

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

In the Matter of KCP&L Greater Missouri  
Operations Company's FAC Tariff Revision )

File No. ER-2014-0373

**KCP&L GREATER MISSOURI OPERATIONS COMPANY'S RESPONSE TO  
PUBLIC COUNSEL'S REPLY TO STAFF'S RESPONSE**

COMES NOW KCP&L Greater Missouri Operations Company ("GMO" or "Company") and hereby responds to the Reply of the Office of the Public Counsel ("OPC") to Missouri Public Service Commission ("Commission") Staff's ("Staff") Response filed August 18, 2014:

1. On June 30, 2014, GMO filed a proposed tariff sheet, direct testimony and other information to adjust its fuel adjustment rates used to determine customer charges related to its fuel adjustment clause ("FAC"). The tariffs have a September 1, 2014 effective date.

2. On July 25, 2014 after examining the information provided by GMO, Staff recommended that the Commission issue an order approving GMO's proposed revised tariff sheet. The Company also requests that the Commission issue an order approving GMO's proposed revised tariff sheet.

3. OPC's request that the Commission disallow St. Joseph landfill gas costs from the FAC should be rejected for the reasons discussed below. The Company also supports Staff's responses (dated August 8 and August 21, 2014) to OPC's request.

**I. There is no conflict between 393.1020 and 386.266**

4. OPC asserts, without support, that there is a conflict between §386.266 (FAC authority) and §393.1020 (statewide renewable energy standard authority) that prohibits recovery of landfill gas costs through GMO's FAC. In fact, §393.1020 does not mandate that renewable energy standard ("RES") costs be recovered through a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") and neither statute prohibits the recovery of landfill gas costs through an FAC. Thus, there is no merit to OPC's claim that permitting recovery of RES

compliance costs, such as landfill gas, through an FAC is inconsistent with §393.1020 nor is there any merit to OPC's claim that GMO's recovery of landfill gas costs in its FAC exceeds the Commission's authority.

**II. State law prohibits changing FAC components between rate cases**

5. OPC does not address the repeated arguments of Staff and Company that §386.266.4 expressly limits modifications to a FAC outside of a general rate proceeding. Both that statute and the rule authorized by the statute (4 CSR 240-20.090(2)) prohibit modifications to a FAC outside of a general rate case. OPC's request to remove the St. Joseph landfill gas costs from the FAC and account for them in a RESRAM is expressly prohibited by rule and statute. The Commission cannot grant the relief requested by OPC outside of a general rate case.

**III. OPC challenge of the variance is untimely**

6. Commission rule 4 CSR 240-20.100(6)(A)16 does prohibit RES costs from being recovered through a FAC. However, this rule permits variances for good cause. In File Nos. ER-2012-0175 and ER-2013-0341, GMO filed an application for variance on December 21, 2012. At the time of filing, GMO contacted the parties to GMO's pending rate case. All of the parties, including OPC, indicated to GMO that they did not object to the variance. OPC did not file comments or challenge the variance. The Commission granted the requested variance on January 3, 2013.

7. OPC's attempt to challenge the variance over eighteen months later must fail. The Commission's variance order became effective on January 4, 2013. The variance permitted the St. Joseph landfill gas costs to be included in GMO's base factor rate in its FAC. These base factor rates cannot be modified outside of a rate case as explained above. Thus, OPC's current challenge can only be made in the context of a rate case. As indicated in its August 13th response to OPC, GMO commits to resolving this issue in its next rate case.

WHEREFORE, for the reasons stated above, GMO requests that the Commission approve its FAC tariff which has been reviewed and approved by Staff and reject OPC's arguments.

Respectfully submitted,

*/s/ Roger W. Steiner*

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### **CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, to the certified service list in this proceeding this 25<sup>th</sup> day of August, 2014.

*/s/ Roger W. Steiner*

Roger W. Steiner