

**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)))))))	<u>File No. ER-2018-0400</u> Tariff Tracking No. JE-2018-0170
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**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 tariff sheet, respectfully states:

1. On June 29, 2018, KCP&L Greater Missouri Operations Company ("GMO") filed a proposed tariff sheet bearing an effective date of September 1, 2018,¹ 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"). On July 18, 2018, GMO filed a substitute 3rd Revised Sheet No. 127.12 to correct the Accumulation Period ("AP") ending month on the tariff sheet from March 2018 to May 2018.

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 which is no later than July 30, 2018.

¹ GMO, P.S.C.MO. No. 1, 3rd Revised Sheet No. 127.12 Canceling 2nd Revised Sheet No. 127.12.

² See lines 16 and 19 on 3rd Revised Sheet No. 127.12.

3. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed tariff sheet as filed by GMO on June 29, 2018 and substituted on July 18, 2018.

ANALYSIS

4. GMO requests Commission approval of one revised tariff sheet bearing an effective date of September 1, 2018, to revise the current annual FARs of its FAC. The filing includes testimony and workpapers of GMO witness Lisa A. Starkebaum supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amount of \$11,366,822 (line 11 of 3rd Revised Sheet No. 127.12) for Accumulation Period 22 ("AP22") for the period of December 1, 2017 through May 31, 2018. Staff's *Memorandum* explains the calculation of this FPA amount.

5. As further explained in Staff's *Memorandum*, this FPA amount includes the true-up amount and interest amount for the FAC's Recovery Period 19 (March 1, 2017, through February 28, 2018) filed by GMO on June 29, 2018 in File No. ER-2018-0401.

6. Listed below are GMO's proposed Current Annual FARs listed on GMOs 3rd Revised Sheet No. 127.12, and the now effective Current Annual FARs listed on GMO's 2nd Revised Sheet No. 127.12 together with the changes between them for primary and secondary voltage service levels:

GMO Current Annual Fuel Adjustment Rate per kWh			
Service	<u>Proposed</u>	<u>Now Effective</u>	Difference
	3 rd Revised Sheet No. 127.12	2 nd Revised Sheet No. 127.12	
Primary	\$0.00233	\$0.00122	\$0.00111 Increase
Secondary (residential)	\$0.00240	\$0.00126	\$0.00114 Increase

7. Based on an average use of 1000 kWh per month, the proposed changes to the FARs will result in an increase to a typical GMO residential customer bill from \$1.26 to \$2.40, for an increase of \$1.14 per month.

8. Staff reviewed GMO's proposed tariff sheet, 3rd Revised Sheet No. 127.12 Canceling 2nd Revised Sheet No. 127.12, GMO witness Lisa A. Starkebaum's direct testimony, and workpapers, as well as GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for AP22. 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 revenues in GMO's proposed 3rd Revised Tariff Sheet No. 127.12. Staff also reviewed GMO's monthly interest rates and interest amounts that are applied to 95% of the monthly cumulative under- or over-recovery of actual net energy costs for AP22, and verified that the monthly interest rates and calculations of interest amounts are correct.

9. Staff has verified that GMO is not delinquent on any assessment and has filed its 2017 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).

10. Except for GMO's RP19 true-up filing that is the subject of File No. ER-2018-0401 (also filed on June 29, 2018), Staff is not aware of any other matter before the Commission that affects or is affected by this tariff filing.

WHEREFORE, for the reasons stated above and in Staff's *Memorandum*, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet as filed on June 29, 2018, and substituted on July 18, 2018, to become effective on September 1, 2018 as requested by GMO:

PSC Mo. No. 1

3rd Revised Sheet No. 127.12 Canceling 2nd Revised Sheet No. 127.12

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
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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 30th day of July, 2018, to all counsel of record.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2018-0400, Tariff Tracking No. JE-2018-0170
KCP&L Greater Missouri Operations Company

FROM: Brooke Richter, Utility Regulatory Auditor IV
Lisa Wildhaber, Utility Regulatory Auditor III
Kory Boustead, Rate and Tariff Examiner II

DATE: /s/ John A. Rogers 7/30/2018 /s/ Robert S. Berlin 7/30/2018
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates
Related to KCP&L Greater Missouri Operations Company's Fuel
Adjustment Clause Pursuant to the Commission's Report and Order from
Case No. ER-2016-0156

DATE: July 30, 2018

Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed 3rd Revised Sheet No. 127.12 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO" or "Company") as substituted on July 18, 2018, to become effective on September 1, 2018, as requested by GMO.

Discussion

On June 29, 2018, GMO filed one (1) tariff sheet, 3rd Revised Sheet No. 127.12 Canceling 2nd Revised Sheet No. 127.12, bearing a proposed effective date of September 1, 2018, to revise GMO's current annual Fuel Adjustment Rates ("FARs") (lines 16 and 19 on 3rd Revised Sheet No. 127.12) of its FAC. On July 18, 2018, GMO filed a substitute 3rd Revised Sheet No. 127.12 to change the Accumulation Period ending month on the tariff sheet from March 2018 to the correct month of May 2018. GMO also filed direct testimony of its witness Lisa A. Starkebaum on June 29, 2018, and submitted to Missouri Public Service Commission Staff ("Staff") work papers in support of the direct testimony and filed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2018-0170 and ordered Staff to file its recommendation concerning the tariff sheet no later than July 30, 2018.

Accumulation Period 22 FARs

The testimony and work papers include information supporting GMO's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$11,366,822 (line 11 of 3rd Revised Sheet No. 127.12) for Accumulation Period 22 ("AP22") (December 1, 2017 through May 31, 2018) reflecting the sum of:

1. The amount of \$11,008,355 on line 7 of 3rd Revised Sheet No. 127.12 which is equal to 95% of the difference between a) GMO's Missouri jurisdiction¹ Actual Net Energy Costs (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credit revenue) and b) GMO's Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount² reflected on line 8 of 3rd Revised Sheet No. 127.12 of \$136,957; and
3. The interest amount reflected on line 9 of 3rd Revised Sheet No. 127.12 of \$221,510.

The Current Period GMO FAR of \$0.00129 per kWh (line 13 of 3rd Revised Sheet No. 127.12) is equal to the GMO FPA amount of \$11,366,822 divided by the Estimate Recovery Period 22 ("RP22")³ Retail Net System Input at the generator level⁴ ("S_{RP}") of 8,785,320,152 kWh (line 12 of 3rd Revised Sheet No. 127.12).

Because of differences in line losses of both primary and secondary voltage service levels,⁵ the tariff sheet reflects different current period FARs for service taken at primary and secondary voltages. The GMO Current Period FARs of \$0.00134 per kWh for service taken at primary and \$0.00138 per kWh for secondary voltage levels are included on lines 14 and 17, respectively, of 3rd Revised Sheet No. 127.12.

¹ See line 4 of 3rd Revised Sheet No. 127.12 and definition of J on 4th Revised Sheet No. 127.10.

² The true-up amount was requested by GMO in its June 29, 2018 filing in File No. ER-2018-0401.

³ RP22 runs from September 1, 2018 through August 31, 2019.

⁴ See definition of S_{RP} on Original Sheet No. 127.11.

⁵ The voltage adjustment factors (VAFs) for GMO for both primary and secondary voltage service levels are included at the bottom of 3rd Revised Sheet No. 127.12.

For AP22, the Current Annual FARs are the sum of the Current Period FARs and the Prior Period FARs for GMO,⁶ and are \$0.00233 per kWh for primary voltage service and \$0.00240 per kWh for secondary voltage service reflected on lines 16 and 19, respectively, of 3rd Revised Sheet No. 127.12.

The Accumulation Periods, Recovery Periods, and other specifications of GMO's FAC for AP22 are set out in its tariff sheets identified in the following table:

For Service Provided February 22, 2017 and Thereafter
2 nd Revised Sheet No. 127.1
2 nd Revised Sheet No. 127.2
2 nd Revised Sheet No. 127.3
2 nd Revised Sheet No. 127.4
6 th Revised Sheet No. 127.5
2 nd Revised Sheet No. 127.6
2 nd Revised Sheet No. 127.7
2 nd Revised Sheet No. 127.8
2 nd Revised Sheet No. 127.9
4 th Revised Sheet No. 127.10
Original Sheet No. 127.11
2 nd Revised Sheet No. 127.12

Listed below are GMO's proposed Current Annual FARs of 3rd Revised Sheet No. 127.12 and the GMO Current Annual FARs on 2nd Revised Sheet No. 127.12 together with the changes between them for primary and secondary voltage service levels.

⁶ The Prior Period FARs for GMO on lines 15 and 18 of 3rd Revised Sheet No. 127.12 are the same as those contained on lines 14 and 17 of 2nd Revised Sheet No. 127.12.

GMO Current Annual Fuel Adjustment Rates per kWh			
Service	Proposed 3rd Revised Sheet No. 127.12	Now Effective 2nd Revised Sheet No. 127.12	Difference
Primary	\$0.00233	\$0.00122	\$0.00111 Increase
Secondary	\$0.00240	\$0.00126	\$0.00114 Increase

The proposed changes to FARs will result in an increase to the typical GMO residential customer's monthly bill (1,000 kWh) before taxes of \$1.14, i. e., from \$1.26 to \$2.40.

Staff Review

Staff reviewed GMO's proposed 3rd Revised Sheet No. 127.12 Canceling 2nd Revised Sheet No. 127.12 the direct testimony of GMO witness Lisa A. Starkebaum and the work papers in this filing, in addition to GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for AP22, and 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 revenues in GMO's proposed 3rd Revised Tariff Sheet No. 127.12. Staff also reviewed GMO's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under-/over- recovery of base fuel and purchased power costs for AP22 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the proposed tariff sheet and work papers includes sufficient data to calculate GMO's FARs based on the actual fuel, purchased power, emission allowance and transmission costs net of off-system sales revenue and renewable energy credit revenue provided by GMO for AP22.

Attachment A includes three charts which provide a summary of GMO's twenty-two (22) FAC rate adjustment filings. Chart 1 illustrates a) GMO's actual net energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that there have been eighteen (18) accumulation periods with under-recovered amounts and four (4) accumulation periods with over-recovered amounts (AP10, AP16, AP17 and AP18). Chart 2 illustrates GMO's FAC cumulative under-recovered amount at the end of each accumulation

period with the cumulative under-recovered amount through AP22 of approximately \$264 million. Chart 3 illustrates GMO's FAC cumulative under-recovered percentage at the end of each accumulation period with the cumulative under-recovered percentage through AP22 of approximately 11%.

Lake Road Steam Allocation of Auxiliary Power

As stated in Lisa A. Starkebaum's testimony, "included in this accumulation period is a reduction to total fuel expense amounting to \$230K adjustment related to the Lake Road steam allocation of auxiliary power."⁷ This entry is the result of GMO updating its Electric/Steam Allocation Procedures Manual to allocate a portion of the Lake Road Generating Station's auxiliary power for the production of industrial steam delivered to GMO's steam customers. GMO initiated this allocation of auxiliary power beginning in January 2018 as a reduction in total fuel expense charged to electric retail customers through the FAC. The entry of (\$229,812) to Account 504100 was recorded in May 2018 for the allocation of auxiliary power costs that were incurred for the period beginning January 2018 through May 2018. GMO witness Lisa A. Starkebaum also provided Staff with workpapers in support of this adjustment.

Staff Recommendation

Staff is of the opinion that the tariff sheet filed on June 29, 2018, and substituted on July 18, 2018, complies with the Commission's *Report and Order* in Case No. ER-2016-0156, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and GMO's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

GMO requested that the 3rd Revised Tariff Sheet No. 127.12 Canceling 2nd Revised Tariff Sheet No. 127.12, filed June 29, 2018, become effective on September 1, 2018. The Company filed the tariff sheet with 60 days' notice. Staff, based on its examination and analysis of the information

⁷ Direct Testimony of Lisa Starkebaum at page 6 lines 5 – 7.

GMO filed and submitted in this case, recommends the Commission issue an order approving the following proposed revised tariff sheet substituted on July 18, 2018, to become effective on September 1, 2018, as requested by GMO:

P.S.C. Mo. No. 1
3rd Revised Sheet No. 127.12 Canceling 2nd Revised Sheet No. 127.12

Staff has verified that GMO is not delinquent on any assessment and has filed its 2017 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). Except for GMO's RP19 true-up filing in File No. ER-2018-0401 (also filed on June 29, 2018), Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. . Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Empire's calculations, and is not indicative of the prudence of the fuel costs during AP22.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


In the Matter of the KCP&L Greater Missouri)
Operations Company Request for Authority to) **File No. ER-2018-0400**
Implement Rate Adjustments Required by)
4 CSR 240-20.090(4) and the Company's)
Approved Fuel and Purchased Power Cost
Recovery Mechanism

AFFIDAVIT OF KORY J. BOUSTEAD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

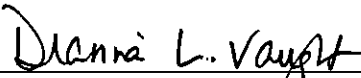
COMES NOW, Kory J. Boustead, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Kory J. Boustead

Subscribed and sworn to be this 30th day of July, 2018.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the KCP&L Greater Missouri)
Operations Company Request for Authority to) File No. ER-2018-0400
Implement Rate Adjustments Required by)
4 CSR 240-20.090(4) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF BROOKE RICHTER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

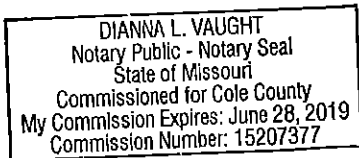
COMES NOW, Brooke Richter and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

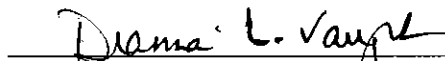
Further the Affiant sayeth not.



Brooke Richter

Subscribed and sworn to be this 26th day of July, 2018.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


In the Matter of the KCP&L Greater Missouri)
Operations Company Request for Authority to) **File No. ER-2018-0400**
Implement Rate Adjustments Required by)
4 CSR 240-20.090(4) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF LISA WILDHABER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

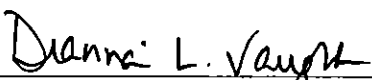
COMES NOW, Lisa Wildhaber and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



Lisa Wildhaber

Subscribed and sworn to be this 30th day of July, 2018.



Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377

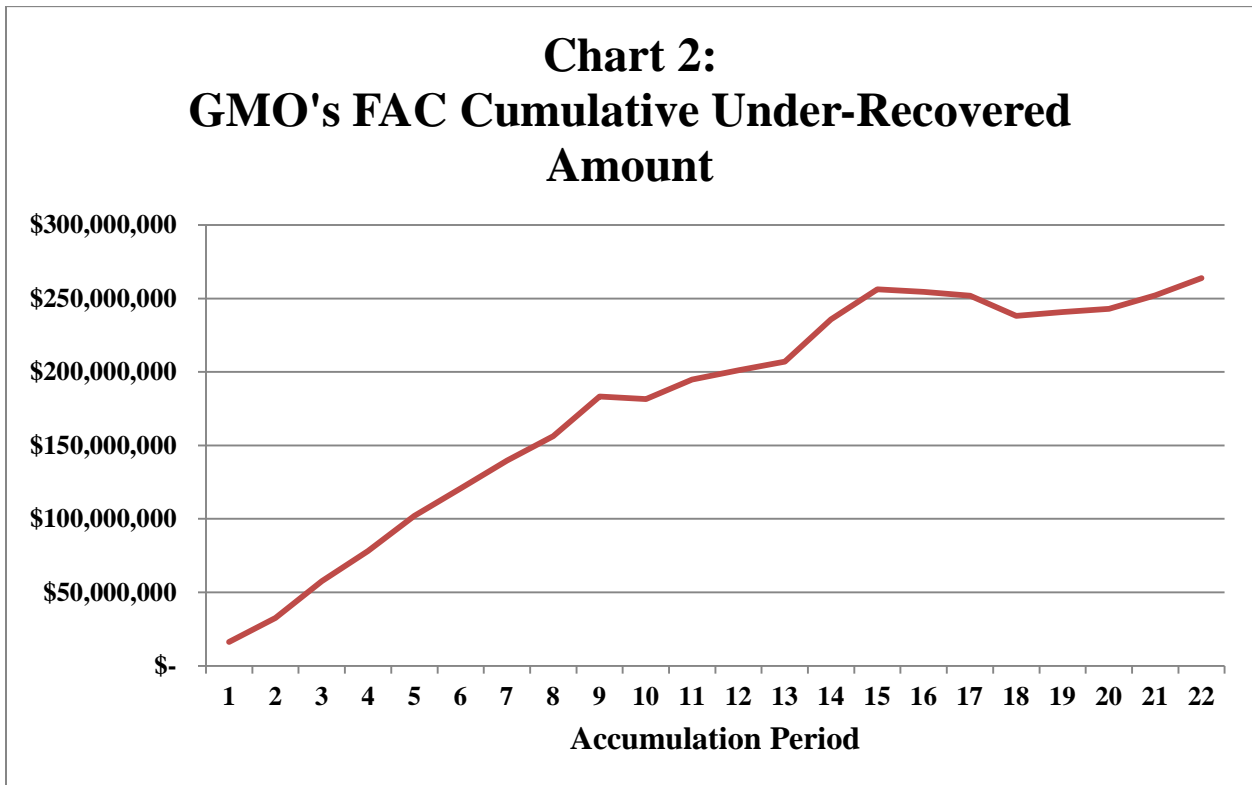
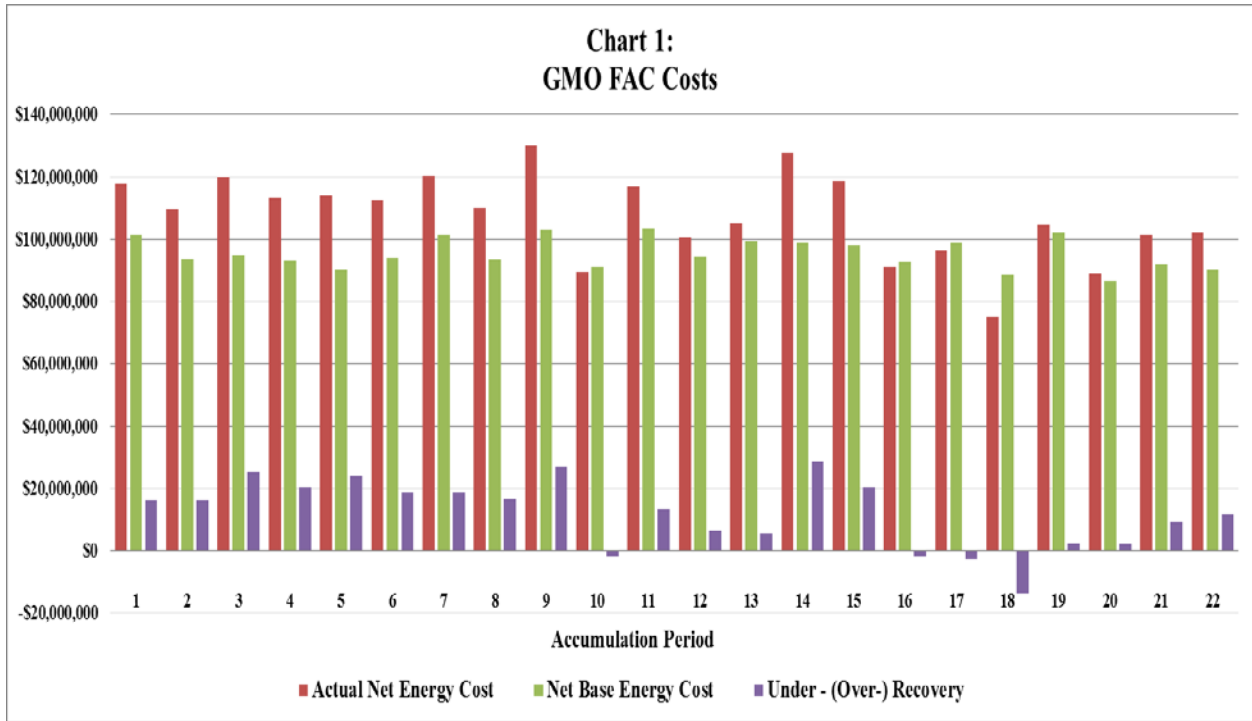


Chart 3: GMO's FAC Cumulative Under-Recovered Percent

