

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

In the Matter of Kansas City Power & Light)	
Company for Periodic Changes to Fuel)	<u>File No. ER-2019-0223</u>
Adjustment Rates Required by 4 CSR)	Tracking No. JE-2019-0150
240-20.090(8) and the Company's)	
Approved Fuel and Purchased Power Cost)	
Recovery Mechanism)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and submits its Recommendation as follows:

1. On January 31, 2019, Kansas City Power & Light Company ("KCPL" or "Company") submitted direct testimony and a tariff sheet designed to implement an adjustment to its Fuel and Purchased Power Adjustment Clause ("FAC"). The submitted tariff sheet bears an effective date of April 1, 2019.

2. Concurrently on January 31, 2019, KCPL submitted a true-up filing in File No. EO-2019-0222 to identify the net fuel costs it over- or under-charged customers during the 4th Recovery Period prescribed by its FAC. This amount is used when calculating the new Fuel Adjustment Rates ("FARs") in this case.

3. On February 1, 2019, the Commission ordered Staff to examine and analyze KCPL's filings in this case, and to file its recommendation no later than March 1, 2019, as required by Rule 4 CSR 240-20.090(8)(F). The Commission also directed that notice of the order be served on parties to Case No. ER-2018-0145 (the file in which KCPL's FAC was most recently approved with modifications), as required by Rule 4 CSR 240-20.090(17).

4. Any party wishing to intervene was given a deadline of February 15, 2019 to file an application with the Commission.

5. No parties have filed to intervene in this matter.

6. Staff's Memorandum, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed 1st Revised Sheet No.50.31 of the Fuel Adjustment Clause of Kansas City Power & Light Company, as filed on January 31, 2019, to become effective on April 1, 2019, as requested by KCPL.

7. Commission Rule 4 CSR 240-20.090(8) states: "An electric utility that has a FAC shall file proposed tariff sheet(s) to adjust its FARs following each accumulation period." The rule requires Staff to "determine if the proposed adjustment to the FARs is in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established, continued, or modified in the most recent general rate proceeding."¹

8. If Staff determines the proposal to be in accordance, the Commission must, within sixty (60) days after the electric utility files, either "(1) Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs; or (2) Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order."²

9. KCPL's filing in this case requests Commission approval of one tariff sheet bearing an effective date of April 1, 2019, that revises the current FARs in its FAC. The

¹ Commission Rule 4 CSR 240-20.090(8)(F).

² Commission Rule 4 CSR 240-20.090(8)(H)(1) and (2).

filing includes testimony and workpapers of KCPL witness Lisa A. Starkebaum supporting the Company's calculation of the Fuel and Purchased Power Adjustment ("FPA").

10. Staff's review has determined that KCPL's filing is in compliance with the Commission's Report and Order in Case No. ER-2018-0145, filing requirements contained in Commission Rule 4 CSR 240-20.090(8)(A), and KCPL's FAC embodied in its tariff.

11. Staff has verified that KCPL has filed its 2017 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(6), and its periodic reports as required by 4 CSR 240-20.090(5). With the exception of the true-up filing in File No. EO-2019-0222, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order indicating the 1st Revised Sheet No. 50.31 of the Fuel Adjustment Clause of Kansas City Power & Light Company, as filed on January 31, 2019, become effective on April 1, 2019, as requested by KCPL.

Respectfully Submitted,

/s/ Travis J. Pringle

Travis J. Pringle

Missouri Bar No. 71128

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Missouri Public Service Commission

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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 1st day of March, 2019.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2019-0223, Tariff Tracking No. JE-2019-0150
Kansas City Power & Light Company

FROM: Brooke Mastrogiannis, Utility Regulatory Auditor IV
Lisa Wildhaber, Utility Regulatory Auditor III
Curtis B. Gateley, Utility Policy Analyst II

DATE: /s/ Natelle Dietrich 03/01/2019 /s/ Travis Pringle 03/01/2019
Commission Staff / 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* in Case No. ER-2018-0145

DATE: March 1, 2019

Staff Recommendation

Staff recommends the Commission issue an order approving the proposed 1st Revised Sheet No. 50.31 of the Fuel Adjustment Clause ("FAC") of Kansas City Power & Light Company ("KCPL") to become effective on April 1, 2019, as requested by KCPL.

Discussion

On January 31, 2019, KCPL filed one (1) tariff sheet¹ bearing a proposed effective date of April 1, 2019, to change its Fuel Adjustment Rates ("FAR") (lines 17, 21, 25, and 29 on 1st Revised Sheet No. 50.31) of its FAC. Included in the filing of January 31, 2019 is the testimony of KCPL witness Lisa A. Starkebaum and KCPL's workpapers. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2019-0150 and ordered Staff to file its recommendation concerning the tariff sheet no later than March 1, 2019.

¹ The Commission assigned the tariff sheet to Tariff Tracking No. JE-2019-0150.

Plant in Service Accounting (PISA) Deferrals Permitted Under Section 393.1400, RSMo, and Limitations on Rate Modifications Permitted Under Section 393.1655, RSMo

As stated in KCPL's tariff filing letter:

Through a filing made concurrently herewith in Case No. EO-2019-0047, KCPL provided notice of its election, effective January 1, 2019, to make the plant in service accounting ("PISA") deferrals permitted under Section 393.1400 RSMo. Due to the rate cap provisions of Section 393.1655 RSMo., KCPL performed the calculations to determine if this semi-annual FAC filing exceeded the 3% cap on the Average Overall Rate or the 2% cap on the Class Average Overall Rate for the Large Power customer class. As shown in the KCPL PISA Calculation that is provided as support with this filing, there is no PISA impact resulting from this FAC filing.

KCPL's FAR filing demonstrated that it is not necessary to have separate rates for Large Power Service customers and Non-Large Power Service customers as a result of Section 393.1655. KCPL witness Lisa A. Starkebaum also provided Staff with workpapers to support not having separate rates for customer classes. Staff agrees that the overall outcome of the 2% calculation in KCPL's workpapers does not result in separate rates for Large Power customers and Non-Large Power customers. However, Staff recommends the Commission direct KCPL to maintain detailed accounting amounts associated with implementing recently enacted legislation as it relates to the FAC, in particular to provide class-level projected kWh for future filings.

Accumulation Period 7 FARs

The testimony and workpapers include information supporting KCPL's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$8,755,994 (line 11 of 1st Revised Sheet No. 50.31) for its Missouri jurisdictional electric operations for Accumulation Period 7 ("AP7") (July 1, 2018, through December 31, 2018). The FPA amount of \$8,755,994 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 AP7, which is reflected on line 7 of 1st Revised Sheet No. 50.31 and is equal to \$8,559,289;

2. The true-up amount for Recovery Period 4 (“RP4”) of \$(511,952)² reflected on line 8 of 1st Revised Sheet No. 50.31; and

3. The interest amount of \$708,656 reflected on line 9 of 1st Revised Sheet No. 50.31, including all interest for RP4 and AP7.³

The current period FAR of \$0.00097 per kWh (line 13 of 1st Revised Sheet No. 50.31) is equal to the FPA amount of \$8,755,994 divided by the estimated recovery period retail net system input (“NSI”) of 8,982,300,350 kWh (line 12 of 1st Revised Sheet No. 50.31).

Because of differences in line losses for KCPL of transmission, substation, primary and secondary voltage service levels,⁴ the tariff sheet reflects different current period FARs for service taken at transmission, substation, primary and secondary voltage service levels on lines 15, 19, 23, and 27, respectively, of 1st Revised Sheet No. 50.31. The transmission and substation voltage levels were separated and added to the FAC as a result of KCPL’s last general rate case, Case No. ER-2018-0145. Also, as a result of KCPL’s last general rate case, the base factor changed from \$0.01542 per kWh to \$0.01675 per kWh effective as of December 6, 2018.

The current annual FARs for transmission, substation, primary, and secondary service voltage levels are reflected on lines 17, 21, 25, and 29, respectively, of 1st Revised Sheet No. 50.31, 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 Original Sheet Nos. 50.21 through 50.30.

Listed below are KCPL’s current period FAR, prior period FAR, and the current annual FAR. The current annual FAR includes the proposed current annual FARs and the now-effective

² See Staff Recommendation in Case No. EO-2019-0222.

³ Interest is defined on KCPL, P.S.C.MO. No. 7, Original Sheet No. 50.28 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.

⁴ The voltage adjustment factors (VAFs) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 1st Revised Sheet No. 50.31.

current annual FARs together with the changes between them for transmission, substation, primary and secondary voltage service.

Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Transmission	\$0.00390	\$0.00530	\$0.00140 Decrease
Substation	\$0.00391	\$0.00530	\$0.00139 Decrease
Primary	\$0.00400	\$0.00543	\$0.00143 Decrease
Secondary	\$0.00409	\$0.00555	\$0.00146 Decrease

The proposed change to the secondary service level FARs will result in a decrease to a typical KCPL residential customer's bill⁵ of approximately \$1.46 per month, based on an average use of 1,000 kWh per month, from \$5.55 to \$4.09.

In her direct testimony Ms. Starkebaum states:

KCPL's actual FAC includable costs exceeding the base energy costs are lower in this accumulation than they were in the previous accumulation. There are a few offsetting factors contributing to this decrease. First, actual fuel expense was higher during this seventh accumulation period because Wolf Creek was back online after its planned maintenance and refueling outage that began in April and continued through mid-May. Also, Iatan 2 was back online after its outage through July. Expectedly, the increase in fuel expense was offset by a decrease in purchased power expense between the sixth and seventh accumulation periods. Second, summer weather was 8% warmer than normal and fall weather was 14% cooler than normal resulting in a slight increase in retail load requirements during the seventh accumulation period as compared to both the prior sixth accumulation period as well as the same time-period last year. Lastly, there was a significant increase in off-system sales revenue over the prior accumulation period as generation was available to sell to Southwest Power Pool ("SPP") Integrated Marketplace.⁶

⁵ All residential customers take service on secondary voltage.

⁶ KCPL witness Lisa A. Starkebaum's testimony on page 4 line 22 through page 5 line 13.

Staff Review

Staff reviewed the 1st Revised Sheet No. 50.31, as filed on January 31, 2019, 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 AP7. Staff verified 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 in the workpapers. Those costs matched 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 1st Revised Tariff Sheet No. 50.31 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 and 100% of the true-up amount for RP4 and AP7 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 AP7.

Attachment A includes three charts which provide a summary of KCPL's seven FAC rate adjustment filings. Chart 1 illustrates: a) KCPL's actual net energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that all seven accumulation periods have under-recovered amounts. Chart 2 illustrates KCPL's FAC cumulative under-recovered amount at the end of each accumulation period with the cumulative under-recovered amount through AP7 of approximately \$244 million. Chart 3 illustrates KCPL's FAC cumulative under-recovered percentage through AP7 of approximately 26%.

Staff Recommendation

Staff is of the opinion that KCPL timely filed 1st Revised Tariff Sheet No. 50.31 on January 31, 2019, and that it complies with the Commission's *Report and Order* and its *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145, 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(8)(H)⁷ provides in part:

(H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—

1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;

2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or

3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question;

KCPL requested that 1st Revised Tariff Sheet No. 50.31, filed January 31, 2019, become effective on April 1, 2019. 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 January 31, 2019, to become effective on April 1, 2019, as requested by KCPL:

P.S.C. Mo. No. 7

1st Revised Sheet No. 50.31 Canceling 4th Revised Sheet No. 50.20

Staff has verified that KCPL is not delinquent on any assessment and has filed its 2017 Annual Report. KCPL is current on its submission of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(6) and its monthly reports as required by 4 CSR 240-3.161(5). Except for KCPL's RP4 true-up filing in Case No. EO-2019-0222, Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of KCPL's calculations, and is not indicative of the prudence of the actual net energy costs incurred during AP7.

⁷ Effective January 30, 2019.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light)
Company for Periodic Changes to Fuel)
Adjustment Rates Required by 4 CSR 240-)
20.090(8) And The Company's Approved Fuel)
and Purchased Power Cost Recovery Mechanism)

Case No. ER-2019-0223

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW BROOKE MASTROGIANNIS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *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.




BROOKE MASTROGIANNIS

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 28th day of February 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light)
Company for Periodic Changes to Fuel)
Adjustment Rates Required by 4 CSR 240-)
20.090(8) And The Company's Approved Fuel)
and Purchased Power Cost Recovery Mechanism)


Case No. ER-2019-0223

AFFIDAVIT OF LISA WILDHABER

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW LISA WILDHABER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *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.

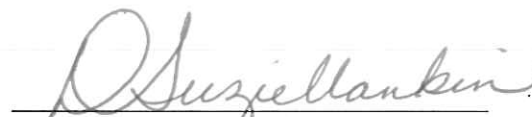


LISA WILDHABER

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 28th day of February 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light)
Company for Periodic Changes to Fuel) Case No. ER-2019-0223
Adjustment Rates Required by 4 CSR 240-)
20.090(8) And The Company's Approved Fuel)
and Purchased Power Cost Recovery Mechanism)

AFFIDAVIT OF CURTIS B. GATELEY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CURTIS B. GATELEY and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *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.




CURTIS B. GATELEY

JURAT

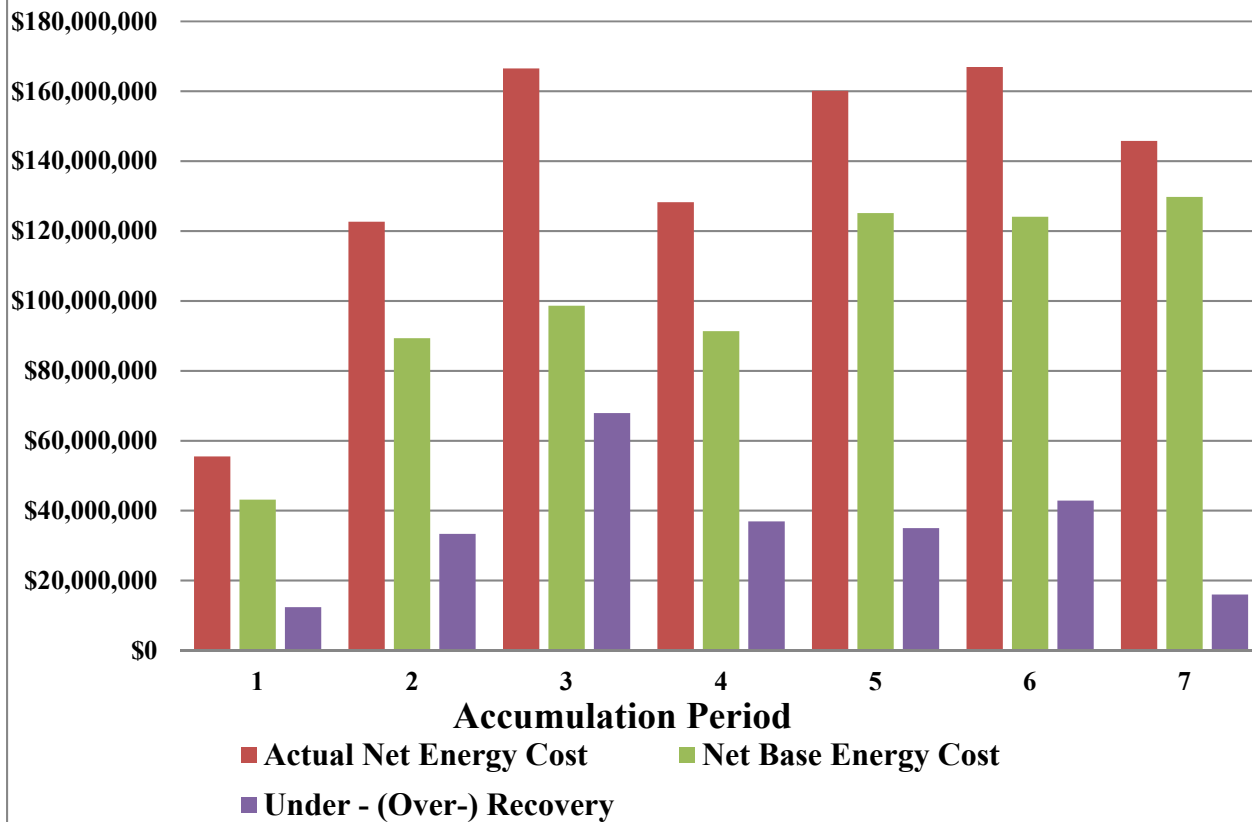
Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of February 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070

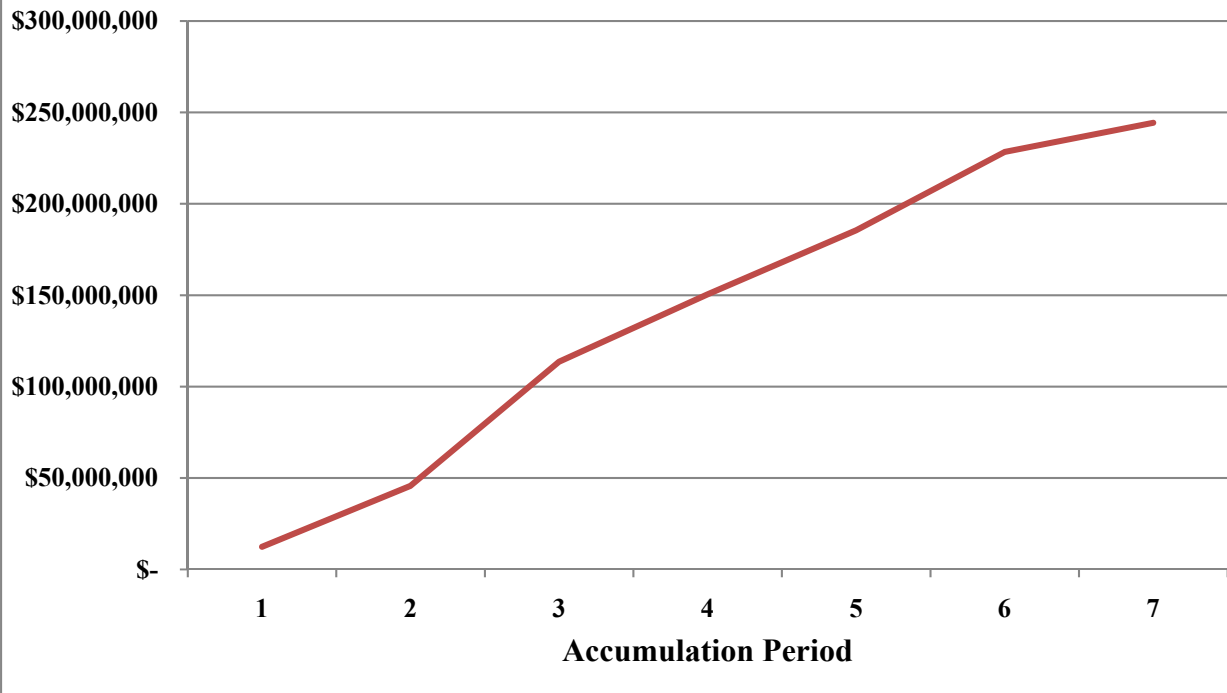


Notary Public

**Chart 1:
KCPL FAC Costs**



**Chart 2:
KCPL FAC Cumulative Under-Recovered Amount**



**Chart 3:
KCPL FAC Cumulative Under-Recovered Percent**

