

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 3rd day of
December, 2019.

In the Matter of Propriety of the Rate)
Schedules for Steam Service of KCP&L) **File No. HR-2018-0231**
Greater Missouri Operations Company)

**ORDER APPROVING STIPULATION AND AGREEMENT AND
DIRECTING FILING OF COMPLIANCE TARIFFS**

Issue Date: December 3, 2019

Effective Date: January 2, 2020

This case was originally initiated by the Staff of the Commission (Staff) to investigate the appropriate steam service rates for KCP&L Greater Missouri Operations Company¹ (GMO) following the passage of the Tax Cuts and Jobs Act of 2017 (TCJA). After many months of negotiations with its five steam customers, GMO filed a stipulation and agreement on October 3, 2019, between it and its steam customers purporting to resolve the issues in this case. GMO attached exemplar tariffs to the agreement. GMO also filed supporting testimony and attached letters from its customers that expressed their agreement with the terms of the stipulation and the exemplar tariffs. However, GMO's customers are not parties to this case, and GMO is the only signatory to the agreement.

Staff filed an objection to the agreement on October 10, 2019. Staff stated it was objecting in order to preserve its rights and to allow more time for its review of the agreement and tariffs. After discussions between Staff and GMO, on November 12, 2019, GMO submitted amended exemplar tariffs with minor changes to the tariff language and

¹ KCP&L Greater Missouri Operations Company is now known as Evergy Missouri West, Inc. d/b/a Evergy Missouri West.

added a January 1, 2020 effective date. The exemplar tariffs have not yet been filed with the Commission as a tariff. On November 15, 2019, Staff withdrew its objection and recommended that the Commission approve the agreement and order GMO to file compliance tariffs similar to the amended exemplar tariffs. No other party objected to the stipulation and agreement.

The basic terms of the stipulation and agreement provide that GMO will receive a 9% rate increase for its steam service operations. That increase incorporates recovery of past expenses and the corporate income tax rate reductions resulting from the TCJA. GMO's last rate increase was effective in 2009.

The exemplar tariffs and the agreement also include the continuation of the Quarterly Cost Adjustment (QCA) with the base fuel cost being adjusted to reflect current costs for providing steam service. The agreement also eliminates the minimum coal standard and the 85% sharing mechanism that exist in the current QCA. The agreement further provides that prior to GMO's next electric rate case, GMO will seek the input of its customers in the development of a new methodology for the allocation of joint and common costs between steam and electric service consistent with its commitment approved by the Commission in File Nos. ER-2018-0145 and ER-2018-0146. The agreement also provides that GMO will not defer or record to a regulatory liability account any effects of the corporate income tax rate reductions resulting from the TCJA in connection with GMO's steam operations. Finally, the agreement provides that the Excess Accumulated Deferred Income Tax (EDIT) associated with the TCJA will be amortized consistent with the electric service rate case, File No. ER-2018-0146.

The filings demonstrate that there is an agreement between GMO and its steam customers as to the just and reasonable rates for GMO's steam service. Additionally,

Staff has recommended that these terms and the proposed tariffs be approved by the Commission. Therefore, having considered the stipulation and agreement, the exemplar tariffs, and the supporting testimony, along with Staff's recommendation, the Commission determines that the terms of the stipulation and agreement and exemplar tariffs as amended provide just and reasonable rates. The Commission will approve the stipulation and agreement and direct GMO to file compliance tariffs consistent with the revised exemplar tariffs.

THE COMMISSION ORDERS THAT:

1. The terms of the Stipulation and Agreement filed on October 3, 2019, are approved. KCP&L Greater Missouri Operations Company is ordered to comply with the terms of the Stipulation and Agreement. A copy of the Stipulation and Agreement is attached to this order.
2. KCP&L Greater Missouri Operations Company shall file compliance tariffs similar to the exemplar tariffs as amended on November 12, 2019.
3. This order is effective on January 2, 2020.

BY THE COMMISSION



Morris L. Woodruff

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, and Coleman, CC., concur.

Dippell, Senior Regulatory Law Judge