

**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 ) **Tariff Tracking No. YH-2019-0148**  
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 January 15, 2019, KCP&L Greater Missouri Operations Company (“GMO”) filed with the Commission one tariff sheet, 39<sup>th</sup> Revised Sheet No. 6.10 bearing an effective date of March 1, 2019, to add the quarterly cost adjustment (“QCA”) for steam service customers for the fourth 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 \$(1.4702)<sup>1</sup> as compared to a customer credit of \$(1.7460) per million BTU reflected on the previous 38<sup>th</sup> Revised Sheet No. 6.10. The change resulting from this filing causes a reduction of the customer credit in the QCA Rider rate and is the result of the net effect of:

- 1) a \$796,944 increase in the quarterly adjusted fuel costs when compared to the same quarter last year, and
- 2) an increase of the Reconciliation Rate (R Factor) component of \$114,473.

---

<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 \$1.4702 per million BTU.

3. For a steam service customer, this would mean an increase of approximately \$275.80 for every thousand MMBTUs used. As more fully explained in its Memorandum, attached hereto as Appendix A, 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, Staff recommends the Commission either issue an order approving the proposed tariff sheet as filed by GMO on January 15, 2019, to go into effect March 1, 2019, or to allow it to go into effect by operation of law that same date:

P.S.C. MO. No. 1

39<sup>th</sup> Revised Sheet No. 6.10 Canceling 38<sup>th</sup> Revised Sheet No. 6.10

Respectfully Submitted,

**/s/ Ron Irving**

Ron Irving

Legal Counsel

Missouri Bar No. 56147

Attorney for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, Missouri 65102

Telephone: (573) 751-8702

Fax: (573) 751-9285

Email: [ron.irving@psc.mo.gov](mailto:ron.irving@psc.mo.gov)

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 30<sup>th</sup> day of January, 2019.

**/s/ Ron Irving**

## M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File  
File No. HT-2018-0293, Tariff Tracking No. YH-2019-0148  
KCP&L Greater Missouri Operations Company

FROM: Michelle Bocklage, Rate and Tariff Examiner III  
Michael Stahlman, Regulatory Economist III

<u>/s/ Robin Kliethermes</u>	<u>1/30/2019</u>	<u>/s/ Ron Irving</u>	<u>1/30/2019</u>
Manager Tariff and Rate Design Unit/	Date	Staff Counsel Division /	Date

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

DATE: January 30, 2019

### **INTRODUCTION AND BACKGROUND**

On January 15, 2019, 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 fourth 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 work papers consisting of electronic worksheets showing GMO’s calculation of the QCA for the fourth quarter of 2018.

### **STAFF’S INVESTIGATION**

On January 16, 2019, the Commission directed Staff to file a recommendation on the pending tariff no later than January 30, 2019.

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 (QCA), 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 39<sup>th</sup> revision of Tariff Sheet No. 6.10 reflects a negative charge per million British Thermal Units (“BTU”) of (\$1.4702) as compared to a negative charge per million BTU of (\$1.7460) that was reflected on the previous revision of Tariff Sheet No. 6.10. For a steam service customer, this would mean an increase of approximately \$275.80 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 \$796,944 in the quarterly adjusted fuel costs when compared to the same quarter last year. The Reconciliation Rate or R factor component reflects an increase of \$114,473 when compared to the same quarter last year.

Much of the increase appears to be due to a forty-four percent (44%) increase in natural gas prices over the previous quarter. In addition, Boiler #5—the boiler that is able to use coal as fuel—was unavailable for service between September 15<sup>th</sup> through November 23<sup>rd</sup> due to a major maintenance overhaul. This overhaul also results in an adjustment to GMO’s coal performance standards as discussed in the document “Lake Road Generating Station Coal Performance Adjustment” which was attached to GMO’s filing.

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 March 1, 2019, the requested effective date:

P.S.C. MO. No. 1  
39th Revised Sheet No. 6.10 Canceling 38th 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.



