

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

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2010-0002, Tariff Tracking No. JE-2010-0003  
KCP&L Greater Missouri Operations Company

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator  
Mack McDuffey, Rate & Tariff Examiner II

/s/ James Watkins 7/31/09  
Energy Department / Date

/s/ Sarah Kliethermes 7/31/09  
General Counsel's Office / Date

SUBJECT: Staff Recommendation for **Approval** of Tariff Sheet Filed to Increase Revenues  
Related to the Fuel Adjustment Clause (FAC) Pursuant to the Commission's  
Report and Order from Case No. ER-2007-0004

DATE: July 31, 2009

On July 1, 2009, KCP&L Greater Missouri Operations Company (GMO) filed with the Commission one (1) tariff sheet bearing a proposed effective date of September 1, 2009 to revise the current annual Cost Adjustment Factor (CAF) (lines 12 on Sheet No. 127) for the areas formerly served by Aquila as Aquila Networks- L&P and Aquila Networks- MPS. See Timeline in Appendix A.

The change results in a secondary CAF of \$0.0032 and primary CAF of \$0.0032 for the former L&P service territory. The recovery period 2 for accumulation period 2 will end August 31, 2009, prior to the effective date of this tariff filing. Therefore the filed tariff sheet no longer collects \$0.0008 for Secondary and Primary for recovery period 2 but now collects \$0.0004 for Secondary and Primary to recover the difference between the base energy cost and the total energy cost for accumulation period 4 (that ended May 31, 2009) plus the true-up amount for recovery period 1 as determined in EO-2009-0431. The CAF still includes \$0.0028 for Secondary and Primary for recovery period 3 resulting in a total CAF of \$0.0032 for Secondary and Primary.

Similar calculations were done for MPS resulting in a secondary CAF of \$0.0064 and a primary CAF of \$0.0062 for the former MPS service territory. The recovery period 2 for accumulation period 2 will end August 31, 2009, prior to the effective date of this tariff filing. Therefore the filed tariff sheet no longer collects \$0.0023 for Secondary and \$0.0022 for Primary for recovery period 2 but now collects \$0.0033 for Secondary and \$0.0032 for Primary to recover the difference between the base energy cost and the total energy cost for accumulation period 4 (that ended May 31, 2009) plus the true-up amount for recovery period 1 as determined in EO-2009-0431. The CAF still includes \$0.0031 for Secondary and \$0.0030 for Primary for recovery period 3 resulting in a total CAF of \$0.0064 for Secondary and \$0.0062 for Primary.

The accumulation periods, recovery periods, and other specifications of GMO's existing FAC are set out in its tariff sheets designated Original Sheet Nos. 124 through 127, approved on June 29, 2007, via the Commission's *Order Granting Expedited Treatment and Approving Tariff Sheets* effective July 5, 2007. Specifically, Original Sheet No. 124 sets out GMO's six-month accumulation periods as June through November and December through May, while the twelve-month recovery periods are set out as March through February and September through August.

The information and workpapers filed with the revised tariff sheets in this case include sufficient data to calculate adjustments to the CAF based on the fuel and purchased energy costs provided by GMO for the period of December 1, 2008 through May 31, 2009.

The Commission's Energy Department Staff has reviewed the proposed Revised Tariff Sheet No. 127 based on the information and workpapers attached to the filing in conjunction with the calculations and details found on Tariff Sheet No. 127. The Staff also reviewed the monthly submission and surveillance monitoring reports provided by the Company as described in the attached memorandum.

Staff is of the opinion that GMO timely filed its proposed tariff sheet and that the proposed tariff sheet complies with the Commission's Order in Case No. ER-2007-004 and Commission rules 4 CSR 240-20.090 and 4 CSR 240-3.161. Staff, therefore, recommends the Commission issue an order approving the following proposed tariff sheet, as filed on July 1, 2009, to become effective on September 1, 2009, as requested by GMO, subject to both true-up and prudence reviews:

P.S.C. MO. No. 1

4<sup>th</sup> Revised Sheet No. 127 Canceling 3<sup>rd</sup> Revised Sheet No. 127

Staff has verified that GMO is not delinquent on filing of its 2008 annual report; however, GMO is delinquent in paying their FY-2010 assessment but was mailed July 30, 2009. Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. GMO's current rate case will have no effect on this filing.

**MEMORANDUM**

TO: Mack McDuffey, Rate and Tariff Examiner II  
Energy Tariff/Rate Design

FROM: Matthew Barnes, Utility Regulatory Auditor IV  
Energy Resource Analysis Group

SUBJECT: KCP&L Greater Missouri Operations Company FAC Tariff Case No. EO-2010-0002, Tariff Filing No. JE-2010-0003,

DATE July 29, 2009

On July 1, 2009, KCP&L Greater Missouri Operations Company (GMO) filed an updated fuel adjustment clause (FAC) tariff filing in compliance with the 4 CSR 240-3.161 Electric Utility fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements, 4 CSR 240-20.090 Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms, §386.266 RSMo, and the *Report and Order* issued by this Commission in Case No. ER-2007-0004 for all territories it formerly served as Aquila, Inc. d/b/a/ Aquila Networks – MPS and Aquila Networks - L&P. Included in the current filing are the proposed tariff sheet, the testimony of Tim M. Rush, and accompanying workpapers for the difference between GMO's actual fuel and purchased power costs and FAC base costs during Accumulation Period 4 - December 2008 through May 2009. The accumulation periods, recovery periods, and other specifications of GMO's FAC are set out in its tariff sheets designated Original Sheet Nos. 124 through 126, which also describe how GMO is to calculate the Cost Adjustment Factor (CAF) for the next twelve-month Recovery Period 4 - September 2009 through August 2010.

In its *Order Approving Annual Fuel Adjustment Clause True-Up* issued July 29, 2009 in Case No. EO-2009-0431 the Commission authorized GMO "to include the following under collection amounts in its next accumulation period, covering the six-month period ending May 31, 2009: \$1,132,431 for the territory formerly served by Aquila Networks-MPS; and \$ 187,925 for the territory formerly served by Aquila Networks-L&P." The updated FAC tariff filing that is the subject of this case also includes recovery of these amounts during the next twelve-month Recovery Period 4 - September 2009 through August 2010.

I have reviewed the information and mathematical calculations provided in the current tariff filing and personally discussed with GMO the adjustments that were made to the interest calculations and concur that the adjustments as well as the CAF are correct for the next twelve-month Recovery Period 4 - September 2009 through August 2010.

KCP&L GMO Fuel Adjustment Clause (FAC) **Timeline**

Periods

<u>Accumulation</u>	<b>A1</b> (Jun07-Nov07) ~ <b>A2</b> (Dec07-May08) ~ <b>A3</b> (Jun08-Nov08) ~ <b>A4</b> (Dec08-MaY09) ~ <b>A5</b> (Jun09-Nov09)
<u>Recovery</u>	<b>R1</b> (Mar08-Feb09) EO-2008-0216 ~ <b>R2</b> (Sep08-Aug09) EO-2008-0415 ~ <b>R3</b> (Mar09-Feb10) EO-2009-0254
<u>True-Up</u>	<b>T1</b> EO-2009-0431

Month #	2007	Jan 1 file	Feb	Mar	Apr	May	1 Jun	2 Jul 1 file	3 Aug	4 Sep	5 Oct	6 Nov	7 Dec
<u>Accumulation</u>							A1	A1	A1	A1	A1	A1	A2
Month #	2008	8 Jan 1 file	9 Feb	10 Mar	11 Apr	12 May	13 Jun	14 Jul 1 file	15 Aug	16 Sep	17 Oct	18 Nov	19 Dec
<u>Accumulation</u>		A2	A2	A2	A2	A2	A3	A3	A3	A3	A3	A3	A4
<u>Recovery</u>				R1	R1	R1	R1	R1	R1	R1	R1	R1	R1
<u>Recovery</u>										R2	R2	R2	R2
Month #	2009	20 Jan 1 file	21 Feb	22 Mar	23 Apr	24 May	25 Jun	26 Jul 1 file	27 Aug	28 Sep	29 Oct	30 Nov	31 Dec
<u>Accumulation</u>		A4	A4	A4	A4	A4	A5	A5	A5	A5	A5	A5	A6
<u>Recovery</u>		R1	R1	R3	R3	R3	R3	R3	R3	R3	R3	R3	R3
<u>Recovery</u>		R2	R2	R2	R2	R2	R2	R2	R2	R4	R4	R4	R4
<u>True-Up</u>							GMO cal T1	Staff T1	Com. T1		apply T1		
Month #	2010	32 Jan 1 file	33 Feb	34 Mar	35 Apr	36 May	37 Jun	38 Jul 1 file	39 Aug	40 Sep	41 Oct	42 Nov	43 Dec
<u>Accumulation</u>		A6	A6	A6	A6	A6	A7	A7	A7	A7	A7	A7	A8
<u>Recovery</u>		R3	R3	R5	R5	R5	R5	R5	R5	R5	R5	R5	R5
<u>Recovery</u>		R4	R4	R4	R4	R4	R4	R4	R4	R6	R6	R6	R6

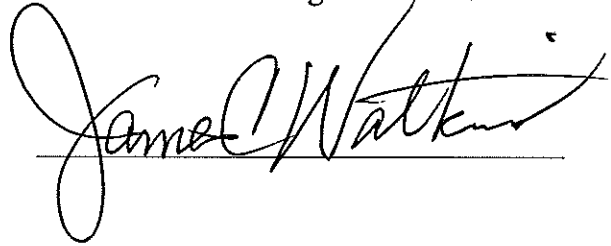
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of KCP&L Greater Missouri Operations	)	
Company for Authority to Implement Rate Adjustments	)	
Required by 4 CSR 240-20.090(4) and the Company's	)	Case No. EO-2010-0002
Approved Fuel and Purchased Power Cost Recovery	)	Tariff No. JE-2010-0003
Mechanism	)	


**AFFIDAVIT OF JAMES C. WATKINS**

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE     )

James C. Watkins, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation; that he has knowledge of the matters set forth in such recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Subscribed and sworn to before me this 31<sup>st</sup> day of July, 2009.

  
\_\_\_\_\_  
Notary Public

