

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

In the Matter of the Application of Kansas City)
Power & Light Company Containing Its)
Semi-Annual Fuel Adjustment Clause True-Up)

File No. ER-2018-0037

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and for its recommendation respectfully states:

1. On July 31, 2017, Kansas City Power & Light Company ("KCPL") filed an application with the Missouri Public Service Commission ("Commission") containing its first Fuel Adjustment Clause ("FAC") true-up filing to identify the amounts of over- or under-recovery of the FAC for its most recently completed 12-month recovery period, Recovery Period 1,¹ as required by Commission Rules 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

2. Rule 4 CSR 240-20.090(5)(D) requires Staff to examine and analyze the information KCPL has submitted and to submit a recommendation to the Commission not later than 30 days after KCPL made its filing, which in this case is not later than August 30, 2017.

3. As explained in Staff's *Memorandum*, attached hereto as Appendix A and incorporated herein by reference, Staff recommends the Commission approve KCPL's first true-up filing for Recovery Period 1 ("RP1"), during which KCPL under-recovered \$195,397 from customers.

¹ April 1, 2016 through March 31, 2017.

4. The true-up amount of \$195,397, without interest,² is the result of an under-collection of \$570,955³ for RP1 that is partially offset by a correction that removes \$375,558,⁴ without interest, in costs for unit train depreciation and property tax expense that were inadvertently included in costs for Accumulation Period 1.

5. Staff reviewed and analyzed the direct testimony, supporting schedules, and workpapers of KCPL witness Lisa A. Starkebaum, which provides a discussion of the corrections, interest adjustment, and preventive measures that KCPL has taken to prevent these errors from occurring in the future.⁵ Additional worksheets identifying errors and the calculations of corrections and interest amounts are included in the supporting workpapers of Ms. Starkebaum's direct testimony. Staff agrees with KCPL's calculations for corrections that were made and for interest amounts. However, Staff reserves its right to pursue this matter in other cases before the Commission.

6. Staff has verified that KCPL has filed its 2016 annual report and is not delinquent on any assessment. KCPL 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). With the exception of KCPL's proposed changes to its current annual Fuel Adjustment Rate in its semi-annual FAC filing in File No. ER-2018-0036, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

² The true-up amount with interest is \$189,895. See KCPL witness Starkebaum TrueUp Workpapaers Summary Tab.

³ KCPL witness Starkebaum TrueUp Workpapaers Summary Tab.

⁴ KCPL witness Starkebaum TrueUp Workpapaers Summary Tab.

⁵ KCPL witness Starkebaum Direct Testimony, p. 5 line 1 through p.7 line 10.

WHEREFORE, Staff prays the Commission accept the results of its analyses and recommends that the Commission approve KCPL's first true-up amount of \$195,397 under-recovered from customers for Recovery Period 1 under the provisions of 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
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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 30th day of August, 2017, to all counsel of record.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2018-0037
Kansas City Power & Light Company

FROM: David Roos, Regulatory Economist III
Matthew J. Barnes, Utility Regulatory Auditor IV

DATE: /s/ John Rogers 8/30/2017 /s/ Bob Berlin 08/30/2017
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff's Analysis of and Recommendation Concerning Kansas City Power
& Light Company Fuel Adjustment Clause True-up Filing Under the
Provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

DATE: August 30, 2017

Recommendation

Staff recommends the Commission approve Kansas City Power & Light Company ("KCPL") first true-up filing for Recovery Period 1 ("RP1") during which KCPL under-recovered \$195,397¹ from its customers.

Discussion

On July 31, 2017, KCPL filed with the Commission, along with direct testimony and supporting schedules of KCPL witness Lisa A. Starkebaum, its first fuel adjustment clause ("FAC") true-up filing under the provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5). According to KCPL's true-up filing, KCPL under-recovered from its customers \$195,397² during RP1 which began April 1, 2016 and ended March 31, 2017. RP1 was preceded by Accumulation Period 1 ("AP1") which began September 29, 2015 and ended December 31, 2015.

¹ This amount includes a correction, without interest, for over-recovery of unit train depreciation, and property tax expense of \$375,558 without interest which offsets an under-recovery of \$570,955 for the first recovery period.

² True-ups are defined on KCPL, P.S.C.MO. No. 7, Second Revised Sheet No. 50.9 as "After completion of each RP, the Company shall make a true-up filing by the filing date of its next FAR filing. Any true-up adjustments shall be reflected in component "T" above. Interest on the true-up adjustment will be included in component "I" above. The true-up amount shall be the difference between the revenues billed and the revenues authorized for collection during the RP as well as any corrections identified to be included in the current FAR filing. Any corrections included will be discussed in the testimony accompanying the true-up filing."

The Missouri Public Service Commission Staff (“Staff”) reviewed the direct testimony of KCPL witness Lisa A. Starkebaum, the supporting schedules KCPL provided with KCPL’s application in this case, and the monthly information KCPL submitted to the Commission in accordance with 4 CSR 240-3.161(5).

The true-up amount of \$195,397, without interest,³ reflected on line 8 of 2nd Revised Sheet 50.20, is the result of an under-collection of \$570,955⁴ for RP1 that is partially offset by a correction that removes \$375,558,⁵ without interest, in costs for unit train depreciation and property tax expense that were inadvertently included in costs for AP1.

The interest, reflected on line 9 of 2nd Revised Sheet 50.20, includes the interest from the correction of (\$7,342)⁶ and an interest adjustment of \$1,840.

KCPL witness Lisa A. Starkebaum’s direct testimony provides a discussion of the correction, interest adjustment, and preventive measures that KCPL has taken to prevent these errors from occurring in the future.⁷ Additional worksheets identifying errors and the calculations of corrections and interest amounts are included in the supporting workpapers of Lisa A. Starkebaum’s direct testimony. Staff agrees with KCPL’s calculations for corrections and interest amounts. However, Staff may pursue this issue in other cases before the Commission.

Staff Review

Based on its review and analysis of the information KCPL filed and submitted for RP1, Staff has determined that KCPL’s calculations for the true-up amounts for RP1 are correct. Staff also reviewed and analyzed the information KCPL filed for removal of unit train depreciation and property tax expense in the FAC. For the purposes of this true up,

³ The true-up amount with interest is \$189,895, KCPL witness Lisa A. Starkebaum True-Up Workpapers Summary Tab.

⁴ KCPL witness Lisa A. Starkebaum True-Up Workpapers Summary Tab.

⁵ KCPL witness Lisa A. Starkebaum True-Up Workpapers Summary Tab.

⁶ KCPL witness Lisa A. Starkebaum True-Up Workpapers Summary Tab.

⁷ KCPL witness Lisa A. Starkebaum’s direct testimony, page 5 line 1 through page 7 line 10.

Staff agrees with the amount to be returned to the customers to correct errors by KCPL. However, Staff may pursue this issue in other cases before the Commission.

Staff recommends the Commission approve KCPL's first true-up filing for Recovery Period 1 during which KCPL under-recovered \$195,397 from its customers. The under-recovered amount is included in KCPL's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in File No. ER-2018-0036 filed on July 31, 2017, for AP1 which began September 29, 2015 and ended December 31, 2015.

Staff has verified that KCPL has filed its 2016 Annual Report and is not delinquent on any assessment. 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). With the exception of KCPL's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in File No. ER-2018-0036, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

In the Matter of the Application of Kansas City Power & Light Company Containing Its Semi-Annual Fuel Adjustment Clause True-Up) **File No. ER-2018-0037**

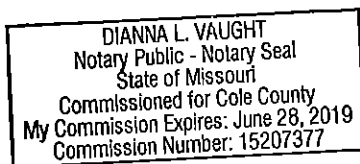
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Further the Affiant sayeth not.

Matthew J. Barnes
Matthew J. Barnes

Subscribed and sworn to be this 25th day of August, 2017.

Dianne L. Vaughn
Notary Public



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

In the Matter of the Application of Kansas City Power & Light Company Containing Its Semi-Annual Fuel Adjustment Clause True-Up) **File No. ER-2018-0037**

AFFIDAVIT OF DAVID C. ROOS

[illegible]

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.


David C. Roos

Subscribed and sworn to be this 23rd day of August, 2017.

Diana L. Vought
Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377