

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

In the Matter of the Application of Kansas)
City Power & Light Company for)
Authority to Extend the Transfer of) Case No. EO-2012-0135
Functional Control of Certain Transmission)
Assets to the Southwest Power Pool, Inc.)

In the Matter of the Application of KCP&L)
Greater Missouri Operations Company for)
Authority to Extend the Transfer of) Case No. EO-2012-0136
Functional Control of Certain Transmission)
Assets to the Southwest Power Pool, Inc.)

NOTIFICATION

Pursuant to 4 C.S.R. 240-2.080 and Section II.B(2)(a) of the Stipulation and Agreement approved by the Missouri Public Service Commission (“Commission”) in the above-captioned proceedings, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (collectively, the “Company”) hereby respectfully provide notice of changes in Southwest Power Pool (“SPP”) Schedule 1-A rates. In support, the Company offers as follows:

1. The Stipulation and Agreement approved by the Commission in these proceedings directed the Company to furnish documentation to the Commission that describes the basis of any changes in SPP’s rate under Section 1-A.

2. During its October Board meeting, SPP approved an increase in the rate from 31.5 cents per MWH to 38.1 cents per MWH. This increase was approved by FERC on December 16, 2013 in Docket No. ER14-278-000.

3. A copy of the SPP Finance Committee recommendation to the SPP Board is attached as Exhibit A.

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorney for Kansas City Power & Light Company
and KCP&L Greater Missouri Operations Company**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all parties of record on this 31st day December, 2013.

/s/ Roger W. Steiner

Roger W. Steiner



Southwest Power Pool, Inc.
FINANCE COMMITTEE
Recommendation to the Board of Directors
October 29, 2013

2014 Administrative and Assessment Fee Rate

Organizational Roster

The following persons are members of the Finance Committee:

Harry Skilton	Director
Larry Altenbaumer	Director
Coleen Wells	Kansas Electric Power Coop
Mike Wise	Golden Spread Electric Coop
Sandra Bennett	American Electric Power
Kelly Harrison	Westar Energy

Background

Section 8.4 of the SPP Bylaws requires SPP to annually develop an assessment rate based on budgeted expenditures for the upcoming fiscal year and estimated billing determinants for that year.

Analysis

The 2014 SPP operating budget indicates a net revenue requirement (“NRR”) for the year of \$132.6 million (after funding \$10 million in current maturities with new debt proceeds) and estimated billing determinants of 348,179,835 MWh. The rate is determined by dividing the NRR by the estimated billing determinants which results in a rate of 38.1¢/MWh. NRR is derived by adjusting SPP’s gross cash outflows (exclusive of capital expenditures) by all non administrative fee revenue forecast to be earned in the year. The billing determinants are calculated by analyzing the current year to date transmission usage and estimating usage through the remainder of the year.

Billing determinants are estimated based on the billing criteria detailed in the SPP tariff. Presently, network integration transmission service is charged the SPP schedule 1A administrative fee based on the average 12 monthly peaks from the previous year; point-to-point transmission service is charged the SPP schedule 1A administrative fee based on the reserved transmission capacity. Through August 2013, SPP has realized year-over-year decline in average monthly peaks of 3.12% which will result in approximately 3% reduction in billing units available in 2014 against which the schedule 1A administrative fee is charged.

2012 NITS (12 CP in MW)	2013 Growth Rate	Est 2013 NITS	Hrs/Year	Est MWh	
36,296.45	-3.00%	35,207.56	8,760	308,418,195	
				<u>39,761,640</u>	Est Point-to-Point
				<u><u>348,179,835</u></u>	

The SPP tariff presently defines the billing determinants for network integration transmission service as the prior year peak. This definition leaves SPP open to potential meaningful variances in load from one year to the next; which can result in greater volatility in the schedule 1A administrative fee rate. SPP reviewed the impact if the network integration transmission service billing determinants were based on a simple three year average of monthly system peaks. The analysis indicated the volatility



of the billing determinants could be reduced, though the magnitude of the smoothing was rather minor due to the average volatility of the peaks being +/- 3%. The total amounts paid by network integration transmission customers didn't change meaningfully (see attached summary analysis).

Recommendation

The Finance Committee recommends the SPP Board of Directors establish an assessment rate and tariff administrative fee (schedule 1-A) of 38.1¢/MWh beginning on January 1, 2014.

Approved: Finance Committee October 15, 2013

Action Requested: Approve Recommendation