitated the imputation of additional coal generation to meet the three month Coal Performance Standard. As a result of this adjustment and the changes discussed above, the QCA reflects a negative charge of (\$1.7149) per million BTU compared to the negative charge of (\$1.7041) per million BTU from the previous quarter.

Staff reviewed the data and mathematical calculations GMO provided in its worksheets and found GMO's calculations related to the filed tariff sheet to be correct, and that the calculations satisfy the standards set forth in GMO's Tariff Sheet Nos. 6.6 through 6.10. The calculations are also consistent with previous GMO QCA filings.

Staff Recommendation

Staff has reviewed the filed tariff sheet and recommends approval of the following tariff sheet to go into effect for service on and after December 1, 2016, the requested effective date:

P.S.C. MO. No. 1

30th Revised Sheet No. 6.10 Canceling 29th Revised Sheet No. 6.10

Staff has verified that GMO is not delinquent on any assessment and has filed its 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). Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. Staff's recommendation for approval of the QCA change in this case is solely based on the accuracy of GMO's calculations, R factor adjustments, and an adjustment for Coal Performance Standards outlined above and is not indicative of the prudence of the fuel costs included in the QCA.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations)
Company for Authority to File Tariffs Changing the) **File No. HT-2016-0284**
Steam QCA for Service Provided to Customers in its)
Service Territory)

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

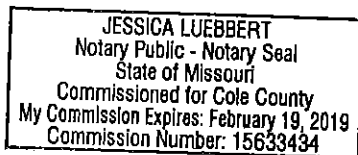
COMES NOW, Michael L. Stahlman, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Michael L. Stahlman

Subscribed and sworn to be this 4th day of November, 2016.



Notary Public