

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

In the Matter of the Application of KCP&L)
Greater Missouri Operations Company) Case No. ER-2019-0413
Containing Its Semi-Annual Fuel)
Adjustment Clause True-Up)

**KCP&L GREATER MISSOURI OPERATIONS COMPANY’S REPLY
TO THE OFFICE OF PUBLIC COUNSEL’S RESPONSE
TO STAFF RECOMMENDATION**

COMES NOW KCP&L Greater Missouri Operations Company (“GMO”) and, pursuant to the Missouri Public Service Commission (“Commission”) *Order Requiring Staff Reply* issued in the above captioned docket on August 6, 2019, responds to the Office of the Public Counsel’s (“OPC”) *Response to Staff Recommendation* (“OPC Response”) as follows:

I. OPC’s auxiliary power issue is scheduled for hearing this month.

1. OPC requests the Commission reject GMO’s substitute tariff sheets and order new sheets to be filed to reflect an adjustment for auxiliary power produced for GMO’s Lake Road Station for steam service. As the Commission is aware, OPC’s auxiliary power issue is currently set for hearing on August 27, 2019 in case no. EO-2019-0067 (consolidated with ER-2019-0199) which arose out of GMO’s last FAC true-up case (ER-2019-0198). Therefore, it is inappropriate and duplicative for OPC to seek to have the Commission decide this issue in this case, which has a 60-day time frame between the issuance and effective dates of the proposed tariff sheets. Instead, OPC’s recommendation belongs in the ongoing prudence review, where the parties have already submitted three rounds of testimony and the Commission will soon decide whether OPC’s contention that electric customers are paying for auxiliary power for steam service. Should the Commission accept OPC’s argument regarding auxiliary power, any amounts due to customers will include interest in accordance with GMO’s tariff and the FAC rule. Because of the pendency of the Commission’s upcoming order, there is no reason for the Commission to suspend the current tariffs as its decision on the auxiliary power issue and any costs determined by the Commission to be imprudently

incurred would be included in GMO's next semi-annual Fuel Adjustment Rate ("FAR") filing as a prudence adjustment. GMO's next FAR filing is due to be filed in December 2019.

II. OPC's affiliate transaction issue should be raised in the next prudence review where the commission can deliberate on this issue.

2. Similar to its auxiliary power issue, OPC wants to use this abbreviated FAC tariff adjustment proceeding to bring an affiliate transaction issue before the Commission. The Commission's FAC prudence review procedures allow OPC to argue before the Commission that any of GMO's costs are improper. It is unreasonable and unfair for OPC to seek to resolve this issue in this FAC tariff filing case when the rate elements will be approved on an interim and subject to refund basis that provides for both a true up and prudence review.

3. OPC complains that GMO's FAC reflects amounts for coal and propane that GMO is selling to KCP&L and third parties from its closed Sibley generation plant. The Company believes that the proceeds from these sales, netted against the book value of coal sold, should be allowed to flow through FAC fuel expense. OPC's argues at p. 4 of its Recommendation memorandum that these costs should "most likely be charged against the Sibley depreciation reserve not fuel expense." GMO also believes that OPC has overstated its \$518,248 estimate. The amount of Sibley coal and propane expenses that flowed through the FAC in GMO's Section 8 filing is \$185,857.

4. As argued above, this issue is properly addressed in the prudence review of the FAC where all parties can conduct discovery and present evidence to the Commission in a litigated case. The Commission does not need to decide this issue in this case on an abbreviated time frame and should reject OPC's recommendation while making it clear that OPC is able to pursue, should it so choose, its recommendation in a subsequent FAC prudence review.

III. Conclusion.

5. OPC has presented no compelling evidence that the tariff change requested in this case and included in the FAR tariff sheet filed by GMO in this case is not in accordance with the provisions of the Commission's FAC rule (4 CSR 240-20.090), section 386.266 RSMo. or the FAC mechanism in GMO's most recent rate case. OPC's proposed adjustments can all be raised and decided in a subsequent FAC prudence review. As such there is no basis for the Commission to reject GMO's tariff sheet and order a new tariff sheet to account for OPC's proposed adjustments.

WHEREFORE, GMO respectfully requests that the Commission reject OPC's recommendation and permit the FAR tariff filing submitted by GMO herein to take effect on September 1, 2019.

Respectfully submitted,

/s/ Roger W. Steiner

Robert J. Hack, MBN 36496

Phone: (816) 556-2791

E-mail: rob.hack@kcpl.com

Roger W. Steiner, MBN 39586

Phone: (816) 556-2314

E-mail: roger.steiner@kcpl.com

Kansas City Power & Light Company

1200 Main – 16th Floor

Kansas City, Missouri 64105

Fax: (816) 556-2787

**Attorneys for KCP&L Greater Missouri
Operations Company**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served on all counsel of record either by electronic mail or by first class mail, postage prepaid, on this 12th day of August 2019.

/s/ Roger W. Steiner

Roger W. Steiner