

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

In the Matter of the Eighth Prudence Review of)
Costs Subject to the Commission-Approved)
Fuel Adjustment Clause of KCP&L Greater) **File: EO-2019-0067**
Missouri Operations Company)

In the Matter of the Second Prudence Review)
of Costs Subject to the Commission-Approved) **File: EO-2019-0068**
Fuel Adjustment Clause of Kansas City Power)
and Light Company)

In the Matter of the Application of KCP&L Greater)
Missouri Operations Company Containing Its) **File: ER-2019-0199**
Semi-Annual Fuel Adjustment Clause True-Up)

STAFF STATEMENTS OF POSITION

COMES NOW Staff of the Missouri Public Service Commission (“Staff”), pursuant to the Commission’s *Order Granting Consolidation, Setting Procedural Schedule, and Further Suspending True-up Timeline* (“Order”) issued on March 21, 2019, and submits the following Statements of Position on the issues as listed in the List of Issues, Order of Witnesses, Opening Statements and Cross-Examination filed on August 9, 2019:

Issue (1) A. Was it imprudent, or in violation of its Rider FAC tariff, for KCPL to allow 722,628 renewable energy credits (“RECs”) to expire during the review period of File EO-2019-0068 rather than take action which would have allowed KCPL to generate revenues from those RECs? B. If it was, what if any adjustment should the Commission order?

Staff Position: **A.** Yes, KCPL was imprudent in its management of its RECs during the FAC Review Period. Pursuant to KCPL’s Rider FAC tariff, customers are to receive the benefit of revenues from the sale of un-needed RECs through KCPL’s FAC

as an off-set to fuel costs. However, during the FAC Prudence Review Period applicable to File No. EO-2019-0068 (i.e., January 1, 2017 through June 30, 2018) KCPL failed to take any action to sell (generate revenues from) 722,628 RECs which it did not need to satisfy its renewable energy standard requirement and simply allowed those RECs to expire, to the detriment of its customers. Not only did KCPL fail to sell those RECs, it *did not even attempt to sell them*. *Boustead Rebuttal, pages 1-5 and Schedule KJB-r2, pages 1-2 and 24-25.* **B.** The Commission should order an adjustment in the amount of \$357,308 which is equal to 722,628 expired RECs times \$0.48483 per REC, plus interest at KCPL's short-term borrowing rate. *Boustead Rebuttal, page 2; Boustead Cross-Rebuttal page 2.*

Issue (2) A. Has GMO appropriately allocated the costs associated with auxiliary power between the electric operations and the steam operations at GMO's Lake Road plant? B. If not, what if any adjustment should the Commission order for the review period of File EO-2019-0067? C. Should the Commission order GMO to calculate the fuel cost of the steam operations auxiliary power that was recovered through the FAC since July 1, 2011, and return that amount plus interest at its short-term borrowing rate back to GMO's customers? D. Should the Commission Order GMO to make adjustments to the method by which it allocates auxiliary power between the electric operations and the steam operations at GMO's Lake Road plant for the 23rd Accumulation Period and/or any future FAC rate change cases?

Staff Position: A – D. This issue was originally raised by the Office of the Public Counsel in File No. ER-2019-0198/0199. In Staff's Report of the Eighth Prudence Review of Costs Related to the Fuel Adjustment Clause for the Electric Operations of GMO in File No. EO-2019-0067 Staff found no indication that GMO imprudently included steam auxiliary power costs in the FAC during the Review Period. However, Staff reserves the right to cross-exam witnesses and brief this issue if necessary.

Issue (3) A. Was it prudent for GMO to have entered into Purchase Power Agreements with the Rock Creek and Osborn Wind Projects under the terms of the contracts as executed? B. If it was not prudent, what if any adjustment should the Commission order?

Staff Position: A – B. This issue was originally raised by the Office of the Public Counsel. In its FAC Prudence Reports in File Nos. EO-2019-0067 and EO-2019-0068 Staff did not recommend a disallowance related to this issue. However, Staff reserves the right to cross-exam witnesses and brief this issue if necessary.

WHEREFORE Staff submits the foregoing Statements of Position pursuant to the Commission's prior Order.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
Missouri Bar No. 33825
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
Email: jeff.keevil@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 13th day of August, 2019.

s/ Jeffrey A. Keevil