

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

In the Matter of Kansas City Power & Light)
Company for Authority to Implement Rate)
Adjustments Required by 4 CSR 240-2.090(4))
and the Company's Approved Fuel and)
Purchased Power Cost Recovery Mechanism)

File No. ER-2017-0033
Tracking No. JE-2017-0022

STAFF RECOMMENDATION TO APPROVE REVISED TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through its undersigned counsel, and files this *Staff Report and Recommendation to Approve Revised Tariff Sheets* (“Report”) with the Missouri Public Service Commission (“Commission”), and respectfully states:

1. On August 1, 2016, Kansas City Power & Light Company filed with the Commission its *Tariff Schedule to Adjust FAC Rate of KCP&L*¹, along with the *Direct Testimony of Lisa A. Starkebaum*, wherein KCPL seeks to revise its rate schedule to adjust charges related to the Company’s approved Fuel Adjustment Clause (“FAC”).

2. On August 3, 2016, the Commission directed Staff to review KCPL’s filings and file a recommendation to the Commission no later than September 1, 2016.

3. Commission Rule 4 CSR 240-20.090(4) provides that the Staff “shall submit a recommendation regarding its examination and analysis to the Commission not later than thirty (30) days after the electric utility files its tariff schedules to adjust its FAC rates.” Staff is charged with determining if KCPL’s proposed fuel adjustment rates per kwh are in accordance with 4 CSR 240-20.090, § 386.266 RSMo, and the FAC mechanism established in the most recent general rate proceeding.

¹ KCPL submitted a *Substitute Tariff* on August 31, 2016, that represents the final approved version.

4. Staff reviewed the information submitted in this case file to date and conducted an investigation. The *Staff Recommendation* is attached hereto as Appendix A.

5. Staff has determined that KCPL's proposed fuel adjustment rate will result in an increase of \$0.00214 per kWh for primary voltage service and \$0.00219 per kWh for secondary voltage service. Based on an average use of 837 kWh per month, a typical KCPL residential customer's monthly bill will increase approximately \$1.83.

6. Pursuant to 4 CSR 240-20.090(4), when an FAC rate adjustment is in accordance with a Commission rule, applicable statutes, and the FAC mechanism established in the general rate proceeding:

“the 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.”

7. Based on its investigation, Staff has determined that the 2nd Revised Tariff Sheet No. 50.10 filed by KCPL in this matter complies with the Commission's *Report and Order* and the *Order Regarding Compliance Tariff Sheets* in Case No. ER-2014-0370, Commission Rule 4 CSR 240-3.161, and recommends that the Commission approve the proposed revised tariff sheet, to become effective on October 1, 2016.

WHEREFORE, Staff respectfully requests that the Commission accept this report for its consideration and recommends approval of the proposed revised tariff sheet.

Respectfully submitted,

/s/ Whitney Payne

Whitney Payne

Legal Counsel

Missouri Bar No. 64078

Attorney for the Staff of the

Missouri Public Service Commission

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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 1st day of September, 2016, to all counsel of record.

/s/ Whitney Payne

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2017-0033, Tariff Tracking No. JE-2017-0022
Kansas City Power & Light Company

FROM: David Roos, Regulatory Economist III
Curtis Gateley, Utility Policy Analyst II

/s/ John Rogers 09/01/2016 /s/ Bob Berlin 09/01/2016
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheet Filed to Change Rates Related to Kansas City Power & Light Company’s Fuel Adjustment Clause Pursuant to the Commission’s *Report and Order* and *Order Regarding Compliance Tariff Sheets* from File No. ER-2014-0370.

DATE: September 1, 2016

Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed 2nd Revised Sheet No. 50.10 of the Fuel Adjustment Clause (“FAC”) of Kansas City Power & Light Company (“KCPL”) as substituted on August 29, 2016, and on August 31, 2016, to become effective on October 1, 2016, as requested by KCPL.

Discussion

On August 1, 2016, KCPL filed one (1) tariff sheet¹ bearing a proposed effective date of October 1, 2016, to change its Fuel Adjustment Rates (“FARs”) (Line Items 16 and 19 on 2nd Revised Sheet No. 50.10) of its Fuel Adjustment Clause (“FAC”). On August 29, 2016 and on August 31 2016, following discussions initiated by Staff, KCPL filed a substitute 2nd Revised Sheet No. 50.10 that corrected errors in only the header of the tariff sheet.² Included in the filing of August 1, 2016, is the testimony of KCPL witness Lisa A. Starkebaum and KCPL’s workpapers. The testimony and workpapers include information supporting KCPL’s calculation of the Fuel and Purchased Power Adjustment (“FPA”) amount of \$18,560,756 (line 11 of 2nd

¹ Tracking No. JE-2017-0022

² The header “Applicable to Service Provided October 1, 2015 and Thereafter” was incorrect, because the effective date of the FAC is September 29, 2015 and because the approved tariff sheet for the current FARs is 1st Revised Sheet No. 50.10. On August 29 and August 31, 2016, KCPL filed substitute 2nd Revised Sheet No. 50.10. The header now correctly states: “Applicable to Service Provided Effective Date of Rate Tariffs for ER-2014-0370 and Thereafter”, which is consistent with the header on all other current FAC tariff sheets.

Revised Sheet No. 50.10) for its Missouri jurisdictional electric operations for Accumulation Period 2 (“AP2”) (January 1, 2016 through June 30, 2016).³ The FPA amount of \$18,560,756 is the sum of:

1. 95% of the difference between a) the jurisdictional Actual Net Energy Costs (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues) and b) the jurisdictional Net Base Energy Cost for AP2, reflected on line 7 of 2nd Revised Sheet No. 50.10, of \$18,436,184; and
2. The interest, reflected on line 9 of 2nd Revised Sheet No. 50.10, of 124,572.

The FAR of \$0.00205 per kWh (line 13 of 2nd Revised Sheet No. 50.10) is equal to the FPA amount of \$18,560,756 divided by the estimated recovery period retail net system input (“NSI”) of 9,045,290,583 kWh (line 12 of 2nd Revised Sheet No. 50.10).

Because of differences in line losses for KCPL of both primary and secondary voltage service levels,⁴ the tariff sheet reflects different current period FARs for service taken at primary and secondary voltages on lines 14 and 17 of 2nd Revised Sheet No. 50.10, respectively.

The current annual FARs for primary and secondary service voltage levels are reflected on lines 16 and 19 of 2nd Revised Sheet No. 50.10, respectively, and are the sum of the current period FARs and the prior period FARs for KCPL.

The Accumulation Periods, Recovery Periods, and other specifications of KCPL’s FAC are set out in its tariff sheets designated 2nd Revised Sheet No. 50, 1st Revised Sheet No. 50.1, and Original Sheet No. 50.2 through 50.9.

Listed below are KCPL’s proposed current annual FARs and the now-effective current annual FARs together with the changes between them for primary and secondary voltage service.

³ Beginning with Accumulation Period 2, KCPL’s accumulation periods are January through June and July through December. Accumulation Period 1 began September 29, 2015, the effective date of rates as ordered by the Commission in Case No. ER-2014-0370.

⁴ The voltage adjustment factors (VAFs) for both primary and secondary voltage service levels are included at the bottom of 2nd Revised Sheet No. 50.10.

| Current Annual Fuel Adjustment Rate per kWh | | | |
|---|-----------------------------|----------------------------------|--------------------|
| Service | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference |
| Primary | \$0.00292 | \$0.00078 | \$0.00214 Increase |
| Secondary | \$0.00299 | \$0.00080 | \$0.00219 Increase |

The proposed changes to the FARs will result in an increase to a typical KCPL residential customer's bill of approximately \$1.83 per month, based on an average use of 837 kWh per month.

Staff reviewed the 2nd Revised Sheet No. 50.10, as substituted on August 31, 2016, the direct testimony of Lisa A. Starkebaum and the workpapers in this filing, as well as KCPL's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for AP2, and verified that the actual fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues match the fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues in KCPL's proposed 2nd Revised Tariff Sheet No. 50.10, as substituted on August 31, 2016, and the supporting workpapers of Lisa A. Starkebaum's direct testimony. Staff also reviewed KCPL'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 AP2 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 KCPL's FARs based on the actual fuel costs, net emission costs, purchased power costs, and transmission costs net of off-system sales revenues and renewable energy credit revenues KCPL provided for AP2.

Staff Recommendation

The Staff is of the opinion that KCPL timely filed 2nd Revised Tariff Sheet No. 50.10, as substituted on August 29, 2016 and August 31, 2016, and that it complies with the Commission's *Report and Order* and *Order Regarding Compliance Tariff Sheets* in Case No. ER-2014-0370, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and KCPL'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.

KCPL requested that 2nd Revised Tariff Sheet No. 50.10, filed August 1, 2016, and as substituted on August 29, 2016 and August 31, 2016, become effective on October 1, 2016. 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 August 1, 2016, as substituted on August 29, 2016 and August 31, 2016, to become effective on October 1, 2016, as requested by KCPL:

P.S.C. Mo. No. 7
2nd Revised Sheet No. 50.10 Canceling 1st Revised Sheet No. 50.10

Staff has verified that KCPL is not delinquent on any assessment and has filed its 2015 Annual Report. KCPL 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). Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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OF THE STATE OF MISSOURI**


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)
) **File No. ER-2017-0033**
)
)
)

AFFIDAVIT

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 Memorandum; and that the same is true and correct according to his best knowledge and belief.

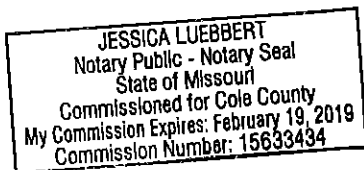
Further the Affiant sayeth not.




Curt B. Gateley

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of September, 2016.





NOTARY PUBLIC

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

In the Matter of the Kansas City Power & Light 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-2017-0033**
)
)
)

AFFIDAVIT

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 Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




David C. Roos

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of September, 2016.

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| JESSICA LUEBBERT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: February 19, 2019 Commission Number: 15633434 |
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NOTARY PUBLIC