

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

In the Matter of KCP&L Greater Missouri	)	
Operations Company's Tariffs Changing	)	<b><u>File No. HT-2018-0293</u></b>
The Steam QCA for Service Provided to	)	Tariff Tracking No. JH-2018-0135
Customers in its Service Territory	)	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET**

**COMES NOW** the Staff of the Public Service Commission of Missouri and, for its Staff Recommendation to Approve Tariff Sheet, states:

1. On April 16, 2018, KCP&L Greater Missouri Operations Company (“GMO”) filed with the Commission one tariff sheet, 36<sup>th</sup> Revised Sheet No. 6.10 bearing an effective date of June 1, 2018, to add the quarterly cost adjustment (“QCA”) for steam service customers for the first quarter of calendar year 2018.

2. GMO's filing includes the proposed tariff sheet and supporting workpapers consisting of electronic worksheets showing its calculation of the QCA. The proposed tariff sheet reflects a customer credit per million British Thermal Units (“BTU”) of \$(1.6972)<sup>1</sup> as compared to a customer credit of \$(1.6665) per million BTU reflected on the previous 35<sup>th</sup> Revised Sheet No. 6.10. The change resulting from this filing causes more of a customer credit in the QCA Rider rate and is the result of the net effect of:

- 1) a \$234,955 increase in the quarterly adjusted fuel costs when compared to the same quarter last year, and
- 2) the decrease of the Reconciliation Rate (R Factor) component of (\$5,976).

While both above components would suggest an increase in the QCA Rider rate, a greater portion of the fuel was used to serve steam service customers compared to the same quarter last year, resulting in a larger portion of the cheaper fuel being allocated to steam and an overall QCA decrease.

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<sup>1</sup> A “(bracketed amount)” represents a credit to the customer. The credit is also sometimes referred to as a “negative charge” as reflected by the brackets. In this instance, the customer will receive a credit in the amount of \$1.6972 per million BTU.

3. For a steam service customer, this would mean a decrease of approximately \$30.70 for every thousand MMBTUs used. As more fully explained in its Memorandum, attached hereto as Appendix A, the Staff has reviewed the data and calculations provided by GMO related to its proposed tariff sheet and has determined that it is correct and satisfies the standards set forth in GMO's Tariff Sheet Nos. 6.6 through 6.10.

4. 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 and is not indicative of the prudence of the fuel costs included in the QCA.

**WHEREFORE**, for the reasons discussed above and in Staff's Memorandum, the Staff recommends the Commission either issue an order approving the proposed tariff sheet as filed by GMO on April 16, 2018, to go into effect June 1, 2018, or to allow it to go into effect by operation of law that same date:

P.S.C. MO. No. 1

36<sup>th</sup> Revised Sheet No. 6.10 Canceling 35<sup>th</sup> Revised Sheet No. 6.10

Respectfully Submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin

Deputy Staff Counsel

Missouri Bar No. 51709

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Missouri Public Service Commission

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 4<sup>th</sup> day of May, 2018.

**/s/ Robert S. Berlin**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. HT-2018-0293, Tariff Tracking No. JH-2018-0135  
KCP&L Greater Missouri Operations Company

**FROM:** Michael L. Stahlman, Regulatory Economist III

/s/ Robin Kliethermes 5/4/2018      /s/ Robert S. Berlin 5/4/2018  
Manager Tariff and Rate Design/ Date      Staff Counsel Division / Date

**SUBJECT:** Staff Recommendation to Approve the Tariff Sheet Filed to Add the Cost Adjustment for the First Quarter of 2018 to the Quarterly Cost Adjustment Rider – Steam of KCP&L Greater Missouri Operations Company to go into effect on June 1, 2018, or to go into effect by operation of law that same date.

**DATE:** May 4, 2018

On April 16, 2018, 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 first quarter of 2018. 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 workpapers consisting of electronic worksheets showing GMO’s calculation of the QCA for the first quarter of 2018.

On April 17, 2018, the Commission directed Staff to file a recommendation on the pending tariff no later than May 7, 2018.

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 (“R factor”) plus any applicable reconciling adjustments. Additionally, Tariff Sheet No. 6.8 includes Coal Performance Standards.

The QCA Rider for this 36th revision of Tariff Sheet No. 6.10 reflects a negative charge per million British Thermal Units (“BTU”) of (\$1.6972) as compared to a negative charge per million BTU of (\$1.6665) that was reflected on the previous revision of Tariff Sheet No. 6.10. For a steam service customer, this would mean a decrease of approximately \$30.70 for every thousand MMBTUs used. 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 an increase of \$234,955 in the quarterly adjusted fuel costs when compared to the same quarter last year. The R factor component reflects a decrease of (\$5,976) when compared to the same quarter last year. While these two

components would suggest an increase in the QCA Rider rate, a greater portion of the fuel was used to serve steam service customers compared to the same quarter last year, resulting in a larger portion of the cheaper fuel being allocated to steam and an overall QCA decrease.

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 June 1, 2018, the requested effective date:

P.S.C. MO. No. 1  
36<sup>th</sup> Revised Sheet No. 6.10 Canceling 35<sup>th</sup> 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's Tariffs Changing the ) File No. HT-2018-0293  
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 foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

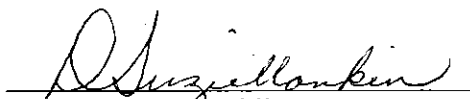
Further the Affiant sayeth not.

  
MICHAEL L. STAHLMAN

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 4<sup>th</sup> day of May 2018.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2020  
Commission Number: 12412070

  
Notary Public