

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

In the Matter of Kansas City Power & Light	)	
Company for Authority to Implement Rate	)	
Adjustments Required by 4 CSR 240-2.090(4)	)	File No. ER-2017-0204
And the Company's Approved Fuel and	)	Tracking No. JE-2017-0153
Purchased Power Cost Recovery Mechanism.	)	

**RESPONSE TO RECOMMENDATION FILED BY THE STAFF  
OF THE MISSOURI PUBLIC SERVICE COMMISSION**

COMES NOW, the Office of the Public Counsel (“OPC”) and submits its response to the recommendation filed by the staff of the Missouri Public Service Commission (“Staff”). In support thereof, the OPC states as follows:

1. For the three previous accumulation periods, Kansas City Power & Light Company’s (“KCPL”) actual FAC costs have surpassed its base costs by approximately 28.65%, 37.33% and 68.86%.<sup>1</sup> The most recent deviation is the subject of ER-2017-0204, which accounts for the accumulation period between July 1, 2016 and December 31, 2016.
2. KCPL witness Ms. Lisa Starkebaum testified that there were “several factors contributing to the increase in FAC costs included in this filing.”<sup>2</sup>
3. Ms. Starkebaum offered the following factors as contributing to the increase in costs: (1) higher Actual Net Energy Costs caused by seasonal differences, and (2) consequences of

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<sup>1</sup> Substitute Tariff, KCPL FAC Tariff Sheets – 50.10 redline.pdf (Filed 2/27/2017) and the prior cancelled KCPL Tariff Filings 50.10 (ER-2016-0198)

<sup>2</sup> Direct Testimony of Lisa A. Starkebaum, Pg.4 , Lines 8-18

concurrently scheduled outages of Iatan 2, Hawthorn, and Wolf Creek generating stations.<sup>3</sup>

4. The KCPL witness explained that the Wolf Creek outage was necessary for re-fueling but did not provide the reasons for the planned outages at Iatan 2 and Hawthorn generating stations or the reasons why the KCPL planned to shutdown three base-designated generating plants at the same time rather than staggering the outages.<sup>4</sup>
5. The Commission is aware that base-designated generating plants have a lower average fuel cost compared to “intermediate” generating plants and “peaking” generating plants.
6. Iatan 2, Hawthorn, and Wolf Creek are base-designated generating plants, and they have a combined base load capacity of \* \* which represents \* \* of the KCPL’s overall base generating capacity.<sup>5</sup>
7. It can be reasonably inferred that KCPL’s planned maintenance greatly contributed to the 68.8% increase in the actual FAC costs because the KCPL had to increase purchased power “to meet native load as well as a decrease in off-system sales revenue as generation was not available to sell to the Southwest Power Pool (“SPP”) Integrated Marketplace.”<sup>6</sup>
8. These circumstances raise questions that need to be investigated in the KCPL’s FAC prudence review because OPC, Staff, and the Commission need additional information to

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<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> EO-2016-0232, KCPL Resource Plan Filing

<sup>6</sup> *Testimony of Starkebaum* at Pg.4 , Lines 16-18

make an informed judgment about the appropriateness of scheduling these outages at the same time rather than staggering them.

9. The circumstances are further complicated and compounded by the KCPL's monthly information reports for which Ms. Starkebaum provided signed affidavits attached thereto which attests to the veracity of information contained therein for July through December. The monthly reports are required to be provided by the KCPL to various parties in order to comply with 4 CSR 240-3.161(5).
10. A compliant report must include "[a]ll significant factors that have affected the level of RAM revenues and fuel and purchased power expenses along with work papers documenting these significant factors."<sup>7</sup>
11. However, the monthly reports represented that there were no significant factors affecting the level of revenues and fuel and purchased power expenses to report for the months of July 2016, August 2016, September 2016, October 2016, November 2016, and December 2016.<sup>8</sup> The circumstances leading up to this rate adjustment described above that, according to the KCPL witness, affected purchased power and off-system sales should have been described as significant factors in the monthly reports.
12. The conflict between a half-year of representations in monthly reports and the testimony in the present application calls into question whether or not the KCPL has ever been "current on its submission of monthly reports" for the accumulation period.<sup>9</sup>

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<sup>7</sup> 4 CSR 240-3.161(5)(D)

<sup>8</sup> Non-case related Submissions: BFMR-2016-0157, BFMR-2016-0192, BFMR-2016-0240, BFMR-2016-0312, BFMR-2016-0372, and BFMR-2016-0548.

<sup>9</sup> 4 CSR 240-20.090(4)(B)

13. Failure to remain “current on its submission [of its monthly reports under 4 CSR 240-3.161(5) is a prerequisite for the Commission] to process the electric utility’s requested FAC adjustment increasing rates.”<sup>10</sup>

14. Furthermore, OPC notes that, as of March 8, 2017, Staff filed a Notice of Start of First Prudence Audit for the KCPL in the matter of EO-2017-0231.

15. OPC believes these concerns should be scrutinized in the ongoing Prudence Audit in EO-2017-0231.

WHEREFORE, the Office of Public Counsel submits its response to the recommendation filed by the staff of the Missouri Public Service Commission.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

On this 13<sup>th</sup> day of March, 2017, I hereby certify that a true and correct copy of the foregoing motion was submitted to all relevant parties by depositing this motion into the Commission’s Electronic Filing Information System (“EFIS”).

/s/ Ryan D. Smith

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<sup>10</sup> *Id.*