

**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)	<u>File No. HT-2014-0286</u>
Steam QCA for Service Provided To)	Tariff Tracking No. YH-2015-0158
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, 2014, KCP&L Greater Missouri Operations Company (“GMO”) filed with the Commission one tariff sheet, 22nd Revised Sheet No. 6.10 bearing an effective date of December 1, 2014, to add the quarterly cost adjustment (“QCA”) for steam service customers for the third quarter of calendar year 2014.

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 \$(0.6426)¹ as compared to a customer credit of \$(0.2514) per million BTU reflected on the previous 21st 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 (\$31,272) decrease in the quarterly adjusted fuel costs from the previous adjustment, and

¹ 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 \$.6426 per million BTU.

2) the decrease of the Reconciliation Rate (R Factor) component of (\$1,247,774) which makes the R Factor in this QCA filing more of a credit adjustment when compared to the previous QCA.

3. Also, because of a major scheduled outage to coal-fired Boiler 5 and by operation of the Coal Performance Standard additional adjustment provision 2.c. of the QCA Rider, the R Factor includes an adjustment of \$24,801. This adjustment will continue until completion of Boiler 5 maintenance is completed as planned in mid 2015.

4. In addition, the R Factor includes a separate additional amount of \$1,208,550 for collection from GMO's steam customers due to GMO having misclassified certain hedging costs as electric costs rather than steam costs. In its previous 3rd, 4th, 1st, and 2nd quarter QCA filings, GMO explained that it had erroneously treated fuel hedge positions as electric positions and not as steam positions, thereby creating a cost allocation error, and included an adjustment for them.

5. As more fully explained in its Memorandum, attached hereto as *Appendix A*, with supporting Highly Confidential Attachments A and B, 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.

6. 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, 2014, to go into effect on December 1, 2014, or to allow it to go into effect by operation of law that same date:

P.S.C. MO. No. 1

22nd Revised Sheet No. 6.10 Canceling 21st Revised Sheet No. 6.10

Respectfully submitted,

/s/ Robert S. Berlin

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 7th day of November, 2014.

/s/ Robert S. Berlin