

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

In the Matter of the Application of KCP&L)
Greater Missouri Operations Company)
Containing Its Semi-Annual Fuel Adjustment)
Clause True-Up.)

File No. ER-2017-0189

STAFF RECOMMENDATION

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

1. On December 30, 2016, KCP&L Greater Missouri Operations Company (“GMO”) filed an application with the Missouri Public Service Commission (“Commission”) containing its sixteenth 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 16,¹ 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 GMO has submitted and to submit a recommendation to the Commission not later than 30 days after GMO made its filing, which in this case is not later than January 30, 2017.

3. As explained in Staff’s *Memorandum*, attached hereto as Appendix A and incorporated herein by reference, Staff recommends the Commission approve GMO’s sixteenth true-up filing for Recovery Period 16, during which GMO over-recovered

¹ September 1, 2015, through August 31, 2016.

\$146,087² from customers in its MPS rate district, and over-recovered \$188,467³ from customers in its L&P rate district.

4. Staff reviewed and analyzed the direct testimony, supporting schedules, and workpapers of GMO witness Lisa A. Starkebaum, which included information GMO filed for removal of MISO transmission charges for the Crossroads Generating Station in the FAC.⁴ Staff has determined that GMO's calculations for the true-up amounts and interest amounts for Recovery Period 16 are correct. The over-recovered amounts for the MPS and the L&P rate districts, and accumulated interest due to the over-recovered amounts, are to be included in GMO's calculation of its proposed current period Fuel Adjustment Rates⁵ in its semi-annual FAC adjustment filing in File No. ER-2017-0188.⁶

5. Staff has verified that GMO has filed its 2015 annual report and is not delinquent on any assessment. 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). With the exception of GMO's proposed changes to its current annual Fuel Adjustment Rate in its semi-annual FAC filing in File No.

² This amount includes a correction, with interest, for over-recovery of MISO transmission charges for the Crossroads Generating Station of \$83,287 in addition to an over-recovery of \$62,800.

³ This amount includes a correction, with interest, for over-recovery of MISO transmission charges for the Crossroads Generating Station of \$181,467 in addition to an over-recovery of \$7,000.

⁴ The matter of Crossroads related transmission expenses is a potential rate case and FAC prudence issue.

⁵ The Commission ordered the consolidation of the MPS and L&P rate districts in Rate Case No. ER-2016-0156, and effective February 22, 2017. This consolidation results in GMO wide Fuel Adjustment Rates applicable for the billing period of March 1, 2017, and thereafter.

⁶ *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* filed on December 30, 2016. In this case, GMO requested Commission approval of a revised tariff sheet to adjust rates for the FAC includable costs experienced during the six-month accumulation period (Accumulation Period 19) June 1, 2016 through November 30, 2016.

ER-2017-0188, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff prays the Commission accept the results of its analysis and recommends that the Commission approve GMO's sixteenth true-up amounts of \$146,087 and \$188,087, over-recovered from customers in its MPS and L&P rate districts, respectively, for Recovery Period 16 under the provisions of 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

Respectfully submitted,

/s/ Mark Johnson

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

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2017-0189
KCP&L Greater Missouri Operations Company

FROM: Ashley Sarver, Utility Regulatory Auditor IV
David Roos, Regulatory Economist III

DATE: /s/ John Rogers 01/30/2017 /s/ Bob Berlin 01/30/2017
Energy Resources Department/Date Staff Counsel Department/Date

SUBJECT: Staff's Analysis Of and Recommendation Concerning KCP&L Greater Missouri Operations Company's 16th Fuel Adjustment Clause True up Filing Under the Provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

DATE: January 30, 2017

Recommendation

Staff recommends the Commission approve KCP&L Greater Missouri Operations Company's ("GMO") 16th true-up filing for Recovery Period 16 (RP16) during which GMO's true-up amount is (\$334,554) as a result of \$146,087¹ over-recovered from customers in its Missouri Public Service (MPS) rate district and \$188,467² over-recovered from customers in its St. Joseph Light and Power ("L&P") rate district.

Discussion

On December 30, 2016, GMO filed with the Commission, along with direct testimony and supporting schedules of GMO witness Lisa A. Starkebaum, its 16th 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 GMO's true-up filing, in the aggregate for RP16 (December 1, 2014 through May 31, 2015), GMO over-recovered from its customers in its MPS rate district \$146,087³ and over-recovered from its customers in its L&P rate

¹ This amount includes a correction, with interest, for over-recovery of MISO transmission charges for the Crossroads Generating Station of \$83,287, which offsets an over-recovery of \$62,800.

² This amount includes a correction, with interest, for over-recovery of MISO transmission charges for the Crossroads Generating Station of \$181,887, which offsets an over-recovery of \$6,580.

³ As defined on KCP&L Greater Missouri Operations Company, P.S.C.MO. No. 1, Original Sheet No. 126.2 the term T = 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 Fuel Adjustment Rate filing. Any corrections included will be discussed in the testimony accompanying the true-up filing.

district \$188,467 during RP16 (September 1, 2015 through August 31, 2016), which followed its Accumulation Period 16 (December 1, 2014 through May 31, 2015).

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

Correction for MISO Transmission Charges

During the GMO rate case, Case No. ER-2016-0156, Staff’s Data Request 155.5 was submitted on April 29, 2016, asking GMO if it had recovered any Crossroads Generating Station (“Crossroads”) related transmission expense in the FAC. On May 18, 2016, GMO notified Staff by phone and by email confirming that an error had occurred resulting in some Crossroads related Midcontinent Independent System Operator (MISO) transmission expenses flowing through the FAC. As a result of this error, the true-up amounts in this case contain a correction, with interest, of \$83,287 for over-recovery from customers in the MPS rate district and \$181,467 for over-recovery from customers in the L&P rate district.

These corrections represents the MISO transmission expenses for the Crossroads that were in the L&P FAC for July and August 2013, also MPS from January 2013 through May 2016, and captures the time period from the start of MISO transmission expenses in the FAC through the end of Accumulation Period 18 (AP18). For Accumulation Period19 (AP19), June 2016 through November 2016, the AP19 work papers for the fuel adjustment rate filing in File No. ER-2017-0188 filed on December 30, 2016 shows the removal of Crossroads related transmission expenses from the FAC.

In the Report and Orders for Rate Case Nos. ER-2010-0356, effective May14, 2011, and ER-2012-0175 effective January 9, 2013, the Commission ordered Crossroads related transmission charges to be excluded from both base rates and the FAC. The 1st Revised Tariff Sheet No. 127.8, applicable to service provided from July 1, 2011 through January 25, 2013, defines transmission costs as:

“TC = Transmission Costs;
Transmission costs for Off System Sales included in FERC
Account Number 565 except for costs for the Crossroads facility.”

And the 2nd Revised Tariff Sheet No. 126, applicable to service provided January 26, 2013, and thereafter, defines transmission costs as:

“TC = Transmission Costs:
The following Costs reflected in FERC Account Number 565
(excluding Base Plan Funding costs and costs associated with the
Crossroads Generating Station): transmission costs that are
necessary to receive purchased power to serve native load and
transmission costs that are necessary to make off system sales.”

For calculating TC, GMO implemented a process whereby total transmission expenses were tabulated and then costs not allowed in the FAC were removed. Prior to Entergy joining MISO in December 2013, this process was effective in preventing disallowed Crossroads related transmission costs from flowing through the FAC.

Staff Review

Based on its review and analysis of the information GMO filed and submitted for RP16, Staff has determined that GMO’s calculations for the true-up amounts for RP16, including the calculation of monthly interest, are correct. Staff also reviewed and analyzed the information GMO filed for removal of MISO transmission expense for the Crossroads in the FAC. The issue of Crossroads related transmission expenses is a potential rate case and FAC prudence issue. For the purposes of this true up, Staff does not object to the amount returned to the customers to correct this error by GMO. However, Staff may pursue this issue in other cases before the Commission.

Staff recommends the Commission approve GMO’s 16th true-up filing for RP16 during which GMO over-recovered \$146,087 from its customers in its MPS rate district and over-recovered \$188,467 from its customers in its L&P rate district. The over-recovered amounts for the MPS and L&P rate districts are to be included in GMO’s proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in

File No. ER-2017-0188 filed on December 30, 2016, for AP19 (June 1, 2016 through November 30, 2016).

Staff has verified that GMO has filed its 2015 Annual Report and is not delinquent on any assessment. 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). With the exception of GMO's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing, in File No. ER-2017-0188 and Rate Case No. ER-2016-0156, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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In the Matter of the Application of KCP&L)
Greater Missouri Operations Company) **File No. ER-2017-0189**
Containing Its Semi-Annual Fuel Adjustment)
Clause True-Up)

AFFIDAVIT OF DAVID C. ROOS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

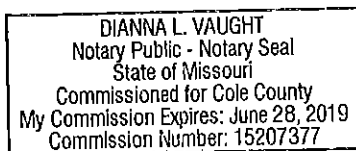
COMES NOW, David C. Roos and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

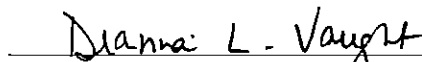
Further the Affiant sayeth not.



David C. Roos

Subscribed and sworn to be this 30th day of January, 2017.





Notary Public

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

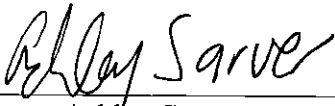
In the Matter of the Application of KCP&L)
Greater Missouri Operations Company) **File No. ER-2017-0189**
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Clause True-Up)

AFFIDAVIT OF ASHLEY SARVER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

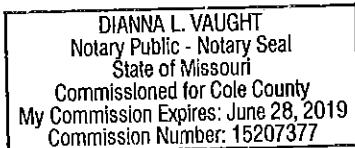
COMES NOW, Ashley Sarver and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

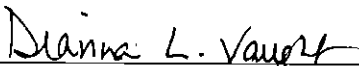
Further the Affiant sayeth not.



Ashley Sarver

Subscribed and sworn to be this 30th day of January, 2017.





Notary Public