

**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	)	<b><u>File No. HT-2015-0262</u></b>
Changing the Steam QCA for Service	)	Tariff Tracking No. YH-2016-0102
Provided to 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 October 15, 2015, KCP&L Greater Missouri Operations Company (“GMO”) filed with the Commission one tariff sheet, 26<sup>th</sup> Revised Sheet No. 6.10 bearing an effective date of December 1, 2015, to add the quarterly cost adjustment (“QCA”) for steam service customers for the third quarter of calendar year 2015.

2. GMO’s filing includes the proposed tariff sheet and supporting work papers 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 \$(1.4403)<sup>1</sup> as compared to a customer credit of \$(1.3165) per million BTU reflected on the previous 25<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 \$(110,477) decrease 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 \$(12,811), which makes the R Factor in this QCA filing more of a negative adjustment when compared to the same quarter last year.

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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 \$1.4403 per million BTU.

3. As more fully explained in its Memorandum, attached hereto as Appendix A, with supporting Attachment 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 October 15, 2015, to go into effect December 1, 2015, or to allow it to go into effect by operation of law that same date:

P.S.C. MO. No. 1

26<sup>th</sup> Revised Sheet No. 6.10 Canceling 25<sup>th</sup> Revised Sheet No. 6.10

Respectfully Submitted,

**/s/ Marcella L. Mueth**

Marcella L. Mueth

Assistant Staff Counsel

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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 5<sup>th</sup> day of November, 2015.

**/s/ Marcella L. Mueth**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. HT-2015-0262, Tariff Tracking No. YH-2016-0102  
KCP&L Greater Missouri Operations Company

FROM: Michael L. Stahlman, Regulatory Economist III

/s/ Michael S. Scheperle 11/05/15  
Economic Analysis Manager / Date

/s/ Marcella L. Mueth 11/05/15  
Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve the Tariff Sheet Filed to Add the Quarterly Cost Adjustment for the third Quarter of 2015 to the Quarterly Cost Adjustment Rider – Steam of KCP&L Greater Missouri Operations Company to go into effect on December 1, 2015, or to go into effect by operation of law that same date.

DATE: November 5, 2015

On October 15, 2015, 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 2015. 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 2015.

On October 16, 2015, the Commission directed Staff to file a recommendation on the pending tariff no later than November 5, 2015.

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 26 of Tariff Sheet No. 6.10 reflects a negative charge per million British Thermal Units (“BTU”) of (\$1.4403) as compared to a negative charge per million BTU of (\$1.3165) that was reflected on the previous revision 25 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 (\$110,477) in the quarterly adjusted fuel costs when compared to the same quarter last year with the overall decrease principally due to the impact of coal costs for generation. The Reconciliation Rate or R factor component reflects a decrease of (\$12,811) when compared to the same quarter last year. As a result, the QCA reflects a negative charge of (\$1.4403) compared to the negative charge of (\$1.3165) from the previous quarter.

Attachment A is a summary of the Coal Performance Standard adjustments that occurred for the 3<sup>rd</sup> quarter of 2015. These repairs and replacements concluded in August 2015 and had been planned since early 2013. As a result of lower coal burn due to system maintenance, the Company made an adjustment to the coal performance standard that reflects a level that complies with the provisions set out in the Quarterly Cost Adjustment Rider, section 2. Coal Performance Standard (c) for this quarter.

## 2. Coal Performance Standard

c. In the event of a major scheduled outage for system maintenance and improvement, such as occurred in the last quarter of 2008, the Coal Performance Standard shall be subject to further adjustments as agreed upon by signatories herein, to reflect the reduced availability of the coal-fired boiler resulting from the scheduled outage. In such case, the three-month and twelve-month coal performance standard will be further adjusted proportionately as agreed to reflect any reduced availability of the Lake Road Boiler 5. As an example, should the coal-fired boiler be scheduled to be off line for 55 days in one quarter due to a major outage, the three-(3) month standard would be reduced to a level of 38.89%  $((90-55)/90)$  of the three-(3) month standard. A corresponding adjustment of 84.93%  $((365-55)/365)$  would be made to the twelve-(12) month standard.

Under section 2.(b.), the coal performance standard is set at 1,920,000 million BTU on a twelve-month basis and 460,000 million BTU on a three-month standard. Both are based on sales exceeding 2,594,975 million BTUs. This Coal Performance Standard shall be further adjusted to reflect major scheduled outages as set out in section 2.(c). as stated above. This adjustment concluded with the completion of Boiler 5 in August 2015. As a result, the three-month standard and twelve-month standards were adjusted.

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, 2015, the requested effective date:

**P.S.C. MO. No. 1**

26th Revised Sheet No. 6.10 Canceling 25th 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 )  
Steam QCA for Service Provided to )  
Customers in Its Service Territory )

Case No. HT-2015-0262

**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 Memorandum; 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 before me this 5<sup>th</sup> day of November, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public

## **Lake Road Generating Station Coal Performance Adjustment**

**Due to Boiler 5 Outage:  
May 17, 2015-July 18, 2015  
Update as of October 15, 2015**

### **Boiler 5 Outage Overview-**

At the Lake Road Generating Station, Boiler 5 is the main boiler used for generating steam due to its ability to burn coal, the lowest cost fuel. Increasing incidents in tube leaks has necessitated a need to replace Boiler 5 super-heater and casing for purposes of restoring its capability to operate at 250,000 PPH.

While there have been repairs and replacements to other equipment to maintain Boiler 5 performance (that has already necessitated an adjustment to the coal performance standard), the actual major maintenance to improve performance on Boiler 5 has not been scheduled until now. An outage is currently planned for Q2 2015 through Q3 2015 to allow for major maintenance of Boiler 5. This outage will occur on May 17<sup>th</sup> and is expected to last through July 18 and will impact 2 Quarters that will require further adjustment of the Coal Performance Standard. All customers have been notified of the outage and the impact on unavailability of coal during that time.

### **Coal Performance Standard-**

As set under section 2. (b.) of the Quarterly Cost Adjustment Rider(QCA) –Steam Tariff, a coal performance standard is set at 1,920,000 million BTU on a 12 month basis and 460,000 million BTU 3 month standard. Both are based on sales exceeding 2,594,975 million BTUs. The Coal Performance Standard sets a certain utilization of coal for purposes of the minimization of incurred total fuel costs to steam customers.

### **Adjustment of the Coal Performance Standard 2015-**

As outlined in 2. (c.), of the QCA-Steam Tariff, the Coal Performance Standard may be adjusted to reflect major scheduled outage for system maintenance and improvement. In the event of a major scheduled outage for system maintenance and improvement, such as occurred in the last quarter of 2008, the Coal Performance Standard shall be subject to further adjustment as agreed upon the by signatories herein, to reflect the reduced availability of the coal-fired boiler resulting from the scheduled outage. In such case, the three-month and twelve-month coal performance standard will be further adjusted proportionately as agreed to reflect any reduced availability of the Lake Road Boiler 5.

The following is the adjustment to the coal performance standard to reflect the unavailability of coal during the outage. If the unit takes outage is longer or shorter, adjustments may be made to reflect those time periods.

**Lake Road Generating Station  
Coal Performance Adjustment**

**Due to Boiler 5 Outage:  
May 17, 2015-July 18, 2015  
Update as of October 15, 2015**

**Boiler 5 Outage Impact on Coal Performance Standard-**

	<b>Adjustment (mmBtu)</b>	<b>Original 3 Month Standard (mmBtu)</b>	<b>Original Annual Standard (mmBtu)</b>
		460,000	1,920,000
		<b>Adjusted 3 Month Standard (mmBtu)</b>	<b>Adjusted Annual Standard (mmBtu)</b>
Previous Adjustment		368,000	1,536,000
Q2 2015	184,000	184,000	1,344,000
Q3 2015	<b>208,000</b>	<b>160,000</b>	<b>1,144,000</b>
Q4-2015		460,000	<b>1,228,000</b>
Q1-2016		460,000	<b>1,324,000</b>
Q2-2016		460,000	<b>1,612,000</b>
Q3-2016		460,000	1,920,000