

**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-2018-0207

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 January 31, 2018, Kansas City Power & Light Company (“KCPL”) filed an application with the Missouri Public Service Commission (“Commission”) containing its second Fuel Adjustment Clause (“FAC”) true-up filing to identify the amount of over- or under-recovery of the FAC for its most recently completed 12-month recovery period, Recovery Period 2,¹ 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 March 2, 2018.

3. As explained in Staff’s *Memorandum*, attached hereto as Appendix A and incorporated herein, Staff recommends the Commission approve KCPL’s second true-up filing for Recovery Period 2 (“RP2”), during which KCPL under-recovered \$1,574,675 from customers.

¹ October 1, 2016 through September 30, 2017.

4. The true-up amount of \$1,574,675, without interest, is the result of an under-collection of \$1,602,590 for RP2 less two credits (without additional interest) which correct two accounting errors 1) interest calculation error of \$30 during Accumulation Period 2, and 2) over-collection due to a transmission expense error of \$27,885 during 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 and interest adjustments. 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 the amounts to be returned to customers to correct errors for over-collection of interest and transmission expense by KCPL. 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 Rates in its semi-annual FAC filing in File No. ER-2018-0208, 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 analyses and recommends that the Commission approve KCPL's true-up amount of \$1,574,675 which was under-recovered from customers in Recovery Period 2 and is included in KCPL's

proposed changes to its current period fuel adjustment rate (FAR) in its semi-annual FAC filing in File No. ER-2018-0208.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
Missouri Bar No. 51709
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)

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 2nd day of March, 2018, to all counsel of record.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2018-0207
Kansas City Power & Light Company

FROM: Catherine Lucia, Utility Regulatory Auditor IV
Brooke Richter, Utility Regulatory Auditor IV

DATE: /s/ John Rogers 3/2/2018 /s/ Bob Berlin 03/2/2018
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: March 2, 2018

Recommendation

Staff recommends the Commission approve Kansas City Power & Light Company ("KCPL") true-up filing for Recovery Period Two ("RP2") during which KCPL under-recovered \$1,574,675¹ from its customers.

Discussion

On January 31, 2018, KCPL filed with the Commission, along with direct testimony and supporting schedules of KCPL witness Lisa A. Starkebaum, its fuel adjustment clause ("FAC") true-up² filing for RP2 under the provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5). RP2 began October 1, 2016 and ended September 30, 2017 and was preceded by Accumulation Period 2 ("AP2") which began January 1, 2016 and ended June 30, 2016.

¹ This amount includes two corrections; first is for an over-recovery of accrued interest expense of \$30 and the second is for an over-recovery of transmission expense of \$27,885, both without interest which offsets an under-recovery of \$1,602,590 for the second recovery period.

² True-ups are defined on KCPL, P.S.C.MO. No. 7, Second Revised Sheet No. 50.9 and First Revised Sheet No. 50.19 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 RP2 true-up amount of \$1,574,675, without interest, is the result of an under-recovery of \$1,602,590 during RP2 less two credits (without additional interest) which correct two accounting errors 1) interest calculation error of \$30 during Accumulation Period 2 and 2) over-collection due to a transmission expense error of \$27,885 during Accumulation Period 1.³

The interest of \$658,284, reflected on line 9 of 3rd Revised Sheet 50.20⁴ includes all interest⁵ for RP2 and Accumulation Period 5.

KCPL witness Lisa A. Starkebaum’s direct testimony provides a discussion of the corrections and interest adjustments.⁶ Additional worksheets identifying errors and the calculations of corrections and interest amounts are included in the supporting workpapers for Lisa A. Starkebaum’s direct testimony. Staff agrees with KCPL’s calculations for corrections and interest amounts.⁷

³ Page 1 of 9 of Schedule LAS-1 of the direct testimony of Lisa A. Starkebaum.

⁴ File No. ER-2018-0208 and Tariff Tracking No. JE-2018-0099.

⁵ Interest is defined on KCPL, P.S.C.MO. No. 7, Second Revised Sheet No. 50.8 and First Revised Sheet No. 50.18 as: Interest applicable to (i) the difference between Missouri Retail ANEC and B for all kWh of energy supplied during an AP until those costs have been recovered; (ii) refunds due to prudence reviews (“P”), if any; and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings (“T”) provided for herein. Interest shall be calculated monthly at a rate equal to the weighted average interest paid on the Company’s short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

⁶ KCPL witness Lisa A. Starkebaum’s direct testimony, page 6 lines 1 through 23 and page 7 lines 1 through 5.

⁷ Staff notes that the proposed true-up amount of \$1,573,824 on page 4 line 22 of Ms. Starkebaum’s direct testimony includes the interest for the correction of the two errors and that such interest should not have been included in the true-up amount as a result of the definition of interest in the FAC. This was discussed with Ms. Starkebaum and she agreed with Staff’s interpretation of the FAC and that the correct true-up amount is \$1,574,675.

Staff Review

Based on its review and analysis of the information KCPL filed and submitted for RP2, Staff has determined that KCPL's calculations for the true-up amount for RP2 is correct. For the purposes of this true-up filing, Staff agrees with the amounts to be returned to the customers to correct errors for over-collection of interest and transmission expense by KCPL. However, Staff reserves its right to pursue this issue in other cases before the Commission.

Staff recommends the Commission approve KCPL's true-up filing for RP2 during which KCPL under-recovered \$1,574,675 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-2018-0208 filed on January 31, 2018, for AP5 which began July 1, 2017 and ended December 31, 2017.

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-2018-0208, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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File No. ER-2018-0207

AFFIDAVIT OF CATHERINE LUCIA

State of Missouri)
) ss.
County of Cole)

COMES NOW Catherine Lucia and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

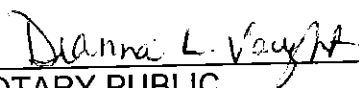
Further the Affiant sayeth not.



Catherine Lucia

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 2nd day of March, 2018.



NOTARY PUBLIC

