

**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**

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") filed August 4, 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").

2. On July 25, 2014 after examining the information provided by GMO, Missouri Public Service Commission ("Commission") Staff ("Staff") recommended that the Commission issue an order approving GMO's proposed revised tariff sheet.

3. On August 4, 2014, OPC filed its Reply to Staff's Recommendation to approve GMO's FAC tariff revision. OPC recommends the Commission disallow the St. Joseph Landfill Facility gas costs from recovery through GMO's FAC. The Commission set August 13 as the deadline to reply to OPC. Staff filed its response on August 8, 2014.

4. Staff opposes OPC's recommendation. GMO opposes OPC's recommendation for the same reasons as Staff. Namely, the amount cited for disallowance by OPC is not the customers' share of the landfill gas cost which is recovered through the FAC and that GMO's FAC cannot be changed outside a general rate case due to Commission rule and state law.

I. The current FAC landfill gas treatment has been approved by the Commission

5. In File Nos. ER-2012-0175 and ER-2013-0341, the Commission granted GMO a waiver for good cause from 4 CSR 240-20.200(6)(A)16 (which provides that renewable energy

standards compliance costs cannot be recovered through an FAC) and allowed the Company to recover its landfill gas cost through its FAC.<sup>1</sup> In its order approving the waiver, the Commission noted that no party, including OPC, objected to GMO's application for a waiver. In addition, the Commission indicated that the parties to the case assumed that the cost of landfill gas would be recovered through the FAC, that landfill gas costs would have a very small impact in the case and that recalculating the FAC at this late date would be difficult.

6. While OPC did not oppose the waiver when it was issued, it now argues that GMO has not explained why the waiver should continue. OPC's argument is untimely, since once the waiver was granted, the landfill costs are included in the FAC and, as shown below, the FAC cannot be modified until GMO's next rate case.

II. The amount OPC seeks to disallow from the FAC is not accurate

7. As Staff notes, the \*\* [REDACTED] \*\* amount that OPC seeks to disallow represents six months of actual landfill costs. The Company agrees with Staff's Exhibit 1 which shows that GMO's current permanent rates and its FAC base factor include \*\* [REDACTED] \*\* for landfill gas costs which were set by the Commission in GMO's last general rate case (File No. ER-2012-0175). The actual landfill gas cost is then compared with the amount of landfill gas cost that was included in the net base energy cost for GMO's latest accumulation period (AP 14). This comparison showed an over-recovery of \$521. Under the sharing mechanism in GMO's FAC tariff, ninety five percent of the \$521 over-recovery is returned to customers through the fuel adjustment rate following AP 14.

III. OPC ignores state law and Commission rules

8. OPC's request to remove the landfill gas cost from the FAC is not permitted under § 386.266.4 RSMo. which provides that the Commission shall have the power to approve,

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<sup>1</sup> *Order Granting Waiver*, Effective Jan. 4, 2013.

modify or reject adjustment mechanisms only after providing the opportunity for a full hearing in a general rate proceeding. Commission rule 4 CSR 240-20.090(2) follows this statute and only permits modifications to a rate adjustment mechanism in a general rate proceeding.

9. OPC claims that there is not an adequate explanation as to why the waiver to allow recovery of landfill cost should continue in the FAC. On the contrary, as shown above, the law provides that once a cost is included in the cost recovery mechanism it must continue until the Company's next general rate case. The FAC modification that OPC proposes is not permitted outside of a general rate case.

10. GMO notes, as does Staff, that it is committed to work with OPC, Staff and other interested parties to resolve the issue of the recovery of the St. Joseph Landfill gas costs in its next general rate proceeding.

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 argument contained in its August 4 Reply.

Respectfully submitted,

*/s/ Roger W. Steiner*

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Attorneys for KCP&L Greater Missouri Operations  
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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 13<sup>th</sup> day of August, 2014.

*/s/ Roger W. Steiner*

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Roger W. Steiner