

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

In the Matter of KCP&L Greater Missouri Operations)
Company’s Application for Authority to Establish a) File No. EO-2014-0151
Renewable Energy Standard Rate Adjustment) Tariff No. YE-2014-0407
Mechanism)

THE OFFICE OF THE PUBLIC COUNSEL’S CORRECTED APPENDIX B

COMES NOW the Office of the Public Counsel (“OPC”) and submits this Corrected Appendix B, to replace the incorrect version attached to the August 19, 2014 *Reply to Staff and Renew Missouri*, and states:

1. On August 19, 2014, OPC filed its *Reply to Staff and Renew Missouri* and attached Appendix A and Appendix B. Appendix B included recommended formulae to calculate the Renewable Energy Standard Rate Adjustment Mechanism (“RESRAM”) charge. The third suggested formula as filed reads, “*RESRAM = ARRR / PR.*” The formula should instead state, “*RESRAM = ARRR / E.*”

2. On page 2 of Appendix B, a definition related to that formula as filed reads, “PR = **Projected Revenues**, in dollars, forecasted to be billed to customers during the applicable effective period.” With the correction to the formula, the definition should be replaced to state: “E = **Retail kWh sales** is the Company’s annual retail kWh sales.”

3. The fourth suggested formula, the RESRAM Offset rate calculation, as filed reads, “*ROA = DA/ DEP.*” The formula should instead state, “*ROA = DA/ DEPkWh.*”

4. On page 2 of Appendix B, the definition related to that formula as filed reads, “DEP = **Disallowance Effective Period** means the six (6) months beginning with the first billing month following the promulgation of tariffs resulting from a general rate case.” With the

correction to the formula, the definition should be replaced to state: “DEPkWh = **Disallowance Effective Period kWh** means the retail kWh sales for the six (6) month period over which the disallowance is applied.”

5. On page 2 of Appendix B, footnote number 2 has been deleted. That footnote stated: “If the RRR is greater than the ARRR, the difference between the ARRR and the RRR shall be carried forward for potential future recovery. Such amounts shall include monthly interest at the Company’s monthly short-term borrowing rate.”

6. These corrections to Appendix B accurately reflect OPC’s position that the RESRAM charge calculated on a fixed rate per kWh basis is consistent with the Commission’s rules and equitable considerations as articulated in pages 1-2 of its *Reply to Staff and Renew Missouri*. Attached hereto is OPC’s Corrected Appendix B. Consequently, any offset rate should also be calculated on a fixed per kWh basis for the disallowance effective period.

WHEREFORE, the Office of the Public Counsel respectfully submits the attached Corrected Appendix B.

Respectfully,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 29th day of August 2014:

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RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM

1.) The RESRAM Revenue Requirement [RRR] should be calculated as follows:

$$RRR = CC - CB$$

2.) The Allowable RESRAM Revenue Requirement [ARRR] should be calculated as follows:

$$ARRR = RRR +/- OA +/- RA$$

3.) The RESRAM should be calculated as follows:

$$RESRAM = ARRR / E$$

4.) The RESRAM Offset rate should be calculated as follows:

$$ROA = DA / DEP_{kWh}$$

DEFINITIONS:

ARRR = Allowable RESRAM Revenue Requirement means the amount of RESRAM Revenue Requirement, adjusted by any Commission-ordered reconciliations or other adjustments, that does not exceed the retail rate impact of 4 CSR 240-20.100(5)(A).

CB = Compliance Benefits means benefits directly related to compliance of the Renewable Energy Standard. Compliance benefits include, but are not limited to, avoided fuel costs, avoided plant operation and maintenance costs, avoided generation capacity costs, avoided reserve capacity cost, avoided transmission capacity cost, avoided cost of coal ash disposal, and avoided SO_x and NO_x emissions liability.

CC = Compliance Costs means prudently incurred costs, both capital and expense, directly related to compliance with the Renewable Energy Standard. Prudently incurred costs do not include any increased costs resulting from negligent or wrongful acts or omissions by the electric utility.

DA = Disallowance Amount means the offset amount determined to be disallowed by the Commission in the event the Commission disallows, during a subsequent general rate proceeding, recovery of RES compliance costs previously in an RESRAM, or pass-through of benefits previously in an RESRAM. The offset

amount shall include a calculation of interest at the electric utility's short-term borrowing rate.

DEPkWh = **Disallowance Effective Period kWh** means the retail kWh sales for the six (6) month period over which the disallowance is applied.

OA = **Ordered Adjustment** is the amount of any adjustment to the ARRR or RRR ordered by the Commission as a result of prudence reviews and/or corrections under this RESRAM Rider. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

E = **Retail kWh sales** is the Company's annual retail kWh sales.

RA = **Reconciliation Adjustment** is equal to the cumulative difference, if any, between the revenues billed during the previous effective period resulting from the application of the RESRAM and the RESRAM revenues intended to be collected through the end of the previous effective period (which will reflect projections through the end of the previous effective period due to timing of adjustments). Such amounts shall include monthly interest on cumulative over - or under - balances at the Company's monthly short-term borrowing rate.

RESRAM = **Renewable Energy Standard Rate Adjustment Mechanism** means a mechanism that allows period rate adjustments to recover prudently incurred RES compliance costs and pass-through to customers the benefits of any savings achieved in meeting the requirements of the Renewable Energy Standard.¹

ROA = **RESRAM Offset Rate** is designed to reconcile such disallowed costs or benefits within the six (6)-month period subsequent to any commission order regarding such disallowance of RES compliance costs or benefits.

RRR = **RESRAM Revenue Requirement** means the RES compliance costs net of RES compliance benefits.

¹ The RESRAM rate shall be rounded to the nearest 0.0001%

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AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Dr. Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Regulatory Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof as Corrected Appendix B are the corrected formulae and definitions that reflect both the costs and the benefits associated with RES compliance and can be used to calculate the RESRAM charge.
3. I hereby swear and affirm that the information contained in Appendix B is true and correct to the best of my knowledge and belief.




Geoff Marke
Regulatory Economist

Subscribed and sworn to me this 29th day of August 2014.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017.