

**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-2017-0357</u>
4 CSR 240-20.090(4) and the Company's)	Tariff No. JE-2017-0280
Approved Fuel and Purchased Power Cost)	
Recovery Mechanism)	

OPC COMMENT

COMES NOW the Office of Public Counsel (“OPC”), by and through counsel, and for its Comment, and respectfully states:

1. On June 30, 2017, KCP&L Greater Missouri Operations Company (“GMO”) filed a proposed tariff sheet, 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”) used to determine customer charges related to its fuel adjustment clause (“FAC”). Along with its testimony and proposed tariff sheet, GMO filed “Information Required by 4 CSR 240-3.161(7) and Work Papers (NC and HC).”

2. Commission Rule 4 CSR 240-3.161(7)(A)1.G requires an electric utility filing tariff schedules to adjust an FAC rate to, in part, submit information for the period from which the historical costs are used to adjust the FAC rate regarding the base rate component of fuel and purchased power costs and revenues from off-system sales.

3. GMO provided the following in response to 4 CSR 240-3.161(7)(A)1.G for the base component of fuel and purchased power costs and revenues from off-system sales:

As the Company now participates in the Southwest Power Pool Energy market where it sells all of its generation into the market and then purchases back all energy it needs to serve native load as well as any excess energy that it can sell off system, the modeling used to set base retail rates no longer distinguishes

between the costs associated with on-system and off-system sales. Therefore, the calculation of off-system sales margins is not produced, thus the off-system margin included within the FAC base rate is not identified. (Emphasis added)

4. On July 10, 2017, OPC issued data request 8000 requesting clarification of the information GMO provided to meet the requirement of 4 CSR 240-3.161(7)1.G. OPC received GMO's response to this data request on July 31, 2017. See *Attachment A*. GMO's response indicated it would no longer provide this information because of its participation in the Southwest Power Pool Integrated Market.

5. In addition to not providing the information required by Commission rule, OPC believes GMO's response to this requirement raises a concern. GMO is making no distinction between revenue from SPP for on-system native load requirements and off-system generation above what was required by native load. The Commission has previously identified the importance of this distinction in its Report and Order in the Ameren Missouri rate case ER-2014-0258, stating:

The evidence demonstrated that for purposes of operation of the MISO tariff, Ameren Missouri sells all the power it generates into the MISO market and buys back whatever power its needs to serve its native load. From that fact, Ameren Missouri leaps to its conclusion that since it sells all its power to MISO and buys all that power back, all such transactions are off-system sales and purchased power within the meaning of the FAC statute. The Commission does not accept this point of view.

The drafters of the FAC statute likely did not envision a situation where a utility would consider all its generation purchased power or off-system sales. (pg 115)

This section also was quoted in the Report and Order for the Kansas City Power and Light rate case ER-2014-0370, and the Empire rate case ER-2014-0351 when the Commission stated:

The Commission recently issued a Report and Order in an Ameren Missouri rate case, File No. ER-2014-0258, where it determined it is unlikely the drafters of the FAC envisioned a situation where a utility would consider all its generation either purchased power or off-system sales. (pg. 27)

6. OPC notes that GMO did not seek a waiver of this filing requirement in its application.

7. On July 31, 2017, the Staff of the Missouri Public Service Commission (“Staff”) filed its *Staff Recommendation To Approve Tariff Sheet To Change Rates Related To KCP&L Greater Missouri Operations Company’s Fuel Adjustment Clause*, wherein it recommends approval of revised tariff sheets.

8. Commission Rule 4 CSR 240-3.161 requires the parties to notify the electric utility within ten (10) days of its filing should they not meet the filing requirements to change the FAC rates. Upon review of GMO’s application and through its discovery, OPC has observed a filing deficiency regarding the reporting of off-system sales required by 4 CSR 240-3.161(7)(A)1.G. As OPC did not raise this concern to the Company within the proscribed time period, it will not object to the filing.

9. OPC believes the appropriate procedure to comply with 4 CSR 240-3.161(7)(A)1.G is for the electric utility to provide the FAC base factors. OPC will gladly work with Staff and the electric utility companies to ensure consistency in the application of the Commission filing requirement rules, and will timely raise the issue in subsequent applications if necessary.

Wherefore, OPC submits this Comment for the Commission’s information.

/s/Hampton Williams

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 9th day of August, 2017.

/s/Hampton Williams