

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

In the Matter of KCP&L Greater Missouri)	
Operations Company Request for Authority)	
to Implement Rate Adjustments Required by)	<u>File No. ER-2017-0188</u>
4 CSR 240-20.090(4) and the Company's)	Tariff No. JE-2017-0135
Approved Fuel Adjustment Clause)	

**STAFF RECOMMENDATION TO APPROVE
TARIFF SHEET TO CHANGE RATES RELATED TO KCP&L
GREATER MISSOURI OPERATIONS COMPANY'S FUEL ADJUSTMENT CLAUSE**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its recommendation to approve revised tariff sheet, respectfully states:

1. On December 30, 2016, KCP&L Greater Missouri Operations Company ("GMO") filed a proposed tariff sheet,¹ a filing letter, supporting direct testimony, and other information pursuant to Commission Rules 4 CSR 240-3.161(7) and 4 CSR 240-20.090(4) to adjust its Fuel Adjustment Rates ("FARs")² used to determine customer charges related to its fuel adjustment clause ("FAC"). On January 19, 2017, GMO filed a substitute tariff, along with supplemental direct testimony explaining modifications to the proposed tariff sheet showing the detailed components of the FARs. On January 26, 2017, GMO filed a second substitute tariff sheet adding additional clarifying language.

2. Rule 4 CSR 240-20.090(4) requires the Commission's Staff to examine and analyze the information GMO has filed and submitted and to file a recommendation

¹ GMO, P.S.C.MO. No. 1, 14th Revised Sheet No. 127 Canceling 13th Revised Sheet No. 127, as substituted on January 19, 2017, and later substituted on January 26, 2017.

² See items 17 and 21 on 14th Revised Sheet No. 127, as substituted on January 26, 2017.

with the Commission not later than 30 days after GMO made its filing in this case, no later than January 30, 2017.

BACKGROUND

3. In GMO's most recent general rate case, Case No. ER-2016-0156, multiple parties to the case were signatories to a *Non-Unanimous Stipulation and Agreement* ("Agreement") that was filed September 20, 2016, and approved by the Commission on September 28, 2016. As part of the Agreement, GMO's MPS and L&P rate districts are to be consolidated into a single GMO rate district. Section 15 of the Agreement provided for:

The consolidation of the FAC for the consolidation of the L&P and MPS rate districts will be established at the date rates go into effect in this case and the historical cost recovery will be consolidated using weighted energy components for MPS and LP.

4. On November 8, 2016, GMO filed compliance tariff sheets (YE-2017-0068), including 13th Revised Sheet No. 127 which contained GMO's consolidated fuel adjustment rates to become effective December 22, 2016.

5. On December 21, 2016, GMO filed *KCP&L Greater Missouri Operations Company's Request to Delay Effective Date of Order and Motion for Expedited Treatment* in Case No. ER-2016-0156, asking to extend the effective date of the Commission's *Order Approving Compliance Tariffs* to February 22, 2017, due to the discovery of a bill presentation issue preventing GMO from generating bills that reflect the new rates and rate structures set out in its compliance tariff sheets. On December 21, 2016, the Commission granted GMO's request.

6. The granting of GMO's request to delay the effective date of its compliance tariff sheets until February 22, 2017, creates an unavoidable contingency in

this FAC rate adjustment case because GMO's 13th Revised Sheet No. 127 is currently not effective. Assuming the issues with GMO's billing system are resolved as anticipated, GMO's compliance tariff sheets (YE-2017-0068) will go into effect on February 22, 2017. Upon GMO's compliance tariff sheets becoming effective, then GMO's 14th Revised Sheet No. 127 can go into effect on March 1, 2017, cancelling the 13th Revised Sheet No. 127.

ANALYSIS

7. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet, as filed by GMO on December 30, 2016, and substituted on January 26, 2017, if there is an effective 13th Revised Sheet No. 127 on or after February 22, 2017, but prior to March 1, 2017. If, however, there is no effective 13th Revised Sheet No. 127 prior to March 1, 2017, Staff recommends that the Commission reject substitute 14th Revised Sheet No. 127 Cancelling 13th Revised Sheet No. 127.

8. GMO's filing in this case requests Commission approval of one revised tariff sheet bearing an effective date of March 1, 2017, to revise the current annual FARs of its FAC. The filing includes testimony and workpapers of GMO witness Lisa A. Starkebaum supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amounts of \$3,088,483 for its MPS rate district and the FPA amount of (\$1,195,635)³ for its L&P rate district, and a combined amount of \$1,892,848 for GMO (line 11 of substitute 14th Revised Sheet No. 127) for Accumulation Period 19

³ An amount that is "bracketed" in parentheses indicates an over-recovery by the utility.

(June 1, 2016 through November 30, 2016). Staff's *Memorandum* explains the calculation of these FPA amounts.

9. As further explained in Staff's *Memorandum*, these FPA amounts include the true-up amounts and interest amounts for MPS and L&P rate districts for Recovery Period 16 (September 1, 2015, through August 31, 2016) filed by GMO on December 30, 2016, in File No. ER-2017-0189.

10. Listed below are GMO's proposed Current Annual FARs and the Current Annual FARs listed on GMOs 13th Revised Sheet No. 127,⁴ together with the changes between them for primary and secondary service levels:

GMO Current Annual Fuel Adjustment Rate per kWh			
Service	Substitute 14 th Revised Sheet No. 127	13 th Revised Sheet No. 127	Difference
Primary	(\$0.00180)	(\$0.00220)	\$0.00040 Increase
Secondary	(\$0.00185)	(\$0.00226)	\$0.00041 Increase

11. Based on an average use of 868 kWh per month, the proposed changes to the FARs will result in an increase to a typical GMO residential customer bill of approximately \$0.35 per month.

12. Staff reviewed GMO's proposed tariff sheet, 14th Revised Sheet No. 127 as substituted on January 26, 2017, GMO witness Lisa A. Starkebaum's direct and supplemental direct testimony, supporting schedules and workpapers, as well as GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 19. Staff verified that the actual fuel and purchased power costs

⁴ As stated in the Background section of this pleading, the effective date of GMO's 13th Revised Sheet No. 127 is February 22, 2017.

less off-system sales revenues match the fuel and purchased power costs less off-system sales revenue in GMO's proposed substitute 14th Revised Tariff Sheet No. 127. Staff also reviewed GMO's monthly interest rates and interest amounts that are applied to 95% of the monthly cumulative under/over recovery of actual net base energy costs for Accumulation Period 19, and verified that the monthly interest rates and calculations of interest amounts are correct.

13. On January 3, 2013, the Commission granted GMO a waiver from 4 CSR 240-20.100(6)(A)16, which prevents GMO from recovering renewable energy standard ("RES") costs through its FAC, pursuant to Staff's recommendation that GMO work with Staff to resolve treatment of these costs. Based on the Commission's approval of GMO's waiver request, Staff and GMO have resolved the treatment of fuel costs related to the St. Joseph Landfill Gas Facility. As a result, when the rates ordered by the Commission in GMO's most recent rate case (Case No. ER-2016-0156) go into effect, the St. Joseph landfill RES compliance costs will no longer flow through GMO's FAC, and will instead flow through its Renewable Energy Standard Rate Adjustment Mechanism.

14. Staff has verified that GMO is not delinquent on any assessment and has filed its 2015 Annual Report. GMO is current on its submission of its Surveillance Monitoring reports as required in 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 File No. ER-2017-0189 and 13th Revised Sheet No. 127 in Tariff Tracking No. YE-2017-0068 being effective prior to March 1, 2017, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends, subject to GMO's 13th Revised Sheet No. 127 becoming effective on or after February 22, 2017, but prior to March 1, 2017, the Commission issue an order approving the following proposed revised tariff sheet, as filed on December 30, 2016, and substituted on January 26, 2017, to become effective on March 1, 2017, as requested by GMO:

PSC Mo. No. 1

12th Revised Sheet No. 127 Canceling 11th Revised Sheet No. 127.

However, in the event that there is no effective 13th Revised Sheet No. 127 prior to March 1, 2017, Staff recommends that the Commission reject substitute 14th Revised Sheet No. 127 Cancelling 13th Revised Sheet No. 127.

Respectfully submitted,

/s/ Mark Johnson

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 30th day of January, 2017, to all counsel of record.

/s/ Mark Johnson