

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

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|---|---|-------------------------------------|
| In the Matter of KCP&L Greater Missouri |) | |
| Operations Company for Authority to |) | |
| Implement Rate Adjustments Required by |) | <u>File No. ER-2015-0165</u> |
| 4 CSR 240-20.090(4) and the Company's |) | Tariff Tracking No. JE-2016-0170 |
| Approved Fuel and Purchased Power Cost |) | |
| Recovery Mechanism |) | |

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

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation to approve revised tariff sheet, respectfully states:

1. On December 30, 2015, KCP&L Greater Missouri Operations Company ("GMO") filed a proposed tariff sheet,¹ 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")² used to determine customer charges related to its fuel adjustment clause ("FAC").

2. Rule 4 CSR 240-20.090(4) requires the Commission's Staff to examine and analyze the information GMO has filed and submitted and to file a recommendation with the Commission not later than 30 days after GMO made its filing—in this case, no later than January 29, 2016.

¹ GMO, P.S.C.MO. No. 1, 11th Revised Sheet No. 127 Canceling 10th Revised Sheet No. 127.

² See items 16 and 19 on 11th Revised Sheet No. 127.

3. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet GMO filed on December 30, 2015.

4. GMO's filing in this case requests Commission approval of one revised tariff sheet bearing an effective date of March 1, 2016, to revise the current annual FARs of its FAC. The filing includes testimony and workpapers of GMO witness Linda J. Nunn supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amounts of (\$434,102)³ for its MPS rate district and the FPA amount of (\$1,087,164) for its L&P rate district for Accumulation Period 17 (June 1, 2015 through November 30, 2015). Staff's *Memorandum* explains the calculation of these FPA amounts.

5. As explained in Staff's *Memorandum*, these FPA amounts include the true-up amounts for Recovery Period 14 (September 1, 2014 through August 31, 2015) filed by GMO on December 30, 2015 in File No. ER-2016-0164.

6. Listed below are GMO's proposed current annual FARs and the now-effective current annual FARs, together with the changes between them for primary and secondary service in both the MPS and L&P rate districts:

³ An amount that is "bracketed" in parentheses indicates an over-recovery by the utility.

| Current Fuel Adjustment Rate per kWh - MPS | | | |
|--|-----------------------------|----------------------------------|--------------------|
| Service | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference |
| Primary | (\$0.00024) | \$0.00248 | \$0.00272 Decrease |
| Secondary | (\$0.00024) | \$0.00255 | \$0.00279 Decrease |
| | | | |
| Current Fuel Adjustment Rate per kWh – L&P | | | |
| Service | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference |
| Primary | (\$0.00064) | \$0.00134 | \$0.00198 Decrease |
| Secondary | (\$0.00065) | \$0.00138 | \$0.00203 Decrease |

7. Based on an average use of 867 kWh per month, the proposed changes to the FARs will result in an decrease to a typical MPS residential customer’s bill of approximately \$2.42 per month, and an decrease to a typical L&P residential customer’s bill of approximately \$1.76 per month. The proposed increases to the FARs are mostly the result of an increase in fuel costs.

8. Staff reviewed GMO’s proposed tariff sheet, 9th Revised Sheet No. 127, GMO witness Linda J. Nunn’s direct testimony, supporting schedules and workpapers, as well as GMO’s monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 17. Staff verified that the actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenue in GMO’s proposed 11th Revised Tariff Sheet No. 127. Staff also reviewed GMO’s monthly interest rates that are applied to the under/over recovery of base fuel and purchased power costs for Accumulation Period 17, and verified that the monthly interest rates and calculations of interest amounts are correct.

9. On January 3, 2013, the Commission granted GMO a waiver from 4 CSR 240-20.100(6)(A)16, which prevents GMO from recovering renewable energy standard (“RES”) costs through its FAC, pursuant to Staff’s recommendation that GMO was working with Staff to resolve treatment of these costs. The waiver remains effective and Staff continues to work with GMO to resolve the treatment of fuel costs related to the St. Joseph Landfill Gas Facility.

10. Staff has verified that GMO is not delinquent on any assessment and has filed its 2014 Annual Report. 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). 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 approving the following proposed revised tariff sheet, as filed on December 30, 2015, to become effective on March 1, 2016, as requested by GMO:

PSC Mo. No. 1

11th Revised Sheet No. 127 Canceling 10th Revised Sheet No. 127.

Respectfully Submitted,

/s/ Jacob Westen

Jacob Westen

Senior Counsel

Missouri Bar No. 65265

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-5472 (Telephone)

(573) 751-9285 (Fax)

jacob.westen@psc.mo.gov

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 29th day of January, 2015, to all counsel of record.

/s/ Jacob Westen