

**MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2016-0005, Tariff Tracking No. JE-2016-0002  
KCP&L Greater Missouri Operations Company

FROM: David Roos, Regulatory Economist III  
Curtis Gateley, Utility Policy Analyst II  
Randy Gross, Utility Regulatory Engineer I

DATE: /s/ John Rogers 07/31/2015                      /s/ Jeffrey A. Keevil 07/31/2015  
Energy Resource Analysis Unit / Date                      Staff Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheet Filed to Change Rates  
Related to KCP&L Greater Missouri Operations Company's Fuel Adjustment  
Clause Pursuant to the Commission's Report and Order from Case No.  
ER-2012-0175.

DATE: July 31, 2015

Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed 10<sup>th</sup> Revised Sheet No. 127 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO") as filed on July 1, 2015, to become effective on September 1, 2015, as requested by GMO.

Discussion

On July 1, 2015, GMO filed one (1) tariff sheet<sup>1</sup> bearing a proposed effective date of September 1, 2015, to revise its current annual Fuel Adjustment Rates ("FARs") (Line Items 16 and 19 on 10<sup>th</sup> Revised Sheet No. 127) of its FAC. Included in the filing of July 1, 2015, is the testimony of GMO witness Linda J. Nunn and GMO's workpapers. The testimony and workpapers include information supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amount of (\$1,062,440) for its MPS rate district ("MPS") and (\$268,306) for its L&P rate district ("L&P") for Accumulation Period 16 (December 1, 2014 through May 31, 2015) reflecting the sum of:

1. 95% of the difference between the jurisdictional Actual Net Energy Costs (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credit revenue) and the jurisdictional Net Base Energy Cost for Accumulation Period 16 reflected on line 7 of 10<sup>th</sup> Revised Sheet No. 127 of (\$1,272,175) for MPS and (\$314,688) for L&P;

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<sup>1</sup> Tracking No. JE-2016-0002

2. The true up of the under/over recovery for prior period amounts as a result of the FARs for Recovery Period 13 (March 1, 2014 through February 28, 2015) filed by GMO on July 1, 2015, in File No. ER-2016-0007 which is reflected on line 8 of 10<sup>th</sup> Revised Sheet No. 127 of an under-recovery of \$6,327 for MPS<sup>2</sup> and an over-recovery of \$332 for L&P; and
3. The interest reflected on line 9 of 10<sup>th</sup> Revised Sheet No. 127, of \$203,409 for MPS and \$46,714 for L&P.

The MPS FAR of (\$0.00016) per kWh (line 13 of 10<sup>th</sup> Revised Sheet No. 127) is equal to the MPS FPA amount of (\$1,062,440) (line 11 of 10<sup>th</sup> Revised Sheet No. 127) divided by the estimated recovery period retail net system input (“NSI”) of 6,442,604,136 kWh (line 12 of 10<sup>th</sup> Revised Sheet No. 127).

Similarly, the L&P FAR of (\$0.00012) per kWh (line 13 of 10<sup>th</sup> Revised Sheet No. 127) is equal to the L&P FPA amount of (\$268,306) (line 11 of 10<sup>th</sup> Revised Sheet No. 127) divided by the estimated recovery period retail NSI of 2,259,053,780 kWh (line 12 of 10<sup>th</sup> Revised Sheet No. 127).

Because of differences in line losses for MPS and L&P of both primary and secondary voltage service levels<sup>3</sup>, the tariff reflects different current period FARs for service taken at primary and secondary voltages in MPS and in L&P.

The current annual FARs are the sum of the current period FARs and the previous period FARs for MPS and L&P, as reflected on lines 16 and 19 of 10<sup>th</sup> Revised Sheet No. 127, respectively, for primary voltage service and secondary voltage service, respectively.

The Accumulation Periods, Recovery Periods, and other specifications of GMO’s FAC Accumulation Period 16 (December 1, 2014 through May 31, 2015) are set out in its tariff sheets designated 2<sup>nd</sup> Revised Sheet Nos. 124 through 126 and Original Sheet Nos. 126.1 and 126.2.

Listed below are GMO’s proposed current annual FARs and the now-effective current annual FARs together with the changes between them for primary and secondary voltage service in both the MPS and L&P rate districts.

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<sup>2</sup> In Case No. ER-2016-0005, GMO witness Linda J. Nunn reports a RP13 under-recovery amount of \$6,327 for MPS. In the GMO FAC True Up of RP 13, Case No. ER-2016-0007, GMO witness Linda J. Nunn reports an under-recovery of \$6,326 for MPS. GMO used the amount of \$6,326.632 for the RP13 under-recovery for MPS in the current FAR calculation in Case No. ER-2016-0005. Staff has reviewed the testimonies in both cases and the FAR calculation, and recommends no changes to the MPS FAR calculation provided by GMO in Case No. ER-2016-0005.

<sup>3</sup> The voltage adjustment factors (VAFs) for MPS and L&P for both primary and secondary voltage service levels are included at the bottom of 10<sup>th</sup> Revised Sheet No. 127.

Current Annual Fuel Adjustment Rate per kWh - MPS			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00248	\$0.00597	\$0.00349 Decrease
Secondary	\$0.00255	\$0.00614	\$0.00359 Decrease
Current Annual Fuel Adjustment Rate per kWh – L&P			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00134	\$0.00437	\$0.00303 Decrease
Secondary	\$0.00138	\$0.00448	\$0.00310 Decrease

The proposed changes to the FARs will result in a decrease to a typical MPS residential customer's bill of approximately \$3.11 per month and a decrease to a typical L&P residential customer's bill of approximately \$2.69 per month, based on an average use of 867 kWh per month. The decrease in the FAR for MPS is caused as a result of a decrease in purchased power costs. The decrease in the FAR for L&P is caused as a result of a decrease in fuel costs and purchased power costs.

Staff reviewed the 10<sup>th</sup> Revised Sheet No. 127, the direct testimony of Linda J. Nunn and the workpapers in this filing, as well as GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 16, and verified that the actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenues in GMO's proposed 10<sup>th</sup> Revised Tariff Sheet No. 127 and the supporting workpapers of Linda J. Nunn's direct testimony. Staff also reviewed GMO's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over recovery of base fuel and purchased power costs for Accumulation Period 16 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the revised tariff sheet and workpapers includes sufficient data to calculate GMO's FARs based on the actual fuel, purchased power and emission allowance costs net of off-system sales revenue plus renewable energy credit revenue GMO provided for Accumulation Period 16.

Landfill Gas Facility

On December 21, 2012, GMO filed in File No. ER-2012-0175 an *Application for Waiver or Variance of 4 CSR 240-20.100(6)(A)16 for St. Joseph Landfill Gas Facility and Motion for*

*Expedited Treatment.* The St. Joseph Landfill Gas Facility was built to comply with the Renewable Energy Standard (“RES”). Rule 4 CSR 240-20.100(6)(A)16 provides that RES compliance costs may only be recovered through a Renewable Energy Standard Rate Adjustment Mechanism (“RESRAM”) or as part of a general rate proceeding, but not through a fuel adjustment clause. The St. Joseph Landfill Gas Facility was deemed in-service March 30, 2012, and fuel costs for it began to flow through GMO’s fuel adjustment clause. Landfill gas costs for Accumulation Period 16 (December 1, 2014 through May 31, 2015) were \*\* \_\_\_\_\_ \*\*.

On December 28, 2012, Staff filed *Staff’s Response to KCP&L Greater Missouri Operations Company’s Application for Waiver or Variance of 4 CSR 240-20.100(6)(A)16 for St. Joseph Landfill Gas Facility*. In its response, Staff expressed that while it did not oppose GMO’s application for waiver, its non-opposition is because of GMO’s commitment to work with the parties to resolve these issues before GMO files its next general electric rate case.

On January 3, 2013, the Commission issued an *Order Granting Waiver* with an effective date of January 4, 2013 granting GMO relief from Commission Rule 4 CSR 240-20.100(6)(A)16 for purposes of Case Nos. ER-2012-0175 and ER-2013-0341, i.e. the Commission’s order allows GMO to flow its St. Joseph landfill gas facility RES compliance costs through its FAC rather than through a RESRAM or as part of a general rate proceeding.

Based on the Commission’s approval of GMO’s request for a waiver from Commission Rule 4 CSR 240-20.100(6)(A)16, Staff will continue to work with the Company to reach a resolution concerning the treatment of the costs of landfill gas purchased for the Company’s St. Joseph Landfill Gas Facility.

#### Staff Recommendation

The Staff is of the opinion that GMO timely filed 10<sup>th</sup> Revised Tariff Sheet No. 127 and that it complies with the Commission’s *Report and Order* in Case No. ER-2012-0175, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and GMO’s FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility’s filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

GMO requested that 10<sup>th</sup> Revised Tariff Sheet No. 127, filed July 1, 2015, become effective on September 1, 2015. The Company filed the tariff sheet with 60 days’ notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on July 1, 2015, to become effective on September 1, 2015, as requested by GMO:

**PR**

P.S.C. Mo. No. 1  
10<sup>th</sup> Revised Sheet No. 127 Canceling 9<sup>th</sup> Revised Sheet No. 127

Staff has verified that GMO is not delinquent on any assessment and has filed its 2014 Annual Report. GMO is current on its submission of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Other than the true-up amounts that are the subject of Case No. ER-2016-0007, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

**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                )  
Approved Fuel and Purchased Power Cost                )  
Recovery Mechanism    )


File No. ER-2016-0005

**AFFIDAVIT OF DAVID C. ROOS**

**STATE OF MISSOURI**            )  
  ) ss  
**COUNTY OF COLE**             )

COMES NOW David C. Roos and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
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David C. Roos

Subscribed and sworn to before me this 31<sup>st</sup> day of July, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public

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

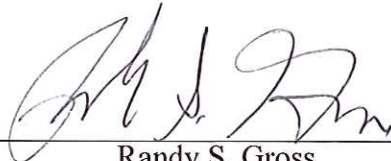
In the Matter of KCP&L Greater Missouri Operations Company for Authority to Implement Rate Adjustments Required by 4 CSR 240-20.090(4) and the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism )  
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 ) File No. ER-2016-0005  
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**AFFIDAVIT OF RANDY S. GROSS**

STATE OF MISSOURI )  
 ) ss  
 COUNTY OF COLE )


COMES NOW Randy S. Gross and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
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 Randy S. Gross

Subscribed and sworn to before me this 31<sup>st</sup> day of July, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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**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 ) File No. ER-2016-0005  
 4 CSR 240-20.090(4) and the Company's )  
 Approved Fuel and Purchased Power Cost )  
 Recovery Mechanism )

**AFFIDAVIT OF CURT B. GATELEY**

**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF COLE** )

COMES NOW Curt B. Gateley and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
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 Curt B. Gateley

Subscribed and sworn to before me this 31<sup>st</sup> day of July, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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 Notary Public