

**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)
4 CSR 240-20.090(4) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

Case No. ER-2018-0400

**RESPONSE TO STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET TO
CHANGE RATES RELATED TO KCP&L GREATER MISSOURI OPERATIONS
COMPANY'S FUEL ADJUSTMENT CLAUSE.**

COMES NOW the Office of the Public Counsel ("OPC") and for its *Response to Staff's Recommendation to Approve Tariff Sheet to Change Rates Related to KCP&L Greater Missouri Operations Company's Fuel Adjustment Clause* states as follows:

1. KCP&L Greater Missouri Operations Company ("GMO") initiated the present proceeding pursuant to rules 4 CSR 240-3.161(7) and 4 CSR 240-20.090(4) with the purpose of adjusting its Fuel Adjustment Rates (which will in turn modify the amount it charges customers under its Fuel Adjustment Clause) by filing with the Public Service Commission ("Commission") a letter, a proposed tariff sheet bearing an effective date of September 1, 2018, and supporting direct testimony on June 29, 2018.

2. To correct a scrivener's error, GMO subsequently filed a substitute tariff sheet on July 18, 2018.

3. The Staff of the Commission ("Staff") filed its response on July 30, 2018, in which it recommends that the Commission issue an order approving GMO's proposed tariff sheet as filed on June 29 and substituted on July 18.

4. Having reviewed GMO's filings and Staff's Recommendation, the OPC has identified an issue concerning the change made to total fuel expenses resulting from the modification of the Lake Road steam allocation of auxiliary power.

5. According to the direct testimony of Lisa A. Starkebaum, GMO has included in its calculations for the current accumulation period a reduction in total fuel expenses amounting to approximately \$230,000.00.

6. Ms. Starkebaum goes on to say that this reduction in total fuel expenses results from changes GMO made to the allocation of auxiliary power used in the production of steam at GMO's Lake Road facility. Further, GMO chose to apply this changed allocation in January of 2018, meaning it applied to only the last five months of the accumulation period.

7. A modification to the allocation of expenses between electric and steam customers that would have resulted in a net base energy cost that is different than what was approved by the Commission during GMO's last general electric rate case constitutes a modification of GMO's Commission-approved fuel adjustment mechanism.

8. RSMo Section 386.266.4 states: "The commission shall have the power to approve, modify, or reject adjustment mechanisms submitted under subsections 1 to 3 of this section *only after providing the opportunity for a full hearing in a general rate proceeding . . .*" (emphasis added).

9. Therefore, the OPC is of the opinion that GMO's changes to the allocation of auxiliary power between its steam and electric operations at its Lake Road facility contradicts the statutory mandates of RSMo section 386.266.4.

10. The OPC acknowledges that GMO has included an update to its Electric/Steam Allocation Procedures Manual as part of its current general rate case (Case No. ER-2018-0146);

